



THE LEFT
■ **IN GOVERNMENT**

Latin America and Europe Compared

■ Ed. Birgit Daiber

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INTRODUCTION

BIRGIT DAIBER AND ROLAND KULKE

Since the late nineties, left forces have taken over government responsibility in a growing number of countries in Latin America; in Europe too, the left has participated in governing coalitions. An evaluation of whether government participation has been successful or not should be based on whether the left has been able to achieve structural changes effective beyond the short term of government participation, and whether it has been able to enlarge its social base. On the basis of these criteria, the participation of the left in governments will have to be assessed very differently.

On the other hand, during the world crisis, the left faces the challenge of using the opportunity to fight for the fulfilment of a just international society. The effects of the crisis are threatening the conditions of life of the people in east and west, north and south, and only by a radical reversal of the neoliberal domination of the market over the social conditions of life will it be possible to safeguard the possibilities for development. Is the left able to not only provide a profound analysis of the world crisis, but also to develop concrete concepts for action? And are there key elements in the necessarily regionally differentiated concepts which can be interconnected worldwide?

At issue at the strategic level is the formation of broad societal and political alliances across the boundaries of issues and of territories. Transnational cooperation between the left in the different world regions is of great importance in that regard. Particularly the success of the left movements in Latin America has an inspiring effect on the European left, encouraging them to consistently oppose the neoliberal and imperialistic world order. It is thus important for us to carry on a continuous dialogue with the left in Latin America.

The conference "The Left in Government: A Strategic Project?" brought together political activists and intellectuals from many countries of Latin America and Europe, to address primarily four issues:

- What are the basic conditions for left participation in government?
- Which political, cultural and especially societal forces can the left call upon, and how can it strengthen them with respect to building counter-hegemony?
- Which are the key projects for the left in government?
- Which challenges have arisen from the world crisis, and how can the left use the crisis to effect social change?

In his introduction, Michael Brie quoted Rosa Luxemburg, who cited five reasons why the left should not participate in bourgeois governments:

- Capitalism cannot be changed; only abolished.
- Only a revolution can solve the fundamental problems.
- The state is only an instrument of the economically ruling class.
- Government participation weakens the left.
- By its participation in government, the left makes the continuation of reactionary policy possible.

However, he stated, conditions today are different. Today, we have not one single capitalism, but rather variously constituted capitalisms. And in today's differentiated societies, the struggle is carried out between the interests of capital and those of solidarity, within the capitalist system. It thus seems possible to achieve a defeat of the capitalist accumulation process by means of a shift in power relationships. In this context, the state is an arena of struggle of very different forces. Whether left participation in government can be effective in shifting power relationships depends on the strength of the left, and on its ability to enter into broader alliances for progressive policies. And last but not least, the left should only participate in government if it is able to make a real and long-term difference.

The challenge for the left today is to develop as a counter-hegemonial transformational force, and to use the open situation created by the crisis as an opportunity. This involves three steps: a development path for higher productivity in the unity a social, ecological and economic productivity, alliances between workers and the middle classes, and thirdly changes in the social relations of political forces.

The proof of the pudding is in the eating. And the capability for societal change is proven in practice, i.e. the decisive factor for the success of the left in government is participation in concrete projects.

Summarising, Michael Brie noted that the participation of the left in government is both a question of principle and a concrete problem under very concrete conditions. Coalitions including the left are usually made when there is a crisis, and dangerous developments threaten. The basic conditions for government participation have been established by neo-liberalism, and are not easily changed. The left must thus frequently pursue crisis management in government, while at the same time creating its own prerequisites for successfully introducing lasting change. Michael Brie concluded with a quote from Confucius: "By three methods we may learn wisdom: First, by reflection, which is noblest; second, by imitation, which is easiest; and third by experience, which is the bitterest."

Arguments of the comrades from Latin America

Valter Pomar: The Latin American left has had great success; however, its theoretical work is lagging behind its practice. All in all, we have to stop categorising ourselves as the "good" or the "bad" left, the revolutionary or the reformist left; this makes sense neither theoretically nor practically. At present, the conditions for initiating classical revolutions do not exist in Latin America, either: thus, all left strategies for change are transformational processes. The cooperation between Latin America and Europe is important, because there are common strategic approaches. In both Latin America and Europe, the left has experience in participation in government; in all countries, we are trying to politic-

ally articulate the existential interests of the majority of the population; and all of us are confronted with the crisis of capitalism. However, there is also a major difference: Europe also includes imperialistic policies, while Latin America is fighting against imperialism, and Cuba still constitutes a positive point of reference.

Pedro Páez: The north has a greater scope of action for change, but it seems that here, there is also less pressure for the development of left alternatives. The construction of structures of regional cooperation is important for the development of strategies for action; once these exist, so-called south-south cooperation can also work. South-south cooperation is the precondition for a new international currency control system; only in this way can US unilateralism be terminated. "The South is no longer willing to kneel down before the IMF." The financial markets must be regulated, and a fund for the Third World established at the UN. During the 1970s, the social democrats were strong worldwide, primarily due to the movement of the non-aligned countries; all this was destroyed by the rise in interest rates in the USA. That shows the power that financial policy has.

In the present crisis situation, said Eduardo Perera from Cuba, this means that the South has to take on an even greater interest burden, which in turn reduces its scope of action. Actually, what is urgently needed is pressure on the international financial institutions for an immediate debt moratorium.

François Houtart asked the question: Why is the left so strong in Latin America at the moment while in Asia, neo-liberalism is still considered an option? We must also consider the divergence of developments, and assume that we will not be able to simply finish capitalism off, even in the crisis, but will have to develop longer-term strategies of transformation. We will have to emphasise specific situations, both in territorial and issue-related terms. Ecology is a comprehensive worldwide topic. The question we must constantly ask ourselves critically is: What really constitutes true progress?

Carlos Castañeda from El Salvador said that the main problem in his country is social disintegration, which still dates back to the times of

the civil war. Progress must be reckoned in very long periods – for El Salvador, certainly, in periods of up to forty years. The three greatest problems with which his country has to contend are tax evasion, corruption and drug trafficking. The left in El Salvador must try first to reform the army, the police and the judicial system, and it must ban the private paramilitary organisations. The left government has had initial successes with the institutionalisation of an open societal dialogue among the people.

Rocío Casco from Paraguay noted that her country has a thirty-five year history of military dictatorship behind it, and that the wounds are still a long way from healing. She mentioned two essential fields of policy for Paraguay: a communal health care system, and comprehensive land reform, since 70% of the cultivatable land belongs to 1% of the population. The left in the government is trying to address concrete problems and initiate projects through grass-roots conferences with the population, and to learn its own lessons and be open.

Aníbal Ibarra from Argentina said that the left in Latin America had left the revolutionary struggle behind it, and had accepted activity within the political arena, with all its contradictions, although the right still strongly defines this space, for example through state institutions and the media. To advance the left as a reform project, it was, he said, important to win the middle classes. He cited Lula's success in Brazil as an example: He quite certainly would not have won had he supported more radical positions. The example of Bolivia shows however, that reformist and revolutionary strategies can complement one another: The left in Bolivia backs reform projects; nonetheless, however, the fact that the gas and oil revenues are used for public purposes is a revolutionary act. From his experience as mayor, Ibarra notes that the municipal level is of extraordinary importance for the immediate communication of the political sphere with the citizens, and that society can be brought together against the subversive power of the markets at this level.

José Pineda from Paraguay used an example to raise the issue of the dependence of his country on its larger neighbours. Paraguay has great

energy resources in its hydroelectric power stations, and sells the power at miserably low prices to its neighbours, Argentina and Brazil. Paraguay has not been able to terminate these contracts prematurely and negotiate better prices, although it is a bitterly poor country, while Brazil and Argentina are relatively rich, and also have left governments.

Edgar Patana from Bolivia referred to the role of the indigenous peoples for the liberation from dictatorships and foreign rule. Their central issue is always the autonomy and dignity of the person; this is the source of their strength, even if they have repeatedly had to risk their lives to create and protect democratic structures. For them, transnational relations between leftist parties are of existential importance, since only in this way can one learn from the experiences of others.

Iole Ilíada from Brazil noted that Lula had won against the mainstream of neoliberalism in 2002. He was able to do so because he brought together a large coalition. At issue here is the realisation of land reform and general education programmes. Brazil nevertheless is a capitalist country; being in government doesn't mean being in power. Business, the judiciary and the media are still in the hands of the right. To consolidate the process of reform further, it is necessary that the parties and movements go beyond government programmes, and make the government an instrument of real reforms.

As opposed to the other countries represented, the left in Chile does not participate in the government. Carlos Arrue indicates how the social democrats and the Concertación (great consensus of political parties) are consolidating neoliberalism. The electoral system excludes the communists; they are trying to overcome their minority position by looking for alliances for reforms, such as that of the political and electoral system. They are trying to influence national politics by neither avoiding nor fearing alliances or confrontations, so as to provoke in-depth changes.

German Rodas from Ecuador: In addition to the various dimensions of the crisis, he referred to the class struggles in Latin America, which is expressed in constitutional debates. In his opinion, the great defining goal for left policy in the crisis and in connection with the debate on

basic human rights is the determination of the "common of goods of humankind", which must not be subjected to privatisation and the market. As examples, he cited secure access to basic foods, and energy sovereignty.

Margarita López-Maya from Venezuela stated that her country too, as an oil producing country, is forced to practise a kind of dividend capitalism. Since more than 90% of export earnings come from the oil sector, and these earnings are distributed by the central state, the entire civil society is clientelistically and paternalistically dependent on the administration. This is a structural problem, and cannot be easily solved. Because of this structure, and also because it is very vulnerable to the world market price of oil, Venezuela cannot be considered a model for left development.

José Reinaldo from Brazil noted that his country has achieved some progress in the struggle against poverty, and that regional integration in Brazil has also improved, but that the country continues to be dominated by right-wing groups, and is also exposed to pressure from the USA.

Graciela García from Uruguay said that poverty is the greatest problem in Latin America, and that the left must step in with concrete projects of poverty alleviation and job creation. She has an ambivalent view of developments under the left government. Since many prominent members of the Frente, which consists of thirty groupings, now have positions in government, civil society has been more weakened than strengthened.

For the Bolivian struggle for liberation, Nelson Estrada from Bolivia referred to both the Incas and to Bolívar. Capitalism, he said, is a form of destruction of social wealth, so that no compromises with this system are possible. His goal is to include the visions and the philosophy of the indigenous people in the political strategy, and hence to develop a new model of society. For the struggle for the liberation in Bolivia, the solidarity which the country has received from Venezuela and Cuba is existential, because it is the weakest link in the chain of left governments in Latin America. And the cooperative effort in the context of ALBA, the regional cooperation association initiated by Venezuela and Cuba in 2004, is of great importance for Latin America.

Héctor Rodríguez Castro from Venezuela referred to the great poverty and the high rate of illiteracy in his country. He said that the left in Venezuela is trying to develop a socialist soul in a capitalist body.

Arguments of the comrades from Europe

Cornelia Hildebrandt of the Institute for Critical Social Analysis of the RLS reported on the research project she directed on the left in Europe. All successful examples of left government participation have had three things in common: 1) They have established their own identifiable project; 2) they have been strongly rooted in society; and 3) they have had an independent profile. She cited as a positive example the Socialist Party of the Netherlands, which has carried out intensive work at the municipal level, has implemented concrete projects, and in the last Dutch national elections achieved 16% of the vote.

Ioannis Colocasides from Cyprus stated that the left is successful in Cyprus because it has made the question of the unification of the island its central demand. The question of the transformation of capitalism is not on the agenda in Cyprus, but the concrete interests of the people certainly are.

Luciana Castellina from Italy went into the history of the Communist Party, and said that the self-dissolution of the PCI at the beginning of the nineties prepared the way for the cultural disaster of Berlusconi, since the Italian Communists had since the Second World War been the guarantors of democratic culture in Italy. The Rifondazione Comunista, she said, then tied itself too closely to the social movements, which emerged precisely at the moment when the left entered the government as a junior partner. For Luciana Castellina, the bitter realisation from the Italian development is that the left should only enter government when there are strong social movements standing behind it. Also, left governments should not demand more than they can actually implement; the left in Italy was not voted out because it was too radical, but because it had no practicable and identifiable project. Berlusconi has been able to expand his power because the left-democratic culture in Italy has been destroyed.

Stefan Liebich, Berlin, explained how the Berlin Left Party has been in a position of government responsibility at the state level since 2002, as a junior partner of the Social Democrats. Liebich reported about particular practical projects which the Left has carried out. These included the improvement in the residence situation of refugees, the care for drug addicts, neighbourhood projects for single mothers and their children, translation services for immigrants and the major project of a reform of the state's educational system, under which children are to attend a common school between the ages of six and sixteen. An essential left project is also the development of the public employment sector, in which 10,000 unemployed in Berlin will get secure and socially useful jobs by 2011, despite considerable resistance from national institutions. By means of its *real*-political orientation, the Left lost votes in the last election on the radical left, but has also won votes from the middle classes. For the left in Berlin, it is very significant that the *real*-political projects also be associated with it.

Stefan Bockhahn from the German state of Mecklenburg-Hither Pomerania reported about the period between 1998 and 2006, when the Left (at that time, the Party of Democratic Socialism, PDS) was involved in the state government. The problem at the beginning was that the party couldn't guarantee the social movements any successes, so that there was no agreement on strategy. Over the course of the term of government participation however, this relationship changed, and the social movements cooperated with the party; in addition, business groups also sought contact, and an often constructive pattern of cooperation for regional commercial development took place. What was notable about this process of experience was that a transfer of knowledge into the party was achieved, which made it possible to design more complex projects. That experience in government has taught us that it isn't enough to have true friends, but rather that successful left politics also requires strategic partners.

Asbjörn Wahl from Norway isn't satisfied with the identification of left projects, but demands to know the content of the transformation processes: whether they are being promoted or rather hindered by the left's

policies in government. The issue for him is to integrate the various social struggles and to fight to win political control over the economy. The question of property is central. The classic European left has been fighting for the preservation and further development of the welfare state, but not for control of the economy. In his opinion, this is the reason why the left reforms can be immediately reversed as soon as the balance of power between the left and the right shifts back in favour of the right.

Dag Seierstad of the ruling Left party in Norway reports that in his country, the trade unions together with other forces initiated a powerful citizens' movement which put the ruling Left party under pressure to tackle specific reforms. This movement has been so successful that the Norwegian public perceives the government's work as a realisation of the demands of the social movements.

Elisabeth Gauthier from France referred to the referendum against the EU Constitutional Treaty, and said that the left in France managed there to bring together the anti-capitalists and the anti-neo-liberalists; however, they did not succeed in developing an alternative model leading beyond that. The structural problems for left politics in Europe are also caused by the neoliberal policy of the European Union. For that reason, a coordination of left politics at the European level is necessary. With regard to the major UN conference on the world crisis in June 2009, she said that the crisis of labour must be addressed more strongly, and that the essential thing is to organise public debates around the effects of the crisis, and the left's alternatives.

Daniel Cirera from France also sees the crisis as an opportunity for the left to propagate a new model of development. That should, he said, also include determining anew the role of the public sector.

Helmut Scholz of the executive board of the European Left Party noted that the EL has working groups on Latin America, Africa, Asia and the USA. He says the European Left Party is trying to close the gap between the European level and that of the national parties. Cultural hegemony is very important for the transnational cooperation of the Left. For the European Left, it is of extraordinary importance to develop common projects for the transformation of the economy.

Similarities and differences

In the Latin American debate, the liberation movements of indigenous people, of poor smallholders and landless rural people, and of the impoverished population of the *favelas* are of central importance. Liberation and the achievement of personal dignity and autonomy are the key concepts of the left movements. The liberation movements are at the same time cultural movements. That distinguishes them from the European Left, which very strongly addresses the classical working classes, and is fighting for the retention of the welfare state. In the history of the left in Europe too, however, cultural identity is an essential issue and currently a great problem; an example is Italy. The cultural identity of the left, both in Latin America and in Europe, is a precondition for the initiation of social movements.

Despite the left governments and participations in government, politics in Latin America, too, takes place under capitalist conditions. The social change carried out by the left is reaching its limits; the dominance of reactionary forces in the judiciary and the media in particular were criticised here. While Latin America is fighting against imperialism, and Cuba is still a positive point of reference, Europe, as the European Union, is itself an imperialistic protagonist.

The answer of the left in both Latin America and Europe to the question as to whether or not left participation in government makes sense is affirmative, albeit with considerable qualification. Being in government does not automatically mean having power. Often, the issue is to prevent the worst. If the left has no obviously identifiable project, it will lose its acceptance in the electorate through government participation. In addition, it must try to create transparency around its government policy, and to cooperate with the social movements, but also to correctly assess the *real*-political scope of action. Illusory promises destroy confidence.

While cooperation in the context of the ALBA and the São Paulo Forum is an important integrative instrument for the Latin American left, the instruments for the European left are its parliamentary group in the

European Parliament, the European Left Party, and the European foundation Transform. Here, approaches of counter-power can be developed against international neo-liberalism and imperialism.

The success of the left in Latin America and its experiences are an inspiration for the European left. The presentation of different realities gives all sides the possibility to reflect upon their own history in light of the experience of others, and to see the situation in a larger context. In view of the world crisis, however, there is also the urgent common need for action in the international context.

Conclusions

As a practical conclusion, it was agreed that the texts of the conference would be published in English and Spanish. In 2010, another major conference is to be organised, in which concrete common strategies are to be presented and discussed. For the preparations for this conference, several small working conferences are to take place. Valter Pomar from Brazil suggests discussing at the next conference the practical aspects of political action for countering the crisis, and developing points of departure for a programme of socialist transition.

Pedro Páez and others brought in concrete demands, which refer both to the major UN conference of the world crisis in New York at the end of June 2009 and also, beyond that, to strategies towards the IMF and the World Bank. These include:

- Greater political leeway and greater sovereignty for developing countries, by abolition of IMF and World Bank regulations, as well as creation of greater transparency and provision of more information
- Creation of a worldwide economic coordination council with permanent members without veto rights
- Creation of a new international foreign currency reserve system
- Putting a brake on “global Europe” and the neoliberal orientation of trade agreements

- Creation of a short-term programme to regulate the activities of multinational corporations and incorporate the ILO agreements into all treaties.

François Houtart and others propagated a new UN charter on the “common goods of humankind”, a fundamental charter of rights stating that certain goods may be not privatised or subjected to the capitalist market. Such a charter would include the right to clean water, to food and health, and to public subsistence provisions. In view of the dramatic nature of the food crisis and also of the environmental crisis, as well as the neoliberal attacks on the traditional welfare state, the propagation of such a charter could constitute a concrete step against the destruction of the social and natural conditions of life.

The charter, like the Declaration of Human Rights, would not create any immediately actionable rights, but it would be a framework for orientation, to which people and countries of good will might refer in their efforts to convert these demands into practical law.

IS SOCIALIST POLITICS POSSIBLE FROM A POSITION IN GOVERNMENT? FIVE OBJECTIONS BY ROSA LUXEMBURG AND FIVE OFFERS FOR A DISCUSSION

MICHAEL BRIE, GERMANY

Participation by the left in governments dominated by other forces has always been controversial. Primarily, five objections to government participation by the left have been formulated, to the effect that: (1) capitalism cannot be changed fundamentally; (2) only a revolution can solve the basic problems; (3) the state is only the instrument of political power of the economically dominant class; (4) government participation inevitably weakens the left; and (5) by its participation in government, the left makes the continuation of rightist politics possible in the first place.

First Objection: Capitalism cannot be changed in its essence

The *first objection* to the participation of the left in government is that to date, there has been no case in which such participation has led to a permanent progressive overcoming of capitalism. The concept explicitly formulated by Engels to the effect that, striding from one electoral success to the next, one should close ranks, make no significant compromises, not let oneself be co-opted by the “system”, and then either introduce socialism by obtaining a parliamentary majority (as the “reformists” say), or achieve the overthrow of the system based on a “revolutionary” working class, after the success of which the foundations for democratic socialism would have been laid (“revolutionary social democrats”). Neither option has worked. The claim that government participation has been the cause of the failure of socialist and communist movements in the progressive overcoming of capitalism is hence untenable.

The classic dispute over reformism has its roots in the debate over Bernstein's series *Problems of Socialism* (1896 - 1898) and his paper *Die Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie* (1899)¹. Rosa Luxemburg's rebuttal *Reform or Revolution*, first published in the *Leipziger Volkszeitung*, achieved the status of the outstanding Marxist response. At the same time, this reply revealed basic problems of orthodox Marxism.

Bernstein had seen strong trade unions, the implementation of social reforms and political democratisation as the conditions for a change in the character of society which would point the way to a future beyond capitalism. Rosa Luxemburg now pointed out that the trade unions could do nothing more than apply "the capitalist law of wages." Rather: "Trade unions cannot suppress the law of wages. Under the most favourable circumstances, the best they can do is to impose on capitalist exploitation the 'normal' limit of the moment. They have not, however, the power to suppress exploitation itself, not even gradually."²

The model of a capitalist society behind such positions insinuates by implication that exclusively capitalist tendencies impact upon such economies and upon the societies shaped by such economies, and especially upon the state (leaving aside non-capitalist sectors of small production) – excepting of course the case of a politically organised labour movement which calls the whole system into question. According to this concept, the trade union struggle only brings the capitalist law of wages to full effect; state social regulations can accomplish no more than to secure the proper increase in the value of capital; the state is nothing but the instrument of power of the capitalist class; any struggle for improvements on the basis of the existing order actually constitutes support for the rulers.

Once however – since the end of the nineteenth century – state social supports, wage agreements and legal regulations moved beyond mere-

¹Literal translation: "The Prerequisites for Socialism and the Tasks of Social Democrats"; published in English under the title *Evolutionary Socialism*.

²Rosa Luxemburg: *Reform or Revolution?* www.marxists.org/archive/luxemburg/1900/reform-revolution/index.htm.

ly providing elementary protection of the means of subsistence, once economic conditions began to be shaped, too, by such considerations as social justice, reduction of social inequality and the strengthening of the power of dependant employees, and once the long-term interests of social reproduction came to be forced through even against the short-term interest of increasing the value of capital, then did tendencies come to the fore which contradicted the "logic of capital".³ In the following, I will use the generalised term "social logic" to describe these tendencies. It covers the struggle for the interests of the general realisation of social, cultural and political human rights.

The implicit assumption underlying such a view is that due to the social and political struggles, to the compromises won through them, and to the fact that the temporary realisation even on the part of the rulers, of the need for change after enormous catastrophes, it will be possible to engender elements, structures, tendencies and forms of socialism in the womb of the old order, the capitalist order – and not merely in the form of "anti-systemic political movements". It is time to make a final break with the contradiction between the fact that we on the one hand, in theory, hold these elements and structures of the existing order in contempt, and on the other hand defend them in practice.

Second Objection: Only a revolution can solve the basic problems

Rosa Luxemburg crystallised the contrast between reform and revolution as follows: "And socialism itself, to some, results from the conquest of political power by the proletariat and from a complete social upheaval; for the others, it is the result of unnoticeable shifts in the womb of capitalist enterprise and the bourgeois ministry."⁴ A transformationist strat-

³ The "logic of capital" refers to all tendencies which flow from the unhampered implementation of the interests of increasing the value of capital and the complete subordination of labour and society to capital.

⁴ Rosa Luxemburg: Zum französischen Einigungskongress [On the French Unity Congress], in: *Works*, vol. 1.2, p. 91.

egy adopts from the politics of socialist reform the essential elements of an active policy of shaping contemporary societies and expanding emancipatory gains, and adopts from the revolutionary approach the notion of an inevitable break with the dominance of capitalist private property and the overthrow of the power relationships associated with it.

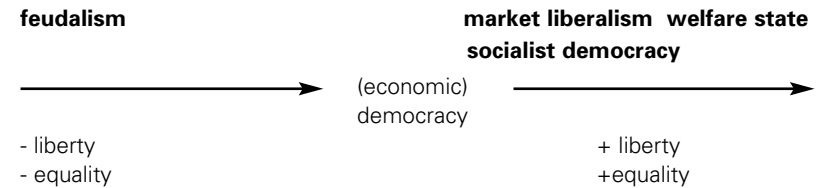
This however requires no more and no less than a complete revision of the orthodox Marxist philosophy of history, which tended towards a view of capitalism as the highest and most extreme form of oppression, surpassing all pre-capitalist formations in its alienating material cruelty. However, as explained elsewhere, the great "epochs marking progress in the economic development of society" (Marx, *Critique of Political Economy*) are in their tendency stages of gradual liberation, as limited to certain social groups as these may have been, and as much as they may have gone hand-in-hand with new forms of exploitation. Each higher form of the production of wealth, on the basis of which certain societies have superseded other ones, engenders greater productivity and likewise the development of individuality, however unequally those assets may be distributed socially. They are therefore not only economically more powerful, but also have greater cultural vibrancy. These are stages of world-historical emancipation.

Taking Marx as the point of departure, we can thus in sum define *the formation-theoretical criterion* of progress as follows: those societies are progressive which enable and/or force upon others a higher degree of productivity by engendering greater freedom of individual development and a greater degree of the transformation of that development into the development of the societal forces of production. This depends *first* on the relations of property and power which define the distribution of the societal functions of the production of human wealth; and *second*, it is conditioned by the forms of socialisation which determine the forms of exchange of wealth. *Thirdly*, the condition is that neither socialisation nor power and property structures "sap the original sources of all wealth – the soil and the labourer".⁵

⁵ Marx, *Capital*, Ch. 15, Sect. 10 www.marxists.org/archive/marx/works/1867-c1/ch15.htm#S10.

A socialist transformation must advance this world-historical trend of emancipation and must not, like Soviet state-party socialism, fall behind the potentials already achieved by bourgeois-capitalist societies. Magnus Marsdal has clarified this position in the following diagram:

Diagram: The Scheme of Socialism⁶



Such a concept of the real power of historical progress reminds us of the fact that socialism is part of the comprehensive historical process of the struggle for emancipation which began in the fifteenth and sixteenth centuries, in the great bourgeois revolutions and reform movements, in which the struggles of the labour movement, the feminist movement, the antislavery and anti-racism movements, and the peace and ecology movements are key stages. It is a process that is measured in growing liberty and equality, and assumes socialist dimensions where, by means of the conscious design of the societal conditions of production and reproduction, it pushes back the dominance of profit and repressive state power and sets itself the goal of overcoming their hegemony over people's lives. Socialist politics seeks to design a process of transformation which differs from both traditional reformist politics and the orthodox concept of revolution (see Table).

This concept of transformation of the new left is being developed in a wide variety of contexts, of which such examples as the World Social Forum, the Latin American leftist parties united in the São Paulo Forum, or the European Left Party stand out. In the latter, the concept of trans-

⁶ Magnus Marsdal: Sozialistischer Individualismus In: *Utopie kreativ*, No. 2/2005 (http://www.rosalux.de/cms/fileadmin/rls_uploads/pdfs/Marsdal_SozialistischerIndividualismus_d.pdf). English: Socialist Individualism? <http://www.autodidactproject.org/other/marxind2.html>

formation has become the guiding element in the central concept of basic change which transcends capitalism.⁷ In the German discussion, we have developed that position more systematically elsewhere.⁸

Table: Reform, Revolution, Transformation: A Categorical Comparison

	Reform	Old revolutionary concept	Transformation
Basic principle of present society	Market economy	Capitalism	Capital-dominated society G W-P W'-G'
Concept of change	Modifications in the regulation of existing condition	Total break	Comprehensive democratisation and development of non-capitalist elements, trends and spaces; non-capitalist overall regulation
Overarching concept of change	Civilising change in contemporary societies, while maintaining the dominance of capital	Radical societal break with the entirety of the relations of contemporary societies, and establishment of a society based on common property	Democratic self-administration and the free development of each as a condition for the free development of all
Economic objective of change	Social market economy	Socially oriented state economy	Development and expansion of the spaces of an economy of solidarity, and subordination of the increase in the value of capital to socio-ecological goals

⁷ Cf. the programmatic Founding Document of the European Left: http://www.european-left.org/fileadmin/downloads/pdf/Political_Theses_final_version_04.12.07.pdf, or the Principles of the World Social Forum: http://www.forumsocialmundial.org.br/main.php?id_menu=4&cd_language=2.

⁸ Michael Brie, Michael Chrapa & Dieter Klein: *Sozialismus als Tagesaufgabe*, Dietz, 2002. English: Socialism as the order of the day, In *Suffering/New Journey*, e-Book, rls, 2004-'05.

	Reform	Old revolutionary concept	Transformation
Type of regulation envisioned	Market dominance and social state regulation	Centralist planned economy	Dominance of social requirements (setting the framework), primacy of basic social rights, preference for local and regional economies (de-globalisation)
Main advantage over pure capitalism	Greater degree of equality, democracy and civilisation	Centralised control of all areas of life, hence prevention of crises and catastrophes	Greater degree of individual self-determination, and transformation of that into a development in solidarity for all, by means of a conscious setting of frameworks
Basic values	Basic equal participation rights according to the conditions of a capital dominated society	Equality within an order based on a social economic system	Equal access to the assets of freedom: Self-determination and social security in a solidarity-based order
Relationship to the increase in the value of capital	Social regulation of the increase in the value of capital	Elimination of the increase in the value of capital and implementation of a purely social economy	Overcoming of the dominance of the increase in the value of capital over the economy and society (primacy of social logic over the logic of capital)

Third Objection: The state is only an instrument of power of the economically dominant class

The *third objection* to the participation of socialist and communist parties in governments was formulated by Rosa Luxemburg as follows: "While parliament is an organ of class fractional struggles within bourgeois society, and is therefore the most suitable terrain for the systematic resistance of socialists to the power of the bourgeoisie, this role is denied to the workers' representatives in the lap of government from the outset."⁹ She justifies this as follows: "Called upon to implement the final results of the partisan struggles which have been carried out in parliament and in the country, the executive power is primarily an organ of action, the viability of which is based on internal homogeneity."¹⁰ For her, the government of a nation-state represents an entity which is "only the political organisation of capitalist business", between the "particular functions of which complete harmony exists".¹¹ The political motion engendered by the internal contradictions of the capitalistically structured economy occurs within the structure of the capitalistically characterised state. In marked contrast to Rosa Luxemburg, Nicos Poulantzas claims that the contradictions between the factions of the dominant classes assume, "within the state, the form of internal contradictions between the various branches and apparatus".¹² Since the state manages class compromises in order to enable the cohesion of a society rent by class differences,¹³ it is, even in the operation of its executive, an arena of social struggle. It is not at all a coincidence that in centre-left governments, the finance ministry and the central bank are often headed by persons who are part of the establishment of the neo-liberal block, while for other sectors of the

⁹ Rosa Luxemburg: *The Socialist Crisis in France.*, Sect. 5

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² Nicos Poulantzas: *State, Power, Socialism.* Hamburg 1978.

¹³ Poulantzas: *Classes in Contemporary Capitalism,* 1975.

executive, figures are assigned who are close to the trade unions or the social movements. This would by no means be necessary if the executive were inevitably homogeneous. The removal of Oskar Lafontaine¹⁴ from the Schröder government in Germany in 1999 was therefore a necessary move to enable enhanced neo-liberal policies under the Red-Green Coalition. The state itself is at once the space for the crystallisation and the arena for the carrying out of social conflicts and struggles.¹⁵

The left hence does not confront the state as would a besieging army, with no influence whatever upon the garrison of the besieged castle. Inevitably, its struggles are influenced enormously by the state and its legal, institutional and cultural forms, as any observer of the various national left cultures will recognise. This also means that the struggle to democratise and socialise the state anew must be taken up again and again. Joachim Hirsch has identified five basic tendencies of the bourgeois state which serve to qualify its function of preserving the dominance of profit in the economy and society: (1) A preference for social "practices" (bureaucracy, parties, type of electoral system, type of representation, legal system) which confirm and reinforce *the isolating and separating effects* of capitalist socialisation;¹⁶ (2) Prevention of overcoming the splits in the subordinate classes, and creation of unity in the ruling classes, particularly by means of the relative autonomy and contradictory unity of the system of state structures, and their partial insulation from societal influences; (3) The self-denial of instruments which might seriously call into question the dominance of profit; (4) The development of the personnel of the state as a special stratum; and (5) The systemically determined dependence of the state's ability to act on taxes, the collection of which is dependent on the relatively trouble-

¹⁴ Lafontaine was the finance minister; until 2010, he was co-chair of the Left Party

¹⁵ Poulantzas: *State, Power, Socialism.* Op. cit.

¹⁶ Joachim Hirsch: *Kapitalismus ohne Alternative? Materialistische Geschichtstheorie und Möglichkeiten einer sozialistischen Politik heute* [Capitalism with no alternative? Materialist theory of history and the possibilities for socialist politics today], Hamburg: VSA-Verlag 1990, p. 45.

free functioning of the increase in the value of capital. In each of these areas, the left is challenged to formulate alternatives and to insert them into the reform of the state and its economic, political, legal and cultural foundations.

Transformation politics which take the present contradictions as its point of departure and transcends them, must also carry this struggle into the state itself. The state is thus not the only, nor even the most essential locus of struggle – that is and will continue to be civil society and the struggle for hegemony within it. If however we leave the state to its own devices, we will end up feeling its power, without having used the existing possibilities to change it.

Fourth Objection: Government participation weakens the left

A fourth objection claims that change can be achieved only outside government, that participation in government inevitably serves to weaken one. Government participation, in Rosa Luxemburg's view, makes criticism of the government and hence education of the masses, impossible, forces compromises to be entered into at all costs, and delivers the left up to the hands of the bourgeois majority, and weakens its own extra-parliamentary forces, so that it achieves not more, but rather much less than it would have from the opposition.

Rosa Luxemburg is surely right in saying that a type of government participation which completely fixates the autonomous forces of the left upon government and suppresses all other forms of action, which denies itself the opportunity to publicly describe the contradictions involved with this participation and to analyse the available basic conditions and barriers to action, which dampens the thorn of action which drives politics onward instead of applying it more strongly, will fall into the trap of cooptation. But is this inevitable?

The most important condition necessary to escape this trap, which is present in any participation in government, is to strengthen the left outside the state facilities, its power in social movements and emancipa-

tory organisations of social interests of the subordinate social classes and of those middle strata oriented towards solidarity. Ultimately, parties can only be really strong left forces if they are part of such a left – and not its monopolistic representatives.

The strength or weakness of the extra-parliamentary left is not dependent directly on left political parties, but they can contribute to it. They can (1) make cooperation on the basis of an intensive and direct dialogue which is based on solidarity, yet is certainly not uncritical, a central focus of their strategy; (2) develop joint projects for the purpose of mutual support in extra-parliamentary and intra-parliamentary conflicts, including drafting of proposed legislation; (3) find forms of integration of personnel (primarily through the electoral lists of the Left); and (4) use resources to strengthen those extra-parliamentary forces which are always discriminated against by political parties. (5) Also important is the common struggle against anti-trade-union politics and legislation, and on the other hand in favour of new legal stipulations which strengthen the forces and organisations of civil society, particularly of the subordinate classes, so as to reduce the imbalance of forces. The political party left in government may therefore under no circumstances confine itself to just the governmental role, and the extra-parliamentary left should not subordinate itself to the logic of representation.

Fifth Objection: Through its government participation, the left actually enables the continuation of rightist politics possible

At the turn of the twentieth century, Rosa Luxemburg also raised a fifth objection to any government participation by the left: "The participation of Millerand in the cabinet..., far from issuing in a new era of social reforms in France, means the end of the struggle of the working classes for social reforms before it had even started, that is, the suffocation of precisely that element which alone might instil a healthy modern life into ossified French social policy."¹⁷ And more than a hundred years

¹⁷ Rosa Luxemburg: *The Socialist Crisis in France*. Op cit., P. 57.

late, the following has been written about the government of Lula da Silva in Brazil: "All instruments of macroeconomic intervention had long since been surrendered – yet the economic crisis forced a greater social consensus to be sought. That would have been impossible with a government led by the traditional Brazilian right. Riots and ungovernability, as in Argentina or Bolivia, loomed. Thus, the stock of confidence built up by the Workers' Party and its candidate over the course of decades was just what was needed to recycle neo-liberal policies."¹⁸ However, this can also be seen differently: The left can and must strive to initiate ways towards a fundamental transformation – also, but not only, from government. However, as stated elsewhere,¹⁹ it faces the contradiction of having to confront three lines of conflict at once: it is confronted with tendencies towards open barbarisation, is in fundamental contradiction to economic-liberal, authoritarian and imperial policy approaches, and is locked in a struggle against a social-democratic or social-liberal policies based on the existing financial market capitalist system. Today's social democracy is an ally in the struggle against the first two approaches, and at the same time an opponent, inasmuch as it does not try to overcome the fundamentals of the present crises. How ambivalent the results of the most recent cases of government participation are is demonstrated by international experience. But even in Europe, it is apparent that to date, single positive results by and large contrast with an inability to create a stable anti-hegemonist formation which might be capable of challenging neo-liberalism in its basic elements and of entering onto a stable path of transformation. Whether this will turn out well is uncertain. But it would be equally impossible to claim with certainty, on a "Marxist" basis, that it could not. Rosa Luxemburg wrote in 1900: "Thus does the ship of dogma-free socialism return to port from its first test run in the waters of practical poli-

¹⁸ Luis Fernando Novoa: Lulas Brief an die Banken [Lula's Letter to the Banks], in: *Freitag*, Jan. 6, 2006 (<http://www.freitag.de/2006/01/06010301.php>).

¹⁹ Michael Brie: Die Linke – was kann sie wollen? Supplement to *Sozialismus*, Issue 3/2006; English: The Left – what can it aim for? In *Suffering/New Journey*, e-Book, rls, 2004-'05.

tics with broken masts, a smashed rudder and corpses on board."²⁰ Today, a left in re-formation is engaged in building a new ship of a transformational-socialist left. The study of past shipwrecks is just as important in that process as the analysis of new conditions.

²⁰ Rosa Luxemburg: The conclusion of *The Socialist Crisis in France*. In: *Works*.

THE CRISIS OF CAPITALISM AND POST-CAPITALIST HORIZONS

PEDRO PÁEZ PÉREZ, ECUADOR

A century ago, Rosa Luxemburg stated that the historical dilemma humankind faced at that time was either socialism or barbarism. The current global crisis underscores emphatically the need to create the objective and subjective conditions to guarantee a solution that enriches and projects the best of human experience from the last centuries. It is a responsibility incumbent upon the progressive forces to immediately create a resolute programme which will permit political consolidation, while at the same time blocking the emerging neo-fascist agenda and opening the way for major transformations.

The profound changes of economic processes and social powers which have led to the enthronement of financialisation during the latest stage of capitalism have provided a series of particular challenges for the political actions of the progressive forces within the scope of the current crisis. A certain euphoria among critics of the system notwithstanding, it is important to acknowledge the strong presence of reactionary tendencies all over the world in a network of ideological, political and financial allegiance led by those who, for the time being, are the major beneficiaries of the crisis: a small Anglo-Saxon oligarchy tied to speculative, military and energy interests. Ironically the same social actors who are largely responsible for the current crisis have gradually learned from history how to use the destructive expansion of the profound processes currently in motion for their advantage.

Even if a scrutiny of the internal mechanisms of capitalism regularities which have led to the present crisis reveals that only systematic transformations of great depth can provide a solution to the depressive trends, it is necessary to assess that the tremendous centralisation of capital and power over the past decades, which has been aggravated over the past months, characterises rather distinct profitability priorities. Facing the crisis, war is the simplest, cheapest and most profitable solution for those

mafias. Therefore we must not only analyse the crisis of capitalism, but also the capitalism of crisis.

A recovery of production and labour dynamics will require more than structural changes of institutions and economic policies (modes of regulation), or changes in the dynamics of income distribution and the alignment of investment (regime of accumulation). Rather, it will be necessary to advance productive logics and social priorities that go beyond the law of profit (mode of production) and require the transformation of production and consumption paradigms (mode of life). No deterministic mechanism can lead to that kind of solutions. Historical progress will only be possible if we, as progressive powers, immediately initiate at the global level a swift, adequate and flexible coordination process towards a realistic and technically accomplishable programme of change, which can bring together the broadest-ranging array of forces committed to peace and progress.

Objective and subjective conditions

In this enduring situation, the issue of the historical subject is gaining increasing importance. The violent development of the crisis requires real action on the part of every human being. The dehumanisation of circumstances seems to be increasingly omnipresent. The crisis exacerbates the mercantile fetish of seeing the economic world as alien and immune to human volition. This attitude underscores the need for the effective creation of capacities to act within the scope of the crisis, in particular with regard to what is owed to the nations of the southern hemisphere, which during the last decades have fallen victim to a systematic process of institutional cutbacks and macroeconomic debilitation.

The present financial struggle could reach dramatic proportions, transgressing the scope of rationality established over the course of centuries. The decisions made by ever more powerful, yet minuscule elites affect the lives of millions, including matters of life and death.

The tremendous concentration and centralisation of capital during the last thirty years is dwarfed by what has been going on during these

months of open crisis. In the United States for instance, only 47% of the banks registered in 1982 still existed in 2004 – within an increasingly depressed and intricate framework based on triangulations and pyramidings, which reflected a very narrow propriety and control structure. For instance, the seven banks which were historically dominant within the Anglo-Saxon system by means of transnational manipulations, financial alarmism, wars and the shaping of the present international credit structure, have consolidated into merely three. These very high finance factions have created the so-called “shadow banking system”, consisting of non-bank financial institutions that have hypertrophied speculation and shattered the banking system. According to the Comptroller of the Currency for the United States, five banks, including those mentioned, control 97% of the derivatives market, the national value of which last year represented bonds equivalent to twenty times the global GDP.

These conflicting parties benefit from the frailties the system has accumulated, their control of national bodies in several countries, and their privileged knowledge, allow them, like demolition experts, to push schemes of annihilation against their former friends. This carefully guided (if not provoked) sell-out has been going on for months now, its acquisitions eventually turning into enormous financial operations facilitated by blank checks and apparently unlimited national bailout plans. The fact that many millions of people helplessly face the deterioration of their living conditions opens a clear perspective for resistance and rebellion. The millions of workers, who have been “punished for life” without cause, and have lost their jobs, have their counterparts in the millions more, who – especially in the South – are losing even the already meagre daily livelihood of their families. Just to illustrate a rather complex phenomenon: the ILO estimated that more than 30 million people lost their formal jobs in 2008, and that in 2009, the number of jobs lost would surpass 50 million. According to the FAO, the number of people threatened by famine rose from 850 million in 2007 to 960 million at the end of 2008 and we would close this year at more than a billion people!

And all this even though the formidable capacity for production that humankind has generated is a known – and notorious – fact, and that there is an ever-increasing number of people who know about the growing amount of scientific and technological advances that cannot be productively expanded, because they do not satisfy the need for profitability demanded by the financial sources controlling the process. The resulting frustration, both at the individual and the collective level, could lead to a negativity which might eventually favour a sustained reactionary policy designed to preserve decadent capitalism, not only within the framework which Paul Krugman already in the 1980s called “The Age of Diminished Expectations”, but in a situation of real economic standstill and social decline.

This sense of injustice and indignation collides with the fear – whether real or ideologically induced – that little or nothing can be done to change things. Those steering the course of events nourish such fears so as to dissuade people from the idea of collective action, and to guide them instead towards individualism of the “every man for himself” type and eventually towards impotence and conformity with the triumphant power.

This crisis involves the whole planet, and almost all humankind, in an unprecedented manner. Like never before there is a confluence of conflictive long-term processes occurring parallel to a series of recurrent and auto-affirmative nexuses, which could prove to be mutually beneficial in an explosive way. This is not merely a financial crisis, but also a crisis of production, a food crisis, an energy crisis, an environmental crisis, and, very soon, a crisis of legitimacy.

The production process of goods and services is per se a process of productive significance. The sudden rupture of productive continuity also implies a rupture of the chain of significance. The senselessness of punishment in terms of unemployment, hunger, exclusion, and uncertainty without “having done anything wrong” is becoming ever more widespread in a large number of geographical and social areas, promoting a rupture of rationality and of value systems. In the face of a latent legitimacy crisis, only the capability of the progressive powers

to assume moral guidance can open the way to a historic alternative bloc, in order to create a new culture of social coexistence.

