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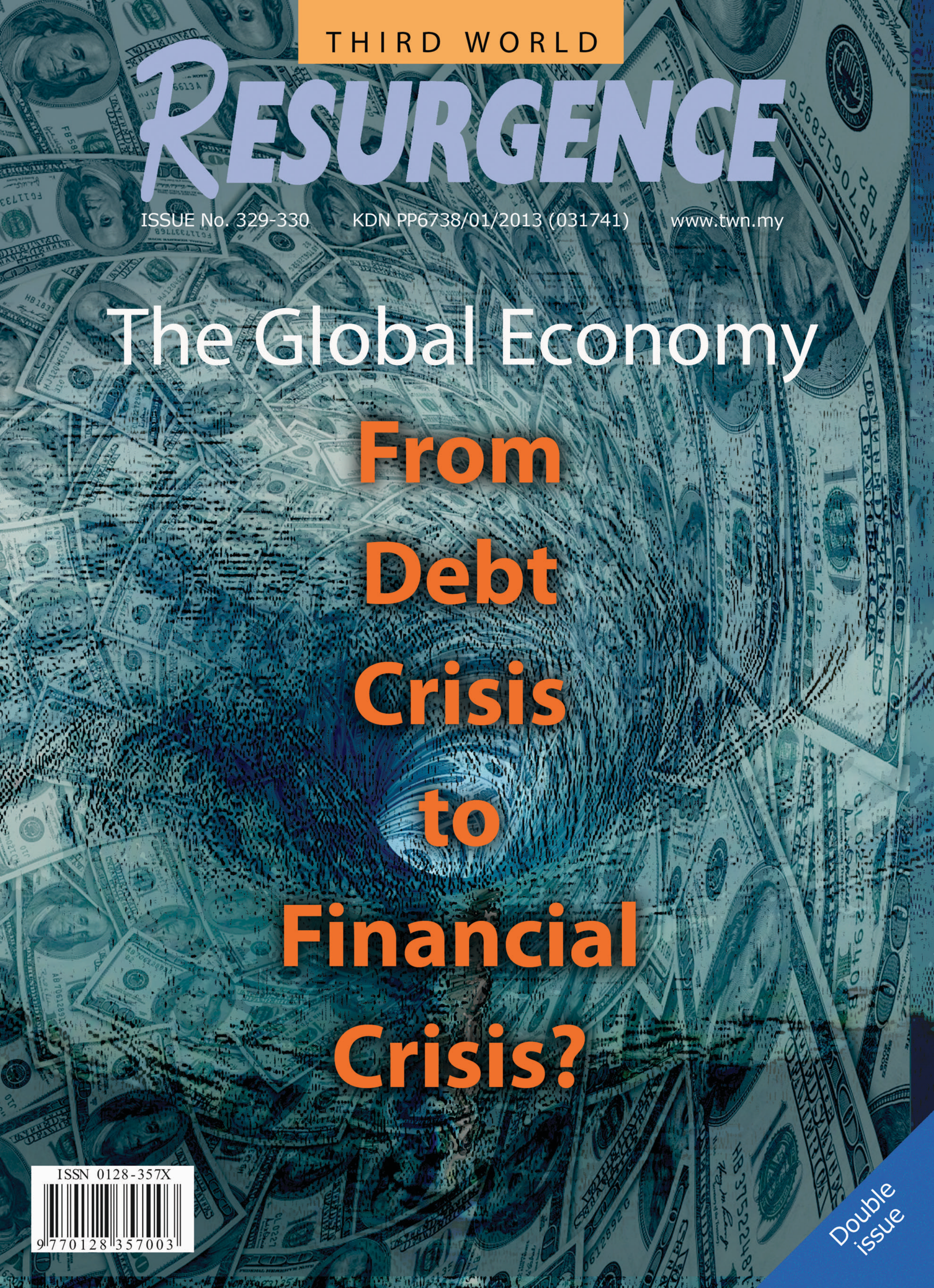

The Global Economy

From Debt Crisis to Financial Crisis?

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Double issue

Editor's Note

SUPERFICIALLY viewed, the global economy appears to be in great shape. Last year, global gross domestic product (GDP) growth was at its strongest since 2011, at 3.8%. Despite some headwinds, most pundits expect it to register a respectable growth rate this year. Even those who concede that US President Donald Trump's trade war is bound to have a dampening effect on growth as a result of the climate of uncertainty it engenders are still hopeful that it will still be a good year, even if not quite as good as the last.

However, such a sanguine view appears to ignore some of the underlying fragilities that render the global economy more vulnerable than may seem apparent. Many developing countries are deeply in debt and the situation is reminiscent of the 1980s, which have gone down in history as 'the lost decade'. There are 119 countries around the world in dire financial straits, weighed down by massive debt, says a report published by debt relief advocates Jubilee Germany and the Catholic aid organisation Misereor. Their coffers are empty, the threat of bankruptcy looms large.

Many of these countries are still highly dependent on commodities to sustain their economies. Unfortunately, since 2014, prices of commodities have been falling. To add to their woes, the value of their currencies is also falling, thus whittling any prospect of extricating themselves from their dire predicament.

Though the pundits are reluctant to admit it, the truth is that the global economy is confronted with a debt crisis. Thanks to the opposition of the US and some other industrialised countries, moves to establish a multilateral legal framework for sovereign debt restructuring to meet such contingencies have made little headway.

However, an even greater threat looms ahead. Some indebted countries like Jordan and Argentina have turned to the International Monetary Fund (IMF) for financial assistance and the economic programme which the Fund has imposed as a condition for its loans involves deregulation of the borrower country's economy, opening up its markets to trade and capital, shrinking the state and privatising its enterprises. The downsizing of the state entails savage cuts in public spending and the resulting regime of austerity has sparked off protests, strikes and revolt in these countries.

Under the thrall of neoliberalism, the dominant ideology of the West, many other developing countries which were not under the tutelage of the IMF have adopted a similar agenda of deregulation, liberalisation and privatisation of their economies.

By opening up their markets indiscriminately and permitting free entry and exit of capital, developing countries are courting economic instability. Capital inflows may have a temporary buoyant effect on a country's economy by pushing up the value of the domestic currency and the prices of assets such as stocks and real estate. But any such gains are ephemeral as such capital is speculative and will take flight en masse when there are higher returns to be had elsewhere.

When such a reversal takes place, the impact on the economy of the host developing country can be devastating. The collapse of prices, the fall in the value of the national currency and the crippling of economic activity because of the climate of uncertainty will debilitate the country's economy. And in a globalised world, where developing-country economies are already integrated into the global system, the impact cannot be confined to a single country. The turmoil in financial markets will send shockwaves throughout the global economy and may well plunge the world into a financial crisis.

Developing countries experienced a foretaste of this sort of shock impact recently. Western investors and speculators, taking advantage of the low interest rates imposed by their banks, have been using such loans for speculation on stocks and properties in the South. However, when fears grew that the US Federal Reserve was about to raise interest rates, there was a rush for the exits. Thus in May foreign investors pulled $12.3 billion from emerging-market economies – the largest outflow since November 2016. And in just the one week after the Federal Reserve announced an interest rate hike in June, foreign investors pulled about $5.5 billion out of emerging markets.

All this should serve as a red alert to developing countries on the dangers of liberalising their financial sector and making their economies vulnerable to such external shocks. Instead, they should seriously consider the measures they should take to avoid being dragged into the next financial maelstrom.

In our cover story for this issue, we draw attention to the reemergence of global debt. Although it is true that many developed countries are also wallowing in debt, our primary concern is the plight of the developing countries as they have few options. In the circumstances, it is incumbent upon civil society groups to revive the campaign to compel the US and other recalcitrant developed countries to end their opposition to establishing a multilateral legal framework for sovereign debt restructuring.

As for the more serious danger of a financial crisis, the only panacea is the establishment of a new financial architecture to replace the current non-system. On this issue, resistance is bound to be fierce as there are many vested groups profiting from the current financial disorder. However, memories of the 2008 financial crisis have not faded into oblivion. Hence a sustained mass campaign which enlists the many in the West who suffered and continue to suffer its consequences in alliance with the people can be a formidable force on this issue. In the meanwhile, developing countries should institute some capital control measures to protect their economies.

– The Editors

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A protest in Buenos Aires against Argentina's loan agreement with the IMF. As countries across the South grapple with the problem of onerous debt burdens, the even larger threat of a global financial crisis looms. 12

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THIRD WORLD RESURGENCE is published by the Third World Network, an international network of groups and individuals involved in efforts to bring about a greater articulation of the needs and rights of peoples in the Third World; a fair distribution of world resources; and forms of development which are ecologically sustainable and fulfil human needs.

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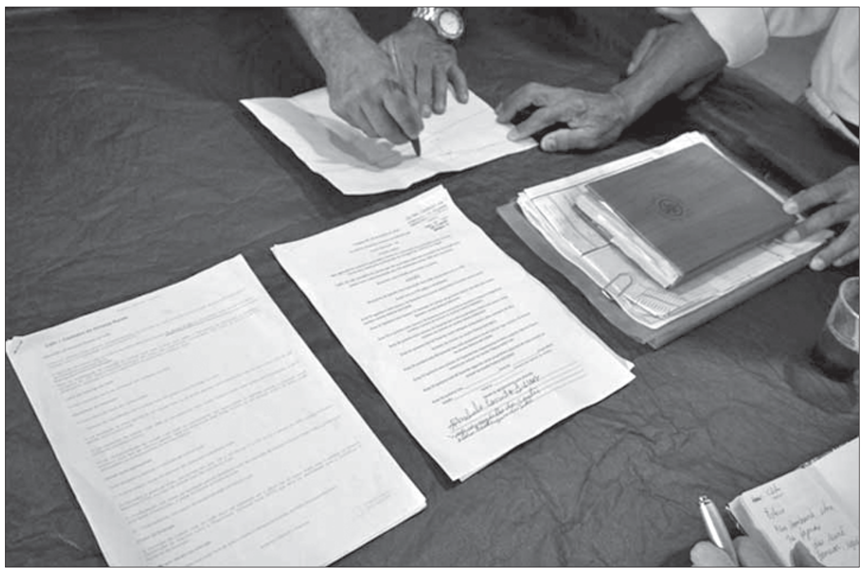
ECOLOGY

US investment spurs land theft, deforestation in Brazil, say experts

During the global financial crisis of 2007-08, international investment firms, when faced with turbulent financial markets, increasingly turned towards rural farmland speculation in developing nations, regarding it as a relatively safe asset. This investigation reveals one example, showing how international financial capital is used to adversely impact the people and forests of Brazil.

Alicia Prager and Flávia Milhorance


Alicia Prager

Gradually, small farmers were driven off the land they occupied via threats of violence and intimidation. Since then, they've taken legal action, seeking the return of their property. Along the way, the farmers have collected and safeguard every legal document in the hope that these papers would one day establish the validity of their claims.

EDJARSSON Cardoso places folders full of documents – some more than 20 years old – on the pool table of a dimly lit bar in the rural Brazilian town of Riachão das Neves. With him stand seven other men who wish to prove their right to use farmland, a place they called home, stolen from them all those years ago.

One by one, all of them were driven off the land where they once grew their food. After changing ownership for decades, today that property belongs to a Brazilian subsidiary of Harvard University's endowment fund.

It appears that Harvard's $37.1 billion endowment fund and its manager Harvard Management Company (HMC) has invested in the Brazilian agribusiness frontier – investments steeped in past accusations of forged land titles, illegal deforestation and violent expulsion of small-scale farmers from their homes.

This is not an isolated case of financial investments fuelling land grabbing. During the global financial crisis of 2007-08, international investment firms, when faced with turbulent financial markets, increasingly turned towards rural farmland speculation in developing nations, regarding it as a relatively safe asset.

This investigation reveals one example, showing how international financial capital is used to adversely impact the people and forests of Brazil. At the heart of this particular dispute is a land parcel covering 140,000 hectares – an area bigger than Los Angeles – that was acquired through allegedly illegal, and sometimes violent, means, according to a Bahia state report to which we gained access.

Threats lead to expropriation

A small part of this 140,000-hectare parcel was lost by the men standing around the pool table – land which they are trying to regain, located on the left bank of the Rio Grande in the municipality of Cotegipe, Western Bahia, Brazil. Today, the 140,000-hectare area (where the Cerrado and Caatinga biomes meet) is occupied by the Campo Largo farm, a minimally productive operation that grows some eucalyptus trees and grazes cattle. But in the early 1990s, that land was held by the Brazilian government (*terras devolutas*) and was being settled legally by 240 small-scale farm families.

Those families took out loans to build their homes on the land, and started growing corn, beans, rice and manioc for their own consumption. They also began paying the taxes due on the land, and awaited legal regularisation and recognition by the government. They lacked ownership titles, a common situation in rural Brazil where the government holds onto large land blocs until small-scale farmers, known as *posseiros*, lay claim to it by putting it into cultivation. Previously, most of the families had worked for large-scale farms. But they were on track to earning economic independence for themselves and their families.

Instead they faced threats and violence – intimidation aimed at making them abandon their land claims.

'Armed people started arriving there, putting [up] fences, burning our crops, destroying our houses,' remembers Cardoso, leader of an association representing 22 families, each claiming 50 hectares. Cardoso fled his farm back in the 1990s and settled in Riachão das Neves, a neighbouring rural town, where he now lives frugally on a state pension.

Many others, fearing violence, likewise gave up their land. But 22 families kept fighting to reclaim their collectively owned total of 1,100 hectares, a small portion of the Campo Largo farm's vast holdings.

'We don't ask much. We just want to put an end to the gunslingers, and have the right to come and go. I myself was threatened by armed men back then,' remembers Antônio Augusto França. 'We have been suffering the consequences [of the land thieves] for 24 years. We are all poor, old, tired, and sick today.'

Alicia Prager

A view of the Brazilian Cerrado, a vast savannah whose native vegetation is fast being converted by industrial agribusiness into croplands and pastures. Brazil suffers from a large-scale plague of land theft, driven by large infusions of foreign investment capital, a situation of which many US small- and large-scale investors are likely unaware.

Forged titles and illegal deforestation

After receiving reports of escalating violence, the state of Bahia decided to intervene. It mapped out the contested properties and documented the alleged land conflicts. In 2014, the government's agrarian department (CDA) issued a Rural Discriminatory Action. The state investigation concluded that the farmland was indeed taken from the state via 'absurd notary irregularities', and via the expulsion by physical violence of rural workers, along with 'worrying environmental distress'. The CDA also confirmed one death due to the conflict, but has not revealed further details of that fatal incident.

'This constitutes – in territorial extension – the biggest [discriminatory action] ever done in [Bahia] state,' wrote Bahia prosecutor Estácio Marques Dourado in a case summary. Marques Dourado forwarded the finding to the State Prosecutor's Office (PGE), asking it to cancel the 'forged, irregular and, therefore, illegitimate' private titles.

However, the case never went to court.

'I can say there has been pressure from agribusiness politicians for the [legal] process to stop,' says Mauricio Correa, a member of the Association of Lawyers of Rural Workers in the State of Bahia. Now, the lawyers' association plans to pressure the PGE to reopen the case.

The Mongabay environmental news site contacted the CDA, but Marques Dourado no longer holds a position there, and we were unable to locate him. The PGE responded that the case is indeed pending. To date, the institution has sought a conflict mediation.

'This issue transcends a land litigation, and involves the region's main economic activity, which creates jobs, and [the lawsuit's] consequences would have serious social side effects,' said the chief prosecutor of the PGE administrative office, Bárbara Camardelli Loi, in a statement.

The prosecutor adds that the property's current owner, Caracol Agropecuária LTDA, has not managed to verify its ownership through documents and, 'even less, [explain how] it managed to form the *latifundio* [large property] registered in the name of the company today'. That, she says, is the reason that 'the attempt [at mediation] did not succeed'.

In February 2018, Camardelli Loi recommended the opening of a lawsuit against Caracol, which should happen soon, according to the PGE. If Caracol loses the case, the 140,000-hectare Campo Largo farm could see its reintegration as land belonging to Bahia state.

International ownership

The lands allegedly seized by violence and intimidation have been passed from one owner to another, first from a Bahia state deputy named Márcio Cardoso, then to a large-scale farmer, José Oduvaldo Oliveira Souza, and ultimately to Caracol Agropecuária LTDA, a company from southern Brazil. This last transfer of ownership occurred on portions

Alicia Prager

(L-R) **Antônio Augusto Fabrício França, Juseli José do Rego, Celio Rodrigues Silva, Edjarsson Magalhães Cardoso, Graciano da Silva, Nelson Carvalho dos Santos and Pedro dos Santos Serpa are united in keeping alive a fight to get their lands back. While many other families have left the area, these men refuse to give up.**

of the disputed farmland between 2008 and 2012.

The capital that Caracol used to buy the land has been traced to its foreign partners by GRAIN, an international non-governmental organisation (NGO) that supports small-scale farmers and social movements. Caracol Agropecuária LTDA is apparently owned by the endowment fund of Harvard University, though not directly. A university subsidiary, the Harvard Management Company, manages the $37.1 billion Harvard endowment. HMC, which oversees approximately 12,000 funds, is believed to own Caracol through two subsidiaries: Guara LLC and Bromelia LLC, according to leaked tax documents.

Both Guara LLC and Bromelia LLC have active registration on the Secretariat of Federal Revenue of Brazil, but work in the US, at the same address as HMC: 600 Atlantic Avenue, Boston. We were unable to locate either Guara or Bromelia online, not even through their official Brazilian registration. Mongabay contacted HMC three times and asked specifically about its subsidiaries. The institution replied that it does not comment on specific investments. However, HMC did send us a link to its official policy pertaining to natural resource investments, which emphasises the fund's goal of improving the properties it acquires – both environmentally and socially.

Devlin Kuyek, a researcher with GRAIN, is critical of the implementation of these policies. 'Many companies deliberately set up structures that make it hard to track them,' says Kuyek. Complex ownership networks are often developed as a means of circumventing Brazilian legislation regulating foreign investments, he adds.

In 2010, in an effort to restrain an escalation in the purchases of rural properties by foreigners, the Brazilian government tightened restrictions on international land acquisitions. Today, the law says that several distinct foreign investors can own no more than 25% of the land within any particular municipality, while investors of the same nationality can own a maximum of 10% of a municipality's lands. Caracol's farmland purchases account for well above those limits, at 35% of the Cotegipe municipality's area.

In addition, under Brazilian law, 'Caracol and the Harvard fund have the obligation to make sure that land they acquire is free of conflict. If they don't do that, it is their fault,' Kuyek says.

In fact, Caracol was informed early on regarding the problematic ownership of the land they were seeking to acquire, during the real estate purchase process, says Martin Mayr, from 10envolvimento, an NGO with knowledge of the case. Mayr explains that the previous property owner was known to have offered the small-scale farmers financial or material remuneration in order to vacate the land before selling it to Caracol.

'Those who didn't agree became targets of threats and violence through gunslingers,' Mayr says. None of the 240 families is living on the disputed land today.

In addition to the allegations surrounding the land purchase, Caracol has been fined by IBAMA, Brazil's environmental agency, R$123,000 ($37,000) for illegal deforestation occurring in 2013.

Part of a global trend

The 240 families who originally laid claim to the land now occupied by the Campo Largo farm lost their land years ago. Today, they and other small-scale farmers and traditional people like them face a different sort of battleground – an unlevel playing field tipped even more steeply against them due to the investment of large amounts of foreign capital.

'Land grabbing is an historical process, but the dynamics of that process has changed. Today there are international investment structures behind these [property] violations. This is something very new,' says Fábio Pitta, from Rede Social de Justiça e Direitos, an NGO.

The acquisition by international investors of farmland in the developing world intensified into a major trend after the global financial crisis in 2007-08, as noted by the World Bank. According to Land Matrix, an independent land monitoring initiative, 26.7 million hectares of developing-world farmland were transferred to foreign investors between 2000 and 2016.

Looking for stable returns, financial corporations found less risk, and high yields, with agricultural land purchases made in developing countries. They discovered that once land was deforested and converted into agribusiness-scale crop production, or received infrastructure improvements, the value of the property in question tended to rise. This value also can fluctuate according to how much private or public investment flows into a region. In short, after 2007-08, farmland itself became an asset, with the income earned from harvested crops serving as a secondary stream of return.

Despite its restrictions, Brazil is among five nations in the world today seeing the highest rate of foreign purchases of farmland. The Latin American nation is popular among investors because its lands are accessible and because Brazil is seen as a safer investment due to its political stability as compared with many other countries, Kuyek explains. 'But there are many land conflicts and human rights violations connected to [these farmland investments],' he adds.

Cerrado under pressure

The states of Maranhão, Tocantins, Piauí and Bahia – collectively known as Matopiba, at the heart of the Cerrado, the vast savannah biome – are the latest frontier of industrial agribusiness expansion in Brazil.

As such, Matopiba is now a prime target for land speculation, according to a report by Rede Social. The four states are highly attractive to foreign investors, as land can be acquired cheaply, and property values are projected to rise quickly as large-scale soy, corn and cotton growers move in, with transnational commodities companies like Cargill and Bunge eager to buy up crops for export.

However, according to the Rede Social report, the increased purchase of properties by international investors is 'outsourced' and, as a result, indirectly linked to the expropriation of land from small-scale farmers, traditional communities and indigenous groups, who often have lived on their properties for decades or in some cases centuries, but who do not possess legal land titles.

In such cases, local elites often drive small landholders or squatters off the land, then sell it to international investors, who turn the property over to large-scale agribusiness. This appears to be the sequence of events that occurred to establish the 140,000-hectare Campo Largo farm.

This often illegal process has adverse outcomes for conservation, as it accelerates the pace of deforestation and the conversion of native vegetation into farmland and cattle ranches in the Cerrado – a Brazilian biome that accounts for 5% of the world's biodiversity and whose rivers and aquifers help supply much of Brazil and Latin America with water.

Harvard's endowment fund isn't the only US financial actor active in Brazil's agricultural sector. Another is TIAA-CREF, the Teachers Insurance and Annuity Association – College Retirement Equities Fund. It is one of the largest US investment firms and it manages US, Canadian and Swedish pension funds, among others. TIAA-CREF came under pressure in 2015 for not disclosing the location of its investments in Brazil; there were indications of human rights violations associated with those investments. Contacted by Mongabay, TIAA-CREF acknowledged our request but had no further comment.

Not much is happening on the land today

Of its 140,000 hectares, the Campo Largo farm today uses less than 300 hectares to produce corn, beans, soybean and eucalyptus trees, according to a 2014 state report. Another 14,000 hectares was used as pasture for 3,200 cows. Year after year, the farm has apparently become less productive.

Rede Social's Daniela Stefano went to Cotegipe in March 2017 and was able to get onto the Campo Largo farm. She confirms that not much seems to be happening there, with cattle grazing and eucalyptus growing the only significant activities. Also, the farm's employees decreased from 84 a few years ago to 50 today. Large parts of the property have been taken over by native vegetation, she says; she didn't spot any armed men guarding the farm.

Yet, the situation remains tense as ever. Stefano attended a meeting between the community and Granflor, the firm managing the farm for Caracol. 'When the company representative was asked whether Caracol knew that there was a conflict [with the small-scale farmers] before buying it, he left the room,' she says. Neither Caracol nor Granflor responded to our requests for comment before publication.

According to the Bahia state government investigation, the men gathered around the Riachão das Neves pool table had their livelihoods and properties taken from them via an illegal land acquisition, or *grilagem*, as it is called in Portuguese. 'The land is now there, unproductive, and we can't do anything about it,' says Pedro dos Santos Serpa. 'The only thing I'm eager to hear is: look, take it, it's your land, you can produce there.'

Edjarsson Cardoso picks up one of the folders on the pool table and opens it. Every document has been carefully sorted chronologically and stored in a plastic case. He flicks through the folder one last time before he says goodbye to us and leaves the bar. Cardoso is holding on to every relevant piece of paper firmly, in the forlorn hope that these documents will one day be legally recognised, justifying at last a return to the place he calls home. ◆

Alicia Prager is a freelance journalist and worked for various Austrian as well as international media outlets. She studied Journalism, Politics and International Development in Vienna, Aarhus, Sydney and Amsterdam. Flávia Milhorance is a Brazilian independent journalist based in Rio de Janeiro. With 10 years of experience as a reporter and editor, she won or was nominated for nine journalism awards. She holds an MA in Journalism, Media and Globalisation from an Erasmus joint programme with City University of London (UK), Aarhus University and the Danish School of Journalism (Denmark).

The anti-Sterlite protests: How copper came a cropper

For more than two decades the inhabitants of a district in India's Tamil Nadu state had endured the pollution caused by a copper smelting complex known as Sterlite Copper. In May this year, their anger boiled over as the human casualties of the pollution mounted along with the destruction of the livelihood of local fishermen as the breeding ground of the fish they harvested had become irreparably polluted.

ON 22 May, the anger of locals over the pollution that industries in Thoothukudi in India's Tamil Nadu state were spewing reached a flashpoint. In the six days following the protest and police firing, the town remained on the boil. The district authorities are still trying to build confidence among the people. Twice shot, literally, the locals, who are mourning the death of 13 of their own, have begun to see the administration as adversaries.

The problem, though, goes back to the arrival of the Sipcot Industrial Estate over an area of 1,083 acres in 1994. It marked the beginning of a saga of struggle by the locals as the air over Thoothukudi was no more clean. Pollution levels started to go up and fishing, the mainstay of the town, was threatened.

A research paper published in the July 2017 issue of the journal of the Geological Society of India said numerous large- and small-scale industries in Thoothukudi had affected water quality by dumping effluents. It pointed out that the concentration of certain elements in groundwater exceeded the standard values prescribed by the World Health Organisation (WHO). It even named the polluting units, including Sterlite, Heavy Water Plant and Nila Sea Foods.

The National Environmental Engineering Research Institute reports of 1998, 1999, 2003 and 2005 on Sterlite Copper, the factory in the eye of the current storm, showed that the plant was polluting the environment through emissions that did not conform to the standards laid down by the Tamil Nadu Pollution Control Board (TNPCB) under the Air Act and Water Act. The Supreme Court, in its April 2013 order, slapped a fine of a billion rupees on Sterlite, applying the polluter-pays principle. On a couple of occasions, allegations of gas leak from Sterlite could not be confirmed as there were other industrial units in the vicinity that had the potential to cause pollution.

Fear and anger

In the last few months, the slogan 'Copper for Sterlite, cancer for people' has been heard in villages around the Sipcot complex in Thoothukudi. On the face of it, there seems to be no immediate provocation for the revival of the anti-Sterlite agitation, which began in 1994, in A. Kumareddiyapuram. There was however, activists allege, much pent-up anger and frustration of the people over their inability to stop the opening of new units or expansion of existing ones (Sterlite Copper, in this instance) that, in their perception, would pollute the environment further. The agitation slowly attracted people from South Veerapandiapuram, Pandarampatti, Silverpuram, Madathur, Meelavittan, Ayyanadaippu, Sankaraperi and Mappillaiyoorani.

J Veerapandi, a postgraduate in chemistry and a local, claims: 'These villages situated close to Sterlite Copper have been witnessing deaths caused by cancer and respiratory diseases, birth of children with congenital disorders and increased instances of miscarriage. The villagers suspect that these are caused by liquid and gaseous effluents discharged from the copper-manufacturing unit. And this anxiety, fear and anger brought the people together against the mega project.'

