

# Global Depression and Regional Wars.

Reviewing James Petras' New Book

By [Stephen Lendman](#)

Theme: [Global Economy](#)

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## Part I – Global Depression

Variety's famous October 30, 1929 headline is again relevant: "Wall Street Lays an Egg," or as economist Rick Wolff puts it: "Capitalism hit the fan" following a familiar pattern of boom and bust cycles punctuated by bubbles that always burst. Petras explains it this way:

"All the idols of capitalism over the past three decades have crashed. The assumptions and presumptions, paradigms and prognosis of indefinite progress under liberal free market capitalism have been tested and have failed. We are living the end of an entire epoch (and bearing witness to) the collapse of the US and world financial system."

Grim prospects are ahead:

- a world depression with one-fourth of the labor force unemployed;
- global trade in free fall;
- a proliferation of bankruptcies with General Motors a metaphor for a decaying system;
- free-market capitalism in disrepute; and
- "planning, public ownership, nationalization(s and other) socialist alternatives have become almost respectable" because most sacred cow "truisms" and solutions have failed.

Today's global crisis reflects an unsustainable system – crisis-prone, unstable, anarchic, ungovernable, self-destructive, and eventually doomed to collapse. Its early death throes may now be audible – despite intense "psycho-babble" reengineering of facts to portray the current situation as a "failure of leadership....lack of understanding....willful ignorance of what markets need, (and) loss of confidence."

Samuel Boswell explained that "Patriotism is the last refuge of a scoundrel." Perhaps "psycho-babble" is its equivalent for "capitalist ideologues, academics, (self-styled) experts, and financial page editorialists, all of whom use "shoddy economic arguments" to pump life

into a bankrupt ideology – one based on:

- repeated boom and bust cycles;
- unsustainable growth to stay viable;
- direct foreign investment for the highest rates of return, producing a race to the bottom the result of some nations benefitting at the expense of others and all of them eventually losing out;
- technological advances for “greater social and political power;”
- pillaging countries, crushing labor, cutting wages, and limiting or ending social services;
- privatizing “public enterprises, land, resources and banks;” and
- reducing governments to servants of business with America the hub of the corporate universe.

Today’s crisis is systemic – “embedded in the contradiction between impoverished labor and concentrated capital” gone wild. “The current world depression is a product of the ‘over-accumulation’ process of the capitalist system in which the crash of the financial system was the ‘detonator’ but not the structural determinant: the exploitation of labor” that sooner or later bites back. The longer capital interests pillage state resources at their expense, the less tolerant they’ll be for mass unemployment, homes and savings lost, grim futures, and the end of the American dream. Then, watch out.

#### The World Depression: A Class Analysis

“It is a well-known truism that those who caused (today’s) crisis are also (the) greatest beneficiaries of government largesse.” Rulers create crises. Workers pay for them.

Since the early 1970s, capitalism went global at the expense of workers experiencing “a relative and absolute decline in (their) share of material income” and well-being. As business consolidated more power, it began “exercis(ing) near absolute control over the location and movements of capital” as well as the ability to exploit labor globally in newly industrialized countries like China, the Asian subcontinent, capitalist Russia, former Soviet republics, and undeveloped ones in Central America and elsewhere.

Huge profits came at the expense of growing inequality from wealth transfers to the rich. A race to the bottom cut wages and benefits, and lower living standards resulted from “the (permanent) conversion from high wage/high skill manufacturing jobs to lower-paid service” ones.

Financialization-caused speculative excesses were fueled by cheap credit and lax regulations. Bubbles resulted producing inevitable collapse. First felt “at the bottom of the speculative chain,” they reached the biggest banks responsible for the crisis and major corporations as well – “all of which had been deeply engaged in leveraged buyouts and acquisitions” as well as other unsustainable excesses.