Imperialism and macroeconomics: capitalism in crisis and the victimization of workers

Macroeconomic management has been crucial in this massive and accelerated process of the dispossession of decision-making powers. The literature on imperialism has paid little attention to the role of macroeconomics as an instrument for dominating entire nations. True to a tradition that emphasises the extra-economical factors of modern imperialism, from a reference more established in the historical experience of the old colonial empires – be it the first generation from the sixteenth to the eighteenth centuries, or the second generation in the nineteenth century – the main focus is on the forced destruction of certain modes of production and the imposition of monopolies and the prohibition of remote trading. In more economically focused studies however, such as those by Hobson, Hilferding, Bukharin, Luxemburg, Kautsky, and Lenin, as well as later in Marxist and neo-Marxist currents of different pattern and nationality, the focus is on the role of enterprises and private niches. The debate on unequal exchange holds a plentiful cache of theoretical instruments to understand the issue, but still leaves many gaps to be filled.

The construct of a specific epistemological field within the economic sciences is mirrored by the ontological development of the possible “management” of the law of value within capitalism. The structure that some authors call “state monopoly capitalism”, and the historical period that started to mature around the efforts of the world powers involved in World War I, are at the root of the various phenomena which in course of time became known as “macroeconomics”.

The transformation of the old colonial empires, and the global redefinition of neo-colonial power after World War II placed a double burden on Latin America, which was under the hegemony of the dollar: first, the creation of a tacit “dollar bloc”, the domination mechanisms of which

were aggravated by the unilateral rupture of the Bretton Woods Agreement; then, the inconvertibility of the dollar and the imposition of neo-liberal policies which impacted with brutal force in the manipulated external debt crisis (the “Latin American debt crisis”) of the early 1980s. The process of macroeconomic infringement in Latin America is directly linked to the competitive slowdown of its industrial capital, including a systematic dismantling of the economic sovereignty, the so-called “policy space”, the actual scope of options for action available to national governments and economies.

The eroding functions of the national currency, the frailty of the external sector facing the volatility of the non-regulated movement of capital, the race to the bottom in taxation, wages, environmental standards etc., trade agreements and absurd free-trade-ism are making it almost impossible to make policy in our countries, indeed, to make decisions. Now this regime of capital accumulation based on deregulation, the re-primarisation of the periphery, financialisation and regressive income redistribution has imploded. Though directly linked to this regime, the hegemony of the dollar in the global power structures is appropriately slackening, while at the same time remaining the vital instrument for the obstinate defence of an out-of-date model which countervenes the entire range of democratic gains of the past centuries.

For this aging world power, the speculation/war-profiteer agenda is becoming the easiest and most profitable solution for capitalism in crisis. The massive destruction of value and capital, which requires productive redundancy due to over-accumulation of sectoral capacities, defines loser and winner geographies. The tensions among nation-states to over productive capacities could become a fertile ground for conflict, which could rapidly enter a hardly reversible spiral. The powerful interests of war entrepreneurs allow such dynamics to prosper. The asymmetric macroeconomic response capacities will necessarily be exacerbated by the logic of the anxiety and survival instincts of certain capital factions, between whom tensions are generated, due not in the least such issues as exchange rates and trade wars.

The New Financial Architecture and the creation of alternatives

But the same process of increasing power centralisation has generated a dynamic of potential power accumulation towards a more democratic horizon: the great systemic actors, who are feeling “uncomfortable” or even threatened by the turn of events, are becoming ever more important.

These recent and increasing cracks in the structure of domination are merging with “fractures” in the historical structure of the current world powers, to form a whole which the progressive forces must handle lucidly, so as to resolutely affect the business trend during the weeks to come. The ferocity and velocity with which the crisis is expanding is causing unusual shifts in the global balance of power.

The Latin American initiative pulled together by United Nations General Assembly President to discuss alternatives to the financial crisis at the global financial summit on 1 to 3 June has opened an unprecedented and truly multilateral negotiating framework – a great achievement, even as a mere prospect, given the efforts to neutralise the summit, or lower its profile by pressuring some heads of state into not attending. The mere fact that the G192 instead of the G8 (and not even the G20) will provide the framework of the discussion deeply calls the possibility of unipolar imposition into question.

Social movements, political powers, progressive governments, and intellectuals must know how to make use of the historical opportunity that has arisen, including the high-level discords regarding a global decision to publicise abuses and “to right the wrong” caused by those long, but so far timidly protested “exorbitant privileges”.

Clear proof of those new, albeit probably only temporary possibilities which have been opened up by the progressive offensive in recent months, is provided –in a different ways – by: the very call for the summit itself; the inclusion of quite distinct voices in the G20; the Central Bank of China’s open challenge to the current foreign exchange reserves system; the Russian positioning and the feasibility of other de-

mands by the same medium-sized powers, and which have been expressed, too, in the preparatory documents of the Summit by the expert commission presided over by Joseph Stiglitz, as in the latest G20 communiqué.

Given the specific context of the recent repositionings, the following three issues could be suggested as elements to be discussed for inclusion in an immediate democratic agenda:

1) If after more than thirty years of North American veto, the G20 finally accepts the necessity to issue \$250 billion in special drawing rights, it should immediately be accepted, but without strengthening the old financial architecture represented by the IMF and the supremacy of the dollar.

First, it is necessary to renew the agreement annually, not implement it permanently within the framework of new North-South relations. The present norm defines that 60% of the issue go to the United States and Europe. If those countries would donate that share, they would partly compensate for their failure to fulfil the agreements reached in Monterrey, to earmark 0.7 % of their GDPs for foreign aid – and thus save the tax expenditure needed to meet that commitment.

But that is not enough: it is indispensable to make sure that these new funds do not help reinforce the old IMF practices of bilateral blackmail to impose adjustment policies on countries in distress. The annual issue of Special Drawing Rights (SDR) must be channelled multilaterally, for instance, through the FAO, to fight the risk of famine and deprivation; or to the UNEP, to counteract the environmental crisis; or to the UNDP, to confront the most dramatic and urgent aspects of poverty. And these resources must be channelled through regional financial agencies, to strengthen regional monetary bloc agreements and the construction of a new multi-polar monetary and financial order.

This last aspect could acquire serious strategic dimensions as each global region could develop, according to its specific political and economic conditions, a new regional financial architecture including at least one mainstay of the new type of development bank (which in Latin America could be represented by the Bank of the South and the

Bank of ALBA, the Bolivarian Alliance for the Peoples of Our America); netlike support by a new central bank (from the future *Fondo del Sur*/Fund of the South, for example), and the corresponding SDR based upon regional compensation systems allowing a well-balanced readjustment of commercial flow, leaving behind dollar dependency and free trade agreements (for instance with the *Sucre*).

2) It is a fact that substantial contributions in favour of the IMF have been decided upon, not only by the governments of the North, but also by those of the South – including governments run by progressive forces. This serious turn of events is part of an increasingly successful effort to rescue the core of the old international financial architecture from its ideological and operative decline.

After 2003 the IMF portfolio dropped by 90%, but in November 2008 alone this organisation was in the position to offer more loans than in the preceding five years combined, and the queue of countries desperate for its support is growing daily. It is a matter of urgency to block this agenda and to transform the political desire of some countries for an injection of funds to mitigate the current international liquidity crisis into an instrument that allows the South to develop effective counter-cyclical policies

The progressive forces could, in a very short time, bring together a broad spectrum of actors who could determine that all those new resources be committed to structure a new facility within the IMF, with no other conditionality than the prohibition that loans be used to purchase arms and other governance infrastructure. That IMF twin, the World Bank, has already provided a precedent with the conformation of the Global Environment Facility. Moreover, the signal of a more democratic directorate and purpose would certainly attract major contributions from countries with great liquid assets, such as China, or would allow the social forces in certain European countries for instance to call for the financial support for this rather progressive option.

3) The crisis in the financial markets is quite rapidly deteriorating the macroeconomic conditions in the periphery and semi-periphery. The growing gaps in investment costs confronting the centre and the rest

of the world are based upon a structure of a “country risk”, which reinforces the objective restrictions of an asymmetric macroeconomic response. It is imperative to lift the burden of the fiscal and external debt from the periphery – and the conditions for doing so immediately exist. The countries of the South are not responsible for the crisis, and there is no reason why they should be punished with a “country risk”: the United Nations could issue bonds with no risk premium, which could compete with the fiscal bonds of the United States, Japan and the European countries, at a rate of 1 or 2%, and channel them into a line of credit. Hence the countries wishing to restructure their debt could rebuy it on this secondary market in an inverse auction, after an obligatory and general auditing process of their external debt.

Achieving this new institutional framework during the months to come would provide effective conditions to start breaking the decision-making monopoly which so brutally benefits those in charge. Such a framework could constitute the basis for a much more democratic new global monetary and financial order – and one that would be much more representative of all the relevant systemic actors worldwide. Moreover, this minimal programme would immediately facilitate a global compromise that would avoid exchange and trade wars. These would not only be a feast for speculators – carry trading makes up almost half of financial speculation, and represents an amount equal to six times the global GDP – but would also make the recovery of production and the labour market extremely difficult at all levels.

A different logic of production and consumption which would permit us to overcome both the human and natural predatory model of structuralist economics in favour of one based upon regional bloc schemes with sovereignty in the fields of food, energy, health care etc. would emerge as viable.

By way of conclusion

We have reached a historic crossroads. The course of events depends on the ability to create a societal subject of change, whose post-capi-

talist perspectives will ensure that humankind will not go down in a long period of barbarism. But now it is more crucial than ever to adequately combine strategic perspectives with tactics that will allow the left to lead, in the here and now, a process of political convergence that can contribute to the structuring of a new historical bloc. To assume and maintain the initiative in a growing process of accumulation of power will become crucial in an situation – economic and otherwise – like the present one, in which the desperate situation of the established power is moving towards the consolidation of a neo-fascist agenda in line with the narrow interests of an ever more reduced war-profiteering oligarchy.

Today such an initiative requires a global process of collective construction, which could coordinate political action at various levels and in various bodies. One of the priorities, a necessary but not sufficient condition to regain the decision-making power dispossessed by the centralisation of wealth, is without question reconstruction restructuring which would restore monetary-financial sovereignty at the supra-national level in various regions of the earth, according to the specific conditions of the twenty-first century. It would thus not only be possible to instantly avoid a major victimisation of the periphery due to the asymmetric macroeconomic capacity to implement contra-cyclical policies, but also to plant the seed for a multi-polar and more democratic structure of a new world order. It would provide the conditions to develop a new economic logic of profitability and accumulation as such, including the expansion of, for instance, food or energy sovereignty, opposed to the devastating plans of the transnational corporations.

Immediate constituents of this progressive agenda would be the left's appropriation of the systematic issue of special drawing rights so as to prevent neo-liberalism from reviving the blackmail of its adjustment policies, and rather strengthen multilateralism and use the new IMF resources for a radical internal reform of the Fund, and the integral reorganisation of the periphery's external debt.

THE DIFFERENT STRATEGIES OF LEFT MOVEMENTS IN LATIN AMERICA

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It has become fashionable to say that there are two lefts in Latin America: one allegedly “vegetarian”, the other “carnivorous”; one allegedly radical, the other moderate; one revolutionary and the other reformist; one socialist, the other capitalist. Such dichotomous definitions are deliberately issued by official or officious spokespersons of the US State Department to provoke among Latin America’s left, to make it fight each other instead of fighting the common enemy.

Obviously there is no reason to deny the existence of programmatic, strategic, tactical, organisational, historic and sociological differences in Latin America’s left, as we can examine below. But a dichotomous interpretation of real existing differences – apart from serving rightist political purposes – also provides an incorrect theoretical interpretation. Reductionism – saying that there are two lefts in Latin America – politically serves the right, because it implies that the growth of one faction depends on the reduction of the other, while conveniently leaving the common enemy out of the picture. On the other hand, reductionism is an incorrect theoretical interpretation, among other things, because it does not explain the historic phenomenon of the last eleven years (1998-2009) – the simultaneous growth of a variety of shadings of Latin America’s left.

By contrast to the partisans of this reductionist theory in all its forms, we assert that the rise of distinct strands of the Latin American left that has been taking place since 1998 is partly due to its diversity, which has permitted the expression of sociological, cultural, historic and political diversity in the ruling classes of our continent. If it were homogeneous and uniform, if there had been only one or two such factions, it would not have its current strength.

We also maintain that the continued strengthening of the Latin American left depends in good measure on the cooperation between these

different strands. Such cooperation does not exclude ideological and political struggle between the multiple lefts; it does however imply that this struggle takes place within the framework of maximum strategic cooperation. This will be the more difficult the more imperfect our comprehension of the process we are undergoing is. The political material base facilitating the cooperation between the majorities of the distinct strands of Latin America's left is the existence of a strategically common situation. Whether that situation continues or not will depend on the socio-political struggle currently taking place. The ultra-radical or hyper-moderate trends which refuse to admit the existence of this strategic common situation are – consciously or unconsciously – doing the local dominant classes and imperialism a favour.

Sketches of history

What is today known as Latin America contributed to the so-called "primitive accumulation" of capitalism, and has since then been completely integrated into its global structure. The various positions about the nature of the real existing development in each country and in the region as a whole, about the possibilities of reformist and revolutionary struggles, about "democratic capitalism," and about socialism, all derive from the debate on the nature of that integration.

National resistance to the invasion and exploitation by European powers as well as the resistance to the exploitation practiced by local and foreign dominant classes has taken a variety of forms since 1492. In the twentieth century – an environment marked by increasing industrialisation, by imperialism, by two world wars, by the Russian Revolution, by anti-colonial revolutions and wars – the Latin American people's struggles came to combine in different ways the demands for political democracy, national sovereignty and agrarian reform with anti-capitalist and socialist objectives. Until the 1950s, the predominant coalition emphasised national-democratic demands: defeat imperialism and the *latifundios* (large estates – which represented "feudal residues" for some), industrialise the economy, democratise the state and

establish national sovereignty. The socialists, including the communist parties that emerged after 1920, shared these national democratic guidelines in large part.

Described by Marxists as "*etapismo*", *stagism*, (first the bourgeois revolution, then the socialist revolution), the national democratic orientation was criticised within the left itself for three principal reasons: a) for underestimating the organic links between the *latifundio* system, imperialism and capitalism; b) for believing in the viability of a strategic alliance between the proletariat and the "national bourgeoisie"; and c) for interpreting periods of relative stagnation as "stages", when they should more adequately have been seen as "transitional flows", or "*transcrecimiento*".

The communist parties made the most consistent formulation of stagism, and also of its defence against criticism. There is no need to go into the details of the debate here, but it is necessary to emphasize two things. First, there were those who said that it was necessary to put into perspective the "obstacles" to capitalist development in Latin America. "Imperialism" and "*latifundios*", dependency and the domestic market, were metabolised and incorporated into real existing capitalist development. Hence, deducing from these impediments the possibility for a revolutionary (anti-imperialist, anti-*latifundista*) alliance between the "national" bourgeoisie and the proletariat, meant transforming the secondary contradiction – that causing fractions in the bourgeoisie to adopt more radical positions – into the principal contradiction. This led to the mistaken conclusions from this supposedly principal contradiction without an adequate material base, particularly envisioning the proletariat as the left wing of the democratic-bourgeois revolution.

Second, those who said that the struggle for socialism in Latin America could not minimise the so-called "pending tasks" of the democratic-bourgeois revolution were also correct. Issues like national sovereignty, industrialisation, political democratisation, agrarian reform and public policies of social well-being represent to this day the *prima materia* of any political struggle implemented by socialists in Latin America. The

fact that the bourgeoisie is in no conditions to lead the fight for these demands does not remove it from the political horizon; the fact that the proletariat is called upon to become the vanguard in that struggle does not eliminate its democratic-bourgeois character.

The above outlined theoretical debate can only find a complete solution in the field of practice – the struggle for historically democratic-bourgeois demands could assume some strategic role, depending on the correlation of forces in the national, continental and global arena. If the proletariat has sufficient strength and radicalism, the struggle for democratic-national demands may suffer a *“transcrecimiento”* towards transformations of a socialist kind. Then again, if the proletariat is weak and subordinate, the struggle for the “democratic revolution” will be neither democratic nor revolutionary, much less gain socialist power.

The discussion about the character of the *Latin American* revolution – socialist, democratic, etc. – always ran parallel to the debate on the means of the revolution: violent or peaceful, guerrilla or insurrection, etc. Again, different combinations emerged: from *“etapista”* followers of the most radical forms of violence, to socialists imbued with the firmest of commitment to a “*pacifista* transition”.

The distinct variations of *“etapismo”* and *“reformismo”* were strongly called into question by the victory of the Cuban Revolution in 1959. For some left sectors, the strategic discussion as to the character and the means of revolution appeared resolved in favour of a specific “*model*”. The real existing Cuban Revolution was one thing, and the “*models*” devised in its aftermath quite another. A similar divergence occurred in Russia in 1917 and in China in 1949: the models simplified and often enormously contradicted the strategy actually implemented.

Observations on socialist transition and strategy

There is so much confusion regarding the terms “capitalism”, “transition”, “socialism” and “communism” that it becomes necessary to explain what their meaning is in this context. By capitalism we understand a mode of production based on privately owned means of pro-

duction, in which the workers are forced to sell their labour power to the capitalists, who appropriate for themselves the “surplus value” of the wage earners. Opposed to that is another mode of production based upon social property of the means of production: that makes it inevitable to work with the categories of communism – that other mode of production – and socialism – the period of transition between the two. For historically known reasons, the term “communism” has been rejected or simply disregarded by broad sectors of the left, including some self-proclaimed revolutionaries. But from that theoretical point of view, the use of the term is essential, since it allows to distinguish between “transition” and “final objective”, that is, the mature form of the society one aspires to build.

When we talk about socialism, we are talking about the transition from capitalism to communism. Hence socialist transition, or socialism, is by definition a social formation combining capitalism with anti-capitalism. With regard to socialist formation, it defines the existence of an organic and structured movement for social property, with all the complex political and social implications that entails. In other words, for socialist transition, it defines the existence of a movement directed at the socialisation of production, property and political power.

This definition of socialism as a movement towards a goal contains at least two potentially confusing factors. The first is that it considers transition as a lineal process, of progressive accumulation, in which any setback is seen as a sign of a fallback to capitalism, of grounds for concern that the transition towards socialism has been interrupted. The second is the confusion between (a) the struggle for socialism within the capitalist system, and (b) the construction of socialism, or socialist transition.

An essential factor to eliminate the confusion in both cases is, in our opinion, knowing where political power lies. That is, the difference between retreat and dispersal; between concession and capitulation; between *“mejorismo”* – “making things better” – and fighting for reforms. For instance, the difference between the fight for socialism and the socialist transition *cannot be one of the demands as such*, but it must inevitably be present in politics, in the correlation of power, in the

government. This is due to the fact that limitations of the basic resources could force a revolutionary government to adopt pro-capitalist measures. But such measures acquire a different strategic meaning if adopted by a bourgeois government or by a socialist government.

To transform the fight for socialism into an effective socialist transition, to start building socialism, it is necessary to control the powers of state, that is, to have the means to impact the social structure, the control of the economy, and the means of production. It is clear that on balance, the already existing resources will determine those means: all the political will in the world, and the most absolute government, will be unable to transform pre-capitalist resource material into sufficient *materia prima* for the building of socialism. In this case, what political power can guarantee – within certain limits – is that capitalist development policies will serve the strategic project of building socialism.

As long as the working class does not hold state power, it has only very limited impact on determining the macro-economies which produce and reproduce capitalism every day. Only with the powers of state can the working class change the standard of accumulation which exists in society, make sure that private property and capital accumulation do not remain the hegemonic pole, and that collective property and social accumulation replace it in that role.

Taking over the powers of the state is a complex process, the point of crystallisation of which is to establish the monopoly on the use of force. It is not as if that monopoly could not be contested, but it may not be allowed to attain the relevance to question the real power of the state. In addition to the monopoly on the use of force, taking over state power comprises such other elements as the creation of a new political and judicial framework, the capacity to manage the economy and social communications, acknowledgement *de facto* and *de jure* by other nation-states etc. And, as we know, power is a social relationship which can be won – and lost. What happens on a micro-scale with elected governments can also occur on a macro-scale with states originating in great social revolutions. Revolutions are only “irreversible” in some discourses, but not in real history.

No social class or bloc of classes acquired state power merely by means of a single method of gathering forces, or a single method of seizing power. The victories of the Soviet insurrection, of the wars of the Chinese and Vietnamese peoples, of the war of the Cuban guerrillas, become incomprehensible if we dissociate them from the forms of combat which were first and foremost in each case: the struggle of the masses and of the vanguard, legal or clandestine, via elections or direct action.

There is no question that the historic conditions of a country or an era bestow on that specific form of combat the catalytic role, the battering ram in the confrontation with the enemy class and its state authority. But that catalytic condition is the organic product of a specific situation, which cannot be transplanted into another historic situation.

In this discussion of state power, it is necessary to bear in mind the obvious fact that if power is a social relationship, seizing state power requires the construction of a correlation of various social forces, a socio-political bloc that demands the realisation of a determined programme. Which programme? The answer to that question brings us back to the debate on the character of the revolution. In a capitalist society, constructing a historic alternative to the existing social contradictions requires the initiation of a socialist transition. But that theoretical and historical conclusion – according to which overcoming capitalism is a “daily occurrence” can take on at least two different meanings when translated into the field of political strategy: (a) the leftist variant advocates building a political-social bloc based on a socialist programme; or (b) the “democratic-popular plus socialist” variant advocates building a political-social bloc based on a programme linking democratic measures with socialist measures.

In the current conditions of capitalist development, democratic measures are not socialist, but can assume an anti-capitalist significance. For those who believe that socialism and anti-capitalism are synonymous, this is merely a semantic game. It is obvious that socialism is *consistent* anti-capitalism, the type of anti-capitalism which implies the defeat of the capitalist mode of production. But in everyday life, capitalism is

confronted with a variety of forms: the struggle for better wages and agrarian reform, the fight against private monopolies, the defence of public facilities, universal public policies, the battle against imperialism, etc.

In a given historical situation, these struggles become ensnared in aspects of capitalism or, at least, the dominant form of capitalism although they do not *per se* aim at the defeat of capitalism in general, while the mode of production is based on private property and the extraction of surplus value. In other words, these are capitalist battles against capitalism – general struggles which aim to build better capitalist societies with regard to democratic, political, economic and social criteria. Under different conditions however, these capitalist struggles against capitalism could integrate a movement that would lead to the defeat of the capitalist mode of production. In those cases, it is as if alongside anti-capitalism or proletarian socialism, there also existed a *small proprietary* anti-capitalism, a *petit-bourgeois* socialism.

A political-social bloc capable of calling into question and seizing the power of state must draft a programme which combines socialist measures (requirements or demands) with anti-capitalist measures that are not *per se* socialist. To be more specific, these are democratic and democratic-bourgeois measures which defend small businesses against corporate power, public ownership – which is different from social and collective ownership – against private ownership, and national interests against imperialism.

The way in which the left currently views the construction of the political-social bloc is doomed to failure for two reasons. The first is related to the debate on the nature of the revolution in Latin America, a revolution, which, as mentioned above, must assume the tasks of establishing democracy. The second reason is strictly political: the correlation of forces preceding the take-over of state authority and the level of political awareness prevailing in the working class and their allies make it impossible, by definition, to build a bloc of power solely or mainly directed at the “direct struggle for socialism”. That is, if capitalist domination exists, the political awareness of people will not be predomi-

nantly socialist. Such a level of political awareness can only become consistently socialist over a long process. Therefore the programmatic point of departure for the new political-social bloc should not be explicitly or consistently socialist.

We can say that: (a) the process of class struggle will not inevitably achieve the “temperature” required to produce a level of socialist awareness among the majority of the population; (b) it is expected that socialist sectors act in terms of “raising the temperature” (stimulating the process of struggles as such), as well as in terms of raising the level of awareness.

For the aforementioned reason, the political-social bloc capable of questioning and taking over the powers of the state must get organised regarding the questions of (a) the “future” construction of socialism; and (b) the “past and present”, i.e., the problems arising from real-existing capitalism. That is to say that the socialist forces will only take over and keep the state power inasmuch as they manage to build political majorities concerning action programmes for immediate issues. And for that the classical example remains the slogan “bread, peace and land”.

The Cuban Revolution of 1959, the Russian Revolution of 1917 and the Chinese Revolution of 1949 were exactly the results of a continuous democratic, popular and national radicalisation. These were not “socialist revolutions” *a priori*, but became so owing to the line they adopted, and the global processes into which they were embedded.

In those terms, it only makes sense to talk about the “direct struggle for socialism” if we understand it as follows: a take-over of state power which aims to implement democratic-popular programmatic measures *could* become an integral part of socialist transition, without that there *having to be* intermediate phases of stagnation. The term “have to be” is fundamental in that analysis: *etapismo* is wrong because it alleges the need for intermediate *stagnant* phases; but that is not to say, that such intermediate phases cannot occur, nor that they cannot appear as “stagnation”, as in the case of the *New Economic Policy* (NEP). And it is occurring today in Chinese “market socialism”, which in the eyes of

many is a prolonged period of the abandonment of the construction of socialism. Likewise, the term “may occur” is fundamental, since it indicates that we are facing a political problem which depends on the correlation of forces, on the level of political awareness of the masses, and the general direction of the process – a political problem that could produce solutions that would depend, ultimately, on the level of material development and the production potential previously achieved by society.

For those reasons, it is inevitable to fight two kinds of leftism: (a) on the one hand, that leftism, which manifests itself in defending an abstract socialism, dissociated from partial anti-capitalist struggles; and (b) that leftism which confuses anti-capitalists measures in a strict sense with “socialist” measures in the broad sense. This second type of leftism, which is currently very present in Latin America, confuses the rhetoric and political radicalisation of the processes, which are mainly caused by the intransigence of the dominant classes, with socio-economic radicalisation, forgetting that the defeat of capitalism requires overcoming capitalist development.

To all this another factor must be added: the neo-*etapista* line of the moderate left in Latin America, which broke with the connection between the democratic tasks and the struggle for socialism – in some cases, abandoning socialism, in others, preferring to capitulate, instead of confronting and defeating the correlation of forces. Or even, while keeping a genuine socialist commitment, moving to a “process strategy” – like the popular Brazilian song, that goes “*Deixa a vida me levar...*” (let me live my life).

Thus we can say that there are at least three major programmatic concepts: the leftist, the neo-*etapista* and the democratic-popular. The leftists do not perceive the differences adequately; the neo-*etapistas* see a Chinese Wall, and the democratic-popular seek to link the fight against neo-liberalism and the fight for socialism organically. These differences intertwine in various ways when we get to the discussion about the means of accumulating forces and about how to take power.

Guerrilla warfare and elections

The 1960s helped the radicalisation of the struggle all over Latin America, reflecting the extent to which the contradictions of the prevailing capitalist development model had proceeded in the region: dependent and conservative, amidst an accentuated interference of the USA in the region and the conflict between political “camps”. At that time, part of Latin America’s left, stimulated by the Cuban experience and rallied by the slogan to create “two, three...many Vietnams”, adopted the strategy of guerrilla warfare, in most cases following Che Guevara’s *foco* theory.

In some countries, guerrilla warfare was rooted in the national situation. In the majority of cases however, there was not sufficient organicity for it to prosper. With the exception of Nicaragua and Cuba itself, guerrilla warfare led to revolutionary victory nowhere else in Latin America. In some cases, like in El Salvador and Guatemala, the guerrilla acquired enough power to achieve peace accords that defined the end of the armed conflict; but in the majority of cases the guerrillas were completely destroyed.

With the end of the *guerrillero* cycle in the late 1970s and early 1980s, another strategy began to take shape, based on a combination of social struggle, contesting elections, and government exercises in the national, sub-national and local areas.

This strategy crested between 1998 (Chávez) and 2009 (Funes), by a wave of victories of left and progressive parties in elections for the national governments of a number of Latin American countries. This wave of electoral victories is the outcome of a number of circumstances, including a) the relative inattentiveness of the United States towards its *backyard*; b) the damaging effects of neo-liberalism, including on the rightist parties; and c) the accumulation of power on the part of the left, especially in the combination of social and electoral campaigns.

Currently, there is a new correlation of forces in the region, which moreover stimulates change within each country, limiting imperialist interfer-

ence. This regional situation coexists with two other factors at the global level: the defensive strategy of the fight for socialism, and the major and profound crisis of capitalism. This is the material base which facilitates the cooperation between the different strands of Latin America's left: the existence of a historic situation in which the presence of the left in many Latin American governments, the strategic defence of the fight for socialism, and a large and profound crisis of capitalism are intertwined. Those are the fundamental factors of the *joint* strategic situation in all of Latin America, which facilitates and at the same time demands a high level of cooperation between the various sectors of the Latin American left. Without that, neither the defeat of the defensive strategy can be achieved, nor the risks deriving from the crisis of capitalism avoided.

From the perspective of a socialist left, the key issues to keep in mind are: how to use the existence of left and progressive governments as a supporting factor for the fight for socialism; and: How to coordinate the different processes taking place in each country so that they reinforce each other.

Integration and strategy

In the course of the twentieth century, the left of Latin America and the Caribbean faced two great impediments: the power of their national adversaries, and external interference. The latter was always present, especially once the left planned to, or actually came to power. When the local dominant classes were unable to contain the left, they called for the Marines.

Currently the progressive and left strands are cooperating in elections and re-elections, helping each other avoid putsches (against Chávez and Evo Morales, for example), have made a principled condemnation of the invasion of Ecuador by Colombian troops, and have mitigated or counteracted embargos, which played a key role in the strategy of the right against the Allende government and which up to this day affect Cuba. The existence of a favourable correlation of forces in the region

creates better conditions for each national process to continue its individual course. That creates immense and, in as it were, unpublished possibilities, for all programmes and strategies of the left. In these terms, the main task of Latin America's left is to preserve that continental correlation of forces.

It is not unusual for left forces, when they manage to assume governmental power in a certain country, to do so with a programme based on a tripod: social equality, political democratisation and national sovereignty. And the national sovereignty is not only to be defended against the "imperialist metropolises", but also involves conflicts among countries of the region. These conflicts were not "invented" by the current governments, but are generally inherited from previous eras, including the dependent and unequal development in the region. In most cases, they cannot be overcome in the short term: due to their structural causes, there are only long-term solutions for them, within the framework of an adequate process of regional integration. A side-effect of these exacerbated regional conflicts is the extenuation of the much more relevant contradictions of the imperialist metropolises. Hence, from a strategic point of view, we have to prevent these conflicts from turning into a principal contradiction, because if that happens, the correlation of forces in Latin America will be altered in favour of external interference.

It is a known fact that the progressive and left governments of the region are following the path of development and integration, adopting different strategies at different paces. And it has been stated above that the possibility for success in the national area is linked to the existence of a Latin American correlation favouring left and progressive positions. Thus our strategic impediment can be summarised as follows: how can we reconcile the multiple national strategies with the construction of a joint continental strategy, which preserves unity while respecting diversity?

A structural solution to regional conflicts presupposes a decline in disparities not only in each country, but also among the economies of our subcontinent. The institutionality of integration, as multilateral as the

bilateral relations must be synchronised with that proposition. Reducing the disparity in each country presupposes confronting its “cursed” heritage and realising profound social reforms. But that is not enough to eliminate the existing disparities between economies, which requires in the long run combining measures of solidarity, direct exchange and market measures.

Today there are three “models” of coexistence: the decadent model subordinated to the USA, the ALBA model and the UNASUR model. Regardless of how we might consider its domestic sustainability, the nature of the accords signed, its effective materialisation, and its effects in the target countries – the ALBA model is extremely beneficial. But there is no correlation of forces, of institutional mechanisms and no economic situation permitting the ensemble of countries in the region to adopt the solidarity principles of the ALBA and/or to operate in a similar manner as the Venezuelan government essentially because for capitalist countries to maintain socialist foreign policies it is not sustainable.

Thus, even though all left alternatives must include a solidarity factor, the main element of the agreements at the present stage of Latin American integration still has to be the dimension of commercial, economic and institutional agreements, involving governments, state-owned and/or privately-owned companies. This is exactly the case of the Union of South American Nations, UNASUR, which here compromises the Bank of the South and the South American Defence Council.

This path harbours various risks:

- Initiatives like the UNASUR involve sharing the table with political and ideological adversaries, which continue to rule important countries in the region.
- The dynamics of integration include moments of major political protagonism on the part of the presidents, in general combined with more bureaucratic periods of the respective chancelleries.
- The economic and commercial agreements always benefit the interests of capital in varying degrees, at least while that mode of production is dominant in the countries in question.

- For the companies involved, their immediate profits generally come first; the strategic goal of the operation, development and integration, are subordinated to that.
- The survival of UNASUR depends on the commitment of the main economies of the region.

Conclusion: within the framework of a common strategic equation of “being in government as part of the struggle for state power”, we must use different national policies, but combined in a joint continental strategy, the rhythm of which will be dictated by the transformation in the major countries, starting with Brazil. Though this will slow down the course, it is better to keep the “vanguard” rather close to the “main body” of the troops. Which brings us to the question of how to use the existence of left and progressive governments as a pivotal point for the struggle for socialism.

Elected governments and the struggle for socialism

If we exclude the hyper-moderates and the ultra-leftists, we could say that there are two basic positions among Latin American socialists with regard to the existing left and progressive governments in the region: a) those, who regard such governments merely as part of the process of accumulating power; and b) those who consider these governments as a fundamental part of the accumulation of power, including the means of taking over power. Both positions are above all based on the observation of the existing connection between reform and revolution. In the history of humankind there have been periods of “reformist” evolution and periods of “revolutionary” evolution.

The difference between the two lies in the three combined aspects: the content of the changes, the way in which changes are implemented, and at which rate they take place. But the essential difference is the nature of the changes. The discoveries, the spread of machines and the imperialist attack on China, to mention some examples of the eighteenth, nineteenth and twentieth centuries, were revolutionary in

the sense that they altered social relations of production. This, and not their speed, or their violent form, was what defined the revolutionary character of these processes.

Revolutionary processes don't evolve out of nothing, from one moment to the next, spontaneously. Revolutions evolve in social contradictions, and break out at a moment in which these contradictions achieve a moment of rupture, of transformation into something else. In other words, revolutions occur when a society can no longer evolve only in "reformist" manner. Hence there is continuity, but also rupture between the "reformist" moments and the "revolutionary" moments in the evolution of a society. Revolution cannot exist without reform; but precisely because reforms are no longer sufficient there is revolution.

Also, a crucial factor for the transformation from reform to revolution is inherent in the combination of the disposition to fight of the dominated classes and the resistance of the dominant classes. When those below fight vehemently for change and those above offer brutal resistance, the conditions are given for transforming the struggle for reform into revolution.

Moving from the historic to the strategic angle, it becomes obvious that electoral processes are not enough to initiate the construction of socialism, once they allow us to access government, but not power. For that reason, in societies where the left has managed to assume government via elections, it is correct to pave the way to power, and to see the fact of being in government as a relevant factor for revolutionary policy, as a part of the historic circumstances, rather than an "unforeseen problem" or an "undesirable sidetrack".

Interestingly enough, the better part of the left has no problem articulating in theory the reformist and revolutionary aspects of the strategy, as long as a trade union conflict or a parliamentary election is at issue, but it has major problems addressing the relationship between participating in the executive of a national government and the struggle for power. One of the reasons is that in most cases in which the left has taken over national governments via elections, it did not manage to accumulate power for the move towards socialism. Either it abandoned its

programme, was defeated in elections, or was overthrown by coups and/or foreign interventions. If socialist revolutions are an uncommon event, socialist transitions starting from an elected government seem to happen once in a blue moon. The defeat of the *Unidad Popular* in Chile, however, like the defeat of innumerable classical revolutionary attempts, does not permit the conclusion that that strategic path is unviable, any more than it permits the conclusion that acting under certain historic conditions and with determined options, the Left was doomed to defeat.

Those who believe that electoral victories of the left are always the anteroom to defeat should address for the questions of (a) how to accumulate forces within a historic moment in which "electoral democracy" prevails, and (b) how to confer legitimacy upon classic ways of taking over power at a time when the left has achieved electoral victories? And those who think that under certain historic conditions, it is possible to transform victories at the ballot boxes into governments accumulating forces for the move to socialism by adopting certain policies, should consider the following: a) Do these governments represent a kind of "stop" *en route* to an evolutionary confrontation? And b) do they constitute an integral part of a different kind of taking power than what insurrection and people's war represent?

Those, who advocate the latter position are called upon to study another of the paradigmatic experiences of Latin America's left: the government of the Chilean *Unidad Popular* (1970-1973). The hyper-moderate left thinks that there is little left for it to learn from the experience of the *Unidad Popular* (UP), since that had declared itself explicitly headed towards socialism. At the most, the experience of the UP for them justifies a deferential anxiety concerning the right, imperialism and the armed forces, and moreover "proves" that the correlation of forces must not be forced. Likewise, the ultra-radical left assigns only slight importance to the UP, which does not fit into its preferred paradigms: insurrection, guerrilla warfare and, more recently, "movementism". At most, they use the UP experience to confirm their anxieties regarding the right, imperialism and the armed forces as well as to "prove" that

it is fruitless to aspire to socialism via elections. Strictly speaking, hyper-moderates and ultra-radicals both don't believe in the possibility of using elections – and the resulting mandates – as pivotal tools for the fight for socialism.

When we discuss the role of elected national governments fighting for socialism, we do so in the historic context of a different situation from that which prevailed in 1970-1973. But the relevant questions remains the same: (a) the composition and programme of a historic popular bloc; (b) the combination of being part of the administration and building counter-power, especially regarding the armed forces; (c) the question of how to stand up to the dominant classes, who facing the threat of the loss of property and power, leave legality behind and push the process towards a showdown; and (d) the more or less mature capitalism inherent in any specific social formation and the subsequent possibility of taking socialist measures.

The great novelty, in terms of the above-mentioned equation, is the constitution of a correlation of forces in Latin America between 1998 and 2008 which enables limiting external interference. As long as that situation is given, it will be possible to speculate – in theory and in practice – about how to take over power, albeit through a revolution different from insurrection and people's war.

THE ITALIAN CASE: A POINT OF VIEW

LUCIANA CASTELLINA, ITALY

"I had learned how unpleasant it could be to stay for a long time in opposition, but now I realize that there is something worse: to be in government without the power to do anything". I have quoted this well-known statement by Ramsay MacDonald, a socialist who took part in a coalition government in Great Britain at the peak of the crisis in the 1930s, because I think it expresses the feelings of many of us who have gone, directly or indirectly, through similar experiences.

Ramsay MacDonald ended tragically. But the issue – to accept or to refuse being part of a government that you do not control; to accept it, not for trivial reasons, but because it is the only way one can prevent the right from taking over – is a central dilemma for the left. It was so at the beginning of the century, when Millerand was expelled from the Socialist International for having accepted participation in a bourgeois government; it remained a forbidden choice long after, becoming a law of social democracy. It still is.

Since Rosa Luxemburg wrote down the principles on this issue, things have changed. To take part or not is no longer a dogma, both choices can be correct or incorrect, it depends on many considerations, each case has to be judged in terms of a series of conditions, both subjective (the strength of one's own party and its unity) and objective (the concrete relations of forces in the institutions, and in society).

Of course, the urgency to enter a coalition is stronger in times of crisis because, although the chances to introduce positive, important changes might be weak, it appears to be the only way to defend what has been achieved. This has been the case during the last decades in many countries, where public budget deficits have had to be met with dramatic measures. Those were inevitable and at the same time not at all neutral. This is especially difficult to do today, when one has to handle a historical crisis, when it appears impossible to solve the problems by just adjusting the old model through mere redistribution of wealth,

without calling into question the very core of globalisation, especially without taking seriously into account the ecological disaster, the prevention of which will require a deep economic, social, political and cultural transformation of the system. The point is that what has to be decided is no longer only how to redistribute wealth, but also what to produce and consume, and how.

Another difficulty for left participation in government in Europe involves having to handle the limited power that national governments have today. They are always caught in the dilemma of accepting the dictates of Brussels, i.e. the draconian ultra-liberal measures imposed by the "security pact" and by global competition, or taking the risk of destroying the European structure. The latter is something you will not want to do if you are aware – as I am aware – that Europe could represent an articulation of globalisation, a point of departure for the reinstallation of some sort of democratic governance.

The first socialist-communist government in France in 1982 succumbed precisely to this dilemma. Mitterrand finally gave up all socialist ambitions mainly because of the constraints from Brussels. The Italian centre-left government was recently caught in the same trap. Every day, newspaper headlines trumpeted "Brussels forbids!", "Brussels imposes!", "Brussels says!" Despite many conferences on the subject of Europe, the one thing the left never really did – I mean specifically in Italy, doubt that it is the only example – was to lead a real common struggle to change the European structure and philosophy.

Even after the new EU Constitution had been rejected in France, the Netherlands and now, in the form of the Lisbon Treaty, in Ireland, no common project to propose alternatives, no joint mobilisation across Europe, has taken place. Only in the context of the European Social Forum has anything been done in this direction.

Certainly, nobody could blame the left, in Italy or elsewhere, for its inability, either in government or in opposition, to give any adequate answer to the prevailing problems. Nor can anybody underestimate the arrogance of the established powers at the national and international levels. What one can blame them for, ultimately, is the poor commit-

ment of all segments of the left to defining such alternatives in political terms. Take, for example, the ecology issue. The word is in all our programmes and speeches, but no party, including those called "green", ever had the courage to draw from it all the necessary consequences and to put onto the immediate agenda the concrete choices that an adequate strategy would imply.

What has occurred is that we have de facto accepted the idea that the task of a party is to create as broad a consensus as possible, while the task of a party which has the ambition to change the world is, rather, to create meaning, to build meaning, to give meaning to the people in order to mobilise them and to win over their brains and their souls.

In some ways, the social movements have done this, and their role has been vital. Their slogan "Another world is possible" played an extraordinary positive role in helping to break the one-dimensional thinking imposed by Fukuyama's vision of an "end of history" during the 1990s.

The reason for this is that they have been able to shape new values, to resurrect new hopes. But I blame the leftwing parties, in Italy certainly, for having "mystified" the social movements, renouncing their concrete course – especially their blindness to the rightwing shift that was happening at the same time in society – and giving up the role that a political party should have in its relationship to those movements.

Movements are called movements precisely because they move. This is a good thing because they are not paralysed like parties often are, moving in relation to events at the speed and with the flexibility of a hippopotamus. But because they move, the movements can also go under and sink. This is precisely what happened in Italy when the left came into government in 2006. And precisely at that time their presence and struggle would have been essential. How could it happen that they declined precisely in this pivotal moment? It happened certainly not because they felt that, now, they were represented by the government; or because they lost their autonomy. It happened because they were frightened to be co-opted into the system and did not care at all about what was going on at the institutional level. Their slogan – "Another world is possible" – remained without concrete references,

the movements (in Italy at least) being not even interested in indicating deadlines, halts, stages, alliances, indispensable compromises and so on, believed that a fragmented rebellion from below would be sufficient to secure the ultimate reversal of the existing system.

What the leftwing parties did was either, like the Democratic Party, ignore or oppose the movements, or, like the “good” parties, the really leftwing parties, rather than establishing a serious, critical dialogue with them, tried to please them, flirt with them, pander to them, and follow them in a non-critical manner, bowing to the primitivism that they often expressed. There were no social movements which became dependent on and attached to the parties; rather, the parties which were flattering them, aligned themselves to the movements. So, when Bertinotti, the leader of the Rifondazione Comunista (PRC), on entering the government said, “The social movements will take charge of imposing on the government the choices which have to be made” – in other words: “Our strength relies on the strength of the social movements” – they did not answer. They were somewhere else. The party had never encouraged them to be in the right place.

This unhealthy situation produced a deadly division of labour, giving the movement the role of expressing millennium projects and the parties in the institutions the task of making compromises. These compromises became the result of exclusive elitarian, usually even secret, practices. And the evaluation of the process was monopolised by the leadership; it was never shared, either with the movements or with the rank-and-file of the party. Here we have a behaviour which produced a deep mistrust towards politics.

This added to the impoverishment of politics which has been one of the causes of the disastrous Italian experience. Politics became little by little an exclusive activity of those operating in the institutions; the others were relegated to receiving TV bulletins. The split between representatives and represented widened, opening a large void which was filled by the dominant culture, e.g. the values spread by Berlusconi’s mass media. People once politically active and gifted by a subjective critical approach, became passive and subaltern. They were led

to shopping for politics as they do in the supermarket, with politicians as soap sellers.

As we know, democracy is mainly the reduction of the distance between those who rule and those who are ruled, within society as well as within the parties. When I referred to subjective responsibilities of the left for the failure of the government in which they took part, I referred precisely to the scant attention they paid to the quality of their party life which was even more essential when the party was being challenged by the test of government participation.

What I still miss about the old Italian Communist Party, is the communist practice of building, with fatigue and patience, a new and common culture, common to the entire body of the party, with no indulgence for rebellious primitive attitudes or for ignorance, so that each choice could be shared because everyone had the instruments to evaluate it.