The earliest of the notable protests happened on 20 March 1996, when about 500 fishermen laid siege to cargo ship MV *Reesa* that was carrying raw materials for Sterlite. The ship had to be rerouted to Kochi from where copper ore was transported to Thoothukudi by road. The fishermen had their own fears. Having witnessed the effects of fly ash, the effluent discharged by the Tuticorin Thermal Power Station (TTPS) into the sea initially, they too opposed Sterlite Copper. 'Our country boat fishermen used to harvest the delicious *kooni iraal* [baby prawn] in areas where the fly ash was dumped by TTPS initially. As the dumping of the hot and polluting waste continued over a decade, the breeding ground of *kooni iraal* at this point vanished. Apart from this, a few more tasty small-fish varieties too disappeared from this area,' recalls S Manoharan, a mechanised boat driver from Tharuvaikulam, a coastal hamlet near Thoothukudi.

Though the fishermen of Thoothukudi and nearby coastal hamlets had directly experienced the ill-effects of TTPS, the first coal-based power plant to come up in the region, they did not intensify their protest. But they had to pay a hefty price for it as they lost the revenue they could get by harvesting *kooni iraal* and other varieties of fish. Though fly ash is now used for a range of purposes to give additional income to the project proponents, the damage already caused to the environment is immeasurable, they add.

When a fertiliser unit near Thoothukudi recently released inadequately treated water with huge content of ammonia into the sea, it killed several tonnes of fish that were washed ashore. Though the TNPCB, with the help of the Fisheries College and Research Institute, Thoothukudi, could prove that the ammonia present in the effluent at the hazardous level had killed thousands of fish, the fertiliser unit was let off with a warning.

'Industrial heavyweights, for augmenting their revenue, are wiping out our livelihood with their improperly treated effluents. All this cannot be tolerated anymore. That is why the anti-Sterlite protest has united everyone here; they see it as a voice against pollution in their area,' says S James, a fish trader from Poobalarayarpuram.

Salt manufacturers also have a tough time with the effluents. 'The suspended particulate matter coming down from the thick black smoke billowing from the nearby private coal-based thermal power plant seriously affects the quality of salt produced in my pan. As the black particles settle down on salt, its quality is compromised and, consequently, I get a lower price for my product,' says A Antony Dhanaraj, a salt producer near Tharuvaikulam.

'Now, the circle is complete with industrial pollution becoming a common thread to link people from various sections of an otherwise divided society. When the dots are connected, it became a full-fledged protest against "one" of the polluters,' observes A Joseph Prem Anand of Manickapuram, who now lives in North Carolina. He coordinates the anti-Sterlite protests in the US.

Welcome worn out

Prem says that for more than two decades, Sterlite Copper has been a major polluter – a description acknowledged by the Supreme Court. Over the years, the toxic waste from the industry has polluted the air, water and land of Thoothukudi and its surroundings. A document authored in 2010 by Mark Chernaik of the Environmental Law Alliance Worldwide categorically states that 'copper smelting facilities have adverse environmental impacts that can extend for several tens of kilometres'.

The document demonstrates how the smelting complex in Thoothukudi 'is endangering human health and the environment and contaminating water supplies'. It also found toxic quantities of arsenic, cadmium, nickel and sulphates in soil samples from villages adjoining Sterlite Copper. These poisonous substances were found to have caused the death of livestock and adverse effects on the health of local villagers, even at that time, he argues.

When the copper smelter came into existence in 1996, local people thought the industrial development would provide job opportunities for local youth. But the cost of development has been disproportionate to any benefit it had for the local community, they say.

K Kanagaraj of the Communist Party of India (Marxist) says the initial euphoria of having a factory nearby wore off pretty quickly. On 5 July 1997, about 100 women workers of a nearby artificial flower plant fainted and were hospitalised. The cause could not be attributed to Sterlite since there were other units in the area with polluting potential.

On 20 August 1997, some employees of the Tamil Nadu Electricity Board who were working in a nearby sub-station were affected by continuous emission of concentrated sulphur dioxide. A blast that occurred at the unit on 30 August 1997 killed two contract workers and caused damage to an adjacent building and equipment, he recounts.

The incidence of cancer increased in Thoothukudi in 2009, 2010 and 2011, he claims, going on to charge hospitals with not maintaining proper reports. The gas leak from the plant on 23 March 2013 sparked public outrage and fears that Thoothukudi would turn into the Bhopal of the south.

Fuelling protests

More than the proliferation of chemical units in the Sipcot industrial complex, what worries residents is the manner in which they get environmental clearance or resume operations after mandatory suspension. Sterlite Copper had to be shut down at least five times in the past on charges of violations or gas leak. But what added new vigour to the current agitation is the Centre's approval for expansion of the copper smelter.

Fatima Babu of Thoothukudi, an environmental activist, contends in a public interest litigation petition filed before the Madurai Bench of the Madras High Court that Sterlite Copper obtained the sanction for expansion 'by availing exemption from public consultation by misrepresenting location as being within a "notified industrial estate/complex"'. She claims that the location of the second copper smelter is within the Sipcot Thoothukudi Industrial Park, which is still at the planning stage and awaiting necessary environmental clearances.

Documents obtained by her under the Right to Information Act reveal that the survey numbers of land needed for copper smelter expansion fell within the land earmarked for the proposed industrial park, she claims.

The expansion plan also fuelled the current bout of protests. There are many people who question the rationale behind allowing an industrial estate of chemical units at a distance of 14 kilometres from the ecologically sensitive Gulf of Mannar Bioreserve, against the mandatory 25 kilometres. The complex is also in close proximity to habitations of the coastal town.

In this context, they point out that the industrial complexes in Manali/Ennore, Ranipet, Cuddalore, Mettur and Thoothukudi have become 'environmental hotspots'. ◆

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40 years after the Alma Ata Declaration, let's remember that health care is a global right

In September 1978 a major international conference on primary health care was held in the Kazakh city Alma Ata (now renamed Almaty). The Alma Ata Declaration called for 'Health for All by 2000'. *Matthew Bramall* recounts the radical goals of the Declaration – and how they were undermined by neoliberalism and structural adjustment policies.

2018 is an incredibly important year for health: the UK's National Health Service (NHS) turns 70 years old. This is an opportunity to both celebrate 'the most civilised step any country had ever taken' and renew our attention on overcoming the problems – underfunding, privatisation, 'private finance initiative' – that threaten its existence.

At the same time, but with less fanfare, the World Health Organisation (WHO) is celebrating the 40th Anniversary of the Alma Ata Declaration. Like the founding of the NHS, the Alma Ata Declaration was a watershed moment in (global) health – and it continues to nourish and inspire social movements around the world due to its positive, holistic and radical approach to health.

The Alma Ata Declaration came out of the first International Conference on Primary Health Care in 1978.

The Alma Ata Declaration came out of the first International Conference on Primary Health Care in 1978. It was a landmark moment that called for 'Health for All by the year 2000' – and it is worth revisiting for a whole variety of reasons.

Firstly, it signalled a shift towards a social model of health. This meant promoting primary health care as the means for achieving 'health for all', for all countries. Primary health care sounds familiar, but it's much more radical than the name suggests, putting community involvement at the heart of health services.

This framework recognises the need for culturally and technologically appropriate health services, and focuses on the social and economic determinants of poor health – water, food, nutrition – and placing health central to social and economic development. It's a far cry from top-down vertical, technological fixes which dominated the global health agenda in the 1950s and 60s, and which continue to dominate today. Quick, cost-effective, public health interventions became the norm as they are an easier sell than building health systems and empowering communities, and taking the necessary preventative measures to ensure health for all.

Secondly, Alma Ata called for a political response to ensure the goal of achieving health for all was realised. To achieve this, the official declaration, signed off unanimously by all members of WHO, explicitly recommends a shift from militarisation to peace, and a redistribution of power from the Global North to the Global South, lending its support to, and drawing inspiration from, the calls for a New International Economic Order (NIEO).

It's a staggeringly utopian and powerful document, built on years of research that had demonstrated that primary health care approaches were the best way to improve health. And like the founding documents of the NHS, it is a reminder of how far we have been blown off course over the last 40 years.

In the same way that the NHS vision of universal public health care has been progressively undermined, so has the inspiring vision of the Alma Ata Declaration. Both have been progressively weakened by neoliberalism, backed into a more corporate and less ambitious model of health care. As we rightly renew our calls for the NHS to be restored, we must renew our commitment to the same lofty ambitions for global health too.

Almost immediately after it was signed off, the Alma Ata Declaration and the commitment to primary health care were attacked. A year later, at a meeting of international donors and aid agencies, the concept of 'selective' primary health care appeared, reintroducing top-down, technologically driven health programmes and public health interventions. These could be measured, evaluated – and controlled – by donor governments and agencies much more easily than the more nebulous primary health care approach which insisted on community participation and intersectoral approaches. And whilst the rhetorical commitment to primary health care was arguably never matched with funding commitments and reforms, it never really had the chance to get off the ground.

Not long after this, the idealism of the Alma Ata Declaration was subsumed as rising inflation, debt crises and recessions across the Global South resulted in the imposition of structural adjustment policies. This reduced health budgets and forced governments to adopt an approach to health care that was a far cry from Alma Ata's commitment to social justice. It's a story familiar to most of us: the crisis of US hegemony was quickly averted and neoliberalism won out, to the detriment of the world's poor and the prospects of genuine human development.

WHO/Christopher Black

Nutrition counselling at a primary health centre in Rajasthan, India. The primary health care framework recognises the need for culturally and technologically appropriate health services.

The triumph of neoliberalism in global health governance becomes clear when we compare the draft Alma Ata 40 declaration due to be presented later this year and the original declaration. Gone are the calls for a New International Economic Order and reducing the gap between the 'haves' and the 'have-nots', and gone are the calls for reduced military spending. Whilst the draft Alma Ata 40 does reaffirm its commitment to primary health care, which is to be applauded, it does so in the context of achieving the Sustainable Development Goals (SDGs) and the Universal Health Coverage (UHC) 2030 agenda, which themselves have been subject to criticism for failing to take account of the very imbalances of power that are fundamental to the analysis underpinning the original Alma Ata Declaration.

Whilst the draft Alma Ata 40 document commits to reversing the 'unregulated expansion' of the private sector and rising costs, it's highly unlikely that this will translate into action when the UHC 2030 agenda is dominated by the likes of the World Bank which have promoted 'health sector reform' and the role of the private sector in health for decades. The parallels with the UK are obvious. Whilst politicians commit to maintaining the NHS, utilising its spirit for political gain, they often fail to challenge the fundamental ideologies that undermine it.

Halfdan Mahler was the Director-General of WHO at the time the organisation co-organised the Alma Ata conference.

Fortunately, there are activists around the world keeping the spirit of Alma Ata alive. This year, the People's Health Movement (PHM) will convene in Bangladesh for the 4th People's Health Assembly. There, activists will again reaffirm the words of Halfdan Mahler, the WHO Director-General responsible for the radical Alma Ata Declaration, who continued to insist that 'unless we all become partisans in renewed local and global battles for social and economic equity in the spirit of distributive justice, we shall indeed betray the future of our children and grandchildren'.

So whilst the NHS celebrations get the headlines in the UK, we should join the activists at the People's Health Assembly and learn from them as they continue the struggle to achieve health for all, recognising that this is impossible without tackling the biggest obstacle to health justice – neoliberalism and unjust global power imbalances that create and recreate poverty and poor health. ◆

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ECONOMICS

South Africa's original 'state capture'

The co-optation of the African National Congress

South Africa has been plagued by dangerous levels of corruption, nepotism, inequality and poverty, especially under the regime of President Jacob Zuma. While his successor Cyril Ramaphosa may be able to effectively tackle some of these serious problems, *Sampie Terreblanche* argues that there is a need to revisit the elite compromise made over 20 years ago if there is to be real social change in the country.

AFTER the ascendancy of Cyril Ramaphosa to the presidency of South Africa's ruling African National Congress (ANC) and subsequently to the presidency of the country, it is vital to understand the deep structural barriers that prevent South Africa's achievement of desperately needed socio-economic justice.

The ideological shifts that took place in the ANC's economic views from 1990 can only be described as breathtaking: from an explicitly socialist, redistributive approach towards embracing the American ideologies of neoliberal globalism and market fundamentalism.

Supporters of the ruling African National Congress at a party rally. In the 1990s the ANC's economic views saw an ideological shift from a redistributive approach towards embracing neoliberal globalism and market fundamentalism.

From 1990 Nelson Mandela and industrial baron Harry Oppenheimer met regularly for lunch or dinner and the main corporations of the minerals energy complex (MEC) met regularly with a leadership core of the ANC at Little Brenthurst, Oppenheimer's estate. When other corporate leaders joined the secret negotiations on the future of South African economic policy, the meetings were shifted to the Development Bank of Southern Africa during the night.

Although I was involved in the 'talks about talks' from 1987 until 1989, I did not take part in the 1990-94 negotiation process. I have been told that at the time senior individuals attached to the Sanlam Group of corporations were very much against my involvement because of my preference for social-democratic capitalism.

During these meetings an elite compromise gradually emerged between white politicians and capitalists under the leadership of the MEC, a leadership core of the ANC, and American and British pressure groups.

From February 1990 until early 1992, all the ANC policy documents emphasised the need for 'growth through redistribution'. But when a reworked economic document of the ANC entitled 'Ready to Govern' was published in May 1992, the phrase 'growth through redistribution' was conspicuously omitted. Since then the ANC has never again emphasised the need for a comprehensive redistribution policy.

The secret negotiations reached a climax in November 1993. At that stage South Africa was preparing for interim government by the Transitional Executive Council (TEC), which decided that South Africa needed a loan of $850 million from the International Monetary Fund (IMF). The 'statement on economic policies' in the IMF deal committed the TEC to neoliberalism and market fundamentalism.

There can be little doubt that the secret negotiations between the MEC and a leadership core of the ANC were mainly responsible for the party's ideological somersault. It was, however, not the influence of the MEC alone. There was also pressure and persuasion from Western governments and from the IMF and World Bank and global corporations. A large group of leading ANC figures received ideological training at American universities and international banks.

In the years after the Soviet Union imploded in 1991, an atmosphere of triumphalism reigned supreme in American political and economic circles: the 'American economic model' triumphed and every country in the world could survive and prosper only if it adapted as quickly and completely as possible to anti-statism, deregulation, privatisation, fiscal austerity, market fundamentalism and free trade.

Promises were made to the ANC that as soon as the new government implemented this model, conditions would be conducive to a large influx of foreign direct investment, higher growth rates, higher employment and a trickle-down effect to alleviate poverty. The role of the American pressure group was, however, not restricted to exaggerated promises, but also included subtle threats that the US had the ability (and the inclination) to disrupt the South African economy if the ANC should be recalcitrant and not prepared to cooperate.

With the adoption of the Growth, Employment and Redistribution (GEAR) programme in 1996, the ANC and the American pressure group succeeded in Americanising the South African economy. In biblical idiom, we have every reason to lament the fact that the ANC was deceived on such a massive scale by false prophets who led South Africa not to the promised land but into a desert in which the poorer part of the population was doomed to live permanently in a systemic condition of abject poverty.

On 11 February 1990, the day of Nelson Mandela's release from prison, he made the following statement: 'The white monopoly of political power must be ended, and we need a fundamental restructuring of our political and economic systems to address the inequalities of apartheid and create a genuine democratic South Africa.'

But the new politico-economic system turned out to be highly dysfunctional. A neoliberal politico-economic system was institutionalised to serve the narrow interests of the old white elite and the emerging black elite. The enabling conditions of the new system were moulded in such a way that the imperial aspirations of the American-led neoliberal empire would be satisfied.

The quid pro quo between the corporate sectors and the ANC leadership core was that lucrative opportunities would be created for the emerging ANC elite to join the white capitalist elite to become rich enough to maintain the same consumerist lifestyle as the white elite.

Poverty in South Africa. 'A dangerous triangle has emerged between three groups in South Africa: the old white elite, the new black elite, and the impoverished bottom 40%.'

The elite compromise emphatically excluded the possibility of a comprehensive redistribution policy, which was regarded as unaffordable after preference was given to addressing the interests of the old white corporate elite and the emerging black elite, and after the conditionalities prescribed by the American-led neoliberal empire were accepted. The fact that taxation and expenditure were fixed by the elite compromise deprived the ANC government of the ability to implement a comprehensive redistributive policy.

The most harmful consequence has been deindustrialisation through South Africa's obligation to implement a free-trade policy. This has had a devastating effect on many industries that operated for decades behind tariff walls. The clothing, textile and footwear industries were almost destroyed by the import of cheap products. But while the free-trade policy was harmful for manufacturing, it was to the advantage of the MEC. These corporations were later given the additional privilege of shifting their main listings to London and New York, and to become independent transnational corporations.

While the ANC operated on the moral high ground during the anti-apartheid struggle, since 1994 they have slipped into a sleazy underworld where corruption, nepotism and money squandering are the order of the day, so that South Africa could become a neocolonial satellite of the American-led neoliberal empire. Although the ANC has been the government of South Africa since 1994, we could allege that it is still not 'ready to govern'.

It is very much in doubt whether the South African project is still viable, given this context. Dangerous levels of corruption, state capture, inequality, poverty and inefficiency under the administration of Ramaphosa's predecessor Jacob Zuma may perhaps be turned around under strong leadership. But structurally, a dangerous triangle has emerged between three groups in South Africa: the old white elite, the new black elite, and the impoverished bottom 40%. This conflict may yet lead to an implosion of the country. It is therefore vital to revisit the decision made 20 years ago by the neoliberal elites within the ANC government to reject the proposal of a wealth tax for redistributive purposes. ◆

Sampie Terreblanche was professor emeritus at Stellenbosch University in South Africa, and also spent time at Harvard and the University of the Free State. His work as political economist and public commentator over 60 years was marked by sharp and controversial shifts to the left of his Afrikaner nationalist roots. Terreblanche served on several public commissions and as deputy chairman of the South African Broadcasting Corporation. He authored 13 books and hundreds of papers and public lectures, with a focus since the 1990s on inequality and its underlying wealth problem. Among many awards, he received three honorary doctorates. Terreblanche passed away on 17 February 2018 aged 84.

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Warnings of a new global financial crisis

Warnings have been sounded of 'ticking time bombs' in the global financial system waiting to explode because of the reckless and wrong policies of the developed countries. *Martin Khor* warns developing countries to take measures to withstand the coming financial storm.

THERE are increasing warnings of an imminent new financial crisis, not only from the billionaire investor George Soros but also from eminent economists associated with the Bank for International Settlements, the bank for central banks.

The warnings come at a moment when there are signs of international capital flowing out of some emerging economies, including Turkey, Argentina and Indonesia.

Some economists have been warning that the boom-bust cycle in capital flows to developing countries will cause disruption when there is a turn from boom to bust. All it needs is a trigger, which may then snowball as investors head for the exit door in herd-like manner. Their behaviour is akin to a self-fulfilling prophecy: if enough speculative investors think this is the time to move back to the global financial capitals, then the exodus will happen, as it did in previous 'bust' phases of the cycle.

Soros recently told a seminar in Paris: 'The strength of the dollar is already precipitating a flight from emerging-market currencies. We may be heading for another major financial crisis. The economic stimulus of a Marshall Plan for Africa and other parts of the developing world should kick in just at the right time.'

If Soros is right about an imminent crisis, its trigger could come from another European crisis. Or it could be outflow of funds from several developing countries. Some had received huge inflows when returns were low or even zero in the rich countries. With US interest rates and bond prices going up, the reverse flow is now occurring and it is only the start, with more expected to take place.

Soros's prediction may not be widely shared, however. 'Honestly I think that's ridiculous,' said James Gorman, the head of investment bank Morgan Stanley, commenting on Soros.

'Ticking time bombs'

The Soros warning reminded me of a South Centre debate held in Geneva in April, when we hosted two eminent main speakers to launch their book, *Revolution Required: The Ticking Time Bombs of the G7 Model*.

The authors were Peter Dittus, former Secretary-General of the Bank for International Settlements (BIS), and Herve Hannoun, former Deputy General Manager of the BIS.

A club of 60 central banks, the BIS is known as the bank for central banks and also famous for the quality of its research. You can't get a more respected conservative establishment.

Yet the two recently retired top BIS leaders wrote a book in simple direct language warning of 'ticking time bombs' in the global financial system waiting to explode because of the reckless and wrong policies of the major developed countries. Nothing short of a revolution in policy is required to minimise the damage of a crisis that is about to come, they say.

At the Geneva meeting, Dittus and Hannoun pointed to several problems or 'time bombs' that had developed in the developed countries, with potential to harm the world.

The main problem is what they call the G7 debt-driven growth model. The G7 major developed economies, except Germany, have lax fiscal policies with high government liabilities as a percentage of gross domestic product (GDP).

In particular, the United States has an irresponsible fiscal policy which it has exported to other G7 countries apart from Germany.

The US administration has expanded new expenditure and tax cuts, with no funding other than more debt. This 'reckless behaviour', leading to a US fiscal deficit projected to be around $1 trillion in 2019, was made possible by the permissive monetary policy conducted by the US Federal Reserve since 2009, the silence or complacency of the big three US-based ratings agencies, and the blessing of the International Monetary Fund (IMF).

The G7 central banks have also become the facilitators of unfettered debt accumulation, according to the authors. The near-zero or negative nominal interest rates are a huge incentive to borrow, and extreme monetary policies have destroyed any incentive to fiscal rectitude.

G7 total debt in the third quarter of 2017 was around $100 trillion. Together, the US, the UK, Canada, Japan and the eurozone account for 64% of the world total debt.

The authors assert that the G7 extreme monetary policies since 2012 have undermined the foundations of the market economy. There are now centrally planned financial markets and the break-up of key elements of the market economy model. Long-term interest rates are manipulated, valuations of all asset classes are deeply distorted, sovereign risk in advanced economies is deliberately mispriced, and all these do not reflect fundamentals.

Dittus and Hannoun warn that the unprecedented asset price bubble engineered by G7 central banks is a ticking time bomb that is ready to burst, after seven years of near-zero interest rates and speculative excesses in bonds, stocks and real estate. The Federal Reserve has dealt with the bursting of every asset bubble of the last 20 years by creating another, larger bubble.

They also warn that the quantitative easing policy of recent years may shift to a worse policy of government debt monetisation.

Although central banks have made it very clear that large-scale government bond purchases are a temporary measure taken for monetary policy reasons, they are slipping into a different concept – that of a permanent intervention of central banks in government bond markets.

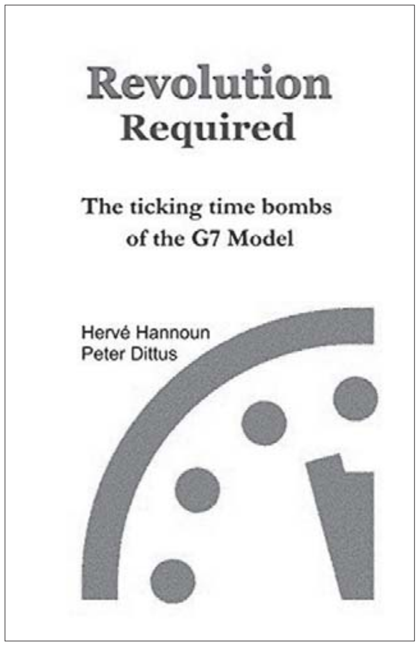
This is seen as a way to solve the sovereign debt crisis in major advanced economies, by transferring a growing part of government debt to the central bank: 43% of G7 government bonds in major reserve currencies are now held by central banks and other public entities. G7 central banks are at risk of heading towards the slippery slope which ultimately leads to government debt monetisation.

G7 central banks at the crossroads

The G7 central banks are facing a dilemma, Dittus and Hannoun point out. They have to choose between highly risky scenarios: policy normalisation or government debt monetisation?

For the time being, the Federal Reserve and the Bank of Canada are leaning towards normalisation, albeit at a slow pace, while the European Central Bank and the Bank of Japan are dangerously heading towards a continuation in one way or another of the debt monetisation experiment.

Here is the dilemma: policy normalisation is the only option consistent with the central banks' mandate and with a return to the rules of a market economy. But when the G7 central banks eventually exit from their unconventional policies, they will contribute to the bursting of the asset price bubbles engendered by their monetary experiment. This



***Revolution Required* warns of 'ticking time bombs' in the global financial system.**

could well be the worst financial crisis ever experienced, as the level of debt and the artificial level of asset prices have no precedent.

But an even worse systemic crisis would result from the continuation of current unconventional policies leading central banks to cross the rubicon of government debt monetisation. The perpetuation of these policies, with their zero or negative interest rates and large-scale purchases of government debt, would encourage fiscal deficits and the continued expansion of public debt.

Public debt monetisation, through the transfer of ever more government bonds on G7 central banks' balance sheets, would destroy the market economy as it would pave the way for an unlimited expansion of the public sector, say the authors.

The above shows why the former BIS officials believe a new financial crisis is brewing. Changing the recent policy will lead to an explosion, but continuing with the same policy while buying time will lead to an even bigger crisis.

Impact on developing countries

Their analysis of the crisis in the G7 countries matches that of Yilmaz Akyuz, the South Centre's chief economist and author of the book *Playing with Fire*.

Akyuz goes further, in analysing the impact a global crisis will have on developing countries. Since the 2009 global crisis, the developing countries have built up new and increased vulnerabilities to global financial shocks. Their financial sector has established even more and deeper links to international financial markets, as shown, for example, by the high percentage of ownership by foreign funds and investors in the domestic stock markets and in government bonds of developing countries.

Therefore, if there is a significant or big outflow of these foreign funds, the same economies may suffer from loss of foreign reserves, currency depreciation, higher external debt servicing, higher import prices, falling prices of houses and equities and, in worse cases, an external debt crisis.

A few developing countries are already facing crisis and seeking IMF bailouts.

Many developing countries still have strong economic fundamentals. But in many cases, their economies are weakening in one way or another, and the worsening global economic prospects (including the real possibility of a trade war) do not augur well. The conditions for an external debt problem have increased.

It would thus be wise for them to monitor and analyse what is happening globally, as this will significantly affect the economy. Scenarios should be established on what may happen externally, including the onset of a new global crisis, and how this may affect the economy in various ways, so as to prepare for various measures that can be taken.

Crisis prevention and crisis aversion should now be a priority. Dealing with the domestic economic issues should go together with preparations to cope with changing external situations.

Though we may not be able to control what happens abroad, we can take measures to respond appropriately. ◆

Martin Khor is adviser to the Third World Network and former Executive Director of the South Centre.

COVER

Global economy vulnerable a decade after

More than a decade after the world's worst economic downturn since the 1930s' Great Depression, the world economy remains vulnerable. *Anis Chowdhury* and *Jomo Kwame Sundaram* explain.

Concerns have long been expressed about the use of a national currency – the US dollar – as the major reserve currency.

TEN years ago, deteriorating confidence in the value of US sub-prime mortgages threatened a liquidity crisis. The US Federal Reserve injected considerable capital into the market, but could not prevent the 2008-09 global financial crisis (GFC).

The 2008 meltdown exposed the extent of finance-led international economic integration, with countries more vulnerable to financial contagion and related policy 'spillovers' exacerbating real economic volatility.

It also revealed some vulnerabilities of the post-Second World War US-centred international financial 'architecture' – the Bretton Woods system – modified after its breakdown in the early 1970s.

Robert Triffin, the leading international monetary economist of his generation, had long expressed concerns about the use of a national currency as the major reserve currency.

International liquidity provision using the US dollar required the US to run balance-of-payments deficits, ensuring US monetary policy spillovers to the world economy while eroding confidence in the greenback.

The Bretton Woods system was under increasing strain from the late 1960s, as US President Johnson funded the increasingly unpopular Vietnam War by issuing debt, rather than through higher taxes. The system finally broke down when the Nixon administration unilaterally cancelled the US commitment to dollar (gold) convertibility in August 1971. What emerged was a 'non-system' for Triffin.

