

STATE / POWER : HILTONOPOLY

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To rock drummer Cozy Powell, whose tragic death has been a great blow to those inspired by his rhythms. Cozy, you remain alive in us.

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ABSTRACT:

This dissertation deals with the relationship between the State and land developers with reference to the development of the Hilton Redevelopment Project in Malta.

The study will show how the State and the land developers formed part of a power bloc through which both stood to gain from the exploitation of land. The State benefited through the generation of economic growth, while the land developers legitimated their material gain through the State Apparatus.

The research methodology used in this dissertation is a historical one, based on documentary research and fieldwork.

The dissertation uses a neo-Marxist class-centric theoretical approach, with reference to the development of capitalism in Malta in general and the Hilton Redevelopment Project in particular.

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CHAPTER 1: INTRODUCTION

1.1 THE STATE

Within sociology, the analysis of the State has frequently given rise to controversy.

There is no consensus among sociologists regarding the role of the State within society.

Sociologists such as Max Weber consider the state - both in capitalist and socialist societies - to be an independent force characterised by bureaucracy which dominates social life. Marxist interpretations of the State consider the capitalist state to work in the interests of capital and the ruling class, but within Marxism itself there are different analysis of the Capitalist State, some giving importance to the class background of state personnel, while others giving importance to the relative autonomy of the state from the dominant class, this factor enabling the State to work more effectively in the interests of capital and the dominant class/es. Other analysis of the State include the Pluralist analysis which considers the State to be partly independent and partly influenced by different interests that are represented politically.

There has been little empirical sociological research analysing Maltese State (Sultana & Baldacchino, 1994, p.7). Ronald Sultana (ibid, p.50-1) suggests the exploration of political power and the State as manifestations of class power in Malta, “giving due attention on the one hand to the bearing of capitalist powers upon state government,

and to the relationships between class relations and state structure / state power configurations on the other.” (ibid.)

One such area of study which could provide evidence of the workings of the State in Malta is that of land development, which is a controversial issue in this country.

1.2 THE STATE AND LAND DEVELOPMENT

Various sociologists around the world have analysed the relationship between the State and Land Development.

Sociologists such as Do Hyun Han (1995) argue that there is a relationship between the market and the state when it comes to land development. When analysing the development of golf courses in South Korea, he found that although the government makes an effort to protect the environment, the government is overwhelmed by what he defines as ‘developmentalism’. Repressive governments have tried to crush environmental movements, and people have been afraid to defy the development decisions of developers and the government. Do Hyun Han concludes that the State has not been successful in protecting society from the market.

Other sociologists such as Marvin E. Olsen (1992) have reached different conclusions. According to Olsen, in democratic political systems, political elites will tend to ensure their own legitimacy and re-election by shaping “their policies and programs to be relatively congruent with what they perceive to be the prevailing beliefs among the electorate.” (ibid., p.181-2)

Another approach is that of Neghin Modavi (1991), who states that when it comes to analysing environmentalism, state and economy in the United States, “It is generally true that popular pressures as well as economic dynamics foster the formulation of reform policies that extend the role of the state and its dominance in society.” (ibid. p.271).

In this dissertation, which shall analyse the role of the Maltese State in the Hilton Redevelopment Project, the analysis adopted shall be that which Modavi (ibid., p.262-3) defines as the Neo-Marxist class centric Approach, which stresses the significance of economic interests and constraints on political activity and structural transformations. In this approach one identifies the mutual dependency of the State and land developers which is manifested in the state’s tendency to promote capitalist economic interests. This approach has been used by Modavi herself when she analysed the land-use issue in Hawaii. (Canan, 1993, p.5)

1.3 HYPOTHESIS

Given that this dissertation shall use the Neo-Marxist class-centric approach, the following hypotheses shall be tested, using the Hilton issue as a case study:

The State and land developers form part of a power bloc through which both stand to gain from the exploitation of land. The State gains through the generation of economic growth. Land developers legitimate the exploitation of land through the State Apparatus.

1.4 LAYOUT OF DISSERTATION

I will apply the theory which is behind the hypothesis in order to test the same hypothesis. Hence, Chapter 2 shall give a theoretical background to the Neo-Marxist class-centric approach, and Chapter 3 shall give a brief account of the capitalist development of Malta in order to provide a context for the study undertaken. Chapter 4 shall present the case study by putting forward a brief history of the Hilton development, with particular emphasis on the Redevelopment Project. Chapter 5 shall analyse how the State stood to gain from the Hilton Redevelopment Project, while Chapter 6 shall analyse how the land developers in question, Tumas Group legitimised their exploitation of land through the State Apparatus. Chapter 7 shall present the conclusions of this study.

1.5 METHODOLOGY

In this dissertation I have used the historical method in order to analyse and test my hypothesis. According to E.H. Carr (quoted by Bulmer, 1984) it is important to give sociology a historical dimension. As he puts it, “the more sociological history become and the more historical sociology becomes, the better for both. Let the frontier between them be kept open for two-way traffic.” (Bulmer, 1984 p.155).

Anthony Giddens (1993, p.695) has stated that when a study is either wholly historical, or has a defined historical dimension, “documentary research is often essential.” Hence I analysed a wide range of documents regarding the issue in

question, which include Planning Authority documentation about the Hilton Redevelopment Project, the report carried out by the Ombudsman about the issue, newspaper articles, documents by the Front Kontra l-Hilton, and documents of political parties, social movements and institutions.

Although the analysis of documents is essential to studies such as the presented one, such analysis has its own problems. These include the fact that researchers are dependent on the sources that exist, “which may be partial” (Giddens, *ibid.*), and that the sources available may be difficult to interpret in terms of how they present reality. (*ibid.*)

However, not only documentary research was used in order to produce this dissertation. Given that the author was directly involved in the protests against the Hilton Redevelopment Project, a lot of fieldwork was carried out, which gives the study greater depth. A lot on knowledge about the project could not have come about had it not been for the author’s direct involvement in the issue. A great deal of information and short-cuts to information came about by means of informal discussions with other main actors in the issue. This does not mean that everything that was said to the author was digested uncritically and put down on paper - Various rumours, many of them very convincing, are not mentioned in this dissertation as they may be considered to be mere allegations without any proof by those who strive for the so called ‘scientific method’.

The fieldwork research method has its problems too, the main one being that it may be difficult to generalise by using this method. (Giddens, *ibid.*). Indeed, the aim of this

dissertation is to show how the Neo-Marxist class-centric approach could be applied for the case study in question. It is up to sociologists themselves to try to prove or disprove the validity of the theory by trying to apply them to other case studies.

CHAPTER 2: THEORETICAL BACKGROUND

2.1 INTRODUCTION

A materialist analysis of how power is exerted within society must be put into a proper context in order to be meaningful. Hence one cannot discuss the power of the capitalist state if the society being analysed is primarily based on a feudal mode of production. I shall be dealing with the exercise of power within capitalism, and the role of the state in this system. The approach being adopted, namely the Neo-Marxist class centric approach, shall refer to the analysis of the state provided by Louis Althusser and Nicos Poulantzas.

2.2 SOCIAL STRUCTURE AND REPRODUCTION

A Marxist analysis of society portrays every society as being constituted by 'levels' or 'instances' which are characterised by the *infrastructure* or economic base (the productive forces and the relations of production) and the *superstructure*, which consists of politics, ideology and so forth.

Some branches of Marxism would put it that the infrastructure necessarily determines the superstructure. This rigid determinism has been questioned by various Marxists, who state that the superstructure has a 'relative autonomy', and that it can even have effect on the infrastructure. However it is evident that in order for a particular society to be able to produce, simultaneously it must reproduce the conditions of its

production . As Louis Althusser (1984. P.2) puts it, such a social formation must reproduce (1) The productive forces, and (2) The existing relations of production.

According to Nicos Poulantzas (1978, p.26), “it is the primacy of the relations of production over the productive forces that gives to their articulation the form of a *process* of production and reproduction.” In order for this process to take place, it is very likely that *power* is exerted. Poulantzas (1975a, p.104) defines power as “*the capacity of a social class to realise its specific objective interests.*” If power is not exerted, reproduction, which is likely to serve the interests of those who dominate society, is not guaranteed.

2.3 EXERCISE OF POWER AND THE STATE

Within capitalism, the State has a primary role in the exercise of power. Althusser (ibid. p.14) goes as far as stating that the whole of the political class struggle revolves around the state. State power is possessed by a certain class or by an alliance between classes and class fractions, and, as Poulantzas puts it, the particular function of the state is that of “*constituting the factor of cohesion between the levels of a social formation.*” (Poulantzas, ibid., p.44). In turn, cohesion is carried out by means of economic, political and ideological functions, which “*are over-determined by, and condensed in, its [the state’s] strictly political function, its function in relation to the field of the political class struggle.*” (Poulantzas, ibid., p.187)

The state’s principal role with regard to the dominant classes is an organisational one . The unity of the power bloc (which is composed of bourgeois class fractions,

and possibly even of dominant classes issuing from other modes of production - such as big landowners in dependent countries) depends on the State's ability to maintain the unstable equilibrium and compromise between its components, which are led by a hegemonic class or fraction.

How does the State manage to unify its power bloc? Poulantzas (1978, p.127) argues that this is possible insofar as the state enjoys *relative autonomy* of its given fractions and components, and of various particular interests. The capitalist State is relatively separated from the relations of production. Indeed, according to Poulantzas, the capitalist State serves best the interest of the ruling class "when the *ruling class* is not the *politically governing class*." (Poulantzas, 1969 p.71)

He also considers the state to be "a *relationship of forces, or more precisely the material condensation of such a relationship among classes and class fractions, such as this is expressed within the State in a necessarily specific form.*" (1978, pg.128-9).

Hence the State is itself 'divided'.

2.4 THE STATE APPARATUS

Althusser and Poulantzas argue that the State makes use of state apparati such as the Ideological State Apparatus and the Repressive State Apparatus to contain the class struggle. I shall briefly describe various state apparati.

2.4.1 The Repressive State Apparatus

Similarly to Max Weber, Poulantzas argues that within capitalism the state *holds the monopoly of organised physical repression*, as opposed to other modes of production such as feudalism in which institutions such as the church, seigneurial power, etc. have the privilege of exercising this power parallel to the state. The state's violence is legitimate, and is based on 'right' defended by the constitution.

By means of its repressive apparatus, the state secures "by force (physical or otherwise) the political conditions of the reproduction of relations of production which are in the last resort *relations of exploitation*." (Althusser, *ibid.* p.23-24). The institutions involved in the exercise of such apparatus include the army, the police and the penitentiary system.

This state apparatus is prepared to contain any resistance or revolt against the prevailing social order. Society need not be dominated by a 'police state' for this characteristic. The mere thought of state violence can silence even the most critical person, who feels helpless against the almighty state. The analysis of the repressive state apparatus helps us understand Marx's argument that every State is a class 'dictatorship'.

It would be misleading to interpret state power as being exerted only by means of repressive state apparatus. The Repressive State Apparatus is the backbone of what Althusser (*ibid.*) defines as the *Ideological State Apparatus*.

2.4.2 The Ideological State Apparatus

According to Althusser, it is quite difficult for the State to reproduce political domination exclusively through repression, force or 'naked' violence. Thus the state resorts *ideology* in order to legitimise violence by means of cross-class consensus. (Althusser, 1984, p.20)

The Ideological State Apparatus (ISA) is present in a number of institutions, such as the religious ISA (the system of the different Churches), the educational ISA (the system of the different public and private schools), the family ISA, the political ISA (the political system, including the different political parties), the trade-union ISA, the communication ISA (press, radio and television, etc.), the cultural ISA (literature, arts, sports, etc.), and so on. (Althusser, *ibid.* p.16-17). While the Repressive State Apparatus functions primarily by violence, the Ideological State Apparatus functions primarily by Ideology.

As Althusser (*ibid.*, p.20) puts it, "*no class can hold State power over a long period without at the same time exercising its hegemony over and in the State Ideological Apparatuses (sic).*"

One cannot understand Ideological State Apparatus without understanding ideology. Althusser (*ibid.*, p.32) defines the latter as "the system of ideas and representations which dominate the mind of a man or a social group." (*ibid.*, pg.32). Ideology always expresses class positions, and "has no history" (*ibid.*, p.33), because like Freud's unconscious, "it is eternal" (*ibid.* p.35), that is, ideologies always exist in different social formations. Although ideology may not be 'true', it has a material existence, because it "represents the imaginary relationship of individuals to their real conditions

of existence.” (ibid.p.36). Ideologies always exist in an apparatus and in its practice or practices.