I must say I never loved the word “Rainbow”, which has been used (and abused) in recent political experiences; precisely because it gives the idea of differences which are tolerated but remain petrified. There is no commitment to use the counter-culture, to quote Edward Said, as a “critical resource of your own”. I do appreciate the effort that the movements taking part in the Porto Alegre process have done in order to keep together all differences, and to proceed through consensus, but I am afraid of the fetish of diversity, especially when you have to build a party which is to undergo such difficult tests. It requires a strong, common way of thinking, not a monolith, of course, but a space with a true dynamic dialectic. What has happened instead is the emergence of a view that common culture is irrelevant, that a party is just a garden in which 1000 flowers grow, without any acceptance of the heavy challenge of changing each other in the process of growing.

I may appear too nostalgic with regard to the Italian Communist Party. I confess I am, even though my story is bizarre, because I was excluded from the Communist Party because of dissent over a number of issues, including a much heavier critique towards the real-existing socialist system than the official line of the Party then allowed. One still has to consider the disastrous effect that the dissolution of the Communist Party

in Italy has had, not only on the left but on Italian democracy. For an understanding of why Italy is suffering today from the worst right-wing government, the highly dangerous Berlusconi government, and for a necessary recognition of the fact that he is not just a fungus, but a coherent expression of the majority of Italian society, it is necessary to understand this.

When I am asked how it was possible for Italy to degenerate in such a horrible manner, I answer that one has to understand that in a country like Italy, with its very frail democratic tradition and its frail state, which were due not only to fascism and also to its previous history, which was different from other European countries, the Communist Party played a fundamental role in building democracy. It was, after World War II and for nearly half of a century, the instrument of an extraordinarily widely diffused politicisation. Italian society was marked by the organised presence of the masses, by the power they achieved in factories, in villages, in cities, in universities, and in all fields, even while remaining in opposition. Italy was marked by the broad hegemony of a democratic progressive culture.

When the Communist Party was dissolved in 1991, after, certainly, having been eroded by many delays and mistake. It was still a vital body, a party which still had 1,400,000 members and drew almost 30% of the vote.. Within a few years 800,000 activists were dispersed, and the electoral results dropped to 16%. This disappearance eliminated the party's presence on the ground, and with it, its capacity to interpret popular needs and represent them. This left a dramatic void, inevitably filled by the Camorra, the Mafia and right-wing populism. Distrust in democracy, which was perceived as useless and expensive, opened the way for a sort of fragmented, selfish, corporative subversivism which left the minds of the people at the mercy of Berlusconi's concept.

It will never be possible to re-conquer Italian society and to take over the government if the left is unable to replace Berlusconi's culture, which has filled the void left by the Italian Communist Party, with its own presence on the ground.

But unfortunately the experience of this kind of political culture has been removed from the collective memory. There was great attachment to the communist symbols, great fights over those symbols, and very little attention to communist history – which obviously deserves criticism. The youth is now being persuaded that the twentieth century was just a load of debris, the elderly are divided between repentance and archaeological nostalgia. Never before has the rupture between generations been as deep as it appears today in Italy.

As we all know, except for the brief and exceptional stage of the immediate post-war period, the PCI never entered government, despite its power and influence in society. It was the DS (Democrats of the Left), the pale heir to the dissolved PCI, which did so in 1996, in alliance with the more progressive wing of the old Christian Democratic Party, which included Prime Minister Romano Prodi.

It was a very bad experience, because the Prodi and then the D'Alema government inherited a huge budget deficit, which had to be drastically reduced in order to enter the euro-zone. *Rifondazione Comunista* supported the government, but did not enter it, only to withdraw that support in 1998, thus forcing Prodi to resign. The price the PRC paid for this gesture was heavy, the more so since it occurred over a minor issue, while people might have accepted a break over a fundamental one, such as the Kosovo War. As a result, the PRC suffered a split, with the Cossutta wing breaking away to form the *Partito dei comunisti italiani*.

The Prodi government was certainly unpopular, but the left electorate saw it as "its government", because it was the first in which the "PCI" – now actually the DS – participated. We are all familiar – in all countries – with that common popular reaction, "this government sucks, but it's mine". In many ways, PRC never really recovered from this, losing much of the trust it had enjoyed before.

After five years of rule by the second Berlusconi government, in 2006, the centre-left came back into power, with a real alliance: a coalition of nine parties, including PRC and the Greens, all of which actually sat in the government. And the well-known result was that after only two years, the government was defeated, not as the result of any initiative

by the left, but this time due to a small right-wing group, which was able to bring down the government because in the Senate, the coalition enjoyed a majority of only three votes. In the ensuing elections in 2008, Walter Veltroni, the leader of the DS, which had by now merged with the Margherita, a former DC faction, and given birth to the Democratic Party, refused an alliance with all the left wing parties, which, in order to overcome the newly established 4% threshold, built a common, confused list called the Rainbow, which was also joined by an irrelevant left-wing split-off from the DP, *Sinistra Democratica*.

In the 2008 elections, everybody lost. The Democratic Party (PD), which had been sure it would defend its majority, lost it. The Rainbow scored only 3.3%, and thus remaining outside of Parliament, although the previous representation of all the members of this new alliance had been over 10% – a dramatic shock.

There are many reasons for the Rainbow defeat: people were scared of wasting their vote, and thus chose to give it to the only party that could compete with Berlusconi, the PD; others were so unhappy with the Veltroni government that they stayed home. Specifically, they did not vote for the Rainbow because they considered its presence in government useless and irrelevant, not because they had failed to not vote “no” for this or that unpopular law, but because they had proven incapable of changing the relation of forces in society, which would have made other, better measures possible. Ultimately, the defeat was not so much because the leftwing ministers had ultimately accepted bad social legislation, but because the left had been defeated in society, where it had been unable to build the necessary power to support those ministers who wished to reject that legislation.

This explains why the social discontent has not coagulated around the left in elections, but has taken other roads. The lesson of the last year is that you do not win by asking more, by radicalising your claims, by denouncing more strongly, and as a consequence, by finally breaking with the government in which you have participated. One loses if one proves unable to be influential. The suggestion of some on the left, that if the PRC would have left the Prodi government in protest two months

earlier, because of the bad social legislation that it had helped to pass, the outcome would have been different, is not true.

The very reasoning is hard to accept. They were a minority, not only in the government, but in society, as well as among the workers. The PCI, back in the 1960s and '70s gained much and achieved many goals by staying in opposition. I still remember the slogan we always used in open air meetings: “Who has changed your conditions more, peasants and workers? Has it been the PSDI (the small Social-Democratic Party), who has always been in government, or the Communist Party, with its struggle, which has never been in government?” But these gains were possible because the Communist Party, although not in government, was able to think, speak and behave as if it was in government, not just as a protest party. Because it had been able to build broad powers in society, not institutional, yet perceived as real counter-power. What has to be understood is that the democratic path does not consist only of the parliamentary path.

This of course does not mean that one has to exclude the idea of entering a government in a coalition, even if one does not fully control it. The choices required today, due to the very complex transformations on the agenda, certainly require the use of state levers. But one has to evaluate such a possibility very carefully, based on an assessment of one's own influence in society.

The reason why all the Latin American experiences are, despite weaknesses and open problems, more or less positive, is because in Latin America, there are large, powerful movements behind these government participations; the left in government has much more power than in our European cases – certainly much more than in Italy, and probably elsewhere as well.

It would even have been difficult for the French Communist Party or the Italian Communist Party to enter a coalition when they had between 25% and 30% of the votes and strong support from the trade unions in society – but at least feasible. But now we are talking of small left-wing parties, with 3% or 5% of the vote, and also with deep divisions amongst them. Under these conditions, I believe that one should

not enter a coalition government. One can support that government under special conditions, but not share direct responsibility without having any power to really influence choices.

In Italy however, the issue is unfortunately no longer on the agenda. For the time being, Berlusconi will stay in government and the left has no options. But I think the best use we can make of this time is to really recharge the Italian left, a task that is currently very urgent. That is why I have especially stressed our subjective mistakes, and not the objective difficulties, which have also been very great. It is a cruel, but indispensable process.

THE LEFT IN GOVERNMENT, THE CRISIS OF CAPITALISM AND POST-NEOLIBERALISM: CHALLENGES AND POLITICAL PERSPECTIVES FOR THE IMPLEMENTATION OF A NEW MODEL OF SOCIO-ECONOMIC DEVELOPMENT IN BRAZIL

IOLE ILÍADA, BRAZIL

The beginning of the twenty-first century has been marked by a kind of political shift on the American continent. After the neoliberal model had been implemented and in effect in most of the Americas for two decades, we have now seen progressive, popular-democratic and socialist forces managing to recuperate part of their capacity for organising and mobilising they had demonstrated during the 1980s, and winning power in various national governments in the region through the electoral process. These victories signified an important blow to neoliberalism, but not automatically its definitive defeat. We must not forget that the modifications imposed by the neoliberal model of accumulation on Latin American societies – with an ideology based on privatisation and mercantilism – managed to structurally affect the state's planning and budgetary capacity, the conception and implementation of social policies, and the objective and subjective conditions of the working class.

Consequently, when the left came to power in some of the region's governments, it inherited countries with an economic, social and cultural fabric that had been torn apart by neoliberalism – not to mention the centuries of exploitation to which the region was historically subjected and the recent years of dictatorships suffered by many of the region's societies. It is also important to point out that Latin America's neoliberal forces, although defeated in electoral processes, maintained their hegemony in the international economic arena, their control over international institutions and military power. Moreover, in some of the

region's important countries, such as Mexico and Colombia, they managed to preserve their positions in the executive branch of government.

In response to these difficulties, and based on various strategies associated with the different historical and social characteristics in each country, these governments of the left and center-left are attempting to reorganise social and economic life in their respective societies, with the goals of deepening democracy, restoring the state's role, linking economic growth to social policies of income distribution, and defending national sovereignty and Latin American integration. Nevertheless, despite the notable advances obtained by these governments, especially in comparison with their predecessors, these advances do not yet imply that the social evils inherited from the past have been overcome. The concentration of wealth, social inequality, hegemony of financial capital and the predominance of the private sector over the public sector are structural problems that continue unresolved.

This is true to a significant extent because the left in these governments is confronting the classic problem of the correlation of forces. The case of Brazil is an example. Lula's victory in 2002 took place at a moment in history when the neoliberal offensive and the hegemony of "one way of thinking" had reduced the federal government's capacity for implementing structural reforms and had weakened the ideological influence of leftist thought. In addition, Lula was elected not only with the support of members of the "Popular-Democratic Bloc" but with the support of a broader coalition that included sectors of the bourgeoisie, central-left political parties and even conservative parties identified with the right.

Also, while opposition forces were defeated in the presidential elections, they maintained their positions of power in state and territorial governments, and in the legislative and judicial branches of the federal government, and at the same time, their economic power and their control over the mass media remained intact. This context has generated a debate within government regarding the necessity for advancing in the direction of more profound and radical social and economic

reforms, versus the possibilities for doing so. However, the government position that has prevailed thus far is one of caution, with important but gradual changes which have significantly impacted the socio-economic indicators, but have failed to structurally change social, economic and power-based relationships.

This option presents at least three problems. First, because the changes made are not of a structural nature, they can easily be modified if the left is voted out of power. Secondly, because these changes do not contribute to altering the correlation of forces, the underlying policy re-creates its own limitations. And thirdly, this policy has so far been facilitated by a favorable international economic environment for Latin America, with high prices for the region's commodities in the international market, and accelerated economic growth in many of the region's countries. However, it was foreseeable that this situation could start to break down at any time. And in fact, in September 2008 world capitalism began to collapse – as careful observers had warned – into one of its classic crises.

The Left and the international crisis

The current crisis of capitalism – with the tip of the iceberg evident in the bursting of the subprime bubble in the United States – can only be understood in its entirety as a crisis of overproduction. There is a structural contradiction in this system between social production that must reproduce itself increasingly more extensively, and society's capacity for consumption. Because of the way in which this production is generated – tending toward an increase in exploitation and a decrease in the utilisation of the labor force – this capacity for consumption remains limited and the appropriate value cannot effectively be turned into profit.

Neoliberalism, the model of accumulation implemented in the world economy after the capitalist crisis of the 1970s, was simply an attempt to avoid the effects of such a contradiction, which was already manifested at that time. The expansion of the field of operation for private capital, incentives for consumerism, increased exploitation of labour

through the precarisation of the forms of hiring, financial speculation, credit bubbles and even the public debt were together a response to low rates of economic growth and to the drop in profit rates that was thus confirmed. Meanwhile, as history is demonstrating, the efficiency of these mechanisms was short-lasting – due to the simple fact that the root of the problem lies in the very essence of capitalism.

Consequently, because the crisis now affecting us is structural in nature, and this is becoming evident on many fronts – finances, economics, social policy, food, energy, the environment, politics and ideology – it is a profound and long-lasting crisis, and its impacts are affecting the entire planet, albeit in different ways in different countries.

The crisis is not bringing a definitive end to neoliberalism, since, as we have said, the latter has been deeply engrained in most societies. However, its rhetoric and ideology have taken a blow, since it has been demonstrated that the capitalist mode of production depends on state actions for its survival. Consequently, this reinforces the idea that the system is maintained not through natural circumstances, but rather through political decisions, and in the context of social conflicts. This is why the international crisis will be a product of the struggle between social classes, on the one hand within each country, and on the other hand, of the conflict amongst different states or blocs of countries. The different combinations of these movements can be expected to lead to an international conflict between two tendencies, with the crisis splitting into a “conservative” tendency and a “progressive” tendency. Meanwhile, as political conditions worsen, certain countries and regions may be pushed into even more severe crisis situations, which may potentially evolve into a break with capitalism and lead to new attempts at the construction of socialism.

The crisis therefore opens up a space for an intensive ideological, political debate over the direction in which the world is moving towards what we will call, for want of a better name, “post-neoliberalism.” And the more intense and radical the reactions from the working class and from progressive governments, the more advanced will be the design of “post-neoliberalism,” from a social and political viewpoint. This is

why it is necessary for the left throughout the world to abandon the defensive position it held during the preceding period, and move towards an offensive position, to take advantage of the moment of crisis to denounce the high social and environmental costs of maintaining the capitalist system.

But simply denouncing the situation is not enough. It is necessary to propose a *political programme* with the capacity to unify the world’s leftist forces, with the goals of maintaining and expanding jobs and wages, while preventing workers from having to pay the price of the crisis; reducing the power of capital and expanding that of workers; expanding the public domain – including the economic sphere – at the expense of the private domain; and expanding society’s control over state institutions, over the so-called market and over the way that foreign capital functions. In this sense, the presence of the left in some governments can play a fundamental role in what results from “post-neoliberalism”. This brings us back to Latin America.

Latin America and post-neoliberalism

As mentioned above, in Latin America and the Caribbean, especially in South America, the crisis has exploded at a very particular moment in history, characterised by the existence of a bloc of leftist and progressive governments. It has become commonplace to say that all crises represent an opportunity, and we can say that in the case of Latin America, this may be a historic truth – associated with the fact that in the past, the region ended up benefitting from international crises, as during the 1930s for example, when some countries developed their national industries.

Without a doubt, the immediate impact of the crisis is negative in social, economic and political terms. Even though the crisis did not originate in this part of the Americas, the tendency toward decreased growth rates, increased unemployment, reductions in exports, and problems in exchange rates and credit are elements that could jeopardise the gains of the past. As stated, these gains were facilitated by a

favorable international context, with the region's economies continuing to strongly depend on foreign markets.

However, despite these immediate effects, the crisis may represent a moment for strategic redefinition, as governments have the possibility of proposing concrete measures, not only to counter these effects, but to expand the structural transformations that continue to be necessary in the region.

In this sense it is necessary to move beyond the mere contrast between neoliberals and neo-Keynesians. These governments should guarantee that structural reforms are implemented, so as to combine economic growth with the transfer of wealth, income and power for workers, and leave behind both neoliberalism and conservative developmentalism.

This reform programme – as it organises and brings together the primary demands of workers in rural and urban areas and the middle class sectors of the population, and offers them a concrete objective around which they can mobilise – could contribute to forming a new historic bloc with the capacity to dispute the hegemony over Latin American societies, and effectively alter the correlation of forces which, as stated, continues to be an obstacle to more substantial change.

The political organisation of this historic bloc is the task at hand for leftist parties. However, the presence of the left in governments can clearly play a fundamental role in this process – if the left is capable of using its position in governments to effectively confront the historic problems of Latin American societies, and consequently, the interests of the dominant classes in the region, which can still be considered the most unequal in the world.

The challenge that emerges now for the Latin American left – and which acquires new characteristics in light of the current crisis of capitalism – is to alter the model of development that has been in effect in the continent for decades, and to replace it with a new model in which economic growth is linked to democracy, sovereignty and overcoming dependence and inequality.

The case of Brazil

If it is possible for Latin America to play a fundamental role in the dispute over the direction to be taken around the world in the wake of the crisis, then the existence of a government composed of leftist forces in Brazil represents the most important accessory for that role. So far it can be said that the Brazil government has reacted to the crisis with the necessary measures, including the expansion of public spending, social policies, the domestic market, the state's capacity for management and planning, and Latin American integration. These measures have the potential to minimise the effects of the crisis and prevent catastrophic effects for the most vulnerable groups of the population. However, depending on the depth and scope of the crisis, such measures may prove insufficient, and we may find that situation worsening instead of improving, despite the government's efforts and despite the victories obtained in Brazil in terms of economic growth, reduced vulnerability to external forces, increased employment, increased income for workers, and reduced social inequality.

In fact, the new international economic situation reduces the government's options for maintaining a policy that provides social benefits for low-income sectors, while not effectively impinging on the immense profits received by the bourgeoisie. If we wish to avoid moving backward, and even more importantly, if we wish to deepen social transformation, then we must confront the crisis from the perspective of effectively changing the model of accumulation currently in force, and implementing a new model of socioeconomic development in the country. The role of the Brazilian left is to fight for this new model, to be "popular-democratic" in nature, meaning that it must confront the interests of financial and monopoly capital, of major *latifundios* and agrobusiness, as well as imperialist interests that continue to be expressed in a variety of ways around the world.

In the case of the Workers' Party (*Partido dos Trabalhadores* – PT), it is fundamentally important to develop a programme and a clear strategy for contending for power, with the capacity to orient the agenda for the

government and social movements, and to link institutional actions with social mobilisation and the political-ideological struggle in society. This programme must have, amongst its fundamental components, a set of structural reforms including urban reform, agrarian reform, educational reform, the consolidation of a universal health care system, the democratisation of societal communications, political reform, reform of the financial system, and reform of the state. The objective must always be to create non-commercial, strategic public spaces. Its general orientation must be in favor of sovereignty with regard to external forces and with emphasis on Latin American integration, and in favor of a profound democratisation of society; reducing inequalities and fighting against all forms of discrimination, and in favor of economic growth combined with not only the distribution of income and wealth, but also environmental sustainability.

This programme of reforms will not yet be of a socialist nature. However, it may be understood as an "anti-capitalist" programme, to the extent that it will counteract the concrete interests of major national and international capital. In this sense, it will form part of a strategy for a gathering of forces, aimed at effectively overcoming that mode of production and working toward the construction of socialism.

This programmatic agenda may – in its general principles and respecting the specificities of each country – also serve as a platform for greater political-partisan integration in Latin America, and also with leftist forces in other parts of the world. This is an important condition for confronting the crisis and confronting capitalism – which are global phenomena.

We have already stated here that the presence of the left in governments will play a fundamental role in this confrontation. And for this reason, in Latin American countries in general, it is also the task of Leftist political forces to elect those in positions of governing others, where it has not yet been possible, and to keep ourselves in institutional power, in the case of States where we are currently governing. In this sense, the future elections in Brazil, in 2010, are extremely important, in light of their strategic repercussions for the dispute in Latin America.

Lula's succession

In Brazil, a country historically characterised by inequality, political conservatism and foreign dependence, Lula's election in 2002 opened the way for making the federal government an instrument for fighting for change. A victory for the PT candidacy in 2010 will make it possible for this process to continue and deepen, as proposed above. A defeat would mean a major step backward in Brazil, with repercussions for all of Latin America. For this reason, the contest that will take place in Brazil in 2010 will not be simply "electoral" in nature. It will be a major battle in political and ideological terms, in the definition of the path the country is to take, and in determining, among other aspects, Brazil's alignment in the arena of international forces and its political and economic positioning in confronting the crisis. What is at stake, then, is the societal project to be implemented in the country during the coming period .

Two political and social camps will confront each other in the 2010 presidential elections. On one side will be the leftist, progressive forces and on the other, the neoliberal, rightwing forces. From this moment until the end of the second round of elections, all of the country's political and social forces will have to group themselves around one of these blocs.

In a fight polarised to this degree, the ideological debate will be fundamentally important, as was the case in 2006. It is therefore insufficient to simply compare administrative achievements and capacities for governing. The left must be able to demonstrate that its achievements and capacities are superior, precisely because they are based on a leftist ideological, programmatic vision.

The elections will not be easy. On one hand side is the federal government's and Lula's popularity, as well as the electoral strength of the PT and the popular-democratic sphere. On the other is the bourgeoisie and a conservative bloc that will commit all its power in an attempt to regain the national presidency, knowing that a third victory by leftist, progressive forces would have an enormous political and symbolic impact in Brazil, in Latin America and around the world.

There is no doubt, therefore, that these elections deserve all the attention and commitment of the Brazilian left. A new victory for its project could create conditions even more favorable than the present ones, to implement even more profound changes in Brazil's society. Such a victory will however depend to a significant degree on what we are capable of doing now, and this includes the manner in which we confront the crisis. That is one more reason for the leftist forces in the Brazilian government to act, beginning now, to transform the current world crisis into a historic opportunity for social transformation.

TO BE IN OFFICE, BUT NOT IN POWER: LEFT PARTIES IN THE SQUEEZE BETWEEN PEOPLES' EXPECTATIONS AND AN UNFAVOURABLE BALANCE OF POWER

ASBJØRN WAHL, NORWAY

The experiences from having had left political parties in government in Europe in the era of neo-liberalism have not been very exciting, to put it mildly. The most recent experiences from such governments in France, Italy and – to a certain degree – also Norway have fallen in the range between negative and disastrous. In all these three countries, rightwing populist parties have been the biggest winners, winning growing support, even in the working class, and increasing their influence over such areas as immigration policy. This is particularly worth noting, since one of the arguments from parties on the left for entering into centre-left coalition governments has been to contain and isolate the radical right.

In analysing these experiences we have to look at external as well as internal factors. Externally, the balance of power between labour and capital is the most decisive factor. This power relationship has changed considerably in favour of capital during the neoliberal era since about 1980. Internally, it is the character of the party in question which is the most important – its social roots, its analyses of the current situation, its strategies, its relationship with trade unions and social movements and its goals and perspectives. In this regard, the ideological and political crisis on the left also has to be addressed.

A detailed analysis would have to delve deeply into the concrete situation in each country, its history and traditions, its class formations and its social and political forces. I have chosen a more generalised approach in this paper, focusing on the initial conditions for left parties to enter into broader coalition governments. Based on the most recent experiences, I will try to develop some general, minimum conditions for government participation for parties on the left – at least as a starting point for further discussion.

Some clarifications

However, before developing the discussion further, I would like to make a few clarifications which I think are important for the following analysis. First, I do not consider the traditional social democratic or labour parties to be part of the left – even if some of them call themselves socialist. There are important differences between these parties and rightwing and centre parties, first and foremost in terms of history, traditions and their roots in the working class. This creates special challenges for the left. Politically, however, these parties have pursued more or less soft versions of neo-liberalism since the 1980s. They have contributed to shifting the balance of power from labour to capital in society through liberalisation, privatisation and the undermining of labour market regulations.

Secondly, in Europe it has not been a question of the left winning majority governments, as it has for example in some Latin American countries. In the neoliberal era, it has only been a question of joining centre-left coalition governments as a junior partner – most often in coalition with a dominant social democratic party and some green and/or left liberal parties. It has therefore always been a question of what kind of compromises the left party is willing to accept, and where the absolute conditions (if any) are in the different political areas. Political compromises from a junior position have been the order of the day for these parties.

The balance of power

The neoliberal offensive from around 1980 led to a considerable shift in the balance of power in society. Through deregulation and privatisation, power and decision-making have been transferred from democratically elected bodies to the market. Through new public management, public institutions have been moved to an arm's length from the politicians and made subject to quasi-market rules and regulations – with increased power for management and the market. Through international

agreements and institutions like the World Trade Organisation and the European Union, neoliberal policies have been institutionalised at the international/regional level, and have further contributed to limiting the political space at the national level.

The room for manoeuvre has accordingly become very limited for left political parties which choose to enter into centre-left coalition governments. Even if many governments and politicians exaggerate the lack of political space, there is no doubt that it is strongly restricted in many areas. The free movement of capital, the right of capital to establish itself wherever it wants, and the free access to markets across borders are just some of the most important examples on how politicians, through deregulation and reregulation, have strongly limited their own possibility to pursue alternative policies in their own countries.

In short, not only have we seen an enormous shift in the balance of power in society, but also extensive institutionalisation of the new power relations – something which simply has made many progressive, left wing policies illegal and in breach of international agreements. This of course represents a serious challenge for political parties on the left, and any such party which faces possible participation in a centre-left government has to take it into consideration. There is a by-word about being in office, but not in power, and that can hold true in such a situation. The danger of becoming nothing more than a hostage for neoliberal policies is great.

Relations to social forces and movements

Thus, governments have lost political power to regulate the economy and to limit the power of capital, even if the actual government would like to do so. Any government that intends to pursue a radical welfare policy under such circumstances will therefore need strong social movements outside the parliament to challenge the increased structural power of capital. This has not been the case in most European countries over the last twenty or thirty years. There have been ebbs and flows of social movements and trade union struggles in many coun-

tries, but strong, lasting movements with well developed class consciousness and long-term perspectives have been in short supply.

Another problem parties seem to have is that of standing with one leg in the government and the other outside it, as the French Communist Party proclaimed it was doing when it joined the so-called plural left government of Lionel Jospin in 1997. In any case, this dual power strategy was obviously easier to proclaim than to implement, and the actual results were not very encouraging for the French left.

In the current Norwegian context, the need for such a movement outside parliament is not even part of the perspective and strategy of the Socialist Left Party, which is currently in a broad centre-left coalition government. On the contrary, movements have been told by official representatives of the party to stay calm, to be patient and to give the government more time rather than to “create problems for them” by criticising them or mobilising for more radical solutions.

In today’s society, an enormous mobilisation of social power would be necessary to move forward with a progressive social agenda. It would require the combination of strong and highly mobilised social forces and the existence of a political party deeply rooted in popular and working class movements – and with the ability to represent these movements, whether inside or outside governments. Most probably, a left political party of the sort needed to lead an emancipatory struggle of the popular classes will hardly be possible to develop without the existence of such strong social movements.

Class consciousness

The political/ideological situation in the working class is also of great importance. In Europe, this has been strongly influenced by the fairly successful post World War II developments, based on the ideology of class compromise and social partnership.

The effects of this development were twofold. On the one hand, the European social model, or welfare state, led to enormous improvements for working and living conditions for the great majority of the

people. On the other hand, these improvements, which took place in the context of social compromise, in which capitalist interests gave many concessions to the workers, resulted in the de-politicisation and the de-radicalisation of the working class. Another effect was a strong integration of the working class into the capitalist order.

Even though the class compromise has broken down, or is breaking down, in the wake of the economic crisis of the 1970s and the ensuing neoliberal offensive, the labour movement in Europe is still strongly influenced by this social partnership ideology – including many of the political parties on the left. In other words, the ideological legacy of the social pact is still alive and well in major parts of the labour movement. Some even aim at re-establishing the broad social compromise, or a New Deal, as it was called in the USA; under the current threat of climate change, some also aim for a Green New Deal. These policies are however completely disconnected from any assessment of the power relations in society. They do not take into account the enormous shift in the balance of power which lay behind the class compromise which dominated the post World War II period. Calls for a new social pact from the political left are therefore fairly illusory in the actual situation, and will only contribute to leading the struggle astray.

Competition with the radical right

The undermining and weakening of the European social model, the welfare state, and the general offensive of capitalist forces, have led to increased discontent, insecurity and powerlessness among workers and people in general. In other words, the social and economic basis for the discontent among people is deeply embedded in the neoliberal economy – in the unregulated capitalism which increases the exploitation of workers, reduces their influence at the workplace, alienates them in relation to the work process as well as to society in general, and makes their lives more socially and economically insecure.

This development is probably the main cause for the growing discontent. However, the political articulation of these problems has not been

very well developed by the left. This has contributed strongly to the rise of the radical right – of right wing populist parties which have been cynically and successfully exploiting the situation. Their success has been made possible precisely by the lack of political parties on the left which understand the situation, take people’s discontent seriously and are able to politicise it and channel it into an organised struggle against alienation, exploitation and exclusion – for a social and just society based on solidarity.

With a left party in a centre-left coalition government dominated by social democrats, this problem can actually become even more serious, since the party will then be bound up in a number of compromises, and there is hardly any opposition on the left that can pick up and politicise the messages of discontent. Thus, the participation in a broad centre-left coalition government, and all the compromises which come with it, will in itself limit the left’s ability to represent and defend the interests of workers and ordinary people. The rightwing populists then become the only anti-establishment, system-critical alternative, while the centre-left government is mainly administering and defending the existing order. Thus we face the paradoxical situation that left parties, which have entered into broad centre/left coalitions with the aim of containing and isolating the radical right, in effect lead to the opposite – to the strengthening of right wing populist parties.

The new power relations that have developed over the past twenty-five to thirty years will continue to create powerlessness and discontent among workers. This development can only be turned around if the left is able to create a situation in which workers and people in general experience that they are part of a real emancipatory struggle, a struggle which the recent centre-left governments in Europe have not been able to launch.

The character of the party

However, when discussing the experiences with left parties in government, one should not only assess external, but also internal factors.

Does the party in question have a meaningful analysis of the situation? Does it have the strategies and perspectives necessary to mobilise social power for social change? If not, its political practice cannot only be considered a mistake – or an effect of external factors. We may rather have to conclude that this is not the party we need to lead the struggle for the emancipation of the working class and the overthrowing of capitalism – if this is still our goal.

Most political parties on the left are somewhat confused, influenced as they are by the ideological and political crises in the labour movement after the breakdown of the Soviet model in Eastern Europe and the end of the social partnership between labour and capital in Western Europe. The character of the various parties on the left is therefore the product of many factors. The lack of strong social movements which can influence the party, radicalise it and deliver new activists with experiences from social struggles, is one factor. Another factor is a tendency among party leaders in particular to want to come out of political isolation and become accepted in society. A third factor is careerism of individuals in or close to the party leadership, who see a possibility to become part of the government apparatus, etc. All these factors will drive a party towards more moderate and pragmatic positions.

Based on the experiences to date from left parties in broad centre-left coalition governments in Europe, it seems as if the parties in question have been too eager to become partners in government, while the political strategies and tactics on how to use this position have not been well developed. It seems, too, that the parties have underestimated the extent to which the current unfavourable balance of power, together with the broad composition of the government coalitions, limits the political room for manoeuvre for a junior coalition partner on the left.

Finally, it also seems that there is a lack of understanding of the current political conjuncture in the working class and how to deal with the widespread discontent among workers as a result of the neoliberal offensive, the changing power relations and, now too, the financial and economic crisis. This situation is therefore most effectively exploited by rightwing populist parties.

While the left parties themselves promise new policies, and the electorate expects reforms which can meet their needs, the results have proved to be quite meagre. Thus, left parties have got into a squeeze between peoples'/ workers' expectations on one hand and the limited room for manoeuvre in broad coalition governments on the other. This situation has led to a loss of confidence in and support for the left party. The result has thus become a weakening of the left and a further strengthening of the radical right – exactly the opposite of what was the goal.

Minimum conditions

Of course, socialist left parties should seek alliances with other parties, also in government, if this can contribute to shifting the balance of power in society. However, certain preconditions must be in place to justify the establishment of such coalition governments. Only concrete negotiations with other parties can in the end reveal whether or not the political preconditions are satisfactory; generalised solutions must be viewed with great caution. Nonetheless, and based on the experiences to date with the Socialist Left Party in the Norwegian government, as well as on other experiences with left parties in centre-left government coalitions in Europe over the past twenty to thirty years, I would like to propose four minimum conditions as a basis for discussion:

- A socialist left party should not join a coalition government if that government is not opposed to a policy of privatisation – at the national level as well as internationally. The government should defend, not attack, trade union and labour rights, and it should not take part in imperialist wars.
- The party must let its participation in the government be guided by long-term socialist visions and strategies. It must also be able to continuously assess whether or not its participation serves these long-term goals, and be able to break out if this is not the case.

- Under the current balance of power, there is no possibility for carrying out consistent anti-neoliberal policies from a government position without the existence of strong popular movements, including trade unions, outside parliament. The left party must therefore also both understand the necessity for such movements, and be able to join forces with them.
- The political platform of such a government and its actions must address the problems, the insecurities, the concerns and the anxieties of ordinary people. Their discontent with current developments must be taken seriously. This includes a programme which challenges existing power structures, limits the power of capital, redistributes wealth and extends democracy. Only a government which, through concrete economic and social reforms, is able to mobilise workers and ordinary people can have any chance to contain rightwing populism. The indications from experiences to date are that only in a situation in which workers and people in general experience that they are part of a real emancipatory struggle, can the left in government succeed.

None of the centre-left governments in Europe over the past twenty years has met these four conditions. The conclusion of my analysis is therefore that government participation should be dealt with in a much more discriminating manner than has been the case on the European left during the neoliberal era. Given the current unfavourable balance of forces, with rather weak and fluctuating social movements, the main tasks of left political parties should therefore be to organise, to politicise, to raise awareness and to mobilise resistance from below in society. In this way, the basis for possible future participation in governments can be developed.

Tactical considerations

For a left party under the current power relations, passive, but critical support of a centre-left government – as “the better of two alternatives” – could therefore often have been a better choice than to join the government. It gives much more room for manoeuvre, and the possibility to pursue primary positions and more radical proposals than the often watered-down compromises reached in government.

However, an often heard argument from the political parties of the left has been that “it would not have been understood or accepted by our electorate and the most radical parts of the working class if we had not joined the coalition government”. The possible negative effect of staying outside the government would have been that the party would have lost support and confidence among workers and people in general, according to this argument.

At least two points can be made against this argument. First, experience has proved that the parties who have participated in government have lost major shares of their support and confidence – probably much more than would have been the case had the party positioned itself as part of that government’s parliamentary basis, but outside the government.

Secondly, the effect of staying outside the government would probably depend on the manner in which the political manoeuvre was undertaken. Any left party must of course say yes in principle to government participation. However, the political conditions are the important factor. If the left party picks up some of the most important demands of trade unions and social movements, and brings them into coalition negotiations as absolute conditions, it should be in a good position to defend its stance if those negotiations break down. The problem so far has probably been that the left parties have gone too far in compromising their policies, even during those initial negotiations for a coalition.

THE PARAGUAYAN LEFT AND THE CHALLENGES OF THE NEW GOVERNMENT

ROCÍO CASCO, PARAGUAY

Background

The Paraguayan party system, which originated in the period following the War of the Triple Alliance (1864-'70), was a two-party system in which the *Colorado* Party and the *Liberal* Party, two traditional oligarchic mass parties founded in 1887, took turns exercising power, thus truncating any possibility for a consistent and lasting third way capable of questioning their political hegemony. During prolonged periods, this two-party system was effectively a one-party system, during two periods of Colorado hegemony which ended only recently (1887 to 1904 and 1947 to 2008), and a period of Liberal hegemony (from 1904 to 1936 and from 1937 to 1940). The only exceptions were the popular government of Col. Rafael Franco, whose presidency lasted barely eighteen months (from 17th February 1936 to 13th August 1937) and the military rule of General Higinio Morínigo from 1940 to 1947. The last reign of the Colorado Party (1947-2008), which included thirty-five years of dictatorship, permitted a disproportionate power accumulation of the party, especially regarding its control of the whole state structure, including the judiciary and the armed forces. During the prolonged period of this two-party system, the left failed to consolidate itself as a permanent and influential policy space. The constant repressions and persecutions suffered by the organised left cut off all historical continuity during the course of Paraguayan socialism, which explains the periodical emergence of different organisations and forces lacking the benefit of any historical accumulated store of experience. The left’s regular and open participation in the elections is a recent development, coinciding with the defeat of Alfredo Stroessner’s dictatorship in 1989 and the ensuing democratic opening. Since then, a broad ideological spectrum of organisations, ranging from the centre-left to a rather radical left which abstains from any electoral participation, has

developed. A significant part of this broad spectrum has played a leading role in the process of change which Paraguay is currently undergoing.

The defeat of *coloradismo* and the new perspectives

It was Fernando Lugo, who managed to bring the left and the popular movement scattered by sectarianism together in project of social transformation that can be classified as centre-left. The struggle of the workers, the *campesinos* (small farmers), students, housewives, and of certain entrepreneurial sectors were right from the start the focal points of Fernando Lugo's government programme, who aspired to overcome the mismanagement of the public affairs characteristic of previous governments, thus providing a consolidation factor for a markedly social democracy.

Lugo entered the national arena from his position as bishop of the Diocese of San Pedro in one of Paraguay's poorest departments. There, he distinguished himself through his commitment to the struggles of the *campesinos*, who began to resist the invasion of local and Brazilian soy farmers. Different social and left sectors considered him an authority in social policy, from which he benefited when numerous popular movements proposed him as a presidential candidate for the 2008 elections. That choice was eventually backed by some conservative sectors and traditional parties as well.

Hence there were two great sectors that finally supported his candidacy: the Social and Popular Bloc (BSP), which grouped the social movements and left organisations; and the National Alliance, which united the rightwing opposition parties. These two groupings formed the Patriotic Alliance for Change (APC), which provided Lugo's political platform for the elections.

Though Alliance was not entirely left, it was still dominated by the left. The ideological variety of its members notwithstanding, they were able to achieve unity of action based on a consensus of the necessity to reinforce democracy and provide it with social content. The progressive and

left spectrum of the APC included the Febrerista Revolutionary Party, the Progressive Democratic Party, the National Encounter Party, the Party for a Country of Solidarity, the Broad Front (Party), the Tekojoja Popular Movement and the Movement for Socialism.

However, when it was time to present the list of candidacies for parliament, these parties could not agree on united action, and failed to compile a joint list of candidates. But in spite of their ideological differences, this schism in the 2008 elections cannot be attributed merely to doctrinaire differences. All the left parties that signed the APC founding document had agreed on all basic items of the government programme as well as how to defend them: economic reactivation, agrarian reform, institutional recovery of the country as well as fighting corruption, establishing an independent justice system, and the recovery of national sovereignty. The first differences turned up the moment the compilation of the electoral list was discussed. Since Paraguay uses the closed-list system, the position of the candidates on the list determines whether they will either lose or win a seat. Midway into the election campaign, the organisations of the left supporting the candidacy of Fernando Lugo were unable to establish democratic, representative and impersonal criteria for compiling the list, which culminated in division and confrontation. The effects of this rupture are obvious: the votes that the left achieved separately did not permit the same political representation that their combined votes would have achieved.

The Left and its fragmentation

The total of left votes for lists for the Senate that supported Fernando Lugo came to 190,506 votes, including the Progressive Democratic Party, the Tekojoja Popular Movement, the Party for Social Unity, the Movement for Socialism, and the Party for a Country of Solidarity and representing about 10% of total votes on national level (see charts N° 1 and 2). But since the Paraguayan electoral system favours majorities, the fragmented candidacies only won three senate seats out of forty-five – one for the Country of Solidarity, one for the Tekojoja Popular

Movement and one for the Progressive Democratic Party. Had this whole voting been combined for one single list, six Senate seats would have been won – double what was in fact achieved.

But the fragmentation of the left not only affected the number of seats obtained and thus reduced the possibilities for influencing the political process through them, it also affected the tone of the debate during the election campaign, especially regarding the capacity and strength of the left in general to confront the conservative forces with which it was allied. The result is that conservative policies have priority over policies of a progressive and popular nature.

The results in Asunción make the damage of fragmentation inflicted on the left even more obvious. There, the left received only one single representative for the Chamber of Deputies, although the total of the Progressive Democratic Party, the Party for Social Unity, the Tekojoja Popular Movement, the Party for a Country of Solidarity, the National Encounter Party and the Movement for Socialism) was surpassed only by the Colorado Party, currently the strongest force in the capital. With 23% of the total, a united list would thus have won about three of Asunción’s nine seats in the Chamber of Deputies.

Chart 1: Results of the Left in proportional representation lists¹

Parties	Senators	Deputies	Parlasur	Departmental Legislature
PPS	60,940	7,887	9,500	7,868
PEN	20,843	14,227	17,331	10,791
PDP	38,402	29,980	19,850	7,844
PUP	7,510	8,119	7,038	8,817
MPT	52,247	64,566	111,250	53,303
P-MAS	10,564	29,223	10,361	9,243
Total	190,506	154,012	175,330	97,966

¹ The progressive parties with major electoral results which supported Fernando Lugo are listed here: Party for a Country of Solidarity, National Encounter Party, Progressive Democratic Party, Party for Social Unity, Movement, Tekojoja Popular Movement, and Movement for Socialism Party.

Chart 2: Results of the Left sectors in deputy lists for Asunción

Parties	Deputies
PPS	3,243
PEN	2,773
PDP	22,473
PUP	1,126
MPT	10,444
P-MAS	19,146
Total	59,205

The current challenges for the Paraguayan Left

Yet the fragmentation of the progressive and left forces not only affected the election results, it also proved to be limiting to both the appointment of government positions and to the profile of policy-making undertaken by the executive branch. In addition, the fragmentation reduced the popular mobilisation capacity, which is fundamental to provide a political counterbalance to the conservative forces that are currently in the majority in various spheres of the state.

In the face of those circumstances, the challenges to the left go beyond disputing the direction that the current process of change introduced by the elections on April 20, 2008, should take. That would require adopting a perspective aiming at creating a proper political project for an actually left government. And to achieve that, the challenge is to articulate the demands, struggles and proposals of left popular organisations.

The eight months of government already elapsed have shown us that the agenda of the conservative sectors in the government has largely been imposed. Conservative policies are the order of the day. The repression of the social movements, and in particular of the *campesino* movement, by the powerful soy and cattle sector as well as landown-

ers in general, has not come to an end with President Lugo's inauguration. Although he arrived at the political and social arena by backing peasants' struggles for better land distribution, the pre- and post-electoral alliances he had to form have determined his responses to the sector. This is exemplified by appointing a representative of the Liberal Party as Minister of Agriculture and Livestock – detrimental to the interests of the rural social sectors.

From a left point of view, there can be no significant advances without a tax reform. Such branches as the soy farming industry, with its strong negative social impact and its erosive effect on wages, pay scarcely 2% of tax revenues, while its subsidies amount to several millions of dollars. The proceeds the country gains from soy exports reached \$1.5 billion in 2007.² But parliamentary approval of the personal income tax, pending since the early days of the previous government, has still not been achieved. Conservative legislators both inside and outside the government have united to ensure its rejection.

A more progressive fiscal policy is another pillar of the government programme of the Paraguayan left. Redistributing income via taxes is a measure to achieve a better living standard for the working class. Therefore the left supports a personal income tax, an agro-tax and a business tax as correctives for many of the economic inequalities. In effect, Paraguay is a tax haven. According to a CEPAL (UNECLAC) report, Paraguay has a tax burden of scarcely 12.9%, compared to 20.1% in Bolivia and 35% in Brazil.³ This situation must be reverted by a left fiscal policy, so as to tax unjustified profits.

Likewise, the so-called Social Rate for Electric Energy, a subsidy for small energy users, has become the target of the conservative government. With a new regulatory, decree they have managed to limit access to this previously automatically granted subsidy by establishing administrative barriers, thus excluding a wide range of former beneficiaries. Already implemented by previous governments, the social rate

² *Diario Abc Color*, 6 March 2009.

³ CEPAL, *Estudio económico de América Latina y el Caribe*, 2007-2008.

used to be one of the most important rights in a country that produces much more electric power than it uses.

The global economic crisis has prompted the Lugo administration to adopt a plan to defend the national economy by promoting public investment to reactivate the economy. It was drafted by the economic cabinet without consulting any of the social sectors mainly affected. The supports designed for workers and small agro-businesses/farmers, who are the primary victims of the crisis, are not enough. By contrast, the support for big business is million-fold. The technocracy, steeped in neoliberal thinking, has proven to be very influential in the government, which has shifted to the right from the initial positions of the transformation programme.