Depression indicators are everywhere, and the parallels to the early 1930s are ominous:

- business bankruptcies up 64% from a year earlier; household ones up 33%;
- according to the IMF, global banks must write down \$4.1 trillion, two-thirds of which is yet to come; loss estimates will likely go higher given the state of world economies and enormity of their toxic asset portfolios -at yearend 2008, around \$680 trillion, according to the Bank for International Settlements (BIS);
- worldwide financial assets have already plunged by over \$50 trillion - the equivalent of annual global output;
- America's estimated 2009 budget deficit will be about 12.3% of GDP, a recklessly high ratio "that will ultimately ruin public finances;"
- world financial markets have plunged since peaking in mid to late 2007, and respected experts say the end of this cycle is far from over despite expected rallies they call bear traps;
- world trade has collapsed causing industrial output to plummet;
- direct foreign investment to "less developed capitalist countries....were predicted to shrink by 82% and credit flows by \$30 billion USD;" and
- America's economy is experiencing its worst decline since the 1930s with GDP, exports, retail sales, construction activity, capital goods investment, and other indicators down sharply; the only one rising is unemployment - according to the Labor Department U-6 measure (including categories left out of the headlined lower U-3 figure), it's 16.5%; economist John Williams' reverse engineered data has it at nearly 21% and rising, and all other economic indicators much worse than official numbers.

The conclusion is clear - all "signs point to a deep and prolonged depression," worse still by current economic policies reflecting "the most drastic curtailment in public spending in American history," according to Michel Chossudovsky. It's a "War Budget (affecting) all major federal (programs except): 1. Defense and the Middle East War(s and whatever new ones are planned); 2. the Wall Street bank bailout, (and) 3. Interest payments (of around \$500 billion annually) on a staggering (growing) public debt."

The toll is enormous. "Rising business inventories, declining investment, (business and household) bankruptcies, foreclosures, insolvent banks, massive accumulative losses, restricted access to credit, falling asset values, and a 20% reduction in household wealth (amounting to trillions of dollars) are the cause and consequence of the depression" that promises to be deep and protracted.

Globalization's toxic effects have exacerbated the crisis. Linked together under WTO rules and finance capital, what affects one nation affects all, directly or indirectly, to a greater or lesser degree. "At the same time, regions" were positioned differently so "the effects on them varied substantially."

#### Latin America

Brazil is faring poorly due to "its high velocity fall in exports and industrial production (and) All indications are that negative growth will persist and deepen during the rest of 2009." President Lula's privatization and globalization policies exacerbated Brazil's crisis.

Everything is down except skyrocketing unemployment as growing hundreds of thousands lose jobs.

Growing poverty is also evident, including “5 million impoverished landless rural workers and the 10 million families living on a one-dollar-a-day food-basket handout (as well as) tens of millions of minimum wage workers living on \$250 a month.”

As the crisis deepens, new investments have stalled. Private credit evaporated. Foreign investment plunged, consumer spending declined, and what’s true for Brazil affects other regional economies, especially in Central America and the Caribbean. Being “highly ‘integrated’ with the US and world economy (they’re) experiencing the full force” of its collapse, including rising poverty, crime, and “a potential for popular social upheavals against the incumbent right and center-left governments....The depression demonstrates with crystal clarity the pitfalls of imperial-centered globalization and the stark absence of any remedies for its collaborators in Latin America.”

It also augurs change with hard times “spurring the return of the nation-state, as ‘de-globalization’ accelerates.” It’s for Latin America to refocus, declare globalization dead, and democratically generate wealth and employment broadly, not shift it upward to the usual recipients.

#### Eastern Europe and the Ex-communist Countries

These nations experienced hardline shock therapy full force – a destructive cocktail of deregulation, mass-privatizations, state enterprise closings, wage cuts and loss of benefits, wealth transfers to the rich, millions thrown out of work, repressive laws to contain resulting unrest, unrestricted access for foreign corporations to pillage local economies, and arranging their need for foreign investment and credit under terms they negotiate for their own benefit.