Hence, according to Althusser, (ibid. p.41) an individual behaves “in such and such a way, adopts such and such a practical attitude, and what is more, participates in certain regular practices which are those of the ideological apparatus on which ‘depend’ the ideas which he has in all consciousness freely chosen as a subject.” In other words, (ibid. p.43) “*his ideas are his material actions inserted into material practices governed by material rituals which are themselves defined by the material ideological apparatus from which derive the ideas of that subject.*” (pg.43).

Therefore, practice is always by and in an ideology and is always by and for the subject/s.

Ideology creates *cohesion*. Unlike the Repressive State Apparatus, which belongs directly to the State, there may be a plurality of Ideological State Apparatuses. This is because Ideological State Apparatuses may be both ‘public’ and ‘private’. In this case what matters is the manner in which they function and the interests they serve.

The Ideological State Apparatus serve the interests of the ruling class by reproducing mode of production the same class dominates. Even when this apparatus does not directly form part of the state, its function is still that of maintaining cohesion. It asserts itself in its own way. For example, the political apparatus in a liberal democracy subjects individuals to ‘democratic’ ideology, while the communications apparatus (the press, radio, television and so forth) feeds every individual with doses of nationalism, moralism, chauvinism, and so forth. Althusser shows how the School

has replaced the Church as being the dominant Ideological State Apparatus. Just like the church, it is considered to be 'natural' and it is coupled by the family.

The dominant ideology serves as the *internal cement* of the various state apparatuses and their personnel. Poulantzas says that "in this ideology, a neutral State appears as the representative of the general will and interest, and the arbiter among struggling classes: the state administration or judicial system stands above classes; the army is the pillar of the nation, the police the guarantor of republican order and civil liberties, and the state administration is the motive force of efficiency and general well-being." (1978, p.155-6)

The Gramscian concept of hegemony covers the characteristics of the dominant ideology. A class or fraction manages to take hold of the power bloc by presenting itself as representative of the general interest of the people-nation, rather than the interests of particular classes or fractions. Hence, dominated classes accept its domination and the capitalist state, which is made up of the power bloc is *legitimised*. The stronger the hegemony of the ruling class or faction, the more stable is the alliance forming the power bloc.

The concept of legitimacy does not mean that the class struggle ceases to exist. The Ideological State Apparatus always rests on the Repressive State Apparatus, which intervenes when 'bad subjects' (as defined by Althusser) provoke its intervention.

2.4.3 The Economic State Apparatus

Nicos Poulantzas identifies another State Apparatus: *the Economic State Apparatus*. In his analysis of the contemporary capitalist state, Poulantzas notices that the State acts in a positive fashion, “*creating, transforming and making reality.*” (1978, p.30) The present-day State intervenes directly in the economy - hence the existence of the Economic State Apparatus, which is also directly influenced by the dominant ideology. The existence and behaviour of the Economic State Apparatus depends on the type of capitalist state and on the stage capitalism has reached.

2.5 THE CAPITALIST STATE: CONTEXT AND HISTORY

Poulantzas (1978, p.25) states that “*The theory of the capitalist State cannot be isolated from the history of its constitution and reproduction.*” Hence there is a difference between the present-day state and the state of Marx’s times. Both States represent the long-term political interest of the whole bourgeoisie, but the present day state “does so under the hegemony of one of its fractions - currently monopoly capital.” (ibid. p.128)

The Capitalist State has undergone transformations which are characterised in stages and phases of capitalism: competitive, imperialist-monopolistic and the phases of the latter. These transformations have brought about changes in the capitalist relations of production and social division of labour.

In the nineteenth century, the capitalist state’s economic functions were subordinated especially to its repressive and ideological functions. In his analysis, Poulantzas (ibid., p.168) maintains that “the State was mainly involved in materially organising the

socio-political space of capital accumulation: its more specifically economic interventions could easily be modulated to fit the exigencies of accumulation. Now, given that the State's present role in the economy alters the political space as a whole, economic functions henceforth occupy the *dominant place* within the State."

Therefore, while the competitive stage of capitalism is characterised by the dominant and determinant role of the economic, present-day monopoly capitalism is characterised by the dominate role of the state.

Within contemporary capitalism, the juridical-political ideology of general interest is giving way to a technocratic ideology of efficiency, economic progress, abundance and well-being. In fact, according to Poulantzas (1978, p.203-4) a new form of State is currently being imposed, characterised by what he defines as "*Authoritarian Statism*". Here, the state intensifies its control over every sphere of socio-economic life while at the same time democratic institutions are declining. The 'dominant party' is directly involved in this phenomenon.

2.6. "EXCEPTIONAL" CAPITALIST STATES

Poulantzas does not only analyse core capitalist states. In "The Crisis of Dictatorships" (1977), he discusses the decline of 'exceptional' capitalist states in Mediterranean countries Spain, Portugal and Greece. According to Poulantzas these countries are dependent on international capitalism, especially the U.S. and the E.E.C., and are characterised by a dependent form of state, the domination of foreign capital and the lack of genuine national independence. In each of these countries there are two important and divided fractions of the ruling class, namely the 'comprador'

bourgeoisie, which represents the interests of foreign capital, and a domestic or 'internal' bourgeoisie, based on developing industrialisation (especially light industry), partly representing native capital and partly administering foreign capital. According to Poulantzas, both of these bourgeoisie-types do not represent a 'national' bourgeoisie, which can put forward progressive changes.

2.7 NEW FORMS OF STRUGGLE

Although Poulantzas gives us a gloomy picture of the dominant power structures within capitalism, he is not pessimistic. According to him, new struggles which have in view the exercise of direct, rank-and-file democracy are emerging. These include the struggles of citizens' and neighbourhood committees, and of environmental and womens' movements.

Poulantzas maintains that although the movements involved in such struggles are located 'at a distance' from the State, they still leave an impact - "Not only does authoritarian statism fail to enclose the masses in its disciplinary web or to 'integrate' them in its authoritarian circuits; it actually provokes general insistence on the need for direct, rank-and-file democracy - a veritable explosion of democratic demands." (ibid., pg.246-7)

2.8 CRITICISMS OF ALTHUSSER AND POULANTZAS

The theories put forward by Althusser and Poulantzas have been criticised by various sociologists. Interestingly the bulk of criticism directed towards them has come from other Marxist or left-wing sociologists.

2.8.1 Criticisms of Althusser

Althusser has been primarily criticised due to his excessive theoreticism, his neglect of relevant evidence, his dogmatism, and his departure from Marxist principles such as those which give primacy to the economy. (Abercrombie et al, 1994 p.16)

E.P. Thompson, one of the harshest critics of Althusser, described Althusserianism as being 'ahistorical theoreticism' due its staticity, which is contrary to Marxist historical method. According to Thompson, Althusser's 'theoretical anti-humanism' deals with the 'real world' in the most abstract manner, resulting in 'the poverty of theory'. (Parker and Sim, 1997 p.8)

Hindness (1977) argued that within Althusser's theories the relationship between power and the economy is not clear. Therefore

"Either we effectively reduce political and ideological phenomena to class interests determined elsewhere (basically in the economy) - i.e. an economic reductionism coupled with a vague recognition that things are actually more complicated and a failure to get to grips with that complication. Or we must face up to the real autonomy of political and ideological phenomena and their irreducibility to manifestations of interests determined by the structure of the economy." (ibid. p.104)

Althusser was also criticised for not empirically testing his theories within the social structure of contemporary capitalist society. (Parker and Sim, 1997 p.8)

2.8.2 Criticisms of Poulantzas

Various sociologists have criticised Poulantzas for examining only the negative aspects of capitalist states, thereby ignoring their role in welfare provision and crisis management. Further to this, his analysis of classes in contemporary capitalism was criticised for lacking historical perspective and for ignoring social mobility.

Poulantzas was also criticised for ignoring other types of conflict which cut across class divisions, such as gender, ethnic, religious, national and regional conflicts.

(Parker and Sim, 1997, p.304-5)

The most famous criticism of Poulantzas was that provided by fellow Marxist Ralph Miliband, who attacked the former's 'structural super-determinism', which allegedly eliminated the possibility of organised political action to change the objective conditions of political life. (Abercrombie et al, 1994, p.267). This is because such an analysis "makes impossible a truly realistic consideration of the dialectical relationship between the state and 'the system'." (Miliband, 1970, p.56)

2.9 CONCLUSION

This chapter has briefly described the theories of the State as put forward by Althusser and Poulantzas, together with some criticisms directed at these theories.

I consider the theories of Althusser and Poulantzas to be the right theoretical tools for my analysis of the Hilton Redevelopment issue in Malta. This is because I found out that the State had a principle role in this issue. The State's Ideological, Repressive and Economic apparati were largely determinant in the way the whole issue progressed. However, it is important to point out that the major state apparatus involved in this particular issue, namely the Planning Authority, cannot be clearly defined as either an Ideological or a Repressive or an Economic state apparatus. The Planning Authority is perhaps a little of all three types of State Apparatus, due to the fact that it transforms economic reality, it exerts ideological influence, and also issues enforcement orders against developers who break the law. This does not contradict the analysis of Althusser and Poulantzas - the latter admitted that the distinction between different state apparati is itself highly debatable. (1978, p.33) The fact that an apparatus such as the Planning Authority plays different roles does in no way reduce the role of ideology, repression and economics within the State.

In the following chapter shall I analyse the development of Capitalism in Malta, which shall be used as a backdrop to apply the aforementioned theories to the case study presented in the subsequent chapters.

CHAPTER 3: THE MALTESE CONTEXT: CAPITALIST DEVELOPMENT AND THE STATE

3.1 INTRODUCTION

I will now attempt to apply the theories of Althusser and Poulantzas to analyse the Maltese social formation from an economic, political and ideological standpoint.

3.2 THE MALTESE CONTEXT

Malta has various characteristics which are similar to those of what the United Nations Development Programme (UNDP) defines as 'developed countries'. These include literacy rates, school enrolment rates, average life expectancy, the number of hospital beds and the number of physicians per head of population. The High Development Index of the UNDP places Malta among the high income industrial countries. (L.Briguglio, 1995, pg.106)

Malta's Gross Domestic Product per capita is approximately US\$8000. It is higher than that of most developing countries, and the World Bank's 'World Development Report' classifies the Maltese economy as an upper middle income one. (ibid.) The contribution by the manufacturing sector compares well with the manufacturing percentage pertaining to developed countries. (ibid.)

Perhaps the most comprehensive description of the Maltese social formation has been given by Sultana (1997, p.9): "The island..... has its own specific character, one

marked by scale, late industrial - and educational - development, and its own particular history of dependency, an interplay and struggle between foreign and local power structures and hierarchies.” An analysis of Malta’s development during the last two hundred years will help in understanding Sultana’s definition and in pinpointing the characteristics of the present day State, Dominant Classes, Dominant Ideology and dominant Political Parties.

3.3 THE DEVELOPMENT OF CAPITALISM IN MALTA

Before 1964’s independence Malta was colonised by various foreign rulers. This meant that Malta’s development was different from the classic capitalist development which many consider to be symbolised by the French Revolution.

Between 1798 and 1800 Malta was under French rule. However, no national democratic revolution developed. According to Mario Vella (1989a), this fact, together with the influence of the British rule which followed,

“on the one hand, retarded the autonomous development of ideological, economic and political conditions necessary for the development of modern manufacturing capitalism and, on the other hand, artificially propped up formations characterised by pre-capitalist relations of production in the countryside and parasitic merchant capital in the urban centres. This ideological, economic and political stagnation lasted at least until the second world war and was itself a determining condition of changes that occurred after that.” (M.Vella, 1989a, 174-5)

An interesting phenomenon which occurred under British rule is the fact that an industrial proletarian class developed in Malta, made up of the industrial workers

earning their living in the dockyards. Given that the dockyards belonged to the British Navy, Malta had the unique situation of having a proletarian class without a corresponding industrial bourgeois class.

Lino Briguglio (1995) states that as from the 1960s the expansion of the manufacturing sector together with the phasing out of the British forces bases in Malta, led to great economic changes. Malta's economy has been restructured from one depending on expenditures of the British defence needs to one based on marketed exports of goods and services. Hence Malta's colonial identity has been transformed into what many define as a neo-colonial one, in which international economic factors rather than strategic ones dominate Malta's role in the global economy.