But in spite of these hindrances, there have been important advances for the social sector in various spheres. The national government has placed agrarian reform on the political agenda, in spite of the resistance of the conservative sectors. Hence, the most affected and ever-excluded sectors use the Executive Network for Agrarian Reform (CEPRA) to stimulate actions for the implementation of a true agrarian reform.

The struggle for national sovereignty has also made important advances, especially regarding the renegotiation of Paraguay's rights to the electrical power produced from the bi-national dams, Itaipú and Yacyretá. President Fernando Lugo has defended Paraguayan sovereignty in all international forums he attended, as promised in the election programme. And he has succeeded in forming a bi-national negotiating commission with the Brazilian government on the Paraguayan demands concerning Itaipú.

There have also been important advances with regard to the native peoples. In addition to plans for assistance currently under design, the recent emergency caused by the drought in the Paraguayan Chaco, where the majority of the indigenous population of the country lives, has demanded the special attention of the government. From September to November 2008, the government continuously supported more than 24,000 families, most of them indigenous people, providing food, clean water and medical attention.

In the area of public health, free consultation has been another very important advance in the government's social measures. The fees formerly charged were among the first things President Lugo abolished after taking office.

We can thus conclude that the government of Fernando Lugo has conflicting political forces and positions dwelling in its breast, which is not so surprising, given that sectors with opposed political programmes supported him on his way to power. Under these terms, the line he himself adopts will depend to a great extent on resolving such internal pushes and contradictions. The part the progressive and left government sectors can play in this scenario, rebuilding and tapping their full potentials, will determine the direction of the actual process of change towards more progressive and social positions.

Building popular power

The military dictatorship of Alfredo Stroessner was one of the longest and bloodiest in Latin America, and for thirty-five years subjected three generations to one of the most atrocious anti-communist campaigns the region has ever lived through. With the downfall of the dictator began a period of "democratic reforms", which permitted citizen participation in government and decision-making, but only after having prepared the ground by initiating the implementation of the neoliberal process.⁴

The approach of the left ranges from wearing itself out in the search for reforms of the system, and seeing social change as induced by a process of "political opinion-forming" or "consciousness raising", as if class issues were a matter of the "consciousness" of certain institutional leaders; to the "counter-power" position which seeks to distance itself from any organic action linked to the state, so as to construct "counter-power" outside the state.

⁴ Rocío Casco: *Frente Nación al de Lucha por la Soberanía y la Vida, el proyecto de reorganización del movimiento popular*. Revista Novapolis, Germinal, August 2004.

But if our final goal is the abolition of capitalist rule, we must take into account how important a space of unity is in guiding the struggles of the organisations. This is a matter of building an instrument in a historical context with a determined goal, which in this case would be the fight to overcome the capitalist system.⁵

The construction of popular power is the tool of our actions, but we are not simply seeking to change "administrative power", but to build a new kind of power which can destroy the organisation of the current state, and not simply replaces its executors.

Finally the construction of a tool to fight for the emancipation of the people is not a task just recently invented; it has been acquired through the long experience of entire generations. Hence there can be no question of presenting it as a "brilliant idea" which has just turned up. Instead it is a question of getting to know and acknowledge the continuity of history: We are today the children of a long Struggle for human emancipation.

⁵ Camilo Soarez: Revista Novapolis, Germinal.

A NATIONAL PROJECT OF THE LEFT: THE POLITICAL EXPERIENCE OF THE FMLN

CARLOS CASTAÑEDA MAGAÑA, EL SALVADOR

Sixteen years after signing the Peace Accords in El Salvador, it is pertinent to examine the state of Salvadoran society with regard to human rights and democratic liberties, and subsequently the socio-economic situation of the population. In the following, I would like to evaluate this situation against the background of the goals that allowed an end to twelve years of armed conflict, and to put us on the road to democratisation, reconciliation and unrestricted respect for human rights, upon which the project of the nation is based, in keeping with the left perspective that conforms to the ideal of the Farabundo Martí National Liberation Front (FMLN).

Human rights in El Salvador

It must be stressed that in the context of civil and political rights, there are continuing reports about torture and of cruel, inhumane and degrading treatment, as in the case of the hired hitman detected in the Criminal Investigation Department of the Civil National Police in San Miguel. Certain structures of these institutions are responsible for these severe violations of human rights. Moreover, there has been no improvement with regard to prison conditions in terms of overcrowding or prolonged isolation, maltreatment, not to mention the precarious state of health, labour and education or the humiliating conditions visiting relatives have to suffer.

The implementation of justice is still seriously obstructed by such factors as deficient criminal prosecution, the interference of other public authorities with judicial decisions, corruption, bureaucracy, and a lack of trained legal workers. Moreover, the infringements of the rights of the indigenous peoples and civil war invalids have continuously deteriorated during the last year, while the Legislative Assembly remains paralysed

in the study and debate of constitutional and legal reforms designed to protect these rights.

Concerning economic, social and cultural rights, the situation is not very encouraging. The FMLN is preoccupied with the persistence of economic and social inequalities, affecting in particular vulnerable population groups like children, women, seniors, disabled or indigenous people.

Certainly, there have been relative advances of programmes designed to reduce extreme poverty, but international agencies have declared that the achievements made in social development, even combined with the reported economic growth of the past two years, have not been enough to benefit the poorest households. This reflects the lack of a social policy that would actually redistribute the wealth fairly, through a sustainable increase in social expenditures, with the progressive improvement of institutional capacities.

Thus, the challenge for the state lies in providing more and better jobs, and assuring dignified labour conditions, in particular in the rural region. The gap between this need and reality is great, as is the trend towards an informal labour market with no social protection, low salaries, and the threat of redundancy.

The difficulties in getting appropriate and sustainable access to health care centres, the excessive burden families have to shoulder in maintaining and recovering their health as well as the lack of medicine, basic input and competent staff must be emphasised too. Equally alarming are new laws deepening the fragmentation of that sector, offering incentives for privatisation and questioning the state's ability to assume the responsibility of providing public services.

Clearly conflicting with the human rights doctrine, the state denies the constitutional acknowledgement of civil servants' freedom of association using a declaration of unconstitutionality dictated by the Constitutional Chamber of the Supreme Court, based on a clause in the Freedom of Association and Protection of the Right to Organise Convention (ILO Convention No. 87), in force within the Salvadoran legal regulations. Regarding the issue of the human rights of the senior population and

disabled people, the right to old age security is damaged both by the lack of any effective and immediate revaluation of pensions, and by the lack of a dignified level of pensions. That includes disabled people, who have no reliable register allowing them complete integration into society in the economic, social and cultural spheres, in accordance with international doctrine and instruments provided under human rights.

As regards the protection of the rights of children and young people, the advances proclaimed by the state are rather limited and short-termed. It is hard to see a silver lining in the horizon for children – or for the rest of the nation. The government continues to tolerate the damage done to that sector in terms of permanent violence, unsatisfactory health conditions, lack of access to education, forced migration, problems in juvenile law and the absence of a real national comprehensive attention system.

It is also important to note the situation of women's human rights, where inequality, marginalisation and discrimination prevail, preventing women from being able to fully enjoy their rights and liberties. Disadvantages in the political, social, labour and entrepreneurial sector make equal opportunities for women impossible. Likewise the patriarchal and male-centered culture established in the ossified power structures and at the decision-making levels prevents the full participation of women.

In the context of gender bias, discrimination and inviolability, violence against women constitutes a systematic violation of their human rights, and obstructs the economic, social and democratic development of the nation. The homicide rate against women is alarming, the more so since these crimes are often not properly solved.

Finally regarding environmental rights, government measures have been directed towards providing protection for certain natural resources by means of legally declaring natural protected areas and certifying national parks, both biosphere reserves and mountain parks, in addition to involving – to a certain degree – environmental public institutions in the solution of the issues. But nonetheless, problems have arisen due to the lack of access to information and citizen participation in decisions affecting the environment. All things considered, the prob-

lem is the lack of a true environmental policy, which has caused an increase in violations of the rights to a healthy environment.

The national project from the perspective of the FMLN

Based on the above description of Salvadoran reality, the great human issues are the reduction and eradication of poverty, inequality and social, cultural and economic exclusion, which are deeply rooted in unjust income distribution, the poor dissemination of knowledge, education, scientific and technical information, and the abominable distribution of power and political access, together with the infringement of legitimate civil interests, liberties and rights. The FMLN argues that inequality of income, access to basic services, education and facilities is a pervasive and epidemic phenomenon, because the poorest are the most affected by it. It tends to the exclusion and precarisation of the middle-income groups and small and medium-sized business, which are not part of the business groups firmly rooted in the government and are the beneficiaries of its measures.

Thus, the major economic challenges facing the country are slow growth of national wealth in combination with the global crisis, low productivity, both of business and of labour, declining competitiveness with regard to national enterprises and public administration; increasing scientific-technological disparities, compared with the explosion of technological knowledge and advances that propelled other nations into the future during the nineteenth century, the economic injustice at the social, regional and gender levels; and the delay in regional integration and the renunciation of the idea of a Central American Union.

The FMLN therefore developed an activity called “the Open Social Dialogue”, which was launched publicly in September 2007 with the goal of accomplishing the patriotic mission of responding to other major historic problems from which the economic and social situation of El Salvador suffers, such as emigration, the growing insecurity and its irreparable human and economic costs, due to the incompetence of previous governments.

Vision for a better future for El Salvador

In the FMLN, we are convinced that the government must be geared to a vision of a future for our people; of a rich, productive and prosperous country, properly informed society that is culturally advanced, socially fair and based on solidarity, devoid of dehumanising inequalities as well as the territorial and urban-rural imbalances affecting our country at present; a democratic society with freedom of thought, conscience and religion, safe and free of crime, highly organised, integrationist, open and environmentally sustainable, aimed at the people’s well-being and the realisation of the human being, a society founded on the self-determination of the people.

Therefore we in the FMLN, in our municipal structures, in parliament, and since 2009, with the presidency of the Republic, are convinced that the national project must embark upon its path to development from the left, promoting economic growth, education, knowledge, scientific research, employment, just income distribution for the progressive improvement of food quality, and adequate living standards of every family in town and country. The goal is full enjoyment of human rights and gender equity, social security, health, dignified housing, and adequate living conditions, with access to basic goods and services.

Making development possible requires a welfare state, a democratic state under the rule of law that is functional and powerful, and provides legal and civic security as well as access to the vital goods and services for the population. That requires a profound democratisation of power and state relations, as well as market regulations and non-privatisation of public services, and is expressed in a truly democratic government, capable of promoting the construction of a widely shared vision.

Foundations for a social and democratic development model

This development model is based upon industrial modernisation and the incorporation of urban and rural micro-, small and medium-sized businesses as dynamic axes and as a social fabric to generate national wealth, jobs and income for the Salvadoran people. The basic requirement is the development of knowledge and skills, as well as an agricultural and food system and an efficient service sector. Likewise necessary are solid and reliable financial services supported by the country's productive powers and national and international trade. For this, it is indispensable to clarify in advance the nature and features of the government programme. Based on the principles and lines of our vision for El Salvador, the FMLN suggests new ways for the future implementation of our programme's components: human security and protection of human rights, and the construction and consolidation of a constitutional and democratic welfare state. This implies accepting the constitution as the framework and paradigm for the role of the state, for the political system and form of government; for the changing and exercising of power; for the economic order and the roles of the market; for social development; for democracy as a vision, principle and system of life; for the integral development of democratic life in El Salvador; for gender equity; for reconciliation with nature and environmental recovery; for national unity, the reunion of the Salvadoran family inside and outside the country; for the honesty and transparency in/of the government; for local development; for a Salvadoran initiative for an independent Central American integration and open regionalism for its proper development.

Ultimately the FMLN government vision seeks to develop a positive correlation between fully guaranteed human rights, democratic liberties and economic growth with opportunities for all. In the face of the prevailing economic plan, we propose as a beginning:

- A model which accepts the challenge of the eradication of poverty as the crucial national mission, and sees the human being as at the centre of the economic activity of society and the state, within a process of upgrading, advancing, protecting and respecting the human rights as well as the economic, political, social and environmental rights of women and men, young people, children and seniors;
- A model which sees our population as the greatest productive power and wealth we possess and invests in the enhancement of its capacities and skills;
- A sustainable model with respect to the environment, social issues, politics, economics, science and technology;
- A development model from inside, focused on the human factor, on improving the standard of living of the population, its vocations and skills, which stimulates the smartest and most dynamic use of the positive aspects of globalisation;
- A model based on the rule of law and full constitutionality;
- A model which upholds economic participation;
- A model committed to decentralisation for regionally balanced economic development;
- A bet on knowledge, science and technology.

That is the way envisioned by the FMLN, because El Salvador requires a strategy for transition and change to pursue economic, social, cultural and environmental, including, participatory and fair development of our country, following the example of such friendly nations as Cuba, Venezuela, Brazil, Guatemala, and Nicaragua. And at the heart of all this is the National Strategy, which sees the people with all their human potential as the most valuable, decisive and inexhaustible resource and as the source and beneficiary of progress. This is the path to follow, and the hope of people for a change for their benefit.

WHAT TO DO WHEN HOPE DEFEATS FEAR? THE HISTORIC ELECTION VICTORY OF THE SALVADORAN LEFT

ERNESTO ZELAYANDIA, EL SALVADOR

I would like to congratulate the Rosa Luxemburg Foundation for organising the colloquium “The Left in Government – a Strategic Project? Comparing Europe and Latin America”. It is an event that I consider very opportune and pertinent in the current international upheaval, marked on the one hand by the deep global neoliberal crisis, and on the other by the ascension to power of various Latin American left forces, which is painting a new and unprecedented political map of our region.

Since the political movement led by ex-military Hugo Chávez was voted into government in Venezuela in 1998, other leaders have achieved electoral victories, such as ex-union leader Lula in Brazil, Ricardo Lagos and then, Michelle Bachelet, both leaders of Salvador Allende’s Chilean Socialist Party; Tabare Vázquez, a physician in Uruguay, the Kirchners in Argentina, Evo Morales, an Indigenous leader in Bolivia, Rafael Correa, an economist in Ecuador, Martín Torrijos, son of the legend military leader Omar Torrijos, who fought for Panama’s sovereignty, former Sandinista revolutionary leader Daniel Ortega in Nicaragua, former bishop Fernando Lugo in Paraguay, Alvaro Colón in Guatemala, and most recently the renowned journalist, Mauricio Funes in El Salvador, who won the presidential elections for the Socialist party and the Farabundo Martí National Liberation Front, which before the peace accord was a powerful guerrilla organisation. In addition to these leaders of the lefts in power – I emphasise “lefts”, because in my opinion there is not one left, but a plurality of lefts – there have also been other countries, such as Mexico, with “near victories”. Manuel López Obrador, the charismatic former mayor of Mexico City, I believe won the election in 2006, which was stolen. New leaderships have also emerged in the elections in Costa Rica, Honduras and Peru. They altogether give our America a new face. Therefore it is urgent and pertinent to promote reflection and

dialogue, because in the current upheaval of the global financial and economic order, the hope provided by the slogan “A Better World is Possible” is more viable than ever; but there is also the danger that this hope will turn into frustration for our people.

Context of the Presidential election victory in El Salvador

To understand the significance of the electoral victory in El Salvador, it is necessary to consider the country's history. Since becoming an independent republic in the 1840s, the economic elite, the oligarchy, has always dominated El Salvador's state policies, and until recently the whole region was considered the backyard of the United States.

In the midst of the Great Depression of the 1930s, revolutionary movements emerged all over Latin America, and were suffocated by authoritarian and military regimes. In the case of El Salvador, the worker and peasant uprising of 1932 led by Farabundo Martí was crushed in a terrible slaughter, also known as *La Matanza*, in which more than 30,000 people died. This *Matanza* established militarism as the political regime until the signing of the peace accords in 1992, which were the result of the successful popular struggle of the insurgent FMLN.

Salvadoran political culture shaped by the dominant economic elites distinguished itself by exclusion, imposition, violence, fraud, a patrimonialist vision of the state, anti-Communism as an ideology, composed of a peculiar mixture of “nationalism” – in fact, chauvinism – and at the same time *entreguismo*, or sell-out to the United States. Suffice it to say that El Salvador was the only Latin America country to deploy troops to Iraq, which only returned in February 2009. The counterculture or new political culture shaped by the lefts is completely the reverse, that is, it promotes popular participation, alliances, association, institutionalisation of democracy, transparency and precedence of the public over the private sphere in public administration, and a plural focus on foreign relations. While the rights promote a culture of conservatism, the lefts stimulate change.

From the organisations which formed the FMLN during the early 1970s, only the Communist Party of El Salvador was founded in the 1930s. The FMLN transformed itself from an insurgent movement to a powerful guerrilla army, linked to the popular movement in an efficient politico-diplomatic apparatus that gained international recognition as a belligerent force and through a negotiation process between the FMLN and the government of the right-wing ARENA Party, and with the mediation of the UN, a peace accord was achieved in 1992. This process transformed the FMLN from an insurgent force into a successful electoral party, an unprecedented event in Latin American history. Since 1992, the FMLN's electoral results had been increasing, be it in presidential, legislative or municipal voting. In the 1994 presidential elections, the FMLN came in second in the elections, and became the leading force of the opposition. At the same time, a two party system began to emerge, with the ARENA representing the right, and the FMLN representing the left.

Learning from electoral defeat: For many analysts, the FMLN was in a position to win the presidential elections, both in 1999 and in 2004. The successive victories of the ARENA party were rather attributed to the “vices” – the errors and incompetence – of the FMLN than to the “virtues” of the ARENA. I remember the musings of a Cuban friend: How could it be that the poor and the people affected by neo-liberalism rather vote the ARENA instead of the FMLN, which proposes to represent them? A bitter lesson to learn was that unity in the party and unity between party and people are crucial for winning victory. The strategy the FMLN pursued in the general elections in 2009, to some extent explains the victorious result. That strategy defended national unity in order to get the country out of the ravages of neo-liberalism. Along with bonding with the people, it was agreed that internal disputes and the traditional cannibalism of the lefts only served the ruling classes. Remissions are the mainstay of Salvadoran economy – the so-called “*pobredolares*” (dollars of the poor) that Salvadoran emigrant workers in the USA send home to their families. The economic model founded by the neoliberal doctrine promotes consumerism, mercantilism and

financial speculation to the detriment of production, the development of an economy of privileges, not of a competence, and the most dramatic and perverse of all, an economy based upon the expulsion of labour power, i.e. migration to the United States.

The regressive political trend of the democratisation process began with the peace accords. The political profile of El Salvador rather resembled a civil dictatorship than a representative democracy, given that the right opposed at all cost any change in government. Prior to the elections in 2009, El Salvador's state institutions were biased towards the ruling ARENA party, with the Legislative Assembly controlled by the bloc dominated by this party, and the Supreme Electoral Tribunal was under the control of the Government. The attorney general's office, the registration office, the police and the army – in fact, the government in general – were virtually “privatised” by the ARENA and President Saca, who was also the party chair. To that must be added the partiality of the corporations, and the mass media, which were virtually government spokesmen.

The Election Campaign: Hope is born, Change is coming

Four key decisions the FMLN took in terms of electoral strategy explained to some extent the success of the campaign: It decided not to hold internal elections to choose new party leaders, and postponed that choice until after the elections. It decided that there would be no internal dispute over the presidential ticket for the elections, but rather a process of consultation, and that the presidential candidate would be a personality from outside the FMLN's ranks, yet of great credibility and committed to change in the country. Thus the choice was made in favour of Mauricio Funes, a renowned journalist, with a long-standing democratic and civic career, who promoted the culture of critical citizens in El Salvador's political life, and who enjoys great popularity for his critical awareness and his truthfulness. It decided to carry out a broad policy of alliances with all social sector parties.

All these decisions and actions placed the FMLN on the offensive from the beginning of the campaign, that is, made it politically proactive. The massive and spectacular announcement of the candidacy of Mauricio Funes and Salvador Sánchez Cerén in El Salvador's biggest football stadium on the November 11, 2007 was the starting point for the successful campaign *Hope is born, Change is coming*. That slogan represented the people, who featured in this victory of the people. Right from the beginning, Funes was in the lead in all polls and he remained there until the day of the elections, which he then won.

In that election, the tables were turned, literally speaking. While the FMLN showed intelligence, competence and political maturity, the ARENA did the opposite: first it held primary elections due to an internal dispute, but in the end, the party leadership imposed the candidate of its choice, instead of his more popular rival. The launching of the presidential candidate and his vice-president was late. The programmes, too, reflected this difference: while the FMLN had issued its programme long in advance, ARENA proclaimed its programme only a few weeks before the election. Funes' publicity was very competent and sparked a climate of hope and change, while the PR of his opponent Ávila was based on a smear campaign and also a scare campaign against change, using the image of Hugo Chávez as a deterrent.

A decisive aspect of the electoral message of Funes and the FMLN was that at stake was either a continuation of the policies of ARENA's twenty-year tenure, or an opportunity for change. However, an important adjective was attached to the word “*Change*”: “*Safe*”, which was designed to detract from the intense rightwing scare campaign. The essence of this argument was that the government would be based on the Constitution. The Salvadoran Constitution of 1983 was based on the policy of a democratic welfare state under the rule of law.

Other aspects explaining the success of the presidential election campaign were territorial organisation work, the role of the alternative media, such as national radio stations like *Maya vision*, the chain *Mi Gente*, community radios, local television, *Colatino*, the newspaper of a workers' cooperative and the Internet. Another key role was played

by international efforts, in particular for election observers, together with the *Friends of Mauricio Citizen Movement*, especially to involve the entrepreneurial and professional sector as well as sectors affected by neo-liberalism and ARENA policies which did not belong to the FMLN. The approach to religious sectors was crucial, and it was a novelty that Funes and the FMLN managed to gain the support of the traditionally conservative evangelical sectors, which are politically more closely related to ARENA.

As in other countries such as Brazil, the Salvadoran system provides for a run-off election for president, if no candidate receives an absolute majority in the first round. Taking a cue from the result in Nicaragua, the right decided to split the elections into a vote for delegates and mayors on January 18 and then the presidential election on March 15, 2009. Facing the positive result the FMLN achieved at the national level in January, ARENA decided to withdraw the presidential candidates of the other two parties to run en bloc against the FMLN. Arithmetically, they had polled more than the votes obtained by the FMLN in the municipal elections. But the top-down agreement to run en bloc against the FMLN and be co-opted by the ARENA, caused discontent among several local leaders and mayors of the smaller parties, and the FMLN and Funes were very skilful in drawing them into the bloc for change, on the basis of the policy of alliances previously decided. The final result was that Funes won with 1.340 million votes, versus over 1.27 million for Ávila, who thus lost by almost 70,000 votes.

The rights modified the rules of the game in their favour by ensuring that the presidential election would have only one single round, since there were only two parties, FMLN and ARENA. But in the end the FMLN defeated the whole bloc of united right, including big business, the *Fuerza Solidaria* (an international anti-Chávez group), and the mass media.

This bestows great political significance to the victory of Funes and the FMLN. It represents an unprecedented event in the history of El Salvador and shows that, as in such other countries as Brazil, Bolivia, Guatemala, Paraguay, and even the USA, with the victory of Obama, that hope can defeat fear, and that the slogan "*Yes, we can!*" is true.

Initial conditions and some challenges facing the new government

The confrontational climate of violence that was triggered during the presidential election campaign might have inaugurated a post-electoral period of political instability. But so far, the political atmosphere in El Salvador is free of tension and very different from the predictions of rightist analysts. What happened?

The election result of March 15, 2009, was a landslide victory; it demolished the lies of the rights and the whole policy of ARENA. The massive participation of the people to vote for change in spite of the fear and the threats was an act of citizen emancipation. The people showed great courage and the rights had to accept their verdict, which was witnessed by the international community. But there were also new political gestures and attitudes by the president-elect, Mauricio Funes, which had a positive impact. In his victory speech the evening of the March 15, Funes said firmly, "*Yes we could, hope defeated fear*". But he also declared with the same firmness that there will be no revanchism, and that he will forgive all the authors of the smear campaign. He reiterated his position of the need to govern by means of dialogue and cooperation as well as forming a government of national unity to get the country out of the inherited national crisis as well as the global crisis. This speech was applauded by the own ranks, the people and the party members, but also by outsiders, including the ARENA party, businessmen, the mass media, and the whole international community.

This conciliatory speech Funes made in his proclamation, caused an immediate reaction: five minutes later he received a phone call from his predecessor Saca to congratulate him as president, thus consecrating the victory. And Funes distinguished himself as the new leader of change and a left policy with the vision of a democratic and modern statesman.

Another unprecedented and positive event for us was his talks with Lula and Obama one day before the elections, in which Lula talked about the Salvadoran process, and that this was a good opportunity for

the United States to show a different attitude towards Latin America. Immediately after Funes' victory, the Government of the United States presented its compliments to the president of the FMLN, and three days later president Obama congratulated him by phone – an unprecedented event in the relations with the United States. On Friday of the same week, Funes met with President Lula in Brazil, who offered him broad cooperation in confronting the crisis. Next, president Funes faced a strong national and international agenda of preparing his assumption of office on June 1, 2009, meeting with representatives of social movements and trade unions, followed by meetings with businessmen. So far the transition has taken place in a very positive climate, for the new government, and Funes and the FMLN have moved their pieces well in the political chess game, while the people are observing every step taken, especially the measures to tackle the crisis and the most pressing problems like unemployment, the high cost of living, the lack of citizens' safety, and social issues like education and health.

The challenges are great; one of them is to transpose the campaign pledges. But according to the governmental financial statement we have inherited a situation of near bankruptcy, with a declining GDP, declining remissions, and declining fiscal income. We are also beginning to suffer from the effects of the global financial and economic crisis, and if we consider dollarisation and our dependence on the United States, our economy appears even more vulnerable.

In terms of political vision in the face of the crisis, we are in the dilemma of either being merely "managers of the crisis", or being leaders of change, of carrying out public affairs in a different way, of making new politics, or rather to build a new political culture, based upon popular participation, prioritisation of the poorest and most vulnerable sectors, solidarity, transparency and ethics in public administration, with intelligent and efficient good governance.

Without any doubt, as part of the government, we have better conditions for transforming our society and the lives of the people to whom we are obliged, but the government alone cannot achieve the changes.

The Party, the social movements, the intellectuals, we all together face the challenge of making our dream of a new El Salvador come true. And thus we are increasingly helping to turn our slogan *A Better World is possible*, into reality.

A politically adverse condition for the new government is the relationship of forces in the Legislative Assembly, where the FMLN has 34 delegates of a total of 84 – not enough for a majority; that is in the hands of the combined forces of the ARENA, the PCN and the PDC. We have a presidential system, but we still need legislative approval to implement some public policies, which could create a situation between confrontation and cooperation. It must be taken into consideration that we are not the power; we simply have assumed government responsibilities through the elections. In conclusion, I consider it appropriate to repeat in these times of global crisis the call for global solidarity between the peoples.

CHANGING POLITICS OUR WAY: PROJECTS AND EXPERIENCES IN A RED- RED COALITION

STEFAN LIEBICH, GERMANY

Before speaking about the situation in Berlin, where we are part of the government and about our left projects in the so called Red-Red coalition, I would like to give a short general analysis of the left in Germany. Seven years ago my party, at that time the PDS (Party of Democratic Socialism) was in a very difficult situation. In the Bundestag we had only two members, because we had failed to reach the 5% threshold in the September 2002 elections. We had fierce debates in our party about being part of the government in the two states of Mecklenburg-Hither Pomerania and Berlin, as well as over the general political direction of our party. One part of PDS members thought that we should be more leftist: more radical and focus less on parliamentary seats and governments. The other part wanted to bring more substance to our proposals. Those who had given us their vote should not only believe that we had good plans for the future, but also detailed ideas on how to implement those plans. After fierce debates in July 2003, the discussion changed from “whether” we should join left coalitions to “how”. Since then, we have been successful in elections. We had very good results in the last elections for the European Parliament, and in the elections in the eastern states, where we have become the second strongest party in parliament. But the elections in western Germany showed us the limits to this success. We were still an East German party. We clearly missed the 5% threshold. Today the situation is completely different: The former PDS is now a nationwide Left Party with a new name: *Die Linke* (The Left). Since 2005, we have been back in the Bundestag with 8.7%, the best result we ever had, and we now have parliamentary groups in the western states of Bremen, Hamburg, Lower Saxony, Hesse, Schleswig-Holstein and the Saarland.

What were the reasons for this development? In 2005, we had snap elections for the German parliament, the Bundestag. Confronted with a dramatic drop in popularity and a long series of lost state elections caused by economic and social policies by Social-Democratic Chancellor Gerhard Schröder and his dismantling of the German welfare state, the SPD and the Green Party tried to portray their "reform" of the German economic and social systems as having no alternative. They promised their parties, and their voters, a continuation of their policies. The conservative CDU/CSU and the liberal FDP answered with an even more severe neo-liberal programme in economic and tax policy.

The SPD tried to prevent a possible strengthening of the global German left, which would have been achieved through the unification of the two main left formations at the time. The larger of the two was the PDS; the other was the Electoral Alternative for Labour and Social Justice (WASG) which was founded on the wave of the previous year's strong protest movement against Schröder's course. Within only three months, the two groups managed to organise their cooperation in order to avoid spoiling their respective chances to overcome the 5% threshold and enter parliament. The agreement of our leaderships to merge into a united political party could not be implemented in such a short period. But it was also important for the new cooperation that not only the most popular PDS politician, Gregor Gysi, but also the former SPD party chair Oskar Lafontaine agreed to be the top candidates for this joint left list, should it be formed. As a result, the PDS changed its name to "Left Party" and opened its candidates' lists for representatives of the WASG and other personalities of the left.

In the elections, the governing Social Democratic Party SPD achieved one of the worst results in its history. The so called Red-Green coalition missed by far their declared aim to renew their governing alliance. The SPD lost voters mainly to the Left Party and to the non-voters. Although the conservative Christian Democratic Union/Christian Social Union (CDU/CSU) became the strongest party in parliament, they could not form a right-wing coalition with the liberal FDP. Their result of 35.2% was the third lowest in their history. However, the two parties

with the biggest losses, the SPD and the CDU/CSU, formed a grand coalition with the first female chancellor in the history of Germany, Angela Merkel. She was also the first eastern German chancellor of the Federal Republic.

The Left Party was the clear winner of these elections. We achieved our main goal of entering parliament with parliamentary-group strength, more than doubling our results at the polls. Also, the cooperation with the WASG worked. The most important outcome was that we overcame the 5% threshold in most of the country, even in the western German states. And even in the two states with government participation at that time, which had been highly disputed amongst our followers, The Left Party scored major increases. This election has changed political life in Germany. Today, for the first time since the 1950s, there is a nation-wide political force to the left of the SPD. Our Party Congress in June 2007 in Berlin founded the new party, a pluralistic, modern and left party that brings together the different outlooks, experiences and biographies of reformed communists, left social democrats, trade unionists, anti-globalisation activists, and other personalities of the left and of politically active people from eastern and western Germany.

Now I would like to speak about Berlin which is the capital and one of the sixteen German states. Our experiences of forming the Red-Red coalition are positive – although highly disputed by the members of our party in the east and the west. Since January 2002, the Berlin government (the Senate) has been formed by a Social-Democratic mayor, Klaus Wowereit, five Social-Democratic ministers, and three ministers – two women and one man – from The Left Party. They head the Department (Ministry) for Economics, Technology and Women's Affairs, the Department for Labour, Social Services and Integration, and the Department for Health, Environment and Consumer Protection. After more than seven years in the Berlin government, many people in the western part of our city, who saw the PDS as an old-fashioned Marxist-Leninist communist party before the coalition was formed, now see that we are a normal, modern socialist party. We have made many

major decisions that were unimaginable in the past. Now we have a Berlin with more social justice and more civil rights, but also a Berlin fraught with problems.

The most important thing in recent years was the total change in financial policy. This caused some hard discussions within the party, as well as with the trade unions and some (former) friends on the left. We had stated before the 2002 elections that financial reorganisation would become the key to the future of Berlin. In the past, the grand coalition in Berlin of the SPD and the CDU had mounted up debts of 40 billion, with a budget of 20 billion. They got ever deeper in debt in order to pay the accumulated interest, using money that could otherwise have been used for social, cultural and educational purposes. This was not our way of dealing with the city's finances; we wanted change, and we succeeded. Our goal was to reduce expenses to match income (without debts and interest) by 2006, and we achieve that. In 2007, the state of Berlin had a budget surplus for the first time in its history. The surplus was used to reduce Berlin's existing debt (roughly 60 billion). But, as you know, reducing costs is not an easy task, and this policy led to difficult discussions among party activists.

We also created a better situation for refugees. For instance, they no longer have to live in allotted and segregated accommodation anymore, but can stay in normal flats. In this way we have achieved better integration into society. Moreover, they do not have to buy food in supermarkets with special coupons, but instead receive normal money. People with drug-problems are not treated as criminals any more, they get help in special "drug consumption rooms", which are monitored by doctors and specialists. As the drugs are still acquired illegally, this arrangement is based on cooperation between the state prosecutor's office, the police and the state government. Also, the Berlin boroughs can now hold referendums, for which it was necessary to change the Berlin constitution, which was only possible because of the Red-Red coalition. And we lowered the state-wide threshold for holding referendums. The citizens of Berlin now use these new possibilities very frequently.

The problems which we have had in the coalition have basically resulted from federal policies. There was for instance the issue about the "unlimited support" that Gerhard Schröder had demanded for George W. Bush after the 9/11 attacks, and the conflict resulting from the fact that we, and our senators, protested on the streets against the so called "Hartz reforms" of the social welfare system, which attacked the core of that system in the country. Thus, we found ourselves as part of the government and of the opposition at the same time.

I would like to present three projects of reference that have shown that it certainly makes sense for a left party to participate in a coalition. These are: financing work instead of unemployment, one school for all, and redevelopment instead of privatisation of public property.

Financing work instead of unemployment

We have founded a so called "publicly supported employment sector" (ÖBS), intermediate between state and free-market jobs. More than 5000 people in Berlin now hold jobs in this sector, and are paid at least the minimum wage, although most get union-scale pay. They work voluntarily and for several years in jobs which are meaningful for society. At the end of this legislative term, we want to meet the target of 10,000 people employed under ÖBS.

The ÖBS is our alternative to the so called "one-euro-jobs" introduced by the Red-Green coalition as a part of the "Hartz reforms". In the latter, employees are paid less, the jobs are only for several months, and they are not voluntary. The Berlin ÖBS is unique in the Germany to date. It creates jobs that pay into the social security funds and provide a living wage for the long-term unemployed. We want unemployed people to use their authority and their full potential knowledge and experiences, and we want to offer them a vocational perspective. At the same time, socially meaningful and necessary work is to be organised within the ÖBS. Employment in the ÖBS strengthens the boroughs and the contact between cultures, its employees support and accompany elder citizens or people with handicaps, or they work in cul-

tural projects. This shows that the ÖBS is not only beneficial for long-term unemployed people and not only for the community. It supports the social infrastructure and encourages social co-operation. It strengthens civil-society structures and cultural work.

The ÖBS is not a low-wage sector. Employees are paid at least the legal minimum wage demanded by the Berlin Senate of 7.50 per hour. Thus, an employee in the ÖBS with a full-time position earns 1300 or more, depending on the collective bargaining agreement in force. The ÖBS is based on two programmes and instruments of the federal government for long-term unemployed persons, which were instituted by the federal Grand Coalition, and which we modify for our purposes. We thus have to take money from the Berlin state budget to remunerate people better than they would be under the federal programmes, because the latter do not pay unemployed people a living wage.

Our ÖBS include so called "neighbourhood mothers" in the borough of Neukölln, where trained women visit families of their own ethnic community and offer help answering questions on education, language ability, kindergarten and the school system. Also, there is the community-translation-service which helps people who do not speak German. This means that interpreters, native speakers with intercultural knowledge, accompany them to parent-teacher conferences, to the doctor's, etc. A third programme is flexible time child care. Due to extended store opening times and the demand of flexibility of the workforce, the normal kindergarten opening times are not sufficient for ever more parents. With our project, working people can take their children between the ages of one and twelve to be cared for in a domestic environment before and after kindergarten opening times.

One school for all!

We have founded a new type of school in Berlin, the so called community school. This is designed to provide an alternative to the old German divided school system. The idea is to let students from six through sixteen go to school together and not to divide them after the fourth or

sixth school year into three types of school with different opportunities for their lives. Community schools are schools in which children and young people learn together and from each other for ten years, and if they wish, up to *Abitur* (equivalent to the A-levels), regardless of their social, cultural or ethnic origins or sex, religion or any handicap. We are convinced that the community educational system is also the basis for a different kind of school culture: The traditional educational system sends signals of being unwanted and of failure. This new type of learning culture is one of welcoming and acceptance. The message is: "You are welcome, nobody will be sent away." The relations are determined by mutual acceptance. Difference is considered normal, and as a starting point for individual learning. The community school is aligned to success and not to failure. Under the old system, failure is met by repeating a class, being transferred to another school of a lower level, or not graduating. Our opinion is that splitting children into different school types creates a gap between those who will have a chance in the future and those who will have fewer opportunities. The divided German educational system, with its origins in the Prussian three-class state, is antiquated. Germany needs a school which provides all with the best opportunities, which promotes greater individuality, and which does not exclude children. With our left government we will show that this is possible. All children should learn individually and nevertheless together. All are to be promoted, none is to be left behind. Now there are sixteen community schools in Berlin, in each of which, two thirds of pupils, parents and teachers have voted for the new model. Every year, we have more of them. In future, this should be the only type of school in Berlin.

Redevelopment instead of privatisation of public property

Public enterprises should be good for the citizens, and be effectively transparent to their owners – the people of Berlin. We have terminated the policy of privatisation. Instead, the public transport, street cleaning and housing enterprises with more than 250,000 dwellings, and the

hospitals, have been economically rehabilitated. We wanted to reduce their deficits, but nevertheless have good conditions for their employees and customers. That's not an easy process, especially for leftists, because in this case, we are on the side of the owner and the workers at the same time. Our goal in the government is clear: We want to reorganise but not privatise public enterprises, because they are both important for the citizens and the employees, and for the city itself.

It is necessary to provide low-priced mobility and have affordable housing. Therefore we have to reorganise the urban housing companies which were weakened in the past by the Grand Coalition. Therefore, we made a long term contract with the public suburban traffic company BVG to be the only contractor in this sector, and to protect the company from private companies, and have also protected the public hospital company Vivantes from privatisation, as had been planned by the Grand Coalition. In every single company, we negotiated with the trade unions and made a collective agreement for the staff, but also gave the companies basic conditions and the necessary money to go their own way as successful public companies. Now, in the time of crisis of the economy and of neo-liberalism, we see that this was the better way.

After seven years in the Berlin government, we certainly have lost some support on the radical left, but we gained much more acceptance in the middle of society. In the polls, we have had ups and downs over the past years. The results of the last election were not that good, but the next election will be better than the last one. Now we have a stable Red-Red majority in Berlin. We think that this development in Berlin has value for the party in general, because we show in Berlin that the Left Party is not only a good left wing opposition, but more than that, it is a pragmatic modern leftwing party in government. And I think that this could be our path forward in Germany at the federal level, too. Our new party should not only fight against the grand coalition but also struggle for new policies and maybe for a new left government, too. In my opinion this is why we have to use the possibilities to be a strong part of such a coalition. But this has been and will remain highly controversial.

To conclude, I believe that the best way for the left is to orient itself towards a so called "strategic triangle". That means that we should be (a) in opposition to capitalism, (b) make proposals which go beyond the boundaries of capitalism, and (c) change the situation for the people who voted for us by participating in coalitions. We do this not because participating in a government is fun, but because it is our opportunity to change policy in our way.

LEFT-WING GOVERNMENTS IN FRANCE AND THE CHALLENGE OF HEGEMONY

ELISABETH GAUTHIER, FRANCE

The left-wing governments in France during the 1980s and '90s failed to build an anti-neoliberal opposition and to establish – or develop – the hegemony of the left. The election of François Mitterrand as president in 1981 was the moment of an important political change. The political field changed strongly with the arrival of a socialist president and a Socialist Party government. The result of these elections was the outcome of the social struggles of the seventies and of the ideas disseminated by the common program of the left elaborated during this period, as well as the realisation of the democratic demands due since 1968. The social bloc that allowed the left to obtain a majority was composed namely by the “popular milieus” (“*milieux populaires*”) and the wage-earners (“*salarie*”) of the highly developed public sector.

The neoliberal turn-around adopted by François Mitterrand and his government in 1983 – the French Communist Party left the government one year later – constitutes the beginning of a period of erosion of the social, ideological and political positions of the left.¹ The balance of forces changed progressively in favour of neo-liberalism in the economic, political and ideological fields. The various government configurations between 1981 and 2002 made these erosions visible. From a period with a socialist president and a parliamentary left majority we passed to a socialist presidency with a parliamentary right majority (“cohabitation”), then to a rightwing presidency confronted at times by a parliamentary left majority, and finally to a period when the right both dominated the presidency and held a parliamentary majority. On April 21, 2002, the socialist candidate was eliminated in the first round of the

¹ Philippe Guibert and Alain Mergier: *Le descenseur social. Enquête sur les milieux populaires*. Paris: Fondation Jean-Jaurès, 2006.

presidential election, and the extreme rightist Jean-Marie Le Pen faced conservative Jacques Chirac in the second round.²

The common term used to characterise the governmental changes between 1981 and 2002 is “*alternance*”, meaning that in every election, the outgoing left majority is replaced by the right, and vice versa. But in fact, it is more appropriate to speak about a progressive loss of hegemony by the left than about a see-saw government in which the voters simply voted out the ruling block in each election in favour of the opposition. The positions of the left have weakened continuously. Under the presidency of Nicolas Sarkozy, protest has grown, but cannot find an efficient articulation with an alternative political answer, since the left has not managed to develop any alternative. The results of the European elections show clearly that the political disaster of the left in 2002 has not been overcome.

The experiences of the left governments during the period between 1981 and 2002, first under a socialist presidency and then under a rightwing presidency, need to be analysed. The victory of the left forces in 1981 happened after the split of the Union of the Left (PS and PCF) that had marked French political life during the 1970s. During this period, the PS replaced the PCF as primary left force. Indeed, Mitterrand is said to have signed the common program with PCF in 1972 with the goal of taking 3 million votes away from the PCF. In this context of a reverse of power within the French left, the relationship between the PS and the PCF was very tense, and the PCF's position became ever more defensive.

Its ambition was not clear: partially realise the “*programme commun*” of the left? Support a vaguely left government in order to prevent the comeback of the right? Stimulate the popular movement to put pressure on the government? Use its presence to push policy to the left? Its ambition, which over-estimating its strength, consisted more in “being necessary” – with the hope of being able to become once again

² Some observers see the result of the Socialist Party in the European elections 2009 as a “second April 21”.

the first party of the left – than in seeking new paths of social transformation based on government participation. The PCF was not able to analyse the deep reasons for its loss of rooting and influence in society during these years, when the “popular milieu” started to distance themselves from the left government.³ The PCF was unable to fully assess the turning point of 1983, the rise of financial market capitalism, the neoliberal offensive implementing deep transformations in society, and the political system during these years, nor to present an alternative to the suicidal positioning of the left during the 1980s. In 1984, at the time of a change of prime minister and a government reshuffle which reduced the weight of the PCF, the party decided to leave the government. Participation in the government did not mean for the PCF that it had become able to elaborate a new kind of left-orientated government programme appropriate to this new context.

The turn of 1983 constituted a crucial moment in recent French history. Mitterrand and his government were confronted with a choice of orientation, the consequences of which proved to be determinant for the next twenty-five years. It was necessary to choose between the neoliberal offensive and the will to seek a left response to it. The decision taken was “to make a neoliberal detour” – from which the left has never returned to the original route.

During 1980s and '90s, traditional social and political alliances gradually eroded. The social block uniting the public sector and the “popular milieu” broke up under the neoliberal offensive and the renunciations of the left. The dominant forces agreed on “Maastricht Europe”, on a Europe of competition, the stability pact, and the Lisbon strategy. The differences between the republican right-wing and the governmental left eroded. The lines of fracture within society multiplied. The split grew between workers and public sector employees – between those who still had the feeling of being able to decide about their own lives and those who had lost that ability, particularly workers in industry.

³ See Guibert and Mergier, 2006.

New fractures opened up, depending on the ability of specific social groups to see themselves as economic and political subjects. This was the period when the National Front was able to gain a foothold in the middle of political life, and to surpass the 15% mark in elections. On the left, there was massive abstention, and some forces refused to support the governmental left.

