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The Path to Full Employment An Interview with Robert Pollin By Laura Flanders

“High structural unemployment, increasingly lopsided income distribution, spreading poverty, the most savage farm crisis since the Depression, plant closings, unparalleled levels of military spending and the full-throttle attack on unions and workers’ rights...”

That’s how economist Robert Pollin and CounterPunch’s own Alexander Cockburn described the state of the US economy in 1987. Then, as now, an election loomed and politicians and their pals were hawking paltry, tinkering plans for national renewal, “disinclined to say much about the malfunctioning of the capitalist system.”

“Unfortunately the issues in 1987 were not very different than the ones in 2012,”

wrote Pollin this week. On the positive front, Cockburn’s favorite economist is out with a new book called simply *Back to Full Employment*.

The Federal Reserve can grow employment – and workers’ negotiating power – without the need for new legislation, writes Pollin. What we need is a popular movement that makes full employment a moral imperative.

Robert Pollin is a professor of economics at the University of Massachusetts, Amherst and he is the co-founder and director of the Political Economy Research Institute (PERI). I had a chance to talk with him last month in New York. You can watch our conversation, in full, at GRITtv.org. *Back to Full Employment* is published by MIT Press.

Laura Flanders: *Is it fair to say that unemployment during the Barack Obama years has averaged around about 9.5 percent?*

Robert Pollin: For the first three years of the Obama administration unemployment in the US averaged 9 percent. In the last six months, it has been a little less. It’s probably 8.8 percent for the official unemployment rate for the full three and a half years of Obama’s presidency. The real number would be closer to 16 percent. I could make a decent argument that even that number understates it. A better number would probably be closer to 20 percent

In terms of full employment, what’s a reasonable goal? When are we fully employed as an economy?

I think a reasonable goal is below four percent by the official measure. The reason I think that’s a reasonable goal (although I would like it lower) is that we have a lot of evidence that if you get

FLANDERS CONTINUED ON P. 2

Vietnam Today Passing from Communism By Gabriel Kolko

Success in introducing “market socialism” in both China and Vietnam has gravely undermined what is nominally left of the phenomenon called “Communism.” The pattern which began in Vietnam after 1986, when the International Monetary Fund (IMF) and World Bank began to fill in the enormous analytic void always present in Marxist-Leninist theory, has now become a crisis in the system of power. The Communist Parties in both Vietnam and China (although I will confine myself to the former, the Chinese experience is relevant to the route Vietnam embarked on) managed to steer themselves through the shoals of reality, which included – fortunately for them – an opposition in

Saigon that was consummately venal and weak. But since then its inherent weaknesses have emerged, until today Vietnam and China face crises very much like those that caused the Soviet Union and its entire East European bloc to capsize after 1991.

The American war against Vietnam was extremely unjust and in the end, though they won most battles, the Americans lost the war. If the Vietnamese Communists lose the peace, as they are now well on their way to doing, this in no way justifies the terrible things the US did. I only wish I did not have the following to report. In the end, Vietnam is one more tragedy in world history over the past century. Every one of them was

deplorable.

In 1997 I published a book on Vietnam since the end of the war with the United States and its surrogate in Saigon. Much of it was based on seven trips to North and South Vietnam, which always included long meetings with senior Party leaders—up to Politburo members—until in 1987 our profound differences made a return to Vietnam too difficult. Having never been a Marxist-Leninist (the Vietnamese we met knew that), or impressed by the Party’s ideological acumen, it remains a bit of a mystery to me why they listened to my wife and me as long and carefully as they did—save that there was an immense philosophical gap (there was ample rhetoric but that was useless) and we partially filled it.

The Politburo has power but it lacks the requisite knowledge to manage the complex world of economics in such a way as to fulfill its essentially vague, but nominally equalitarian, ideology. Soon,

KOLKO CONTINUED ON PAGE 5

below 4 percent officially, that starts to change the dynamic of the labor market such that workers have more power and they can bargain up wages. As recently as the late 1990s, the official unemployment rate fell below 3.9 percent and wages started to rise rapidly especially for people at the low end of the labor market.

So, why is it when news of your book came across my table I thought – full employment? I haven't heard anyone talk about full employment for decades! These days politicians are only talking about how we can get a few extra people employed. If this was reality not so long ago, why does the concept itself seem so foreign today?

Well, the notion of full employment being something that is not even in the discussion resulted from the neoliberal revolution. There are a lot of ways we can characterize the rise of neoliberalism but in my opinion, if you had to pick one thing that characterizes the neoliberal revolution it's the abandonment of a commitment to full employment as a macroeconomic policy goal. It was quite deliberate.

The idea that you would be committed to full employment came out of the Great Depression (with Keynesian economics) and was fought over. You have different variations on it and countries were more or less committed, but that

idea was central not only to policy but to the economics profession. That's what we thought macroeconomics was: "How do you create a full employment economy and sustain it?"

And then in the 1970s you had a neoliberal revolution. In the economics profession they called it "rational expectations". They said that government is incapable of achieving full employment – they could prove it mathematically – and the only thing that the government should be doing at the macroeconomic level is controlling inflation. In terms of jobs – everyone go out and get a job.

That, in a nutshell, is what mainstream macroeconomics really descended to; one of the greatest surrenders, I think, in all of intellectual history.

We had some basic tools (they were proved), coming out of Keynesianism: to run an economy at a level of fundamental decency, you try to achieve full employment. They tossed it all away and for thirty-five years the mainstream of the profession didn't even bother with it.