As a result, when Western economies crashed, so did Eastern European ones, leaving them dependent on the IMF and other international lending agencies “on onerous terms” favoring capital over people. The same pattern played out globally, including in America where the Fed and Treasury direct public wealth to the top, mainly the giant Wall Street banks that plundered the country and are free to keep doing it, given that Obama facilitates the process.

#### Asia: The End of the Illusions of De-coupling and Autonomous Growth

“The Great Depression of 2009 (hit) every economy in Asia,” including Japan, China, India, and Tiger countries showing even the mighty aren’t immune, given their dependency on export, financial and commodity markets. The global crisis left them vulnerable to lost trade followed by production cuts, bankruptcies, negative growth, mass-unemployment, and millions thrown overboard into deep poverty. Large public capital injections haven’t been able to turn sick economies around.

Doing it requires measures not taken – shifting “capital back from private real estate, stock markets and overseas bond purchases (like US Treasuries)....to finance universal health care, education and pensions and the restoration of land to productive use rather than (to) real estate (and other) speculation.” Instead strategies are based on “the usual capitalist solution” – aiding the privileged at the expense of all others in a part of the world where

many countries have no safety net and those with them made big cutbacks. The human fallout is immense, much as in other parts of the world and America.

### The Middle East: Depression and Regional Wars

Its crisis is rooted in Israel's belligerency and collapse of commodity prices, namely oil that recently made a modest recovery but may soon sink again given weak demand.

Large producers like the Saudis reap huge revenues even during hard times, then (re-cycle them) into large-scale finance, real estate and military purchases." US Treasuries also that finance our militarism, public debt, corporate takeovers, and speculative excesses creating bubbles, economic crises, and resulting global fallout.

Regional collapse "began with the frenzied commodity oil boom between 2004 - 2008 (that fueled) a construction and real estate boom - and the accumulation of debt and labor importation." Crisis followed with growing deficits replacing budget and trade surpluses. With lower oil prices producing less capital, prospects for near-term recovery remain dim, much like they do worldwide.

Israeli destabilization exacerbates the problem by "projecting its power and colonial ambitions throughout the region" - greatly reinforced by Washington's enormous support.

### An Unprecedented Crisis

Its depth and severity have taken a toll on rich and developing countries alike and will for many years to come. As for America, the depression "takes place in the context of a de-industrialized economy, unprecedented public debt, multi-trillion dollar foreign debt and well over \$800 billion dollars committed in military expenditures for several ongoing wars and occupations." These factors exacerbate the current situation, leaving it vulnerable to hard times ahead.

No previous crisis resembles it. Solutions adopted are counterproductive, the result being "the most rapid and widespread reduction of living standards and mass impoverishment in recent US history" - perhaps ever, as never before has so much been done for so few at the expense of throwing so many overboard.

### The Failure to Address the Structural Basis of the Crisis

As explained above, Obama's economic measures will exacerbate, not improve (let alone reverse) current conditions. Instead of closing, nationalizing, or breaking up insolvent banks, he's looting the nation's Treasury to reward them for the crisis they caused and should be held criminally responsible. As important, recapitalizing them won't work. They'll need continued cash infusions, and resources wasted on them aren't available for real productive use. Thus, the economy will keep weakening, and millions more Americans will lose jobs, homes, savings and futures. So far, Obama has done virtually nothing to help them beyond rhetorically saying he cares.

The General Motors bankruptcy highlights capitalism's failure. It also augurs war on working Americans, about to be downgraded to lower pay, fewer benefits, and for growing numbers opportunities only in the military or unskilled, low-paying service jobs - if they can find them. Obama's economic agenda is turning America and other developed nations into

Guatamala – so far with no uproar great enough to stop him. In addition, he’s destroying, not creating, jobs because no public investment is allocated for it.

Instead, he’s “channel(ling) billions toward the privately owned telecommunication, construction, environmental and energy corporations, where the bulk of the government funds go to salaries and bonuses for senior management and staff and provide profits to stock holders, while” mere crumbs go to wage earners.