According to Mario Vella (1989a, 1989b) the Labour Movement brought about the greatest economic changes, which occurred after 1971. Vella suggests that in societies with an underdeveloped bourgeoisie, parties or movements which derive their political strength from the working class take up the tasks of a national democratic revolution. Hence, the Labour Party has acted as a functional substitute for a non-existing national democratic manufacturing bourgeoisie, by forming a contradictory social bloc made up of a new industrial bourgeoisie and the majority of the working class, and by using populist discourse. This had to happen because the new industrial bourgeoisie has not been able to present itself as a hegemonic class. History has shown that this class was dependent on state protection, was subservient to neo-colonial capital, and has not emancipated itself from merchant capital. Given the characteristics of the local bourgeoisie, the Labour era of 1971-87 was characterised by a high degree of state capitalism.

Although Labour governments of the era in question tried to develop the local manufacturing sector, the industrial development which occurred at the time was mostly based on foreign owned export led industry. (Vella 1994, p.66) This meant that during this period Malta still remained highly dependent on the world economy, which is not surprising, given Malta's small size and lack of natural resources.

The subsequent Nationalist government (1987-96) did not question capitalism, and indeed furthered capitalist development. However this government had a bias in favour of merchants. Malta was raided by foreign products under this government, which together with the government's market oriented strategy, boosted consumerism. Unlike the previous Labour government, the Nationalist Government believed that the State's role within the economy should be less direct than that of the previous government. The Nationalist government also clearly expressed a strategy which would lead to membership within the European Union.

The New Labour government (1996-) accepted the market oriented strategy adopted by the previous government, but maintained its bias in favour of the local manufacturing sector, to such an extent that it froze Malta's application to join the European Union in order to allow the local manufacturing sector to be able to restructure itself. The Malta Development Corporation is taking a leading role in helping restructure local industry.

A characteristic of local manufacturers is that they not independent from local importers of products. In fact, many manufacturers switched to importation under the Nationalist government, which did not adopt the protectionist policies of the previous

Labour government. Hence local manufacturers did not develop an effective political role in the country's industrialisation. (Vella, 1994)

To date, Malta's manufacturing sector is dominated by foreign owned companies, to such an extent that SGS-Thompson is responsible for 55% of manufacturing exports. The manufacturing sector employs around 19.6% of Malta's workforce (UNDP, 1996, p.35), and contributes about 24% to Malta's GDP. (Ministry for Economic Affairs and Finance, 1997, p.38)

Together with the manufacturing industry, tourism is a major foreign currency earner. This sector, which took off and has been expanding since the 1960s is mainly locally owned, and has been given importance by both Nationalist and Labour governments. When considered in isolation, the tourist industry contributes around 7% to the Maltese GDP (L. Briguglio, 1994, P.40). However, this industry has considerable direct, indirect and induced effects on the Maltese economy, to such an extent that according to Lino Briguglio (ibid.), tourist expenditures probably accounted for 20% of GDP during the eighties and early nineties. It also accounted for around 25% of foreign exchange receipts from trade in goods and services. Recent statistics show that "tourism remains one of the main pillars of economic activity in Malta and the primary sector in the services industry." (Ministry for Economic Affairs and Finance, 1997, p.139)

Various companies involved in the tourist industry are also involved in the construction industry, which is another vital sector in the Maltese economy, employing around 3.8% of Malta's workforce (UNDP, 1996, p.35), contributing

around 4% to Malta's GDP (Ministry for Economic Affairs and Finance, 1997, p.38), and having other considerable multiplier effects on the Maltese economy. Some companies which are involved both in construction and tourism also represent foreign interests. One such company is Tumas Group, which is involved in the construction and tourism industries and which represents Hilton International.

3.4 CONCLUSION

Both the Labour and Nationalist governments have embraced capitalism, albeit their differences and similarities. Hence, one can pronounce the Capitalist intentions of the Maltese State.

Malta's Capitalist development has been characterised by its small size, its dependency on imports and its subsequent dependency on exports (L. Briguglio, 1995 p.114). Malta is particularly dependent on the European Union, which, in 1995, accounted for 61.1% of Malta's exports and 69% of Malta's imports. (Ministry for Economic Affairs and Finance, 1997, p.8)

One can safely say that although Malta's road towards capitalism has not been the same as that experienced by the European metropolis and of Mediterranean countries which were ruled by military dictatorships, the relationship between politics and the economy in Malta is similar to that found in the contexts to which Poulantzas and Althusser refer. The Hilton redevelopment issue can be considered to be a case in point. In the following chapters an analysis shall be made of the relationship between politics and economy in this particular case study.

CHAPTER 4: THE HILTON CASE STUDY: A SHORT HISTORY

4.1 INTRODUCTION

The Hilton redevelopment issue is an example of how political and economical interests are related and how they depend on each other. This chapter will briefly present the History of the Hilton development¹, which in turn will be sociologically analysed in the following chapters to show the relationship between politics and economics.

4.2 THE ORIGINAL HILTON DEVELOPMENT

The development of the Hilton Hotel took off in 1964, when the Maltese government granted 31 acres of land to Spinola² Development Co. Ltd for a period of 150 years, against a payment of Lm34,000 and an annual rent of Lm1,000. The conditions set by the government for the granting of this land included that the land had to be used exclusively for touristic development; that a hotel for 400 guests had to be built; that demolition and rebuilding of any structures built by the company was subject to permission by the Minister for Tourism; and that after a period of 15 years following

¹ A sizable amount of information regarding the history of the Hilton development was obtained by the *Front Kontra l-Hilton* when, during January 1997, its members were granted permission by Prime Minister Alfred Sant to analyze Planning Authority documents regarding the Hilton Redevelopment Project. However the *Front* members who analyzed the documents were not allowed to photocopy the same documents, meaning that they had to copy relevant documentation by hand. Hence, I am using *Front Kontra l-Hilton* papers as a source of reference from which to quote Planning Authority documentation, which is unavailable to the public. A copy of some of the notes taken by *Front* members from Planning Authority files is presented in Appendix 8.

² Spinola is the part of St. Julian's (a Maltese town) which is situated next to the sea. It includes a small fishing village.

the opening of the hotel the land and improvements erected could only be transferred as a whole. (Ombudsman, 1997, p.2)

4.3 NEW REDEVELOPMENT PROPOSALS

As from 1986, following a change in shareholders, the company responsible for the Hilton proposed various development schemes for the government's consideration. These schemes involved changes to the conditions of the 1964 deed, one of which was put through in 1991. This stipulated that 9.5% of the whole land area could be "used for purposes other than touristic and could be transferred (sold) to third parties in separate units." (Ombudsman, 1997, p.3)

4.4 INITIAL DISCUSSIONS, PRESSURE, CONFLICT

The developers proceeded to propose a new project for a residential / commercial complex and a new hotel. Discussions were carried out with the Planning Authority until July 1993, and following this, fourteen meetings were held by the developers with the Planning Authority's Planning Directorate between June and September 1994, and new development proposals were put through. (Ombudsman, 1997. P.3)

The proceedings of these meetings were not minuted. (Front Kontra l-Hilton, 1997a, p.7)

On March 28th 1995 the developers submitted an outline application to the Planning Authority for the development of the first phase of the redevelopment project. This comprised a 325 bedroom hotel, 38 cabanas on foreshore, 60 marina apartments, 241

other apartments, a business centre, retail outlets, a conference centre, yacht marina berths and 1350 parking spaces. (Ombudsman, 1997, p.3).

Given that the developers did not have sufficient legal legitimacy to carry out such development, it requested the Lands Department for further modification of the conditions set by the Government in 1964. (Ombudsman, 1997, p.3) The Lands Department had no objection to the proposed development, stating that this was influenced by the fact that “the government had already pronounced itself in favour of the development of the land in question not necessarily for touristic purposes”. (Ombudsman, 1997, p.4)

The next step was to hold a meeting in which representatives of the developers and of the Planning Directorate would meet the then Minister for the Environment, Dr. Francis Zammit Dimech. This meeting was held on May 15th, 1995, and the Company’s representative, Dr. J.J. Vella stated that “if the project was not approved by June 1995, Hilton international would pull out of Malta”. (Front Kontra l-Hilton, 1997a, p.6). Dr. Vella’s comments were echoed in a letter which the Company sent to the Planning Authority on May 25th, 1995, where the Company stated that ‘it would be impossible to accept any delay after the 25-5-95.’, because Hilton International would not reinvest its money in Malta. (Front Kontra l.Hilton, 1997a, p.6) On 5th June 1995, the developers wrote to the Planning Authority’s Director of Planning, Mr. Godwin Cassar instructing him ‘to ensure that when the project is presented for approval at the public hearing the project is not subject to any conditions which we do not accept or are beyond our control to comply with’ (Front Kontra l.Hilton, 1997a, p.6).

At the same time that the developers were urging the authorities to hurry in giving the necessary permits because otherwise Hilton International would pack its bags and leave, the same Company revealed that it had secured a 15 year management agreement with Hilton. This was also confirmed by two letters the Company sent to the Planning Authority on June 5 and June 6 1995. (Front Kontra l-Hilton, 1997a, p.6-7)

During 1995 a number of reports were issued regarding the Hilton Redevelopment Project. The developers presented an Environment Impact Statement (EIS) which, according to Planning Authority procedures, *was commissioned by the same developers* to the Planning Authority. This report was supportive of the project.

The EIS's conclusions on the marine impacts of the project were contradicted by another report by experts Prof. Schembri and Dr. Lanfranco, who indicated that the overall impact of the developers would be significant. (Front Kontra l-Hilton, 1997a, p.6). This report was not commissioned by the developers.

The EIS was also contradicted by an internal report presented by the Planning Authority's Environmental Management Unit (EMU) in May 1995. The Redevelopment Project was highly criticised on environmental and social grounds. The report even threw doubts on the economic viability of the project. (Wood, 1996, p.6)

On May 30th, 1995, the Director of Planning wrote to the Museums Department, seeking the Department's agreement to have part of the historic wall dismantled. The

Museums Department had previously declared that it was against any breach in the historic wall. The arguments presented by the Director of Planning to convince the Museums Department resembled those of the developers. In fact he stated that positive aspects of the development include that the project will provide Lm.35 million in development investment, which results in substantial employment possibilities, the provision of a new hotel and business and conference centre and additional access routes, tourist attractions and a range of facilities. In this letter the Director of Planning also stated that according to the Heritage Advisory Committee (HAC) (a group of experts established under the Development Planning Act, 1992 to advise on development affecting matters related to heritage) 'a break is acceptable provided it is kept as narrow as possible'. In reality the HAC had persistently claimed that the historic entrenchment wall should have been protected as a Grade 1 monument and should never have been damaged in any way.

On the day after the receipt of this letter the Museums Department, changed its opinion from 'strongly objects' to 'the breach would be acceptable' (Front Kontra l-Hilton, 1997a, p.7-9)

In June 1995 the Society for the Study and Conservation of Nature (SSCN) presented a policy paper which stated that the "SSCN objects to the inclusion of the yacht marina and the breakwater.....[and]....proposes that the coastal belt starting from the entrenchment to the sea, would be requisitioned (in terms of Structure Plan Policy CZM 3) and the area designated a natural park - where both locals and tourists can enjoy the natural heritage and historical entrenchment (in terms of Structure Plan Policy CZM02) which are unique to the area and to the Maltese Islands". The SSCN

proceeded to talk about the importance of the site, quoting the Structure Plan, and also questioned inaccuracies in the Environment Impact Statement (EIS) produced by the Developers. (SSCN, 1995)

A few days after the publication of the design of the project, a meeting was held in the Hilton hotel between the Ministry of the Environment, the developers, members of the public and a number of organisations. Dominic Fenech (D.Fenech, 12-1-97), a leading member of the Paceville Residents Association³, described the meeting as one which was dominated by the developers:

“We were asked to sit in the auditorium, while the speakers for the project sat at a table onstage next to the chairman. The ball was in their court. The first hour was taken up by their ‘lecture’ on how wonderful and profitable this project was. Then it was our turn to speak. And at the end they spoke once again, to give us an answer that we were not right. Some dialogue.” (My translation)

Dominic Fenech was not surprised by this. In fact “On the day of the meeting the preliminary contract between the developers and Lands had surreptitiously been signed to exonerate the developers from the burden of the original contract.” (My translation) (Fenech, 12-1-97)

4.5 APPROVAL OF OUTLINE PERMIT AND SUBSEQUENT PROTESTS

³ The area where the Hilton is situated is known as Paceville. It is a known fact that the many of the residents of the area frustrated by the fact that during the last 15 years or so it has developed from a small village to Malta’s top entertainment area, where one can find a variety of discos, nightclubs, bars, restaurants and hotels as well as a cinema and a bowling alley.