But didn't we have a globalizing economy? Wasn't unemployment an inevitable result of the ability of corporations to rush to the bottom, to outsource, and to find the cheapest workers around the world?

Yes, that certainly has been part of the dynamic and it has changed the nature of the labor market. Corporations can and do say to workers in the US and other wealthy countries, we don't need to pay you; we're just going to do the work in China.

Now let's assume that's part of the dynamic, it's still nevertheless the case that in 1998 we had 3.9 percent unemployment and wages were going back up. The level of globalization then was basically the level that we have now, and I would also add – and this is an issue that some of my leftist dear friends don't agree with me on, but I'll add it – we also had a big trade deficit in 1998. The notion that we cannot get to full employment unless we get rid of our trade deficit is wrong (that is, that we're importing more than we're exporting, therefore we should be very aggressive against developing countries themselves exporting into the US...) The evidence says that we don't actually need to do that to get to full employment. We just need to stimulate the domestic economy.

In the 1990s, people will say, that was a dot.com and then a financial bubble....

Do you really want to do that again?

No. The real challenge is to think of some other engines of growth in the economy other than financial bubbles that will enable us to run an economy at a sufficiently high level of growth with stability, but also to increase the relative labor intensity in the economy. That is, for the amount of dollars government and private businesses all spend, we would increase the ratio of money spent hiring workers as opposed to spending on everything else.

I'll give you a million dollars and let's say for the moment you're government. If you're government with a million dollars what do you do with it?

There are big differences in how many jobs you create according to what you spend it on. One of the big things government does is spend money on education, which is a very good source of job creation. For a million dollars spent on schools, public or private, you'll create twenty-seven jobs.

Government also spends on the military. If the government spends a million dollars on the military, you'll create about eleven jobs. So this is actually a huge difference. You create two-and-a-half times more jobs spending on education than the government does spending on the military. If you were only concerned about job creation, you would be shifting the money out of the military and into education to create more job opportunities.

One argument you hear about the military is okay, you may be right, but we have the military. To shrink it would be to increase unemployment wouldn't it?

Well, right now we are also laying off a whole lot of teachers, a whole lot of nurses, a whole lot of firefighters because state and local governments (the main source of employment in those areas) and public services are facing austerity budgets and they're laying off people. If we have a choice of one or the other then we should be moving money out of the military and into supporting state and local governments. After all, we have supposedly ended the Iraq war; we are supposedly ending the combat in Afghanistan, the budget this year we got for those two wars is \$88 billion right there and that's with the Iraq war over. We could take a big chunk of that. The total budget deficit of all state and local governments today is in the range of \$100 billion. So, those

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two wars could fund almost all the budget deficits of all the states and stop laying off teachers, stop laying off nurses.

Sticking with government for just a moment, Barack Obama came into office with majorities in both houses. He had an economic crisis on his hands. What happened?

Well, by the standards of history, the Obama initiative was quite substantial in terms of a stimulus program. They did \$800 billion over two years of stimulus for job creation in addition to the bailouts (yes, bank bailouts, General Motors bailout, Chrysler bailout); they did do a lot relative to what anyone had done before, since the 1930s. The problem was that the magnitude of the crisis was greater than what Obama's advisors were telling him. So the stimulus, though unprecedented in size, was too small. And, yes, the fiscal deficit is also unprecedented in size.

Was it just a matter of scale or wasn't it also substance? Obama was not employing people in direct government jobs programs as FDR had done.

That's right. A very large share of the stimulus program was tax cuts. Another large share was for the government to incentivize business for private investment. I was a consultant in the green parts of the stimulus program in the Department of Energy, and we did have a big problem. There was more money devoted to green investment than had ever been committed. Close to \$100 billion. There has never been anything close to that in US history. The problem was exactly as you said, most of it was incentive for private investment. We didn't have the administrative capacity to operate the green stimulus policies adequately, so it didn't really achieve that much. When the money went out you did create jobs, but a very low percentage of the money actually went out.

As far as I can see you give the private sector a million dollars and they hold on to it. I mean, they have cash holdings – you count them up in your book – How much cash is right now being – you used the word “hoarded?”

This actually is historically unprecedented. The private, commercial banks are presently holding \$1.6 trillion in cash. I'm not saying treasury bonds; I'm not saying safety-buying Brazilian bonds (which they also are doing). I'm saying cash at the central bank, which

amounts to 10 percent of US GDP, and this is money they get for free because the Federal Reserve has a zero interest rate policy for the banks. They can get essentially free money and just pile it up. The Fed actually pays them one quarter of one percent to keep the money at the Fed.

I'm actually not against the zero interest rate policy as a first step, but then the Fed has to push the banks to put the money into the economy.

Why are they holding it?

They say they don't see opportunities. They think the economy is too risky. They're making money by sitting on it, and they say, “If we saw big profit opportunities we would be investing.”

It's true, there is a high level of risk, especially with small businesses, and that's why the Fed and the government have to take the initiative to force the banks to do this.

It goes back to the question of the ob-

“There's nothing unhealthy about running a big fiscal deficit in a recession.”

stacles to full employment. Are they global and economic in nature, or is it just plain old politics and resistance? For one thing, would full employment be bad for business? I could hear some CEOs saying we don't want labor to be as empowered as you suggested they've been in moments of high employment.