Economic regeneration and reversing past failures are off the table. Rewarding corporate predators takes precedence along with stepped up imperial adventurism and the enormous sums it costs. Speculative excesses will continue. Budget deficits and the national debt have soared to stratospheric and unsustainable levels. Wealth disparities will persist and increase. Human deprivation will grow. Obama promised change. Instead, he’s “totally committed to saving the capitalist class and the US empire” at the expense of ignored worker needs.

His failed agenda is highlighted by:

- today’s economic structure “which once generated employment, profits and growth (but) no longer exists;”

- so-called “stimulus” benefits to Wall Street and other favored industries, not people where they’ll do the most good; and

- what’s directed to these sectors denies help to households that comprise 70% of GDP; “the only (way to) increas(e) demand and stimulat(e) recovery is to restore the purchasing power of working Americans.”

Rebalancing the economy depends on stimulating demand through “direct state ownership and long-term, large-scale investment in the production of goods and social services.” It also requires “Dismantling the entire financial speculative ‘superstructure’ ” responsible for the current crisis and will cause future ones if allowed to keep operating.

Real productive investment and growth must replace destructive financialization – a fraud-laden casino operation generating great wealth for privileged bankers but few others. Other vital change requires:

- retraining FIRE sector and other employees for productive new jobs; and

- dismantling America’s military empire; downsizing the Pentagon; slashing the defense budget, closing hundreds of global bases abroad and at home, and ending alliances with belligerent foreign powers; then redirecting those funds for productive use.

“Reversing domestic decay requires the end of empire and the construction of a democratic socialist republic.” Today’s America is fundamentally flawed, corrupted, unsustainable, and heading for demise if not reversed in time.

The Basic Priority of Public Policy: A Better Life for All

Egalitarianism defines it, something missing in America’s roots, so it’s high time it got there with little time to waste. Democratic socialism “is a means to a better material life (as reflected in) higher living standards, greater political freedom, social equality of conditions,



and internal and external security.” Successful socialist states effectively serve the majority of workers. They use internal resources for their own needs, not licensed for foreign predators to exploit them for profit unavailable for domestic use.

“Capitalism thrives on social inequalities.” Socialism strives for equality, lessening poverty, providing essential services, and helping the most needy with subsidies and other benefits. Policies must include:

- “massive investment in quality housing, household appliances, public transport, environmental concerns and infrastructure;”
- economic diversification focusing on major investments in raw material industrialization, “producing quality goods of mass consumption....and in agriculture” – to efficiently address essential needs; and
- investment in education, health care, jobs creation, and other essential areas for public well-being.

Twenty-first century socialism must achieve “solidarity at home” with the general welfare as top priority. “Above all, socialism is about social equality – in income, schools and hospitals....between (and within) classes” and achieving it by “effectively re-distribut(ing) wealth and property to all workers, white and black, Indian farmer and urban worker, men and women, and young and old.”

#### Bernard Madoff: Wall Street Swindler Strikes Powerful Blows for Social Justice

Consummate insider Madoff’s clients represented a who’s who of high net worth individuals and institutions, including banks, pension funds, universities, charities, insurers, other money managers, synagogues, his Palm Beach Country Club, and prominent figures like Thyssen family members, Senator Frank Lautenberg, Jeffrey Katzenberg, Liliane Bettencourt (called the world’s wealthiest woman), and many others – over 4000 in all now poorer for the experience.

Until collapsing, he reputedly never had a losing year, a clear sign something was wrong, but as long as the good times lasted, who cared – including the SEC, advised of his Ponzi scheme but ignored it. The signals were obvious:

- “constant high returns;
- unmatched by any other broker;
- a lack of third party oversight;
- a backroom accounting firm physically incapable of auditing the multi-billion dollar operation;
- a broker-dealer operation directly under his thumb; and”
- an atmosphere of total secrecy.

Once exposed, it turned out that some of Wall Street’s “biggest exploiters and smartest swindlers were completely ‘taken’ by one of their own....There is nothing worse for the ego

of a respectable swindler than to be trumped” by an even bigger one and to have it go on for so long.