On June 8, 1995, after a lengthy public hearing, the Planning Authority approved the outline permit of the Hilton redevelopment project. Both representatives of major political parties on the Planning Authority's board, Nationalist Party's Michael Bonnici and Malta Labour Party's George Vella voted in favour of the project. According to a press release by *Moviment Graffiti*,⁴ (1995), a leftist political movement, the board members of the planning authority did not know if any social costs would emerge from the project. Further to this, "the 'objective' presentation made by [Planning Authority] director Godwin Cassar for the Planning Authority's board regarding the project was supplemented by personal opinions which happened to favour the speculators." *Moviment Graffiti* deplored the fact that "like the public hearing held a few days before, this meeting was weakly advertised...[meaning that]...the public did not have enough time to investigate the issue and was not well informed about the importance of this issue, and consequently widespread public discussion was craftily avoided" (ibid.) This last point seems to be confirmed by the fact that a number of Government departments had written to the Planning Authority stating that not enough time was being made available to them to express themselves on the project and by the fact that relevant plans and documents were only made available to the public a few days before the public hearing. (Front Kontra l-Hilton, 1997a, p.4-5). All this seems to be in contradiction with the Planning Authority's procedural rule which states that "an essential part of the process is extensive consultation from the beginning including public access to information and the opportunity to comment during the various stages". (Front Kontra l-Hilton, p.4-5)

⁴ *Moviment Graffiti* means 'Graffiti Movement' in Maltese.

A few days after the Public Hearing, the editorial of local newspaper *Alternattiva* (30-6-95, p.7), which belongs to *Alternattiva Demokratika*⁵, a small green party, stated that

“after the decision in favour of the Hilton project....the Planning Authority reached rock bottom credibility, a credibility was supposed to possess guardian of Malta’s environment....The Planning Authority is turning into a smokescreen at the Government’s disposal, a convenient excuse to justify the destruction of the environment - something which is becoming commonplace in our country”. (My translation)

These comments were very similar to those put forward by *Moviment Graffiti*, which stated that “we are systematically destroying the environment and perpetuating social injustice for very short sighted financial gains. The Planning Authority has become the laughing stock of the Maltese public, allowing speculators virtually to do as they please.” (Moviment Graffiti, 1995)

On June 25th 1995, a protest against the giving out of permits for the project was carried out by number of organisations and residents. These included *Din l-Art Helwa*⁶ (an national organisation which was set up to safeguard the national heritage), *Moviment Ghall-Ambjent*⁷ (Friends of the Earth - Malta), Society for the Study and Conservation of Nature, *Fondazzjoni Wirt Artna* (a movement promoting the safeguarding of the national heritage), Marine Life Care Group, *Alternattiva Demokratika*, Bird Life Malta, *Moviment Graffiti*, Arbor (a movement promoting the

⁵ *Alternattiva Demokratika* means ‘Democratic Alternative’ in Maltese.

⁶ *Din l-Art Helwa* is a phrase taken from Malta’s national anthem and means ‘this pretty land’ in Maltese.

⁷ *Moviment Ghall-Ambjent* means ‘Movement for the Environment’ in Maltese.

safeguarding of trees) , ECO (a movement dealing with ecological education), St.Julian's Residents and the Local Council of neighbouring Sliema - a town known for its touristic attractions such as the popular "Exiles Bay", which is very close to the Hilton site. The protesters presented a letter which was sent to officials of the Hilton International appealing to them to reconsider their decision to build the yacht marina as part of the upgrading of the hotel. They held that the contents of the environmental impact statement produced by the developer, Spinola Development Company Ltd, was an example of a strong disregard for scientific objectivity. The letter also pointed out that residents would have to put up with heavy construction traffic, rock blasting, noise and dust over a period of five years, together with permanently increased traffic, loss of peace and quiet, and overcrowding. The letter concluded by stating that "the approval by the PA [Planning Authority] of the development in its present form is therefore a highly questionable decision. During the protest Labour MP Evarist Bartolo (who was present) stated that although he agreed with the Hilton Development, he was against the construction of a yacht marina. (The Times, 25-6-95). (During this time period the Labour Party was the main opposition party).

The protest seemed to have little effect. In fact, on August 28, the Commissioner of Land and the Company signed a deed which removed the restrictive conditions of the 1964 deed. This concession was made against the once only payment of Lm.121,640 paid in instalments. (Ombudsman, 1997, p.5)

On September 26th 1995 Labour MP Evarist Bartolo presented a petition to Parliament, which was signed by most residents of the Hilton area and gathered by

Alternattiva Demokratika. The petition asked for the revoking of the development permit for the Hilton Hotel. However, Bartolo's party, the Labour Party, like the Nationalist Party in Government, refused to state whether it was against the Hilton Project. This fact was heavily criticised by two editorials of *Alternattiva* (*Alternattiva*, 6-10-95, p.7, 3-11-95, p.7), which stated that the Labour Party had spoken against other projects but remained silent about this one, implying that the Labour Party had close relations with the developers. In fact *Alternattiva* (3-11-95, p.3) reported that Labour leader Alfred Sant had confirmed that Alfred Mifsud - the financial controller and leading speaker of developers Easysell Ltd - was involved in Labour's fund raising committee.

4.6 GRANTING OF PLANNING PERMISSION AND SUBSEQUENT PROTESTS

In January 1996, Planning Authority consultant Chris Stratford, received a fax from developers Easysell Ltd (later on renamed Tumas Group). The fax was dated 22nd January 1996, which was seven months after the outline permit was approved, but five months before planning permission was granted. The fax had the following hand written message: 'Dear Chris, I gladly (sic) enclose a donation of Lm2000 for the Hospice Movement which is so close to your heart. George'''' (Front Kontra l-Hilton, 1997a, p.7)

On February 2nd 1996 the Planning Authority approved an amended outline application of the project. The latest approved development consisted of a 300 bedroom hotel, 60 marina apartments, 250 other apartments, a business centre, retail

outlets, a conference centre, yacht marina berths and 1242 parking spaces. On 20 May 1996, another modification deed was signed. According to this deed government granted consent to the Company to reclaim land required for the breakwater. The company undertook to provide public access of 2 to 3 metres wide along the foreshore and along the quay side and other areas. (Ombudsman, 1997, p.6)

On May 23rd 1996, planning permission was granted by the Planning Authority to the developers. Once again Michael Bonnici (representing the Nationalist Party) and George Vella (representing the Labour Party) voted in favour of the project. It seems that once again the public meeting was biased in favour of the developers. According to Arnold Cassola,

“the developers...had a carefully studied plan on how to physically occupy the hall where the sitting was held. In fact, many employees of the company presented themselves early and registered as ‘normal’ members of the audience. This meant that when the environmentalists and the residents of the area turned up, the seats had already been taken up and most of them were turned back!...Only a few [objections by environmentalists, residents] were upheld.” (Cassola, 1996, p.13)

More protests followed this decision. Among these was an information campaign organised by *Moviment Ghall-Ambjent* (Friends of the Earth - Malta) and *Moviment Graffiti*. A tent was set up in various beaches, and activists distributed fliers against the Hilton project to swimmers and bathers.

On October 10th, 1996, 16 days before the general elections of Malta, the *Front Kontra l-Hilton*⁸ (an alliance made up of members of *Moviment Ghall-Ambjent*, *Moviment Graffiti* and other individuals) carried out its first in a series of protests against the Hilton redevelopment project. The *Front* launched an appeal to the government to carry out an independent inquiry investigating how the land had been given to the developers for such a cheap price (Lm191,000). Seven of its members, namely Jean Paul Mifsud, Mary Grace Vella, Antoine Vella, James Debono, Chris Grima, Antonio DePasquale and the author of this dissertation chained themselves to construction vehicles as part of a protest in an attempt to stall construction. The ninety minute long action ended when the police broke the chains. (The Times, 11-10-96, p.52) Three days later another protest was staged in which Jean Paul Mifsud, Christopher Grima, Antonio Depasquale and the author of this dissertation chained themselves to tyres around the barge which was responsible for taking excavated rock to the Malta Freeport. The police did not intervene as an angry worker started using a mallet to smash the chains wrapped around the tyres lining the side of the barge. The protest was stopped when the policemen took the protesters away. (The Malta Independent, 13-10-96, p.3) Both protests received vast media coverage.

On October 20th 1996, various organisations including *Alternattiva Demokratika*, *Moviment Ghall-Ambjent* (Friends of the Earth - Malta) and *Moviment Graffiti* held a protest in front of the gates of the Hilton building site. During the protest Gianni Tamino, a Green Euro-parliamentarian, said that he would put the Hilton project controversy before the European Parliament shortly. *Moviment Graffiti*'s James

⁸ *Front Kontra l-l-Hilton* means 'Front Against the Hilton' in Maltese.

Debono released the Planning Authorities Environmental Management Unit's report which was against the Hilton Redevelopment Project.

A day before the 20th October protest the Labour Youth Forum promised to support the appeal of the Front Against the Hilton for a public inquiry into the controversial decision of the Planning Authority. Forum President Joe Mifsud said that his organisation respected the objections raised to the proposed development of the hotel. Labour leader Alfred Sant, seeking victory for his party in that week's general elections also said that he agreed with holding a public inquiry which would investigate the Planning Authority's approval of the project. (The Malta Independent, 21-10-96, p72)

4.7 CHANGE OF GOVERNMENT - SAME POLICY

On October 26th 1996 the Labour Party won the general elections and Alfred Sant became Prime Minister of Malta. George Vella, who had voted in favour of the Hilton project together with all other 12 members (except for 1, namely Anthony Bonanno, an archaeologist) of the Planning Authority Board, was appointed Deputy Prime Minister and Minister for Foreign Affairs and the Environment. Soon afterwards, Easysell Ltd.'s Financial Controller Alfred Mifsud was appointed Chairman of Mid-Med Bank, a leading Bank of which the government was major shareholder, and was given other important duties. This was condemned by *Moviment Graffiti* (L-Orizzont, 7-12-96) due to what the Movement considered to be Mifsud's possible clash of interests.

Given that there was a change in government and that the Labour leader had stated that he agreed with holding a public inquiry about the project, the *Front Kontra l-Hilton* had various meetings with top state persons during December 1996 and January 1997. On January 1 1997, *Front* members met Prime Minister Alfred Sant, who told them that he was ready to discuss the Hilton issue on a later date. *Front* members also met the Attorney General, who stated that only the Prime Minister, the Minister for the Environment and the Minister for Public Works could call for an inquiry about the Hilton project. Later on a meeting was held by *Front* members with the Minister for the Environment Dr. George Vella, who gave no clear reply to the *Front*'s questions, but who stated that an inquiry would be held, given the right amount of pressure.

By now the *Front Kontra l-Hilton* was tired of holding protests and meetings in vain. Construction on the site was moving at an increasingly fast pace. A more powerful protest had to be conducted, perhaps one which would produce the 'right amount of pressure' - A hunger strike.

4.8 THE HUNGER STRIKE

On January 6th 1997, three members of the *Front Kontra l-Hilton*, namely Jean Paul Mifsud, James Debono and the author of this dissertation started a hunger strike in front of the Prime Minister's office in Valletta. The goal of the hunger strike was to convince the government to launch an inquiry into the Hilton project. The *Front Kontra l-Hilton* claimed that "there is a law which should have prevented the Hilton land being given to the developers without a call for tenders or a parliamentary

resolution". (The Times, 7-1-97, p.32) Hence the hunger strikers camped in front of the Prime Minister's office to force him to hold an independent inquiry. *Moviment Ghall-Ambjent* (Friends of the Earth - Malta) immediately stated that it supported the hunger strike and called on the Prime Minister to state his intentions on the inquiry as soon as possible. (The Times, 7-1-97 p.32)

The Prime Minister went to speak to the hunger strikers in the first evening of the hunger strike, and discussed with them for about twenty minutes, offering to make files accessible which were related to the matter if they call off the hunger strike. (Times, 7-1-97, p.32) The hunger strikers insisted that while they were ready to see the files, they would not stop their hunger strike unless their demands would be met. (The Times, 8-1-97, p.5)

On January 7th, *Alternattiva Demokratika* expressed its appreciation for the effort made by the hunger strikers, but at the same time it felt that an inquiry would be a useless exercise. *Alternattiva Demokratika* stated that what we needed was concrete action not inquiries. (Nazzjon, 8-1-97) At the same time *Moviment Graffiti*, (who had two of its members participating in the hunger strike) (Moviment Graffiti, 1997a) and *Nixxiegha Kulturali Mellieha*⁹ (Nixxiegha Kulturali Mellieha, 1997) expressed their full support for the hunger strike.