Since then, the US dollar, issued by fiat, has relied on the greenback's own credibility and legitimacy to continue as de facto world currency.

In 1985, Triffin identified three systemic problems of the international financial 'non-system'.

First, 'its fantastic inflationary proclivities, leading to world reserve increases eight times as large over a brief span of fifteen years' since the breakdown of the Bretton Woods system.

Second, 'skewed investment pattern of world reserves, making the poorer and less capitalised countries of the Third World the main reserve lenders, and the richer and more capitalised industrial countries the main reserve borrowers of the system'.

Third, 'crisis-prone propensities reflected in the amplitude' and frequency of financial crises such as the 1980s' debt crisis causing developing countries' 'lost decades'.

Other critics have identified further flaws.

First is the 'recessionary bias', due to the asymmetric burden of adjustment to payments imbalances. While deficit countries are under great pressure to adjust, especially when financing dries out during crises, surplus countries do not face corresponding pressures to correct their own imbalances.

Second is the cost of the perceived need of emerging and developing countries to 'self-insure' against the strong boom-bust cycles of global finance by building up large foreign exchange reserves and fiscal resources, especially after the 1997-98 Asian financial crisis.

Financial vulnerabilities have been compounded by growing trade protectionism.

Such precautionary measures enabled emerging market economies to undertake strong counter-cyclical measures during the GFC. But they have huge opportunity costs as such reserves are generally held as presumably safe, liquid, low-yielding assets, such as US Treasury bonds.

Hence, Triffin complained that 'the richest, most developed, and most heavily capitalised country in the world should not import, but export, capital, in order to increase productive investment in poorer, less developed, and less capitalised countries ... [The] international monetary system is at the root of this absurdity.'

Reform appeals

There were renewed calls for reform of global economic governance in the wake of the GFC, especially by the 2009 UN Conference on the World Financial and Economic Crisis and Its Impact on Development.

Governance reform of the International Monetary Fund (IMF) and the World Bank should ensure fairer, more equitable representation of developing countries. This should improve the accountability and credibility of the Bretton Woods institutions, enabling them to better address current financial and economic challenges in the world.

The UN also called for a 'multilateral legal framework for sovereign debt restructuring'. Without a fair, legally binding, multilateral sovereign debt workout mechanism, developing countries remain vulnerable to private creditors, including vulture funds.

There were also renewed hopes for trade multilateralism and early successful completion of the Doha Development Round of the World Trade Organisation (WTO), giving developing countries better access to external markets, seen as vital for balanced global recovery and development. The promise to keep international trade open echoed G20 leaders' unfulfilled commitment to eschew protectionism.

However, only a few of the modest promised reforms have been implemented, with limited changes in international financial governance, still dominated by the G7 leading industrial economies. After all, every financial crisis is followed by appeals for reforms, with complacency setting in with hints of recovery.

Less coping capability

Most developed-country governments are now more heavily indebted than in 2008, when they bailed out large financial institutions but failed to sustainably revive the world economy. Major monetary authorities do not have much policy space left after long pursuing unconventional expansionary policies.

Meanwhile, developing countries have been subject to increasing international integration, e.g., through global value chains, foreign financial institutional investments and increased short-term capital flows induced by the unconventional monetary policies of the US Federal Reserve, European Central Bank and Bank of Japan, while debt-sustainability concerns for some are growing again.

These vulnerabilities have been compounded by growing trade protectionism and dwindling precautionary reserve holdings of many developing economies as global trade has slowed. Even before President Trump's election, developed countries had effectively killed the Doha Development Round, not least by opting for bilateral and plurilateral instead of multilateral free trade deals.

Trump's more explicit rejection of multilateralism in his efforts to eliminate major US bilateral trade deficits is now expected to further set back prospects for world economic recovery. Despite pious declarations to the contrary, most national policymakers typically turn from rhetoric about international cooperation to focus on domestic issues.

It has not been different this last time. A decade after the worst economic downturn since the 1930s' Great Depression, the world economy remains vulnerable. – *IPS* ◆

Anis Chowdhury, Adjunct Professor at Western Sydney University (Australia), held senior United Nations positions in New York and Bangkok. Jomo Kwame Sundaram, a former economics professor, was United Nations Assistant Secretary-General for Economic Development, and received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought in 2007.

The new debt crisis

In the following analysis of the debt situation of countries of the Global South, *Jürgen Kaiser,* warns that since 2010 the situation has worsened significantly for many countries. As a result, out of the 141 countries examined, some 119 are critically in debt.

IN the analysis that follows, which was undertaken for the 'Global Sovereign Debt Monitor 2018' report, three dimensions are used to evaluate the debt situation of countries in the Global South: (i) the debt situation, i.e., the level of debt indicators as at 31 December 2016; (ii) the trend, i.e., the change in this debt situation over a period of four years; and (iii) any suspension of debt service payments by individual countries is taken into consideration.

Governments often keep up with their debt service obligations at the expense of social services such as public education.

Debt situation

Low- and middle-income countries'[1] external debt increased in 2016 by 4.1% to $6.877 trillion. Of this, only a modest $121.3 billion pertains to low-income countries, $1.775 trillion pertains to lower-middle-income countries and $4.981 trillion to upper-middle-income countries.

This would not be problematic if the economic performance of the indebted countries grew at the same rate as their debt. It is therefore important to consider relative debt, which in the present analysis is measured on the basis of five debt indicators describing the relationship between debt and economic performance (see box).

For example, the indicator measuring the ratio of external debt to gross national income (GNI) [or gross domestic product (GDP)] positions the total external debt of a country relative to its annual economic performance. The analysis shows that at the reporting date, over half of all low- and middle-income countries have a debt-to-economic-performance ratio of more than 40%, and 20 of them exceed 80%. This means that theoretically they would have to spend more than 40% (or in the latter case, 80%) of their annual economic output to repay their entire debt.

Since 2010, the situation has worsened significantly in many countries (see Figure 1). However, the trend is not uniform for all countries examined. On the one hand, there are countries with improving or stable indicators such as Jamaica, which, as in the previous year, has the highest debt indicators but no longer falls into the highest risk level for all indicators. On the other hand, there are countries which combine strong rises in their indicators with already high levels of debt: these include, for example, Mozambique, Armenia and Cape Verde.

New lending has risen to all country income groups except the group of the poorest countries.[2, 3] On the donor side, bilateral public lending has grown the most, doubling year-on-year to $84 billion. However, this is not attributable to the traditionally important creditor countries such as Germany, the US or Japan, but is primarily the result of increased South-South lending. Large emerging economies, especially China, are playing an increasingly important role as new lenders.

Who is critically in debt?

Currently, 119 out of a total of 141 countries examined are critically in debt.[4] A country's debt situation is considered critical if at least one debt indicator shows a level of risk (see box) or if the International Monetary Fund (IMF) has confirmed in its most recent debt sustainability analysis that there is at least a 'moderate' risk of debt distress. Countries with particularly high debt indicators include Jamaica, Mongolia, Bhutan and Mozambique.

Compared with last year's 'Global Sovereign Debt Monitor', an additional seven countries now have to be considered critically indebted because in 2016 they reached a level of risk for at least one debt indicator. Six of these countries are in Africa: Namibia, Nigeria, Ethiopia, Benin, Liberia and Uganda. The seventh country is Azerbaijan.

If one recalls that Ethiopia, Benin, Liberia and Uganda had been relieved of their debt between 1997 and 2010 under the multilateral debt relief initiative for Heavily Indebted

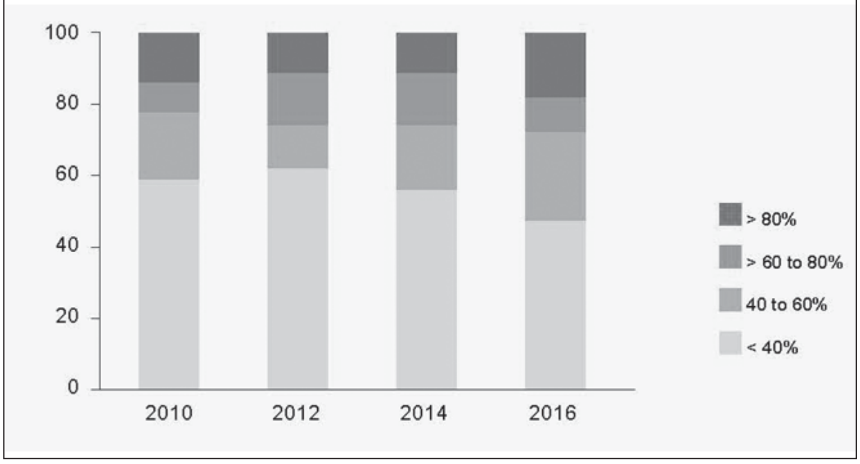
Poor Countries (HIPC), it becomes clear that one-off debt relief does not protect countries from falling into debt crises again, as long as the same structures that led to the last crisis persist.

Unlike in last year's Debt Monitor, middle- and low-income countries that are member states of the European Union have been excluded from consideration, as questions of overcoming future debt crises are somewhat different for them than for most countries of the Global South. Therefore, Bulgaria, Romania, Croatia and Cyprus are no longer listed.

Compared with the already dramatic scenario of 2015, as presented in the 'Global Sovereign Debt Monitor 2017', the situation at the end of 2016 worsened – with the number of countries critically in debt rising from 116 to 119. Although this appears to be only a modest increase, if one takes into account that four (EU) countries have not been included in the latest analysis for formal reasons – and not because their debt situation has improved – there has in fact been a rise of seven countries, representing an increase of around 6% for critically indebted countries in the Global South. In addition, the countries in critical debt tend to be deeper in debt than in previous years.[5] Overall, it should be noted that global debt has reached a worryingly high level.

Figure 1. External debt 2010 to 2016

In relation to the gross national income of low- and middle-income countries



Source: World Bank: 'International Debt Statistics 2018'

Trend

Whereas an overwhelming majority of the countries in the Global South are already critically in debt, the medium-term trend towards further indebtedness continues. As in the previous year, there is an average of 3.6 debt indicators that have deteriorated by at least 10% over the last four years, for every one that has improved. (See box for an explanation of how the indebtedness trend is determined.) In 87 countries, there was a general worsening of the debt situation over the period 2012-16, compared with an improvement in 21 countries. There was no obvious trend in 11 countries.

The strongest negative debt dynamics can be observed in the affected countries in the North Africa/Middle East region. Although only a handful of countries in the region are critically in debt, none of these countries has improved on even one of the five debt indicators. The Europe/CIS region is similarly affected. Both in terms of present debt levels and the trend of the debt indicators, the listed countries in Asia and the Pacific are the least susceptible to over-indebtedness.

Countries in default

The most dramatic outcome of the debt crisis, which has been worsening for years, is that a wide range of countries have now had to cease all or part of their debt servicing (see Table 2). Instead of continuing to issue warnings that a new wave of debt crises is looming in the Global South, it has to be said that the crisis is already here.

Detailed analysis shows that countries that default on payments include, on the one hand, countries that have been insolvent for several years, such as Zimbabwe, which has been in default since the mid-1990s. This category also includes those of the Heavily Indebted Poor Countries (HIPCs) which formally have access to the debt relief initiative but for which a decision on debt relief has not yet been made: namely Eritrea, Somalia and Sudan. Countries outside the international financial system, such as Cuba and North Korea, are also included in this category.

In addition, and most worryingly, 11 countries have been added which have had to cease payments to external creditors since 2015, either temporarily or permanently, as a result of external shocks and/or political instability. Currently, Venezuela, Angola, South Sudan, Chad and Mozambique are in this position. The first four became insolvent mainly as a result of the fall in oil prices. Due to its civil war, Yemen also has to be added to this list. The Republic of Congo, Belize and Gambia, all also on the list, have, with the support of the IMF, been able to make up for defaulted payments to their foreign creditors during 2017, albeit at the cost of new multilateral debt and related adjustment measures. Meanwhile, the Caribbean island nation of Grenada has signed rescheduling agreements with its bilateral creditors, which are now gradually being implemented.

Three countries – Cambodia, Iraq and Ukraine – are considered to be in default because they refuse to satisfy claims that they consider unlawful. In Ukraine, this applies to a loan from the Russian Federation to the pro-Russian ex-president Viktor Yanukovych; while in Cambodia this goes even further back to the financing of

Table 1: Levels of over-indebtedness (in per cent)

	No risk of debt distress	First level	Second level	Highest level
public debt / GNI or GDP	<50	50-75	>75-100	>100
public debt / annual government revenue	<200	200-300	>300-400	>400
external debt / GNI or GDP	<40	40-60	>60-80	>80
external debt / annual export earnings	<150	150-225	>225-300	>300
debt service / annual export earnings	<15	15-22,5	>22,5-30	>30

the regime of General Lon Nol by the US government in the 1970s. Iraq and Kuwait are arguing over the validity of Saddam-era claims and the interpretation of the 2004 rescheduling agreement.

A total of 31 other countries have payment arrears vis-à-vis bilateral public or private creditors. They are not listed individually in Table 3 because, unlike in most cases mentioned above, the arrears are not the result of the (potential) insolvency of the debtor but of the absence of an agreement between the debtor and the creditor. The largest group in this category are 22 HIPCs whose rescheduling agreements have not yet been implemented with all public and private creditors. This can occasionally be related to payment problems. In general, however, creditors are not interested in a scheme in which they would have to officially renounce 90% of their claims, but prefer to remain in a state of persistent non-payment, without formally renouncing the claim.

The other nine countries are non-HIPCs which are currently not servicing individual – mostly private – claims. Unregulated old debts of this kind can become a sensitive issue for a debtor if a creditor decides to sell the debt at a high discount to a 'vulture fund', with the latter then seeking seizure of the debtor's foreign assets or repayment through litigation in a third country.[6]

Patterns of indebtedness

The current debt crisis is not the crisis of a particular development model,[7] a particularly affected region, or the result of a particular type of external shock. In the group of countries which are already in the critical range for most of the indicators and which also show strong negative dynamics, both low- and middle-income countries are represented. These include countries that belong to the group of least developed countries as defined by the United Nations, such as the Gambia, Tuvalu and Bhutan; but there are also countries that sit at the G20 (grouping of major economies) table, such as Argentina, Mexico and South Africa.

Nevertheless, one can identify some patterns of over-indebtedness. They can serve as the basis for appropriate strategies for overcoming crises. The following groups of countries are particularly vulnerable:

• Fragile states: Countries that are politically unstable and therefore constrained in their ability to borrow responsibly. These include, for example, the post-conflict country of Burundi and also Jordan, where instability is not its own but that of its neighbour, Syria.

• Commodity exporters: Countries that pursue an extractivist development model and, after a fall in commodity prices, face the choice of significantly limiting public spending or financing the resulting budgetary gaps through loans. Examples include Angola, the Republic of the Congo and Venezuela.

• Small states: Countries that are particularly vulnerable to natural disasters because of their small size and/or location, including Cape Verde and, to some degree, Belize.

• Countries with a combination of factors: Finally, a group where a worsening of the debt situation cannot be attributed to a single major factor, but is due to several factors such as internal instability, questionable borrowing in the past, the consequences of climate change and other external shocks. These presently include, in particular, Latin American middle-income countries, such as El Salvador.

It must be noted that the debt crisis is here, it is global, it affects very different groups of countries and therefore, by definition, it affects different groups of creditors in different countries.

Outlook

In 2017, i.e., after the 31 December 2016 cut-off date of our present analysis, further increases of debt levels were observed in most countries for which more recent data is already available. Therefore, even without unforeseeable external shocks, the 'Global Sovereign Debt Monitor 2019' will in all likelihood paint a picture similar to this one. Unless it

Table 2: Payment suspension by low- and middle-income countries

Continuing suspension of payments		Interim payment suspension (between 2015 and 2017)	Disputed demands
Beginning before 2015	Beginning 2015-2017		
Cuba Eritrea North Korea Somalia Sudan Syria Zimbabwe	Angola Chad Mozambique South Sudan Venezuela Yemen	Belize El Salvador Gambia Grenada Republic of the Congo	Iraq Cambodia Ukraine

Methodology of debt analysis

In this analysis, three dimensions of debt are taken into account:

• the **debt situation**, i.e., the level of debt indicators as at the reporting date 31 December 2016;

• the **trend**, i.e., the change in this debt situation over a period of four years (2012-16); and

• the intermediate and ongoing **suspension of debt service payments** by individual countries.

The debt indicators for the analysis are:

• public debt/gross domestic product

Is the government more indebted at home and abroad than the efficiency of the entire economy dictates?

Public debt is the explicit and implicit liabilities of the public sector – from central government to public enterprises. Public debt also includes the debts of private companies for which the state has issued a guarantee.

• public debt/annual government revenue

Is the government so heavily indebted at home and abroad that its income can no longer guarantee ongoing debt servicing?

• external debt/gross domestic product

Does the entire economy have more payment obligations vis-à-vis foreign countries than its economic performance dictates?

External debt includes the liabilities of both the public and private sectors of a country vis-à-vis foreign creditors. This indicator points to the overall economic burden, i.e., whether an economy produces enough goods and services to service its debt.

• external debt/annual export earnings

Are the external debts of the state, citizens and companies so high that exports cannot generate enough foreign exchange to pay the debts?

In most cases, external debt cannot be repaid in local currency. Debt servicing requires the generation of foreign exchange through exports, migrant remittances or new indebtedness.

• debt service/annual export earnings

Is the current external debt servicing of the state, citizens and companies so high that exports do not at present generate enough foreign exchange to pay interest and repayments due in the current year?

This indicator shows the ratio of annual repayment and interest payments to export earnings. It shows whether the annual debt service – irrespective of the overall debt level – overstretches the current performance of an economy in a given year.

For each of the five indicators above, there are three levels of risk (see Table 1). In line with these three risk levels for each of the five indicators, each country is assigned a value of between 0 and 15. For example, if a country is at the highest risk level (i.e., third level) for all five debt indicators, it has a value of 15. Based on these values, the **debt situation** of a country is classified as follows:

- 0-4: slightly critical
- 5-9: critical
- 10-15: very critical

[Countries with a value of 0 are categorised as having a 'slightly critical' debt situation if they are deemed by the International Monetary Fund (IMF) to have at least a 'moderate' risk of debt distress.]

The **trend** for each debt indicator is determined by seeing whether it has changed (i.e., increased or decreased) by at least 10% in the four years from 2012 to 2016. An aggregated debt trend based on all five indicators is then calculated for each country. If more debt indicators have improved than deteriorated over the four-year period, the general debt trend is presented as an improvement. If more indicators have deteriorated than improved, the general debt trend is said to have deteriorated.

The situation regarding **suspension of debt service payments** is presented in Table 2. ◆

is addressed politically, the crisis will persist and even worsen, not least thanks to initiatives to promote private capital investments.[8]

Previous sovereign debt crises have shown that at some point, high debt levels create a threatening reality: ongoing debt servicing absorbs so much of a country's economic output that it can only be sustained at the price of further borrowing. Countries are literally in a 'debt trap'.[9]

Over-indebtedness is not only a problem when it comes to the suspension of debt service payments. Experience shows that governments often keep up with their debt service obligations even though the resources are badly needed within the country. For the people in the affected countries, this often means painful cuts in social services. For example, public healthcare and public education provision may deteriorate, meaning only those that can pay can access quality services. It is often the poorest who suffer disproportionately from such austerity measures.

The so-called 'Third World debt crisis' of the 1980s and 1990s has shown that it is cheaper for all parties to reduce debt early on, because financing debt service with new (multilateral) credit amounts to the proverbial extinguishing of a fire using petrol. 2018 is perhaps the last year in which it is still possible to extinguish a large-scale fire with a few targeted and not too costly debt reductions. ◆

Jürgen Kaiser is co-founder and coordinator of the German Debt Crisis Network and Jubilee Germany (erlassjahr.de).

The above is extracted from the 'Global Sovereign Debt Monitor 2018' report published by Jubilee Germany and Misereor. The full report, which includes the debt figures for individual countries, is available on Jubilee Germany's website (erlassjahr.de/en/).

Notes

1. The World Bank divides countries into four groups according to their per capita gross national income: high-income countries, upper-middle-income countries, lower-middle-income countries, and low-income countries.

2. Defined as those countries that only get low-interest loans from the World Bank International Development Association (IDA).
3. World Bank: International Debt Statistics 2018, p. 7.
4. The starting point of the analysis is the list of all low- and middle-income countries as defined by the World Bank. In order to keep the focus on indebted countries in the Global South and the European periphery, all countries that are members of the OECD or the European Union have been excluded from this analysis. Included, on the other hand, were the high-income countries Uruguay, Antigua and Barbuda, Bahamas, Barbados, Seychelles, and St. Kitts and Nevis; the first of these because of its recent history of debt relief, which suggests the need for further observation; the rest because they belong to the group of Small Island Developing States (SIDS) and are therefore exposed to a special risk of over-indebtedness.
5. The average value in determining how critical a country's debt situation is has increased from 5.7 to 5.9 (see box for an explanation of how this value is calculated).
6. On the 'vulture fund' business model, see Kaiser, J: 'Geierfonds – was sie tun, warum es sie gibt, und was man gegen sie tun kann' (in German), in: erlassjahr.de and Kindernothilfe: Schuldenreport 2015, pp. 63-68.
7. Development models are strategies aimed at specific economic dynamics. These strategies can be, for example, domestic or foreign trade-oriented, import-substituting, or focused on exporting raw materials.
8. See 'Unverzichtbare Chance oder unkalkulierbares Risiko? Der *Compact with Africa* als Ergebnis der deutschen G20-Präsidentschaft – ein Pro und Contra' (in German), in: erlassjahr.de and Misereor: Schuldenreport 2018, pp. 33-39.
9. It is difficult to predict at which level of debt exactly the trap will be sprung, and generalisations are of little use. To assess the risk of a debt crisis, it is therefore necessary to take a closer look at the respective countries. The present analysis shows in which cases this is especially necessary.

Credit agency says some African countries' debt worrying

Servicing of debts owed by 11 African countries that were part of the World Bank's Heavily Indebted Poor Countries (HIPC) Initiative of the 1990s is now back at pre-crisis levels.

Paul Redfern

Headquarters of the Bank of Uganda, the country's central bank, in Kampala. The Bank has said the rising costs of servicing Uganda's debt could hit economic growth because of reduced public investment.

A NEW report from international credit agency Standard & Poor's (S&P) lists Uganda, Rwanda and Ethiopia among the 11 countries where it says the HIPC Initiative has failed.

It says that more than two decades after HIPC, debt-servicing costs are back to pre-crisis levels and have been increasing since 2011.

'Does this mean that the World Bank's aim to ensure that the world's poorest countries were not burdened by unmanageable or unsustainable debt has faltered? Arguably, yes,' the report says.

Uganda's national debt has nearly trebled in the past three years to more than 50% of gross domestic product (GDP), creating a risk of default, since nearly two-thirds of that borrowing is external, the central bank said recently.

The Bank of Uganda said the rising costs of servicing the country's $15.1 billion debt could hit economic growth because of reduced public investment. Three years ago, Uganda's debt was just $6 billion.

The debt is mostly a result of a ramping up of borrowing, mostly from China, to fund infrastructure projects including roads, power plants, fibre-optic cable networks and an airport expansion.

Across sub-Saharan Africa, government debt rose to 53% of GDP last year, compared with just 11% in 2011.

The S&P report adds that while Africa's debt is not at the same level as in the 1990s, debt servicing as a percentage of government revenues has returned to the crisis levels of that time.

As a result, 'fiscal accounts are burdened by the same or higher debt-service costs relative to revenues as pre-[bailout],' S&P said.

The HIPC Initiative was developed by the World Bank, the International Monetary Fund (IMF) and other creditors from 1996 onwards to reduce the debt of some poor countries as they were unlikely to repay in full.

In total, 11 countries were relieved of $99 billion of debt, cutting their government debt from an average of 100% of GDP to around 24% by 2008.

Although the debt forgiveness initiative succeeded in offering 'respite for many years', it has 'failed to permanently reduce debt service burdens', according to S&P.

The warnings come on the back of a report from the Organisation for Economic Co-operation and Development (OECD) that the impact of tax evasion across sub-Saharan Africa has become colossal.

It says that more than $50 billion per year is being lost to African governments through illicit flows out of the continent, a sum well in excess of all the funds received through aid. ◆

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A 1999 photo of then World Bank President James Wolfensohn being greeted by debt relief advocates. The HIPC Initiative launched by the World Bank and other creditors in 1996 'failed to permanently reduce debt service burdens'.

The return of a housing bubble

Asset price inflation has been generated by the liquidity created by central banks in the advanced countries to address the recession they were experiencing. That implies, in turn, that many developing countries are prone to an unwinding of unsustainable asset prices in ways that can be damaging. In the long run, regulation to limit interdependence seems to be necessary to reduce vulnerability and enhance policy space.

CP Chandrasekhar and Jayati Ghosh

EVEN while optimistic assessments of growth trends in the global economy proliferate, concerns that the unwinding of inflated asset price markets could abort the recovery are being expressed.

Interestingly, there appears to be a substantial degree of agreement on the cause for such uncertainty, which is an excessive dependence on monetary measures in the form of quantitative easing and the associated extremely low interest rate environment to address the post-crisis recession. That lever was not the most effective from the point of view of lifting growth. While the early resort to fiscal stimuli delivered a sharp recovery, the retreat from fiscal triggers and reliance on monetary measures led to a reversal and a new normal of low growth that has lasted almost a decade.

On the other hand, the large-scale infusion of cheap liquidity that this form of intervention triggered saw increased activity in asset markets of different kinds, especially equity, bond and property markets. Two factors played a role here. First, punters of various kinds accessed cheap money to invest in assets that were expected to deliver returns significantly higher than the cost of capital. This affected bond, equity and property markets, where the sheer influx of liquidity resulted in the realisation of the punters' expectations. Second, excess liquidity triggered credit expansion, resulting in a revival of credit access even for those households which had not deleveraged fully to reduce the burden of debt accumulated prior to the crisis, which too was triggered by the last lending and borrowing spree.

Associated with the revival of credit provision to the household sector was an increase in lending for housing investments, with implications for the residential property markets. In the case of the United States for example, mortgage loans that had peaked at $9.29 trillion in the third quarter of 2008 fell to $7.84 trillion in the second quarter of 2013, but have since risen once again to touch $8.94 trillion in the first quarter of 2018. Interestingly, over these dates the share of mortgage loans in total debt of households had fallen from 73.3% to 70.3% and further to 67.7%. The main reason for this was an increase in the share of student loans and credit card debt. But an overall increase in lending triggered by the excess liquidity in the system resulted in an increase in mortgage debt outstanding.

It is no doubt true that the quantitative easing policy has been explicitly pursued by developed-country central banks, especially the US Federal Reserve, the European Central Bank and the Bank of Japan. But in all these cases, the excess liquidity so generated has found its way to asset markets in some of the developing countries, as punters attempt to exploit carry-trade opportunities. Developing countries chosen as targets by these punters, who tend to move in herd-like fashion, also show evidence of excessive asset price inflation resulting both from direct investments of foreign capital and from the credit driven by the liquidity created by foreign capital entry. Not all countries 'benefit' from such inflows, but there are many that do and show signs of overall buoyancy when net inflows are high.

In the event, across countries, developed and developing, the availability and use of mortgage loans, and the resulting demand in the residential property market, has resulted in a degree of buoyancy in real (consumer price inflation adjusted) residential property prices, as captured in statistics from the Bank for International Settlements. In both the US and the euro area, property prices have risen sharply in recent years – since 2012 in the case of the US and 2014 in the case of the EU. As a result, real residential property prices are way above their post-crisis troughs and slowly approaching their pre-crisis peaks. However, within Europe there are countries in which real residential property prices have been stagnant (France) or falling (Italy), where in others they have been rising (Germany).