This is an old argument. I did talk about it briefly in my book; the idea that full employment gives workers too much power and the businesses don't want it. This idea goes back to one of the greatest economists (a contemporary of Keynes), Michael Kalecki, a Polish socialist economist who wrote this brilliant article. I think it's the best six pages ever written in economics. Kalecki says, yes we have the technical apparatus and we know how to achieve full employment but that doesn't mean we're going to get it under a capitalist economy. The article was called “The Political Aspects of Full Employment” and he said what you just said, business will resist it because it's going to empower workers and that's bad.

On the other hand, Kalecki also acknowledged that a full employment economy also means that the economy is

growing. It's bigger, and that creates more market opportunities. You have a healthier market so businesses can make money even if their profit rate (their share of their overall activity) gets squeezed a bit because workers' wages are going up. Even so, there will be more opportunity for business because markets have expanded. That becomes the central tension in trying to understand the nature of a full employment economy.

You say even with immigration, even with globalization, mechanization and all the other things, we know how to at least hugely grow employment? By doing what?

Well, step one, to grow employment today would be to take the \$1.6 trillion that the banks are sitting on and force-feed that money into the economy. We could start doing that tomorrow. We don't even need any legislation. The Fed could do it on its own.

We have these things called Minimum Reserve Requirements, which are the minimum levels of cash reserves the banks have to hold to be safe. Conservative economists have advanced this idea (it's not just my idea), of a Maximum Reserve Requirement.

They've got \$1.6 trillion. How much do they really need to be super, super, super safe? My number was \$600 billion. That still leaves a trillion, and they could still get more money for free. When you have unused resources in the economy, you can pump money into the economy and you'll create jobs right away.

All right, so, a maximum holding limit...

Yes. And then step two, because the banks say there's too much risk in the economy. Small businesses are applying for loans and are getting turned down at an unprecedented rate even though the banks are sitting on this money. Step two then: the US government has a very extensive loan guarantee program. Today \$870 billion are guaranteed in some way by the government. That's about 4 percent of all outstanding loans in the whole economy. Extend the loan guarantee program that applies to small business. The Small Business Administration now gives out loan guarantees, but the amounts are too modest. Make that a big program. This can be done at pretty low cost for the government.

The third step is, we do have to have another stimulus program. We do. And that's also very, very easy to do because

all we have to do to start is to reverse the austerity of the state and local governments. My own university was bailed out. We faced this huge deficit. I was on the university budget committee. We had a \$50 million deficit and we were talking about how we were going to impose austerity. I would go to meetings, and people would actually break down and cry about what was going to happen. All of a sudden, under the first Obama stimulus for local and state governments, we got \$50 million. It works.

You've talked about a way to replenish some of those public revenues...Robin Hood comes to mind.

Right. So we need to run a fiscal deficit now. There's nothing unhealthy about running a big fiscal deficit in a recession, which we are still in. Over time we do have to come up with more tax revenues, and the first place to start is to tax Wall Street.

Unlike sales taxes (what we all pay when we buy a TV set or a stick of chewing gum or whatever – we pay sales taxes on these things – 6 percent.) Wall Street, the trillions of dollars that trade go completely untaxed.

The idea of taxing Wall Street is a very

old idea. It actually started with John Maynard Keynes in 1936 in his famous book *The General Theory*. It has been debated a lot. We know how to do it. It's been done. Britain has a version of it. The seven fastest growing financial markets in the world including China, Russia, Korea, Indonesia, all operate with a version of a financial transaction tax. In the US we also have one. It's very, very tiny. It finances the Securities & Exchange Commission. According to my recent research with my colleague James Heinz at UMass, a very modest tax on all financial transactions – stocks, bonds, and all derivatives – would raise \$350 billion a year, even if you assume the trading falls by 50 percent.

Where does the administration, the Obama administration stand on this?

Against. They're against it.

Who's in favor of it?

Well, there are some Democrats, Senator Harkin and Representative DeFazio do have a bill, but it's much more modest. My own proposal follows the British example, which is one half of one percent for stocks, .155 percent for bonds, and .005 percent for derivatives. I can get into the logic, but the point is, the tax rates start where you have a tax on stock transactions in a comparable market in Britain, that's the beginning of my logic. And by doing that, following that logic, it's simple – you will get \$350 billion a year.

Final thought. You've talked about a social movement. We just saw the people of Wisconsin vote in favor of keeping Scott Walker in office, their anti-labor governor. In part because they didn't like recalls, but in part, it has to be said, because many union families bought into the idea that public workers have bloated the economy; that public spending is at the root of all of our crises. How do we turn this around and how do you sell the argument that you're making here today, that full employment is a goal that works for everybody. Is it really?

Full employment is a goal that works for everybody, and the argument about the overwhelming burdens being placed on the rest of us by public sector workers is just simply flat-out false. I wrote an article in *The Nation* just reviewing some simple evidence. This notion that pensions of public sector workers are gigantic is just false. The average public sector pension is \$40,000 a year. That doesn't

sound gigantic to me

The incredible thing that the Right has been able to do in this crisis is to shift the focus away from the obvious source of the crisis, which is Wall Street and the financial markets. It couldn't be more obvious, but they've managed to make it seem like the problem is with teachers, or the problem is with nurses getting too much, having excessive pensions, and that their wages are too high. That is just false. If you control for age and educational levels (which are the kinds of things through which wages get set), public sector workers make less than private sector workers. So, there's not even a serious analytic point to discuss here, it's purely political.