The elections of 1988 turned on the issue of modernisation. The ideology of a society of owners was promoted, and the inequalities started to grow. The social malaise led Chirac to focus the elections of 1995 onto the issue of social fracture, by promising a policy to overcome it. The first mass movement against the neoliberal offensive broke out a few months later. The plural left, a new left alliance including the PS, the PCF, the Greens, and the republican left – supported by many movements born at this period – won the elections in 1997 and formed a government of cohabitation with the rightwing president, Chirac. This period ended in a spectacular failure for the left.

In the 2002 elections, the key question was far removed from social problems – it was centred on internal security; the left was eliminated in the first round by Le Pen. It was thus forced to mobilise against the FN and vote for Chirac. The lasting trauma of the left collapse shows that 2002 was not an accident, but a stage in the crumbling of the plural left. Prime Minister Lionel Jospin's government had certainly carried out a number of democratic and so-called "societal" reforms, but it continued the neoliberal drift, the policy in favour of financial capitalism, and the "precarisation" of work as a new tool of domination. During this time, privatisations were more massive than under the rightwing governments and the heart of the nationalised sector – telecommunications, air transport, etc. – was privatised. When Jospin, in the face of organised, unjustified and highly controversial mass dismissals, declared that the state could not do anything, he proved the renunciation of the left of any new policy against the reign of the markets. Thus, it opened an avenue for a voluntarist actor of the right like Sarkozy, who promised a political break and who in 2007 pushed the left to its lowest level since 1969.

Again, the trauma of the left is still present. The tendencies of fragmentation are, in spite of some attempts to gather left forces, stronger than the tendencies promoting a regroupment of forces based on a new policy. The government of the plural left between 1997 and 2002 strongly contributed to the doctrine of renunciation that increased the distance between the "popular milieus", left policy and the institutional left.

Nor did the participation of the PCF allow the development of any changed approach towards governmental participation, or any translation into action demanded by the social movement.⁴ The PCF option to participate in the government as a way of influencing the left, to "pull to the left", and to regain influence from a minority position within the left, has proven ineffective. Its involvement in such governments is not the primary cause of its decline, but a significant contemporary aspect of its inability to renew its political strategy in the context of the neoliberal offensive and the emergence of new contradictions within financial market capitalism. It showed the inability of the PCF to renew its vision of social and political alliances, to present coherent alternatives, to develop social dynamics and political mobilisation, or to develop a strategy to built a new left hegemony in the context of the crisis of the social-liberal orientation of social-democracy and its loss of influence. The decline of the PCF facilitated the socialists to limit themselves to social-democratic management. It also contributed to the rise of the extreme left and of long term rightwing hegemony.

At the same time, the critique of capitalism and neo-liberalism in France is more developed than in the other European countries, and accounted for the victory of the left "No" in the European referendum of 2005. Some 70% of wage earners, more than 90% of communist voters and even 60% of socialist voters rejected the project of a European constitution and a radically neoliberal treaty. The criticism of neo-liberalism is hegemonic, but does not translate into a project of the left capable of obtaining a majority. The forces of the left have not been able to invent

⁴ See Patrice Cohen-Seat: *Communisme, l'avenir d'une espérance*. Paris: Calmann-Lévy, 2007.

a concept of government that addresses the current liberal hegemony, and replace it with a new hegemony.

Thus, the alternative left faces a new challenge to develop a strategy for a new left hegemony and a concept of government aimed at social transformation. Not government participation itself is the problem, but several questions must be asked: what is the current structure of capitalist society? Which balance of power and which historical requirements exist for the political left? Which strategic options allow the left to influence social developments, modify the balance of forces, and stimulate social movements?

The critical left in France and in Europe is faced with strategic issues that so far have been unresolved. The political conscience in France has been shaped by the experience of the Popular Front of 1936, when the arrival of the left in government was followed by a powerful popular movement, and the combination of these two dynamics allowed changes of great scope. It is necessary, and urgent to develop a theory of radical social transformation which can articulate social and citizens' struggles, and spark co-operation between social movements and political forces in society and in the institutions, and also create a new approach towards the presence of the left in the institutions which would enable concrete transformation. The concept of economic democracy seems to me a major issue with the potential for a multidimensional political intervention which today is in the centre of discussion and political confrontation. It is necessary to start from a clear analysis of the fundamental contemporary contradictions to establish a political process that enables the emergence of a new social bloc able to meet the requirement for a radical political change. The current crisis, which is generally underestimated by the left, highlights the destructive effects of the neoliberal period and permits us to identify, with greater clarity, the stages of the loss of hegemony by the left, as well as the problems which result from that.

THE LEFT IN GOVERNMENT: CULTURAL AND POLITICAL DIMENSION OF THE CURRENT CHANGES

LILIÁN CELIBERTI, URUGUAY

The political position I am going to define in this article is the result of reflections and debates with many South American feminists participating in the *Articulation Feminista Marcosur* (Marcosur Feminist Articulation, AFM) as well as preoccupations shared with other political actors within the scope of the World Social Forum. Indeed, due to the changes that haven taken place in Latin America's political scene, initiatives to elucidate some important issues have multiplied in recent years. Questions like: What does being left mean today? How can we build democratic, non-capitalist projects? How can we articulate social change that includes individual transformation? Can we outgrow the notion of development based on supremacy over nature?¹

The assumption of government power in Latin America by progressive coalitions and fronts that, despite differing political lines, generally coincide in their discourse against neo-liberalism, the revaluation of the state as a key development actor, and citizens' participation, has aroused enormous hopes in society and the social movements that a new concept of rights is on the public agenda.

An initial issue debate to broach is how to reduce that heterogeneity of the assembled proposals to a common denominator of left government. Lumping together minimalist projects like that of the Chilean *Concertación* (Alliance of Parties for Democracy) or the conservative alliances and authoritarian practices of the *Frente Sandinista* in Nicaragua, is not the stuff of a profound debate on emancipatory alternatives. In our opinion, the generic brand "the left" adds up to de-politicism and prevents critical thinking, since it allows no differentiation

¹ Cândido Grzybowski & Gert Peuckert, (Instit. Coord.), *Observations and Reflections. Bases for building a post-neoliberal agenda*, Rio de Janeiro: Ibase, 2006.

between political machines, authoritarian, conservative policies and policies striving to generate democratic advances and social struggle.

But at the same time, acknowledging the important ideological differences and political practices that exist within the range of “progressive” governments ruling today in Latin America does not exempt us from analysing and reflecting upon these differences. Characterising the current political processes in South America with the emergence of new so-called left governments has given rise, amongst a considerable number of investigators, to a distinction between two major categories of governments: a so-called rational and gradualist left, such as the governments of Chile, Brazil and Uruguay; and a populist and vanguardist left such as those in Venezuela, Bolivia and Ecuador. The Argentine government takes a hybrid place between these two groups, while the one in Nicaragua is an enigma². The fragmented political identities and the emergence of post-materialist and socio-cultural demands reflect deep social transformations.

The subjective dimension of politics: old topics with new focuses

Like other anti-capitalist movements, the feminist movement is a leftist non-vanguardist source of anti-authoritarian non-conformism, defending the commitment of multiple and diverse actors, subject to change. In the words of Betânia Avila, the feminist movement “is not a movement that commands, centralises, or dictates models. Quite the contrary, it is a movement, which opens up, expands, sometimes conclusively” It is “a movement seeking to re-invent and radicalise political democracy and social democracy.”³ Based on these propositions, it is a movement which questions, challenges and disputes theoretical and practical, political and epistemological meanings. The abili-

² Moreira, Carlos: Los dilemas de la nueva izquierda gobernante en Latin America. In: *Argumentos* 20 (54), 2007: pp. 37-50 (México D.F.: UAM).

³ Maria Betânia Avila: *Los sentidos del feminismo. Ponencia presentada en el Encuentro de la Articulacion de Mujeres Brasileñas*. December 2006.

ty to envision a new scope of human, affective, economic and social relations re-dimensions the political debate by making the radical proposition of simultaneously considering alternatives from all their angles, or in the words of Souza Santos, to develop an alternative mindset regarding alternatives.

Democracy and citizenship are linked more than ever to a process of building the meaning of the “social”. New landscapes of conflict join traditional forms of segregation like territory, labour, gender, identity and class, conveying profound transformations of collective life. In a way, we feel vulnerable in view of the violence, desperation, marginalisation we experience, and of the destruction of our planet, the fundamentalism and the global crises.

Democratic order, its representational systems and institutions seem weak and lacking in the symbolic density to restore or create new allegiances, or to open new horizons envisioning other forms of co-existence and human habitability. If political space is “incapable of elaborating objectives that have an immediate effect, everything becomes limited to choosing the lesser of two evils,” says Lechner: “An omnipresent present casts doubt on the political leadership ability, but it does not make anxiety about the future disappear. This desire can become regressive and nourish populist movements. But likewise, it can stimulate the development of democracy.”⁴

The phantom of social justice

The main activity of social movements is to politicise the issues and goals society has to tackle. The claims and demands of the movements visualise the issues and conflicts obstructing our future options to build alternatives, and above all sociability – that social fabric which is so deeply lacerated by inequality. Indigenous peoples, the Afro-descendent movement, the feminist movement and women – those without

⁴ Norbert Lechner: *Las sombras del mañana: la dimension subjetiva de la política*. Santiago de Chile: LOM ediciones, 2002: 41.

land, without a roof, those who advocate food sovereignty and environmental justice with all the humanly possible diversity of ideological, political, strategic and tactic positions, contribute to the assertion of a new “common sense” and a new notion of individual and collective rights. New common sense by no means lacks controversy, and it puts the building of non-capitalist alternatives in politics and economics, as well as in the cultural and social sectors, up for public debate. Adopting a new emancipatory line requires a change in the analytical perspective and view of issues. It is the main battlefield of today’s political controversy. I would like to point out some of the main lines of that controversy.

A political scenario worthy of being characterised as post-neoliberal places the issue of development models on the political agenda, and focuses on the question of how to advance a process that questions hegemony and the capitalist centres of economic power. The prevailing development model features a strong emphasis on exports, especially primary exports, and capital account liberalisation makes sure that economic transnationalisation is maintained, if not augmented. Primary exports prioritise sectors like minerals, hydrocarbons and such agricultural raw material as soy.

All progressive governments promote that kind of export in various ways: Argentina and Chile offer incentives for mineral investment, Brazil and Uruguay encourage agro-business, Ecuador and Bolivia wish to increase their hydrocarbon exports – to cite a few examples. Hence development of that kind is basically extractivist.⁵ As already indicated in the foundations for building a post-neoliberal agenda: “The problem is that, on the left too, the development of the productive forces occupies a key position, albeit not strongly questioned. This limits both the proposals and the view of the so-called progressive forces within the boundaries of the productivist paradigm.”⁶ Therefore such visions con-

⁵ French Davies, in: E. Gudynas, Rubén Guevara y Francisco Roque, (ed.) in: *Heterodoxos. Tensiones y posibilidades de las políticas sociales en los gobiernos progresistas de América del Sur*. Montevideo: CLAES D3E, 2008, pp. 29.

⁶ Grzybowski y Peuckert, *ibid.*: 25.

strict the political work of any government; in other words, there is no opportunity for an amicable transition between social movements and government, even if those social sectors form an important part of the left governments’ base.

Though a lopsided discourse is prevalent, which transforms integration into an icon imposed over any realistic evaluation of its impacts and actual advances, regional integration attempts have not really walked the talk. Carlos Eduardo Carvalho⁷ points out that this is a dangerous attitude, given, among other things, the broad and ambiguous nature of that concept, which allows it to be used in the reverse sense for both neoliberal and progressive objectives. In this sense, the term “integration” loses great part of its capacity to provide political guidance, inasmuch as it is not transformed into specific plans for productive complementarity.

Social fragmentation and exclusion processes pose challenges of democratisation in terms of rephrasing the relations between state, the market and society. Reverting social exclusion processes requires promoting new spaces for collective action as well. The abundance of social and cultural life is manifested in the political arena like the tip of an iceberg, and “we must begin to seriously consider social actions as the other side of the moon, as that part of our collective life that constantly seeks to be revealed, and which reminds us how limited our representative mechanisms and our decision-making processes are.”⁸ From that angle, democracy restrains its capacity to make conflicts emerge, to make them public – thus creating the possibility to build and strengthen new collective identities.

Like political space, public space is neither an open space nor an equally habitable one for all actors and subjects. There are those who can intervene in public debates, and others who, for reasons of class, race or gender, have only limited access. Public space, as Virginia Vargas

⁷ Carlos Eduardo Carvalho; Passos importantes, muitas dificuldades. En: *Le Monde Diplomatique Brasil*, February 2009.

⁸ Melucci, Alberto: *Vivencia y convivencia: teoría social para una era de la información*. Madrid: Editorial Trotta, 2001.

notes, “can be tremendously aggressive for women; since it is the sphere traditionally dominated by men, and regardless of their intervention, women have only limited access to political decision-making, and they generally do it without being heard or seen. It is the space where they are excluded, or their gender interests are silenced, and where their struggles for the redistribution of resources and power and acknowledgment as subjects and social actors take place.”⁹ The partisan left in general has minimised the degree of change to be permitted in the area of the abolition of patriarchal roots in the relations between women and men. But that “other side of the moon” begins to manifest itself like a cultural revolution, turning the personal into an indispensable political dimension.

It is interesting to analyse, to take a recent example, the discomfort the left showed on the paternity charges against the President of Paraguay, which gives the debate about the relationship between the “private” and “public” a new dimension. In the words of Paraguayan feminist Clyde Soto:

“The paternity of Lugo, revealed in an unexpected claim, and acknowledged in view of an emerging scandal, registers in the most consolidated patriarchal Paraguayan tradition. What is interesting here is that it teaches us a little big lesson: today women have instruments to prevent things from continuing like that. This is about the president of the Republic and a man, who held a high office in the Catholic ecclesiastical hierarchy ... If this is a lesson learned by women, we made an important step towards the full enjoyment of the rights of women in Paraguay. If men learn it too – all the better.”¹⁰

If today women possess the instruments to confront patriarchal impunity, it is because the feminist movement has for thirty years now been breaking with the hegemonic culture, and opening a new notion of rights.

⁹ Virginia Vargas: *Las Mujeres y la democracia de Proximidad algunas pistas – para el VI Encuentro de la Red Mundial Forum de Autoridades Locales por la Inclusión (FAL)*. Foro Social Mundial, Caracas 2006, <http://www.mujeresdelsur.org.uy/fsm/2006/informe06a2.htm> [Aug. 2008]

¹⁰ Clyde Soto: Lecciones de la paternidad de Lugo. In: *La Micrófono*, April 2009. Revista electrónica (Paraguay).

Wherever, as in our region, such deep economic, social and symbolic disparity exists, public space and the representation of the actors therein is by definition an incomplete, precarious and partial space. And it is a challenge for us as democratic actors to seek ways to multiply the voices and amplify spaces for participation. Hence, acknowledging the limits of representation mechanisms could mark the beginning of radical democracy building.

Dialogues doomed by the Orthodox Left

During one of the debates at the last Latin American and Caribbean Feminist Meeting, it became clear that we as feminists “are fighting with a left that puts us on shaky ground: populism or political clientelism. We are fighting with a left that throws us out of the *house* if we criticise it; which sends us straight off to the right, or hurls us into orphanhood.”

In terms of specific politics: which is the camp of alliances the parties of the left favour? Obviously neither the relations with the indigenous movement, nor with the feminist nor the ecology movement, just to mention a few. In a way, the governments forego an intellectuality that demands more democratic radicalism, more political consistency and more cultural change and visions.

Or how else can we interpret the veto by Uruguayan president Tabaré Vazquez MD of a bill approved by parliament to legalise abortion (*Proyecto de Salud Sexual y Reproductiva*), supported not only by his own party, but also by public opinion? Or the repression of the Mapuche in Chile; or the clashes with people protesting a hydroelectric power plant or other mega-projects?

Certainly, there are structural restrictions in consolidating advances towards other development matrixes and international incorporation, but it is permissible to ask the left to provide a social scenario and the critical mass for change; a space, in the words of Boaventura de Sousa Santos, for epistemological and democratic imagination.

From a political point of view, we are part of a political camp that I neither want to denigrate nor compromise with patrimonialist and anti-

democratic practices of leadership power. Promoting democratic quality has been one of the electoral principles of the left in opposition to formal democracy, and minimum neo-liberalism. It is a component, however, that doesn't seem to be of significance for leftist parties willing to sit in the Foro de San Pablo with Daniel Ortega's *Frente Sandinista*. In an edition of *Sin permiso*, Christoph Jünke confirmed what Leo Kofler had already emphasised fifty years ago, that "any new attempt at socialism will be democratic, or it will not be at all. A new socialist attempt can only attract majority support and win if it does not play political freedom off against social freedom; if, in political practice, it unites political freedom with social freedom to a new universal level of freedom."¹¹

With their struggles for more rights, societies construct new meanings and dimensions of justice and freedom. Their social practices introduce anxieties, hopes and acknowledgment of "otherness", thus building new emancipatory meanings and horizons.

The controversial dimensions of environmental, social, racial and gender justice, the use and management of natural resources, abortion and reproductive autonomy of women as well as sexual diversity constitute some of the contemporary political fields dividing or disturbing the ruling left in Latin America. The marginalisation of some fields of political activism by the partisan left repeats a separation between the material and the cultural – obsolete in theory and practice. But what is worst is the kind of orthodoxy that, as Judith Butler points out, "works in tandem with a social and sexual conservatism that seeks to make questions of race and sexuality secondary to the 'real' business of politics, producing a new and eerie political formation of neo-conservative Marxisms."¹²

Unquestionably we have arrived at a crossroads: even though there is, on the one hand, greater awareness of rights, which opens and releases

¹¹ Christoph Jünke: El pasado que no pasa: la larga sombra del estalinismo (The Past that won't pass. Stalinism's long shadow), in: *Sin Permiso*, Apr.2009, online magazine.

¹² Judith Butler: Merely Cultural. *New Left Review* 1/227, January-February 1998 (here quoted from: <http://www.brynmawr.edu/Acads/GSSW/schram/butlermerelycultural.pdf>)

new controversies, on the other hand, the theoretical and institutional deficits of the left groups in providing new symbolic cultural and political guidance of change becomes obvious in the political scenario.

For the political right and the fundamentalist right, these are priorities in their conservative crusade, fully aware of the left's weak resistance and its internal tensions and doubts. As Xosé Manuel Beiras so aptly emphasises, "the most important distorting factor [of the right] is usually the use of so-called 'hot-button' issues as a means of manipulating public opinion regarding what has become known in recent years in the USA as the cultural war: the cultural war ignited by a new right against some of the emblematic 'cultural' achievements of the seventies, like legalisation of abortion, positive discrimination or the fortification of a secular state (*laïcité*)."¹³

The "congruent polarisation" defined by Beiras strives to construct a left field that argues with the right about those symbolic cultural issues. A left that broadens the horizons of freedom instead of limiting them, a secular anti-confessional and democratic left, a left that helps to manufacture transcendental antidotes against violence and lack of social solidarity. A left prepared to make new pacts of justice, acknowledgment and autonomy. A left prepared to rethink and question itself, and to try out new ways of institutional experimentation; not to perpetuate its leaders indefinitely in power, but to deepen forms of democratic participation and effectuate social control over its policies.

Left groups arrive at government spaces within the capitalist framework with rigid rules of international trade and with accumulation models. But can't they really think of anything other than how to adapt themselves to them? As Butler states, "[d]istinct from a view that casts the operation of power in the political field exclusively in terms of discrete blocs which vie with one other for control of policy questions, hegemony emphasises the ways in which power operates to form our everyday understanding of social relations, and to orchestrate the ways in

¹³ Xosé Manuel Beiras: Glosa(s) respecto de la izquierda (imaginaria), in: *Sin Permiso*, April 2009. Online magazine.

which we consent (and reproduce) those tacit and covert relations of power. ... Moreover, social transformation occurs not merely by rallying mass numbers in favour of a cause, but precisely through the ways in which daily social relations are rearticulated, and new conceptual horizons opened up by anomalous and subversive practices.”¹⁴ It is a matter of constructing hegemony from political practices appearing in multiple spaces and with multiple subversive actions in the intimacy of both, the private and the public, which turns political action for social transformation into an everyday transformation of power relations.

¹⁴ Butler, J. Laclau, E. and Žižek, S. *Contingency, Hegemony, Universality: Contemporary Dialogues on the Left*, London and New York: Verso, 2000, pp. 14f.

THE LEFT IN GOVERNMENT: THE EXPERIENCE OF CYPRUS

IOANNIS COLOCASIDES, CYPRUS

We are living in an age where the Marxist parties of the working people are moving beyond an introvert period after the dissolution of the Soviet Union and the community of socialist countries of Europe. They are re-gathering their forces, actively participating in the political and social affairs of their countries, struggling in the front line of the mass popular movements, and are once again making their presence felt at central stage, not just as forces of resistance and assertion of the rights of working people, but in some countries also as forces of assertion, and exercising state power.

As AKEL, we believe that wherever conditions and preconditions are created for the participation of Marxist parties of the working people in the governance of their countries, this must be pursued, even if the preconditions for the implementation of their socialist programmes do not exist. A progressive administration can deal with the core issues of our times on a pro-popular basis by serving the interests of working people and the broader popular strata, serving the needs of anti-imperialist struggle, the struggle against big multinational capital and neo-liberalism, as well as the struggle for peace, democracy, human rights and social progress.

Furthermore, we believe that the political and social alliances of the party of the working class together with the other democratic and progressive forces are essential. Through these alliances – of course with difficulties and setbacks – the given goals at each time are promoted. We hold the view that there are no ready-made recipes that can be applied by everyone. Each party undertakes the responsibility and has the duty to determine its own policy and its own goals, guided of course by the Marxist outlook and taking into account the historical experience which the revolutionary movement has accumulated all over the world.

In our opinion, the fundamental factor for the elaboration of the policy of each party must be the concrete conditions that prevail in a given country and region. It is extremely important to have a very clear perception of the stage of the struggle that a country is going through, which in turn also determines the objectives of the struggle, the broadness and content of the political and social alliances, and the tactics that must be implemented.

AKEL always took, and still takes into account the specific and particular conditions of Cyprus. AKEL has gained the position of the largest political force in our country not only because it consistently defends the class interests of the working people, not only because it maintains and enhances daily contact with the people and their problems, but also because it always had and still has a policy that serves the needs of the Cypriot people for a free and independent existence in the international arena. It had a correct opinion regarding the goals and needs of the anti-colonial struggle in the past; and today it has a correct view regarding the goals and needs of the anti-occupational struggle for the reunification of our country in relation to the current stage of struggle. The existence and the developments around the Cyprus problem constitute the great peculiarity of Cyprus, which AKEL takes as its utmost priority when defining its objectives and policies.

Cyprus attained independence in 1960 after a fierce anti-colonial struggle in which AKEL played a leading role. The Republic of Cyprus from the first followed a non-aligned policy, provoking the animosity of NATO, which always wanted to subjugate Cyprus to its sphere of influence in order to use its strategic position to promote its imperialist and anti-communist plans in the Eastern Mediterranean and the Middle East.

The imperialist conspiracies against the Republic of Cyprus began immediately after the declaration of independence. NATO imperialism used the British policy of divide and rule, the aggressive designs of Turkey towards Cyprus, the military junta of Greece between the years 1967-1974, nationalism-chauvinism which caused the conflict between the Greek Cypriot and Turkish Cypriot citizens of the island and the

activity of the fascist extreme-right wing circles in both communities. The imperialist conspiracies reached a climax in 1974 with the fascist coup and the Turkish invasion, which led to the occupation of a large part of the Republic of Cyprus by the Turkish army. Our main duty since 1974 and thereon is to liberate Cyprus from the occupation and reunify our country and people, Greek Cypriots and Turkish Cypriots.

In the years of the anti-colonial struggle, the period of struggle for the defense of the independence of Cyprus and against the Turkish occupation, AKEL implemented with consistency the policy of alliances with other democratic and progressive forces. Only a broad front of political and social alliances can ensure a successful outcome of our anti-occupational struggle.

In Cyprus, we have a presidential system. The President of the Republic is elected by the people and appoints the government, which does not depend on the party balance within the parliament. The President plays a decisive role both in the handling of the Cyprus problem and concerning internal governance. In 2007 we in AKEL believed that the conditions were ripe to put forth the candidacy of Dimitris Christofias, the leader of AKEL, for the presidency. With this decision, we reversed the long-standing policy of AKEL for the need of a broad political and social alliance. However, we made a step forward by projecting the leader of AKEL to head this possible cooperation of political and social forces.

The programme on which Christofias contested the elections was not and could not have been a programme for socialist transformation, because today the preconditions for socialist change do not exist in Cyprus, and because a socialist programme would restrict the broadness of the cooperation we aim for. In addition, since the primary objective in Cyprus is to rallying as many forces as possible in an anti-occupational front, we judge that as long as the issue of the liberation of Cyprus from foreign occupation is pending, the issue of a government with a socialist orientation is out of the question.

Therefore, the Cyprus problem and the struggle for the reunification of Cyprus is the key element of the Christofias programme. From there

on of course the issues regarding internal governance included the Christofias programme have a content which, whilst it does not go beyond the existing capitalist system, is clearly directed towards people's interests. The Christofias programme rejects neoliberalism and upholds workers' gains. It seeks the strengthening of the welfare state. It strives to make radical changes and reforms that have a markedly progressive character.

During the first round of the presidential elections in February 2008, it was not possible to have a broader cooperation with parties around the Christofias candidacy, which was supported by a broad spectrum of political and social personalities and smaller parties, not however by the parties of the centre and the centre-left with whom we traditionally cooperate. Cooperation with these parties was achieved during the second round of the elections, and resulted in the election of Dimitris Christofias.

This victory was in our opinion an important and historic development because whilst Christofias was not elected on a programme for socialist transformation, the mere fact that for the first time the leader of the Communist Party of Cyprus contested the presidency of the state and won is of enormous significance, not only for our country but also more widely on the international level, bearing in mind the conditions prevailing internationally and especially in Europe and our region. AKEL participates in the government formed by D. Christofias; it is in essence the party that supports the government. Personalities from the centrist Democratic Party and the social democratic EDEK from a broad democratic spectrum also participate in the government. It is not a coalition government, but rather a government with participation of representatives of these parties.

After its first year, the Dimitris Christofias government is implementing its programme backed mainly by AKEL, in the face of a number of difficulties and problems. It has proved that it is serving Cyprus and our people in a correct manner. The difference from previous governments is discernable. The Cypriot people feel the positive change which has taken place, and appreciate it. All the public opinion polls show broad

acceptance of the Christofias government and the president himself; an acceptance and support that goes far beyond the bounds and influence of the left.

The election of Christofias, the policy he is following and the initiatives he is undertaking have rejuvenated hope for the solution of the Cyprus problem. The international community supports his efforts. The procedure of the bi-communal talks has restarted, aiming for a federal solution. The actions of Turkey that seek to promote the international recognition of the so-called "Turkish Republic of Northern Cyprus", the illegal entity created on the part of Cyprus occupied by the Turkish army, are not finding any acceptance. Of course a solution to the Cyprus problem is still a long way ahead of us, and will require a change of policy in Ankara on the Cyprus problem. Ankara must understand that a solution of the Cyprus problem in line with the resolutions of the UN and international and European law is also in its own interest.

In domestic policy, the first year of the Christofias government unfortunately coincided with the outbreak of the world economic crisis. Despite this, the progressive programme of the government in favour of people's interests is being implemented and will continue to be implemented. For example, whilst the insurance funds in other countries are collapsing, in Cyprus, the Christofias government has safeguarded the sustainability of the social insurance fund for the next fifty years. This has been achieved through the consensus agreed between the employers, the government and the trade union movement and the majority of the political forces. The minimum wage has been increased. A comprehensive scheme to increase low pensions has been drafted. Public benefits granted to socially vulnerable groups have also been increased. A scheme for student support has been approved, and education reform is proceeding. A comprehensive housing policy has been formulated.

Concerning the economic crisis, Cyprus is in a better position than many other countries, mainly due to the fact that, despite the attempts of the conservative party, neo-liberalism was not implemented to the extent they would have wanted, due to the constant resistance of

AKEL and the trade union movement. Certainly, the crisis has also affected us. Any attempt to place the burden of the crisis on the shoulders of the working people will face the resistance of AKEL, but also of the government itself. The crisis in Cyprus mainly affects tourism and the construction industry. The Christofias government is tackling the crisis through a series of measures that also have a social character. For example, under a plan for low interest and long term loans, young families are being helped to buy houses, which at the same time supports the construction industry.

Cyprus is a member of the European Union, so that the Christofias government is often forced to operate within the framework of policy formulated in Brussels. However we do not adopt a passive stand. Both the Christofias government and AKEL pursue a policy of assertion and defence of the rights of Cyprus and its working people. Even though we are a small country with limited possibilities, we have also achieved successes, even within the context of the negative neoliberal environment of the EU, precisely because we are so assertive. For example, Cyprus fought for and attained an exemption from the full liberalisation of the energy sector, allowing the country to continue exercising state control over the energy sector for the next ten to twenty years. This protects the consumer and public character of energy production.

As stated, the government also faces major difficulties and problems. Regarding the Cyprus problem, they mainly stem from the parties participating in the government. There are powerful nationalist circles in the centrist and socialist parties that reject any the solution based on federation. They are in agreement with other extreme rightwing and chauvinist forces, and fiercely oppose the president and AKEL. Their position is provoking the reaction of the people of the left who are quite rightly displeased. The rank and file members of AKEL are calling on us to end our cooperation with these parties. Of course the leadership of AKEL knows that a "heroic" self-isolation will not benefit the cause of Cyprus, nor AKEL or the president. That is why AKEL and the President constantly try to build bridges of communication with the broad masses of the centre and socialist party and with those members of their

leaderships that are taking a correct position. As difficult as it is to build cooperation, it is even more difficult to make this cooperation work and preserve it over the long term. This is also true regarding domestic issues to which we shall refer below.

The Christofias programme is not a programme of socialist transformation; it is a programme for radical changes that naturally faces the resistance of the economic, political, social and ideological establishment, including that of the leadership of the Cypriot church. This is especially evident in the current fierce reaction towards the education reform, where the bourgeois establishment feels that its traditional privilege to mould the young generation as it wants is under threat. Their reaction often borders on paroxysm. Here, the forces of bourgeois society, whether of the centre, the social democrats or the conservative right, are seeking to forge a front against AKEL and President Christofias to block the education reform project.

We are also facing difficulties within the state machinery and state bureaucracy, which is largely staffed by people from parts of the political spectrum other than the left. On the other hand, the aspirations people have of AKEL are naturally high. Our duty is to meet these aspirations, and this is what we are trying to do. From time to time, especially among the people of the left, there is impatience to see all we have pledged be carried out immediately. They ignore the fact that the government programme is for a five year term, and that there are objective difficulties and obstacles, such as the impact of the world economic crisis. They ignore the fact that we are dealing with a state-machinery that is not friendly to the government. We have constant and ongoing contact and dialogue with the people to explain all these issues. Whatever difficulties and problems we encounter; they will not divert us from the path we have chosen. On the contrary, both AKEL and President Christofias are determined to continue our path, insisting on the implementation of the programme on the basis of which the people gave a mandate to Dimitris Christofias.

In conclusion, I would also like to discuss the issue of the relations between party and government. AKEL is the main force upon which the

government relies to promote its radical programme, and from which it draws moral and political support. However, from the very outset, we have made it absolutely clear that AKEL must not be considered identical with the government. It would be a serious mistake for the Party to abandon its autonomy and its assertive and militant character just because a person from our own ranks assumed the presidency. AKEL continues to guide the class struggle of the working people. It continues to fight and be assertive for the working people, in the front line and the vanguard force in popular mobilisations. Of course, AKEL takes into account who is governing, and there is a great difference in the level and degree of response of the current executive power regarding people's problems in comparison to the past. However, the government is still something separate from the party. There are cases when the approaches of the party and the government are different, and this is something we consider quite natural and permissible.

The secret of the successes attained by AKEL lies in its lively, deep and constant relationship and ties with the people and their problems. We are bound to continuously enhance and strengthen this relationship even more now that we are a party that supports the government.

THE LEFT: ADMINISTRATOR OF CRISIS OR PROMOTER OF STRUCTURAL REFORMS?

GERMÁN RODAS CHAVES, ECUADOR

Mankind is undergoing a structural crisis. We are not dealing with just any kind of crisis here; this is a crisis of a globalised world, which means that the process of systemic deterioration has forcibly contaminated all its contexts. This crisis has principally been manifest in the economic spectrum, but we should clearly keep in mind that it is also a political crisis, in which that societal archetype has been affected.

The breakers of this crisis initially appeared in the United States, or rather became evident in connection with the recession which began in the United States in late 2007, and then in the fourth quarter of 2008, when the GDP plummeted by 6%.

Attempts were made to suffocate the phenomenon, which soon also spread to other core countries, with such measures as fiscal subsidies and costly bail-out packages for financial institutions that precipitated bankruptcy, amidst an economic recession as great as, if not even greater than the Great Depression of 1929.

Unemployment and underemployment have reached scary figures, not only in the core countries, but also in the periphery, due to their cruel dependence on the former. This reality seems to be a systemic collapse, i.e. a complete failure, as no one less than former U.S. Assistant Secretary of the Treasury Paul Craig Roberts, now Associate Editor of the Wall Street Journal, wrote on 18 March 2008 in an article titled "The Collapse of American Power".¹

Inevitably we have to add to the financial crisis the other crises, which in the end are interdependent, and form part of the situation, which is now afflicting the world. Indeed, the energy crisis, as shown in the oil peak, as well as the food crisis, the environmental crisis and the restriction of consumption all form part of the current topography of civilisation.

¹ <http://www.counterpunch.org/roberts03182008.html>

This crisis was heralded with the beginning twenty-first century. The systemic limits had been in evidence for quite some time, to the extent that the democratic electoral successes of the Latin American left, for instance, not only reflected the organic political advances in that region, but are part of the societal response and a search for alternatives to the neoliberal model, which has spawned poverty, inequity and injustice. The same thing occurred in Europe, where the growth of progressive forces penetrating the governments indicates, too, the search for alternatives to the prevailing situation.

The progressive, the left, the nationalist, the patriotic, and the democratic strands pursuing government policies tending in an opposite direction, find themselves in a situation that is not only about good governance, but also about responding coherently to a complex local and global situation.

What is going on in Latin America?

Parallel to the above described crisis, Latin America is undergoing a stage of political readjustment, a process of reversal in all respects of the economic model that had prevailed since the 1980s, which had distinguished itself by gutting the state and instituting policies in favour of privatisation.

In this context, it moreover became evident that the influence of the left, progressive, nationalist, and democratic parties on the people's hearts encouraged the masses to take on the leading role they are entitled to, and thus favoured a political atmosphere at elections that confronted and isolated the sectors compromised by the local crises.

Another important factor in this context has been the active presence of the so-called civil society, which I prefer to call the non-party left, which has been able to marshal support in vast sectors of the population, many of them neglected by the traditional political left forces, who were regrettably incapable of dealing with social diversity, due to their dogmatism and reductionism.

Within the scope of Latin American reality, regimes have emerged which have in some cases promoted an immediate rupture with the past and, in others, adopted policies of an eminently social nature that likewise highlight the contradictions of the class conflict. Neither of the two however, calls for radical action to change the economic and social structures of the prevailing stagnated system.

It is not my intention to analyse in specific the political ruptures of transition, or moreover, whether they constitute a common denominator in the region, nor to stigmatise elections or deny their importance in energising the demand for change in our societies, despite the manipulations from all sides.

Neither will I try to approach the hues of such social and political phenomena; rather I would like to reflect, in a general and unspecific manner, on some of those socio-political processes, which have defined, for instance, the elaboration of new constitutions and the modification of political regulations as the main line of their administration. These are important matters that force us to check whether they are sufficient to confront the crisis from a left position.

And when I talk about that reality of mobilising constituents, I am not referring to the collective conquests which may be implied in these new constitutions – which is positive as such; rather, I would like to examine two matters: Has the convocation of constituent assemblies and the formulation of new constitutions energised the class conflict? And: does this political instrument account for the structural changes of our societies for which the Latin American left has long struggled, or not?

These questions, however, require some explanation, in particular to the areas of reflection on democracy, since we have to start from the assumption that, basically, the Latin American powers in favour of change intend to build authentic democratic models in politics, social affairs and economics, not just to break with authoritarian forms of power, but in order to build societal structures taking into account the diversity of our peoples and protecting their systematically violated rights in the context of the republics which to this day has meant the construction of nation states.

Some historical background and the current situation in Latin America

The concept of democracy in the understanding of the western world originates in ancient Greece, and was used in Athens between 500 and 100 BC. According to legend, Theseus had divided the free citizens of Attica into *demiurgi*, or artisans; *geomori*, or rural people and the ruling *eupatridae*; there were also the *metics*, the slaves and women. The *demiurgi* and *geomori* constituted the *demos*, or common people, which was in growing opposition to the nobility. Thus, democracy means the government of artisans and peasants, from which slaves, women and nobles were excluded.

This is the first problem. This exclusion represented, even for that period, a distortion, whatever may have been the cause. Thus, such a form of social and political organisation already harboured the seed of marginalisation. This shows the original limitations of what was the model of democracy for the so-called western world, which in the course of history adapted social representation not without considerable manipulations to the full participation of all social groups. This is at the root of both direct and indirect democracy, and of semi-direct democracy.

Direct democracy, applied in small societies or communities, and later deformed by classical liberalism and capitalism, has expected the citizens gathered in assemblies to deliberate and take decisions that will regulate the life of the aggregate. However that procedure of horizontal consultation has been directed towards solving problems that don't affect the structure of a society and thus will not oppose the execution of power. Usually, it has been used to resolve issues of little collective importance.

In other societies, such as those of the Latin American indigenous people, and particularly in the *Alto Andino*, High Andes, that kind of consultation has constituted an important historical mechanism for authorities and their populations to relate to. Therefore their cultural and social decision-making process involves the broadest collective participation and the efficiency of a community. However, due to the socio-econom-

ic character of the group, these decisions usually have no impact on the structural features of their countries.

By contrast, indirect or representative democracy used today in our regions promotes a system in which the population is content to choose representatives so that they, supposedly in the name of the community, make the decisions within the context of a hierarchical model. It has proved to be the most suitable, inasmuch as it is used repeatedly, in accordance with the myth that the more such election events a country can produce, the more democratic it will be.

To fulfil this electoral formality the presence of party structures has in some cases been favoured; they have become a kind of interlocutor between society and the state. Something similar has happened to the so-called social movements, which, on balance, are acting as communicating tubes between the state and society. This task, with the goal of distending contradictions and social conflicts, was handed over to them, depending on political opportunity, adopting the role of the parties, after they had previously been denigrated undifferentiatedly.

Thus the perversity of the system has configured an equation: some of the partisan organisations with conceptual frameworks of the left, of change, renovation and progress – many of them contradictory to the established order – have been dragged into participating in the institutionality. Something similar has happened to the non-partisan left, which usually expressed itself in the social movements and which currently has a much more active and protagonistic drive in their interlocution with power.

In any event, since the system of indirect democracy has lost credibility, so-called semi-direct democracy has recently been favoured; that is, a system which resorts to mechanisms of citizen consultation, usually about subjects that do not affect central issues of the social structure, and which concern important topics, but on balance not fundamental ones.

Indeed, the plebiscite, which limits the citizens to voting yes or no for a particular proposal; the referendum, under which the citizens either accept or reject an established standard, such as a draft constitution;

the popular initiative, which permits a group of citizens to force a public vote by petition, and the recall election have turned into energising factors for citizens' participation in the basic issues of society. More often than not, this archetype of consultation has become a manipulative tool to prevent conflicts and contradictions from eroding real power and its institutions.

In any case a basic defect is inherent in these processes: the constitutions have to bring together the social, economic and political changes demanded by the people in their struggles and mobilisations. If nothing happens in that regard, the constitutional text will have the opposite effect of the advances it expressly intends, and end up as a political phenomenon which prevents social conflicts, making concessions for the benefit of those who would potentially confront the institutionality.

Are these constitutions and the methods of their approval the results of accommodations agreed upon with the "institutional order", so as to maintain their hegemony, and prevent reactions of any kind and origin?

Are we ideologically and formally subjected to a liberal democracy?

Obviously, the complex world of democracies – its institutions and models – has configured a system, which, with various nuances, has structured the realities of our countries. The consolidations of power and class interests expressed by that power have been achieved in a variety of ways throughout human history. The wars and the subjugation of peoples, among other deformations, constituted the original form of control over communities, at the same time as the various forms of government known from history were consolidated.

However, with the rise of liberal thinking simultaneously linked to the characteristic features of an archetypal economic and social development, and orchestrated by the interests of a hegemonic class, emerged the need for confrontation with excessive, unlimited power, that is, with the eventual dependency of the electorate.

To prevent that, present society is organised on the principle of the balance of power, and reinforces the intermediary bodies, thus excluding common and collective goods and the masses, as I touched on above, with regard to traditional political parties and what has happened to so-called "civil society".

Against this background, democracy and liberalism have converged into an institutional model, in which power is apparently subordinated to a superior norm (the constitution) and applied by means of various laws. In this context liberal democracies elect individuals who are to implement this social contract. Indirect democracy suits them in that effect, but even direct liberal democracy could prove beneficiary for them, since it does not threaten the economic and social structure of the model.

The constituents – a shortcut to ventilating social conflicts?

This point is to establish, at least for the debate, that in our societies the neoliberal model has collapsed, and that this fact is due to a structural crisis and to an equally formidable social and political struggle confronting it. In this context, real power and institutionality find themselves overtaken in Latin America – in the electoral system – by propositions for change and renovation the limits of which, however, have now become apparent. They are due to the lack of structural modifications in the "governance" of political sectors, which were historically and ideologically involved with revolutionary projects and active partisan procedures.

Given that the constituents have not been the culmination of insurgent actions, revolutionary processes or substantial social mobilisation, constituents, who have not necessarily gained their political space as a result of their social struggles, but as the outcome of electoral trends, have not felt citizen pressure to facilitate profound changes in the constitutional prototype. In most cases, they have responded to circumstantial government interests, limiting them to favour their governmental situation.

Certainly, it cannot be denied that constitutions have (re)covered with their content important social yearnings, modifications in favour of determined groups which have been neglected and which in fact have particularly stubborn ways to sustain the regimes they identify with. But they did not achieve a sufficiently profound rupture to eliminate those of the dominant class who have built the political and economic power in our countries.

Facing this fact – which, I insist, does not deny the importance of the reforms in a process of change in Latin America – there appears once again (and not from a radical, declamatory or *principista* position) the political and academic anxiety regarding the pertinence of a reform or revolution. This apparent symmetry posed with the economic equation is fatalistic and inopportune, while from a strategic point of view, it can be a complementary exercise of unusual importance. Apprehending that reality can, then, guide the way to renovation in Latin America. An adequate analysis of this is necessary for indispensable qualitative changes, so as not to violate the aspirations of the exploited parties.

The challenge of the Left: not crisis management

Due to the above, it would seem that the left and social forces for change have basically opted for a modification of the hitherto prevailing political models. However, the alternatives have still been pigeonholed. In the face of current reality, the left cannot spend its time managing the crisis. It must take a qualitative leap not only to distinguish itself diametrically from the cause of the prevailing situation, but also to support creatively an economic and social model that aim to build a distinct alternative order.

In this context, it is indispensable to set a series of actions in motion to express the will of the so-called regimes of change to effect the modification of the old order. I would like to explain some of their ideas: First, it is vital that the societal and party left connect themselves closely to those governments of change, so as to stimulate internally essential measures to replace the establishment. This overlapping, which must

become increasingly organic, should sustain government action. Any other relationship will revert to political clientelism, and will lack historic legitimacy or will meander in unfinished or imprecise theoretical realms. Moreover, to favour the action of the governments of change, it is once again indispensable to tread the path of regional integration. This unionist vision must involve not only a commercial or customs union, but a process of unity of the peoples to defend their regional natural resources, with the goal of promoting the movement of the workers, the employees, and the under-employed, given that the bulk of jobs come from micro-businesses, co-operatives, self-administration – which the governments of change should provide with all possible support – and the strategic perspective to build regional economic networks and entrepreneurial alternatives with the objective of promoting common actions (small businesses, loans, adequate exploitation of the natural and energy resources, protection of the environment etc.)

From that perspective, the Southern Common Market (MERCOSUR) and the Andean Community (CAN) must be consolidated first, like communicating tubes, to effect the construction of the Latin American Unity. Parallel to that, unionist structures should agree to strengthened relations with the countries of the European Union and other forms of integration beginning to emerge in other continents. It is the only way to abolish any kind exclusive hegemony.

