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## Book review: Marta Harnecker, *A world to build: new paths toward twenty-first century socialism*

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Marta Harnecker, *A World to Build: New Paths toward Twenty-First Century Socialism* (New York, NY: Monthly Review Press, 2015), pp. 224, \$19.00, pb

Marta Harnecker is embedded in the Latin American left and the struggle for socialism about which she writes. Having been exiled from Chile after Pinochet's coup, she lived in Cuba and in Venezuela under President Hugo Chavez, to whom she was an advisor. This work sets out to theorise the concept of socialism in the 21<sup>st</sup> century and the contemporary practices of Latin America's left. Her work is influential, which makes this eminently readable book of interest to anyone following developments in the region.

Harnecker begins with Latin America's pioneering revolt against neoliberalism from the 1990s, emphasising the leadership of popular movements. 'Even in those countries where the role of left political parties was important, they were not in the vanguard of the fight against neoliberalism' (p14). There is no explanation for the inertia of the traditional left: no reference to their decimation in the preceding period of authoritarianism. She lists popular movements that have emerged since the 1990s: indigenous struggles in Ecuador, Chile and Mexico; popular referendums against privatisation and free trade treaties in Uruguay and Brazil; and popular revolts in Bolivia (Water Wars), Argentina (*piqueteros*), Chile (students) and Mexico (Oaxaca). The lesson is 'the proven validity of a strategy of a broad coalition of forces that seeks to unite all those who can be united' (p25). Rejection of the Free Trade Area of the Americas and the emergence of alternative institutions to promote Latin American economic, financial and political integration - explicitly excluding the US while including Cuba - have setback US interests in the region. The response has been an expansion of US military presence and support for destabilisation: separatist movements and military and institutional coups.

Harnecker categorises Latin American governments according to: those giving neoliberalism a makeover (Colombia, Mexico, Chile); those emphasizing social issues without breaking with

neoliberal policies (Brazil, Uruguay, Argentina); and those using popular mobilisations to break with neoliberal policies (Bolivia, Ecuador, Nicaragua and Venezuela). She cautions the need: ‘to begin with a correct analysis of the inherited economic structure, of the cultural baggage they inherit and within which they must operate, and of the correlation of forces national and international, they face’ (p54). Unfortunately, little economic analysis is provided here.

So what distinguishes socialism of the 21<sup>st</sup> century? Harnecker highlights the following principles: integral human development, human beings as social beings, social property, eliminating the division between manual and intellectual labour, governing nature in a rational way, and finally, ‘society, not the state, must take the reins of economic development’ (p62-67). Many of the specific democratic structures advocated are embedded in Cuba, although this is not made clear. For example, that elected representatives must to remain tied to their social base, regularly ‘render accounts’ to constituents and continue their normal employment with no additional salary.

Unfortunately, Harnecker overlooks the innovative work in 1960s Cuba by Che Guevara who created the Budgetary Finance System of economic management to resolve many of the problems she identifies as challenges facing 21<sup>st</sup> century socialism: how to transfer real ownership of production to workers, replace material incentives with moral ones, make planning a participatory process (see Yaffe, *Che Guevara: the economics of revolution*, London: Palgrave Macmillan, 2009). Lessons from this rich history are omitted.

Without mentioning him, Harnecker paraphrases Guevara: ‘We cannot build socialism with the dull instruments of capitalism, but we also cannot eliminate these dull instruments overnight.’ (p92) This introduces the complex, unresolved debate about the use of capitalist mechanisms in the transition to socialism; the role of the market versus planning, and

transforming social-relations and consciousness along with property relations. Guevara used this phrase to criticise the use within a predominantly socialist mode of production of capitalist mechanisms (profit motive, competition, material incentives, interest). Harnecker, however, presents an argument for co-existence between the project of 21<sup>st</sup> century socialism and the capitalist sector where the predominant mode of production remains capitalist. ‘It might be possible’, she argues, ‘to gradually transform capitalist companies by finding ways to subordinate their economic activity to the interests of the national economic plan.’ Rather than relocating to avoid such impositions, Harnecker suggests businesses may stay ‘if the owners have a strong patriotic consciousness’ and are awarded ‘easy access to loans from state banks’ and similar concessions (p121). No examples are provided. From personal observations in Venezuela this reviewer does not find the argument convincing.

In autumn 2013, I worked with the Venezuelan Vice-Ministry of the Communal Economy (VMCE) which is responsible for stimulating production and services within grassroots communities. Daily we witnessed private companies actively obstructing government and communal efforts to diversify production or ownership (see Yaffe ‘Venezuela: Building a Socialist Communal Economy?’, *International Critical Review*, Routledge, 5:1, 2015, 23-41). Co-existence with a hostile capitalist sector seemed unsustainable. Many Venezuelans argue for political action to encroach upon the dominant capitalist sector

Harnecker puts the question: ‘why design a strategy to incorporate capitalist companies into the national plan, if they continue to exploit workers?’ Her answer: ‘the state is not capable of running all these companies overnight. It has neither the economic resources not the managerial experience needed’ (p122). This may be true, but what measures are being taken to overcome these deficiencies, so that the process of building 21st century socialism can progress?

In Venezuela private capitalist interests control the banks, the financial sector, manufacturing production, the media and most of the land. Public expenditure has not sufficiently promoted production. Between 2003 and 2012, imports grew by 454% compared to export growth of 257% which includes oil price rises. The Venezuelan bourgeoisie remains entrenched and has benefited from Bolivarian government policies without signs of ‘gradually transforming’. More significant than ‘easy access to loans from state banks’ has been the transfer of state revenue to private sector importers. In 2011, 98% of foreign exchange was generated by the state sector (mainly oil-export earnings), compared to just 2% (US \$2 billion) earned by the private sector. However, in the same year the private sector spent US \$40 billion on imports; 20 times more than their export earnings. This was only possible because the government, which controls foreign exchange, transfers US \$40 billion annually to that sector at preferential government rates: five times cheaper than on the parallel market in 2013. Between 2003 and 2012 the Venezuela state sold US \$317 billion dollars (at official prices), to foreign and Venezuelan private businesses operating in the country. Instead of using over-valued Bolivars to purchase machines and equipment for productive investments, private business created a cycle of importing cheap commodities and reselling them at inflated prices – speculating - or reselling the US dollars at spiralling prices on the parallel market.

In 2013, when the original version of this book was published, Venezuela’s capitalist opposition launched its ‘economic war’, an offensive that challenges the Bolivarian government and threatens the project of 21<sup>st</sup> century socialism. The left governments Harnecker discusses face serious challenges to their electoral, economic and social base. US commentator James Petras characterises post-2013 Latin America by the demise of centre-left regimes, the economic crises of a commodity-based extractive capitalist development model and the co-optation and or demobilization of the class struggle organisations. He predicts major defeats for those governments. Whatever transpires, new developments will render new lessons for the

region's left and Harnecker's book contributes to the necessary ongoing debates about 21<sup>st</sup> century socialism in Latin America.

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