On January 8th, the University Students' Council (KSU), made up of the Christian Democratic Students' Movement (which supports the Nationalist Party) expressed its

⁹ *Nixxiegha Kulturali Mellieha* means 'Mellieha Cultural Source' in Maltese. Mellieha is a town situated in the North of Malta.

admiration for the strikers but failed to come out in favour or against the Hilton project. (Times, 9-1-97 p.32). At the same time, University lecturers, workers and students started signing a petition to show solidarity with strikers and to appeal to them to stop the hunger strike now that they had strengthened national consciousness about the issue. The petition also appealed to government to take all necessary measures to revise the permit giving process. In one day 231 signatures were collected.¹⁰

On January 9th, the three hunger strikers lodged a complaint with the Ombudsman, Mr. Joe Sammut, alleging irregularities in the transfer of land for the project. (Ombudsman, 1997, p.1) They stated that the award of the contract to Spinola Land Development had not been in accordance with the legal provisions of article 3(1)(a)(b) of Chapter 268 of the Civil Code.¹¹ Debono, Mifsud and the author of this dissertation said that “at the same time the contract was agreed upon for the ridiculous price of Lm191,000 and remains valid until 2114!.....[hence]..we feel, that, as citizens we have the right to know whether the way the public land was used is according to the our country’s law.” (My translation) (M.Briguglio, J.Debono, J.P.Mifsud, 1997, p.1-2)¹²

During the same day *Moviment Ghall-Ambjent* (Friends of the Earth - Malta) activist Julian Manduca joined the hunger strike, and TV Personality Joe Azzopardi joined the

¹⁰ See Appendix 1 for copy of press release regarding this petition

¹¹ Article 3(1)(a)(b) of Chapter 268 of the Civil Code states that “No land which belongs to or is administered by the Government shall be disposed of unless such disposal is made in accordance with any one of the following provisions, that is to say: a. After a call for tenders published in the Gazette in respect of the property proposed to be disposed of; or b. In accordance with a policy applicable to the land proposed to be disposed of and approved by a resolution of the House of Representatives which is in force at the time of the disposal.” (Disposal of Government Land Act, p.498, 1977).

¹² See Appendix 2 for copy of letter sent to Ombudsman by the hunger strikers

day after. By then the hunger strike was the talk of the day. The University petition had raised 441 signatures, and a new petition organised by the *Front Kontra l-Hilton* giving full support to the hunger strike gathered 2000 signatures in one day (a further 1000 signatures were collected the following day).¹³ Arbor (Arbor 1997) and the Spinola Residents' Association¹⁴ (The Times 12-1-97) also announced their support to the Front Kontra l-Hilton.

In the meantime, the only condemnation of the hunger strike came from the developer, Tumas Group (previously called Easysell Ltd.), which stated that

“Tumas Group, owners and developers of the Hilton re-development project, condemns the reported hunger strike executed by a few persons to show their objection to the project. We consider this as another in the long series of attempt from thin minority objections to prevail over the large majority viewpoint. Investments [such as the Hilton redevelopment project] deserve full support and encouragement” (Tumas Group, 1997)

The *Front Kontra l-Hilton* later on decided to redefine its demands. Joe Azzopardi told the press that “we have decided we are ready to stop the strike to meet Dr. Vella on condition that we have a date for the meeting and agree to an agenda.....We still insist an inquiry is held but are ready to meet and discuss the issue with Dr. Vella’ (Times, 12-1-97). Environment Minister Dr. George Vella replied to the Front’s proposal by writing to Joe Azzopardi, stating that “Government is not ready to participate in any way in discussion about the whole Hilton issue so long as the

¹³ See Appendix 3 for copy of Front Kontra l-Hilton petition

¹⁴ The ‘Paceville Residents Association’ and the ‘Spinola Residents Association’ are the same association. It seems that both names are used in the local media.

hunger strike which is nothing but an unacceptable manner of blackmail, continues.”
(My translation) (Vella, G., 1997.)¹⁵

On January 11th Tumas Group organised a protest against the hunger strike, in which a large number of workers participated. During the same day the hunger strike was called off - not because of this protest, but because the Ombudsman declared that he was ready to investigate the project, and that the investigation would commence the following week. The *Front* stated that now it was ready to accept the Prime Minister’s invitation to see the files related to the project. (Front Kontra l-Hilton, 1997c).¹⁶ One of the hunger strikers, James Debono, told the press that “this is a big victory for those who want to protect the environment and fight against the abuse of power” (The Malta Independent, 12-1-97, p.2)

4.9 THE OMBUDSMAN’S REPORT

On January 14, a meeting was held between the *Front Kontra l-Hilton* and the Minister for the Environment, Dr. George Vella. Dr. Vella declared that he “intended to rely on the result of the investigation which the Ombudsman had ordered. He also said that, if the Ombudsman’s report concluded that there were any irregularities government was ready to go deeper into the project and examine it more extensively.”
(My translation) (Front Kontra l-Hilton, 1997d)

¹⁵ See Appendix 4 for copy of letter sent by Dr. George Vella to Joe Azzopardi

¹⁶ See Appendix 5 for copy of declaration announcing the end of the hunger strike

On February 7th, the Ombudsman's inquiry was presented to Parliament. Its overall conclusion was that "*the substantial changes to the original grant conditions, though they may not be in breach of the law, constitute a case of bad administration without due consideration to the national interest.*" (Ombudsman, 1997 p.13)

Amongst other findings, the Ombudsman found out

1. that various agreements between the developers and the Planning Authority were carried out verbally rather than formally
2. that the government had lost a golden opportunity to retrieve back public land;
3. that the government "failed to use its negotiating powers to maximise the benefits to be derived from the deal." (ibid. p.12-13);
4. that with regards to the construction of the yacht marina and the excavation of the foreshore, "public accountability and prudence required reference of the concessions to Parliament" (ibid. p.12-13). (Ombudsman, 1997)

The Ombudsman also stated that

"The major issue is whether the executive government can allow public land given on long-lease at a non-commercial rent for a specific purpose to be utilised for other purposes. In this case changes to the original conditions regulating the grant of land were so substantial, that in the public interest and in the interest of good administration, the government had a moral obligation to refer the proposed concessions for the scrutiny of Parliament." (ibid. p.13)

The Ombudsman's report proposed some recommendations concerning development and construction to the Government. Prime Minister Alfred Sant stated that the

government would follow these recommendations, (L-Orizzont, 22-2-97, p.1) but did not state whether any measures would be taken with regards to the Hilton project.

Alternattiva Demokratika and *Moviment Ghall-Ambjent* (Friends of the Earth - Malta) immediately hit out at government for saying it would change the law on the disposal of government land without doing anything about claims of irregularities in the Hilton development project (Times, 24-2-97). The *Front Kontra l-Hilton* told government that it should stop the Hilton development “as evidence of abuse piles up” (Front Kontra l-Hilton, 1997d) , and *Moviment Graffiti* stated that “if government does not undertake an investigation about this case, it will be an accomplice with Easysell Tumas Group in robbing the nation. Surely the Ombudsman’s report exerts enough pressure and motivation on the Environment Minister George Vella.” (Alternattiva, 7-3-97, p.8).

In the meantime, in a meeting held between the Planning Authority and Spinola residents, the residents complained about the damage which was being caused to their homes and streets due to the Hilton and other projects. (L-Orizzont, 21-3-97, p.6)

4.10 FRONT KONTRA L-HILTON VERSUS PLANNING AUTHORITY

On March 23rd, the *Front Kontra l-Hilton* presented its report on the investigations it had made on Planning Authority Files related to the matter. In a Press Release the *Front* stated that “the granting of planning permission to the Hilton developers was a rushed job involving elements of suspicious behaviour , undue pressure, and misrepresentation.” (Front Kontra l-Hilton, 1997e, p.1)

The Front's main findings included:

1. that during the consultation process experts' opinions were overruled when no reasons were given and other opinions expressed by some consultants were quickly reversed;
2. that the project goes against Structure Plan policies;
3. that the planning process was not conducted according to procedure;
4. that while the developer put undue pressure on the Planning Authority to speed up the planning process, and misrepresented its case, the Planning Authority never replied to this pressure and in turn, dealt with the application swiftly;
5. that the developer informed the Planning Authority's consultant that he had donated Lm2000 to the consultant's favourite charity;
6. that the developer wrote to the Director of Planning asking him 'to ensure that when the project is presented for approval at the public hearing the project is not subject to any conditions which we do not accept or are beyond our control to comply with';
7. that there was little evidence to illustrate how the project will contribute towards the three aims of the structure plan¹⁷ - on the contrary, in the Planning Directorate's own words, the Planning Authority was well aware of the environmental costs of the development: 'the costs and benefits suggest that while

¹⁷ The three major goals of the Structure Plan are:

1. "To encourage the further social, and economic development of the Maltese Islands, and to ensure as far as possible that sufficient land and support infrastructure are available to accommodate it"
2. "To use land and buildings efficiently, and consequently to channel urban development activity into existing and planned development areas, particularly through rehabilitation and upgrading of the existing fabric and infrastructure thus constraining further inroads into undeveloped land, and generally resulting in higher density development than at present."

current (mainly monetary) benefits may outweigh monetary costs, non monetary (mainly environmental) costs may outweigh non-monetary benefits.’;

8. that the Planning Director tried to persuade the Museums Department that dismantling part of a 17th century historic wall would be acceptable. (Front Kontra l-Hilton, 1997a)

The Front’s general conclusion was that “while the benefits of the projects are doubtful, the apartments, the conference centre and the marina will not engender to the local population the benefits that stood to be gained if planning permission was never granted for them.” (Front Kontra l-Hilton, 1997e). The Front proceeded to demand that “work on the Hilton project should be stopped forthwith and an independent inquiry be carried out to investigate why planning permission was given to the project” (Front Kontra l-Hilton, 1997a, pg.12). The Front also told the press that the developers were not subscribing to the conditions set on them by the Planning Authority. In fact work was being carried out by the developers till late at night and even on Sundays. According to the Front “such actions were supposed to be fined Lm100,000.” (L-Orizzont, 24-3-97)

The Planning Authority immediately replied to the Front’s accusations by means of another report, which stated that the Planning Authority does not believe that an independent inquiry is necessary:

“The Front’s report, unfortunately contains mistakes, distortions, misrepresentations and quotations out of context, and showed a lack of understanding of the planning process and approved policies, EIA

3. “To radically improve the quality of all aspects of the environment of both urban and rural areas.”

[Environment Impact Assessment] procedures and major project assessment and its stages. This is possibly due to the lack of qualifications and experience of its authors in planning and major project assessment. Any major development requires a trade-off to be sought between social and environmental impact and costs on the one hand, against economic benefits and improved quality of the built environment on the other. The balance between these issues is very often a delicate one, but at 'the end of the day' decisions have to be taken based on an objective assessment of the issues involved. The PA [Planning Authority] feels strongly that by the exposition of all facts, as recounted here, it has fully met its obligations." (Planning Authority, 1997, p.16)

The *Front Kontra l-Hilton* replied to the Planning Authority by means of yet another report. The Front repeated its view that the Hilton project goes against structure plan policies. To substantiate its point the Front stated "the Planning Authority's environmental unit (EMU), which is not made up of unprofessional people who do not have a 'lack of understanding of...approved policies 'due to their lack of qualifications and experience in planning and major project assessment' concur with our view." (Front Kontra l-Hilton, 1997b, p.11-12).

The Front stated that it could not understand how the Planning Authority can continue to claim that the project does not go against structure plan policies, "especially when in point 45 of the Planning Authority's report it is admitted that the height of the business centre (tower) does in fact contradict Structure Plan policy!" (Front Kontra l-Hilton, *ibid.*). The Front also stated that the Minister for the Environment, George Vella, who was on the Planning Authority Board at the time of the assessment and eventual approval of the Hilton project, "recently told us that PA [Planning Authority] procedure was not being followed." (Front Kontra l-Hilton, *ibid.*).