So, how do we get from here to somewhere better? I spoke to Peter Edelman not so long ago and he has done the numbers. More than half the jobs in America, he says, pay less than \$34,000/yr. We have 103 million people living in poverty or near poverty, six million on just food stamps as their only income. Yet the debate in Washington and even the discussion in our media is so far from talking about full employment, it's hard to imagine a greater distance. How do we at least close the gap, and do you have hope that another Barack Obama administration, another Democratic administration will take another look at all of this and do things differently?

How do we close the gap and get a discussion on full employment going? First of all, it's beyond the Democrats. It's beyond Barack Obama. Yes, we can complain – I do complain – about Obama, but really there has to be a social movement beyond Obama to create pressure to advance a full employment agenda. A full employment agenda is not just about jobs *per se*. It's as you said, the level of well-being has fallen so dramatically that a fullemployment economy will empower workers. That's why a lot of businesses don't want it in the first place.

You have to have a struggle around that and it will raise wages. We know that. It does every single time. I have worked on the idea of living wages and living-wage campaigns in many cities and states around the country. I wrote a lot of stuff, I spoke. I'm all for living-wage campaigns. That said, a full employment economy will do more for the well-being of workers and raise their wages and benefits than all of the living-wage cam-

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paigns combined, because it will create more pressure and workers will have more bargaining power.

How do we get there? I think first we have to at least recognize this as an essential feature of a progressive, social movement. The Occupy Wall Street movement did start to talk about this (they haven't gotten too far since.) I think it has to be seen that this is a moral issue. Conservatives say that people should have the opportunity to fend for themselves, well how do you do that? You have to have a decent job. So you start there. This is a moral issue, a political issue and an economic issue. **CP**

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the IMF and World Bank took over, armed with enormous funds and a concrete economic strategy they apply uniformly throughout the world. After 1987 I followed the Party's publications very closely until I published my book.

I have again picked up the strings of the Vietnam story and, alas, it has followed the logic of trends I observed until 1997. Vietnam has become a class society, and while some Party members do not like it and see its dangers, so far they are less of a threat than spontaneous factors and forces now emerging and capable of challenging, and bringing down, the status quo. I deal with them below.

First of all, there are objective factors, like income distribution. Although the rural-urban divide is crucial, and most of Vietnam's poverty exists in rural areas, by 1993 income distribution had become very skewed. The wealthiest tenth of the population received 29 percent of the income, compared to 25 percent in the United States. But the tax rates in the US are higher than in Vietnam, so that if we calculate after-tax incomes, income in Vietnam is even more unequal.

By 2002, the richest tenth in the US got 30.5 percent and 29.9 percent in Vietnam, but Americans still paid higher taxes. The Vietnamese government, like many others that wanted to avoid embarrassment, stopped giving the World Bank this data about 2002. But other sources estimate that by 2008 the highest tenth in Vietnam got 28.2 percent of the income, less than in 2002 but more than in 2006. (*Oxford Analytica: Indexmundi*) The poorest tenth got 3.2 percent of the income in 2008, as opposed to 3.8 in 1998. But although income and inflation data has limits in any nation, and many sources differ from each other and data is often corrected to take into account new factors, rapid inflation in Vietnam has most affected food goods and services on which the lower income earners spend much of their income, reinforcing the conclusion and available data that Vietnam is already a class society (In fact inflation hit almost 27 percent at the beginning of 2008 but fell to over 16 percent at the beginning of 2012). Bloomberg, which collects economic data for many nations, estimates Vietnam still has – despite the fact it has made some progress the most rapid inflation among the 17 nations in the Asia-Pacific region it tracks.

In theory only, Vietnam remains

Communist. And while poverty in Vietnam has been reduced from 58 percent of the spending units in 1993 to 20 percent in 2004, many families formerly categorized as poor remain barely above the poverty line and the existence of serious inflation poses a danger for them. There is not much doubt Vietnam has become more unequal but also has had high economic growth, which in Vietnam has had both benefits and liabilities.

Margaret Thatcher's Conservative government in the United Kingdom started the world-wide movement toward "privatization" in the early 1980s (called in Vietnam "equitization," which the government says is distinct from "privatization" elsewhere, but there is very little difference in the outcome) and, as in the dozens of nations it has had anything to do with, the IMF and World Bank have pushed it. Vietnam has been very responsive to the IMF's advice, privatizing many state firms. The privatized firms are, in general, more efficient than when they were under government control, but as in China, the state still retains control over key sectors of the economy. But the private firms, again as in China, also create more jobs for those who leave rural areas, and they are much more likely to go into export-related activities. Attracting foreign investment is a key goal of the Vietnamese government. The IMF and World Bank think that Vietnam, and all other countries for that matter, should seek to obtain foreign investments, and the so-called Communists have tried hard to do so.

The problem with state-controlled enterprise – which has dropped consistently from 15 percent of national employment in 1986 to 4.8 percent in 1999 – is that many of its managers are *de facto* owners, many are corrupt, pay themselves far too much, and abuse state monopolies. As an example, in August 2010 the chairman of the Vietnam Shipbuilding Industry Group, a nominally state-owned firm that lost \$4.5 billion, was arrested. He was also chairman of the firm's Party unit.

But in practice, as of 2004, many of the key managers of state firms are also the dominant owners of the 2,242 "equitized" firms (mainly smaller ones) who want to become their outright owners – "insiders" (former managers especially) own nearly 47 percent of the shares, the state

retains 38 percent, and outside investors only 15.4 percent of the shares. Since 2004 this policy has only accelerated. The whole privatization process, which the state is speeding up, issuing decrees in 2007 and 2011 that enable to do so, is fraught with potential conflicts of interest and open to corruption. Vietnam is busy transferring much government property to private hands – ‘insiders’ well-connected managers of state firms. The same phenomenon occurred in the ex-USSR, creating many very rich persons in the process.