This is curious because an impression has gained ground that because of common drivers affecting asset markets in all countries, there is now a high degree of synchronisation of housing price movements. The International Monetary Fund (IMF)'s April 2018 edition of the Global Financial Stability Report, for example, argues: 'The international transmission of financial conditions, such as those occurring because of a change in monetary policy in one large country, usually occurs through capital flows. These flows do not need to go directly into housing investments as long as they affect credit availability and mortgage rates in the receiving country. In addition, an increase in the global demand for safe assets may compress the rates of sovereign bonds considered as low risk, thereby holding down mortgage rates and supporting booming house prices across many countries at once.'

This case for synchronisation of housing price trends originates from evidence from emerging markets like China and India, where too real property prices, as captured by the database of the Bank for International Settlements, have risen – interestingly, far more sharply and for a longer period in India than in China. But, even among so-called 'emerging markets', the trend has not been so clear-cut. There have been many in which prices have been sticky if not stagnant.

This only reflects the fact that even if massive liquidity infusion triggers capital movements into countries across the world, not all countries are targets. Countries which are chosen for specific reasons as targets for capital flows are the principal beneficiaries of the inflow either directly into their asset market or through intermediaries who leverage that capital to provide credit, which in turn flows into asset markets. Combine that with the fact that performance varies across advanced-country economies, and capital flows to asset markets vary across countries.

In sum, global housing markets reflect two tendencies in the currently globalised world. An overall average tendency for residential property prices to rise because of the surfeit of liquidity in search of returns. And an unequal distribution of the rise in residential property prices across countries within the developed world and outside it.

But under this complex scenario lies the reality that this asset price inflation has been generated by the liquidity created by central banks in the advanced countries to address the recession they were experiencing. That implies, in turn, that many developing countries are prone to an unwinding of unsustainable asset prices in ways that can be damaging. In the long run, regulation to limit interdependence seems to be necessary to reduce vulnerability and enhance policy space. ◆

CP Chandrasekhar and Jayati Ghosh are economics professors at Jawaharlal Nehru University in New Delhi, India. The above is a revised version of an article that was originally published in Business Line *(7 May 2018).*

The IMF is back in Argentina

After more than a decade of official 'distance' from the International Monetary Fund (IMF), Argentina has knocked on the doors of the world's financial police. The $50 billion credit granted by the organisation in June sets an international record and will directly impact the economic and social situation of this South American country. Historian and economist *Eric Toussaint*, an eminent specialist in this field and spokesperson for the Belgium-based Committee for the Abolition of Illegitimate Debt (CADTM), pointed this out in an interview with *Sergio Ferrari*.

Q: Why did the Argentine government turn to the IMF, in full view of Argentina's relations with this international organisation in the late 1990s and their dire political consequences? Is the financial top brass of the administration of President Mauricio Macri despairing?

Eric Toussaint (ET): Since the Macri government assumed office in December 2015, its policies have led to a critical situation. A sharp reduction in export taxes has brought down tax revenues and the debt servicing expenditure has been significantly increased (100% higher in 2018 than in 2017). The country is running out of dollars. Currency reserves fell by $8 billion earlier this year. Macri needs this IMF loan to continue debt servicing. Private international lenders require such a loan as a prerequisite for continued credit to Argentina. A very large chunk of the IMF loan will be used directly to repay foreign creditors in dollars.

Argentine Treasury Minister Nicolas Dujovne (right) and Central Bank President Federico Sturzenegger at a 7 June news conference where they spoke about Argentina's loan agreement with the IMF anounced that day.

Q: If we look at the Argentine history of the 1990s, this seems to be a scheme of playing with fire...

ET: Yes, of course. But I would like to further explore the background of this appeal to the IMF...

Q: Please go ahead!

ET: This shows that the government's policy is an abject failure: with a peso that devalued fast; with the interest rate set at a high 40% by the Argentine central bank; with the $8 billion reduction in international reserves that keep declining. And with a debt service that has increased by 100% compared with 2017. Faced with such a balance sheet, undoubtedly it is a total failure. Macri claimed that a high growth rate and a viable debt would be ensured by paying the debt – between end-2015 and early 2016 – and by compensating the vulture funds, in keeping with [a US court verdict in a case involving Argentine sovereign debt]. He knelt before the vulture funds. But the facts confirm that this plan did not work. Debt rose at a whirling pace and it's startling to see how fast it snowballed. As a result, it became impossible to convince the creditors that Argentina could repay its debt in the future. That's why Macri is asking for this $50 billion credit. We must remember that when Greece received $30 billion from the IMF in 2010 in the backdrop of a dramatic situation, it was a record amount!

Q: Some analysts say that President Macri is trying to breathe in some fresh air with the help of this loan, before commanding a comfortable position in the October 2019 elections.

ET: I would not like to engage in far-fetched political speculation. I prefer facts. I have read the contents of the agreement signed with the IMF and it has imposed a severe reduction in general social benefits and wages of public servants. Public investment will be almost wiped out and it will lead to an economic depression. Debt repayment will increase and the IMF charges high interest rates. The government will impose taxes with elevated rates on the public to repay the debt, while continuing to hand out fiscal perks to the capitalists. The government will encourage export of the maximum number of agricultural products and raw materials to the global market by reinforcing the extractivist-exporting model. The IMF's policy will lead the country to an economic and social crisis even more serious than what it suffered before this loan was sanctioned. Let's go back to your question. It is very likely that, politically, Macri will claim that what he is doing is not his project, but what the IMF demands from him.

Q: This brings us back to the not-so-distant past: the decade of indebtedness and the IMF's role in the 1990s that eventually led to the social outburst of 2001. Can history repeat itself without tragedy?

ET: History is repeating itself in a country that is a serial debt payer. It started with the illegitimate and odious debt inherited from the military dictatorship of the 1970s. The IMF's support was crucial for this dictatorship to continue until the early 1980s. The vicious circle of illegitimate debts persisted during the 1990s with Presidents Carlos Menem followed by Fernando de la Rúa. Their allegiance to the IMF's recommendations led to the great social crisis of late 2001. Adolfo Rodríguez Saá, in the few days of his presidency at end-2001, announced the suspension of debt repayment to allay popular anger. The debt was restructured in 2005, then renegotiated with creditors who had not participated before. It caused a crisis in the government and provoked sharp criticism from the people. Former minister Roberto Lavagna, who had negotiated the 2005 restructuring, objected to negotiations with outsider creditors. The Argentine authorities never wanted to do what Ecuador did in 2007-08: carry out a debt audit with citizens' participation, which could have defined the odious and illegitimate part of the debt. This, along with the inconsistency of the Cristina Fernandez government's national sovereignty discourse, frustrated people. This partly explains Macri's electoral victory in 2015.

A poster seen in Buenos Aires reads 'No to the Macri-IMF pact'. 'The IMF's policy will lead [Argentina] to an economic and social crisis even more serious than what it suffered before this loan was sanctioned.'

Q: A course over several decades where illegitimate debts condition government policies without structural solutions being found...

ET: Yes. And that has led today to this new mega-loan from the IMF. From now on, it can be included in the category of odious and illegitimate debts. An odious debt is a debt contracted against the people's interests, and the creditors know that it is illegitimate. Evidently a new illegitimate and odious debt is taking shape.

Q: What about future prospects?

ET: I have already spoken about the deteriorating economic and social crisis. I hope for a strong popular reaction in the coming months. I also hope that the popular forces will not take too long to consolidate their strength to oppose even more vigorously the Macri government and the pressures of the IMF and other international creditors. ◆

Argentine President Mauricio Macri. 'Since the Macri government assumed office in December 2015, its policies have led to a critical situation.'

Eric Toussaint is a historian and political scientist who completed his PhD at the universities of Paris VIII and Liège, is the spokesperson of CADTM International, and sits on the Scientific Council of ATTAC France, the French chapter of an international movement working towards social, environmental and democratic alternatives in the globalisation process. He is the author of Bankocracy *(2015);* The Life and Crimes of an Exemplary Man *(2014); and* A Glance in the Rearview Mirror: Neoliberal Ideology from Its Origins to the Present *(2012). Translated by Suchandra De Sarkar, the above interview is reproduced from the CADTM website (www.cadtm.org/The-IMF-is-back-in-Argentina-an-economic-and-social-crisis-even-more-serious).*

‘Do you know who governs us? The damned Monetary Fund’

Jordan’s June 2018 rising

It is not widely known that Jordan has at various periods been under the tutelage of the IMF and has been compelled to comply with the Fund’s structural adjustment programmes as a precondition for its loans. While these austerity programmes have provoked discontent, the authorities had generally been able to contain it without too much difficulty. However, the veritable explosion of popular protests that greeted the latest IMF programme was unprecedented. As *Sara Ababneh* explains, from 30 May to 7 June, the Jordanian people staged an uprising, not merely against specific elements of the programme, but against the whole neoliberal path on which the state had embarked.

FROM 30 May to 7 June 2018, Jordanian protesters took the world by surprise. What had started as protests over a taxation draft law and an increase in gas prices quickly led to a popular rising against the neoliberal path on which the state has embarked. The rejection of neoliberal economic policy and the privatisation of key national industries is not new to Jordan. But the centrality in which this analysis featured in the events of June’s rising (*habbit*[1] *huzayran*) is unprecedented.

In June, protesters across Jordan denounced the country’s neoliberal economic policies. Picture shows a protest outside the Prime Minister’s office in Amman on 5 June.

In the past, protests against the government’s economic *nahj* (path) were most strongly felt in workers’ circles, the governorates outside Amman and a few impoverished quarters inside the capital. This time, the coalition spread from the governorates to the heart of Amman, from the working classes to middle-income and high earners and from marginalised people to highly visible civil society organisations and activists, most notably women’s rights activists. Furthermore, liberal counter-narratives of advancing political awareness as opposed to what they see as simplistic ‘economic demands’ have not been able to drown the voices of protesters and their central focus on opposing neoliberal economic policies.

The grievances that led Jordanians of so many different socioeconomic backgrounds to the streets are not unique to Jordan. Many countries of the Global South have been forced to adopt austerity measures dictated by the International Monetary Fund (IMF) in order to qualify for IMF and World Bank loans. Jordan’s June rising should therefore be understood within the broader context of the anti-globalisation movement in which hundreds of millions of people around the world are struggling to resist the economic policies that impoverish them personally and place their countries in subservient global power relations. More particularly, Jordan’s June 2018 rising was also an extension of the earlier Jordanian anti-austerity and IMF protests of 1989 and 1996 as well as the 2011-12 protests. Protesters insisted that the only way to attain socioeconomic justice is by departing from the state’s chosen economic *nahj* and fighting the reign of the IMF (*hukm al-sanduq*).

Taking on the IMF

Since early 2018, Jordanians have been fighting the latest wave of IMF-dictated austerity measures. Most prominent were the Salt protests that lasted for over a hundred days, and protests that followed in Dhiban and Karak. Despite the persistence of protesters in these governorates, however, demonstrations did not spread across the country or to Amman. This changed on 21 May, when the Jordanian government released a new draft income tax law.

While the government marketed the law as progressive, the law lowered the tax exemption cut-off rate from JD24,000 to JD16,000 per family per annum. For individuals, the rate for exemption was set at JD666 ($938) a month. The draft law also no longer exempted up to JD4,000 for children's tuition fees; under the old law, families were eligible for tax exemptions up to JD28,000.[2] While the new draft law suggested increasing the tax brackets from three to five,[3] in effect taxation increased on the lower and not higher earners: The first bracket was lowered from JD22,000 to JD13,000 per individual taxpayer per annum, while the highest bracket of 25% is JD33,000 per individual or JD41,000 per family. This change means that an annual income of JD33,000 is taxed the same percentage as one of JD250,000 or even JD20 million.

Moreover, all businesses pay the same tax rate regardless of size or profit margin, and taxes were raised for some sectors. The agricultural sector, which was tax-exempt under the old law, was required to pay up to 20% in taxes under the new law. Taxes on the industrial sector were increased from 14% to 20%, and banks were required to pay up to 40%. Although large parts of these sectors are owned by industrial magnates, they are also characterised by the concentration of national as opposed to global capital. More significantly, they employ large numbers of Jordanians; foreign investments, in contrast, are often tax-exempt. The dramatically increased taxes on these key enterprises were seen as a threat to future middle-class employment and wage levels.

In response, the Council of Professional Unions (*majlis al-naqabat al-mihaniya*) declared 30 May a day of general strike for all private and public sector employees and anyone affected by the government's policies.[4] Under the leadership of women's rights activists, civil society organisations released a declaration rejecting the income tax draft law and asking the government to withdraw it.[5] The declaration affirmed that taxation should be 'truly progressive' and that an increase in taxes had to be coupled with improving services, especially providing adequate health and education services for all citizens.

Thirty-three unions responded to the call to strike.[6] On 30 May, doctors staged a general walkout from public hospitals and health centres, while continuing to provide emergency services. Entire markets were closed in Irbid and Amman, especially in Amman's downtown area. While banks did not officially participate in the strike, they encouraged their employees to strike by promising that they would not face disciplinary consequences. The organisers asked strikers to head to the professional unions' complexes in their respective governorates at noon on 30 May. While estimates vary, at least 3,000 protesters gathered at the syndicate building in Amman alone.

The union leadership demanded that the government withdraw the tax law draft, and that both the sales tax law and civil service law be revised. They demanded a progressive taxation system in which the rich are taxed higher percentages than the poor. Protesters also demanded that the state should address budget deficits not by taxing the poor, but by redressing tax evasion by big businesses and multinational companies and tax exemptions for the latter. Protesters called for lowering fuel and electricity prices and an end to corruption. They demanded the resignation of the government and the prime minister. They also called for the dissolution of the lower house of parliament. Centrally, however, protesters affirmed that their demands went beyond the taxation law and the person of the prime minister, and that neoliberal economics in Jordan must change.

Cross-class unity

Protesters across the country condemned the economic reforms that Jordan has been following at the behest of the IMF. Since the late 1980s, Jordan has signed numerous agreements with the IMF, most recently at the outset of Prime Minister Hani al-Mulki's tenure in 2016. The early 2000s saw the privatisation of almost all national resources and industries – from phosphate to electricity and telecommunication,[7] to selling off Jordan's only port to pay off debts to the Paris Club. Protesters criticised the lack of transparency during privatisation, in which companies were sold to unknown buyers.[8] Furthermore, most industries were sold far below their market value, with some even being handed over for less than their yearly profit margin.[9] Privatisation thus deprived the country of both its primary sources of income and its financial independence, making the government even more dependent on aid rent and taxation.

IMF recommendations also led to the erosion of subsidies, welfare policies and state services. Extra taxes were imposed on fuel, which increased by as much as 48%. Earlier in 2018, the government had raised the sales tax on 164 basic products (including dairy products, fruits and vegetables) to 10%. Bread prices doubled, and fuel prices were increased five times. Finally, electricity prices climbed 55% since January 2018.

The latest protests saw a large number of middle-class protesters and the participation of civil society and women's rights organisations. Compared with previous events organised by the union council, female and male Islamists – who had lost elections in the influential engineering syndicate a month earlier – notably were absent. Most protesters in Amman and Irbid during the first days of the strike were white-collar workers and middle-class professionals. They were joined by some relatively high earners. For many, the strike was their first experience participating in a protest.[10] Lawyers arrived in their robes, engineers wore work helmets. More than half of the protesters were women, with women's rights activists joining both the strike and subsequent protests. In Irbid, female protesters led and came up with chants that addressed women in particular.

While the June protests have been both celebrated and critiqued for their middle-class nature, two issues bear emphasising. First, while middle-class protesters joined the strikes and protests in unprecedented numbers at Amman's professional associations complex and the Fourth Circle (where the office of the prime minister is located), working-class protesters were a substantial portion of the crowds. In areas such as East

Amman's Hayy al-Tafayla neighbourhood and in the governorates, working-class protesters comprised the majority.[11]

Second, the term 'middle class' (*al-tabaqa al-wusta*) in Jordan, as in much of the Global South, does not necessarily denote someone who is financially secure. As of 2017, Jordan ranks 65th globally in monthly salaries, averaging JD450 ($637) – well below the poverty line[12] of JD813.7 per individual.[13] Low salaries are not offset by low cost of living. On the contrary, *The Economist* has declared Amman the second most expensive city in the Middle East.[14] In Jordan as elsewhere, the middle classes live in precarity, and austerity measures threaten to sink them into poverty.

People stand in line to buy bread at a bakery in Amman. Bread prices in Jordan have doubled.

The nightly Fourth Circle protests

On the second day of protests, Jordanians woke to the news that the government had increased gas prices for a second month in a row.[15] Many Jordanians regarded this increase as signalling the government's complete disregard for popular demands. In protest, Jordanians began gathering at the Fourth Circle near the prime minister's office that evening following Tarawih (Ramadan) prayers.[16] Working-class activists initially had criticised the 30 May strike as benefiting the middle classes and had urged blue-collar workers to refrain from participating.[17] But with the gas price increase, the government drove working-class Jordanians to join the protests the following day.[18]

On the morning of 1 June, Prime Minister al-Mulki froze the gas price increase at the behest of King 'Abdallah II. This move, however, did not bring the protests to an end. In Amman, growing crowds attempted to reach the Fourth Circle, and this time the Darak gendarmerie forces prevented protesters from reaching the site. Protests erupted all over Jordan, and some protesters burned tyres and closed off roads, notably in Irbid, Jarash and Madaba.[19] On the whole, however, protesters were careful to signify the peaceful nature of their demonstrations.[20] At the Fourth Circle, they picked up garbage before returning home in the early hours of the morning. Protesters also sang patriotic anthems and asked the Darak forces to join them in singing and sharing their pre-fasting meals (*suhur*).

The number of female protesters at the Fourth Circle and at the Irbid union protests was high. In Zarqa and Irbid, women led chants. Female activists tweeted slogans specifically targeting women. Activist Ayesha al-Omary countered androcentric nationalist language and connected gender to class[21] in a tweet in colloquial Arabic which read: 'You [women] who are sitting inside the home. Nashmiyyat [Jordanian women patriots] should be at the [Fourth] circle. Come out oh daughter of my uncle. The place of Jordanian women is in the heart of the revolution. We are not the sisters of men. Men are our brothers. See you today. Your role is as important as your brothers.'[22]

With the exception of Ru'ya Internet TV, official media outlets remained silent. Protesters streamed live recordings of the protests on Facebook and Twitter. After a period of relative inactivity since 2016, al-Hirak al-Shababi al-Urduni (Jordanian Youth Movement), one of the youth coalitions that formed during the 2011-12 protests, started reporting on strike-related events through its Facebook page. Another Facebook group, Ma3nash (We Have Nothing), reported on events and tweeted slogans. 7iber, an Internet-based critical media outlet, compiled daily reports not just from the Fourth Circle, but also from the Hayy al-Tafayla neighbourhood in East Amman as well as from Irbid, Madaba, Zarqa and other cities. WhatsApp group members kept each other informed throughout the night, forwarding videos of events and speculating on the reaction of the government and the monarchy.

It was not until the evening of 2 June that the king responded. Upon returning to Jordan from a visit abroad, the king called for national dialogue. Despite rumours of the prime minister's resignation, al-Mulki did not submit his resignation until the afternoon of 4 June.[23] Omar al-Razzaz, a former minister of education and World Bank official, was named the new prime minister.

Protests continued until the evening of 6 June, affirming that the problem was not the person of the prime minister but economic policies pursued by the regime. On 7 June, al-Razzaz announced that his government would withdraw the draft tax law and engage in a national dialogue to ensure that the next law would not fall on the shoulders of the poor. On the same day, the roads to the Fourth Circle were reopened, with youth activists celebrating their victory with pastries (*kinafa*) and fireworks in empty parking lots.

While al-Razzaz is greatly respected among liberal civil society activists and the middle and upper-middle classes, his history with the World Bank suggests that he is unlikely to break with Jordan's neoliberal economic path. If the Strategy Forum – one of his initiatives before becoming minister – is any indication, he does not take the interests of large industries lightly.[24] More importantly, the power of the prime minister in Jordan is limited in the current political structures, so al-Razzaz may well be unable to move against IMF-imposed policies even if he wanted to.

The possibility of resisting neoliberalism

Popular resistance against detrimental economic policies has a long history in Jordan, from the National Conference of 1928, to the Jordanian National Movement of the 1950s, to the April 1989 protests and most recently the protests in Jordan in 2011 and 2012 during the Arab uprisings. At each of those junctures, the regime has responded to protests with a liberal discourse that separates politics from economics, emphasising political or legal solutions in isolation of structural economic transformation. The most notorious example is Jordan's so-called democratisation that took place following the 1989 protests against price increases and lifted subsidies. In response to popular demands for economic rights and the right to economic self-determination, the regime gave them limited political rights through which they were unable to achieve these economic rights. Moreover, since 1989 a local discourse has emerged that considers economic demands as somehow less sophisticated than making political demands such as the reformation of the lower chamber of parliament.[25]

What distinguished the June protests from earlier protests was the diverse composition of the participants not only geographically, but also in terms of class and gender. No leadership emerged; no group spoke for others or dominated the discussion. When the head unionist called for an end to the protests a week into them, he was booed down by the crowd. Protesters also resisted any attempts to divide them along lines of origin (e.g., whether someone is a Palestinian-Jordanian or a Jordanian-Jordanian). On the second day of protest, a message was widely shared on social media that read:

Dear Jordanian,

If within the next week any of the following happens, know that the government wants to distract you:

1) Jordanian vs. Palestinian / Faisali vs. Wihdat[26] / Northerner vs. Southerner.

2) Muslim Brotherhood and political parties, or any other stories, be careful.

3) Foreign agendas.

4) A successful crackdown on a potential terrorist attack / safety and security.

5) Bank robbery.

6) That we fasted on the wrong day this year.

Given how often the regime had used the divide-and-conquer policy successfully in the past, the consolidation of protesters across lines of class and place of origin was impressive. In the Hirak movement of 2011-12, protesters fought identity politics by organising around a wider class identity, regarding themselves as children of tillers (*awlad al-harathin*). This time, however, protesters came from different class backgrounds. Yet, the potential tax reforms, coupled with years of economic hardship and unemployment, showed the middle classes that they were not safe and gave them a taste of the precarious conditions under which most Jordanians have been suffering for decades.

Compared with the 2011-12 protests, the message of the June rising is harder to place within a liberal trajectory, as it was clearly directed against the neoliberal economic path followed by the regime since 2000. The popular movement of 2011-12 also primarily resisted neoliberal policies, but the voices of the protesters demanding economic reform were often drowned out by discourses of liberal political reform.[27]

Hearing the street

The slogans of the June protests show that protesters placed the blame on the economic structure as a whole; in some earlier protests, they also blamed the lower house and the government for corruption. To avoid any confusion (or efforts to twist the meanings), slogans made it clear that protesters were calling for the fall of the government because of its 'policy of impoverishment'. One chant, for example, was 'Fall, fall, Hani al-Mulki, and may the government of impoverishment fall'. Government here did not refer only to the Mulki cabinet. Similarly, slogans such as 'Oh shame, oh shame, they have sold Jordan for dollars' and 'Oh, you government of shame. Shame on you. [You] have sold the land and sold the house' primarily concern how privatisation and the path or rule (*nahj/hukm*) of the dollar guide government actors, when it should be the welfare of citizens.

Indeed, most slogans criticised neoliberal economic policies as serving the interests of big companies to the detriment to the welfare of the Jordanian people, and as placing Jordan and its people in subservient positions to international power relations. Among the most prominent chants were: 'Against poverty and against hunger, and against the reasons that make us kneel,' and 'Do you know who governs us? The damned Monetary Fund. Take your money and leave us alone.' Furthermore, protesters chanted not against individual corruption, in the liberal sense, but against what they saw as structural corruption: 'Oh shame, oh shame, they have sold Jordan for dollars.' In other words, protesters regarded neoliberalism itself as inherently corrupt, justifying giving millions to investors in tax exemptions and making the poor pay the costs: 'We are not poor but were made poor, this is your policy, oh dollar.'

This understanding of corruption is in stark contrast to notions of corruption which depict the main problem of post-colonial states in the Global South as one of corrupt individuals, rather than global economic structures that keep elites, leaders and policies which harm their populations. Framed this way, the problem is mismanagement rather than (deliberate) structures that benefit the elite at the expense of the majority. At the June rising, protesters explicitly rejected the logic of granting multinational corporations tax exemptions in order to increase investment, or that exempting the poor from taxes would amount to unfair state interference. They rejected the neoliberal logic that regards any investment in the welfare of the population as constituting economically ineffective subsidies.

Any meaningful government response to the June protests must be about more than reform. The problem is not that of 'bad' economics, or of economics done badly, as one blogger suggested.[28] Nor is the solution to hire highly educated 'experts' to provide a path for reform. Because the economic system works perfectly well for those it aims to enrich, it needs more than reform. What is needed is an economic system that prioritises the welfare of Jordanians instead of investors. This requires investment in an economically independent welfare state. ◆

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Notes

1. In Jordanian dialect, the singular is *habeh*, which more precisely means 'outburst'. In the context of the protests, the term carried a meaning closer to 'rising'.
2. Feminists have criticised the law for privileging men by allowing husbands to claim these tax exemptions rather than their wives.
3. The previous law had three JD10,000 tax brackets. In the draft law, a taxpayer would move up a bracket after each additional JD5,000 earned.
4. 'Al-Naqabat, almuhnya tad`u kafat muntasbiha li al-idrab youm alarbi`a' ihtajajan 'ala ta`dilat aldarabia,' *al-Saraya News*, 26 May 2018.
5. 'Muw'assasat a-mujtma` al-madani ta`lan al-adarab', *Sawalif*, 29 May 2018.
6. 'Al-Naqabat al-mihniyya fi al-urdan tadrab 'an al-`amal rafdan liqanun dariybat al-dakhl', *al-Quds al-'Arabi*, 30 May 2018.
7. The plans to privatise telecommunication started in the second half of the 1990s and were executed in the 2000s.
8. A company by the name of Kamil Holding ended up buying the phosphate company. Initially rumours suggested that the owner was the Sultan of Brunei, who denied any connection. Jordanians still do not know who owns Kamil Holding.
9. Retired Military Veterans, 'al-Wataniyya al-u'liyya lil-mutaqaideen al-a'sariyeen takshif a'n shubuhat fasad al-khaskhasa', *Ammannet*, 24 January 2011.
10. Rula Hroub, 'Hal al-hikrak al-urduni iqisadi faqat? In i'u'bat al-ummam', *Al Mayadeen*, 6 June 2018.
11. Du'aa al-'Ali and Shakir Jarrar, 'Al-'Ihtijaj al-hadari wa istithna' almuhafahdat', 7iber, 10 July 2018.
12. Omar Obeidat, 'Third of Jordan's population lives below poverty line at some point of one year,' *The Jordan Times*, 2 July 2014.
13. Laila Azzeh, 'Kingdom's average monthly salary stands at $637 – report,' *The Jordan Times*, 7 April 2017.
14. The Data Team, 'Asian and European Cities Compete for the Title of Most Expensive City,' *The Economist*, 15 March 2018.
15. Riham Zayydan, 'Al-H'ukuma tarfa' Asa'ar al-Mahroukat min 4.8 ila 5.5%,' *Al Ghad*, 31 May 2018.
16. Mohammad al Irsan, 'Al-urdun 'ala safeeh sakhen, riyah al-'ihtijaj ahub fi kul makan,' *Arabi 21*, 1 June 2018.
17. Du'a' al-'Ali and Shakir Jarrar, 'Jordan's Strike and Uprising: No Alternative to Alliances from Below,' 7iber, translated by Siwar Masannat, 3 June 2018.
18. Curtis Ryan, 'Why Jordanians are Protesting,' *The Washington Post*, 4 June 2018.
19. For a critique of the classist analysis of the peaceful nature of the protests, see Du'a' al-'Ali and Shakir Jarrar, 'Al-'Ihtijaj al-h'adari wa istithna' al-muhafadat," 7iber, 10 June 2018.
20. After international media started paying attention to the protests around the fourth day, the regime was eager to appear tempered and benevolent in its response. The state's response to protesters in Amman differed greatly, however, from its response to protesters in the southern city of Tafila. Social media activists in Tafila joke that the Darak forces offered protesters water after tear-gassing them with expired ammunition.
21. In another tweet, al-Omary referred to women as the daughters of (female) farmers and the daughters of Akoub harvesters in reference to both Jordanian-Jordanian and Palestinian-Jordanian women of peasant backgrounds. @AyeshaOmary, 1 June 2018.
22. @AyeshaOmary, 1 June 2018.
23. Al-Mulki initially claimed that Jordan's commitment to the IMF did not allow the government to withdraw the draft tax law.
24. Salma al-Nims, personal conversation with the author, 7 June 2018.
25. For an example of an analysis that prioritises so-called political reform, see: Hisham Bustani, 'La'hdat al-tagheer al-hasima, kayfa nu'awel 'ihijajat 'idrab al-urdun' ila makaseb sh'abiyya?', 7iber, 4 June 2018.
26. Al-Faysali and al-Wihdat, the two main football teams in Jordan, are generally supported by Jordanian-Jordanians and Palestinian-Jordanians, respectively.
27. This is not to say that no one suggested political solutions to the uprising. Former foreign minister Marwan al-Mua'sher and researcher Mohammad Abu Rumman both have argued that political disenfranchisement is the main problem which Jordanians face. These accounts, however, are a continuation of the writers' previous ideas and do not build directly on the demands of the street. From Marwan al-Mu'asher, see 'La dara'ib duna tamtheel,' *al-Ghad*, 30 May 2018 and 'Hal n'amal fi tagheer nahj?', *al-Ghad*, 6 June 2018; from Mohammad Abu Rumman, see 'Mufaraqat al-duwar al-rabe`,' *al-Ghad*, 4 June 2018; '"Andama yaksab aljamee",' *al-Ghad*, 5 June 2018; 'Al-ibiad 'an 'hafat al-hawiyya,' *al-Ghad*, 7 June 2018; and 'Manifesto al-shabab al-urduni,' *al-Ghad*, 8 June 2018.
28. Nasim al-Tarawneh, 'Jordan's Gabba3at Moment, Protests, Strikes, How We Got Here and Where We're Going,' The Black Iris, 4 June 2018.