Other matters pointed out by the Front included:

1. the Planning Authority's internal groups were not involved in the assessment of the project as early as they could have, the consultative process was not as extensive, or open as it could have been (e.g. when the public was effectively barred from attending the public meeting organised by the PA to decide on the final permit) and the recommendations of the public and environment groups were given scant importance;
 2. the project was considered when it should have been dismissed as it went against Structure Plan policy;
 3. alternative designs were not included in the Environment Impact Statement and the same statement was not circulated to the Non Governmental Organisations.
- (Front Kontra l-Hilton, 1997b)

Tumas Group did not hesitate to give its view of the matter. In its view "the Hilton project was approved in the most democratic manner and the obstructions are now coming from a handful of fundamentalists who seek to impose their personal views on all the rest in the most undemocratic manner." (The Sunday Times, 30 March 1997, p.1). Tumas Group proceeded to ask what credentials the Front had "to question the economic judgement of one of the foremost private sector business organisations?" (The Sunday Times, *ibid.*). Their statement ended on a triumphalistic note:

"Time will show that the Hilton project will establish new standards giving a much needed impetus to the quality and style of Malta's tourist industry for the year 2000, and being a high class development

will induce much needed upgrading of the locality which can only be of benefit to business in general’.”
(Sunday Times, 30 March 1997, p.1)

In the meantime, Spinola residents told the press that with regards to damage they suffered in their homes and streets, the promise made by the Planning Authority’s chairman to send enforcement officers to meet them never materialised. (L-Orizzont, 1-4-97)

4.11 FURTHER PROTESTS

On April 10, the *Front Kontra l-Hilton* asked Malta’s major political parties to declare how much money they received had from Tumas Group and from other big and from influential organisations. (In-Nazzjon, 10-4-97) Neither the Labour Party nor the Nationalist Party replied. Hence the *Front* wrote to Prime Minister Alfred Sant , asking him

“why has the Hilton issue received no comment from either of the political parties?Why is Tumas Group being let off the hook? You have received our report on the Hilton Planning Authority files, the PA’s [Planning Authority’s] reply and our response some time ago. We have been waiting for your comments and decision. None has been forthcoming. In the meantime the project goes ahead. Tumas Group has only to gain by your, and the rest of the political classes’, continued silence. It is the public and the environment that are the big losers.....Shame on you. Shame on all the mute politicians.” (Front Kontra l-Hilton, 1997f, p.1-2).¹⁸

The Prime Minister did not reply to the letter.

¹⁸ See Appendix 6 for copy of letter sent by Front Kontra l-Hilton to Prime Minister Dr. Alfred Sant

The *Front Kontra l-Hilton*, frustrated with the remarkable silence of both major political parties, organised a further protest on one of Malta's national days, *Sette Giugn*¹⁹. Around fifteen members of the *Front* disrupted the commemorative ceremony held in Malta's capital city, Valletta. The ceremony was attended by the President of the Republic, the Prime Minister's cabinet, members of Parliament, ambassadors and top civil servants. *Front* members displayed a huge banner with the words "How much money did Tumas give to the Parties?" (my translation)

During the ceremony, one *Front* member, Jean Paul Mifsud, managed to slip past the police and presented a black garbage bag with a dollar sign painted on it to acting Prime Minister Dr. George Vella, who had just laid a wreath at the foot of the *Sette Giugno* monument. Following this various members of the *Front* were arrested but were released later on after a direct order by higher authorities to do so was received.

In a statement issued after the protest, the *Front* explained that the protest had been held because both the Labour Party and the Nationalist Party had refused to say whether they had received funds from the Tumas Group. The *Front* accused the police of beating and kicking some of its members, who had at no time behaved violently.

(Sunday Times, 8-6-97, p.1,84)

¹⁹ *Sette Giugno*, meaning "Seventh June" in Italian, commemorates two days of rioting in Malta during June 1919, when Malta was still a British colony. During these riots, in which four Maltese persons were killed, flour mills were looted and other establishments connected with the colonial administration and local business monopolies were ransacked. (G.Chircop, 1991, p.9) According to Gianni Chircop (ibid., pg.105), one of the main causes for these riots was the "socio-economic condition of the Maltese working-class", which was "highly critical especially after the First World War".

On June 8, the *Front Kontra l-Hilton* changed its name to *Front Kontra l-Barunijiet*.²⁰

The *Front* stated that the barons it referred to were those speculators and developers whose private interests go against community interests, and it also stated that there was no credible opposition to these barons. “The Maltese parliament cannot win the peoples’ confidence because of intrigue between businessmen and politicians...in Malta democracy means money.” (My translation) (*Front Kontra l-Barunijiet*, 1997a, p.1) The *Front* proceeded to ask for a meeting with the Prime Minister about the Hilton project, but to no avail.

On June 21st the press reported that Tumas Group had acquired a substantial share (25%) of the Fort Chambray project. This project was previously denounced by the Labour opposition but is now being supported by the Labour government (*The People*, 21-6-97, p.1,12). Further to this, the Labour government gave a beach concession to Tumas Group’s Dolmen Hotel in Bugibba. (*The People*, 22-8-97, p.8)

During Summer 1997, the *Front Kontra l-Barunijiet* presented a petition signed by practically all families living in the Hilton area to the Prime Minister and to the Planning Authority. The petition asked for the following:

1. the refusal of permits for the second phase of the project, which included the construction of apartments, the construction of the car-park and the construction of the yacht marina;
2. the enforcement of law to ensure that residents suffered no damage because of construction;

²⁰ *Front Kontra l-Barunijiet* means ‘Front Against Barons’ in Maltese.

3. that the residents be assured that the bay would not be contaminated and would still be fit for swimming. (*Front Kontra l-Barunijiet*, 1997b, p.1)²¹

Neither the Prime Minister nor the Planning Authority commented about the petition.

4.12 HOPELESS SITUATIONS

During the same summer months, the Department of Health issued various health warnings due to the fact that sewage was filling the sea near the Hilton area. (*The People*, 17-6-97, 19-8-97). This inconvenience was not temporary. Local fishermen, restaurateurs and coffee house owners complained of sewage outflows in February 1998. (*The Times*, 9-2-98, p.22-23)

On August 29th, the *Front Kontra l-Barunijiet* held a meeting with residents living in the Hilton area. Although nearly all residents had previously signed petitions against the Hilton project, a very small number of residents attended this meeting. Those who did attend expressed their scepticism due to the fact that they felt powerless and helpless. The residents told *Front* members that the police were apathetic to the fact the construction working hours were not being adhered to and also said that Planning Authority enforcement officers were never available when contacted. (*Front Kontra l-Barunijiet*, 1997c)

During the same time period, the developers started using explosives which were necessary for excavations. The *Front* said that the explosions had caused structural damage to buildings in the nearby area. Even the Church near the site was affected.

²¹ See Appendix 7 for copy of *Front Kontra l-Barunijiet* petition.

Families living close to the site had already complained of damage to their buildings (The People, 27-8-97).

4.13 VICTORY FOR TUMAS

On January 29th 1998, the Planning Authority issued the necessary permits for the second phase of the Hilton project, which included Lm6 million investment on 132 apartments, 60 marina suites and 558 car park spaces. The local community's wishes, expressed in the latest petition handed by the *Front Kontra l-Barunijiet*, were being denied - and contrarily to its own regulations, the Planning Authority failed to advertise the public hearing. (Il-Mument, 1-2-98, p.7).

On February 25th 1998 Tumas group declared that the new Hilton Hotel would open by May 1999 and that the development was to be called "Portomaso". Public land had become personified with a land developer.²² Tumas Group emerged victorious in the Hiltonopoly struggle.

4.14 CONCLUSION

It is evident that the circumstances characterising the Hiltonopoly struggles favoured Tumas Group. The opponents of the Hilton Redevelopment Project were powerless next to the might of the developers and the State. The following chapters shall analyse reasons which enabled Tumas Group to emerge triumphant.

CHAPTER 5: WHAT THE STATE STOOD TO GAIN FROM THE HILTON REDEVELOPMENT PROJECT

5.1 INTRODUCTION

In spite of the fact that numerous organisations protested against the Hilton redevelopment project, the State apparatus allowed the developers to have their way. Why did the State apparatus behave in this way? Perhaps the best explanation is that *the State views such development as something from which it will gain*. Such an explanation can be substantiated by analysing State organisation, political alliances and State ideology - which may determine the dominant views of the State apparatus. Subsequently the importance of “experts”, who legitimise the behaviour of the State, shall be briefly analysed.

5.2 STATE ORGANISATION

According to Nicos Poulantzas (1978, p.127), the State’s principal role is one of *organisation*. The Capitalist State “represents and organises the dominant class or classes; or, more precisely, it represents and organises the long-term political interests of the *power bloc*, which is composed of several bourgeois class fractions (for the bourgeois is divided into class fractions), and which sometimes embraces dominant classes issuing from other modes of production [such as big landowners] that are present in the capitalist social formation.” (Poulantzas, *ibid.*)

²² The founder and leader of Tumas Group is called Tumas Fenech.

The State manages to organise and unite forces which may be in conflict, and thus create an unstable equilibrium of compromise among its components. A hegemonic class or fraction leads the power bloc.

Therefore, “*political unity of the power bloc under the protection of the hegemonic class or fraction means unity of state power, in so far as it corresponds to the specific interests of this class or fraction.*” (Poulantzas, 1975a, pg.297). Political alliances are as important for the unity of state power, as much as the dominant ideology, which helps reproduce State power by serving as the *internal cement* (Poulantzas, 1978, p.155) of state apparatuses and their personnel. By means of this ideology the State appears to be neutral, representing the general will and interest, as if it represents no interests. What role has the Maltese construction industry (a particular bourgeois class fraction) in Malta’s economy and politics, and why does the Maltese state give it so much importance?

5.3 THE ROLE OF THE CONSTRUCTION INDUSTRY IN MALTESE POLITICS

There may be two reasons why the construction industry is given so much importance by the Maltese State and the State Apparatus - namely 1.party financing and 2. ideological and economic reasons. These shall be briefly analysed in the following pages.

5.3.1.Party Financing

Many authors have given a lot of importance to the relationship between business and politics, stating that this is obvious because businessmen pay politicians to have their way.

Zackary A. Smith (1995) states that alliances between business interests and politics are essential because the money which business donate to political parties is essential for the parties' election costs. Smith admits that it is difficult to show empirically that there is a direct casual relationship between contributions and influence, but nevertheless "there is widespread agreement that campaign contributions buy access to the legislative police-making process." (ibid., pg.42)

Does Malta conform to Smith's analysis? The fact that there is no Maltese law which obliges political parties to reveal their sources of income makes it nearly impossible to prove party financing by big business empirically. However, Sultana and Baldacchino (Sultana & Baldacchino, 1994, p.20) are aware that within microstates such as Malta, criss-crossing webs of 'quasi-groups' facilitate vital good turns by others and which subsequently call for a return of the compliment. This tacit principle of mutual obligation - a more elaborate and sophisticated variant of 'old boys' networks - enables microstate citizens to discover the fulfilment of many hopes and the assuagement of many fears in life depends on the deployment of the brokerage function."

To put things clearer, *Alternattiva Demokratika*'s newspaper "XPRESS" asks whether we have a legalised *Tangentopoli*²³ in Malta (Xpress, 1998, p.3). Stephen Cachia, former editor of the *Alternattiva* newspaper says that "the relationship between politics, the contractors' lobby and environmental destruction is crystal clear for those who have eyes in their face. Unfortunately, it seems that in Malta many enjoy closing their eyes. Or turning their face the other way. Or recognising the pinch of salt of the rival party and forgetting the beam of the party they prefer." (My translation) (Cachia, 1997)

The *Front Kontra l-Hilton* seems to agree with Cachia's statement to such an extent that it challenged Malta's political parties more than once to publish the amount of donations which they received from Tumas Group. (In-Nazzjon, 10-4-97, The Malta Independent, 8-7-97, p.1). The *Front* felt that the silence shown by political parties and the media about the Hilton project indicated that there were financial interests around the project.

One such possible financial interest was that of the Malta Labour Party which is known to have close ties with Tumas Group. It is not the first time that rumours suggested that Tumas Group finances the Labour Party, something which the Party never denied. This should hardly be surprising - Group leader Tumas Fenech is known to be a keen Labour supporter, and economic guru Mr. Alfred Mifsud, financial controller of Tumas Group, forms part of the Labour Party's fund raising committee. Mifsud was the person who talked in the name of Tumas Group during the Planning

²³ "*Tangentopoli*" is the name given to the recent scandals in Italy dealing with corruption, bribery and party financing by big business.