There is no doubt that Vietnam’s growth has increased since 1985, the state’s share of the ownership had declined (but not dramatically) since 1990. And substantial foreign investment has been attracted. While Vietnam has followed the IMF’s and World Bank’s advice it has done well, and that alone gives it an incentive to follow the course it has since 1986. There are problems, not the least is that although ostensibly it is socialist, Vietnam is functionally capitalist and there is an ever-widening gap between its ideology and practice.

An ever-larger share of the population – over 25 percent of Vietnam’s population in July 2011 – is 14 years of age or under, and about 80 million are under the age of 30 – Vietnam’s entire population in July 2011 was estimated to be 90.5 million. That means a large majority of the population never experienced the Vietnam War. The status of youth is ambiguous; those who study abroad tend to come from privileged families that have benefited from the status quo and have the money required to send their children overseas. They are the most likely to get good jobs and have an interest in keeping quiet if they do not like some aspect of Communist Party policy.

Its younger population is a conundrum for the Party. Only 4 percent of the Party’s new members between 1993 and 2002 were students. A survey of the Ho Chi Minh City youth taken in 2000 found that young people admired Bill Gates, the quintessential, immensely rich American capitalist, far more than Ho Chi Minh, and Bill Clinton more than then-Prime Minister Phan Van Khai. State censors later confiscated the issue of the magazine that published this data.

It is safer to be agnostic about what all this means. It may lead to nothing, but the youth of a nation is an open ques-

tion anywhere. Vietnam is no exception, but given what evidence there is, it seems more than likely that the Party has not perpetuated the following it had among earlier generations. The status quo is hardly conducive to idealism; the Communists do not attract young people and the Party’s age average is rising. It’s in danger of dying out. The fact that being a Communist can also be a source of privilege can mitigate the age problem, but a party made of opportunists creates yet other political perils.

With prosperity and a desire for foreign exchange, in certain regards Vietnam has become grubbier as it has become more affluent. This mainly affects the quality of life, and it is scarcely as important as the youth factor in society. Tourism in Vietnam has increased from 1.35 million international arrivals in 1995 to 6 million in 2011. China, by far, provides the largest single group of tourists.

Many of these tourists come for sex. The first HIV was found in 1990, but by 1992 there were 3,000 cases, 220,000 in 2007, and it is estimated to be 280,000 in 2012. Drug usage – using dirty needles – is the main factor but infected sex workers are considered a major cause of the spread of the disease. Tourism gives sex workers a crucial market, but tourism brings in foreign exchange, which the regime wants.

The Communist Party is split on the meaning of the revolution. If those who are most alienated choose not to use their unhappiness to make essential reforms more compatible with equalitarian goals, then their troubles are much greater. But the disappearance of the USSR and East Bloc states show that these problems can be very serious, even fatal, and they cannot be regarded casually.

Much of what Vietnamese Communists allude to as real policy is actually drifting due to ignorance and a lack of ideas. What it hopes is that the Party’s hegemony will somehow survive. In reality it is flying blind, and all this is conducive to alienating the public – which they are doing – and creating situations that undermine its hegemony and legitimacy. The Party is proving it cannot rule, but so far there is no constituency around that looks like it can do much better. But it also has less ability to defend itself against other claimants, which sooner or later will arise. It has serious

dilemmas, and they could very well become decisive.

Some of these dilemmas must be noted, although there may be a surprise factor of which I am not conscious. Vietnam is a complex nation, and 14 percent are non-Viet who speak different languages, tend to live in remote areas, and have very high poverty levels and education gaps. They are a potential source of social instability and already have shown a willingness to act outside accepted boundaries. (*Oxford Analytica*, July 3, 2008) Thirty-nine percent of those classified as poor in 2008 came from these ethnic minorities. Fourteen percent are not likely to overthrow a regime but, through protests they have already tested its legitimacy and make it uncomfortable. Small-scale protests, mainly over land-use issues, have also come from peasants who belong to the Kinh (Viet) majority, and although the peasantry as a proportion of the working population is declining, they are more dangerous because they are so decentralized, requiring much more manpower than urban opposition to police adequately, and their demands generally conflict dramatically with the Communist Party’s pretensions and ideology. Peasants have enormous legitimacy in Vietnam, and were the main backbone of the war against the French and Americans. They alone can create sufficient reasons to divide the Communist Party.

The economy is developing but Vietnam has become a class society with a growing number of crises: alienated youth, peasant protests, an HIV epidemic, and the like.

Then there are other potential problems, only one I will mention. China has attracted foreign-investors and some have huge factories that service American firms, like Apple, Hewlett-Packard, and others. Some now have huge work forces; workers who are very cheap, assiduous laborers (generally young women who come from rural areas), that work 12 hours a day, with few breaks, eat in company cafeterias and live in company dormitories. Some of these firms have decided that these workers are less profitable, and perhaps not as accurate, as robots. And so some of the largest companies are developing a robot labor force. Once they are ready then they will fire their cheap workers, who have nowhere to go. If this happens

in Vietnam eventually, then Vietnam will have one more problem, an immense one, to confront.

What has this to do with “socialism?” If “socialism” means equality, as commonly thought, Vietnam today does not qualify. Vietnam’s dilemma is that ideologically it has a “communist” tradition – which it is unwilling to deny – but it is increasingly becoming capitalist in reality, and becoming integrated into the world economy – seeking to increase its exports is only one measure of this trend, although it is very important.