This unionism must inevitably integrate the regional political and social forces. Collective reflection and the exchange of experiences in that area must become a laboratory to invigorate government actions of the regimes of change. It is impossible to govern without regional cohesion and collective goals. This would allow us in the case of the Andean region for instance to stimulate a negotiated solution for the situation of Columbia and the Plan Colombia, which nowadays includes, among other things, the dispute about the biodiversity of that zone.

To overcome the lopsided thinking dictated by the market means going beyond government programmes to fight poverty and injustice, to a fundamental rupture with the existing structure. This means subordinating the market to public needs. No concessions can be made here,

because it is vital to protect humanity against the structures which have subjugated it and led it to a world of inequity. This conduct implies substantially adopting policies, standards and resolutions to dismantle the complex model of neoliberalism which forms the current historical determinant, in favour of a new articulation of agrarian reform, a reinforcement of the state, and support for vulnerable sectors by redistributing public funds for their benefit.

Obviously, all this has to be supplemented by measures for food security within the framework of full sovereignty, which implies a production incentive responding to that priority without neglecting, of course, the protection of the environment. Likewise, making use of self-determination, energy sovereignty must consolidate regional relations regarding the promotion of the ordered emergence of a new local, regional and global economic order.

Currently, the left in government has the capacity to work towards the structural reforms I referred to; adopting such a course is revolutionary. It is a historic moment which will not only be measured by the success at the ballot box, but is essential for the social mobilisation needed to defend its achievements. It is a process that requires revolutionary ethics to seize the historic opportunity to change the economic model. Not to act in this perspective would be more than inopportune. It would mean betraying a historic political trend, to which thousands of men and women have been sacrificed, and unjustifiably permitting the perverse recovery of today's necrotic model, by depicting the current actors as incapable of finding a solution to the present situation. Confronting such a mendacious policy requires irreversible action, with the knowledge that the present opportunity is our only one. For the left, the hour has arrived to decide, as José Martí said, on which side duty lies.

CHANGING RELATIONS BETWEEN PARTY AND NON-PARLIAMENTARY ORGANISATIONS: THE EXAMPLE OF MECKLENBURG-HITHER POMERANIA

STEFFEN BOCKHAHN, GERMANY

Mecklenburg-Hither Pomerania is the north-eastern-most region of Germany. With just 1.7 million inhabitants and a population density of just 76 inhabitants per square kilometre, it is far below the German average, and so is its average income. On the other hand, poverty and unemployment rates are far above the national average. There is little industry, and few large companies in the state. Most important are the shipyards, which employ a total of about 4500 people. In addition, there is the maritime industry and services. All in all, Mecklenburg-Hither Pomerania is a very beautiful, but poor, part of wealthy Germany.

After the reunification of Germany in 1989/1990, the Party of Democratic Socialism (PDS) was not as popular as it is again today. Our party was always viewed as the former SED, the old East German ruling party – a very difficult image to have in a political environment where transparency, democracy, human rights and freedom are the mainstream. But the party was in transformation. Unlike the SED, the PDS wanted to be a party of rank-and-file democracy. Thus it promoted a concept of politics that only works if one is in contact with grassroots movements, trade unions and social networks without demanding a leading role, as before.

Plenty of work was needed to build new confidence between the party and these groups. During the ensuing years, a number of action groups, such as those of the unemployed, of pensioners and of poor people, accepted the PDS as a partner. Gradually, some trade unions did so, too. But the fact remained that the party was only in opposition, and did not have the power to change things on its own. Even if the PDS was in favour of something, we could not implement it for the benefit of these partner organisations which supported us.

These movements normally did not campaign for votes for the PDS. Thus, unlike in some other countries, good relations between movements and the party were no guarantee for success in elections. The reason for not supporting the PDS was the movements' fear of being ignored or disadvantaged after the elections by the new government if they had supported the PDS and it spoke for them, but remained in opposition. The result could have been that without public budgets, these movements might not have been able to pay their staff or offices anymore. To be publicly in favour of the PDS during this time in rural areas of Mecklenburg-Western Pomerania could have resulted in losing one's job, because of the negative image that the party had.

The party was active as a partner within a very tight network, able to raise issues at the parliamentary level. It was able to guarantee that certain pressure groups were heard in the legislative process. The PDS was always the prominent point of reference for the poor, and was accepted in this role by most parts of the media and also the public.

A certain tendency in the non-parliamentary groups used the hunger for acceptance amongst the PDS membership for their own interests. Some far-leftist Trotskyite entrust groups gave the impression of being partners of the PDS, and thus got the possibility to use the party's infrastructure, e. g. to make mass copies of leaflets, or to get money to pay bills for busses or the costs of demonstrations. But these groups never really wanted to be real partners. They strongly attacked the PDS's goal of assuming more responsibility and trying to join government coalitions. This was, and to some extent still is, a serious problem. But most of the party's relationships developed without these difficulties.

The good connections with trade unions and movements worked well, but most of them were only at the local level. If there was a conference, only the local activists of the trade unions or movements would take part; with few exceptions, national level figures did not participate. Thus the networks between the party and others mainly linked certain local activists. Party members visited their meetings, and they visited ours. At demonstrations, usually more than half of the participants knew each other, and were all members of this network.

But in 1998, the PDS for the first time became part of a government in a German state – in Mecklenburg-Hither Pomerania. After the elections, a government between the PDS and the larger Social Democrats (SPD) was formed. From this time on, there was a change in relations between the party and the non-parliamentary organisations.

During the election periods between 1998 and 2006, there were only three parties in the parliament of Mecklenburg-Hither Pomerania. The SPD was the biggest group, followed by the conservatives (CDU), and us, the PDS; the Liberals (FDP) and the Greens had no seats. That meant that there was only one parliamentary opposition, so that all groups working against the so called "red-red government" had a stable partner in the CDU parliamentary group, and they used it. Media campaigns were launched against the cabinet ministers, creating an image of corruption and bad administration.

In the following years, what I would call a revolutionary change in the relations between the party and the non-parliamentary groups took place. When the political left talks about these groups, we often see just partners that share some or most of our political positions, such as trade unions or human rights organisations, but there are many more, and I presume that some of our comrades were a little surprised to see this. Most of us never thought about working together closely with organisations like the chambers of industry and commerce. True, these chambers never became our best friends; traditionally they are closer to the liberals and conservatives, but the managers of high-tech networks or those working in regional marketing tried to become our partners. For the first time since 1990, there were people and companies who wanted to have something to do with us. They started to contact the party.

Now, one could say these contacts were not directed towards the party, but rather towards power. I believe the truth lies somewhere in between. On the one hand, there were plenty of people who just wanted the PDS to do certain things for them, thinking that when you are in government, you have the power to change things. This opinion is not always true, but many of our older partners didn't accept that and wanted us to change the world in one day. But we couldn't.

The contacts that we had thanks to governmental power were generally very constructive. People had concrete projects for which they wanted help or support. They might be organic farmers who wanted to build their own marketing networks, so as to be more independent of the large food and commercial groups. We were able to create special projects to support their ideas, e. g. with publicly guaranteed loans for up to three years. You never know whether these people ultimately voted for the left, or rather for the Greens, because of their more attractive profile in the area of ecology. But even these contacts have been important for the party. Through them, we have learned a lot more about certain things. There has been a kind of knowledge transfer, and the party has been able to gain new confidence in segments of society from which it had previously been very distant, due to its history.

Our partners, the trade unions, had much higher expectations towards us than before. They demanded a minimum wage, public job programmes, and stopping the loss of jobs in the public administration. That was a little tricky. As mentioned, we were in a coalition with the Social Democrats, the traditional partners of the trade unions; many leading trade unionists are members of this party. Therefore one should think it would not have been difficult to work together on social issues. But the trade unions didn't have much success in their struggles. Now, their hope was to push their own party with our help. When we asked the SPD to do something, they often asked what we would do for them if they agreed. This created a situation in which we took up the fights of our partners and – let me say this clearly – had to pay for it. Our coalition partner, the SPD, wanted us to agree to certain projects with which we had big problems. The result was many debates within our own membership and with our partners.

Another problem is the different view on the things we have done. One example is that we were asked what we were doing about the changes being made in the national welfare system. As a state government, we had no power to change this neoliberal project of the Red-Green Schröder government that was in power until 2005. Nonetheless, we

were a driving force in the opposition to these changes, helping to create a protest movement. We offered help and our minister in the state cabinet was the one who tried to find ways to reduce the negative impact of these changes. Now, a new period of cooperation began. Such organisations as tenants' groups contacted us to discuss their fears and asked us to act. They had proposals and offers, and were very helpful.

Networks of unemployed and trade unions were grateful to us; still, the far left and many of our own comrades wanted the PDS to leave the state government because we could not stop the national reform of social benefits, just make it less bad. This fundamental or dogmatic question has still not been answered today, but I would like to recall Rosa Luxemburg's stance on this issue.

Since 2006, when the Left Party lost the state elections and moved into the opposition in the state, some non-parliamentary organisations seem to have deleted the party from their list of contacts. Obviously, they had been addressing power, not the party.

Others have not done so. They have learned to see the party as a partner for discussing their ideas and bringing them into the public and into the parliaments. In January 2009, we held a conference on the pensions issue. On the panels were partners from the national level. The response in the media was very good. Both we and our partners benefited. Today, some of our partners see our relationship as a trial run for a win-win situation, and some as a kind of friendship. Certainly, such practical projects as the organisation of protests against the G8 Summit, held near Rostock, the state's biggest city, in 2007, or some referendums to prevent the sale of public assets, would not have been possible without stable partnerships with non-parliamentary organisations.

In my opinion, there is one very important question that we have to answer in order to define our own view of, and our partnerships with, the non-parliamentary organisations: Is the Left Party a constituent party or a mass party? The answer has important implications, determining whether we are only to build ties with such movements as trade unions and social welfare groups, or whether we are to also up-

hold relationships with chambers of commerce, churches and welfare services.

We must always remain aware of the fact that different constituents have different interests, and we have to decide which we prefer to share. The Left Party cannot be everybody's darling – and neither can anybody else. I think we have to recognise that: We should have partners, not only friends.

THE LEFT IN GOVERNMENT: ELEMENTS OF THE PROGRAMME TO CONTINUE THE CHANGE

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Latin America, a progressive region

Latin America is one of the few regions in the world with a major number of progressive and leftist governments. It is a region in a process of change, which during these past eleven years has spread all over the continent. The different political processes occurring in each of the countries that have realised a swing to the left have had a positive impact on the region. They prove that there can be good governance of the left, and belie the disastrous forecasts of Latin American right-wing forces over many decades.

The electoral processes, plebiscites, referendums, and mass mobilisations have deepened the participation of a wide-ranging popular sector, and in so doing have consolidated and strengthened democracy in each country. And the various processes taking place in Latin America have more aspects in common: the need to implement social policies to end the poverty and exclusion of wide segments of the population; the need to promote productivity and create labour sources so as to diminish unemployment; the development of literacy and education programmes, which also include the popular sector, and the realisation of public health programmes. The implementation of these political, social and economic programmes requires redirecting the goals of national budgets, increasing domestic and foreign investment; adopting new fiscal policies and also transforming the state apparatus profoundly, since it has been an organ established to deny the great majority of the working population access to education, health, housing, jobs and other basic necessities – such as the power to make decisions. The need to reform the state in part or entirely implies sooner or later the need for

profound constitutional reform, thus providing the legal framework for the structural changes to be implemented.

These fundamental changes initiated by the new Leftist governments have unleashed the demons of right-wing opposition, including the oligarchy, with its ill-gotten economic power, and the wealthy who suck up agricultural and mineral raw materials, together with biodiversity. These were the reasons for the attempted coup d'état in Venezuela, and the constant polarisation and opposition as well as the destabilisation and violence that has unfolded, especially in Bolivia. But in Argentina and Paraguay too, the influential soy farmers and stockbreeders organise strikes and road blockades to defend their millions in profits. We must pay attention to the arduous efforts of the right-wing sectors to regain their power from the governments. The same applies for the secessionist practices mainly unfolding in Bolivia, where fascist groups are currently being exposed, which have come together in Santa Cruz from regions as far as the Balkans to support the self-rule attempts of one of the richest regions of the country. In Ecuador and Venezuela too, attempts are being made to divide the countries and install local autonomy. With regard to Cuba, there are sectors which not only support the infamous embargo, but also fund protests and domestic mobilisations aimed at destabilisation and chaos. Our friends from the European Left should pay attention and denounce those political parties and foundations which are supporting Latin American right-wing policies, and have considerable funds and a great mobilisation potential.

The accumulation of power

During the first half of the twentieth century, Uruguay in particular underwent a period of economic prosperity due to its meat exports and a degree of industrial development, favoured by the strategic position of its port in Montevideo. During that era, public utilities were established which provided energy, drinking water, combustibles and railroad services, telecommunications and increasing state intervention in financial matters, thus providing this immigrant country with special advantages

and a strong urban development as well as an free educational, health and social systems that were very advanced for that time.

Since the 1950s, Uruguay experienced a process of economic, political and social recession due to the increase of the foreign debt, extremely high inflation, loss of labour sources, closing of businesses, increasing unemployment and poverty. This sparked a long process of labour, student, political and armed disputes, and the rise of a strong popular movement. Thus, the right-wing sector triggered the coup d'état and the ensuing military dictatorship from 1973 to 1985, a period of repression, where all political and labour activity of organisation was persecuted; leaving thousands of people tortured and disappeared, and thousands of political prisoners. During that era of dictatorship, neo-liberalism was introduced into the economy and politics of our country, and was to become a permanent fixture during the 1990s, when democracy was reinstalled, with the liquidation of the national industry and the attempt to privatise publicly owned corporations. This was thwarted by the public sector, which succeeded in keeping the publicly owned enterprises in the hands of the state by means of plebiscites and mobilisation. The fact that the Uruguayan people never allowed telecommunications, electricity, drinking water, combustibles, the railroad, roads and public works like the hydropower plants to be privatised, saves us from having to nationalise them now.

The victory of the Uruguayan *Frente Amplio* (Broad Front) in the November 2004 elections, after 170 years of rightist governments, was a historic event, momentous for Uruguay. Here came to fruition the decades of power accumulation based on political organisations of the left with a strong ideological colouring and the active participation of social movements, especially the trade union movement. Since its beginnings in 1971, the *Frente Amplio* has been a coalition of political parties and movements, where communists, socialists, Christian democrats, split-off sectors of the established Blanco and Colorado parties, together with former *guerrilleros*, joined independent sectors to form a political force with a profile that is considered a model in Latin America. A long process of *luchas populares* (people's struggles), as well as the unity of the Uruguayan left, was instrumental to the take-over of gov-

ernment, thus determining the characteristics of its programme. In the municipal elections in 2005, we also achieved control over eight provincial governments, including several rightist strongholds, for the first time in almost two centuries. Montevideo has been governed by the *Frente Amplio* since 1990.

What we accomplished in the first four years

The take-over of power by the *Frente Amplio* inaugurated an era of structural changes striving “to set a new project of our country into motion, one that is inclusive and democratic, focused on the full development, work and well-being of all Uruguayan men and women ...with a distinguished manner of making policy and exercising governmental power.” (Programa 2010-2015).

After four years of office, the results that we *frenteampelistas* have achieved during that period are quite positive, including a great cutback in unemployment, significant wage increases and reduction of the levels of poverty and marginalisation, in addition to important improvements in the field of human rights and democracy. This has been achieved not only by strengthening institutions, but also by providing the instruments to promote and implement decentralisation, civilian participation, trade union membership, effective wage councils and the processes of social inclusion.

Historical labour achievements have included the introduction of the eight-hour day for farm workers and domestic staff, and their inclusion in social protection schemes allowing them to retire in old age. In the past, they have always worked in the informal or secret sector.

Social expenditure has surpassed 49.1 per cent of total public expenditures, with a major budget increase destined for education under the *Plan Ceibal*, a revolutionary project that will have every student (without exception) equipped with a computer with free software and Internet connection by the end of 2009. The *Plan Ceibal* programme has also been extended to secondary education, and disabled people and even prisoners completing their primary education in prison will be ben-

eficiaries. Also, the health care sector is to receive a budget increase of 56.4 per cent, implementing the Integrated Health System, which provides almost half of the population with medical care. Payments to the health system are graduated, so that those who have more, pay more. Also, the VAT is to be gradually replaced by an income and wealth tax. The democratic transformation of the state was initiated with the goal of achieving a modern, guiding, and reforming state, at the service of society with decentralisation, civil participation and modernised governance. Governance has involved some problems and difficulties, due to the assignment of the greater part of the political cadre to the management directorate. This has caused both a lack of leaders in the organisations and a lack of coordination, connection and dialogue between government and political groups such as social organisations that remain independent, thus leading to contradictions and conflicts, which are solved with dialogue and interaction.

Our programme in a nutshell

We are in the middle of an election year and an electoral campaign. On October 25 2009 we will elect the next national government, and also decide by plebiscite about the law of “impunity”, which has allowed those who violated human rights, to remain at liberty, and the right to vote for Uruguayan expatriates, both of which are very sensitive issues in Uruguayan society. In 2008, we *frenteampelistas* worked for several months in the Programme Commission to draft the programme called “Towards a Strategy of National Development”, which synthesised the suggestions and projects of the Uruguayan Left for the next government term, based on the experience of the past years in office with medium and long-term goals, such as trying to build the “Project of a Country” that reaffirms and deepens the development and economic achievements made with social justice.

The main objectives of the government programme from 2005 to 2010 were linked to the recovery of a country ravaged by crisis; it was a programme of national reconstruction. The programme for the next five

years will have more ambitious goals: to reinforce all the reforms implemented, to tackle the objectives that have remained pending, and to create the foundations for sustainable development.

Our proposals target the major issue areas Productive Uruguay, Innovative Uruguay, Social Uruguay, Cultural Uruguay, Democratic Uruguay, and Integrated Uruguay.

Given that social and economic development is the main objective of any left government, a combination of economic, productive, innovative, educational, social and cultural policies are required from the state, together with the consolidation of structural reforms, so as to create new normative frameworks to carry them out. Hence the suggestion to convene the National Constituent Assembly during the first year (2010) of the new government term.

A development strategy implies promoting innovation and technological changes in our productive machinery, the country's incorporation in regional and global groupings to permit us to overcome the smallness of our domestic market. This growth must be accompanied by improvements in employment and salaries. The changes in the production structure are essential so as not to remain merely producers of raw materials, but create added value with our production, thus creating more jobs and integration into productive chains.

The feasibility of these development strategies requires an active role for the state, promoting policies that redirect national savings towards domestic investments as well negotiating foreign investments to serve as reinforcement for national production. The state also has to mediate so that both entrepreneurs and workers become involved and commit themselves to policies for improved competitiveness, innovation, technological advancement and work quality.

In order to advance those programmatic orientations, it is essential for the state to encourage instruction at all education levels – primary, secondary and university – about how important it is today to know about the development of societies, and why it is so significant for an integral development of Uruguayan society to raise the educational and technological level of the population – a revolutionary goal, since without there

can be no development. Profound changes at the cultural level are also necessary, since we need changes in our mentality, traditions, and habits, and hence deep changes in our whole culture, to turn education into a crucial instrument to transform people's minds.

Macroeconomic policies must be consistent at three levels: their goal must be to increase employment and distribution as well as the sector policies intended to change the productive structure, in addition to social policies related to social expenditure; they must be part of the project of international integration, in particular the repositioning of Uruguay within MERCOSUR; they must be coherent and avoid contradictions between the goals of stability and competitiveness, between fiscal balance and tax pressure, and between monetary and exchange policies.

Fiscal policy will ensure that the necessary and possible balance between public revenues and expenditure is achieved, making expenses concerning long-term schemes predictable and not subject to the economic comings and goings of international markets. Likewise, social expenditure is a crucial part of economic development and production-related ministries should be supported.

The improvement of the tax system must continue, based on the principles that those who have more, pay more; that earned incomes not surpass unearned incomes, and the tax structure is in line with social security payments.

With respect to the public debt, it is planned to reduce deficit financing, so as to continue a reduction of the effect of interest on the national budget and the gross debt in the GDP.

Regarding public expenditure, the idea is to reinforce the public agencies in charge of assessing the nature of expenditure and investment projects, together with the necessary management improvements to achieve better service in terms of quality and quantity. Moreover, there are proposals concerning monetary and exchange policies, as well as suggestions for fighting and managing inflation and unemployment. Another issue is the distribution of wealth, and, very importantly, propositions are being drafted regarding different forms of property, including mixed forms between state and privately owned, such as social,

cooperative or self-administered property with the goal of expanding a social economy, where actors assume direct responsibility in developing efficient, vigorous and socially committed enterprises.

The conviction that there will be neither national progress nor promotion of international incorporation without regional integration is explained in detail in our programme, asserting that forming a bloc of Latin American nations to improve the power of negotiation against the developed world is imperative for Uruguay and the other countries of the continent. Productive integration and complementary development, energy integration in public works, the creation of financial organs like the Banco del Sur, boosting trade with national currencies, as well as the promotion of cultural and educational integration in scientific and technological research to reduce dependence and strengthen our sovereignty are also part of the programmatic proposals of the *Frente Amplio*, and an urgent response to the international financial crisis.

To accomplish all this, the MERCOSUR, the CAN, the CARICOM and the SICA as well as UNASUR and ALBA are tools that must supplement each other, and not be antagonistic in integration processes, complementing cultures, people, resources and economies that so far have been isolated, and occasionally victimised by international markets and subsidies, which merely kept us poor and dependent.

Challenges for Latin Americans and Europeans

In conclusion, the Uruguayan left is working hard to win again in October 2009, with a unique programme proposing to deepen the changes initiated by the present government. We're doing this in the context of a global economic, energy, food, demographic, and environmental crisis, which is over-shadowing and complicating the proposals and programmatic projects of the entire political power of the Latin American left, which – through immense social and political, often bloody struggles – has succeeded in winning the hearts of the people, and has begun to make possible the creation of more just, more solidarity-based, more independent and more sovereign societies.

Making changes come true is not an easy task, given that the right-wing sectors have used and will use all mechanisms to regain their privileges and profits, assisted and funded by the international interests of the multinationals and powerful sectors of the developed world, whose sole concern it is to remain the beneficiaries of our natural resources, renewable energies, agro-food sector and biodiversity.

Our political processes, called progressive, leftist or revolutionary, are diverse and different. Every country has its history and idiosyncrasy, but they all have something in common, which is that not only do we need unity to complement one another and be stronger among ourselves, but we also need the solidarity, the support, the participation and cooperation of all leftist sectors of the developed world to defend our sovereignty and independence and power, and make the “projects” that we have talked about here viable.

The building of more just and sovereign societies, without wars and invasions, the formation of a New International Order accommodating all of us, without hungry and excluded people, is the task of all advanced and progressive sectors worldwide. All that remains is the task of integrating and complementing each other more, Latin Americans and Europeans, leftist political parties here and there, all that remains is – UNITY.

LEFT UNITY AND STRUGGLE FOR A NEW PROGRAMME OF CHANGE: PECULIARITIES OF THE BRAZILIAN SITUATION

JOSÉ REINALDO CARVALHO, BRAZIL

Currently the inevitable approach to the debate about the perspective of the transformative struggles of the workers and the people is the crisis. This debate and analytical convergence between the lefts is obviously the basis for the first steps towards elaborating platforms for resistance, and formulating programmatic strategies, since it is not a matter of merely bringing together interpretations, but of developing solutions and alternatives.

The current crisis of capitalism is the worst in the history of this system since World War II, if not since the Great Depression in the 1930s. The epicentre of this crisis can be located in the United States, but it is spreading all over the world. In the most developed centres of the capitalist system, economic recession is deep. In developing countries with recent major economic dynamism, like China and India, business cycle drops can also be observed. Nobody can venture any predictions regarding the duration of the crisis, but obviously there can be no easy solution within the framework of the system. During the long period of twenty-five years, the capitalist countries were accustomed to a long cycle of growth. The mid-1970s and early 1980s marked the end of that cycle, with significant declines in the business cycle. Now everything points to the fact that solution then arrived at within the framework of the system, that is neo-liberalism, is worn out.

On the other hand, the bitter consequences for the workers and the people include mass dismissals and the announcement of anti-labour measures by governments, who are acting like the true lifesavers of high finance.

The crisis aggravates the contradictions of class and essential geo-politics of the capitalist system, and displays the historical limits of the system and its structures. It also calls into question the development

model advocated during the course of the last quarter of a century by the neoliberal doctrine, in the Latin America version of which has been the so-called “Washington Consensus”.

Moreover, this crisis has crushed the illusions long disseminated by official dogma – by governments, academia and the media – and which has also woven its way into the discursive tapestry of opportunistic sectors of the left, who have spoken of the virtues and durability of the so-called cycle of development and the expansion of capitalism, seeing it as their mission to regenerate and pave the way for socio-economic development and a new golden age. They called those alarmists who pointed to the most serious development tendencies of capitalist society, and voiced their anxieties about the inevitability of the crisis. Now, in the face of the crisis, they talk about mismanagement, and restrict their analysis to the financial area. To avoid casting doubt on the nature of that capitalist system, they claim that it is restricted to the financial area, so that at worst, we have a crisis of financing. But that is a one-sided view, for despite the importance of that phenomenon, it is a global crisis characterised by a discontinuation of the circulation of capital in both the production and financial areas.

The crisis is taking place within, and intertwining itself with the historic context of North American hegemony in crisis. The capitalist reproduction process in the United States and on international level is conditioned by parasitism. The debt and deficits in current transactions are shown by the balance of the payment of the United States. The position of the United States as the world’s biggest debtor, seen by many as a sign of the power and privilege derived from the supremacy of the US dollar, has turned the USA into a graveyard of liquid capital. As the British Marxist historian Eric Hobsbawm, stated, economic decline is a historical process that takes decades.

Consequences for Latin America

Recession, balance of trade deficits, inflation, increased indebtedness, capital flight and growing unemployment are measurable all over Latin

America. It is impossible to completely assess the range of the crisis, given that it is still in full swing and we do not know if it has peaked yet. For the developing countries, the decline in demand has large-scale repercussions on exports. They will be restrained like the US-China trade, and countries more dependant on foreign trade will be strongly affected. Equally affected will be those countries that have free trade agreements with the United States.

The new political cycle in Latin America

Ever since 1998, when Hugo Chávez won the general elections in Venezuela for the first time and ignited the process of the Bolivarian Revolution, Latin America and the Caribbean has seen political victories that were the result of popular, national and democratic resistance to imperialist dominion and the neoliberal policies of the ruling classes.

In 2002, this democratic process on the continent gathered even more strength with the election of Lula in Brazil, which was to be ratified in 2006 with his re-election. In a number of countries, elections became the path to government for democratic and progressive forces.

This means the beginning of a new political cycle, the creation of a new scenario in which the people rise up against an ill-fated and iniquitous system. The objective factors determining the struggles and victories of the Latin America and Caribbean people to date, which have turned it into a continent in rebellion, were the imperialist domination of the United States and the anti-democratic and anti-popular policies of the local governments. The subjective factors were the awareness of the people and the unity of the democratic and progressive forces. New democratic and social policies, the defence of sovereignty, national independence and emerging political, economic and cultural integration represent important changes. Within this context, a new level of struggle for independent regional integration based on such diverse and complementary instruments as MERCOSUR and UNASUR - alliances striving to foment a new geopolitical and economically independent pole) to the ALBA (*Bolivarian Alliance for the Peoples of Our America*), which

is an openly anti-capitalist and anti-imperialist alliance. There are also other initiatives with the objective of contributing to integration, such as the Mercosur Parliament, the Bank of the South, the Defence Council (opposed to the reactivation of the United States Fourth Fleet), the energy council *Petrocaribe*, Telesur etc. All these instruments and structures constitute to varying degrees, an objective opposition and resistance to the neoliberal model and the hegemony of the United States. The defeat of the neo-colonialist Free Trade Area of the Americas venture was a major success.

The most important milestone in this process was the First Summit of the true America, of Our America, which took place in December 2008 in the Brazilian city of Salvador de Bahia, at the initiative of President Lula, without the imperialist forces, the United States and the former colonial powers. The goal of the summit was to ratify the progressive path Latin America has embarked upon, and to anchor Cuba as a *de facto* and *de jure* member of the Interamerican system.

Naturally, the road to structural change in Latin America is not devoid of conflicts. The powers participating in and leading these processes are quite diverse regarding their strategic objectives, methods, and the idiosyncrasies of historical events in their countries, the domestic correlations of forces and also the geopolitical role they play in today's world.

But there is no doubt that in spite of all the vacillations and compromises, all those forces share the same general objectives, developed with greater or lesser degrees of depth and velocity, but always with a great degree of convergence in the struggle to democratise the state, defend national sovereignty, resist US imperialist schemes, and support socio-economic development and the elaboration of democratic and popular constitutions. They also support citizens' participation in political and social life and the adoption of policies for social welfare, within the framework of very disparate societies.

The promulgation of the new Bolivian Constitution, the victory of the Bolivarian Revolution in the February 15, 2009 referendum in Venezuela, and the election of the FMLN candidate as president in El Salvador ratified that process.

The continued existence of socialist Cuba, its resistance and its advances, which has just celebrated the fiftieth anniversary of its revolution, is also an extremely important factor for the development and success of that process. Cuba's example keeps hopes high and emphasises the value of an alternative to the barbarism of capitalism – the socialist alternative.

Awareness of those changes in Latin America is another of the essential points of departure for the unity of the lefts. The focus of the distinct forces in power in the region is palpably different. Some are more anti-imperialist, proclaiming socialist objectives and basing their governments on permanent popular mobilisation. Others chose the more moderate way of alliances, gradualism and leadership solutions. Sectors of the so-called extreme left treat this phenomenon as if there were a good and a bad left; left governments on the one hand, and on the other governments of left origin that have "betrayed" their ideals and commitments; they firmly oppose those governments, which they considered "traitors". Increased effort is needed for the unity of the left and centre-left governments in the region, with the parties supporting them and also the social movements. Without that unity, imperialism will regain strength, especially now that it has adopted a new language, a new discourse and is making new gestures.

The democratic and popular wave, the new cry for independence of the Latin American nations and people, the profound crisis of the capitalist system with its epicentre in the United States, the defeats North American imperialism has suffered in its attempt to impose *manu militari* its plans of domination in the Middle East, and the deteriorating US image all over the world have triggered an enormous discontent and an unprecedented anti-American movement, in the anti-imperialist sense of that term, which obliged the establishment of the United States of America to proceed with changes in tactics, with the goal of recovering lost ground. The final objective is to safeguard the plans of global hegemony. The Summit of the Americas that took place recently was intensively used as an opportunity to announce these new tactics and enthrone the newly elected president on the new international political

scene whose personal profile and intentions seem to make him different from all the presidents of the United States since Ronald Reagan.

What are the alternatives?

But there are indications showing that one should have no illusions. To date, there has been no real policy of either intervention or of peace, despite the new discourse and some dialogue intents. This same president Obama gave a speech at the United States Military Academy in which he underscored his commitment to maintaining the military supremacy of his country in the world. The NATO Council recently ratified the new strategic concept of this aggressive alliance, which will welcome new members and extend its activities beyond the area of the North Atlantic. And Latin America continues to be threatened by the reactivation of the US Navy's Fourth Fleet. Likewise there has been no indication of any reduction in the almost one thousand US military bases worldwide.

So where is the situation headed? Another important issue to analyse is that the imperialist system could extend anti-popular, anti-labour and anti-national policies despite its defeats and difficulties, and even because of them. The reactionaries and conservatives could adopt even more anti-democratic and militarist policies in order to restrain the inevitable political and social conflicts. Scenarios are possible in which the right would orchestrate hard-line policies with the goal of diversion and division.

For the people and the workers, for the left, it is worth noting that there is no capitalist solution for the crisis of capitalism, and the announced conservative policies are neither tolerable nor acceptable. Especially based on historical experience, that the people and the workers can, when they are politically aware, united, mobilised and organised, impact the course of events, capture significant partial victories and advance to accomplish their strategic objectives. It is our conviction that the sole alternative to saving humankind from the crisis and the bankruptcy of the system is socialism, which implies national and social

emancipation. The struggle for that new society is the only way towards true independence of the people and realisation of the aspirations of those who are building the wealth and guaranteeing the development of the productive forces – the workers.

Idiosyncrasies of the Brazilian situation and a programme of change

With the first election of President Lula in 2002 and his re-election in 2006, Brazil has entered upon a new political era in its history as a republic, which has largely seen conservative, dictatorial governments which have cooperated with imperialism. With Lula's election, progressive and left forces assumed government, including the Workers' Party of President Lula, the Socialist Party, the Labour Party and the Communist Party of Brazil.

Within the context of national idiosyncrasies, a correlation of forces resulting from the enormous power of the dominant classes and the influence of imperialism in the country as well as the subjective conditions in which the convictions regarding the validity of the way of profound changes still remain weak, the government of president Lula has not advanced in terms of the necessary breaks with the system, nor regarding the implementation of structural reforms. From the beginning, the government acted as a centre-left government, a government of contradictions and ambiguities, a government including forces that are poles apart, because its spectrum ranges from the left to the conservatives. The very pact that made the government possible has also meant major concessions to financial and monopolist groups. Also, the right has a very strong presence in society, in parliament, in the state governments, in large municipalities, in the judiciary and in the media.

There is no question that during the Lula government, Brazil advanced, and our struggle for social transformation developed. Democracy was extended and deepened, the defence of national sovereignty has been reinforced, an independent foreign policy has been implemented and

regional integration has been consolidated as a motor for economic and social development. Also, social policies have been adopted to fight poverty.

But Brazil remains a country dominated by reactionary social classes which determine the character of its democracy. The Brazilian nation state still wears the scars of a ruling class associated with the oppressive imperialist centres, focused on income and wealth plus exclusion. On the other hand, there still is disunity on the Left. There are two reasons for that. One is that the centre-left and left forces supporting the government have yet failed to form a historic bloc with a clear platform of structural reforms, and to struggle for a new regime. Their basic point of unity is to defend the government of President Lula, to amplify democracy, to reinforce the independence of Brazil, to fight for social justice, and also to prevent the return of the neoliberal right to government. The other reason is that there exists an inaccurately labelled “extreme left”, which concentrates on attacking the government and the broad unity of the lefts.

So this is a peculiar and complex picture, which demands wisdom, tactical and strategic discernment and even historical patience from the lefts. Providing the historic cycle that began with the election of Lula with continuity remains the most important task of the moment. This means supporting the process of accumulating forces.

But if the way to more profound changes is not paved, if structural reforms are not promoted, if there is no revolutionary accumulation to provoke ruptures, Brazil could undergo impasses and setbacks. Brazil needs much more than a barely centre-left government. It needs an anti-imperialist, democratic and popular government as an initial step to achieving socialism.

Therefore unity must be built, and the conflicts with the government and between the lefts and the social movements must be settled. At the same time that we defend the government, we must drive it towards the necessary structural reforms.

It is necessary at this moment of crisis to have a platform of resistance to defend the rights of the workers and the people threatened by the

policies of high finance – to defend wages, jobs, and the national and popular economy. Given the accumulation of forces and facing the future demands that we advance to the formulation of a political programme for the struggle for socialism. This will only be possible if the social and political forces interested in that historic leap are capable of grasping the great political and social issues that can mobilise the creative and transformative energies of the people. In the case of Brazil, these great political and social issues involve the national struggle against imperialism, the democratic struggle against the political power of the dominant classes, the struggle for a new political popular power, and the social struggle for the political rights of the workers and the people.

At this time, in which human mankind is undergoing one of the most difficult periods in its history with crisis and wars of aggression, with obvious inequalities and injustice, exploitation and oppression, the new political cycle in Latin America and Brazil raises hope and reinforces the struggle of the people and the workers all over the world for liberty, peace, justice, national independence, social progress and socialism.

NEOLIBERALISM IN CHILE AND CHALLENGES FOR LEFT GOVERNANCE

CARLOS ARRUE, CHILE

The revolutionary process in Chile led by Salvador Allende was centered on the labour movement, and found its essential political expression in the unity of the Socialist Party and the Communist Party. Both political forces shared the same strategic vision – the construction of socialism. The fundamental elements of their political programme were a mixed economy, a multi-party system and the protagonism of the popular movement summarised in the proposition of the “Chilean road to Socialism”, in which the accumulation of power was a result of the *lucha popular*, the unity regarding a programme of structural transformations and representative democracy within the framework of the 1925 Constitution, from which state capitalism grew. The coup d’état of 1973 was a counter-revolutionary project to re-establish the bases of private accumulation. In these terms, the state terror was an indispensable condition for the application of neo-liberalism, given that it would have been impossible to impose it otherwise. The viciousness of actions performed against people and the political forces of the left reached unprecedented dimensions.

The enemy of the neo-liberal economic model applied after 1973 was not only revolutionary ideology, but Keynesianism as well. The main objective of its project was to reduce the role of the state and augment the protection of private property. This led to the conception of an institutional model – expressed in the Constitution of 1980 – which was distinguished by a strong political authoritarianism with corresponding presidential powers, and an economy based on the totalitarian power of private property consecrated by the state. During the 1980s, a set of profound transformations took place at the economic base and in the super-structure which radically affected all sectors of production, reinforcing neoliberal adjustments not only economically but also ideologically, and contributing to corporative, apolitical ideas which neutralised

the process of consciousness-raising of the Chilean people. It is worth emphasising that this policy met with considerable success, and also that the experience showed that the degree of terror applied contributed to the formation and/or establishment of subjective and ideological conditions favouring the consolidation of neo-liberalism with the efficient measures of social control.

The *Alliance of Parties for Democracy (Concertación de Partidos por la Democracia)* was formed in the late 1980s, during the Pinochet dictatorship, and went on to win the general elections in 1989; it excluded the Communist Party because of its alleged policy of violent “popular rebellion”. In the heat of those elections, a so-called consensus policy emerged for the first time, which operated parallel to and on the margins of the government programme, and which was presented as a democratic restoration process based on a new political constitution. In practice, the *Concertación* subsequently abandoned this programme, opting instead for an understanding with the *Pinochetismo*, which, since its electoral defeat, had been firmly ensconced in the opposition and the armed forces. This “consensus politics” turned out to be something more than mere understanding, providing stability for the inherited economic and political model, and being assimilated in the long run into a neoliberal government policy – in contradiction to its programme, which contained such measures as the reversal of some of the most central privatisations.

The *Concertación* agreed to the unilateral cut in pay rates, to enhance the conditions and safeguards for foreign investors, to continue the process of shrinking the state structure, to expand privatisation, and to carry on the policy of social atomisation. In the end, the neoliberal model was reinforced during the years between 1999 and 2005: the Chilean economy became a favoured site for foreign private investment and national capital underwent a period of fusion and expansion. During those years Chile experienced a real commercial euphoria derived from a foreign policy inclined to promote commercial agreements with developed countries, in which the idea of a free trade agreement with the United States was a key element. Transnational

capital and the dominant global powers in politics as well as in economics and finances, saw Chile as the proverbial example of adhering to policies prescribed in the Washington Consensus. In this context the influence and governability of the model was reinforced by the self-proclaimed social democratic coalition, which did not renounce any aspect of neo-liberalism’s guiding principles, and consequently turned out to be a better option to rule than the Chilean right, which was stigmatised by the legacy of dictatorship. During these same years however, the issue of human rights and the challenges of truth and justice registered gains by achieving numerous convictions. However, this was not due to the official government position, but rather to the management of the political position of the right, which preferred to remain quiet rather than to act. Nonetheless, the political opening achieved was beyond question an advance for justice and for the compensation of the victims.

Finally, the government of Ricardo Lagos tried to put an end to the debate regarding the legacy of authoritarian institutionality with a set of political reforms to eliminate some of the remaining undemocratic clauses of the 1980 Constitution. He achieved some successes, such as the elimination of appointed senators, but some remaining elements still distort the expression of popular will, especially the binomial election system. In terms of the State’s character, its role in the economy, its priority of the defence of private property, its regulation of the use of natural resources and in its refusal to provide new and accepted forms of citizen participation, the constitution remains the same, and hence continues to be the backbone of the economic and political model. Despite ex-President Lagos’ claim, it is no new *Magna Carta*. Thus, the *Concertación* has been a coalition favouring the big national and transnational corporations, with exorbitant profit rates, with grave environmental consequences, and with a social legacy of impressive inequalities. Its historic practice includes the acceptance of the ten sets of recommendations in the Washington Consensus, the perpetuation of the constitution approved during military rule, the development of a foreign policy subordinated to the market, and the reinforcement of the

Free Trade Agreement. It has fostered a service economy and contributed to the process of social atomisation and demobilisation of the masses. The policy applied since 1990 has been one of the strengthening and expansion of the neoliberal model.

In sum, the *Concertación* adopted the consensus politics of the neoliberal *Weltanschauung*, renouncing Keynesian principles. Power-sharing with the right provided the necessary governability and stability. All political forces of the coalition are included in the commitment, including the Socialist Party, thus increasing the complexity of the situation. The development of neo-liberalism in Chile is relevant and in a way vital for a certain form of capitalism, which today is in crisis. Converted into a paradigm for many, what happens here is important for other similar or aspiring projects on the continent and obviously plays an antagonistic role in a Latin American scenario, which is taking – despite all its diversities – philosophical and ideological roads alternative to the neoliberal option.

The beginning of the Michelle Bachelet government was influenced by the political position of the Communist Party. The coalition which it joined obtained more than 6% of the vote in these general elections, which in this perverse electoral system represented an achievement in itself. The support in the second electoral round was achieved by committing the then presidential candidate Bachelet to a set of five political propositions. The tactic consisted of maximising the vote by putting issues of the interest to the left on the agenda. It was not formulated from the perspective of participating in the coalition or its government, or on the basis of election mathematics; but to highlight our political position. The realisation of that tactic took principally two circumstances into account, which worked proactively. The first was an assessment concerning the receptivity of the proposal. There was the well founded presumption that a change in the political attitude of the left designed to clarify its intention to support the *Concertación* to win the election against the right would be welcomed in the *Concertación* – unlike previous governments – not only for the necessary votes, but also because the political sensitivity had changed. The second factor is

related to the Communist Party's national image following the death of its leader Gladys Marín, in which the massiveness of the posthumous tribute paid to her was an acknowledgement, especially since the main goal of the military dictatorship had been to stamp out the Communists forever. Afterwards, during the democratic transition, the Party was subjected to a policy exclusion as if it did not exist at all. Both elements became entwined to destroy the idea of the extinction of the Communists, rising with a lot of power and support the demand to end the exclusion of the PC from the Chilean political system. Focusing on that, the percentage obtained was used to position the left on the national agenda.

The later attitude of the *Concertación* and the government in particular, was a legitimising factor for the presence of the PC, as it was now treated like a normal political force, at least most of the time. But this was neither a concession nor the work of the Holy Spirit, but a direct result of the political assessment, of the resolve to maintain an anti-neoliberal policy, seizing the momentum and optimising our own policy. Given this, Michelle Bachelet's assuming office involves certain aspects to which will first be examined, and then analysed below:

The progressive profile with which she tries to embellish her mandate. One for instance, is gender parity. There is no question that promoting women's participation in public affairs has been a consistent element in her administration; the fact that she is the first female president is her calling card in this respect. Another example is the notion of "citizens' government", which she has put forth from the beginning. This consisted of projecting the image of an executive closer to the "people", and less associated with the political parties. This and other measures impact on a large segment of the population, who see them as an advance compared to previous administrations; which is a crucial judgement regarding prevailing cultural values, although it also distracts from significant issues that serve to build ethical values in society. This partly explains why the "citizens' government" could not unfold further, given that the existing institutionality was conceived to prevent participation and it has not essentially changed. As a result, the

demand for more participation is a pending task, and in its current state shows sure signs of fatigue. Thus the proposed profile is pressured with increasing demands for participation, although, unlike previous governments, it has made an effort here.

Another feature of this administration is the use of that profile – women, victims of human rights violations etc. – to find points of contact with non-neoliberal sectors. Here, Bachelet's presidential image has been an accessory factor, nourished by her popularity and by the "citizens' government" concept attributing her election to a kind of popular demand. Thus she has incorporated progressive elements, as stated above, which together with her image, have caused certain misunderstandings regarding the appreciation of her political project by making form and substance interchangeable. Aside from that critical assessment, she – unlike Ricardo Lagos, who was likewise linked to the so-called progressive wing of the *Concertación* and who also enjoyed great popularity – sometimes capitalised on that feature to approach certain sectors inside and outside Chile averse to the neoliberal model, thus contributing to their legitimation.