Authority's Hilton public hearing held in 1995. (*Alternattiva*, 3-7-95). Alfred Mifsud was also appointed Chairman of Mid Med Bank as soon as the Labour Party won 1996's general elections. *Moviment Graffiti* immediately pointed out that Mifsud was bound to have conflicting interests (L-Orizzont, 7-12-96) in his roles, while *Alternattiva Demokratika*'s Arnold Cassola challenged Labour's Environment Minister George Vella to open an inquiry upon himself to investigate how he voted in favour of the Hilton Project which was promoted within the Planning Authority by "the friend of the Labour Party" Alfred Mifsud. (Cassola, 1996, p.6).

It is quite difficult to deny that business (in this case the construction industry) exerts direct influence on political parties and on the State by means of financing. But there are other reasons (which are perhaps more important than the reason I have just analysed) why the state gives so much importance to the construction industry - *the economic and ideological reasons*.

5.3.2 Ideological and Economic Influence

There are economic and ideological reasons why the State supports vigorous economic development. Paul Schumacher (1994) gives three main reasons to explain this and to show why the State undermines democratic values to achieve it.

According to Schumacher, the primary consideration influencing decisions on development policies is *the economic imperative*. This includes the need to provide additional employment opportunities, enhance land values, and generate tax revenues. As Schumacher puts it, "When economic imperatives preoccupy policy making, non

economic values in local political cultures are often ignored; in most communities, pursuit of development means putting profits before widely accepted norms involving human-scale community and participatory democracy.” (Schumacher, 1994, p.7).

The second factor is deals with *the interests and accountability of the power brokers behind developmental policies..* These persons are often “transnational corporation managers, local business elites, independent development agency administrators, and entrepreneurs who profit from higher rents on property in high-growth areas.” (ibid.) Such persons are often politically unaccountable and not directly responsible to citizens or their elected representatives. Alfred Mifsud, Tumas Fenech and his son George Fenech (who, among other roles, is in charge of Tumas Group’s hotels section) seem to fit in these categories.

The third factor is that *democracy tends to be weakened whenever development policies are biased in favour of advantaged persons.* In this case “commercial interests dominate residential neighbourhoods, organised interests dominate unorganised ones, and the lower class and minorities are consistent losers in developmental outcomes.” (ibid.) When one considers that a high proportion of residents living in the Hilton area are either pensioners, working class, or both, that only a few hundred people live in this area, (meaning that they have little electoral influence both in terms of national elections and in terms of local council elections)²⁴, that their organisation, the Paceville Residents’ Association is so powerless that it

²⁴ The Paceville area forms part of the much larger St.Julians, meaning that Paceville residents are a minority.

recently disbanded, and that Tumas Group is equipped with a powerful public relations machine, the point which Schumacher makes proves to be analytically valid.

Chris Lindblom (1977) argues that *governments will always take business interests into account, whether or not business organisations actually campaign openly for them*, because the economic benefits business provides, in terms of employment and investment, and so on, is crucial for the re-election prospects of any government.

Lindblom's argument can easily be applied to the Hilton issue: Malta's construction industry directly accounts for 4% of Malta's Gross Domestic Product (Ministry for Economic Affairs and Finance, 1997, p.38) and directly employs no less than 3.8% of Malta's workers (UNDP, 1996, p.35). These figures do not include the considerable multiplier effect and the high amount of indirect employment which is generated by the construction industry. Various Maltese construction firms (such as Tumas Group and AX Holdings) are also involved in the tourist industry. The tourist industry accounts for around 7% of Malta's Gross Domestic Product (L.Briguglio 1994, p.40). Tourist expenditure probably accounts for around 20% of GDP and for around 25% of foreign exchange receipts in goods and services. (L.Briguglio, *ibid.*) According to Lino Briguglio, (L.Briguglio, 1992, p.13) in small countries such as Malta, Cyprus and many Caribbean and Pacific Islands, "tourism plays an important role as a source of foreign exchange earnings and a generator of employment." Hence the State is ideologically and economically committed to be in favour of development of the Malta Hilton type.

The economic importance of the Hilton project influenced the Planning Authority's dominant ideology. This is confirmed by the Ombudsman, who states that "so long as

the development project generated economic activity, there were no legal impediments, and the Planning Authority approved the project, further concessions could be made without the need for a proper appraisal weighing the national economic and social costs and benefits of the development.” (Ombudsman, 1997, p.11). Hence, the Planning Authority’s Planning Directorate’s report which was produced to advise Planning Authority board members about the Hilton issue, stated that the most important benefits of the project include additional employment, Lm40 million worth of expenditure and capital assets, balance of payments implications and added tourist facilities. The report stated that *“the costs and benefits suggest that while (mainly monetary) benefits may outweigh monetary costs, non monetary (mainly environmental) costs may outweigh non-monetary benefits.”* (My emphasis) (Front Kontra l-Hilton, 1997a P.10-11)

The Planning Authority’s Director of Planning conformed to this type of reasoning when he wrote to the Museums Department on May 30, 1995, seeking the Department’s agreement to a breach in the historic wall. He summarised what he considered to be the ‘various positive aspects of the development’, which included the following:

1. “the project will provide Lm.35 million in development investment;
2. substantial employment possibilities;
3. the provision of a new hotel and business and conference centre;
4. additional access routes and tourist attractions and a range of facilities.” (Front Kontra l-Hilton, 1997a, p.7)

On the day after the receipt of this letter the Museums Department, having already declared its position on the issue of the wall, changed its opinion from ‘strongly objects’ to ‘the breach would be acceptable’. (Ibid.)

It should be no surprise that the Planning Authority had full confidence in Tumas Group’s economic capabilities. Successful hotels such as The New Dolmen, the five-star Hotel Imgarr, the Halland, and the Topaz all belong to the Group, as do other property development concerns. The Group also owns travel agencies, an Internet access provision company, a laundry service, Eurojet Ltd, an executive air charter, and imports Kia automobiles and household goods. In all, the Group owns 26 companies and directly employs over 800 people on a full-time basis, hundreds of others indirectly. According to director George Fenech, 1500 employees will be employed in coming 3 years by the Hilton project alone. (Malta Business Weekly, 1998, p.35)

It is clear that the Maltese State cannot neglect the aspirations of the construction industry, if it is to maintain state power and unity. Therefore, it is no surprise that, as Julian Manduca puts it, “one of the most vocal and indeed powerful groups of the past forty years or so must be the construction industry lobby.” (Manduca, 1998, p.8)

5.4 THE ROLE OF EXPERTS

The behaviour of the State Apparatuses such as the Planning Authority is legitimised by what Poulantzas (1978, p.60) defines as a “knowledge-power relationship” which

“finds expression in particular techniques of the exercise of power - exact devices inscribed in the texture of the State whereby the popular masses are permanently kept at a distance from the centres of decision-making. These comprises a series of rituals and styles of speech, as well as structural modes of formulating and tackling problems that monopolise knowledge in such a way that the popular masses are effectively excluded.” (ibid.)

Michel Foucault raises a similar point when he states that power produces knowledge and that power and knowledge directly imply one another:

“There is no power relation without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose and constitute at the same time power relations.....(Foucault, 1977, pg.27).. We are subjected to the production of truth through power and we cannot exercise power except through the production of truth.” (Foucault, 1980 pg.93)

In the case of the Hiltonopoly issue the truth was produced by the board of the Planning Authority, whose power produced “truth” (in Foucauldian terms) to such an extent that when replying to the *Front Kontra l-Hilton*’s Report on March 1997, the Planning Authority stated that

“the Front’s report, unfortunately contains mistakes, distortions, misrepresentations and quotations out of context, and showed a lack of understanding of the planning process and approved policies, EIA procedures and major project assessment and its stages. This is possibly due to the lack of qualifications and experience of its authors in planning and major project assessment.” (Planning Authority, 1997, p.16)

With regards to knowledge, the *Front Kontra l-Hilton* was also attacked by another power / knowledge formation, namely the developers themselves. In a press statement

Tumas Group asked “what credentials do they [the *Front Kontra l-Hilton*] have to question the economic judgement of one of the foremost private sector business organisations? (Sunday Times, 30 March 1997, p.1,30)

Another instance of the power / knowledge relationship is that the opinions stated in the Environmental Impact Statement (E.I.S.) was given more importance by the Planning Authority than the opinions of other environmental experts such as Lanfranco, Schembri, the Society for the Study and Conservation of Nature and the Planning Authority’s own Environmental Management Unit. Perhaps this is because unlike the other experts mentioned, the experts behind the Environment Impact Statement were commissioned by Tumas Group (D.Fenech, 12-1-97), hence enjoying the Group’s support, and because they spoke the “language” of the pro-development ideology, which serves the interests of the State and of the land developers.

Hence, the Planning Authority and Tumas Group, each having its own sphere of power, produced and supported a ‘truth’ which was nearly impossible to negate by its powerless opponents.

5.5 CONCLUSION

One can conclude that the State, whose apparatuses (such as the Planning Authority and the Political Parties) are ideologically supportive of projects such as the Hilton Redevelopment Project, had no reason not to grant permission to this project. This is true even for the Economic State Apparatus, which was criticised by the Ombudsman for not using its negotiating powers with Tumas Group. This Economic State

Apparatus, which was represented by the Lands Department in this particular issue, gave out land to Tumas Group at a relatively cheap price, probably due to the fact that, as shown above, economic benefits such as employment and tax revenue are given more importance by the State than simply getting a higher price for the land sold. In any way, as Poulantzas would put it, the Economic State Apparatus still ‘transformed reality’ - and the State *did* gain from it.

The Planning Authority and the major political parties did not dare criticise the Hilton Redevelopment Project. They were ideologically and economically determined to support it. However this does not mean that there was a conspiracy or that no struggle within the state apparatus took place. Nicos Poulantzas himself makes it clear that

“rather than facing a corps of state functionaries and personnel united and cemented around a univocal political will, we are dealing with fiefs, clans and factions: a multiplicity of diversified micro-policies. However coherent each of these may appear in isolation, they are nevertheless mutually contradictory and the policy of the State essentially consists in the outcome of their collision, rather than in the (more or less successful) application of the global objective of the state apex.” (Poulantzas, 1978, pg.135-6).

Perhaps this explains why the Planning Authority’s Environmental Management Unit opposed the Hilton redevelopment project and why the Ombudsman ends his report by stating that the same project “*constitutes a case of bad administrations without due consideration to the national interest.*” (Ombudsman, 1997p.13)

This chapter has dealt with reasons why the State stood to gain from the Hilton Redevelopment Project. The structural formula would not be complete unless one

analyses how the land developers legitimised the exploitation of land by taking advantage of the State Apparatus. This shall be dealt with in the following chapter.

CHAPTER 6: HOW THE LAND DEVELOPERS LEGITIMISED THE EXPLOITATION OF LAND THROUGH THE STATE APPARATUS

6.1 INTRODUCTION

The previous chapter has shown why the State stood to gain from the Hilton redevelopment project. The fact that this project received support from the State means that the land developers took advantage of the state apparatus in order to achieve their goals.

This chapter shall briefly analyse the way in which the decision making processes and the performances of State Apparatuses suited the interests of the land developers.

6.2 HOW IDEOLOGY WORKED IN FAVOUR OF THE LAND DEVELOPERS

It is obvious that if the State Apparatus favoured economic development, as shown in the previous chapter, then developers stand to gain from this ideological bias, which is defined as “developmentalism” by Do Hyun Han (Do Hyun Han 1995, p.68)

Tumas Group had everything to gain from the Planning Authority’s pro-development bias which gives more importance to “monetary benefits” than to “non-monetary costs” (Front Kontra l-Hilton, 1997c, p.1). The gist of the Ombudsman’s report is that with regards to the Hilton project, the authorities mismanaged the peoples’ estate in favour of private property developers. (Fenech, 23-2-97, p.20).

But what about the media? Is not the media one of the most powerful state apparatuses? Although it would be far fetched to state that, as Marcuse would put it, everybody is duped by the media, there is no doubt that the media is highly influential. What is the ideological bias of the media in Malta?

6.2.1. The Ideological Bias of Maltese Media

A study carried out by Julian Manduca on the editorials of three of Malta's leading newspapers, namely The Times, The Sunday Times and The Malta Independent, concludes that "1.the newspapers under review do not give adequate importance to the concerns of those that are affected by business; and 2.when issues related to business are treated, the business community is rarely (if ever) held responsible for damage that it may be generating." (J.Manduca, 1995, p.85-6)

According to Manduca this is not surprising. First of all, such newspapers are subject to pressure from advertisers who hope to influence media content, and secondly, because of their working situation, "including the limited access to information, and the workings of the 'market' system", (ibid.) journalists and editors "are reluctant to criticise institutions, including the business community". (ibid.)