A free market was introduced in agriculture. Urban areas get a disproportionately higher share of fiscal perks, while rural areas (the poor) bear more taxes. The government favors development, counting on the three largest urban areas to lead this process. It is doing nothing to stop, much less reverse, the growing income inequality. Essentially, “Communist” Vietnam has followed the models the IMF and World Bank proposed. Socialism, if by that we mean a degree of equality and goals that maximize the entire society’s welfare, and accountability, it is not possible where the Party is corrupt and also unresponsive to the entire public. Communism in Vietnam was a byproduct of the Japanese invasion and World War Two, which produced the nationalist sentiment – and conditions, such as food shortages – which in China and Vietnam the Communist Parties exploited to take power. But careful research, by David Hunt especially, shows that the peasants who sacrificed the most were often motivated by utopian, even millenarian ideals rather than the inscrutable doctrine of dialectical materialism. Without World War Two, the Communist Parties of Vietnam and China would have remained obscure entities of mainly urban intellectuals, and the Vietnamese party was already splitting in the 1930s.

The Vietnamese Communist Party has created numerous conflicts for itself. This past century has been one that has witnessed vast changes, many of them coming as surprises. If the Communist Party thinks it is immune to change then it is mistaken. No nation ever has been. **CP**

Gabriel Kolko is the leading historian of modern warfare. His most recent book is “World in Crisis.”

Like a Tree Planted by the Rivers

By Daniel Wolff

January, 2006

It’s seven-thirty on a January morning, and it feels as if this ground floor meeting room is underwater. The light coming in through the west window looks damp; there’s a smell of mold; the white-washed cinderblock walls sweat. And the eleven men sitting behind school desks could be half-drowned.

They’re ex-addicts. Or, they’re hoping to be ex-addicts. “These are the men of Bethel Colony South,” says their leader, Pastor Mel. He’s a dark-skinned man with a shaved head, a hooked nose, and a black moustache. The glint in his dark eyes makes him look a little like a pirate or a riverboat gambler. Broad shouldered, over six feet tall, wearing a blue work shirt and blue jeans, he carries himself

“He had a flat-bottomed boat. We were paddling. And I’m seeing dead dogs and cats and dogs stranded on top of cars and people stranded on top of houses... waving for helicopters and the helicopters just passing them by.”

like an old high school athlete, now in his fifties. He’s an ex-addict, too.

Mel calls what he runs “a transformational ministry.” Most of the men here are in the middle of their initiation period: trying to stay straight for ninety days. It’s like trying to hold their breath that long. They have tough, dulled faces, lots of broken noses and scars, tattoos on hands and arms. Some might be called white, some black, some Latino or Native American. Most look to be in their thirties or forties. Most are homeless. On the desk in front of each of them, there’s an open notebook, a pen, and a Bible.

“You notice how, when you start drawing near to God,” Pastor Mel says from the front of the room, “people start drawing near to you? ... The more you grow in God’s righteousness, the stronger you will become.” He reads from the first

psalm, first three verses: “Blessed *is* the man that walketh not in the counsel of the ungodly ... But his delight *is* in the law of the LORD ... And he shall be like a tree planted by the rivers of water, that bringeth forth his fruit in his season ... and whatsoever he doeth shall prosper.”

Mel, wearing reading glasses, jabs his finger in the air as he interprets the text. The ‘ungodly,’ he says, includes crack heads – like many of these men were, like he once was. Don’t return to “those old things,” Mel declares: “Move when they start talking negative!” He addresses each man by name, calls on them to delight in the Lord. They answer when spoken to, but only a few seem eager. The rest, under the florescent light, look logy, submerged.

“I thought that was a good devotional for this morning,” Mel concludes. “Amen?”

Some of the men offer a quiet, “Amen.”

Mel doesn’t think that’s good enough. He lifts his voice: “Most people are searching for the meaning and purpose of life. You *know* what the meaning and purpose of life is. And that’s to serve God!”

If they serve, the text says, they shall prosper. Like a tree planted by the rivers. In this room, as the damp light streams in against the damp wall, the metaphor can’t help but carry associations.

Five months ago today – almost to the hour of the morning – Louisiana Governor Kathleen Blanco asked President George W. Bush to declare a state-wide emergency. A hurricane named Katrina was about four hundred miles from the mouth of the Mississippi. Here at Bethel South, in the Gentilly neighborhood of New Orleans, the men were boarding up the building and deciding whether to leave.

Sunday at ten a.m., Mayor Ray Nagin ordered a mandatory evacuation of the city. It was, in some ways, a success. In less than forty hours, over a million people fled the metropolitan area, twice as many as had ever evacuated a US city before. But some fifty thousand remained, the majority of them poor and elderly.

“I want Brother Dwight to stand up,” Mel says, “and talk about his experience with the hurricane.” Dwight is a puffy-

eyed black man in a green sweater, a black knit UNC cap pulled over his hair. He starts slowly, a little shy, looking down at the yellow and green linoleum, not sure what to say.

"About ten of us chose to stay with Pastor. We didn't know what the situation was going to bring and, being that this is a low-lying building, we figured we'd go over to the seminary." The New Orleans Baptist Theological Seminary is just across the street. "Cause we felt more stable at the seminary; they had generators and food and bottled water and things like that.

"Hurricane came," Dwight goes on. "It was three when it hit. Wasn't that bad. Matter of fact, myself, other members of Bethel South, and some staff that was at the seminary were outside smoking, two or three o'clock in the morning. We had to kinda push the door open. But you know the wind – wasn't that bad."