But consider the positive side, including:

- denting America’s “Zionist funding of illegal Israeli colonial settlements in the Occupied Territories;”
- less for AIPAC to buy congressional influence;
- discrediting other speculative hedge fund operators;
- exposing the corrupted SEC that takes care of its own like all other so-called regulatory agencies – because they’re run by officials from industries they regulate and return to them in high-paying jobs;
- Madoff having been a former Nasdaq chairman and NASD vice-chairman shows that stock exchange insiders ignore transgressions from one of their own because they have similar ones themselves to hide;
- less global inequality as mostly rich investors got taken;
- clear evidence that capital’s golden rule is to produce more of it, even by fleecing other swindlers as well as close family members and friends;
- infamous slumlords, sweatshop owners, and predatory real estate moguls were had;
- anti-Semites were hurt – ones “who claim that there is a ‘close-knit Jewish conspiracy to defraud Gentiles;’ ‘
- “financial know-it-alls” also; and
- 51 major Jewish American organizations as well – receiving smaller contributions from their less well-healed supporters.

Madoff and others like him are “product(s) of a systemic imperative and (capitalism’s) economic culture....” But give him credit. On his own, he “struck a bigger blow against global financial capital, Wall Street and the US Zionist Lobby/Israel First Agenda than the entire US and European Left combined over the past half century!” He “inadvertently rendered an historic service to popular justice by undermining some of the financial props of a class-ridden injustice system.” Maybe he should receive a medal or at least a commemorative plaque.

### The Election of the Greatest Con-Man in Recent History

On November 4, the nation exhaled. The Bush era ended and a new Obama one began. Celebratory exuberance followed this “ ‘historic moment,’ a ‘turning point’ in American history,” and why not. Forgetting past pledges made and broken, voters were mesmerized by promises of change, taxing the rich, ending the Iraq war and occupation, and delivering health care for all and other measures. Obama mania swept the country, but cooler heads saw other signals early on.

A “transformational presidency” wasn’t to be nor was one planned. Throughout the



campaign, “telltale signs of (Obama’s) true orientation surfaced,” including promising Zionists “more....than had ever been conceded by any previous US administration – inter alia, support for Israel’s illegal annexation of greater East Jerusalem.”

Once elected, Obama’s transition team and key appointments included “political dregs who brought on the unending wars of the past two decades, and the economic policy makers responsible for the financial crash and the deepening recession afflicting tens of millions of Americans today and for the foreseeable future.” Obama’s election indeed marked a “historic moment in American history: the victory of the greatest con man and his accomplices and backers in recent history.”

He promised peace but delivered war; trillions to corrupted bankers, not beneficial social change; millions of lost jobs, not new ones; handouts across the board to industry favorites, not vital help for the unemployed, homeless, impoverished, or states facing potential ruin.

“Obama, on a bigger stage, is the perfect incarnation of Melville’s Confidence Man. He catches your eye while he picks your pocket. He gives thanks as he packs you off to fight wars in the Middle East....” He promises everything “while he empties your Social Security funds to bail out” Wall Street swindlers. “He appoints and praises the architects of collapsed pyramid schemes to high office while promising you that better days are ahead.”

He promised change and delivered hell to tens of millions – the same agenda as George Bush and in some respects worse given the dire economy, no effort to fix it, expanded militarism, his first coup d’etat in Honduras, an attempted color revolution against Iran, destabilization mischief in Xinjiang Uyghur Autonomous Region in China, and recently introduced outlandish pro-corporate legislation and administration proposals, all harmful to millions of Americans.

He’s surrounded by “a network of confidence people. They are a well-organized gang of prominent political operatives, money raisers, mass media hustlers, real estate moguls and academic pimps....joined and abetted by the elected officials and hacks of the Democratic Party.” He represents privilege and disdain for working Americans. He’s an avowed militarist, empire builder, and “unabashed Wall Street Firster,” placing their agenda above all others.