IMF to muddle through crisis again?

The economic outlook for many developing countries is bleak, says *Yilmaz Akyüz.* Many of them are heavily indebted and have become dependent on short-term capital flows to balance their books. However, when a reversal occurs, the stampede of capital out of the country will do irreparable damage to the country's economy. Turning to the IMF is not much of an option given its dismal record in treating such patients. In any case, in view of the scale of the debts and the number of countries in distress, the Fund may not have enough funds to provide assistance.

A man walks past the IMF logo at the Fund's headquarters in Washington. 'By failing to establish an orderly and equitable system of crisis resolution, the IMF may very well find its role significantly diminished in the management of the next bout of crises in emerging economies.'

IT is now more than a decade and a half since the last severe currency crisis in a major emerging economy – that was in Argentina in 2001-02 following a series of crises in Russia, Turkey and Brazil.

It is now common knowledge that such crises generally occur when countries fail to manage surges in capital inflows so as to prevent build-up of fragility including currency appreciations, large and persistent current account deficits, increased leverage and currency and maturity mismatches in balance sheets.

The absence of a major crisis in the Global South since the early years of the new millennium owes not so much to judicious management of the surge in capital inflows that had begun in the early 2000s and continued with full force after the global financial crisis, as to persistently benign global financial conditions resulting from exceptional monetary policies in the US, Europe and elsewhere in advanced economies and favourable global risk appetite.

Even though there has been no fundamental reversal of these policies, the arrival of a Minsky moment appears to be imminent, with markets, in expectation of normalisation of monetary policy in the US, getting nervous about the risks they have taken by investing heavily in emerging economies with poor economic fundamentals in search of yield in conditions of low global interest rates and ample supply of liquidity.

The first serious signs have appeared in Argentina with the recently elected government of President Mauricio Macri knocking on the doors of the International Monetary Fund (IMF). But Argentina is perhaps only the tip of an iceberg. Several other emerging economies are equally or even more susceptible to sudden stops and reversals of capital flows and currency and balance-of-payments crises.

IMF approach to crisis management

In typical IMF interventions in previous crises, liquidity support was provided mainly to keep debtor countries current on their payments to international creditors and to maintain an open capital account. As a result, obligations to private creditors were translated into debt to the IMF. Simultaneously, austerity was imposed on debtors by means of hikes in domestic interest rates, fiscal retrenchment, and cuts in employment, wages and pensions in order to achieve a sharp turnaround in the current account, primarily through import compression, and to restore confidence among international creditors and investors.

This approach to crisis management was widely criticised on several grounds. A strong case was made that the combination of debtor austerity and creditor bailout would lead to inequality between debtors and creditors in the incidence of the burden of the crisis, create moral hazard by allowing creditors to avoid the full consequences of the risks they have taken and are paid for, and endanger the financial integrity of the Fund.

Inequalities could also be created among creditors; in the event of a default and restructuring, those who exit first could escape without haircut, leaving the others to take the full brunt of debt write-offs. Profit opportunities are also created for vulture funds at the expense of genuine cred-

A meeting of finance ministers and central bankers from the ASEAN+3 countries. The ASEAN+3's Chiang Mai Initiative Multilateralisation and other South-South multilateral arrangements for liquidity provision are not expected to provide adequate support to emerging economies in the event of a financial crisis.

itors as well as the debtor, as seen in the case of Argentina.

Considerable scepticism was also expressed within the Fund about the wisdom of using public money to bail out private creditors and investors. During the earlier episodes of crisis, the IMF Board recognised the need for involving the private sector in forestalling and resolving financial crises, but insisted on voluntary mechanisms, notably collective action clauses (CACs) and automatic rollover clauses in debt contracts and informal negotiations between debtors and creditors.

However, as these proved ineffective and some advanced economies started to oppose bailouts, the IMF Board agreed that in extreme circumstances, if it is not possible to reach agreement on a voluntary standstill, members may find it necessary, as a last resort, to impose one unilaterally, and that since there could be a risk that this action would trigger capital outflows, a member would need to consider whether it might be necessary to resort to the introduction of more comprehensive exchange or capital controls.

No protection against litigation was offered, but it was suggested that the Fund could signal its acceptance of a standstill imposed by a member by lending into arrears to private creditors.

The Fund staff went further and proposed a formal Sovereign Debt Restructuring Mechanism (SDRM) to facilitate sovereign bond workouts. However, this did not elicit adequate support and had to be abandoned. The issue was soon forgotten with a rapid recovery of capital inflows to emerging economies and bounce-back of economic activity in crisis-hit countries.

However, private sector involvement in crisis resolution was back on the agenda again with the onset of the eurozone crisis. The Fund turned its attention to sovereign debt restructuring after misjudging the sustainability of the Greek debt, very much in the same way as it had done with Argentina about a decade earlier, pouring in money to bail out private creditors.

It restarted seeking ways and means for involving the private sector in crisis resolution so as to 'limit the risk that Fund resources will simply be used to bail out private creditors' and to ensure that private creditors made some concessions and took some losses on their holdings as a condition for Fund lending.

Subsequently it was suggested that the sovereign approaching the Fund for assistance be asked to find ways of rolling over all bonds and commercial loans falling due within the life of the Fund programme. This would be necessary whether external payments difficulties are perceived to be of liquidity or solvency, which is often difficult to identify with a reasonable degree of precision ex ante.

This so-called 're-profiling' was again to be market-based and voluntary. However, no statutory mechanism was proposed for bailing in the private creditors in the event of failure of a voluntary agreement. In such an event, as long as the IMF stood firm in refusing lending without private sector involvement, the debtor would have had no option but to impose unilateral standstills on its obligations to private creditors, but without any statutory protection against litigation. Although various proposals were made outside the Fund to address the holdout problem and protect debtors against litigation, the matter was once again put aside without being resolved.

Potential for crisis

The stakes are now getting higher because of massive amounts of external liabilities that emerging economies built up in the past 10 years. These are not only in debt contracted in reserve currencies, notably by private corporations, but also unprecedented amounts of foreign holdings in local deposit, bond and equity markets.

Furthermore, most emerging economies have eliminated or significantly reduced restrictions over capital outflows by residents.

Consequently, exit of non-residents from local markets and capital flight by residents now constitute bigger sources of potential drain on reserves of emerging economies than external debt contracted in reserve currencies.

Emerging economies are widely commended for the large amounts of international reserves they have accumulated in the new millennium. However, in the large majority of cases these came from capital inflows rather than current account surpluses.

Cumulatively, all G20 emerging economies except China and Russia have registered current account deficits since the beginning of the millennium, at a total amount of some $2 trillion, while their external liabilities have increased by over $4 trillion.

Reserves accumulated are less than a quarter of the increase in total liabilities while the rest of capital inflows (new liabilities) has been used for financing current account deficits or private acquisition of assets abroad – assets that would not necessarily return at times of interruption and reversal of non-resident capital inflows.

As of end 2016, on average, the reserves of deficit G20 emerging economies were less than one-third of their total non-FDI external liabilities including debt issued internationally and non-resident holdings in local deposits, bonds and equities.

A trader at his desk on the floor of the Borsa Istanbul. Turkey, one of the most vulnerable emerging economies, is likely to approach China, Russia or some Gulf states with strong reserve positions rather than the IMF if its currency goes into a freefall.

In many cases these holdings plus short-term forex debt reach or exceed international reserves. In most cases reserves would be totally inadequate to provide a reliable buffer against a generalised exit of non-residents and widespread capital flight by residents.

Limited options

Given the dismal record of the IMF in crisis intervention and management, many emerging economies are loath to go back to the Fund in the event of a severe currency and liquidity crisis, except those such as Argentina whose neoliberal policies are strongly supported by the IMF.

In any case, at some $800 billion, the lending capacity of the IMF would be too small to take on the task. The level of liquidity that may be needed by many emerging economies in the event of capital reversals exceeds by a large margin what the IMF could provide under exceptional financing.

Most emerging economies would also be highly reluctant to resort to unilateral debt standstills and exchange controls in view of their exposure to creditor litigation and chronic dependence on international lenders and investors.

On the other hand, not much relief could be expected from South-South multilateral arrangements for liquidity provision, notably the Chiang Mai Initiative Multilateralisation (CMIM) of East Asian countries and the Contingent Reserve Arrangement (CRA) of the BRICS grouping.

These are not only small in size but also have design problems. The CMIM has never been called upon, even during the global crisis. It does not include a common fund but a series of promises to provide liquidity, with each country reserving the right not to contribute to the specific request by a member. Its size is $240 billion and access beyond 30% of quotas is tied to an IMF programme.

The CRA is also designed to complement rather than substitute the existing IMF facilities. Its size is even smaller, $100 billion, and access beyond 30% is also tied to the conclusion of an IMF programme. Thus, these regional arrangements do not provide escape from IMF conditionality and surveillance.

That leaves bilateral swaps among central banks and bilateral lending by governments of reserve-currency countries, notably the US, and surplus emerging economies with ample international reserves such as China.

A very large part of bilateral swaps established by the US Federal Reserve is with other advanced economies. Those with emerging economies (Brazil and Mexico) are too small to provide much relief. In the words of former chair of the US Federal Reserve Janet Yellen, expanding the swap lines to serve as a safety net for countries encountering balance-of-payments pressures is not within the Fed's mandate and therefore is a complete non-starter.

China has swaps with over 30 countries. But these are mostly with advanced economies and designed to support trade and investment and to promote the international use of the renminbi rather than boost reserves.

To sum up, as recognised by the IMF, the global financial safety net including international reserves, Fund resources, bilateral swap arrangements and regional financing arrangements is 'fragmented with uneven coverage' and 'too costly, unreliable and conducive to moral hazard'.

Given the aversion of emerging economies to the IMF and unilateral debt standstills and exchange controls, the next crisis is likely to be even messier than the previous ones. Some countries may seek and succeed in getting bilateral support from China or some reserve-currency countries according to their political stance and affiliation. For instance, one of the most vulnerable emerging economies, Turkey, is likely to approach China, Russia or some Gulf states with strong reserve positions rather than the IMF if its currency goes into a freefall. In such cases, crisis intervention would become even more politicised than in the past and a lot less reliant on multilateral arrangements.

By failing to establish an orderly and equitable system of crisis resolution, the IMF may very well find its role significantly diminished in the management of the next bout of crises in emerging economies. In other words, multilateralism, however imperfect, could face another blow in the sphere of finance after trade. – *IPS* ◆

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Debt justice prevails: Belgian vulture funds law survives challenge

Vulture funds thrive on the misery of indebted nations. A recent Belgian court decision may prove to be a setback to their predatory activities.

Bodo Ellmers and Antonio Gambini

IN a landmark ruling on 31 May, the Belgian Constitutional Court upheld the country's anti-vulture-funds law, rejecting a legal challenge by a particularly notorious fund. NML Capital, an opaque vulture fund listed in the offshore financial centre of the Cayman Islands, had tried to shelve the Belgian law and intervene in democratic decision-making in Belgium. The ruling means the law remains in force, and agreements by the European Parliament and the United Nations imply that it is on the way to becoming an example for a worldwide solution to the challenges that vulture funds pose to the fair and speedy resolution of debt crises.

NML Capital gained notoriety when it undermined sovereign debt restructuring in Argentina in the 2000s, using the US court system to obtain a ruling that enforced its claims – resulting in a return on investment of over 1,200%. This and other drastic cases of vulture fund litigation prompted the Belgian Parliament in 2015 to pass legislation that would make such litigation economically unattractive, at least on Belgian soil. NML Capital saw the threat to its predatory business model and litigated at the Belgian Constitutional Court, claiming that the Belgian law was unconstitutional.

With the 31 May ruling, the Constitutional Court made it clear that this is not the case, meaning the Belgian vulture funds law is judged to be fully in line with the Belgian Constitution. As such, it is judged to be non-discriminatory, respectful of Belgium's EU and international commitments and not in violation of any constitutional right.

Eurodad

In a landmark ruling on 31 May, the Belgian Constitutional Court upheld the country's anti-vulture-funds law, rejecting a legal challenge by a particularly notorious fund. Picture shows a demonstration in support of the law.

How does the vulture fund business work?

Vulture funds are specialised hedge funds that use predatory methods vis-à-vis countries in debt crises, and vis-à-vis the countries' other creditors. Their business model is to buy holdout debt – junk bonds – of crisis countries on secondary markets when their market value is far below the nominal value. Ultimately, they refuse to participate in a coordinated debt restructuring process, but speculate that other creditors will participate, thus restoring the solvency and payment capacity of the crisis state. When this happens, the vulture funds litigate against the debtor state, demanding full payment of the nominal value plus fines and penalty interest. If they find a court in an influential country that rules in their favour – the US or more precisely New York courts have recently been particular enablers of the vulture fund business – they can make profits in excess of 1,000%.

Vulture funds thus pose a tremendous danger to countries in debt distress, as well as to the debt restructuring regime. Their actions delay debt restructuring processes and thus prolong debt crises and the suffering of the indebted countries' populations. They cause high litigation costs and, if they win, buyout costs for the debtor country. They also free-ride on

The Addis Ababa Action Agenda adopted by the third International Conference on Financing for Development in 2015 (pic) encouraged UN member states to follow the example of the Belgian vulture fund law.

other creditors' backs, as they speculate that cooperation by some creditors will pave the way for huge profits for them, resulting in obviously unfair burden sharing.

It is no surprise that they are viewed unfavourably, and attempts to stop them have been made at different levels including via the UN General Assembly, the International Monetary Fund and even the International Capital Markets Association. None of these efforts were fully effective, however, which is where the Belgian legislators stepped in.

The essence of the Belgian law

Belgium is one of only three countries that currently have vulture fund legislation of some sort. The Belgian law promises to be an effective remedy due to a simple clause: it limits the amount of money that vulture funds can get through litigation to the amount they paid when they bought the junk debt for a discounted price on the secondary markets. This should prevent predatory speculation because it renders it economically unattractive, while still ensuring fair treatment (you get what you paid).

The Belgian law has already inspired neighbouring France to pass a vulture fund law, itself building on previous UK legislation which is, however, less far-reaching than its Belgian equivalent. The Belgian legislation already has some Europe-wide repercussions as it protects the Euroclear payment system which is based in Brussels. One method that vulture funds use to collect money is by trying to intercept payments that the debtor makes to other creditors. For Europe, these go through the Euroclear system, which is now protected.

The Belgian law had been adopted almost unanimously by a large cross-party majority of parliamentarians. Needless to say, the attempt by a Cayman Islands-based 'investment vehicle', ostensibly controlled by US billionaires, to shelve the law has been considered a somewhat awkward and inappropriate foreign intervention into a democratic legislative process. It caused a public outcry.

The defence at the Constitutional Court was therefore strongly supported by the Belgian public at large, and in particular by Belgian non-governmental organisations (NGOs) and social movements such as the Committee for the Abolition of Illegitimate Debt (CADTM) and member organisations of the European Network on Debt and Development (Eurodad) 11.11.11 and CNCD-11.11.11. Not only do these organisations represent a broad constituency of Belgian citizens, they also know the damage that vulture funds cause due to their longstanding engagement in poverty eradication and debt justice. They coordinated the public support and even formally joined the defence through their lawyer Olivier Stein.

From Belgium to the EU and the UN

The Belgian law is also seen as a key step for effective solutions to debt crises by the international community at large. In 2015, the United Nations adopted the Addis Ababa Action Agenda on Financing for Development which already encouraged its member states to follow the Belgian example. This coincided with an initiative of the UN General Assembly in the same year that led to the 'Basic Principles on Sovereign Debt Restructuring Processes'. These principles establish the sovereign's right to restructure debts, 'which should not be frustrated or impeded by any abusive measures'.

Better late than never, the European Parliament picked up the issue in early 2018. In its resolution on 'Enhancing developing countries' debt sustainability', the European Parliament 'calls on the [EU] Member States to adopt, on the [European] Commission's initiative, a regulation based on the Belgian law on combating vulture fund debt speculation'. The European Parliament unfortunately cannot take the initiative itself, as in the EU the right to legislative initiative lies with the European Commission.

It is now time for the Commission to act and make clear that it executes the will of European citizens. As Belgium was an example for Europe, the EU can become an example for the rest of the world. ◆

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Myths of the Six-Day War

Few wars have changed the political complexion of the Middle East as significantly as the 1967 Six-Day War between Israel and the Arab countries. It resulted in occupation by Israel of the West Bank, Gaza, East Jerusalem, the Golan Heights and the Sinai Peninsula. More critically the war also introduced dramatic changes for the Palestinians living in Gaza and the West Bank. Previously governed by Egypt and Jordan, after the war they found themselves under Israeli control. Had Arab leaders been determined to launch an attack on Israel? Were Israeli leaders willing to seek peace after their stunning military victory? New scholarship easily challenges the falsehoods long prevalent in Western circles.

Ilan Pappé

Israeli forces on the Sinai front during the Six-Day War. '[T]he 1967 war and its aftermath should be seen as a direct continuation and the consequence of the Zionist colonisation of Palestine since 1882...'

FIFTY years after the Arab-Israeli war of June 1967, we have new material to better understand the origins and impact of that landmark event and thus a much better historical perspective. The common narrative, still prevalent in Western political circles, is composed of twin myths. One myth is that the war was imposed on Israel, and the second myth is that after Israel's stunning victory it was willing to achieve peace with all Arab countries and the Palestinians. Both myths can now more easily be challenged and debunked.

The Israeli capture of the West Bank and the Gaza Strip in 1967 was an accident of history that Israel had the great fortune to exploit. Ever since the birth of Israel in 1948, the country's political and military elite felt that Israel had missed a valuable opportunity during the war of independence to create a Jewish state throughout historical Palestine. The regret was that the army did not occupy the West Bank and the Gaza Strip in 1948 when it seemed that it had the military capacity and opportunity to do that.

Since then, there had been a strong military and political lobby inside Israel that pushed for the occupation of the West Bank (and to a lesser extent the Gaza Strip). The lobby comprised powerful people who, according to my research based on the Israel State Archives, nearly succeeded in convincing the government to take by force these two areas in 1958 and 1960. The threat of such an action, as well the expansion of Israeli work on diverting the Jordan River, prompted Egyptian President Gamal Abdel Nasser to dispatch forces to the Sinai Peninsula (a move he would take again during the 1967 crisis).

The looming threat of an Israeli attack on Syria and Jordan in 1967 is downplayed by mainstream historiography in the West, which tends to portray Nasser as an irresponsible leader who took his country into an assured disaster. However, we should remember that war could have erupted in 1960, but it did not mainly because David Ben-Gurion, Israel's prime minister at the time, did not wish to launch a military adventure. By 1967, he had been ousted from the Israeli political elite.

A review of documents in the Israel State Archives as well as contemporaneous press reports make it possible to see how the Israeli government had well prepared for a swift takeover of the West Bank and the Gaza Strip.[1] This is not surprising. Israel already possessed a system of control over a large number of Palestinians (the system of military rule imposed on the Palestinians in Israel since 1948) that could be reimposed on another Palestinian group.

The decisions taken by the Israeli government following the 1948 war reinforce the impression that the leadership of the state was searching for the opportunity to expand the geographical space of the Jewish state. This Israeli behaviour is better understood if we accept the recent scholarly tendency to define Zionism as settler colonialism and Israel as a settler colonial state. The definition is apt if we consider Zionism to be an ideological movement that pushed Europeans (who felt unsafe in Europe) to resettle in faraway locales in search of not only a home but a homeland. This search encountered an indigenous population that more often than not became victims of genocide at the hands of the settlers. In Palestine, ethnic cleansing and segregation (*hafrada* in Hebrew) has been and remains the principal means by which the settler colonial project hopes to turn the whole of Palestine into a Jewish state.

As the great scholar of settler colonialism Patrick Wolfe has put it, settler colonialism is a structure, not an event. Thus, the 1967 war and its aftermath should be seen as a direct continuation and the consequence of the Zionist colonisation of Palestine since 1882 and the Palestinian *nakba* (catastrophe) in 1948. Israel went knowingly, and well prepared, to war in 1967, and had contemplated long before the war the occupation of the West Bank and the Gaza Strip.

The second myth of the constant Israeli search for peace is also challenged given what we know with the passage of time and exposure of more evidence. The current Israeli strategy for the West Bank and the Gaza Strip should be seen in the wider context of some key strategic decisions taken by the Israeli leadership immediately after the 1967 war.

There was a distinct difference between the way the Israeli political elite viewed, in the wake of the war, the West Bank and the Gaza Strip, on the one hand, and the Egyptian Sinai Peninsula and Syrian Golan Heights, on the other. From the moment the war ended, it transpired that the first two areas were not open for negotiation, while the two other areas were at least considered by some ministers as a possible trading card for future bilateral peace. With time, it would take the war in 1973 to reach a deal with Egypt, despite the beginning of intensive Jewish colonisation in the north and south of the Sinai. Peace with Syria was never achieved, and Jewish colonisation there became more intensive and was followed by *de jure* annexation.

In a series of meetings around 19 and 20 June 1967, right after the end of the war, the 13th government of Israel took a few decisions that would be respected and adhered to by all subsequent governments, regardless of their political composition. This government was the most consensual that Israel had ever had, or would have. Every political party and ideological shade was represented, which enabled the government to act with unprecedented authority when it made its decisions.[2]

A Jewish settlement in the West Bank. Israel has moved to a unilateral policy with a cleaver strategy not only of dividing the West Bank into Jewish and Arab parts, but also of striving to annex officially to Israel the 'Jewish' parts.

The first decision the government took was to keep the West Bank and the Gaza Strip within Israel's rule. There was then, and there is today, a tactical debate over how best to achieve this goal. The options are either direct or indirect rule. With time, this tactical discussion was misconceived by many outsiders as a genuine debate between peace and war camps within the Israeli political elite. This misconception helped to commodify Israel as the only democracy in the Middle East when nonetheless faced with the most blatant proof that it was not: a harsh occupation imposed on millions of people. With time, we learnt that indirect rule meant Judaising parts of the West Bank and the Gaza Strip (areas that did not have a dense Palestinian population). In 2005, indirect rule meant withdrawing Jewish settlers from the Gaza Strip and ghettoising it with siege and closure.

Government documents show a clear determination to keep the West Bank under Israeli control forever and to permanently demarcate the Jordan River as Israel's natural border. Keeping this territory required an additional decision: what to do with the millions of Palestinians living there? The Israeli cabinet in the early days after the end of the 1967 war gave serious consideration to repeating the mass expulsion of inhabitants carried out in 1948, but this was ruled out. It was decided that the Palestinians would by and large be allowed to stay (which did preclude some massive expulsions from the Greater Jerusalem area and in the Jordan Valley).

This second decision triggered the need to make a third decision. If the territories were to be kept under Israeli rule and the people would remain, what would their future be? The deliberations show that the policymakers quite consciously decided that the inhabitants of the West Bank and the Gaza Strip would not be Israeli citizens but would be without any citizenship, and hence without any basic civil rights. There was also a recognition among the leaders of Israel that citizen-less status would be kept for a very long time (in fact, that remains the case today).

The greatest challenge facing the 13th government of Israel was how to commodify these three decisions to the international community at large, and to the United States, Israel's important ally, in particular. The international community through the United Nations demanded that Israel withdraw from the 1967 territories in return for peace (as expressed clearly in UN Security Council Resolutions 242 and, later, 338). The issue of Jerusalem became an additional bone of contention. The Israeli government decided shortly after the end of the 1967 fighting to annex East Jerusalem into the State of Israel. Israel had already violated a 1949 UN decision to internationalise Jerusalem by moving its governmental offices from Tel Aviv to Jerusalem (this is why hardly any country has its embassy in Jerusalem). In June 1967, this was an official and *de jure* annexation, accompanied by the expulsion of Palestinians in the Old City and the expropriation of private land around the city.

This annexation might have been stopped had the United States chosen to block it. The American government did privately voice its dissatisfaction but was willing to turn a blind eye towards these serious violations of international law. The same American attitude later provided a cover for the colonisation of the West Bank and Gaza Strip. With the exception of the George H W Bush administration, no American government has dared, or wished, to curb let alone stop the Judaisation project.

These three decisions became the cornerstone of Israeli strategy towards the West Bank and the Gaza Strip. With American consent, a 'peace process' was conceived in 1967 supposedly to implement the principle of 'land for peace' sanctioned by the United Nations, which in practice was a charade that provided international immunity for the implementation of Israeli strategy on the ground.

These decisions were not known to public opinion in Israel at the time. There was a genuine debate between what can be called 'redeemers' and 'custodians'. The redeemers asserted that the West Bank and to a lesser extent the Gaza Strip belonged to the heart of ancient Israel that was 'redeemed' in 1967. They advocated the full annexation of these territories to Israel. The custodians, on the other hand, saw these territories as bargaining chips in negotiating bilateral peace agreements, first with Jordan and later with the Palestinians. Until the assassination of Prime Minister Yitzhak Rabin in 1995, one can say that the custodians had a presence in Israeli politics, press and academia. In a way, Rabin headed this camp when he decided to support the Oslo I Accord in 1993.