The National Hurricane Center says that by the time Katrina reached New Orleans, wind velocities had actually gone down. Most of the city was hit with a Category 1 or 2 storm. But the tidal surge, when it reached the coast, was eighteen to twenty-five feet high.

"The next morning when we woke up – about six o'clock in the morning – I could still see grass on the ground. By eight o'clock, I couldn't. By ten o'clock, water was a couple feet deep. We could see one of the manhole covers behind the seminary just pop off the ground. Just popped up like, uh, Old Faithful. The geyser." At six-thirty Monday morning, three levees near the Seminary had started to fail; at nine-thirty, they were failing 'catastrophically.'

"We still didn't know the extent of the devastation that was being caused by the levee being broke," Dwight continues. "Finally, the news showed a bird's eye view – from a helicopter, I guess – of the Ninth Ward. How the water was coming in. It was devastating, but still, we didn't see it first-hand."

Then, a friend of Mel's decided he needed to go back to his house "to get his insurance papers out the attic... The Pastor asked me to go with him. I hadn't been no farther than the seminary so I didn't know what to expect. He had a canoe. Not a canoe!" Dwight smiles at himself, at getting it wrong. "He had a flat-bottomed boat. We were paddling. And I'm seeing dead dogs and cats and

dogs stranded on top of cars and people stranded on top of houses... It was – it was frightening, you know? You had people standing on top of houses waving for helicopters, and the helicopters just passing them by."

By early Monday morning, Gentilly was thigh-deep in water. Then came a second wave of flooding. Soon, eighty percent of the city was submerged. Everything was swept aside: people, buildings, trees standing by the river.

Pastor Mel and his remaining men discovered that Bethel South was relatively dry and started using it as a staging area. "We had found a couple boats... We had maybe four boats," Dwight says. "And we was going off in different directions. People were calling. Pastor had put the word out that if anybody needed a little refuge to come to Bethel South. And told them where we were.

"The manhole covers started popping off. The water was coming out of the drains."

"Then there were some guys – some volunteers, I mean: no one was getting paid because this wasn't part of FEMA – there was some guys coming to the corner there," Dwight gestures towards the front of the room, "in a motor boat. We were dry here! It was four feet deep over there." He points to his right. "And about four feet deep over there." He points to his left. One of the men laughs. "And we were dry here. But those guys were coming in motor boats and taking people to the Interstate, where a helicopter was picking them up and taking them to the Superdome. I don't know if they were going to the Convention Center at that particular time. But anyway, they would come up four or five times a day... They'd say, 'You got any people there?' And they'd pick everybody up."

The rescue operation wasn't supposed to be run by a bunch of ex-addicts and volunteers. FEMA, the Federal Emergency Management Agency, had been designed to come into situations like this and provide food, water, transportation. But since the attacks on the World Trade Center four years earlier, the agency had been down-sized and put under the jurisdiction of Homeland

Security. Its leadership was not only inexperienced but had taken to calling disaster relief an "oversized entitlement program" and recommending victims should look to "faith-based organizations" instead of government.

It wasn't till Tuesday night that FEMA declared the flood "an incident of national significance." By then it was becoming clear, as a House and Senate committee would later put it, that the response in New Orleans was "a national failure, an abdication of the most solemn obligation to provide for the common welfare."

Twenty-five thousand survivors took shelter in the Superdome, with about as many over at the Convention Center. In Gentilly, "most of the people were coming to the shopping center up there," Dwight gestures north, "because it was a dry spot. And they could sit down and rest their feet. But behind that – and most of the place – was flooded.

"I know one particular time, I went up there – Pastor sent me up there -- and there was ten people up there. And one of the people who was waiting to get rescued, he had about four big bags. And he say, 'Help me with my property.' But I noticed that some of the stuff had price tags on it. And I say, 'Well, brother, that's a little loot there.'" Dwight smiles. "You can't bring that with you, now.' And he say, 'Well why? It's mine.' And I say, 'But it's stolen property.'"

He shakes his head. So do some of the other men, who seem amused at their role in the disaster. "They were looting everything up there, while *we're* rescuing people... We would bring them here and feed them and shelter them and give them dry clothes to put on, and then the guys would come in the boat... Anyway," Dwight suddenly trails off, "that's about it. Thank you for letting me get up here and talk."

Pastor Mel thanks Dwight, walks around to the front of his desk, and sits on its edge, facing the men. He has more he wants to say about this; there are lessons to be learned.

"See, growing up here all my life," Mel begins, "hurricanes don't bother me. We've gone through Betsy, all the hurricanes that have come through. So, that really didn't bother me. But I called Mom, and I said, 'Mom, you'all really need to get out of here.' I called Miss Clara, my fiancée at the time, I said, 'Clara, I want you to pack up.' Me and Leroy and a cou-

ple of other guys went over to her house and put things up on buckets and up on tables...

"Like Brother Dwight said," Mel laughs, "the manhole covers started popping off. The water was coming out of the drains, it was coming out of the manholes, and it was coming from different directions: we didn't know where it was coming from! We didn't have any idea the levee had broken ..."

He motions outside.

"It was time to come back to the community. We knew that the people in the community were going to need some help. We got a lot of old people back here." Eighty-five percent of those who eventually died in the flood were fifty-one or older.