Behind his smooth rhetoric, his agenda is firm and irreversible – an “abiding commitment to....military-driven empire building (and his Wall Street funders) even in the midst of a collapsing domestic economy and” growing deprivation for millions. How long they’ll put up with it is the question.

### Lessons from the Collapse of Wall Street

The fallout from today’s economic collapse has been devastating. It includes:

- “The near bankruptcy of Social Security” as Treasury funds were looted for Wall Street bailouts;
- “The insecurity of private pension funds,” the result of all of them having lost from 23 – 30% or more during the crisis;
- “The loss of a real economy manufacturing base” has transformed the country into a low wage and benefit service one, in many cases requiring few skills and no future; offshoring a

“diversified manufacturing economy is the root cause of the collapse of the US financial system and the emerging long-term recession;” and

— Capital flight “from productive sectors to FIRE (and a) huge surge of (it) overseas” leaving the economy even more vulnerable.

Obama’s domestic and foreign policies make economic recovery impossible, but “one thing is increasingly clear: his agenda is unsustainable; none of this can continue – whether the political and financial elite like it or not...The world’s future is not safe in” the hands of the ruling oligarchy, and sooner or later an aroused public will assert itself. It’s just a matter of time.

#### Latin America: Perspectives for Socialism in a Time of World Capitalist Recession/Depression

Economist Jack Rasmus calls the economic crisis an “epic recession,” heading toward a full-blown depression. Petras calls it a “recession-depression (RD) because the negative growth of capitalism is a current ongoing process that is still in its opening phase,” but moving in the same direction. Its unique features include:

— nearly all world economies are integrated under a common system – so-called free-market capitalism controlling production and world markets; as a result, they all sink or swim together to a greater or lesser degree;

— “The level of integration....is deeper and more widespread than ever before in history” so that good or bad times have a global effect;

— concentrated, centralized capital, especially in finance, reached unprecedented levels, heightening trouble in periods of hard times;

— the “size and extension of wage and salaried workers is qualitatively greater than any other period” in history;

— finance capitalism’s dominance contributes to destructive boom and bust cycles;

— “Latin America’s ‘restructured’ capitalist economy (anchored its growth) in agro-mineral exports,” increasing its dependency “on overseas markets and diversified trading partners in Asia” like China;

— neoliberalism was strengthened in Latin America, and state policy was structured to “favor agro-mineral exporters and accommodate the poorest section through vast clientelistic ‘poverty programs,’ ” and

— America’s dominant finance capital led to:

(1) “de-capitalization of manufacturing;

(2) the massive expansion of real estate speculation;

(3) debt-financed consumer-based growth;

(4) the stimulation of Asian manufacturing growth and exports; and

(5) the boom in commodity production, exports and prices in Latin America.”

Combined, the above factors fueled growth until 2007, followed by the subsequent collapse and deepening recession. America has been especially hard hit, and few prospects promise relief. All economic indicators point down, and households are so over-indebted they've been forced to curb their spending for the first time in decades. A combination of "Unemployment, bankruptcy, credit freeze, corporate losses and debt - a general depression - has devastated the domestic US economy" and spilled over into the rest of the world. Monetary and fiscal measures have been so misdirected they've failed.

All major banks are insolvent. Industry is flat on its back. Small and larger businesses are vulnerable to collapse. As economist Rick Wolff explains, "capitalism hit the fan." The entire system broke down and "no longer performs its most basic functions....to produce, lend, employ, consume, trade and house." Like other world regions, Latin America has been greatly impacted by weakened export markets, frozen credit, capital flight, and overall economic malaise.

All regional economies have felt the full brunt of the crisis - in terms of declining "trade, domestic production, investment, employment, state revenues and income. (As a result), bankruptcies will proliferate and state spending on social services will decline." Propping up banks and key businesses takes precedence. Public and private unemployment will thus grow. Wages and benefits will be cut. Latin America's "entire socio-economic class configuration (on which its growth model is based), is headed for a long-term, large scale transformation."