However, those who represented the custodians in the military and political elite succumbed easily to the pressure of the redeemers, fearing being depicted as unpatriotic. More importantly, within Rabin's Labour Party there was a hard core of redeemers who talked the talk of the custodians but walked the walk of the redeemers. While speaking of the need to keep the territories as a card for peace, they initiated facts on the ground that rendered it impossible to achieve any future peace agreement.

The political elite, whether on the left or right, has adhered to the same strategy as it emanated from the government's decisions in 1967. That strategy was implemented immediately in June 1967 and its methodology is still affecting the lives of millions of Palestinians on the ground. The methodology involves territorial partition as a means of control and segregation. Using partition as a means of oppression (while praising it as a 'peace process') is in keeping with the concept of settler colonialism as a structure and not an event. Zionists accepted the United Nations Partition Plan of 1947 as a peace proposal, and its rejection by Palestinians has long been seen as evidence of Palestinian intransigence towards opportunities for peace. Yet native populations subjected to the perils of colonisation never consent to partition as a substitute for liberation.

Partition was used once more in strategising the Israeli matrix of control over the West Bank and Gaza Strip. The basic idea was to divide these parts of Palestine into Jewish and Arab spaces. Jewish settlements were meant to be built in less dense Arab spaces, and serve as buffers between Arab and Jewish spaces while bisecting the Arab spaces themselves. What began on a small scale in 1967 has evolved to a monumental scale a half-century later.

The separated-spaces strategy was challenged by Gush Emunim, a messianic settler movement that grew and was nurtured in the religious Zionist field. While governments from 1967 onwards colonised the territories strategically, avoiding settling in the midst of Palestinian communities, Gush Emunim settled according to an imaginary biblical map in the heart of the Palestinian areas. Their presence disrupted the more orderly colonisation from above, and created hotbeds of fanaticism and violence that physically antagonised the Palestinians around them.

Another tactical change occurred when Israel decided to withdraw its settlers from the Gaza Strip and besiege and ghettoise it instead. However, the strategy's methodology remained the same: partition and more partition, so as to expand Jewish space, downsize the contiguous space of the Palestinians, and bifurcate the West Bank into small enclaves, separated from each other by roads, military bases and Jewish settlements.

These territorial arrangements were accompanied by a regime of oppression that Nobel Peace Prize laureate Desmond Tutu once singled out as tantamount to apartheid South Africa. The oppression was also used as a means of deterring resistance from the local population. The methodology includes the practice of increasing oppression in the face of Palestinian resistance and, more importantly, extending and deepening colonisation in the case of the West Bank and tightening the siege in the case of Gaza.

Power of complacency

The Israeli methodology has adapted itself well to changing circumstances, notably the Oslo peace process and the emergence of the Hamas government in the Gaza Strip. The first Palestinian uprising in 1987 convinced some Israeli leaders that, to perpetuate the methodology of partition as the best means of keeping the territories while trying to pacify the local population and world public opinion, Israel needed to devise a more acceptable face of colonisation. They found a willing and disempowered Palestinian partner, the Palestine Liberation Organisation (PLO), for this ploy. Of course, the PLO had its own agenda and aspiration when it agreed to sign the Oslo I Accord in

September 1993. However, at the end of the day, it played into the hands of the overall Israeli strategy on the ground. That strategy has upgraded the idea of partitioning the West Bank and the Gaza Strip between densely and more sparse Jewish colonisation into so-called 'Palestinian-controlled areas' and 'Israeli-controlled areas'.

The discourse suggests that this is a genuine attempt to resolve the conflict as a whole and to allow for the creation of a Palestinian state in the West Bank and Gaza Strip. In practice, the 1993 Oslo agreement, and in particular the Oslo II agreement of 1995, enabled Israel to perfect the partition scheme for the West Bank. The region was dissected again and again, with an apartheid wall constructed in 2003, to make life even more unbearable. Movement between Palestinian villages and towns is almost impossible today; the so-called autonomous Palestinian space, under the jurisdiction of the Palestinian Authority, is constantly invaded by Israeli forces seeking resistance activists or whoever is on their blacklists. Under Oslo, Israeli settler colonialism became even more oppressive.

The demise of the Oslo I Accord forced Israeli strategists to adapt once more to a changing reality. Israel has moved to a unilateral policy with a clearer strategy not only of dividing the West Bank into Jewish and Arab parts, but also of striving to annex officially to Israel the 'Jewish' parts. Oslo II had divided the West Bank into three zones: Area A (under the rule of the Palestinian Authority), Area B (joint Palestinian and Israeli control) and Area C (under exclusive Israeli rule). Israel now strives to annex Area C (more than half of the West Bank) into the State of Israel. This final blow to prospects for establishing an independent Palestinian state, though met with indifference by political elites in the West, triggered unprecedented outrage in global civil society manifested in part in the Boycott, Divestment and Sanctions (BDS) movement against Israel.

The settler project has also adapted itself to the reality unfolding in the Gaza Strip since 2006. The methodology of partition could not work well in such a small territory. Thus, under then-Prime Minister Ariel Sharon, Israel decided to remove the settlers and incorporate Gaza into Area A under Palestinian Authority control. It did not work according to plan. The Islamist Hamas group, first through democratic elections and then through more violent means, took over governance of the Gaza Strip. However, this unexpected development did not alter the Israeli strategy nor require a change of methodology. Besieging Gaza and reacting brutally to Hamas's resistance to ghettoisation – in a policy verging on genocide – is aligned with the original 1967 strategy.

Israeli policies in the future will seek to maintain the status quo created by the 1967 war. Israeli leaders will find immediate solutions to changing circumstances without abandoning the settler colonial project of displacing Palestinians and maintaining the land under indefinite Israeli control.

It is noteworthy how Israeli public opinion enables Israel's political elite to adamantly continue with the settler colonial policies despite the drastic deterioration in Israel's international image. The redeemers-custodians debate petered out after the Oslo I Accord was signed. There was a false sense among custodians, which we better understand in hindsight, that their moment of truth arrived in 1993. The failure of the Oslo process was evident quite soon after the accord was signed.

Since the mid-1990s, there has been no debate in Jewish public opinion about the fate of the territories (and, in the public's mind, Gaza was taken out of the equation with the withdrawal of settlers in 2005). The non-settler Jewish society has no access to the occupied territories anymore; in fact, the territories are formally a no-go area for Jewish citizens.

This complacency has been reflected in the very low priority that the occupation received in party election platforms in recent years. The conflict has been resolved in the eyes of the Jewish electorate. There is a clash with Gaza, but it is with 'Islam' and not part of the historical conflict. The complacency has allowed the government to take unilateral measures in implementing its strategy. In recent years, public opinion polls show that an equal number of people support the two-state solution (or a very uncompromising Zionist version of it) and full annexation of the West Bank.

The colonisation of the territories and dispossession of the Palestinian inhabitants is now in its 50th year. The implementation of the three strategic decisions the 13th government of Israel took in June 1967 unfolded before the world's eyes. The reasons behind the international community's inaction are complex. What is important in this context is that the international community led by the United States accepted a narrative that absolved it from interference and encouraged it to provide international immunity for Israeli actions.

The narrative is based on the perception that the reality on the ground is temporary and that the chance for a solution is real and imminent. This perception includes the conviction, genuine or cynical, that Israeli violations of human rights will stop once 'peace' is achieved. Since peace is 'just around the corner', there is no need for international pressure on Israel. The world has thus enabled Israel to create daily facts on the ground that have rendered impossible any peace process based on a two-state solution. ◆

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Notes

1. Government meeting, 11 and 18 June 1967, Israel State Archive. See government meeting from 11 and 18 June 1967, ISA, Government meeting, 8164/7-A.
2. Ibid.

No way home

Trump's zero-tolerance immigration policy, which separates parents from their children, is a cruel strategy to curb the flow of immigrants and asylum seekers arriving in the United States. Here's why it's bound to fail.

Nara Milanich

Immigrants who turned themselves in to US border patrol agents after crossing into the country from Mexico. Many such migrants seek to flee communities wracked by gang and domestic violence.

IN May, US Attorney General Jeff Sessions announced the Trump administration's new zero-tolerance policy of seizing children at the border in order to detain and prosecute their parents. 'If you don't want your child separated, then don't bring them across the border illegally. It's not our fault that somebody does that,' Sessions declared. Immigrant rights groups had already raised the alarm about a quickening tempo of family separations in recent months, and *The New York Times* had documented hundreds of separations. But Sessions's announcement heralded a dramatic escalation of the practice. Since then, 2,000 children have been forcibly removed from their parents.

Meanwhile, those crossing into the United States have been treated to a mounting litany of horrors. The administration claims that border patrol agents take children because their parents crossed the border illegally, but there are documented cases of parents who have had their children taken despite presenting themselves at legal points of entry. Meanwhile, many of the so-called 'illegal entrants' are in fact asylum seekers from Central America whose right to seek asylum is protected under domestic and international law.

The mouth of a shark

The same week Sessions announced the zero-tolerance policy, I was visiting an Immigration and Customs Enforcement (ICE) detention facility near San Antonio, Texas. The South Texas Family Residential Center in Dilley is the largest immigrant prison in the United States, with 2,400 beds. It is also one of three prisons in the country specially outfitted for immigrant mothers with children. The vast majority of the women and children detained there are Central Americans apprehended at the US southern border. In other words, these are precisely the families targeted by the new separation policy.

At the detention centre, I worked for a pro bono project that provides legal services for women being held in immigrant detention. The project's main task is to prepare asylum seekers for a credible fear interview, which they must pass in order to be freed from the prison and allowed to pursue their asylum claim in immigration court. Volunteers sit down with individual women and the conversation begins: *¿por qué tiene miedo de volver a su país?* ('Why are you scared to return to your country?'). Over the course of the week, I met with some 50 individual women and asked this same question. In past visits to the facility, I've spoken with dozens of others. The answers women give suggest that the policy of family separation will fail.

The circumstances that drive migrants to leave – what lawyers call the 'fact pattern' that characterises Central American asylum claims – are by now well known. Those who arrive at the United States' southern border seeking asylum hail overwhelmingly from the Northern Triangle countries, El Salvador, Guatemala and Honduras. They come fleeing communities wracked by gang and domestic violence.

Many of these migrants are mothers, and sometimes fathers, with children. They flee dangers to their own lives, to those of their children, and often to both. A Salvadoran woman I spoke to describes the day her husband, a taxi driver, arrived home crying after a gang ordered him to deliver some weapons. He fled, and she remained behind with their children tending a juice stand. Then they came for her brother-in-law, who refused to pay the *cuota*, the extortion fee that gangs routinely demand. 'He left seven children. *Seven children*,' she sobs, describing his murder.

There is the evangelical Sunday school teacher who was accosted by gang members at her daughter's birthday party. The mother who finds disembowelled animals on her doorstep and a note that her children will be next. The woman weeps as she describes miscarrying an almost full-term baby after a brutal beating by her partner. 'Señora,' the horrified doctor told her, 'your baby has bruises and broken bones.' Women pull back sleeves and roll up cuffs to reveal the scars on their bodies: the time he threw a chair, the incident with the machete. They finger the scars on the bodies of their children. They lower their voices and look at the floor as they recount rapes: 'I never told anyone this before.'

A 4-year-old Honduran girl walking with her immigrant mother after both were released from detention. Immigrant mothers in family detention in the US have at least one child with them, but many have left behind other children at home.

Such journeys are propelled by desperate circumstances, and migrants do not make the decision to come to the United States lightly or, in many cases, willingly. 'I never imagined myself going to the United States,' the Salvadoran woman with the murdered brother-in-law says. 'But one by one the doors closed on me. This was the only option left.'

Such stories show why even the most punitive of border policies, including family separation, will not alter migrants' behaviour. Such policies overlook the reasons migrants leave in the first place.

'No one leaves home unless/ home is the mouth of a shark,' writes the British Somali poet Warsan Shire. Central American asylum seekers now flee the mouth of the shark only to find themselves in the mouth of a wolf. Yet no matter how vicious the wolf, they will keep coming. Desperation is more powerful than deterrence. Between death and separation, they will choose separation.

In a sense many migrants have already made that choice. Mothers in family detention have at least one child with them, but the majority of those I spoke with had left behind one or more other children at home. For many people the journey is too expensive to make with all their children, so they have engaged in a kind of parental triage. In some instances, the choice is clear: they opt to bring the child most in danger – the daughter recruited by a local gang member as a 'girlfriend', the son targeted by the gang for refusing to join, the child threatened by a violent stepfather. In other cases, they bring the youngest – the child most in need of maternal care – or the oldest – the one most able to make the journey north. They leave the remaining children with their fathers, with grandmothers, with aunts.

Assuming these women pass their credible fear interviews and are allowed to pursue their asylum cases, it will likely be years before they see those children again (US immigration courts are backlogged by years, and petitioners are not allowed to bring their children unless they win asylum). Their decisions cannot be described as 'free' in any meaningful sense. But in the face of desperate circumstances, they have already made the wrenching decision to separate from some family members in order to save others.

'Loopholes'

ICE Acting Director Thomas Homan recently declared that 'loopholes' in immigration law and 'enticements' in border and immigration policy act as pull factors that encourage illegal immigration. Among the lures, he cited sanctuary cities, the possibility of employment and 'the right to due process at great taxpayer expense'. By closing the loopholes, by creating deterrents like forcibly appropriating their children, the administration will supposedly stem refugee flows.

The story of 'loopholes' and 'enticements' ignores the appalling conditions that already greet migrants once they cross the border. These conditions include an abusive border patrol that illegally turns away asylum seekers and verbally and sometimes physically mistreats migrants. Women in Dilley describe the degrading epithets hurled at them, and sleeping children prodded awake with the toe of a boot. They describe the horrific conditions of the so-called *perreras* (dog pens) and *hieleras* (ice chests), the infamous bunkers where migrants are held before being transferred to detention facilities like the one I visited in south Texas.

The 'loophole' allegation also ignores the daunting long-term prospects that greet asylum seekers, who face years of separation from family back home and long odds in obtaining asylum. Nationally, about 50% of asylum cases are successful, but the

Lining up for a meal at the South Texas Family Residential Center, the largest immigrant detention facility in the US and one of three in the country specially outfitted for immigrant mothers with children.

rates vary radically; in Charlotte, 7% of cases receive asylum and in Atlanta, effectively zero do.

These adverse conditions, incidentally, long predate Trump and have done nothing to discourage refugees from coming. The most recent Customs and Border Patrol statistics actually show a sharp increase in the numbers of families apprehended at the border: from February to May, the number increased almost fivefold compared with the same period last year. It was purportedly these numbers that angered Trump and drove him to adopt the separation policy.

The administration's emphasis on supposed pull factors is also misguided because it ignores the push factors. In this it demonstrates an utter lack of understanding, or perhaps a strategic misrepresentation, of the motives that induce people to leave their jobs, homes, families and, yes, even their children, in the first place. Deterrence policies assume that US border policy determines migrants' decisions, rather than the conditions from which they flee. Such policies reflect the administration's radically inflated sense of its own power to shape migrants' behaviour. In other words, the forcible removal of children from their parents exemplifies not just this administration's astonishing cruelty but also its monumental hubris.

The fact is that while the US government has nearly unlimited power to inflict harm and suffering on people once they cross the border, its ability to convince them not to come in the first place is limited. Spend time in Dilley speaking with women and it quickly becomes clear that, in the calculus between shark and wolf, it's the shark – the violence, fear and impunity they face at home – that dictates migration decisions. The dangers of the wolf – the gross human rights abuses at the border, the daunting odds of ever getting asylum in many jurisdictions, and now, the prospect of losing their children – are secondary.

Relentless criminalisation

Ultimately, family separation is a ghastly measure of just how far we have come in the relentless criminalisation of migrants. In March of last year, then-Secretary of Homeland Security John Kelly appeared on CNN and first publicly floated the idea of removing migrant children from their parents. Following a huge public outcry, Kelly hastily backpedalled, falsely claiming he had never proposed such a policy in the first place.

Just over a year later, we watch as the government converts Walmarts and military bases into internment camps for children. Ominous signs indicate that officials intend to dramatically scale up these facilities. In mid-June representatives from the Department of Health and Human Services toured Fort Bliss near El Paso, Texas, to assess the feasibility of a 'tent city' for children. The camp would house up to 5,000 beds.

Meanwhile, the long-term fate of the children consigned to sleep in those beds remains unclear. Some will likely be deported with their parents. Others will be placed with family members in the United States, although the administration's promise to prosecute undocumented relatives creates a powerful disincentive for them to come forward. Still others may wind up in foster care and government-run shelters permanently.

A policy idea that in spring of 2017 had to be hastily retracted today is rapidly expanding and threatens to become normalised. Its defenders include Kelly in his current role as White House Chief of Staff, Homeland Security Secretary Kirstjen Nielsen, Press Secretary Sarah Huckabee Sanders and Attorney General Sessions (the latter two quoting, extraordinarily, the Bible as justification). As usual, feckless Congressional Republicans have dithered, with some moderates expressing murmurs of dissent only as it becomes clear that wrenching nursing infants from their mothers will play poorly to suburban women voters. Many prominent conservatives, meanwhile, remain silent.

Family separation is as good a gauge as any to track just how far and fast immigration policy is mutating under this administration, and how effortlessly the Republican Party, and the country, can adapt to new horrors. And it begs the question: just how far will it all go? A year from now, where will we be? ◆

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WORLD AFFAIRS

The day the US became an empire

In the following article, *Charles Pierson* traces the evolution of the US empire, locating its origins in the annexation of Hawaii in 1898.


The US flag flown at a military base in Hawaii. The US annexed Hawaii in 1898.

FOR half a century, the United Kingdom celebrated 24 May, the birthday of the late Queen Victoria, as 'Empire Day'. The US ought to have its own Empire Day and it should be on 15 June. It was on 15 June 1898 that the US became an empire. On that day, the US House of Representatives voted 209 to 91 to annex Hawaii. (The US Senate followed on 6 July, voting 42 to 21 in favour of annexation.)

One could argue that the US has always been an empire. Thomas Jefferson called the US an empire, but an 'empire of liberty' dedicated to spreading freedom around the globe. Tell that to the Native Americans killed and dispossessed by White settlers. Tell that to the Mexicans. The US seized a third of their country through war. Still, it wasn't until 1898 that the US acquired its first overseas colony.

Hawaii had been an independent nation. In 1887, American planters in the islands had forced a change to the Hawaiian Constitution which largely disenfranchised ethnic Hawaiians to the benefit of wealthy Whites. By 1893, with US support, American and European businessmen on the islands had staged a coup d'êtat, overthrowing the monarchy[1] and establishing a Republic of Hawai'i; from there, they manoeuvred for Hawaii's annexation in 1898. That same year, Cuba, the Philippines, Puerto Rico and Guam would be gathered into the fledgling American Empire, fruits of the US victory in the Spanish-American War.

Why imperialism?

During the 1896 presidential campaign, Republican William McKinley, who went on to win in November, was asked how the US could avoid a replay of the catastrophic 1893 depression.[2] McKinley answered, 'We want a foreign market for our surplus products.'

McKinley could have said 'abundance' rather than 'surplus'. Abundance aptly describes the wealth pouring from America's fields and factories. Abundance ought to be welcome in any society. But not capitalist society. It is a mark of the perversity of capitalism that it makes abundance a problem. The home market, Lenin observed, cannot absorb the 'superabundance of capital' and goods.[3] Hence:

'As long as capitalism remains what it is, surplus capital will be utilised not for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward [sic] countries.'[4]

Lenin's theory of imperialism explained the war which had begun two years earlier, in 1914. Lenin showed that the war was imperial in origin. In order to survive, capitalism is forced to look beyond the nation-state to the world market. Inevitably, this brings nations into conflict with each other. Lenin demonstrated that imperialism was not separable from capitalism, but was capitalism's 'highest stage'. Lenin thought that revolution would inevitably follow. He did not foresee that once capitalism had reached its 'highest stage', it would remain there in an indefinite holding pattern.[5]

'Little brown brothers'

Belief in White racial superiority acted as a spur as well as a brake on America's imperial expansion. Some members of Congress opposed imperialism because it was contrary to the ideal of self-government set out in the Declaration of Independence. But there was also strong opposition to bringing the non-Whites of Hawaii and Cuba and the Philippines into what was seen as a White man's republic. On the other hand, imperialists argued that it was the White man's duty (or 'burden') to provide leadership to our 'little brown brothers', as William Howard Taft, US Governor-General of the Philippines and a future president, would call them, inasmuch as they were incapable of governing themselves.

One incident in particular illustrates this attitude vividly. The Filipinos fighting against Spanish rule believed that the US had promised to liberate the islands. Instead, the US took Spain's place as the Filipinos' colonial overlords.

Why this turnaround? As he told a group of clergy visiting the White House, McKinley had asked God what to do about the Philippines.[6] God responded in a series of bullet points. America had four options. Three of these – Filipino independence, returning the islands to Spain, or turning them over to 'our commercial rivals' France or Germany – McKinley rejected. McKinley concluded that 'there was nothing left for us to do but to take them all and to educate the Filipinos, and uplift and civilise and Christianise them…'.

The US also provided lofty motives for imposing its hegemony over Cuba. The US justified the 1898 war with Spain, at least in part, as a humanitarian intervention *avant la lettre*. The US would bring freedom to the Cubans and end Spanish atrocities. Nevermind that the Spanish atrocities were largely fabricated by the jingoist newspaper publisher William Randolph Hearst, the Roger Ailes of his day. When the USS *Maine* sank in Havana Harbour on 15 February 1898, Hearst and the rest of the yellow press blamed Spain, adding to the inducements to war.

In the end, the US double-crossed Cuba. Now nominally independent following Spain's defeat, Cuba became a de facto colony of the US. The US did not annex Cuba but forced the drafters of the Cuban Constitution to adopt a provision (the Platt Amendment) which gave the US carte blanche to intervene in Cuba in the future.[7]

The neoliberal rape of Puerto Rico

The Filipinos would not finally be rid of the Americans until 1946. American hegemony over Cuba only ended with the victory of the Cuban Revolution in 1959. Puerto Rico remains a US possession to this day, subject to Uncle Sam's loving care. Puerto Ricans have been US citizens since 1917, yet are not treated like Americans. Puerto Ricans have no vote for president or representation in Congress, nor do they receive the full protection of the US Constitution.

Last October, Hurricane Maria devastated Puerto Rico. Researchers at Harvard have estimated the death toll at 4,645 – 70 times higher than the official count. The hurricane crippled electrical service and access to clean water for months, the catastrophe made worse by incompetent disaster relief efforts by the US government.[8]

Would Puerto Ricans have been left to twist slowly in the wind if they had been White? The disaster has highlighted Puerto Rico's colonial domination by the US. Award-winning Puerto Rican filmmaker Frances Negrón-Muntaner writes: '[A]lthough it has become liberal sport to insist on how different Trump is from everything and everyone that preceded him, the president's response to the hurricane is consistent with American colonial history. This is manifested in both the slowness and limited scale of assistance during Hurricane Maria, and by the fact that when local leaders criticised him for it, Trump defended himself by invoking century-old stereotypes of Puerto Ricans as lazy and ingrates who "wanted everything to be done for them".'[9]

Racism pays cash dividends. Even before the devastation wrought by Hurricane Maria, Puerto Rico staggered under the weight of a $123 billion government-debt crisis.[10] Since Maria, Puerto Rican suffering has grown. What Naomi Klein calls 'disaster capitalists' have redoubled their efforts to privatise Puerto Rico's electrical grid, privatise schools, foreclose on homes, impose deregulation and ramp up economic inequality, all while cutting billions from the public sector. Look me in the eye and tell me that colonialism is a thing of the past.

Happy Empire Day, everyone. ◆

Charles Pierson is a lawyer and a member of the Pittsburgh Anti-Drone Warfare Coalition. This article is reproduced from CounterPunch.org.

Notes

1. Stephen Kinzer, *The True Flag: Theodore Roosevelt, Mark Twain, and the Birth of American Empire* (2017), page 45.
2. Id. at 25.
3. V I Lenin, *Imperialism, the Highest Stage of Capitalism* (1916), Chapter IV.
4. Ibid.
5. This is why I wince every time I hear that we are living in the era of 'late capitalism'. Capitalism has endured longer than anyone on the left expected. What if capitalism lasts another 500 years? For all we know, we may still be living in the era of 'early capitalism'.
6. Howard Zinn, *A People's History of the United States* (1980), pages 312-13.
7. Id. at 311.
8. Justine Calma, 'The US could have avoided Puerto Rico's water crisis', Grist, 20 October 2017.
9. Frances Negrón-Muntaner, 'The crisis in Puerto Rico is a racial issue. Here's why', The Root, 12 October 2017.
10. To his credit, on 3 October 2017, President Trump suggested that Puerto Rico's government debt should be cancelled. However, to quote the old *Mary Tyler Moore Show*, 'When a donkey flies you don't expect him to stay up long.' Trump soon retracted the suggestion.

The US Air Force's strange love for the new B-21 bomber

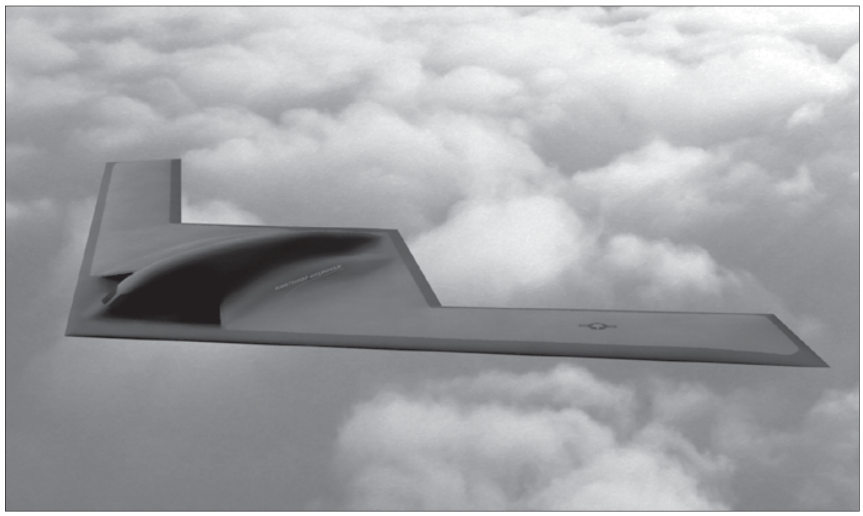
The US Air Force is looking to mark a new generation in stealth technology by developing a B-21 Raider bomber able to elude even the most sophisticated air defences in the world. This stealth bomber is being built by Northrop Grumman, one of the leading military contractors. Such is the power of the military-industrial complex that there is no way of challenging the need for this bomber or its astronomical cost. *William J Astore* comments.

DID you know the US Air Force is working on a new stealth bomber? Don't blame yourself if you didn't, since the project is so secret that most members of Congress aren't privy to the details. (Talk about stealthy!)

Known as the B-21 Raider, after General Doolittle's Raiders of World War II fame, it's designed to carry thermonuclear weapons as well as conventional missiles and bombs. In conceptual drawings, it looks much like its predecessor, the B-2 Spirit stealth bomber, all wing and no fuselage, a shape that should help it to penetrate and survive the most hostile air defence systems on Earth for the purposes of a 'global strike'. (Think: nuclear armageddon.)

As the Air Force acquires those future B-21s, the B-2s will be retired along with the older B-1B bomber, although the venerable B-52 (of the Cold War era), much modified, will remain in service for the foreseeable future. At $550 million per plane (before the inevitable cost overruns even kick in), the Air Force plans to buy as many as 200 B-21s. That's more than $100 billion in procurement costs alone, a boon for Northrop Grumman, the plane's primary contractor.