Yet another feature of the administration, is a foreign policy with a stronger political emphasis and a greater projection towards Latin America – without, however, any basic reconsideration of regionalism policy. This distinguishes the administration from the Lagos period, when a US-oriented policy prevailed, which went so far as to recognise the coup-based interim government of Pedro Carmona in Venezuela. Bachelet has moreover visited Cuba, the first Chilean president since Salvador Allende to do so. The journey was undertaken amidst demands to meet with dissidents and requests concerning human rights, which she rejected, joining instead the other Latin American leaders, who demanded in Cuba the end of the blockade. Likewise, Chile maintained its function as President *pro tempore* of the UNASUR, supported the territorial integrity of Bolivia, and actively took part in preventing a coup attempt in that country in late 2008. In economic matters, although she has not changed the general course of the country, it is obvious that she has opted to maintain close links with the so-called

emerging economies. That does not mean that Chile has changed its basic foreign policy; rather, these actions constitute chapters within an overall context which reflects certain persistent contradictions within the coalition, one of the worst of which concerns our relationship to Latin America.

During this government, the *Concertación* underwent an unprecedented political crisis. Last year the coalition showed obvious signs of disintegration on both its political edges. More centre-connected sectors have moved to the right, and the left too has experienced defections. The *Concertación* cannot govern alone, and the majority it obtained in the general election in both chambers was ephemeral. This crisis has multiple origins, but it is a crisis within the elites, and does not even represent programmatic rethinking in objective terms; the contest basically involves the question of more neo-liberalism or less. This has been fully supported by the binomial electoral system and has turned national politics into a very delicate business, given that authoritarian bad habits are reappearing, recalling times without political parties amidst an increasing neglect and disdain for democracy as a value. The possibility of a presidential victory of the right, a not too frequent event in our national history, is a real prospect today.

On the whole, the government of Michelle Bachelet is pursuing a neoliberal course, but unlike here predecessors, she has not reinforced it due to the accumulation of deeply rooted and incubated problems, as the crises in education, health and the pension system, and the general belief of the Chileans in the efficient market demonstrate. The *Concertación* under Bachelet has shown a greater social sensibility than under her predecessors, given that at least she recognises the problems accruing from the application of the neoliberal model, though she lacks plans for an alternative even within the bounds of state capitalism.

Hence the second round gained the recognition of the Communist Party and afterwards the government of Bachelet legitimised, through a number of actions, the political weight of the Communists. Nevertheless this requires institutional manifestations, to achieve which the

left in general and the PC in particular designed a tactic of political convergence. Its main principal is to pave the way for the democratisation of the inherited institutionality by means of changing the electoral system so as to ensure representation of all relevant political forces. It is called convergence, because the challenge consists of creating a great front of democratisation based on the substitution of the binomial election system prevailing in the parliamentary elections. This demand actually managed to gain a broad spectrum of support, including all the *Concertación* parties, and even some of the right. Moreover it embraces organisations which have spoken out in favour on the inclusion of the Communists and a change to a proportional representation. The most reactionary sections of the right, precisely those who benefit from the exaggerated power they possess in parliament due to the binomial system, are the fiercest opponents, proving that the exclusion is a politically motivated act which does not reflect the political reality of the country, and brings the sectors in question into a minority position. This was therefore a great success for the theoretical and practical elaboration of the PC. The political action confirmed the validity of the convergence plan. Yet the struggle to pave the way into parliament and put an end to the exclusion is a political battle that is continuing. The political power of the left is not sufficient to win this struggle. The results of municipal elections in 2008 reinforced the position of the right, demonstrating both the fatigue of the government coalition and the invasion of new political forces at a time when the left has only managed to maintain its vote. This led to the conclusion that the power necessary to remove the electoral system does not exist, and that time is working against the advances of all these years. Thus we assume that if the presence of the left in Congress does not occur in this year's parliamentary debate, it is likely that the country will suffer a political regression, enthroning the binomial election system, which ensures an exaggerated presence of the right. This fact in itself forces consideration of the possibility of bringing an alliance with the *Concertación* to a new level of understanding. Yet this requires consideration of two elements.

First, the *Concertación* is not the natural ally of the left, due to the fact that by definition and practice, its goals are rooted in neo-liberalism. The role of the state and the proposal for a new constitution are being discussed inside this alliance. We can support Keynesian postulates, which eventually will be incorporated into the political election programme. Regarding in particular the Socialist Party, we also believe that unlike socialist parties in other countries, the adherence of the Chilean PS to neo-liberalism is the principal factor for the limited unity and conflict with them. The extra-parliamentary left is a political force striving for an understanding with the Socialist Party, but its attachment to neo-liberalism is an objective and irrefutable fact that limits those possibilities, or at least forces them to be modified. This former creates an enormous space to occupy in the left, but we have been unable to grow due to the inequities produced by that model. The growth for which we have to strive will not evolve from getting on well with the *Concertación*, but from improving the quality and resonance of left politics as a whole.

Second, the principal contradiction of Chilean society is between neo-liberalism and democracy. This is a strategic definition mandating a policy of alliances, establishing tasks, and guiding all efforts toward one goal: to get rid of neo-liberalism.

We are confronted with a complex issue here. On the one hand, there is the pressure of time and the lack of the necessary power to change the electoral system with our own measures, which would push us closer to the *Concertación*, so as to achieve a qualitative change in the correlation of forces, and which would obviously imply reciprocal support. On the other hand, *concertacionista* policy is neoliberal, and the forces sustaining neo-liberalism are in the majority. Joining them even after the particular nuances and characteristics have been described might be incoherent. Faced with the issue of political coherence in terms of building well-founded positions – what shall we do? – assuming moreover that it is not a theoretical, but a practical matter.

Power remains the strategic objective for revolutionary transformations. Executing that power contributes substantially to the processes

of change in the conscience of human beings, as well as initiating their emancipation. We are not even close to that possibility, and the more we veer away from it, the more our ambition for power as well as our impact diminishes, the less possible it will be to contribute to the processes of consciousness-raising, which facilitate the expansion of subjective conditions designed to provoke radical change in society.

On the other hand, the neoliberal model has affected broad sectors of the population, causing tremendous inequities. It has impinged upon national sovereignty and cemented the subsidiary role of the state, thus constituting the principal restraint for national development. Nonetheless the neoliberal model continues to enjoy great approval, in particular in the ideological position maintained by the *Concertación*. The former can be translated into terms of social justice, national and sustainable development and a democratic state under the rule of law being the pillars of our political project. To pave the way for the required economic changes as well as in the superstructure of society makes it inevitable to define a series of elements in our policy. First, the workers are the group most affected by those changes, and hence their protagonists. That definition encounters major complexities, such as the tremendous difficulties of labour union organisations in the private sector; hence, the public sector shoulders the burden of mobilisation alone and is not directly linked to productive activity. Another intricacy is the burgeoning service sector in economy, the workers of which carry out their production processes far-removed from the objective locations they occupy. Therefore defining the workers as the key actors of change is a first step, since neoliberalism is a system averse to their interests, but that is an insufficient definition. Yet with a view to fight that model, we think that it is necessary to create a broad and united mass movement as well as to improve and deepen our policy in this regard; the neoliberal model won't be defeated as result of the actions of one small group.

On the other hand, it is necessary to dismantle the inherited institutionality and pave the way for democratisation whenever constitutional rigidity restrains the active role of the state and citizens' participation in

national affairs. Reform proposals, like changing the General Education Law, move forward the demand for a new institutionality. It is a matter of joining forces. The main risk in going solo with the demand for a new constitution consists in being unable to catch the right moment, debilitating agitation and raising awareness. Then again, basing actions merely on changing institutions is an impossible task, since the constitution's rigidity prevents any real change. Within this strategic effort, we must examine without prejudice whether there is the conviction that a change in the electoral system to proportional representation is a substantial factor. Finally, a major concern is to conquer spaces at the local level to reverse the process of social atomisation and implement an alternative form of government. This will help promote social organisation, enhance our presence in municipal governments, and fortify our influence in the ideological-programmatic area. The experiences made at the Latin American level are a theoretical and practical reference in that respect.

In the Chilean case, the issue of the participation of the left in power is neither an issue nor determined by its relation with the *Concertación*. At present, the relationship in question is seen as mutually beneficial and is being extended, due to the profound struggle to end the exclusion, combined with the possibility of an electoral defeat of the *Concertación* and the real threat of a rightist government. Regarding the effects of the neoliberal model, it does not really matter whether the right or the *Concertación* is in government; here we cannot apply the same reasoning as before with respect to paving the way for our policy in better conditions. The nuances determine analytical finesse, even in our position and action.

In our opinion, it is a matter of developing a view that is more pragmatic than the policy maintained in the 1990s, and our dynamics – imperfect and not always understandable, even to ourselves, but nevertheless present and objective – consist of using both our own participation and that of others to induce more important change, and in the process accumulating forces with the perspective of democratising society.

Hence we have identified and characterised a parliamentary agreement

with the *Concertación* that is more an instrument than a programme, and therefore we are determined to run a presidential candidate. The main objective at this stage is to bring to an end parliamentary exclusion and defeat the existing electoral system. Our presence in Congress will be neither testimonial nor convenient for the general strategies of the main political forces. Irrespective of that, we also aspire to reach great political accords, like regaining control of our main natural resources, and advancing reforms that acknowledge the right of the state to participate in economic activity. We anticipate that during this process of accumulating forces, ours won't be the principal ones and that we will face complex scenarios to clarify our positions. That implies, however, increasing our degree of preparation as much as to put emphasis on popular mobilisation, and to specify the demands of the masses in any scenario. All in all, it is a policy of revolutionary transformation. For our part the way is paved for a government project aspiring to structural change, which is clear about the fact that the engine of that change is and remains the unity and the struggle of the masses.

THE STRENGTH TO CHANGE THE FINANCIAL AND ECONOMIC STRUCTURES: SOME KEY ELEMENTS TO CHANGE THE POWER BALANCE

FRANCISCO CONTRERAS, SWEDEN

For eight years, from 1998 to 2006, i.e. two electoral terms, the Left Party and the Green Party supported the minority government of the Social Democratic Party. A 121-point programme was established covering the labour market, energy, environment, gender equity, infrastructure, and the social security system. There was no co-operation regarding foreign policy, Sweden joining the European Union, or the transfer of national authority to European agencies, nor on normative policy, migration or asylum policy.

In 2006 the Social Democrats (SAP) lost the elections and the right Alliance for Sweden formed the new government. The economic debate over alternatives to fight unemployment disappeared, the SAP with their Prime Minister Göran Persson was worn out, and there was a problem with the dissolution of the left/green bloc. The centre parties opted for the right. The conservative party moved to the political centre and abandoned its neoliberal discourse, so as to attract the middle classes. We lost in the big cities. The Left Party did not manage to attract those dissatisfied with the social democrats. The political blocs consolidated.

After the elections, the biggest demand of progressive voters was the formation of a red/green alliance after the next elections in 2010. The SAP considered a government coalition for the first time in their history. An internal power struggle emerged inside the SAP, with their right wing opposed to the participation of the Left Party, claiming its inclusion would mean abandoning the course of the past two decades. In a surprise coup within the SAP, its leaders and the Greens announced the formation of a government platform through the media. The Left Party dissented, since it did not accept the normative economic poli-

cies. The labour movement and left-wing Social Democrats opposed the shift to the right in the SAP, rebelled, and the SAP leadership was forced to include the Left Party in a new government platform. All this went on during a period of two to three weeks in the autumn of 2009. If we win the elections in September 2010, it will be our first participation in government. We have experience in local and provincial governments, but not at the national level. The centre and centre-left wings supported by the media question our capability to govern. And from the left, we take flak for our disposition to make compromises that tie us to centrist projects.

The important thing is to have a proper position, and to communicate to activists and voters what they are consenting to and to carry the discussions into the social movements. But that is not enough. We have to move beyond mere rhetoric and wishful thinking. What are our real chances to make an impact and what can we rely on? How can we use our minority power to make an impact? What are the main priorities for a government term? What must be the main efforts to change the balance of power/correlation of forces?

Other points are to evaluate neoliberalism and the objective conditions, to carry out an analysis of the function of social pressure, and to present realistic solutions that assure a qualitative change. The three parties will form five working groups among them to formulate a government platform: economy and labour; climate and environment; welfare and social justice; urban development; and a just and sustainable world. It includes four main ideas: first, the Swedish model of the welfare state (the struggle for full employment and the social security system); second, a sustainable society, energy and the climate; third, the urbanisation process and the proper dynamic for big cities, with issues of segregation by class and ethnic group/race, housing, and infrastructure; and fourth, the issue of globalisation/international solidarity and security. I would like to focus on that last topic.

The three parties differ significantly in international policy, both in discourse and in practice, including the policies of international security, Palestine, sending Swedish soldiers to Afghanistan, Turkey's joining the

EU, immigration and asylum policy, Sweden's position in international institutions such as the WTO, the IMF and the World Bank, the concept of the hegemony of financial capital and the transnational corporations (TNCs), the development of the European Union, Global Europe and the accession treaties, just to mention a few.

Concerning financial and economic structures, it is fundamental to agree upon an interpretation that may not be identical, but is at least close regarding the crisis of neo-liberalism, in all its dimensions. This will have repercussions on the policies implemented regarding Swedish participation in the UN, the IMF, the World Bank, the WTO etc.

What are the elements of change today? An immediate initial objective is to enhance the policy space and the capacity for political manoeuvre in the country; to recover national sovereignty. This is to the detriment of capitalist accumulation, neo-liberalism, and thus the gambling of financial capital and the role of the transnational corporations in the accumulation of capital.

There are some instruments that can be imposed on the debate that are internationally accepted, and which the SAP and the Greens cannot avoid.

Recommendations by the Commission of Experts on Reforms of the International Monetary and Financial System chaired by Joseph Stiglitz (Pedro Páez and François Houtart are members of that commission). The so-called Stiglitz Commission presented its recommendations to the United Nations Assembly on March 20, 2009, and a preliminary draft of its full report on May 21, 2009. These are recommendations on possible reforms of the international financial and monetary system. There are emergency proposals and structural solutions: the developing countries need more policy space and national sovereignty. Counter-cyclical policies to IMF conditionalities; transparency and information; creation of a Global Economic Coordination Council; permanent members without veto power; a new global reserve system, as the US dollar has proved problematic as a reserve currency; a new kind of greatly expanded Special Drawing Rights (SDR) system for the IMF; imposition of international restrictions to avoid disproportionate growth

of the banks; and stipulations to force banks to adopt limits for transactions with hedge funds and tax havens.

Detain Global Europe: the association treaties. Detaining neo-liberalism means saying "no" to the association treaty between the European Union and Central America / Andean Community, and likewise with the African countries, EPAs, and South East Asia). It is obvious that with the association treaties, the AdA has consolidated and institutionalised neo-liberalism and reinforced the capacity of the TNCs to act.

Deregulation of the service area; imposition of the "Singapore issues": transparency in government procurement, trade facilitation (customs issues), competition policy, trade and investment; development of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) (medicine, grains and traditional knowledge).

Deregulation of agriculture; the European subsidies remain.

Agreement between asymmetric economies; renegotiation of the GSP+ (Generalised System of Preferences); the lack of "sustainability impact assessment studies."

Imposition of the Global Europe agenda, which, as Peter Mandelson explained, aims to improve Europe's competitiveness globally, i.e. the competitiveness of a neoliberal Europe. "We need to open markets and create new opportunities for trade and ensure European companies are able to compete fairly in those markets." Six strategies can be distinguished for the imposition of Global Europe: tackle other trade impediments besides customs on EU exports and investments; improve access to raw material and energy for European producers; fortify the presence of European transnational corporations outside the EU; create better market access to services; open markets constituted by general procurements; reinforce the protection of intellectual property rights.

Regulation of TNC activities. In the case of Sweden and the Scandinavian countries it is important to emphasise the negative impact of TNC participation in the social and environmental area, such as the Finnish-Swedish Stora Enso on eucalyptus plantations or ethanol production in Brazil and other Latin American countries. The same applies to the Nor-

wegian salmon farming industry off Chilean shores. There are some initiatives that can serve us as instruments to push back or at least curb the TNC offensive: an additional protocol of the economic, social and cultural rights. Ratification by ten countries permits its application. It puts pressure on states when, for instance, the right to food is not respected. A social clause in the WTO regulations, and implementation of the ILO conventions in all treaties. Stop the IRSSA (Initiative for the Integration of the Regional Infrastructure of South America), initially proposed by rightwing governments, which forms part of a structuralist vision and does not respect the rights of native peoples, attacks the environment and favours European transnational corporations.

ANTICIPATING BOLIVARIAN SOCIALISM

HÉCTOR RODRÍGUEZ CASTRO, VENEZUELA

We are living a moment of great historical change. The financial markets are collapsing and their downfall has turned into a global crisis. Millions of people are losing their jobs and homes as a result of a system gone bankrupt, which values money higher than human beings.

During the last decades, the hegemony of the political-historical bloc which has defended the free reign of money, even if it meant the ruin of humanity, was absolute. A social model has prevailed which has permitted children to die of hunger, and polar thawing, global warming and desertification to intensify without any countermeasures being taken – because that would cost money. It's a logic under which money is rated higher than life. Capitalist economics subordinates human needs to the needs of business profits. The reasons and anxieties to which the capitalist economy responds are rarely the same ones as those faced by the men and women who are forced to obey it.

Facing that vision, that bloc, there is another political-historical bloc which rates women and men higher than money, which defends life and a vision under which it is important to respect the ecology, to respect the human being, to give the people food, and to facilitate access to education, even if that has an economic price, because money is not the most important thing.

The first block still prevails globally, but that is starting to change. Venezuela has pointed out to the world the need to end that logic, which puts money above everything and to build instead Bolivarian Socialism. But this is an invitation to debate, to discuss how – under the present circumstances – we can build a world in which equity and solidarity prevail, in which political, economic and social relations can be transformed. Above all it is a debate and not a pre-defined position.

In any case, Venezuela is stimulating the socialism debate in a climate of severe social exclusion, which is, without any doubt, the first issue that must be faced. There are specific and essential questions that have to be

resolved before we can properly talk of socialism. First, though trying to break with a *rentista* culture, in which there was an expectation that the state would supply everything, we had to face the fact that people were dying of hunger. We had a level of population living in poverty that reached 80%, plus 40% living in extreme poverty, and we have been working to improve that situation. The first thing the state considers as a prerequisite for building socialism is: "I have enough money, let's give the people food, let's give them education and health, because they are dying us." Next, that leads to "It is not me who is going to give it to you, because we are all the state and we all are responsible for building a new society" – and we stimulate a debate on this, so that people will understand that it is not the state that is giving resources to the municipal council, but that they themselves are part of the state. They must know "that they are obliged to consider how to administer" those resources, which belong to everybody, "obliged to consider how to build collectively, and to consider how we can begin to generate the fulfilment of our material needs and how we are jointly responsible for the existence of education, health productivity etc. in our communities." It was indisputably necessary to take emergency measures to satisfy some extreme needs, measures that supported the *rentista* concept of the state, but as that dramatic situation has become stabilised, there have been initial experiences which have generated organisation, and which then again begin to generate an increased sense of community. In Venezuela, over a million of people were illiterate, a state which we were able to overcome. Access to education was very low, and we were also able to overcome that, through a very important programme, the Bolivarian Educational Missions. As a result more than 42% of the population are attending classes today, from crèche to university. The same applies to health. This inclusion process allowed – in addition to the political debate that is going on – an educational process of the population, which permitted raising the level of the collective consciousness. It is still not high enough – we must raise it much higher to achieve essential structural transformations, so as to take a qualitative leap in education, productivity, a distribution model of wealth and a con-

cept of property, etc. – but the collective structure and consciousness has really advanced significantly already.

Thus, an ample space for discussion and civil participation has been opened up, in which nothing is decided yet, for the decision-making has to take place by way of a truly participatory and democratic exchange. Organisation and an increase of collective consciousness are fundamental to supporting that process. We intend everyone both to raise their level of collective consciousness and to get organised on the basis of education and political discussion.

About the relevance of the new national geopolitics

In any case, the open and widespread discussion process we are referring to, has some clearly emerging essential outlines of Bolivarian Socialism:

In the social relations of production: First, we know that we have to transform ownership of the means of production; that is undisputed. Also, the balance of power and social relations must be transformed. Relations of production designed for the accumulation of wealth must be confronted by relations of production yet to be built, which fulfil the people's needs. We have been experimenting on that issue with social production companies, involving people in planning; supporting a cooperative movement, supporting a communal production movement.

Second, political relations: Our point of departure has been a state designed to satisfy the needs of an elite. We have asked ourselves how to begin to dismantle such a state and build instead a *people's state* – or a state from below – in which people feel jointly responsible for the administration of resources/funds and the fulfilment of their needs. The issue is not to continue regarding the state as something remote from oneself, or to expect the state to solve things for me or supply me with things, but to understand that I am part of the state, the state is tangible is my community. The municipal councils, the impulses for political participation, and the collective planning in public administration are ex-

periences that start moving things into the direction of a different state. Third, the matter of human relations: Capitalism has been imposed not only through an economic relationship of subordination and dependency, but has also modified human relations. This is shown most notably among young people: previously, adolescent related to a group of other young people in a public space; nowadays, – and we don't want to chime into the criticism historically made by some Socialist sectors against science and technology – young people relate through Messenger, feel the heat of their girlfriends' or boyfriends' kisses through a text message. Social relations seem less and less human, less collective and we believe that something has to be done about that, because in the end we will lose the metropolitan public spaces; at least that is the experience we have had in Caracas. Our revolution has taken that into consideration, and begun the urban rehabilitation of public spaces, so as to facilitate the encounter of the human beings, to look into each other's faces and to feel the heat of our skins.

About the protagonism of social movements

Our point of departure was a state that was not designed to make a revolution, and we had to somehow overcome the typical obstacles of bureaucracy. For that purpose, it essential that, on the one hand, the party maintain fluid political relations, electoral relations, and that it build relations with all kinds of social movements. On the other hand, it is indispensable that the party be firmly committed to the construction of popular power.

The United Socialist Party of Venezuela (PSUV) maintains relationships with very diverse movements: indigenous people, women, students, farmers and workers. In the bosom of the party, we are discussing what we envision as the necessary educational model, a productive model, and we would like that our activists bring those movements to life, push them, always democratically of course, towards this vision we have of things.

Let us take education for example: we have succeeded in turning education into a commodity, but not yet to transform it. We have provided a great number of people with education, but we don't believe that education is limited to a transitory period in life; we believe that the human being becomes educated from the moment of his conception until his dying breath. We would like to move on to a concept of education for all, and for all of life, where the educational space is not a one-way street, but an extremely dialectical space, where different visions and different positions come together in a dialectic process and new truths, new technologies and new sciences are generated. Certainly, all these issues that we discuss in the bosom of the party are likewise discussed with academic and student circles, so that the student movement, which so far has been extremely demanding in a struggle for public spaces as well as university spaces and infrastructures, for a better free education, for a set of student benefits like transport, scholarship etc. adds a qualitative leap to the struggle for the transformation of the educational system. Likewise the trade unions and workers are fighting for their wages, for the nationalisation of some companies, and for improved social conditions of the working class, but in the bosom of the party we are discussing the need to change relations of production, so that economics not be a science for the accumulation of wealth, but for the fulfilment of people's needs, so that the party can be a stimulating actor and factor for the transformation of the production models and towards the construction of an economic model that serves to satisfy needs. And this is what we want to discuss, and what we are discussing with the labour movement.

Right now, it is really very important that we, as a party, clearly understand that all social movements – the labour movement, the student movement etc. – possess a sufficient degree of autonomy to discuss and debate as well as criticise the government and party. Obviously, the party wants political discussion to take place in the bosom of those movements. We don't want to control the movements; we want to have a political relationship with them and want to tell them, "look, this is what we believe and what we'd like to debate with you." We know

from the experience made in some revolutionary processes, in which the leadership of the party or the government controlled the movements, that precisely this control killed the engine of discussion, this crucial engine, which is so vital for the revolutionary process. And then, something that started out as a revolutionary action ends up as a conservative project, because we as leaders run the risk of adapting to the situation as it is. Anyone outside the leadership must be in the situation to criticise it, thus allowing the revolutionary process to advance. The party leadership has a very clear position in that respect, i.e. that the social movements must be independent from both, the party as well as the government. To realise the collective building of society, we believe that the government and the party must maintain a permanent ongoing discourse with these movements.

This relationship of commitment, discussion and criticism is the best way for the party to get acquainted with the true feelings of the people. Each *batallion* has a liaison officer for the social movements active in his community, who is responsible for communicating and coordinating the information and discussing it. This cell is essential. The *batallion* has a communication, organisation, ideology, territorial defence and social work mission. Our candidates' government programmes are developed by the *batallion* in a community assembly convened by the social movements active in that community to develop diagnoses, priorities possible solutions and spending collectively – all citizens, parties and social movements together.

Building popular power

Thus, people are continually asking to become ever more involved in the decision-making process, they want to assume administrative responsibility, to carry things out, and the Party will be increasingly obliged to give people the opportunity to participate. In the beginning, people were invited to plan what they wanted to get done, but it was still executed by the state. Now people say, "We don't just want to plan it, we also want to do it, we want this community company or this coopera-

tive that you are telling me to organise to be the one to implement the project, and we want to check it afterwards." People keep demanding more organisation, more efficiency.

Right now Venezuela is a big organisation and social movement-forming laboratory. From the beginning, we started to experiment with a group of social organisations designed to implement the tasks suggested by the revolution. The outcome of this were some wonderful experiences like the Health Committees, where the people of the community themselves organised solutions to health issues, for which the state provided the funds. Today this has evolved further. There have been initial experiences made by the Health Committees and the Urban Space Committees, which were responsible for evaluating the situation of urban land in the community and how to provide tenure to those without land, how to administer that urban land, how to urbanise it; or also by the Culture Committees, which are responsible for investigating and recovering a set of cultural events which had already been lost, on completely unknown cultural actors, thus rescuing enormous cultural values. All those experiences have been crystallised in the Law of Municipal Councils, the organisation of all those committees at the municipal level. The committees continue to exist, but are now united in what we have called Popular Power, which is an additional step in the building of this new state. The different committees are active within the space of the Municipal Council, and they propose solutions to the issues facing their municipalities.

Our goal is that the government transfer ever more power to those areas which are policy spaces of the people themselves, but we must also evaluate whether they are working; how to generate new political theory in those spaces; how to come up with new recipes so that the people's government actually materialises, not only at the community level, but at all levels of the state administration, from the local to the national level. We are confronted with the difficult task of building a true people's state, a state from below.

About the new international geopolitics

Two centuries have gone by since the achievement of independence led by the Liberator and other Indo-American patriots. The incomplete task still has strategic character and essentially political nature. Comandante Chávez called it the “political revenge” when he outlined ALBA, the Bolivarian Alliance for the Peoples of Our America, for the first time. Economics, the priority of the neoliberal model, has to yield precedence to politics.

Hence the National Latin American and Caribbean Question, and not mere statements of regional agreements, is coming to the fore. Dismantling the reproduction mechanisms of the nineteenth and twentieth century balkanisation is an ideological, economic, cultural, social and ethical, yet fundamentally political task. The name ALBA required substantial consideration. From the “Bolivarian Alliance for the Americas”, a name detached from its strategic objective, it turned into the more specific denomination: “Bolivarian Alliance for the Peoples of Our America” – and »Alternative« was replaced with “Alliance” on June 24, 2009. “The people” thus are assigned the leading role, and are the target group of integration benefits, and the territorial definition “Our America” is more than only geographical. In summary, the struggle for the Latin American and Caribbean Unity can only achieve its goal while the popular masses are in the front seat and acquire their own personality with the socialist banners, to guarantee that the inevitable democratic-bourgeois tasks will be advanced until the bitter end.

Today, there are three integrationist projects taking shape in Our America. One is the integrationist project for dependency and submission, the Free Trade Area of the Americas (FTAA) led by imperialism. The other two projects have their own features: one led by the so-called national bourgeoisies (MERCOSUR) and the other one by the revolutionary governments and the masses (ALBA). Regarding the FTAA, suffice to say that it includes a reengineering of balkanisation – secessionist policies designed to resist the “unionist trend”. In case of the MERCOSUR project of our countries’ leaderships, it is sustained by

the theory of the fallen tree the internal core of which is alive! The seductive power of the “Korean Model” has made a deep impression on the Latin American bourgeoisie. So far, the MERCOSUR is the most significant example for this integration model, which prioritises the economy reduced to “business” and politics, while social matters are postponed. By contrast, ALBA pursues the strategic and historical objective of Our America United. It puts social policy in first place and its engine is the formula “government/people”, as opposed to the structuralist MERCOSUR model, which relies on the formula “government/entrepreneurs” (i.e.: “bourgeoisie/private companies”).

On balance, ALBA emerges with a series of extra-capitalist components which make up its specific personality and perspective – its socialist aspect. Breaking “with the logic of reproduction and capital accumulation” then means to advance in solidarity and complementary parameters, parameters of collaboration and cooperation, sustainability, and planning, and to ultimately abandon those concepts which sustain the logic of capital: competitiveness, productivity, dichotomy of manual and intellectual work, and top-down administration. Beyond the “logic of reproduction and capital accumulation”, there is no longer any other logic but that leading to socialism. Hence, with consideration for an appropriate transition period, the major transnational corporations will have to restructure themselves according to a vision appropriate to the socialist perspective.

RESPONSES OF VENEZUELA'S RENTIER SOCIALISM TO THE RECENT DECLINE OF INTERNATIONAL OIL PRICES

MARGARITA LÓPEZ MAYA & LUIS E. LANDER, VENEZUELA

Venezuela is attempting a social transformation toward what the government identifies as a model of socialism. Since the Venezuelan economy has relied on oil revenue as the primary focus of its dynamism throughout its process of modernisation, it is not surprising that the economic policies designed to achieve this desired transformation also rely on this revenue. Because of this particular situation, the Venezuelan experience has some atypical characteristics. Between 2004 and 2008, the sustained rise in international oil prices made it possible for Venezuela to make advances in its model for change, which was expressed in positive tendencies in the country's primary macroeconomic and social statistics. When the international financial crisis hit, the Venezuelan government reacted initially by announcing that the Venezuelan economy was "protected" from the crisis, due to its weak links with the international economic system. Then, it reported that the Venezuelan economy had plenty of savings that could be used to avoid the crisis. This position was maintained until mid-February 2009, when a referendum was held on the constitutional amendment proposed by the president to allow his re-election indefinitely, and the same for all publicly elected officials. After the proposal was approved, the government began to publicly announce some specific measures for confronting the crisis – now acknowledged as having a potential to affect the economy.

In this presentation, we will outline some basic principles of the Venezuelan socialist model, as they are presented in the Guiding Principles of the Plan for the Economic and Social Development of the Nation for the 2007-2013 Period (*Líneas Generales del Plan de Desarrollo Económico y Social de la Nación 2007-2013* (LGPDESN)).¹ This document

¹ LGPDESN, 2007: *Líneas Generales del Plan de Desarrollo Económico y Social de la Nación 2007-2013*, http://www.cenditel.gob.ve/files/u1/lineas_gen_nacion.pdf (Sept. 2009).

calls for a gradual transformation during this period of the economy toward a model of increasing predominance of social ownership of the means of production and the use of oil revenue to expand and strengthen the domestic market, and also promote an agrarian revolution. Secondly, we will present the primary macroeconomic and social statistics since 2004, the year in which the Chavez government managed to overcome some of the most intense political conflicts it had faced since the beginning of its term (coup d'états, the oil strike, revocation, etc.). These years were characterised by a sustained rise in international oil prices, and thus, in oil revenues. Then, we will examine the measures implemented by the Chavez government, officially or in practice, to avoid the effects of a drop in oil revenues, and we will discuss the degree to which these measures conform with the proposed socialist model.

The socialist model in Chavez's second term

In September 2007, the LGPDESN document outlining the implementation of the Plan for the Nation during Chavez's second term was published. The development of this document was closely tied to the constitutional reform proposed by the president in August and rejected in December of that year. In early 2008, the changes proposed by Chavez were to some extent paralysed and affected by a degree of uncertainty. Nonetheless, by July, the government had taken the initiative once again, and despite popular rejection, decided to move forward with some of its proposals through a set of laws using the constitutional option of an enabling law. At the end of 2008, the President proposed a constitutional amendment that would allow his indefinite re-election, and in the following January he extended this proposal to include all publicly elected officials. The indefinite re-election of the President was one of the aspects rejected in the 2007 referendum. On February 15, 2009 the amendment was approved by 54.7% of valid votes cast. In practice, the Plan for the Nation and the constitutional amendment have neutralised the effects of the referendum defeat in December 2007, with the continuation of the socialist model proposed by Chavez.

According to the LGPDESN—which has the unique feature of Hugo Chavez's signature as "comandante – presidente" in the Introduction—the proposed socialist model includes the following guiding principles: a) the creation of a *New Socialist Ethic*, based on the humanist currents of socialism and Simón Bolívar's nationalist currents of thought; b) the search for *Supreme Social Happiness* based on the construction of an inclusive society; c) the construction of a *Participatory and Revolutionary Democracy*, understood as one that transforms the individual's weakness into collective force, and a *Socialist Productive Model*, understood as the elimination of the social hierarchisation and division of labour and the elimination of the criteria under which the production of wealth is subordinated to the reproduction of capital, to be replaced with different criteria that respond to the satisfaction of human needs. In addition, the Plan points to a modification of the socio-territorial structure, to adapt it to the new productive model; the use of oil to transform Venezuela into a *World Energy Power*; and *New International Geopolitics* aimed at establishing multipolarity as the international order (pp. 5-6).

The Socialist Ethic: The first challenge in this guiding principle is to overcome material and spiritual misery and poverty by building an *ethical State* with functionaries who exhibit *moral behaviour* in their personal lives. It is thus affirmed that there are values and principles in the social consciousness "not due to a pact, but rather because of something within each one of us and in the social heart, something we feel as an obligation of humanity..." (p. 9). This new ethic will lead to the *new human*, through which *human pre-history* will be surpassed and we will enter into our *true history*, that of socialism (p. 10).

Supreme Social Happiness: In relation to this guiding principle, the new inclusive social structure of socialism will be based on forms of social ownership contained in this concept, specifically self-managed, associative and community ownership (p. 12). The Plan only specifies these three types of social ownership and does not provide a definition for each of them. In the constitutional reform proposal that was rejected, social ownership had been defined as "that which belongs to the peo-

ple in general and to future generations, and may be of two different types: *indirect* social ownership, when it is exercised by the state on behalf of the community, and *direct* social ownership, according to which the State designates such ownership, in various forms and in defined territorial contexts, to one or various communities, to one or various municipalities, thus constituting municipal property, or to one or various cities, thus constituting citizen property” (author’s emphasis).² The LGPDESN also considers public ownership and *individual* ownership, without making explicit reference to private ownership. With respect to public ownership, it was defined in the rejected reform as belonging to “state entities,” a type of ownership different from indirect social ownership, but without having clarified the difference. Contrasting public ownership and individual ownership serves to avoid taking a position with respect to the different legal forms of private ownership. Is the latter understood to be individual ownership? Does it refer to property belonging to legal persons? Under the reform proposal, a direct reference was indeed made to private ownership, establishing that “different forms of ownership are recognised and guaranteed” (proposal for reforming Article 115). In more recent years, the government has been nationalising different types of industries as part of its strategy for the construction of its model. In some cases these are renationalisations, because it was during the period of neoliberal hegemony that they were privatised. It is important to point out that these nationalisations were carried out with due payment of compensation. It is also important to mention that the transformation to an inclusive social structure is made possible by “the new way of using oil revenue,” through its investment in massive, accelerated social policies such as the “missions,” that permit universalising the satisfaction of such basic needs as food, health, education, housing, employment and identity (LGPDESN, 2007: 12).

Also, according to the Plan, there have been efforts to develop exchange systems that are “just, equitable, in solidarity, and in opposi-

² Proposal for the first Constitutional Reform, 2007: Proposal for reforming Article 115, www.minci.gob.ve/alocuciones/4/15343/presentacion_del_proyecto.html (Sept. 2009).

tion to capitalism” (p. 13), making advances toward surpassing discrimination between physical and intellectual work. Among the inequalities created by capitalism is the unbalanced relationship between rural and urban areas; the response is to be the construction of “socialist cities planned and organised in a manner sustainable with nature” (p. 13).

Included among the specific objectives for this guiding principle are: reduction of poverty to zero during the period covered by the Plan, enhanced access to food; support for the organisation and participation of workers in managing companies; increased participation by community councils in planning and controlling the economy; and the establishment of mechanisms for the socialisation of surpluses (pp. 14-16).

The Socialist Productive Model. This will be composed of what are referred to as *social production enterprises* (*empresas de producción social* – EPS), considered to be the seeds for socialism in the twenty-first century. These are defined as enterprises dedicated to producing goods and services without the capitalist values of selfishness and profit. There are no privileges granted in these enterprises, and there is substantial equality among members. Participatory, active planning is used, and surpluses are distributed in proportion to the work contributed (p. 25). They will be assisted by the oil industry and state enterprises that produce basic goods, the latter of which will progressively delegate productive activities to these EPSs. In addition, other state enterprises will be transformed into EPSs, depending on their specific nature (p. 25).

The socialist model of production seeks to consolidate an endogenous economy of multiple internal productive chains, diversifying its export potential for goods and services, after meeting domestic needs. It will promote a commercial policy in harmony with endogenous development, and will promote scientific, technological innovation adapted to the goal of meeting human needs. In addition to the basic energy industry, food production, manufacturing and basic services for the population will be prioritised (pp. 26-27).

The Plan emphasises food production activity within what is referred to as food security policy. This implies comprehensive rural development

that will allow for a more balanced re-occupation of territory and redistribution of income, and will contribute raw materials to industry. It is therefore established in the Plan that a goal is to culminate in an *agrarian revolution* (not agrarian reform), eliminating the *latifundios*, and during this period investing substantially in agriculture, particularly irrigation systems, restoration of lands and rural roads and highways, as well as in assisting producers with all they require: financing, training, machinery, inputs, etc. (p. 27). The many other objectives include explicitly support for small and medium-sized industrial establishments and cooperatives (p. 30).

The Plan seeks a re-occupation of space in Venezuela under the concept of *Decentralised Territorial Development*, resulting from comprehensive planning, articulating the construction and organisation of the new endogenous productive model, through which new social relationships are to emerge (p. 33). This guiding principle involves a change of direction with respect to the tendencies of political-administrative decentralisation of the final decades of the twentieth century as expressed in the Constitution of 1999. Regional and municipal powers are lacking in this document.

Finally, the Plan includes two other guiding principles: *Venezuela as a World Energy Power* and *New International Geopolitics*, in which the key role of the oil industry is reiterated as “co-responsible at the front line” of the new productive model (p. 42), and emphasis is placed on the use of the energy resources for Latin American and Caribbean integration, and on the strengthening of poles of world power other than US imperialism.

Socioeconomic performance since 2004

The 2007-2013 Plan that described above proposes many objectives that are a continuation of the prior Plan (2001-2007). Since its arrival in the government in 1999, Bolivarianism has been focused on a clear, fundamental goal: overcoming social exclusion and making profound transformations in all spheres of social life. However, under this new

Plan, the socialist objective and discourse are explicit, and are accompanied, among other aspects, by guiding principles that promote solid recentralising tendencies not present in the previous Plan.

Macroeconomic indicators:

Beginning in 2004, with the most intense political conflicts surpassed, there was a significant improvement in macroeconomic indicators registered in Venezuela that continued until 2008. The Gross Domestic Product (GDP) demonstrated, for the first time since the end of the 1970s, five consecutive years of growth, as shown in Table No. 1. This tendency was similar to that of the rest of Latin America; however the averages in Venezuela were above those for the region.³ Beginning in 2007, even though growth was considerable, it began to decelerate in relation to previous years. In 2008, the oil GDP increased for the first time after a three year drop. According to the Venezuela Central Bank (BCV), this could be attributed to higher levels of crude oil and natural gas extraction (BCV 2009a: 27).⁴ If we look at the GDP for the public sector and the private sector, we can observe that the latter has been decelerating and losing its dynamism. In the last two years, its level has been below that of the overall GDP. It is also important to note that, in line with the rentier and import-oriented nature of the economy, its most dynamic part is the “non-tradable” sectors (construction, trade, financial institutions and telecommunications), while the production of importable/exportable goods (manufacturing, oil, mining, agriculture, etc.) is growing more slowly.

³ CEPAL, 2009 (<http://www.eclac.org/estadisticas/>).

⁴ BCV, 2009a: *Informe a la Asamblea Nacional sobre los resultados económicos del año 2008*, March in <http://www.bcv.org.ve/> (Sept. 2009).

Table 1: Gross Domestic Product. Constant 1997 Prices and inter-annual variations in percentages (Thousands of bolívares)

Year	GDP	Variation %	Oil GDP %	Public sector %	Private sector %	Tradable %	Non-tradable %
2004	42,172,343	18.29	13.72	12.5	17.2	15.0	17.3
2005	46,523,649	10.32	-1.48	2.8	12.9	5.7	14.5
2006	51,337,579	10.35	-2.05	3.6	11.9	3.5	16.2
2007	55,650,086	8.40	-4.24	7.7	7.3	2.0	11.7
2008	58,332,493	4.82	3.17	16.4	0.0	2.3	5.4

Source: BCV, 2009a.

During the last five years, the prices of raw materials in international markets experienced a significant increase. This is especially true for oil and its derivatives, which in 2008 reached historic levels, increasing from the OPEC basket price of \$36.01 in 2004, to \$94.45 in 2008. Even though prices have decreased significantly since July 2008, the average price as of July 2009 was \$47.80.⁵ In Venezuela, this generated increasingly high levels of oil revenue that financed such public spending programmes and social policies as the *Missions*.

As a result of this oil bonanza, Venezuela's international reserves were strengthened. The balance of payments was generally at a surplus, with the exception of 2007, in which the positive current account balance was exceeded by the deficit in finance and capital accounts.⁶ It was during that year that the government announced the anticipated cancellation of its debt with the World Bank. Its debt with the IMF had been cancelled in 1999.⁷

⁵ See www.mem.gob.ve in L. E. Lander, database.

⁶ BCV, 2009b: Información Estadística at <http://www.bcv.org.ve>.

⁷ See www.lanacion.com.ar (Sept. 2009).

Inflationary tendencies during these years have not been positive, in double digits during the entire period, above the Latin American average and generally also above the government's estimates. Especially relevant is the fact that inflation in food and non-alcoholic beverages – which mostly affects the poor sectors of the population – is always above the general index.

Socioeconomic indicators:

In accordance with the social balance objectives included in the first Plan, which aimed at overcoming social exclusion, the indicators of poverty and extreme poverty have been decreasing consistently since 2004, as has the unemployment rate. It is especially worth noting that, according to the BCV report, participation by the public sector in job creation has increased steadily during this period. In 2008, of a total of 321,154 new jobs in the formal sector, 182,931 were created in the public sector. That same year, the public sector employed 18.2% of the economically active population (BCV, 2009a:29). The Gini coefficient has also been improving, and in fact Venezuela has consistently registered the best coefficients in the region (www.ine.gov.ve).

The government has also insisted that the main focus of economic development should be a vigorous domestic market that satisfies the most elemental needs of the population: food, housing, health and education.⁸ The tendencies in the domestic market can be seen from Table No. 2, which shows how trade in general has been increasing, particularly retail trade. In addition, final consumption expenditure of Venezuelan households has increased, with a 74% increase registered for this five-year period.⁹

⁸ Ali Rodríguez Araque and Alberto Müller Rojas, 2009: Ideas socioeconómicas y políticas para debatir el socialismo venezolano, in: Margarita López Maya (editor), *Ideas para debatir el socialismo del siglo XXI*, Caracas, Editorial Alfa.

⁹ BCV, 2009b: Información Estadística at <http://www.bcv.org.ve/> (Sept. 2009).

Table 2: Variation in sales volume index, 2004-2008

Year	General %	Wholesale trade %	Retail trade %
2004	27.11	21.95	28.37
2005	29.39	19.30	33.04
2006	34.10	39.16	31.77
2007	34.69	18.63	42.49
2008	10.51	1.98	13.95

Source: BCV, 2009b.

Mercal has been one of the missions with the greatest impact. Its basic goal is to distribute food at subsidised prices, so as to satisfy basic food needs on the basis of food security policy. Table No. 3 illustrates the sustained expansion in the country's food consumption market. This is one more expression of the new orientation in the use of oil revenue. We can also see that the share of imported food is consistently much higher than the domestic share.