"We brought people in, brothers! We brought people in, and we fed them. We had a couple old ladies who were the first people we brought in, a couple old white -- he catches himself -- ladies who were white, we got them clothed, fed them. And then we just started fanning out in the community and bringing people in. We rescued about seventy people..."

Mel's voice has started to climb towards a preacher's cadence. He's reworking Dwight's story into a parable: the ex-addicts and the flood.

"We had a little boat with a little motor on it. We went out the back gate of the seminary... Lee remembers this!" Lee, some mix of Hispanic and black, smiles in the back row. "Lee was pulling people on his back! He would load them up in a boat, put the rope on his back," Pastor Mel mimes this, hauling an invisible rope, stomping a few steps like some barge man, "and he was pulling people through the water."

"Praise God!" one of the men answers.

"Lee was a soldier!" Mel continues, his voice now a shout. "And he hung with Pastor the *whole* time!" Then he shakes his head. "Brother Dwight got mad with me sometimes. 'Cause we pushed ourselves to the point of exhaustion..." Mel's voice quiets for a moment; he laughs.

"We were going to my mom and dad's house in Pontchartrain Park to check. Well, before we could get there, we met a guy who had a boat. And he was gonna rescue his dad... So, we went to his house. At his house, his dad and his brother -- his dad was eighty years old, had had a stroke," Mel's voice is rising, again. "Standing on a five gallon bucket,

his head was just above the water." Mel holds his hand below his chin and strains as if to stay above the surface. "The man had been standing in the water all day, shivering like a wet puppy... So, somehow we got to him and, let me tell you brothers, by this time I was exhausted. I said, 'God, God, you gotta help me. You gotta help me!... Finally, we were able to get the guy up on my shoulders and just pulled him into the boat. And then we just continued to go back and continue to go back and continue to get people..."

Mel begins to list the names of the men of Bethel South who stayed and helped. "Those brothers hung in! And you know, coming from the community that we from: we are people that the world *discounts* ... people who others would say was a drain on the system ... people who society would say *are* nothing, will *be* nothing, you know?" The pastor's voice is up now, brassy, sounding the charge. "I'll challenge them anytime! And I'll put *my* men against *anybody's* men when it comes down! When the going gets tough, you brothers *know* how to hang in there!"

Murmurs from the men, amens.

"Because you already *been* in tough situations! You've already *had* a tough life! I don't want some Harvard PhD with me when I got to go and rescue and help somebody." A chuckle from someone. "You brothers hung with me! We did it *together*! We rescued those people! And we still here, helping the community." His voice falls with the last line.

There's the parable. It's about faith and service, that obligation for the common welfare. The flood was a test of these, and the government failed. But the men here -- and citizens throughout the city -- passed gloriously.

After a moment of quiet, all stand and sing a ragged, thumping version of "Can't Nobody Do Me like Jesus." Mel calls out the variations -- "Can't nobody love me like Jesus ... Can't nobody bless me like Jesus" -- and the men sing them back, clapping, one fellow banging counter-rhythms on a desk top. It's as if the singing could somehow lift this damp cinder-block room, lift it and dry it out. **CP**

Daniel Wolff is a writer living in Nyack, New York. This is excerpted from Wolff's new book *The Fight for Home: How (Parts of) New Orleans Came Back*. Bloomsbury.

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Our Voltaire **Alexander** **Cockburn**

June 6, 1941 - July 21, 2012

By Jeffrey St. Clair

Our friend and colleague Alexander Cockburn died on July 21 in Germany, after a fierce two-year long battle against cancer. His daughter Daisy was at his bedside in Bad Salzhausen.

Alex was the fiercest, funniest and most uncompromising political writer of our era. He excoriated the powerful, punctured the pretentious and championed the downtrodden. He was our Voltaire. He shared Voltaire's wide-ranging mind, his hatred of cant and oppression, his rapier wit and astounding productivity.

He wrote at breath-taking speed. I think he wrote as fast as Jean-Paul Sartre,

but without the amphetamines. And the prose emerged from his Underwood, and later his Macbook Pro, with a vicious lucidity. The essays deepen and expand with re-reading, because, like Voltaire, Alex studded his pieces with inside jokes, puns, secret insults and allusions.

Alex kept his illness a tightly guarded

He excoriated the powerful, punctured the pretentious and championed the downtrodden.

secret. Only a handful of us knew how terribly sick he truly was. He didn't want the disease to define him. He didn't want his friends and readers to shower him with sympathy. He didn't want to blog his own death as Christopher Hitchens had done. Alex wanted to keep living his life right to the end. He wanted to live on his terms. And he wanted to continue writing through it all, just as his brilliant father, the novelist and journalist Claud

Cockburn had done. And so he did. His body was deteriorating, but his prose remained as sharp, vivid and deadly as ever.

In one of Alex's last emails to me, he patted himself on the back (and deservedly so) for having only missed one column through his incredibly debilitating and painful last few months. Amid the chemo and blood transfusions and painkillers, Alex turned out not only columns for *CounterPunch* and *The Nation* and *First Post*, but he also wrote a small book called *Guillotined* and finished his memoirs, *A Colossal Wreck*, both of which will be published over the course of the next year.

Alex lived a huge life and he lived it his way. He hated compromise in politics and he didn't tolerate it in his own life. Alex was my pal, my mentor, my comrade. We joked, gossiped, argued and worked together nearly every day for the last twenty years. He leaves a huge void. But he taught at least two generations how to think, how to look at the world, how to live a life of joyful and creative resistance. So, the struggle continues and we're going to remain engaged. He wouldn't have it any other way. CP