If history is any judge, however, a boon for Northrop Grumman is likely to prove a bust for the American taxpayer. As a start, the United States has no real need for a new, stealthy, super-expensive, nuclear-capable, deep-penetrating strategic bomber for use against 'peer' rivals China and Russia. But before tackling that issue, a little history is in order.



A rendering of the new B-21 stealth bomber. The US Air Force plans to buy as many as 200 B-21s, which would cost over $100 billion.

Déjà vu all over again

A long time ago (1977, to be exact), in a country far, far away, President Jimmy Carter did a brave thing: he cancelled a major Pentagon weapons system just before it was due to start production. That was the B-1 bomber, a plane with sophisticated – that is, expensive – avionics designed to allow it to penetrate Soviet airspace in the event of a nuclear war and survive. Carter cancelled it for the most sensible of reasons: it wasn't needed.

The Air Force had already developed air-launched cruise missiles that allowed bombers like the B-52 to strike enemy targets with precision from hundreds of miles away. It was also, like all modern weapons systems, outrageously expensive. Why spend vast sums on a new bomber, Carter reasoned, when the plane added little to the nation's nuclear deterrent? In addition, that cancellation was meant to send a message to the military-industrial complex – that he would neither be beholden to nor intimidated by defence hawks who touted each and every new weapons system, no matter how expensive or redundant, as 'essential'.

I was then a teenager with a yen for American warplanes. I'd even made a model of the B-1, complete with 'variable geometry' wings that could be extended forward for low-speed flight and swept backward for high-speed, supersonic flight. In my mind's eye, I can still see it, almost all white like the prototype that Rockwell International, its primary contractor, actually built. In a symbolic act of protest against Carter's action, I took my model, taped a couple of firecrackers to it, and dropped it from the top floor of our house, blowing it up in a most satisfying way. So much for the B-1, I thought.

I was too young to know better. When Ronald Reagan became president in 1981, as part of a massive defence buildup (that Carter, ironically enough, had actually begun), he revived the B-1. The Air Force soon committed itself to buying 100 of them at a then-astronomical $280 million each. The B-1B Lancer (as it became known) has served in the Air Force for the last three decades, never (thankfully) fulfilling the purpose for which it was built: a nuclear attack. Plagued by accidents, high operating costs and maintenance issues, the B-1 has been a disappointment to an Air Force now eager to replace it with an entirely new bomber, more or less guaranteed to have a similar history.

However much I loved the prospective plane as a teenager, I felt quite differently once I was myself in the Air Force. As a young lieutenant in 1986, I even wrote a paper for a contest within the service in which I argued that the concept of a manned, 'penetrating', strategic nuclear bomber was deeply flawed. In essence, I took the Carter position, suggesting that the other 'legs' of America's nuclear triad (ballistic missiles launched from silos and similar missiles on nuclear submarines) were more than enough to deter and defeat enemies (no less destroy the world), and that new 'precision' technologies like cruise missiles rendered risky manned bombing missions deep into enemy airspace not just obsolete but antediluvian.

Not surprisingly, my paper didn't win and the B-1B did. But it was an absurd addition, even by Air Force standards, given that the US had an overwhelming arsenal of missiles at its command, together with a fleet of B-52s that, though lacking in speed and stealth, was aging rather well. In fact, B-52s are still flying today, which isn't that surprising when you consider the development of highly accurate missiles that allow such a plane to 'standoff' from targets and so limit its exposure to enemy air defences.

Meanwhile, the Air Force, never a service to say no to expensive, high-tech weapons systems, no matter how redundant, was hard at work on a stealthy bomber that would achieve its vision of 'global reach, global power, and global strike'. What emerged was the B-2 Spirit, a stealth bomber so expensive ($2.1 billion a pop) that only 21 were ever built. It was also pricier than the B-1 to operate and less reliable thanks to its fragile 'stealth' coatings, which required lengthy, high-cost maintenance. In other words, both planes proved expensive disappointments that, fortunately, were never tested on the primary mission for which they were built: incinerating millions of people in a nuclear war.

Enter the B-21, whose very name is supposed to indicate its cutting-edge nature, as the first bomber of a new century. It's already being readied to reprise the grim, predictable histories of its predecessors.

Will the bomber go the way of the dodo?

Old ideas and hallowed traditions die hard, especially when they're so lucrative for the military-industrial-congressional complex. Just look at the staying power of the disastrously overpriced F-35 stealth fighter, projected to cost $1.45 trillion over the life of the programme. Put bluntly, today's future-driven Air Force still wants to be capable of taking the fight to the enemy in a manned bomber, just as in the past. It still wants its air crews to put bombs on target. At a time when remotely piloted drones like the Predators and Reapers are rendering redundant so many human fighter pilots sitting in real cockpits, the Air Force has no intention of allowing its strategic bombing force to go the way of the dodo. Its leaders will always fight for manned strategic bombers because it fits their image of themselves: dodging enemy fighters, missiles and flak, and taking the fight to the enemy's doorstep.

In fact, not only does the Air Force want the B-21 as its 'fifth generation' bomber, it also wants a new fighter jet to escort it on deep penetrating missions into China, Russia or other countries. Think here of the legendary P-51 Mustangs, which accompanied US strategic bombers deep into Nazi Germany during World War II. In other words, the Air Force's vision of future aerial war bears an eerie resemblance to the action scenes in the classic 1949 war movie *Twelve O'Clock High*, except instead of the B-17s and P-51s of World War II, fifth-generation bombers will join with sixth-generation fighters to claw their way through enemy airspace.

Of course, Pentagon officials have an array of talking points to support their case for the B-21. These include: maintaining parity, if not supremacy, vis-à-vis China or Russia or some future, ill-defined enemy, and the need of our heroic troops for the latest and best in weaponry. They emphasise that cancelling a major weapons system like the B-21 is tantamount to unilateral disarmament, that it would betray weakness to rivals and foes, and that manned bombers provide maximum flexibility since, unlike missiles, they can be recalled or redirected after being launched.

In truth, however, *Twelve O'Clock High* scenarios look increasingly ridiculous and outmoded in the 21st century. But don't tell that to the US Air Force. When its strategists visualise bombers, all they see is potential, promise and even fulfilment. But history shows us something else: the potential for widespread and indiscriminate destruction and massive casualties. If anything, since World War II, America's arsenal of bombers has emboldened the US to strike in places and in ways clearly counterproductive to just about any definition of national security, even as untold numbers of innocents have perished from the ordnance fired or dropped from those planes. The Vietnam War – during which the US dropped seven million tons of bombs – is a perfect example of this.

Here's the nightmarish reality of actually bringing such weapons systems online: when the US military develops a capability, it seeks to use it, even in cases where it's wildly inappropriate. (Again, think of the massive B-52 bombings in Vietnam, Laos and Cambodia in a counterinsurgency campaign classically meant to win 'hearts and minds'.) Fielding a new strategic bomber for global strike, including potential thermonuclear attacks, will not so much enhance national security as potentially embolden future presidents to strike whenever and wherever they want in a fashion devastating to human life. The B-21 isn't a force-multiplier. It's an armageddon-enabler.

Flying high in our B-21s

Having marketed himself as a savvy military critic, is there any possibility that Donald Trump will have the smarts of Jimmy Carter when it comes to the B-21 programme? Will he save America at least $100 billion (and probably far more) while eliminating yet another redundant weapons system within the Department of Defense? Fat chance. Even if he wanted to, The Donald doesn't stand a chance against the Pentagon these days.

Flush with billions and billions of new taxpayer dollars, including funds for those F-35s and for new nukes from a bipartisan coalition in an otherwise riven Congress, America's military services will fight for any and all major weapons systems, the B-21 included. So, too, will Congress, especially if Northrop Grumman follows the production strategy first employed by Rockwell International with the B-1: spreading the plane's subcontractors and parts suppliers to as many states and Congressional districts as possible. This would, of course, ensure that cuts to the B-21 programme would impact jobs and so drive votes in Congress in its favour. After all, what Congressional representative would be willing to vote against high-paying jobs in his or her own state or district in the name of American security?

So here's my advice to young model-builders everywhere: don't blow up your B-21s anytime soon. Rest assured that the real thing is coming. If the Air Force wants to ensure that it has a new bomber, in the name of blasting America's enemies to oblivion, so be it. It worked (partially and at tremendous cost) in 1943 in the flak- and fighter-filled skies of Nazi Germany, so why shouldn't it work in 2043 over the skies of Who-knows-where-istan?

Why does 'your' Air Force think this way? Not just because it loves big bombers, but also because its biggest rivals aren't in Russia or China or some 'rogue' state like Iran. They're right here in 'the homeland'. I'm talking, of course, about the other military services. Yes, interservice rivalries remain alive and well at the Pentagon. If the US Navy can continue to build breathtakingly expensive nuclear-powered aircraft carriers (like the much-troubled USS *Gerald R Ford*) and submarines, and if the Army can have all its tanks, helicopters and associated toys, then, dammit, the Air Force can have what truly makes it special and unique: a new stealthy strategic bomber escorted by an even newer long-range stealthy fighter.

And don't just blame the Air Force for such retrograde thinking. Its leaders know what's easiest to sell to Congress: big, splashy projects that entail decades of funding and create tens of thousands of jobs. As Congressional representatives line up to push for their pieces of the action, military contractors are only too happy to oblige. As the lead contractor for the B-21, Northrop Grumman of Falls Church, Virginia, has the most to gain, but other winners will include United Technologies of East Hartford, Connecticut; BAE Systems of Nashua, New Hampshire; Spirit Aerosystems of Wichita, Kansas; Orbital ATK of Clearfield, Utah, and Dayton, Ohio; Rockwell Collins of Cedar Rapids, Iowa; GKN Aerospace of St Louis, Missouri; and Janicki Industries of Sedro-Woolley, Washington. And these are just the major suppliers for that aircraft; dozens of other parts suppliers will be needed, and they'll be carefully allocated to as many Congressional districts as possible. Final assembly of the plane will likely take place in Palmdale, California, integrating components supplied from sea to shining sea. Who says America's coastal enclaves can't join with the heartland to get things done?

Even if President Trump wanted to cancel the B-21 – and given his recent speech to graduates of the Naval Academy, the odds are that there isn't a weapons system anywhere he doesn't want to bring to fruition – chances are that in today's climate of militarism he would face enormous pushback. As a colleague who's still on active duty in the Air Force puts it, 'What makes today worse than the Carter days is our flag-humping, military-slobbering culture. We can't even have a discussion of what the country's needs are for fear of "offending" or "disrespecting" the troops. Today, Carter would be painted as disloyal to those troops he was consigning to an early death because every procurement decision centres on a "grave" or "existential" threat to national security with immediate and deadly consequences.'

And so the Air Force and its flyboy generals will win the fight for the B-21 and take the American taxpayer along for the ride –unless, that is, we somehow have the courage to pry the control sticks from the cold, dead hands of hidebound military tradition and lobbying firepower. Until we do, it's off we go (yet again), into the wild blue yonder, flying high in our B-21s. ◆

A retired Air Force lieutenant colonel, William Astore taught history for 15 years at the Air Force Academy, the Naval Postgraduate School, and in Pennsylvania at a technical college. He's never forgotten his visit to the Trinity site in Alamogordo, New Mexico, where the first atomic device was tested in 1945, nor his time in Cheyenne Mountain Complex, hunkering down under 2,000 feet of granite, waiting for a nuclear war that never happened. He is a regular contributor to TomDispatch.com, from which this article is reproduced. His personal blog is Bracing Views (bracingviews.com).

No, AMLO is not Mexico's Trump

Equating Mexico's president-elect Andrés Manuel López Obrador with Donald Trump may be absurd, but that hasn't stopped mainstream media from running with it.

Richard Seymour

Mexico's president-elect Andrés Manuel López Obrador.

MEXICO's answer to Donald Trump.

Let's say that again: Mexico's answer to Donald Trump.

Mexico's Donald Trump.

More than a passing political resemblance to Donald Trump.

Mexico is electing its own Donald Trump.

Mexico's 'tropical messiah' is a Trump-style politician.

These are the headlines and hot takes regarding the winner of Mexico's presidential election. Andrés Manuel López Obrador, the left-wing candidate of the National Regeneration Movement (MORENA), took a lead of some 31% over his nearest rival. What, then, makes him like Trump, who lost the popular vote?

There are many reasons. López Obrador is a left-populist who is talking about rolling back aspects of the Washington Consensus, and redistributing a degree of wealth and power to poor and indigenous people. This doesn't, however, include any nationalisations, nor does it mean withdrawing from the North American Free Trade Agreement (NAFTA).

He attacks the political establishment, especially the corrupt, murderous, cartel-linked Institutional Revolutionary Party (PRI) whose monopoly on Mexican state power only began to break down in 2000. He talks about ending the drug war, through which these corrupt alliances between counterinsurgent governors and drug cartels have been forged.

As an example of this, look at the mass graves coming up in Veracruz state, representing up to 20,000 bodies in total. These are evidence against former state governor, the PRI's Javier Duarte. The same governor allowed police to use 'death squad tactics' against a number of drug suspects, illustrating the symbiosis between drug lords and state repression. So, part of what has happened is a popular rejection of brutal cartel politics.

López Obrador's coalition is rather heteroclite, even including right-wing evangelicals, and his ambitions are ultimately limited by the system within which he will have to work. Nonetheless, it is a near miracle that he was permitted to actually win.

In the history of Mexican politics, there are several ways in which leftist challengers have been dealt with, but fraud, murder and assassinations have been foremost among them. As recently as 1994, ruling-party defector Donaldo Colossio was murdered.

In 2006, the election was stolen – from the likely winner, Andrés Manuel López Obrador. It was so close a thing that the military was prepared for a coup, with a special unit dispatched to take control of Congress. It is less clear that the 2012 election was stolen but there was a great deal of fraud. And in this election, there has been an unprecedented number of murders of local candidates and party workers, and a great deal of associated theft of ballots and ballot boxes.

To put it concisely, this election was about whether or not Mexico is a democracy: it never has been before.

So, again, why is the new Mexican president like Trump, who described Mexican immigrants as rapists and murderers, and shrugged off the killing of migrants by his supporters? Trump, who is in favour of death-squad justice, especially in dealing with drugs? Trump, whose gangster capitalist links are far more like those of the PRI? Well, there is this one thing.

As one of the snarky pieces comparing him to Trump puts it, López Obrador refuses to accept 'adverse results in consecutive presidential

López Obrador's supporters celebrate his election victory in downtown Mexico City.

elections'. Why? Well, he has this thing about rigged something something, I don't know. It's ridiculous.

The New York Times reports that he 'refused to accept the result' in 2006, which election was definitely rigged, accusing 'the political and economic elite of rigging the election', which they definitely did. The clown.

John Oliver, patron saint of Centrist Dads everywhere, described López Obrador as Mexico's Donald Trump. Among the reasons, he chortled that in response to defeats in 2006 and 2012, 'his supporters occupied the city's central square for months, and that is ridiculous'. Lol at people protesting rigged elections. That makes them just like Donald Drumpf the Big Orange Mean Poo-Poo Head.

I'm not throwing in John Oliver merely to have a gratuitous pop. The late-night talk show hosts are all politically timid mummy-birds, puking up pre-masticated ideas, plucked from brain-dead newspapers, into the wide, expectant beaks of their audience. So that's absolutely not a gratuitous pop. But they tend, on that ground, to be very sensitive to the ideological consensus they both form and, through laughter, police. Oliver is, to that extent, very observant.

The idea that López Obrador and his supporters are in some sense ridiculous subtends a lot of the coverage. Notwithstanding ritual, sentimental observations about how the Mexican people deserve much better – 'cough, cough, no, good luck to 'em, bless 'em, lol, wonderful people the Mexicans, ahem' – there is a basic underlying racist contempt, much as there was for Aristide and Chavez, both of whom were 'clowned' by the US media when they were not being incorrectly identified as 'General' in order to convey that they, and not their military opponents, were tyrants.

In the case of López Obrador, the idea is that he is a cult leader for his stupid followers. (*The New York Times*: 'something of a messiah'. *The Atlantic*: 'messiah complex'. *Financial Times*: 'messiah complex'. And so on.) The complex political debates in Mexico, the ways in which heterogeneous groups have been arguing and vying over electoral and social mobilisation strategies for years, culminating in this moment, are not really of interest in this coverage. The idea that López Obrador's supporters have a complex relationship to any electoral candidate, and may have ambitions and strategies of their own, hasn't been on the radar for years, so why should it be now? Such debates may as well be taking place in a Martian dialect.

No. It's very simple. X is a bad man/woman (because boo). All bad men/women are Trump. X is Trump. X is lulz. The syllogism to which all enlightened persons of good faith are to defer in these troubled times. Keep it in mind at all times. Whenever there is trouble, disruption, a hitch in the normally smooth functioning of things, this is your catechism. ◆


A forensic worker at a mass grave site in Veracruz state, where 'death squad tactics' were used in the drug war. López Obrador has talked about ending the deadly drug war.

Richard Seymour is the author of several books, including Corbyn: The Strange Rebirth of Radical Politics. *He blogs at Lenin's Tomb (leninology.blogspot.com). The above article is reproduced from the website of* Jacobin *magazine (www.jacobinmag.com).*

US sending guns, crime to Mexico

Sarah Kinosian and Eugenio Weigend

ON a visit to Mexico City in August 2016, then-US presidential candidate Donald Trump said, 'No one wins in either country when human smugglers and drug traffickers prey on innocent people, when cartels commit acts of violence, when illegal weapons and cash flow from the United States into Mexico.'

Since then, Trump has continued to complain that Mexicans bring crime northwards, while studiously ignoring the very real threat that US firepower flowing in the other direction poses to Mexicans.

Although Mexico has some of the strictest gun laws in the world, Mexican criminal organisations have no trouble buying firearms, which they use to control territory, extort business owners, and threaten citizens as well as members of the security forces. The consequences are lethal. In 2002, there were more than 2,600 murder investigations involving firearms. By 2016, that number had increased to nearly 13,000.

Most of the weapons used by criminal groups in Mexico originate in the United States. Each year, an average of 253,000 firearms cross the border, the overwhelming majority of which come from the Southwest states of California, Texas and Arizona. From 2009 to 2014, more than 70% of firearms – nearly 74,000 – seized by Mexican authorities and then submitted for tracing by the US Bureau of Alcohol, Tobacco and Firearms came from the United States. Many of these guns were semi-automatic rifles such as the AR-15 and AK-47, cartel favourites that Mexican citizens cannot buy legally.

To stock their arsenals, Mexican criminal organisations exploit lax US gun laws, relying in part on straw purchases. A 'straw purchase' is when a person who is prohibited by federal law from buying firearms contracts a third party to buy them on their behalf. Because there is no limit on firearm transactions in many states in the US, anyone who can pass a background check may buy multiple military-grade firearms in a single visit – which they can then pass along to criminals.

Sometimes firearms traffickers do not even have to lie to purchase a weapon. Although licensed US firearms dealers must conduct background checks and maintain records, among other measures, unlicensed dealers at gun shows, flea markets and other private venues may sell guns without conducting a background check, inspecting a buyer's identification or documenting the sale in any way.

The business of violence can be highly profitable, and the American gun industry is cashing in, with US sellers and manufacturers arming both sides of Mexico's conflict. Research from the University of San Diego has shown that half of US gun dealers benefit financially from the US-Mexico illegal gun trade, to the tune of $127.2 million in 2012.

Meanwhile, manufacturers also sell weapons and ammunition to Mexican security forces as they fight well-armed criminal organisations. Between 2015 and 2016, US-based gun manufacturers signed nearly $276 million in commercial firearms deals with Mexico. Other US defence companies signed agreements worth more than $560 million during that period in planes, helicopters and other equipment to outfit Mexico's military and police.

The US government knows there's a problem. In February 2017, then-US Homeland Security Secretary John F Kelly and then-Mexican Interior Minister Miguel Angel Osorio Chong reportedly discussed the flow of guns across the border. Then-US Secretary of State Rex Tillerson highlighted the issue as an area of cooperation between the two countries during his visit to Mexico a few weeks later. And Trump even signed an executive order in February 2017 claiming he would 'strengthen enforcement of Federal law' related to illegal gun trafficking.

But if the Trump administration actually wants to solve the problem, it needs to change laws, not just enforce them. The same mechanisms that allow for guns to be trafficked within the United States – unregulated gun shows and online sales, bad actor gun dealers and laws that allow people to buy dozens of military-grade assault weapons and privately resell them without documentation – are the same mechanisms that make it so easy for Mexican criminals to arm themselves.

In the United States, trafficking guns is a high-profit, low-risk activity. There is no federal law against gun trafficking within the country, and although some convicted straw purchasers could get prison time, more often than not they merely face community service or a year of probation.

Many factors have contributed to violence in Mexico. The river of iron from the United States, however, plays a key role in the country's high death toll. Just as a multibillion-dollar border wall will do little to stop the tide of drugs coming into the US, it will do nothing to prevent military-grade weapons from pouring out of it.

If Trump is concerned about organised crime and violence in Mexico, he might want to address the United States' role in arming it. ◆

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Threats to journalists are now omnipresent

Journalists across the globe, and not only those in conflict zones, are increasingly endangered.

Nava Thakuria

AS we entered the second half of 2018, shocking news came from the United States, the professed home of free speech on earth.

A gunman stormed into the newsroom of a Maryland newspaper and killed five media employees, including editors, reporters and a sales person. The shootings at the *Capital Gazette* in Annapolis are a reminder that journalists across the globe, not only those in conflict zones, are increasingly endangered.

If the grand democracy of the US has recently turned dangerous for scribes, the world's largest democracy continues to uphold its status as a hazardous place for journalists.

India reported the murder of four journalists in the last six months, a pattern reflected in its troubled neighbour Pakistan where two have been killed in 2018. Bangladesh has seen the murder of one editor-publisher since 1 January, whereas other countries on the subcontinent have avoided murders of journalists.

India lost three journalists in mysterious accidents within 12 hours in Madhya Pradesh and Bihar states on 25 and 26 March. Sandeep Sharma was a dedicated 36-year-old *News World* reporter in Bhind, deliberately mowed down by a truck in the morning hours. He later succumbed to injuries in hospital. Sandeep used to contribute media reports against the sand mafia and had long received threats.

On the previous night, Navin Nischal and Vijay Singh were hit by a luxury vehicle in the Bhojpur locality of Bihar and died on their way to the hospital. The 35-year-old Navin, who used to work for *Dainik Bhaskar*, and 26-year-old Vijay, who was associated with a Hindi magazine, were riding on a two-wheeler when the accident took place.

Then, well-known Kashmiri journalist Syed Shujaat Bukhari was shot dead in Srinagar on 14 June by a group of militants. The proprietor and chief editor of *Rising Kashmir*, Shujaat earlier faced similar attacks in 2000 and 2006. The brave and outspoken journalist had since been provided government security. But this time, both of his security guards, Hamid Chaudhary and Mumtaz Awan, also died facing the bullets of violent Islamist forces.

Starting his career at the *Kashmir Times*, Shujaat shifted to *The Hindu* as its Kashmir correspondent. Later he established Kashmir Media House that publishes English daily *Rising Kashmir*, Urdu-language daily *Buland Kashmir* and Kashmiri daily *Sangarmal*.

Shujaat left behind his parents, wife and two young children. He was buried on Eid at the end of the holy Muslim month of Ramadhan.

Pakistan lost Anjum Muneer Raja, who used to work in Urdu daily *Qaumi Pukaar*, to assailants on 1 March. Raja, 40, was shot dead by the miscreants in Rawalpindi locality, while he was on his way home in the late evening.

The second case in Pakistan was reported on 27 March, when Zeeshan Ashraf Butt, a journalist from another Urdu daily *Nawa-i-Waqt*, faced bullets. Butt, 29, was allegedly targeted by the chairperson of a local government.

Bangladesh saw the murder of Shahzahan Bachchu on 11 June in its Munshiganj locality. Editor of *Amader Bikrampur*, Bachchu is thought to have been targeted by fundamentalists for his free-thinking comments. Various international rights bodies condemned his murder and urged the authorities to launch a genuine probe to find the culprits.

According to the Committee to Protect Journalists (CPJ), over 260 scribes were facing imprisonment in 2017 for their work. Turkey, for the second successive year, emerged as the country with the highest number (73) of reporters imprisoned, followed by China (41). South Asia reported the imprisonment of around 25 media employees, where Bangladesh has 10 people imprisoned followed by five in Myanmar. Besides imprisonment, many media persons are being abused and physically assaulted in different countries for their journalistic activities.

While international media rights bodies like Reporters Without Borders (RSF), CPJ and the International Federation of Journalists (IFJ) have called for justice to all slain media persons, the media fraternity in the Indian subcontinent continues to pursue an action plan to safeguard the journalists akin to military, police and doctors on duty.

They have raised their arguments loud and clear that if nations want journalists to do risky jobs in the name of public interest, their security along with justice must be ensured. ◆

Nava Thakuria is a journalist who has been covering northeast India for various local, national and international media outlets since 1990. He primarily writes on socio-political and environmental issues in the region, and has developed a special interest in media matters.

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Beyond suffrage: Indonesian women's activism

More than a century has passed since Putri Mardika, Indonesia's first ever women's organisation, was established, but similar challenges remain in the efforts to influence national politics to bring progress to all women.

Devi Asmarani

LIKE many countries with a colonial past, it was not suffrage that first ignited early women's activism in what is now Indonesia. Rather it was nationalistic aspiration and basic women's empowerment issues such as education and women's rights in marriage that mobilised the movement.

Indeed, Indonesian women's movement emerged alongside the nationalist movement under the Dutch colonial rule, and remained mostly a part of that movement for the first half of the 20th century until independence.

Education was seen as crucial in elevating women's status, so early women's organisations were mainly involved in activities such as literacy campaigns and courses on domestic sciences or sewing. Some also issued publications that disseminated ideas on women's emancipation.

The various women's groups only began to work together to achieve common gender objectives on 22 December 1928, when the first women's congress was held. Involving 1,000 delegates from 30 women's organisations, the congress aimed at discussing important gender issues and creating a united voice to represent Indonesian women.

It led to the formation of a national women's federation that lasted until the three-year occupation by the Japanese from 1942. But on the important issue of polygamy, the federation was split between the secular organisations that wanted to ban it, and Islamic associations that refused to condemn it. In the end, the women's groups agreed to set aside the issue and focus on the needs of the nation, a compromise that would continue for many decades to come.

On 17 August 1945, nationalists led by Sukarno, Indonesia's founding president, declared the independent Republic of Indonesia. It was followed by the struggle in subsequent years to maintain control over the archipelago as the Dutch tried to reclaim its colony.

But the new republic showed a clear democratic and egalitarian stance on gender, proclaiming in the 1945 Constitution that all citizens were equal before the law. This, however, did not always translate to gains for women's rights in practice.

Though women's organisations flourished in the 1950s, the emphasis on their role to support nation-building and as mothers continued to challenge efforts to assert individual rights. The organisations were highly diverse too, divided into religious, political party-affiliated, wives' or professional organisations, making it difficult to become a unified political bloc. In addition, the friction between religious and secular organisations over matters like polygamy continued.

So despite the political rights and political space, the post-independence Indonesian women's movement failed to capture the political agenda. Women were keen to vote, but few were elected. The campaign for a marriage law that would grant women more rights also continued to fail until three decades later – and even then the demand to ban polygamy was not met.

Under the three-decade New Order administration under the country's second president Suharto who came to power in 1967, the women's movement was subverted as the regime suppressed any vocal political opposition.

At the core of its ideology, the New Order expected women to perform their motherly duty to ensure social stability, implement development plans and reduce the high birth rate. Wives' organisations thrived, epitomised by the massive Dharma Wanita organisation for the wives of civil servants, whose activities were linked to the state-sponsored Family Guidance Movement.