Table 3: Food distribution in Mercal

Year	Total in metric tons	Domestic %	Imported %
2003	382,860	14	86
2004	1,122,517	50	50
2005	1,397,579	64	36
2006	1,383,269	66	34
2007	1,408,490	47	53
2008*	1,492,263	—	—

Source: Anuario Provea 2008 and * Memoria y Cuenta MINPPAL 2008.

With its fiscal oil revenue, the government has also promoted other missions and policies for guaranteeing food security, such as the *Casas de la Alimentación* (Food Centers) and the food programme at Bolivarian Schools. In January 2008, by National Executive mandate, Petró-

leos de Venezuela (PDVSA), the country's national oil company, created a new subsidiary, Productora y Distribuidora de Alimentos (Pdval) for expanding the coverage provided by Mercal.¹⁰

Other social policies and missions, such as those for education and health, continue to show improvement in some aspects of the quality of life for the poor sectors. The five years of oil revenue growth have led to sustained improvement in certain indicators, although moderate in relation to the proposed objectives, in relation to discourse and to the investments made. An example of a policy that has not enjoyed positive results is housing. Here, the government has not managed to develop a strategic vision for resolving the country's serious housing deficit. According to reports from the Housing Ministry, a total of 241,219 housing units, or an average of 26,000 per year, have been built during the nine years that Chavez has been in office. By contrast, the annual average for housing units built during the 1990s was, although also inadequate, 64,000 per year.¹¹

Agrarian revolution:

Both in the Constitution of 1999 and in the first Plan for the 2001-2007 period, agriculture was considered strategic in the process of profound transformations to be pursued. The government proposed working against the *latifundios* and seeking comprehensive rural development through incentives for rural employment and the well-being of the rural population by way of infrastructure projects, inputs, credit, technical assistance and training services. Also, from the beginning, the goal was to promote cooperatives and diverse associations of micro-businesses, as well as forms of association under the collective ownership system, assuring financing and technical assistance and training. The most important objective was to achieve food security, which is the same goal that the Plan for 2007-2013 is now considering for the agrarian revolution.

¹⁰ BCV, 2009a: 9.

¹¹ PROVEA, 2008, *Informe Anual*, October 2007 to September 2008 in http://www.derechos.org/ve/publicaciones/infanual/2007_08/122%20vivienda.pdf (Sept. 2009).

Within these guidelines, we find that public initiatives and spending linked to agriculture and all related activities including agro-industry have been ongoing, and considerable financial assistance has been provided. Table No. 4 shows the importance of government financing for this sector of the economy from 2004 and 2008.

Table 4: Public financing for agriculture (millions of bolívares) (at constant 2003 prices)

Year	BsF for 2003	Var. %
2004	3,709	107.21
2005	4,479	20.76
2006	5,605	25.14
2007	5,520	-1.52
2008	6,519	18.10

Source: MPP de Agricultura y Tierras, and authors' calculations

In 2008, in the context of the significant rise in oil prices in the international market, support for the sector was expanded, in the interest of both food security and comprehensive rural development. Especially noteworthy in the first half of the year were: the continuation of subsidies to raw cotton, sorghum, maize, rice and sugar cane; the approval of temporary measures for facilitating paperwork for the production, import and marketing of products and inputs for food production; additional development plans for the construction, rehabilitation and maintenance of agricultural viability in terms of irrigation systems, and land restoration and the construction of basic services in rural areas (BCV, 2009a). In June at the height of the oil boom, a new impulse was given to agricultural production, with funds approved for expanding subsidies. Also, through its *Plan Deuda Cero*, the government cancelled agricultural debt contracted by producers between 2000 and 2004, through the Fund for Agricultural, Fishery and Forestry Development (FONDAFA), the most important public financing arm for the agricultural sector (BCV 2009a:8).

In consultation with Juan Luis Hernández for this paper,¹² we were provided with data that how efforts made thus far have led to only minimal results for this sector, and for achieving comprehensive rural development objectives in general. It appears this sector is going through a process similar to that experienced during the oil boom during the mid-1970s under the Carlos Andrés Pérez government, when a significant amount of effort failed to produce significant improvement in food production or rural living conditions. Then, as now, the country continued to depend on imported food.

According to Hernández, in terms of the amount of land affected, nearly 2 million hectares have passed into the hands of the National Lands Institute (INTI), representing 31% of the lands classified by that Institute as *latifundio*. These lands are primarily for extensive livestock production, and have little impact on agricultural production, although important symbolic effects, since they belong to those referred to as the *oligarchy* by Bolivarians.

According to the National Institute of Statistics (*Instituto Nacional de Estadísticas*), the number of individuals working in agriculture has not increased, but has rather decreased in absolute terms during the last three years. While in 2001 the number of heads of families working in agriculture was 850,165, this figure was 965,531 in 2008, after a peak of 1,090,708 in 2005.¹³

Financing has been quite extensive throughout these years for small producers and collective associations promoted by the state, such as SARAOS, Zamorano funds and centers for endogenous development. Nonetheless, many of the loans granted were not used for production. Furthermore, according to FONDAFA, the amount of outstanding loans increased from just over 200 billion BsF in 2005 to nearly 740 billion BsF in 2006, or from 18% to 65% of the total loan portfolio. In addition,

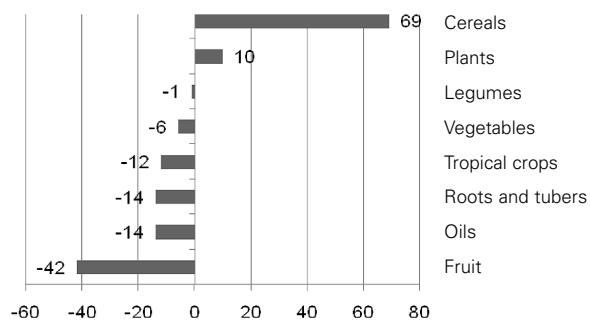
¹² Juan Luis Hernández, 2009: *Consultation with agricultural expert Juan Luis Hernández*, April 13.

¹³ INE 2009: *Indicadores de fuerza de trabajo*, in: *Estadísticas Sociales*, <http://www.ine.gov.ve/>.

as we have already mentioned, FONDAFA has been canceling debts with producers. Hernández points out that the available information regarding the distribution of land recuperated by INTI indicates that only 9% (168,000 hectares) has been turned over to Zamorano funds, while 59% is utilised by individuals. With regard to cooperatives, only general information is available, indicating the same tendencies observed in other social economic modes: there has been exponential growth in the number of units and resources granted by the state. However, according to official sources, only 30% of cooperatives are still active.¹⁴

Agricultural production has increased, but this is due particularly to the production of cereals, especially maize. And in other important areas, a decrease in production has been registered (see Diagram No. 1). There has also been a decline in the production of cattle meat.

Diagram 1: Variation in percentages of per capita agricultural production, by area, between 1998 - 2007



Source: MPPAT; data provided by Hernández.

These indicators demonstrate the precariousness of the agrarian revolution undertaken by the government over the course of these years. There are a number of factors that explain why this is the case. First is the lack of institutional order. There are many entities that have responsibility in this sector, and the necessary coordination between them is lacking. To illustrate this point: FONDAFA was originally under the juris-

¹⁴ Provea 2008; Oscar Bastidas 2009 (interview in *El Nacional*, 26 April).

diction of the Ministry of Agriculture and Land (MAT), then the Finance Ministry, and was then returned to the MAT, to be later transferred to the Ministry of Popular Power over Energy and Oil; then recently, it was once again returned to the MAT. Another point is the lack of harmonisation between two objectives as closely linked as agricultural production and food security. Compulsive decisions have been made to import food, to the detriment of the national agricultural sector. This is a complex sector, especially in a country in which the economy is shaped by oil revenue. Many initiatives and measures do not appear to recognise the full complexity of the situation. And one aspect that would seem to be absolutely crucial for achieving the proposed comprehensive rural development is the generation of short, medium and long-term strategies for the training, education and of values in accordance with the objectives of the socialist model. This is an immense challenge in a society that is markedly urban and consumer-oriented.

Government measures in response to the crisis

In July 2008 the price of the Venezuelan oil basket reached a historic peak at \$122.40 a barrel. From that point on, the price began to decline and by October it was \$63.49. Nevertheless, the government did not feel a need to modify its budget bill for 2009, in which it had estimated its revenue on the basis of an average barrel price of \$60. That same October, the Assembly approved the Budget Act just as proposed by the executive branch, even though the September 15 news of Lehman Brothers' bankruptcy made it clear that the international financial crisis would continue for some time, and was indeed of serious proportions. The price of the Venezuelan barrel continued to deteriorate, and by December it had dropped to \$31.55.

During 2008 and until the point in February 2009, when the referendum on the constitutional amendment to permit the indefinite re-election of the president and of all publicly elected officials was held, the government's discourse was aimed at maintaining that Venezuela's economy was protected from the crisis. Nonetheless, some timid statements were made regarding the need for austerity measures.

In January 2009 inconsistencies in the administration of public spending became more visible. There were frequent complaints in the press from providers of goods and services to the national oil industry, due to late payment. *Petróleos de Venezuela (PDVSA)* also announced a delay in its plans for foreign expansion (refineries in Ecuador, Nicaragua and Cuba), as well as a 40% reduction in its planned investment programme for that year.¹⁵ Implicit in this reduction was a postponement of previously-established goals for expanding production. Also, PDVSA asked its contractors to review the terms of their contracts in order to lower the costs of the services and goods provided. A similar move occurred involving basic industries in Guayana.¹⁶ In December, *Cadivi*, the office for controlling the exchange rate, announced a reduction by half of the annual allotment of preferential dollars for travelers. And in January there was a decrease in the amount of foreign currency approved for imports. Reductions in public spending paralysed infrastructure projects, generating protests from workers due to delays in payment of their wages.¹⁷ Collective hiring with employees and workers in the public sector was generally postponed. A significant example of the growing tensions between the state and its workers occurred in the Caracas Metro system. The government refused to recognise agreements reached with regard to a collective contract and ended up pressuring workers to sign an agreement for reduced benefits.¹⁸ These measures were taken by the government in the midst of two electoral campaigns that revealed the increasing economic pressures. After the elections, President Chavez announced on March 21 a set of measures he identified as “anti-crisis.” First was a readjustment in the budget for 2009, with a new estimate of the reference price for the Venezuelan oil basket, signifying a decrease from \$60 to \$40. Also, the estimates for production volumes were reduced from 3,300,000 to 3,100,000 barrels a day. These new estimates signified a recognition of

¹⁵ *El Nacional*, 27-01-09.

¹⁶ *El Nacional*, 19-03-09.

¹⁷ *El Nacional*, 23-02-09.

¹⁸ *Tal Cual*, 26-03-09.

the impact of the international crisis on the Venezuelan economy. Based on this new context, there was a 6.7% reduction in the spending budget; the value-added tax was increased from 9 to 12% as of April 1, and a modification of the domestic debt act for fiscal year 2009 was proposed, for an increase of 12 to 34 billion BsF, and it was then increased to 37 billion BsF in the legislation presented to the National Assembly on the 25th of that month. Also announced was the need to decrease what are known as luxury expenditures (vehicles, cellular phones, updating technological platforms, etc.), and the upcoming enactment of a law on emoluments for the public administration, the objective of which is to limit the salaries received by the highest-level government officials.

Among the measures mentioned by the president was a nominal increase in the minimum wage for 2009, to be implemented in two parts, with 10% on May 1, and another 10% on September 1. It is important to emphasise that this wage increase is below the inflation rate for the previous year, signifying a real deterioration in the minimum wage, with similar implications for the entire wage scale. This was the first time in recent years that a decline was registered in the real minimum wage.

Challenges to Rentier Socialism

The measures taken by the government in March reflect not so much a global economic programme for confronting the crisis, but rather specific decisions that appear to be aimed at overcoming difficulties considered to be temporary, until the international oil market recuperates. The contribution of the oil sector in the revised budget of March 2009 decreased estimated revenue for the year from 46.5% to 30.9%. To compensate for this change, the government is increasing its domestic debt, the contribution of which to the budget is over 20%, while the share provided by the VAT has increased to nearly 28%.

While the government has insisted that these adjustments will not affect its primary projects or orientations, and certainly not the continuation of its social policies, it is true that this reformulation is only one component in public spending generated in 2009. In the years prior to

the boom, budgets were developed with estimates of the average prices for a barrel of oil that were much lower than the real prices. In 2008 for example, the reference price was established at \$36 per barrel when in reality it turned out to be \$89.08. This differential allowed for significant amounts of extraordinary revenue that were used by the president with greater flexibility than what would generally be allowed in an ordinary budget. A significant share of the social policies were financed with these resources. Of the nearly thirty missions created by the government – its most powerful social instruments – only five had resources allocated to them in the ordinary budget for 2009, specifically: Robinson, Barrio Adentro, Alimentación (including Mercal), Che Guevara and Negra Hipólita.

The significant reduction in extraordinary revenue that will most certainly occur this year will severely affect the financing of all projects not incorporated into the ordinary budget. This will also be true for important infrastructure projects, as already announced in the case of the third bridge over the Orinoco River, the National Railway Plan, metro projects in various cities, highways, etc. New nationalisations will be restricted. The announcements already made by PDVSA with regard to postponing or reducing the rhythm of investments in various international cooperation programmes will, for the same reason, be equally affected. Among the adjustments to be made this year by PDVSA, in addition to a 20% reduction in the salaries received by its highest-level executives, a 64% reduction has also been announced in the costs and expenditures for the company's operations. This means a decrease from \$17 billion for 2008 to \$6 billion for this year. This will clearly involve a serious reduction in the social spending the company has been financing.¹⁹

The socioeconomic tendencies during the last five years identified in this article will be at risk. The reduction in public spending – which until now has been the primary factor in increasing the dynamism of the Venezuelan economy – will generate profound consequences for the labour sector. The possibility of continuing to increase formal employ-

¹⁹ *El Nacional*, 25-04-09.

ment through the expansion of public sector employment, as achieved in previous years, is now in jeopardy. The deceleration of infrastructure projects is another factor that will make it impossible to create new jobs. The announced increase in the minimum wage is, for the first time in recent years, below the inflation rate of the previous year. If we also consider the expected inflation rates for the future, these elements will together make it difficult to continue to improve indicators of poverty, extreme poverty and unemployment. The current situation does not look favorable for low-income sectors.

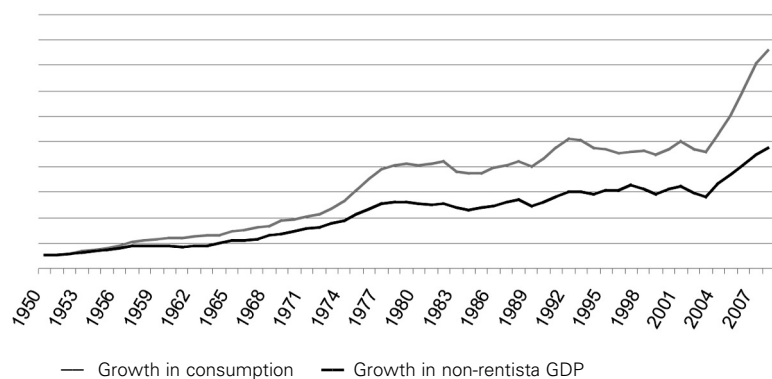
The particular decisions made by the government have a certain logic in relation to past experiences. After nearly a century of an oil-based *rentista* economy, Venezuelan society and its government have witnessed abrupt declines and sudden increases in short periods of time. With savings and debt capacity, the government opted for introducing as few changes as possible, assuming that oil prices would recuperate. If this does not take place in the coming months, measures such as those implemented in March will be insufficient, and more radical adjustments will be necessary. We are beginning to hear mention of the possibility of an increase in domestic prices for oil derivatives, which are the lowest in the world. This has historically been a sensitive point.

Venezuela's rentier socialism has been characterised so far by the same essential features of the rentier capitalist model that preceded it. The Venezuelan economy's vulnerability to the ups and downs of oil prices on the international market continues unchanged. The agrarian revolution undertaken in these years has continued without achieving the intended objectives, and internal contradictions have been revealed, illustrated by the decrease in the rural population, as mentioned above. The abundant petro-dollars have currently, as in the past, facilitated countless programmes and projects that are later discontinued, or are not implemented in coordination with other programmes whose objectives might be different or even contradictory. The massive import of automobiles, for example, satisfies the appetite of SENIAT (the tax office) for tax revenues; however, it weakens the country's capacity for developing and maintaining a sustainable automotive industry. In addition,

the possibility of establishing and consolidating a post-capitalist economic model is not dependent only on developing the state's regulatory and financial capacities. Also lacking is the active participation by other productive factors: small and medium-sized establishments, professionals and technicians, workers and campesinos – who frequently find their opportunities for action closed off by the government. Efforts made thus far to achieve important modifications in Venezuelans' values have been weak. A rentier society with a strong paternalistic, corporatist political culture needs different sustained practices if it is expected to internalise values such as solidarity and respect for nature. Participatory social processes that involve the appropriation of new values surpassing the typical consumerism of all rentier societies require time for maturation.

The diagram presented here in conclusion shows how nearly ten years of Bolivarianism has not, in structural terms, been able to ward off an economic structure that repeats the same errors of the past: specifically, the growing gap between growth in production and in consumption. The growing consumption is satisfied by the oil revenues that finance our imports.

Diagram 2:
Consumption growth versus non-rentier GDP growth, 1950-2008



Source: Data provided by Asdrúbal Baptista, 2009.

THE RED-GREEN GOVERNMENT OF NORWAY AND THE ALLIANCES WITH UNIONS AND SOCIAL MOVEMENTS

DAG SEIERSTAD, NORWAY

The political and economic background

The last thirty years represent not only an increase in social inequalities in European societies not experienced since the 1930s, but also a redistribution of social power from labour to capital that has accelerated over the past two decades. Of course, there are countervailing examples, as the efforts and achievements of the International Transport Workers' Federation (ITF) show. Without the network of ITF-inspectors keeping a close eye on wages and working conditions aboard ships in international waters – and without the boycott actions by port workers in important harbours – international shipping would have been open to social dumping of unseen dimensions. Nevertheless, in spite of all counter efforts by trade unions and trade unionists, there is no doubt that the owners of capital and the directors of transnational companies have been strengthened by globalisation. Globalisation has given capital possibilities for a divide-and-rule strategy in relations to employees separated by distance, borders, language, and different cultural and trade union traditions.

Norway has been no exception to the neoliberal transformation of European societies. Since the 1920s, we have had a strong Labour Party facing four or five parties of the centre-right, whose policies have always proved difficult to combine. In 1935, the Labour Party established a minority government after a deal with the Farmers' Party. From 1945 to 1965, the Labour Party held a majority in parliament. After 1965, there have been periods with minority Labour Party governments interrupted by periods of centre-right governments, most of them also minority governments. The political balance of power was remarkably stable for half a century after 1935: It was based on a social

compromise formalised in 1935 between labour and capital, administered by the trade union federation and the employers at the national level, and by their local branches at the regional and factory level. This traditional power balance has gradually broken down over the past thirty years. The starting point came with the right-wing government in 1981. Just when the new government took office, the world economy went into recession. But the second oil shock that had contributed to the downswing benefited Norway. Income from oil exports rose from zero in 1971 to 35% of total exports in 1980. The new government profited from this favourable situation: taxes on higher income levels and private business were cut, the stock market was given a free run by tax incentives, the housing market was deregulated, and the liquidity of the private banking sector was increased by permitting borrowing abroad. When the Labour Party came back to power in 1986, there was no change in policies. During these years of Labour Party governments two things happened. First, extensive deregulation and privatisation took place – with the support of all parties in parliament except for the Socialist Left Party and to a certain extent the Centre Party (the previous Farmers' Party). Second, the same majority in parliament approved Norwegian membership of the European Economic Area – the EEA treaty, which makes Norway, together with Iceland and Liechtenstein, an integral part of the EU's internal market. Although Norway is not a member of the European Union, all internal market Directives and regulations apply to Norway, although we have a right of reservation against any specific Directive or regulation, which we have never used. The EEA treaty applies to most cases of deregulation and privatisation that have taken place – and forces us every year to make additional reforms in a neoliberal direction.

The change of strategic perspective in the trade union movement

Traditionally, the main trade union organisation (LO) has worked very closely with the Labour Party, so closely that they have been considered

“Siamese twins”. During the 1990s, many branch unions and the central trade union leadership were forced to recognise that the Labour Party could no longer be trusted in several questions of crucial importance to trade unionists, among them the market orientation and privatisation of telecommunications, posts, freight transport and other services. On several occasions, branch unions had to work through parliamentarians of the Socialist Left Party in order to get the Labour Party group in parliament to listen to their complaints and proposals.

The first breakthrough for a new trade union strategy came at the local elections in 2003. In the city of Trondheim, the third largest city in Norway, the trade unions came together and presented a list of nineteen concrete demands to the political parties. Among them was the demand that previous privatisations by the right-wing majority in the city council be revoked. On the basis of the answers from the parties, the trade unions demanded that the parties supporting their demands come together in a ruling coalition if they won the election. The elections were a great success both for the Labour Party and the Socialist Left Party. With these two parties as the nucleus, a coalition of parties, some of them quite small, have been ruling the city since then. This ruling coalition was re-elected in 2007 – on the basis that almost all of the nineteen demands of 2001 had been fulfilled.

In general, the same process repeated itself on a national scale before the parliamentary elections of 2005. The most important trade unions had gradually come to the conclusion that the big Labour Party was no longer a left party they could rely upon. They realised that the only way to get left policies from the Labour Party would be to force it into a coalition with the Left Socialist Party – and that at the same time to make the demands of trade unionists so visible and so well understood that the coalition government would have to listen to them.

In September 2004, one year before the elections, the trade unions already launched a campaign called “the long election campaign”, with the goal of establishing a left majority government after the election of September 2005. The members and the local branches were asked in a detailed document: Which policies would you demand from a new

government? In the summer of 2005, thousands of answers were summarised by the trade union leadership in a list of fifty-nine concrete demands, covering all aspects of Norwegian policy, from international issues to economic and social questions.

Basically the same underlying strategy was followed by the social movements, the environmental movement and the anti-globalisation movement. They had all come to the same conclusion as the trade unions:

- The Labour Party will never on its own give us the policies we want;
- A coalition between the Labour Party and the Socialist Left Party will never by itself give us the policies that we want, because the Labour Party will be the bigger partner;
- Such a coalition will not give us the policies we want – unless it is obvious for all to see that we created this coalition – and that we won the election because our demands had the support of a majority of the voters.

For the first time in Norwegian history, the social movements, with the trade unions as their main moving force, set the dominating agenda for a parliamentary election. They took an active part in mobilising the voters for an electoral alliance breaking with all traditions in Norwegian politics, and thus achieved a victory in the elections of 2005.

The election of 2005

The disastrous results of the 2001 election and the pressure from various parts of the trade union movement forced the leadership of the Labour Party to change its election strategy. The leader of the Labour Party, Jens Stoltenberg, declared publicly half a year before the election that the Labour Party was prepared for the first time in its history to enter a coalition government with other parties, if possible with the Socialist Left Party and the Centre Party. Party congresses of the three parties approved this goal during the spring of 2005, and the parties

fought the election campaign on separate political platforms, but with the same main message to the voters: If we together get a majority in Parliament, our goal is a common government. This centre-left alliance of the Labour Party (AP), the Socialist Left Party (SV) and the Centre Party, calling themselves the “Red-Green Alliance”, emerged victorious from the parliamentary election of September 2005. But the victory was narrow. The Labour Party got 33%, SV 9% and the Centre Party 6%, which gave them 87 members in Parliament against 82 for the opposition. A few thousand voters voting differently in a couple of electoral districts might have changed the outcome.

The establishment of a centre-left government

The election gave the Labour Party more than twice as many votes as the two smaller parties combined – and therefore a strong negotiating position. In light of this, the government platform negotiated in September 2005 was in many respects astonishing.

- The platform is on many issues definitely to the left of the election programme of the Labour Party. This applies to the international policies as well as to economic, regional and social policies.
- The most important political change was the commitment to stop deregulating public services in the state sector and the commitment to work for that goal within international institutions, such as the World Bank and the United Nations, in relation to developing countries.

The government has stopped privatisation of public services in education, health and social services, and has increased state ownership in a few important companies. As part of the anti-globalisation movement, the SV, together with ATTAC Norway and the broad NGO-front in the Norway Social Forum, has for years strongly criticised Norwegian policies in the WTO, the World Bank and the IMF. The Centre Party share this criticism to some extent, while their policy in other areas cannot be

distinguished from those of other European countries and of the USA. Although some leading members of the Labour Party have from time to time paid lip service to a critique of global liberalisation, several policy commitments in the government platform came as a big surprise to activists in the anti-globalisation movement.

To sum up: The new government has in several ways reversed policies pursued by all Norwegian governments, be they social democratic or otherwise, since the first right-wing government came to power in 1981.

The present challenges for the centre-left government in Norway

Current opinion polls show that the government parties have dropped below the election results of 2005, but a new victory is still within reach. Most of the important promises in the Government platform have been kept, but there are still some that will be unfulfilled by election time in September 2009. This has put the Socialist Left Party in an awkward “lose-lose” situation. In brief, that part of the government platform which has been successfully accomplished is seen by media and many voters as an achievement mainly of the Labour Party, while the part which has not yet been fulfilled has to an astonishing degree been taken up by opposition parties (the moderate right and the so called “parties of the centre”), as part of their critique of the government. This means that with the exception of the party of the populist right, the whole party spectrum has to a great extent accepted policies advocated for years by the SV, both social policies and even more, environmental policies. This is good for the people, and for society – in the short run. In the longer run, the present policies may run into a dead-end, if the present political constellation leads to an electoral defeat both for the SV and for the present government coalition in September 2009.

Objectively, one might argue that there should be no reason for the voters to be disappointed by the policies of the government. Our econo-

my has until recently been soaring as never before. The crisis has, so far, affected the Norwegian economy and employment less harshly than in other European countries. Wages and real incomes have risen rapidly during the past four years, although, sadly, the higher salaries are rising fastest. Investment in expensive cars, houses, yachts, and, especially, second homes along the coast or in the countryside, is exploding. The government could be blamed for this wave of over-consumption, but that is not why some of our voters from 2005 are turning their backs on the government parties.

Some of the challenges for the centre-left government will be:

- There seems to be an increasing tendency in all European countries for governments to become scapegoats for everything that can be criticised in society, so that the parties in government are punished at the next election.
- The centre-left government in Norway came to power due to the strongest mobilising of trade unions for many decades, and the demands by trade unions and other parts of civil society were the main reason for the radical profile of the government platform. After the election, the unions to a great extent demobilised, and this made it possible for the Labour Party to use its majority in government to pursue its own policies, which in many questions had not explicitly been agreed on in the government platform. This fact has been described in the media, and registered by the voters, as a series of defeats for the Socialist Left Party.
- The biggest difference compared with the policies of the previous government is that the liberalisation and privatisation of the last two decades have been stopped. For the voters, this means a status quo policy. But that is not sufficient to create that sort of enthusiasm that a government of left reform policies needs.
- The big strategic mistake by the leaders of the three parties of the present government coalition was a promise to the voters, given before the election in 2005, that the overall tax level would not be raised for the next four years. That promise may have been neces-

sary to win the election in 2005, since at that time, all the main opposition parties were promising huge tax cuts. But the results have been disastrous, as the country has entered a period of unforeseen economic expansion. Private consumption and investment have soared, and, because of the tax freeze, necessarily much faster than public consumption and investment. This has increased inequalities in society at a time when it would objectively have been possible to carry through extensive welfare reforms. The increased wealth created during these years could have been used to reduce the inequalities and to improve substantially the quality of public services.

All the analyses made by the representative organs of the Socialist Left Party have to this day concluded that the government politically has been a great success. The direction of the policy has changed substantially in favour of policies advocated by the SV. Our dilemma is that what is good for society, and for huge parts of the electorate, may not be good for the party. That is however not a good reason for leaving the government or turning to opposition after the next election.

The prospects for opposing neoliberal challenges inside and outside Norway

The centre-left Government has created hopes among traditional left-wing voters and in the trade union movement that the ongoing, and seemingly irresistible, wave of neoliberal reforms can be halted and even partly reversed. Are there reasons for such hopes?

Two conditions give reasons for hope:

- The oil economy of Norway and the steady growth even of what is called the “mainland economy” (e.g. the Norwegian economy minus the oil and gas sector) gives any Norwegian government more freedom of action than other European governments.
- The trade unions are still firmly behind the demands for policies aimed at halting and reversing the neoliberal policies of the last quar-

ter century. But their efforts – and even more their ability – to mobilise members for an active support of the red-green project are much less visible and convincing than four years ago.

Adding to the uncertainties of this coalition government, the Labour Party finds itself leading policies that, in important fields, many of the party leaders do not believe in. Many of them do not really believe it is possible to go against the policies prevailing everywhere else in Europe, which means adapting to the forces of liberalisation nationally and internationally. In the 1990s, the easy way out for the Labour Party leadership was to look for cooperation with the right. After the dramatic defeat in the election of 2001, the easy way out was to look for cooperation with the left, based on the recognition that the trade unions – and the voters – had so clearly moved to the left. Other realities of a more general nature present difficult challenges for any left-wing government in Europe:

- It is not sufficient to defend public services against deregulation and privatisation. The public sector must continually be reformed and made more efficient, so as to provide the population with the services that they deserve and increasingly demand. The Red-Green Government has promised to make the public sector more efficient by inviting the employees and their trade unions to close cooperation in changing their workplaces, so that it satisfies changing and more challenging demands – instead of using outsourcing for market competition and privatisation as the methods for “modernising” the public sector, which has been the main strategy during the past decade. The trouble is that the government is far from any real change of public sector policy in that direction. Privatisation of the state sector has been stopped, but market principles for running the public sector are still being introduced (New Public Management).
- The fundamental principles of the European Union, the free movement of products, services, capital and labour, combined with the right of business establishment on a non-discriminatory basis, limits

the freedom of action of any government wanting to “correct market failures” in an efficient way. Norway is in this respect in a situation no different from that of the EU countries, due to its membership in the EEA, which subjects it to all the regulations of the internal market.

- The general weakening of the trade union movement creates strategic disadvantages for any left-wing project in Europe. This weakening has many causes: long term mass unemployment, changes in economic structure from industry to services, new forms of work organisation, decentralisation of industrial relations towards workplace bargaining, with the development of what might be called “wildcat cooperation” at the company level, where the employees accept reduced wages and longer working hours in return for a few years’ additional employment. Adding to the difficulties are recent ruling of the European Court of Justice, which block strategies by governments and trade unions to effectively oppose cross-border social dumping in Europe. There are few signs of a common trade union strategy to confront the neoliberal forces, either at a European level, or at the national level.

A preliminary conclusion: No matter what the outcome of our elections in September of this year is, the two main factors behind the electoral success in 2005 would nevertheless be of importance in other countries as well: a trade union movement attacking the policies of the social democratic party from the left – and the existence of a sufficiently strong party to the left of the social democrats, strongly identified with the demands of the trade union movement.

HYDROPOWER SOVEREIGNTY IN PARAGUAY

JOSÉ PINEDA, PARAGUAY

The Republic of Paraguay in the heart of South America, the native land of the Tupi Guaraní, was freed from the Spanish crown in 1811. A landlocked country with an area of 406,752 sq. km. and a population of approximately 6 million, Paraguay borders Brazil, Argentina and Bolivia. The nation has suffered two great wars: the so-called War of the Triple Alliance, from 1865 to 1870, when it was attacked by Brazil, Argentina and Uruguay and devastated; in some battles, even children were mobilised. The second war was fought with Bolivia from 1932 to 1935. Paraguay has a foreign debt of \$2.25 billion, international reserves of \$2.8 billion and a GDP (2006) of \$8.5 billion. Its poverty level is 40%; 10% of the workforce are unemployed, and 26% underemployed, although according to the United Nations Economic Commission for Latin America and the Caribbean the underemployment level is 65%. The minimum salary is about \$280. According to the United Nations Development Fund (UNDP), the Paraguayan state invests less than \$100 annually in each inhabitant. The economy is dominated by agribusiness and stockbreeding, highly mechanised and concentrated in the hands of a few. For instance, 2,500,000 ha are planted in soy beans annually, of which only 15% are industrialised; the rest is exported in natural form. In the meat sector, virtually the entire production is exported, thus causing higher prices on the domestic market than those paid in Europe or the United States.

These two mainstays of export pay no taxes at all. Now, as a debate on taxation has been initiated, those affected are declaring that the global financial crisis forbids any talk of new taxes. The tax load is less than 12% of GDP, the lowest in the whole region, if not worldwide.

On the other hand, the forgotten sector, the *campesinos* (small farmers), with the assistance of social activists, are continuing to demand agrarian reform, since the rural sector during previous governments re-

presented an inexhaustible source of corruption and land allocation to politicians and their friends. In Paraguay there are many offensively large estates, owned privately or by multinationals. Their concentration of productive factors, land, money, know-how and technology has resulted in a mechanised agriculture, monocultures, and the indiscriminate use of agro-toxics which make life unbearable for the *campesinos* and their families, who are intimidated into abandoning their small *chacras* (farms) and moving to the, so-called *villas*, the slums on the outskirts of the cities. Resulting in the development of delinquency, crimes and drug trafficking.

The hydropower treaties

The country was ruled by a dictator for a period of thirty-five years until 1989, who was backed by the Colorado Party, which then remained in power until 2008. After sixty-one long years in office, it was defeated on April 20 of that year. The former Catholic bishop, Don Fernando Lugo Méndez, leading an alliance of liberal, progressive, and communist political parties and movements achieved a landmark victory, finally completing the transition process to democracy. The new government assumed office on August 15, 2008, strongly backed by the population and inspiring renewed hope to accomplish the changes postponed for so long. One of the most important proposals during electoral campaign was to renegotiate the bi-national hydro-power treaties for the Itaipu Dam with Brazil and the Yacyreta Dam with Argentina, both dating to 1973.

According to the initial project application, expenses for the Itaipú Dam would supposedly amount to \$2.033 billion, but ended up costing \$20 billion, or ten times the original estimate. This is a result of the tremendous corruption of the military dictatorships in both countries, and the usury Brazil imposed from the beginning through its corporation *Eletrobrás*. In 1991, when the construction of the plant was finished, the debt of the Itaipu Dam had run up \$17 billions; today it amounts to more than \$18 billion, after paying more than \$25 billion had been paid

as of 2006; by 2023, the year debt is to be paid off, it will have reached the exorbitant sum of \$64 billion. This cost overrun is due to the usurious interest rate charged by Eletrobrás, practically the sole creditor of Itaipu, a fixed annual rate of 7.5%, plus the inflation rate in the USA (3-4%, in 2006). That is, the interest rate totals about 12% annually. In case of the Yacyreta Hydroelectric Power Station, the interest rate to the Argentine treasury is 6%, plus the inflation rate in the USA, which comes to about 10% annually. Deducting the US interest rate, the LIBOR rate comes to scarcely 1.5% annually, while loans from other countries, such as OPEC with 2.5% annually, Venezuela, with 2% annually, and Japan with 0.75% annually are in the same range. The usury in both bi-national treaties is thus obvious.

About production

The Itaipú Dam generates an average of about 90,000 GWh/year and the Yacyreta Dam approx. 12,000 GWh/year. In addition, Paraguay has another hydropower plant, the *Acaray* Dam, with an annual production of 1000 GWh/year. Paraguay is the only country in the region with an actual hydroelectric surplus. National power production is about 52,000 GWh/year, and total electric demand is about 7000 GWh/year, that is, our country uses hardly 14% of its national power production. Electricity demand represents 10% of the energy demand of the whole country, with biomass accounting for 60% and petroleum for 30%. The installed capacity of Itaipú is 14,000 MW, of Yacyreta 2000 MW and of *Acaray* 200 MW. In other words, Paraguay holds an installed power capacity of more than 8200 MW. Maximum demand is about 1800 MW, or 21% of the installed national capacity.

Both bi-national treaties oblige us to submit the right to purchase our energy exclusively to Brazil and Argentina respectively, at cost price, in case Paraguay does not use that energy; that is to say, neither of the treaties allows us to export our hydroelectric energy freely and at a fair price. The price our country receives for surrendering its electric energy to Brazil is less than \$3 per MWh, while on the market the minimum price for every

MWh is between \$70 and \$80. The market value of the energy exported to Argentina and Brazil amounts to \$3.5 billion annually, representing 40% of GDP. This sum is based on an export of 45,000 GWh/year. Right now, Paraguay receives less than 10% of these many millions.

Regardless of the enormous importance of energy worldwide, Paraguay, a land-locked country with no oilfields, lacks any energy policy. Or rather, the policy applied so far has been the absence of one. This has facilitated the hand-over of our hydroelectric sovereignty to our neighbours, the biggest countries in the whole region, Argentina and Brazil. The sell-out of antipatriotic politicians and the avidity of the global imperialistic system in general, as well as regional imperialism, have condemned our nation to eternal poverty, despite our tremendous natural wealth. Corruption and impunity have been the principal values of the governing class.

In addition to yielding our sovereignty, the previous rulers persecuted social organisations and their leaders; each government in power used all the means the neo-liberal system provided to intimidate the labour and *campesino* movements. The result is that today Paraguay's working class is principally broken up into various segments without representation, and the population harbours a dangerous contempt for political and organisational activity. An authoritarian political clique, with no social sensitivity and willing to kill – as it has demonstrated – rather than lose its privileges, lives at the expense of the hunger and the lack of health and education of the majority of the population. Nonetheless, we have managed to keep almost all publicly owned corporations in the hands of the state.

For the Association of Paraguayan Energy Workers (FETRASEP), combining the trade unions of the electricity and petroleum sectors, it is fundamental to fight against privatisation in general, and the privatisation of petroleum, electricity and renewable resources in particular, considering them strategic public utilities to secure a just social development. We assert that our fight, the fight of all male and female workers, is not yet over, since we are seeking a strategic alliance with the people as the true and sole owner of those resources.

Moreover we endorse the Declaration of the Second Forum of Latin American and Caribbean Energy Workers of June 2006 in Mexico, in which energy is proclaimed an inalienable, non-proscribable and non-embargo-capable public good, belonging to all humankind, and not to any group of investors seeking profit. Likewise, we want to make the indignation of our people public so as to inform the world of how we are deprived of our energy resources. We want the world to know how we were and continue to be robbed.

The neo-colonialist, bi-national Itaipú and Yacyreta treaties are a blatant example of what Paraguay has to overcome: without renegotiating those fraudulent international agreements, our nation will remain doomed to backwardness, misery, and submission. The international indictment of those rapacious bi-national treaties is the patriotic duty of all Paraguayan workers, male and female.

We Paraguayans, like the majority of the Latin American people, won't resign to being subjected to exploitation and eternal submission; we are determined to continue the fight to regain dignified living conditions and the repossession of all our resources, especially our natural resources, and thus determine our own destiny as a sovereign nation. Today, Paraguay joins the American nations that are refusing submission to the interests of international regional imperialism, and with hope and enthusiasm we are looking forward to the liberation process of our nations.

We already have a history of fighting to regain sovereignty on the American continent

The unity of the Panamanian people, a small country, in their campaign to regain their canal symbolises a model worth imitating. The USA subjected the Panamanians to an unfair and one-sided situation. Since the building of the Panama Canal in 1904 the United States executed perpetual dominion and operation over the construction as well as a strip of territory of this Central American country. The fight began with students and people who merely tried to hoist the flag of their country

within their own territory, where sovereignty had been surrendered to the United States. On January 9, 1964 this fair demand led the whole Panamanian nation into mourning due to the death of twenty-two people, martyrs for the just demand of the Panamanian people's sovereignty over the canal.

Almost 100 years of full control over the canal have marked the relationship of the United States with Panama, during which the former has taken exclusive advantage of all economic and political benefits. Yet unity and perseverance returned to the Panamanian people what sell-out governments and insatiable imperialism had snatched away.

The fight of the Bolivian people, led by their government, to recuperate their most important natural resource, liquid petroleum gas (LPG), is another example where reason and justice have prevailed over the interests of an oligarchy and the multinational corporations, public and private, which have no borders. A key event was the nationalisation of the hydrocarbon fields, issued by the government of President Evo Morales on the May 1, 2006.

It is absurd that Paraguay and Bolivia, the only two countries in the whole Southern Cone with an excess of energy, through hydropower and natural gas respectively, should be the two countries with the highest poverty levels in the region. Though that poverty must be partially attributed to the corrupt governments of these nations, it cannot be denied that the intervention of the South American powers is also to a great extent responsible for the situation of both countries. It is intolerable and reprehensible that these poorest countries should support the richest countries, Brazil and Argentina. And it must be made clear that the great wealth stolen by these richest countries do not benefit their populations, but are taken as profits by the multinational corporations. The government proposal for the renegotiation of the Itaipú treaty demands:

- Hydroelectric sovereignty, free availability of Paraguayan energy.
- Brazil, or any other country must pay a fair price (Iguaçu Act/Acta de Foz de Iguazú, 1966) for exported Paraguayan energy

- Revision of the debt of Itaipú, regarding both the principal and the financial conditions
- An administration of Itaipú on truly equal terms (co-management)
- An agreement on transparency and bi-national monitoring under the Contraloría General de la Republica (Paraguay) and the Tribunal de Cuentas de la Unión (Brazil).
- The implementation of all the work designated in the Itaipú Treaty on the Paraguayan side, including a) the substation on the right bank, and b) the Itaipú navigation facilities.

The challenge is there for the Paraguayan people. Sovereignty is a matter of principle – it is not negotiable. Therefore, we need, now more than ever, the solidarity of all international social organisations to accompany this hard process of renegotiating the treaties our country is initiating. The well-being and development of the whole Paraguayan nation depends on the result of those negotiations.

ACRONYMS AND ABBREVIATIONS

AB	Norwegian Labour Party
AKEL	Progressive Party of Working People (Cyprus)
ALBA	Bolivarian Alliance for the Americas
APC	Patriotic Alliance for Change (Paraguay)
ARENA	Nationalist Republican Alliance (El Salvador)
ATTAC	Association for the Taxation of Financial Transactions for the Aid of Citizens
BCV	Central Bank of Venezuela
BdF	bolivar (Venezuelan currency)
BVG	Berlin Transportation Company (Germany)
CAN	Andean Community of Nations
CARICOM	Caribbean Community
CDU/CSU	Christian Democratic Union (Germany)/Christian Social Union (Bavaria)
CEPAL	Economic Commission for Latin America and the Caribbean (UNECLAC)
CLACSO	Latin American Council of Social Sciences
DC	Christian Democracy (Italy)
Die Linke	The Left (Germany)
DP	Sinistra Democratica (Italy)
DS	Democrats of the Left (Italy)
EDEK	Social Democratic Party of Cyprus
EEA	European Economic Area
EPA	Economic Partnership Agreements
EU	European Union
FAO	Food and Agriculture Organisation
FDP	Free Democratic Party (Germany)
FMLN	Farabundo Martí National Liberation Front (El Salvador)
FONDAFA	Agricultural Development Fund (Venezuela)
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas

G129	Group of 129 (UN members)
G20	Group of 20
G8	Group of 8
GDP	Gross Domestic Product
GDR	East Germany
ILO	International Labour Organisation
IMF	International Monetary Fund
INTI	National Lands Institute (Venezuela)
ITF	International Transport Workers' Federation
LGPDESN	Economic and Social Development Plan 2007-2013 (Venezuela)
LO	Norwegian Confederation of Trade Unions
MERCOSUR	Common Market of the South (Mercosur)
MPT	Tekojoja Popular Movement (Paraguay)
NATO	North Atlantic Treaty Organisation
NGO	Non-Governmental Organisation
ÖBS	Publicly supported employment sector (Germany)
PC	Communist Party (several Latin American countries)
PCF	French Communist Party
PCI	Communist Party of Italy
PCN	Party of National Conciliation (El Salvador)
PD	Democratic Party (Italy)
PDC	Christian Democratic Party (El Salvador)
PDS	Party of Democratic Socialism (Germany)
PDVSA	Petroleums of Venezuela
PRC	Communist Refoundation Party (Rifondazione Comunista) (Italy)
PS	Socialist Party (France)
PSDI	Italian Democratic Socialist Party (Italy)
PT	Workers' Party (Brazil)
SDR	Special Drawing Rights
SED	Socialist Unity Party of Germany (East Germany)
SICA	Central American Integration System
SPD	Social Democratic Party of Germany

SV	Socialist Left Party (Norway)
TNC	Multinational/Transnational corporation
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UNASUR	Union of South American Nations
UNECLAC	UN Economic Commission for Latin America and the Caribbean
UNEP	United Nation Environmental Programme
UP	Popular Front (Chile)
WASG	Labour and Social Justice – The Electoral Alternative (Germany)
WTO	World Trade Organisation

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