Trade unionists and social movements must act or lose relevance. With dominant business sectors needing state subsidies and debt relief, "workers, employees, small farmers and (common) businesspeople" are bearing the recession's brunt on their backs - through lower wages, reduced social services and state repression ready to crush resistance.

If trade unions aren't up to the task of bargaining for worker rights, "new forms of mass organizations of the semi-employed and unemployed workers will likely emerge" to do it in their place by applying direct action tactics - "paralyzing the roadways and transport networks, and occupying closed plants and public buildings," as in Argentina from 2000 - 2003.

Popular struggles "will be directed to conserve jobs, block mass layoffs and" occupy factories and enterprises. Greater state involvement may be demanded as recessionary effects deepen. During crisis-ridden times, renewed opportunities arise to advance social movements. With imperial capital power in decline and Washington struggling to preserve it, US-Latin American strains will grow.

The 1990 - 99 "Golden Age of Imperial Pillage" has passed. "Popular urban uprisings, massive rural movements, and the emergence of Indian-based takeovers of regional and local governments" replaced it - undermining America's influence and shifting the balance of power center-left even without "enforcing any fundamental changes in property or class relations."

From 2005 - 08, Washington focused on foreign wars and occupations, the Global War on Terror, and backing Israel's serial aggression. It freed Latin America "to pursue a more autonomous political agenda, including greater regional integrations...."

From 2008 to the present, grim economic times have prevailed. Regional exports, growth

and reserves declined, but later than in America and Europe. Currently, however, Latin America is feeling the recession's full brunt that's sparing no country anywhere. A familiar regional pattern is repeating. Its "debt trap....awaits." It can't "sustain (or even stabilize its) growth...not in an ocean of depressed advanced capitalist countries" it depends on.

Capitalism and socialism are now weak. "The question becomes which side will be able to intervene, reorganize and recompose its forces to take advantage of the other." Recent mass mobilizations were in Argentina (1999 - 2003), "the Brazilian Landless Rural Workers Movement (MST - from 1985 - 2002, but in decline under Lula since 2003), and the Bolivian workers-peasant/Indian (2000, 2003 and 2005) urban insurrections."

Between 2000 - 2005, the most successful mobilizations occurred, followed by a relative decline from that time to the present as "fragmentation, dispersion and internal conflict among Leftist parties" limited their effectiveness. With "sectoral leadership" alone, and without independent financial and material resources, they're unable to exert power for social change.

As for relations with America, they're "profoundly influenced by political-economic-military contingencies, such as: war and peace, economic booms....recessions (and) crises, revolutions, uprisings and reactionary coups." Even so, all of Latin America, "from independent (Venezuela), autonomous competitive capitalist (Brazil), autonomous and critical (Bolivia), selective collaborator (Chile) to....imperial collaborators (Colombia, Mexico and Peru) operate within a capitalist economy and class system, in which market relations and the capitalist classes are still central players."

Obama's election changed nothing. He's as imperial as George Bush, but not without constraints. Given current conditions, Latin America is relegated to a "fifth level priority" after economic issues, military adventurism elsewhere, and other matters taking precedence. As a result, large-scale investments and loans won't be forthcoming. America's overreach weakens the region's ruling class and opens opportunities for the Left. It needs to focus on:

- "The central role that the domestic ruling class plays in sustaining the imperial edifice;"
- new alliances with European and Asian nations;
- the emergence of Brazil as a regional power and what effect it has on national and class struggles; and
- unifying "fragmented economic demands and (formulating them) into a socialist political program in the face of a (systemic) economic crisis and class-wide unemployment."

No easy solutions are apparent, but the "strategic advances of the Left in Latin America are found in its heritage of recent class victories over neo-liberalism, (America's current) weakness, and, above all, the deepening world recession." It's up to "conscious socialist political formations (to engage in popular) struggles capable of linking economic conditions to political action."

Part II continues Petras' analysis of the global depression, regional wars, and the decline of America's empire.

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