But by the 1980s, new independent women's organisations emerged, many with a strong human rights bent. The women's non-governmental organisations included: Kalyanamitra, which focused on developing a centre of information and communication for women; the legal rights organisation for women LBH APIK; the Annisa Swasti Foundation, which organised women workers; Rifka Annisa, which worked on reproductive health issues; and Solidaritas Perempuan (Women's Solidarity), which worked to empower and organise women migrant workers. Their work was important amid continued government suppression of civil society.

The end of the New Order and Suharto's resignation in 1998 led to the growth of new women's organisations. There was more recognition for the importance of gender issues, as seen in the shift in the role of the Ministry of Women's Empowerment.

Suharto's fall had been preceded by race riots, during which dozens of ethnic Chinese women became victims. The tragedy mobilised women's groups to push for government accountability, leading to the establishment of the National Commission on Violence Against Women, or Komnas Perempuan.

Indeed, violence against women

became one of the most important fields of work for Indonesian women's organisations in the post-1998 period, helping unite women in pushing for crucial laws like the 2004 Law on Domestic Violence.

Another important legal initiative was the campaign for the 30% quota for women candidates imposed since 2003 on political parties contending in legislative elections. This and the introduction of direct regional elections provide more opportunities for women's representation in politics.

The last two decades of post-New Order democratisation have also given women more space to participate in public decision-making processes, to make planning and budgeting more gender-responsive.

But a lot remains to be done. Despite an increasing number of women holding top government positions such as Cabinet minister, supreme court justice and governor, politics has remained the domain of men overall. Political parties are still run under a system of highly patriarchal patronage and, in general, they do not show much interest in advancing gender equality.

In addition, the emergence of political Islam, increasing religious conservatism and widespread sharia-based bylaws of the past few years have posed a major setback for women across Indonesia. It has led to increasing efforts to emphasise women's domestic role, and to limit women's mobility and regulate sexuality.

More than a century has passed since Putri Mardika, Indonesia's first ever women's organisation, was established, but similar challenges remain in the efforts to influence national politics to bring progress to all women. Only when united in a massive and organised way – the way they were over the domestic violence legislation – can women's groups overcome these challenges. – *IPS* ◆

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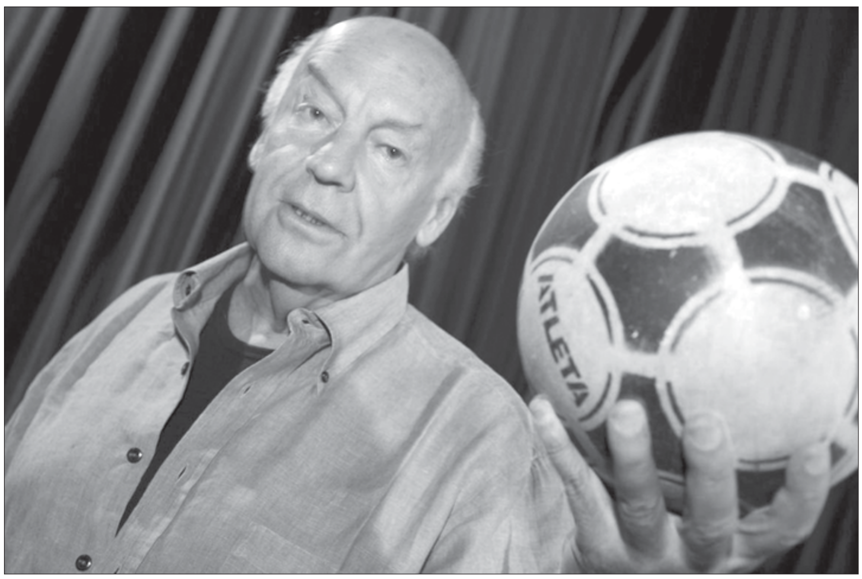
Looking at the World Cup through Galeano's eyes

The 2018 World Cup is now over but one of the most passionate lovers of the game – the Uruguayan social critic and activist Eduardo Galeano – did not live to see it. For him: 'The fiesta of soccer, a feast for the legs that play and the eyes that watch, is much more than a big business run by overlords from Switzerland. The most popular sport in the world wants to serve the people who embrace it. That is a fire police violence will never put out.' In this article, *Joel Sronce* attempts to use Galeano's writings as a guide to the game's darkness and lights.

'Years have gone by and I've finally learnt to accept myself for who I am: a beggar for good soccer. I go about the world, hand outstretched, and in the stadiums I plead: "A pretty move, for the love of God." And when good soccer happens, I give thanks for the miracle and I don't give a damn which team or country performs it.' – Eduardo Galeano, *Football in Sun and Shadow*



Eduardo Galeano: '[S]occer never stops being astonishing.'

THE 2018 World Cup is now upon us, promising to call forth heartaches, hallelujahs and wonder as part of a universal, even unifying passion. Yet the joy that millions take in it is polluted by foul, for-profit priorities, violent classism and discrimination.

As left-wing soccer fans plot a course between these duelling components, there's no better guide to navigating the game's darkness and lights than the late Uruguayan author and activist Eduardo Galeano.

Commitment to remembering

Galeano, whose work has inspired generations of revolutionaries, was a writer 'obsessed with remembering', he once proclaimed, 'with remembering the past of America and above all that of Latin America, intimate land condemned to amnesia'.

When a *Guardian* columnist asked him what's responsible for humanity's amnesia – for being blind, in Galeano's words, to small things and small people – the writer responded: 'It's not a person. It's a system of power that is always deciding in the name of humanity who deserves to be remembered and who deserves to be forgotten ... We are much more than we are told. We are much more beautiful.'

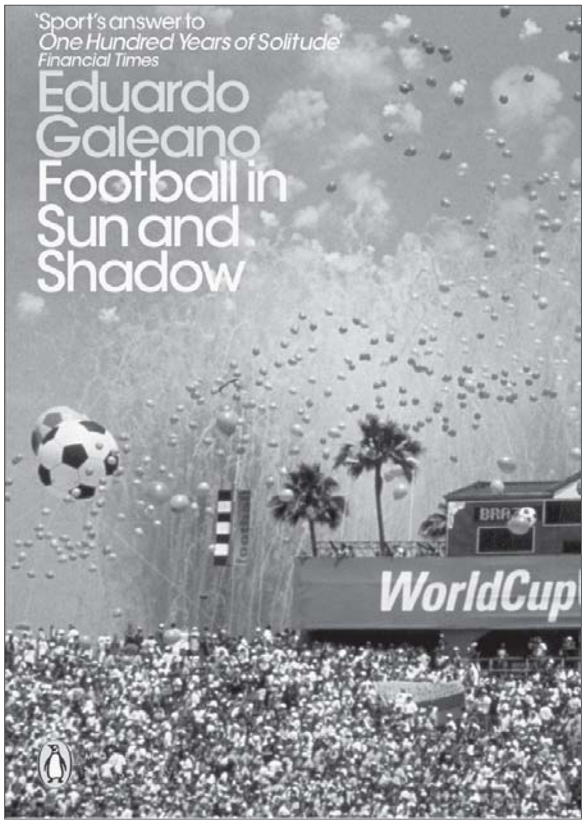
This understanding lit within Galeano a commitment to the importance of remembering – a fierce repossession of a kidnapped memory and consciousness. In an article honouring the late writer after his death, Khury Petersen-Smith wrote: 'Above all, Galeano was committed to remembering. His defence of what Howard Zinn called "people's history" was key to understanding a world that begs to be changed.'

Even what many consider Galeano's magnum opus is titled *Memory of Fire*. Writer Scott Sherman explains: '*Memory of Fire* is a kind of secret history of the Americas, told in hundreds of kaleidoscopic vignettes that resurrected the lives of *campesinos* and slaves, dictators and scoundrels, poets and visionaries. Memoirs, novels, bits of poetry, folklore, forgotten travel books, ecclesiastical histories, revisionist monographs, Amnesty International reports – all of these sources constituted the raw material of Galeano's sprawling mosaic.'

Galeano remembers soccer in the same way. His book *El fútbol a sol y sombra* (*Football in Sun and Shadow*) was first published in 1995. He calls the book an 'homage to soccer, celebration of its lights, denunciation of its shadows'. It shares *Memory*'s kaleidoscopic structure – its 270 pages contain 150 chapters, the longest of which is a few pages, the smallest no more than two paragraphs.

Here, the scoundrels are FIFA (soccer's governing body) monarchs like João Havelange and Joseph Blatter, guilty of transforming every player into an advertisement in motion, while prohibiting them from wearing any message of political solidarity; or Nike and Adidas, who lust after the commodification of passion and identity.

The poets are the game's rebels and dissenters: Diego Maradona, the disobedient rascal who protested the dictatorship of television over the sport and fought unflinchingly for players' labour rights; or the French star Raymond Kopa, a former coal miner, who led other French players to join the rebellion of May 1968 when Paris barricades rattled the world.



Galeano calls his book *Football in Sun and Shadow* an 'homage to soccer, celebration of its lights, denunciation of its shadows'.

The folklore is a penalty-kick save by Ernesto Guevara, not yet 'Che', on the banks of the Amazon in Colombia; the suicide of faded Uruguayan star Abdón Porte, who in 1918 shot himself at midnight at the centre of the Nacional Stadium; or the enemy fan who in 1937 buried a toad in Brazilian soccer club Vasco da Gama's playing field on a very rainy night, calling down a curse of a dearth of championships for a dozen years.

The Amnesty International reports are Amnesty International reports.

Mirror

For Galeano, sports were a mirror of all things. Reclaiming the muted history surrounding them – including the stories that maintain the fire of resistance and forge sports into a tool of hope – is inseparable from the fight for a better world. As Shaun Harkin wrote similarly in an article about the 2014 World Cup in Brazil, 'The struggle for the soul of football is synonymous with the struggle for the kind of society we deserve to live in.'

Football in Sun and Shadow reconstructs a people's history. The historical perspective through which Galeano heralds each World Cup – from the first in 1930 through 2010, the last one written about for the 2013 edition before his death in 2015 – is of paramount importance for reclaiming what, and who, deserves to be remembered.

In introducing the 1954 World Cup, Galeano writes, 'While in Switzerland, the national anthems of sixteen countries were being sung to inaugurate the fifth World Cup, in Guatemala, the victors were singing "The Star-Spangled Banner" and celebrating the fall of President Arbenz, whose Marxist-Leninist ideology had been laid bare when he touched the lands of the United Fruit Company.'

Similarly, Galeano remembers that, as the 1978 World Cup got underway: 'Domitila Barrios and four other women from tin-mining communities were launching a hunger strike against Bolivia's military dictatorship, and soon, all Bolivia would be on a hunger strike: the dictatorship was falling. The Argentine military dictatorship, in contrast, was enjoying good health and, to prove it, was playing host to the eleventh World Cup.'

Galeano remembers that a few miles from Buenos Aires's Monumental Stadium, 'prisoners were being thrown alive from airplanes into the sea'. He remembers that 'special guest Henry Kissinger predicted, "This country has a great future in all ways"'.

Yet Galeano's book isn't only a stage-setter of broader political and historical contexts, but an homage to the people who play and beautify the sport: children, poor and working-class players, the game's rebels and political figures, those whose daily struggle preserves the soul of soccer and makes it worthy of a celebration of its lights. Even some of the working people whom others might call the scoundrels receive Galeano's sympathy – they are products of an environment that itself must receive the blame.

Galeano advocates for a sport and a world where its greatest athletes aren't 'pressed by the law of productivity to win by any means necessary'. He laments how 'many anxious and anguished players become running drugstores' and how fans' violence 'grows in direct proportion to social injustice and the frustrations that people face in their daily lives ... tormented by a lack of jobs and lack of hope'.

Galeano points his finger up the social hierarchy, at the shadowy figures who exploit the game and its fans in the name of wealth, as well as at global capitalism itself.

'The morals of the market,' Galeano writes, 'which in our days are the morals of the world, give a green light to all keys to success, even if they're burglar's tools. Professional soccer has no scruples because it is part of an unscrupulous system of power that

Uruguayan supporters at the 2018 World Cup in Russia. Soccer's 'allure... comes from the joy and sorrow of the fans who love and embrace it'.

buys effectiveness at any price.'

As the book comes to a close, Galeano concludes his own duelling views of the sport he loves: 'A bit of insanity worthy of a better cause? A primitive and vulgar business? A bag of tricks manipulated by the owners? I'm one of those who believe that soccer might be all that, but it is also much more ... Professional soccer does everything to castrate that energy of happiness, but it survives in spite of all the spites. And maybe that's why soccer never stops being astonishing.'

Into present times

Galeano believed in memory 'not as a place of arrival, but as a point of departure – a catapult throwing you into present times, allowing you to imagine the future instead of accepting it'.

He passed away in 2015, so this is the first men's World Cup after his death. But remembering his conviction, we can catapult Galeano's own approach into the present. We can imagine how he would have set the stage of the 2018 World Cup and consider what's important to remember about the people's history happening around us:

His blatant racism and bigotry were not enough to keep Donald Trump from being elected President of the United States. Around the world, right-wing regimes were scurrying after his shadow, while working people were rallying in resistance.

Syria was suffering as a battleground for imperial powers, while those same powers were keeping its chances of democracy, as well as its refugees, at bay. Transnational solidarity was reverberating in movements for justice; when Brazilian socialist Marielle Franco was assassinated in the streets of Rio de Janeiro, signs in the protests that followed were demanding: Vidas Negras Importam.

In the United States, a player of a different kind of football was taking a knee in order to stand with the oppressed, and his stance was receiving international solidarity.

Israel was maintaining its ethnic cleansing, massacring scores of Palestinians who were calling for their right to return to their homeland, while it was blaming the victims' deaths on anything but its own apartheid state. And yet a week before the World Cup got underway in Russia, the Argentinian team was sending a message that the Boycott, Divestment and Sanctions movement was gaining ground.

In 2014, when protests erupted in Brazil due to the corruption, profiteering and impending collateral damage that went with playing host to that year's World Cup, Galeano released the following statement:

'As far as I'm concerned, the explosion of indignation in Brazil is justified. In its thirst for justice, it is similar to other demonstrations that in recent years have shaken many countries in many parts of the world.

'Brazilians, who are the most soccer-mad of all, have decided not to allow their sport to be used any more as an excuse for humiliating the many and enriching the few. The fiesta of soccer, a feast for the legs that play and the eyes that watch, is much more than a big business run by overlords from Switzerland. The most popular sport in the world wants to serve the people who embrace it. That is a fire police violence will never put out.'

As this World Cup gets underway, let's borrow a page – let's borrow every page – from Galeano's book.

Let's reclaim the memory of who is worthy of celebration, and be undeniably visible on the side of what's worth fighting for. Let's celebrate the ways in which soccer remains a sport of the people, maintains its energy of happiness – and most of all, let's actively remember the people's history that surrounds the beautiful game.

Let's resist the status quo demanded by those who exploit the soul of modern soccer, yet refuse us a better history, a brighter present and future. The FIFA monarchs and bureaucrats, the TV contracts and advertisements, the anthems and nationalism – they do nothing to make the game beautiful.

Its allure comes from its drama, its elegance from the awe-striking expressions of human potential displayed by those on the field, even those paid by the millions. And far more than that, it comes from the joy and sorrow of the fans who love and embrace it.

After all, we *are* much more than we are told. We are much more beautiful. ◆

This article is reproduced from SocialistWorker.org (http://socialistworker.org/2018/06/14/looking-at-the-cup-through-galeanos-eyes).

TRIBUTE

A portrait of Felicia Langer

Felicia Langer, a Holocaust survivor who dedicated her whole life to fighting for the Palestinian cause, died in June this year. She was one of the first Israeli lawyers to defend Palestinian political prisoners and for this, she was vilified, ostracised and even threatened with death. Despite this, she continued her fight in Israeli courts for her Palestinian clients for some 23 years until 1990 when she finally decided to close her legal practice. Explaining her decision to cease legal practice, she said 'I realised that all this time, by bringing Palestinians to the courts, I had been legitimising the system, but the system had not brought the Palestinians any justice. And I decided I couldn't be a fig leaf for this system anymore.' She emigrated to Germany where she received many international awards as she continued her fight for the Palestinian cause until her death at the age of 87. To mark her passing, we reproduce below a profile article that was first published in 1998.

Faiza Rady

A BEAUTIFUL, petite woman with intense blue eyes, Felicia Langer radiates extraordinary strength and determination. She needs to. Langer, an Israeli of Polish-Jewish origin who is married to a Holocaust survivor, spent close to 23 years of her life working as a defence lawyer in the Occupied Territories, representing Palestinian political prisoners. Though she now lives in self-imposed exile in Tübingen, Germany, where she lectures at the university, her life is still dedicated to the cause she first took up in 1967.

Back in Jerusalem to address a conference, Langer has lost none of her disillusionment with the policies of the state.

'The failure of the peace process was already inscribed in the Oslo Accords,' she said. 'The "peace of the brave",' she added bitterly, 'brought the Palestinians the Israeli bulldozer.'

Bitterness and anger at continuing Palestinian dispossession by Israel are not new emotions to the 68-year-old lawyer. Her autobiography, aptly entitled *Fury and Hope*, expresses her alternating states of being as an Israeli who has adopted the Palestinians' suffering as her own.

Fury at the senseless killings of Palestinian resisters, the razing of entire villages, the bulldozing of houses, the wide-scale confiscation of land, the thousands of administrative detention orders slapped on Palestinian youths – but most of all, rage at the continued occupation of Arab land and the denial of the Palestinians' as-

Felicia Langer (1930-2018).

pirations to national self-determination, which has precluded any hope for the establishment of a Palestinian state and peace between the two peoples.

'How do you define your love of country?' a journalist from the Israeli daily *Hadashot* asked Langer some years ago. 'My love of country fulfils itself in hatred of the occupation,' she replied, without a moment's hesitation.

Fury and rage are powerful emotions running as a leitmotif through Langer's tale, motivating her work as an act of resistance and defiance, and defining her solidarity with the struggle of the Palestinian people.

Born in Poland in 1930, Langer fled her native country for the Soviet Union after the outbreak of World War II. Returning to Poland after the war, she married Mieciu Langer, a Holocaust survivor. Unimpressed with Zionism and happily settled in Poland, the young couple emigrated to Israel in 1950 for personal reasons – Langer wanted to join her mother, who had settled there.

Deeply disturbed by the racism and class-based inequalities inherent in Israeli society, both Langer and her husband joined the Israeli Communist Party, which offered them an alternative vision and a channel for political activism.

'1967 was a hard winter, as if nature wanted to add to the catastrophe that had befallen the Palestinians,' recalls Langer in her autobiography. By then, she had decided to 'become active'; having resigned her job in a Tel Aviv law office, she established a private practice in Jerusalem to assist Palestinian political prisoners.

Her first clients that winter were an imam and his wife whose son had been jailed in Hebron for 'membership in a Palestinian resistance organisation'. As he explained the case to Langer, telling her how he had fetched his son's blood-stained shirt from jail, the man's eyes suddenly filled with tears and his wife broke down, sobbing. 'There was silence in the room ... And what I feared, happened: tears came to my eyes, and instead of radiating authority, strength and confidence, I cried with them. So there we sat, three adults crying over the fate of a tortured son.' Looking back on this episode, Langer believes it was necessary to break down the barriers between her and the people she wanted to represent – 'creating a bond of trust and closeness, crucial for both sides'.

Over two decades of representing Palestinian political prisoners in the Occupied Territories, Langer relentlessly worked at consolidating this bond in solidarity with the Palestinian people. In effect, a major part of her autobiography consists of documenting cases of flagrant Israeli human rights violations in Palestine. Recording the history of the occupation, the writer testifies lest people should ever forget. Since the early days of her work as a defence attorney, Langer has turned to writing – writing everywhere: in taxis, in prison yards while waiting for her clients, she used the written word to express her personal anguish at the effects of the occupation.

Throughout her 23-year-long struggle against the Israeli military court system, Langer was driven by a stubborn sense of hope, seemingly against all odds. Motivated by the powerful need to crack the system open – even if only fleetingly – so as to be able to defend her clients beyond the available token legal manoeuvres, Langer relentlessly fought her way to the Israeli Supreme Court time and again. Basing her claims on the legality of binding international treaties, Langer cited countless violations of the Geneva Conventions – to which Israel is a signatory – fighting an uneven and usually losing battle, with a few notable exceptions.

Overturning Bassam Shaka's expulsion orders in November 1979 was such an exception and counted among Langer's most important victories – 'the most important of all', she recalls. The celebrated nationalist mayor of Nablus, Shaka had been one of the most vocal and vehement opponents of the Camp David Accords. As a result, the military governor of the West Bank accused Shaka of inciting terrorist attacks and sheltering their perpetrators, arrested him and signed an expulsion order against him. When the Supreme Court overruled the mayor's deportation, the whole town of Nablus celebrated along with Langer, who at that time was briefly able to believe that 'reality may sometimes surpass our wildest dreams'.

But the joy was to be shortlived. Shortly following the Nablus celebration, a Jewish terrorist group booby-trapped the mayor's car. Barely escaping with his life and gravely injured, Shaka's legs were amputated. As Langer left her friend on his hospital bed in Nablus, he told her: 'I am here and the struggle is just beginning.' 'What stuff are you made of, Bassam?' she wondered as she left the ward.

Yet Langer herself is made of equally 'strong stuff'. An extraordinarily courageous and resilient woman, she kept on working despite appalling conditions, social ostracism, death threats and even physical assaults.

In 1968, when Langer first started publishing articles in the Israeli press to denounce the occupation, she was castigated by the average Israeli. She became an outcast and an alien.

It all began with the demolition of Hamdi Tukan's house in Nablus. Tukan's father had shown Langer the bulldozed concrete rubble in the midst of which she could still see the vestiges of flowers stubbornly sprouting among the debris.

Standing on the Nablus hills overlooking the ruins, Langer felt an overwhelming urge to tell Tukan that 'this was not the only face of her people'. She did so in an open letter addressed to 'my brother Hamdi Tukan', published in the Arabic-language weekly *Al-Ittihad* and the Hebrew *Zo Haderech*. 'The day would come,' wrote Langer, 'when Tukan would be able to build a new house and plant new flowers that will bloom with a myriad of colours.'

The reaction to Langer's article was swift and to the point. Returning home to Tel Aviv from her Jerusalem office one night, she was startled by a growing commotion coming from one of her neighbours' balconies. 'Look at her, look at this piece of shit, this traitor. This dirty Arab is her brother! Let her go to Nablus, we don't need her here,' a woman screamed at Langer.

'I went out to my balcony with Michael [her son] who had turned white. My neighbours' faces were distorted by a hatred I had never seen before. I tried to say something, but my words were drowned out by a flood of insults and hysterical screams. "Get out of this house," they shouted, "we won't stand for you to live here. You want to plant flowers for this Arab? You can have some of these here on your grave." And they pointed to the well-kept flower beds growing in my part of the yard.'

Throughout the years, recalls Langer, her every step was followed by piercing hateful stares, accompanied by the occasional insult. 'I walked by with my head held up high, although each and every time something inside me would shrivel,' she wrote. 'When I was lucky, I didn't bump into those groups of youths who would spit in my direction whenever I walked by.'

More ominous than the daily harassment and aggression were the occasional death threats. 'We are a terror organisation against those responsible for terrorist acts. If you don't stop working, you will have a bad and bitter end,' warned a sinister voice over the phone on a warm June night in 1974. Ten years later the message was much the same, though more political in tone. 'Felicia Langer is a PLO whore. The day of your death is near,' the Jewish Defense League, a fascist terrorist group established by Rabbi Meir Kahane, spray-painted on the door of Langer's Jerusalem office.

Beyond the humiliating daily wear and tear of social ostracism and the real fear for her life, Langer was constantly harassed by the authorities. From denying and delaying her right to consult and meet with her clients, to dismissing her petitions, to overruling her defence arguments in court, her work was obstructed at every step of the way.

But slapping down her clients with inordinately severe prison sentences was the most dramatic way of punishing the Israeli lawyer for defending Palestinian political prisoners. Langer recounts the case of one client, Tawfik Aharam, who was sentenced to 10 years in jail for membership of an 'illegal terrorist organisation'. Since Aharam had never actively opposed the occupation, his sentence should not have exceeded two years. 'My client's father was probably right when he told me: "Felicia, you are the one who is being sentenced here",' she recalls.

In Aharam's case, as in similar cases, Langer appealed such sentences with a measure of success. Determined to defend her clients and often driven by the sheer will to survive, Langer bravely continued to fight her battles against the occupation – until 1990, the third year of the Intifada.

During the Intifada the military court system had broken down completely, becoming a total travesty of justice, with hundreds of prisoners herded into daily sentencing sessions lacking even a minimal decorum. Said Langer: 'They made justice into a farce and I refused to provide them with a stamp of legality ... They still hadn't understood that nothing matters when a people fight for their freedom, which to them is dearer than life.'

She goes on, 'I was supposed to represent clients I had never met before, so I could not prepare myself to defend them. It came to the point where I was no longer physically able to walk into a courtroom and address the judge as "your honour", I felt I just couldn't say the words anymore. As a gesture of protest I closed my Jerusalem law office and left the country.'

Are things any different now? 'Absolutely not,' replies Langer vehemently. Her visit to Jerusalem has merely reinforced what she knew and felt already. 'The time has come to tell the truth about the myth of the Israeli system of justice. Since 1993, Israeli forces have killed and injured hundreds of Palestinians, destroyed the homes of over 500 families, taken away the rights of over one thousand people to live in Jerusalem, arrested, imprisoned and tortured thousands of people, leaving other thousands homeless.'

If anything, the rate at which Palestinian dispossession is proceeding has increased since the Oslo Accords. 'The pace of settlement has actually spiralled since then,' says Langer. 'The Labour government headed by Nobel Peace Prize recipient, Yitzhak Rabin, provided three times as much financial support for the building of settlements in the Occupied Territories as the Likud coalition government had done in the past.' ◆

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Jibanananda Das (1899-1954) was a Bengali poet, writer, novelist and essayist. Though overshadowed by literary giants like Rabindranath Tagore, he has over the years gained recognition as one of the greatest poets in the Bengali language.

Twenty years later

Jibanananda Das

If I meet her again twenty years from now!
Again in twenty years –
Beside a sheaf of grain, perhaps,
In the month of Kartik –
When the evening crow goes home – the yellow river
Flows softened through reeds, *kash*-grass into the fields!

Perhaps no grain is left in the field;
There is no need for haste.
Straw from the nest of the goose,
Straw from the nest of the bird
Is scattered – night, winter, dew at Mania's house.

Our life has traversed decades –
If suddenly I meet you again on a country road!
Perhaps the midnight moon emerged from behind massed leaves,
Slim dark branches across its face,
Sirish or plum
Casuarina, mango;
Then after twenty years I think of you no more!

Our life has traversed decades –
If we suddenly meet again on a country road!
Then, perhaps, the owl ventures down to the field
In the darkness of the acacia lane,
In gaps of the peepul windows –
Where does it hide itself?
Descending as quietly as eyelids, where do the kite's wings rest –

Golden, golden kite – the dew has hunted down the kite –
Twenty years from now, if suddenly I meet you in that mist!

Translated by Mary Lago and Tarun Gupta

month of Kartik: a fall month overlapping September and October. In the ancient and exact Bengali calendar, the dates of the month change according to lunar calculations.

kash: long stemmed grass that in the fall bears beautiful white flowers which throw a cloud-like sheen along the river banks and the edges of rice-fields in Bengal.

sirish: a Bengal tree that blazes with massive red flowers in the spring and summer months.