Therefore, those editorials which treat environmental issues "avoid putting any blame on the business community, neither is any call made for greater responsibility from them". (ibid., p.60-61) These editorials do not make outright demands for achieving important local environment objectives. This can be contrasted with the sort of

arguments other editorials of the same newspapers bring forward in favour of privatisation. (ibid., pg.63)

It is evident that the media, one of the most influential Ideological State Apparati, has a pro-business bias. This can be considered to be an important factor which influences decision making.

6.3 THE DECISION MAKING PROCESS

The previous chapter has also shown that decision making processes within the State Apparatus often favour development of the Hilton type, and that party financing and/or with economic and ideological reasons influence the behaviour of such State Apparatus.

The findings of the previous chapter conform with Do Hyn Han's analysis (1995) which was carried out on the development of Golf Courses in South Korea. Do Hyn Han concluded that

“the requirements of real estate markets are what govern the decision making process. This structure of decision-making is bolstered by government interests. Though it seems that the government makes an effort to protect the environment for the well being of people, the analysis shows that the government in Korea is overwhelmed by developmentalism.” (Do Hyun Han, 1995, pg.68).

Pepper (Pepper, 1986, pg.180-1) adds some spice to Do Hyun Han's argument:

“At best the agencies and processes which are supposed to be neutral arbiters are heavily weighted towards and manipulated by the owners of capital. Through them, environmental protesters are put in

immediate disadvantage when they try to make their cases in 'democratic' forums." (Pepper, 1986, pg.180-181)

Hence the decision making process itself serves the interests of land developers.

Those trying to save the environment have little chance in winning the struggle against land developers. This is even more so because "private economic interest groups have more and better resources for influencing the process than do public interest groups - including most environmental groups." (Z.A.Smith, 1995, pg.63). This is very much the case with regards to the decision making process in Hiltonopoly:

The Planning Authority's public hearing held on June 8 1995, which gave outline permission for the Hilton redevelopment was heavily biased in favour of the developers. A press release by *Moviment Graffiti* states that during this meeting, "we got the impression that the Planning Authority could be acting as a diplomatic smokescreen to satisfy the needs of the speculators.....While being read out, the 'objective' presentation made by director Godwin Cassar for the Planning Authority's board regarding the project was supplemented by personal opinions which happened to favour the speculators." (Moviment Graffiti, 1995, p.1). Further to this, this meeting was weakly advertised, meaning that the public did not have enough time to investigate the issue and was not well informed about the importance of this issues. According to *Moviment Graffiti* "widespread public discussion was craftily avoided." (ibid.) Within the meeting itself "the board members were actually asking if any social costs would emerge due to the project!.....Social and environmental costs

were put aside by the supposed ‘defender’ of social and environmental well being.”
(ibid.)

These factors were pointed out in the letter sent by a number of organisations (*Din l-Art Helwa*, *Moviment Ghall-Ambjent* (Friends of the Earth - Malta), Society for the Study and Conservation of Nature, *Fondazzjoni Wirt Artna*, Marine Life Care Group, *Alternattiva Demokratika*, *Moviment Graffiti*, Bird Life Malta, Arbor, ECO, St Julian’s Residents, Sliema Local Council) to Hilton International., which claimed that the rather hasty planning procedure leading to the Planning Authority’s granting of the outline planning permission did not give the public adequate time to fairly air its views on this development.

The second public meeting held by the Planning Authority on May 23 1996 was as biased in favour of the developers as much as the previous meeting. Arnold Cassola gives a vivid description of what was going on:

“With two-thirds of the hall occupied by the ‘General Staff’ of the Easysell Group of Companies and the employees, the scene was highly reminiscent of a ‘Wild West’ court room, where the ‘heavy guys’ of the Union Pacific railway, by means of their physical presence, try and intimidate the residents and force them to sell out. After the presentation by Architect Godwin Cassar of the Planning Directorate, who recommended that the works be given the go-ahead, the consultants of the developers took the floor. What struck me was the ‘modesty’ of most of these professionals, who when describing the 8 and 14 storey mega-project, seemed to be referring to it as if it were Michealangelo’s Pieta or Caravaggion’s Beheading of St. John....Obviously, I can understand all the Easysell employees clapping and Messrs Calamatta, Bencini and Demicoli extolling the virtues of the project. After all, they are all on Easysell’s payroll.” (1996, p.13)

Not only were Calamatta, Bencini and Demicolo on the developers' payroll, but also, as stated in the previous chapter, the Environment Impact Statement (which is totally in favour of the Hilton Redevelopment Project) was carried out by a company (Malta University Services) which was chosen and paid by the developers, (Fenech, 12-1-97, p.7) which, as stated above, is a normal procedure in the Planning Authority!

It is clear that the decision making process was carried out in a way which served the interests of Tumas Group. But this was not the only process which favoured the developers. A more subtle process was evident - the *process of non-decision making and silence*.

6.4 NON-DECISION MAKING AND SILENCE

Many times silence means non-opposition, which in turn serves the interests of those in power. Silence can be exerted both consciously and unconsciously.

With regards to silence which is exerted consciously, Stephen Lukes' classic study "Power: A Radical View" (Lukes, 1980) includes a description of what Luke's defines as the 'two-dimensional view', which is put forward by Bachrach and Baratz. This view makes a distinction between decision making and non-decision making. A decision is "a choice among alternatives modes of action" (Lukes, p.18-19), while a non-decision is "a decision that results in suppression or thwarting of a latent or manifest challenge to the values or interests of the decision-maker" (ibid.). Thus non decision-making is

“a means by which demands for change in the existing allocation of benefits and privileges in the community can be suffocated before they are even voiced; or kept covert; or killed before they gain access to the relevant decision-making arena; or, failing all these things, maimed or destroyed in the decision-implementing stage of the policy process” . (ibid.)

Therefore the two-dimensional view assumes that non-decision making is a form of decision-making which prevents decisions from being taken “on *potential issues* over which there is an observable *conflict* of (subjective) *interests*, seen as embodied in express policy preferences and sub-political grievances.” (ibid. , pg.20)

Non-decision making and silence were very much evident in Hiltonopoly. Various state apparatuses, including the Church State Apparatus, the Political State Apparatus and the Communications State Apparatus remained remarkably quiet about the issue. Whatever the motive of their silence, *this silence served the interests of the developers*. I shall proceed to mention a few instances of silence which took place in the issue.

6.4.1 Silence of the Planning Authority

The behaviour of the Planning Authority is reminiscent of the ‘bureaucratic silence’ which is referred to by Poulantzas (1978, p.32), and which serves to organise speech.

According to Dominic Fenech,

“In the Hilton issue a lot of deception took place. The tools of pretended transparency were used to give the impression that nothing was being hidden. The truth is that those who tried to get involved,

such as the residents, were treated like idiots, not to say like shit . Many questions and curiosities remain and they deserve an answer.” (My translation) (Fenech, 1997a p.7)

The Ombudsman himself said that official documentation and evidence on the registrations carried out and decisions taken “are very scarce and scanty”

(Ombudsman, 1997, p.11) One example of the lack of official documentation is the fact that the proceedings of several meetings (held on 8th, 15 and 27th June; 11th, 18th, 22nd, 27th and 29th July, and 1st August 1994) between the developers and the Planning Directorate before the outline application was submitted were not minuted. (Front Kontra l-Hilton, 1997a, p.7)

The Planning Authority also seemed to refrain from encouraging widespread discussion of the issue. Although Planning Authority regulations state that with regards to major projects “an essential part of the process is extensive consultation from the beginning including public access to information and the opportunity to comment during the various stages” (Front Kontra l-Hilton, 1997a, p4-5), in the case of the Hilton Redevelopment Project the consultation did not start at the beginning, and neither can it be said to have been extensive. The public was only invited to one public meeting prior to the outline permit being approved. The public meeting was allowed to see the relevant documents for only a few days before that public meeting. Certainly this cannot be considered extensive consultation. Apart from this, many government departments wrote to the Planning Authority complaining that not enough time was being made available to them to express themselves on the project. (Front Kontra l-Hilton, 1997a, p.4,5)

The Planning Authority did not seem to feel sorry about its lack of responsibility to the public. Contrarily to its regulations, the Planning Authority failed to advertise the public hearing for giving out of permits of second phase of project, which consisted of Lm6 million investment on 132 apartments, 60 marina suites and 558 car park spaces. (Il-Mument, 1-2-98, p.7) In this meeting, which was held on January 29 1998, permission was given to the developers even though the Planning Authority had received the residents' petition which was against the granting of these permissions.

Another example of silence carried out by the Planning Authority is the fact that the Planning Authority's Director of Planning gave no reasons as to how and why he came to the conclusion that the Heritage Advisory Committee would accept a break in the historic entrenchment wall, when the same Committee had previously stated that the same wall "should never be damaged in any way." (Front Kontra l-Hilton, 1997a, p.8-9). The Director of Planning expressed his conclusion to the Museums Department, which subsequently changed their views in favour of the Hilton development without explaining why. (ibid.)

6.4.2 Parliamentary and Ministerial Silence

The residents of the Hilton area were immediately excluded from extensive discussion about the Hilton project. When they asked the Ministry for the Environment to include them in the negotiations about the project, they remained without an answer. (D. Fenech, 1997a, p7)

The Hilton issue was never really discussed in Malta's Parliament. In fact the residents of the Hilton area remained without an answer with regards to the different petitions which were presented to Parliament in 1995 by Evarist Bartolo, and to the Prime Minister and the Planning Authority in 1997 by the *Front Kontra l-Barunijiet*.

6.4.3 Silence of the Political Parties

Both the Labour and the Nationalist Parties failed to reply the *Front Kontra l-Hilton's* invitation to publish the amount of money they received from Tumas Group. The political parties did not say that they received money from Tumas Group, but neither did they deny it. What they did was that they failed to give importance to the *Front's* question, hence allowing the issue to slowly fade away.

There is a difference between the Labour Party and the Nationalist Party with regards to silence about party financing. While the Nationalist Party has always remained silent with regards to party financing, the Labour Party in opposition denounced the Nationalist Party for being very close to 'barons' (a political label created by the Labour Party itself). This is evident in "*Bizzilla u Barunijiet*" (J.Mifsud, 1995), a book published by Labour's publishing house. This book names a number of businessmen and companies which are close to the Nationalist Party but fails to talk about Tumas Group. The Labour Party's anti-baron behaviour was also expressed in news conferences it carried out before 1996's general election (such as the one held on 16th October 1996) in which Alfred Sant stated that in the last years environmental degradation was being carried out to suit the interests of a few barons. What is interesting is that Alfred Sant mentioned a whole range of controversial projects such

as Busietta gardens, the Floriana car-park, San Lawrenz Hotel, the Gozo Airstrip, the Coca-Cola Factory on Agricultural land in Marsa, the Chambrai project, and the Sewage Pipe in tal-Pwales, but failed to mention the Hilton project.

6.4.4 Silence by the Church, the Media and other organisations

The Catholic Church, one of Malta's most powerful and most influential institutions, did not issue any official statements about the Hilton project. Neither did a whole number of legitimate organisations such as Greenpeace Mediterranean (which is situated in Malta), University Students Council, *Kummissjoni Djocesana Zghazagh*²⁵, and others. Editorials of major newspapers such as The Times, The Sunday Times, The Malta Independent, *Il-Mument*, *Kullhadd*, *it-Torca*, *In-Nazzjon* and *L-Orizzont*²⁶ failed to comment about the Hilton project.

The St.Julian's local council, which was supposed to be directly interested in the matter, failed to take account of plights of the residents of Paceville. The council did not criticise the Hilton project. This is not surprising - The mayor of the Council at the time when the outline permit was given to the Hilton developers is employed by Tumas Group. He works as Public Relations Officer of the Hilton project.

Given that so many Ideological State Apparatuses remained silent about the Hilton project, Tumas Group had nothing but to gain from the project. The residents

²⁵ *Kummissjoni Djocesana Zghazagh*, is the Maltese Catholic Church's largest youth organisation

²⁶ The Times and The Sunday Times are published by Allied Newspapers and has traditionally been anti-Labour. The Malta Independent, which has been around from the early nineties, belongs to top Maltese business families men. *Il-Mument* is the mouthpiece of the Nationalist Party. *Kullhadd* is the

themselves did not do much to help their situation. Apart from signing the petitions and participating in a protest they did not take any strong action to safeguard their interests. And whenever strong action was taken, (by the *Front Kontra l-Hilton*), the Repressive State Apparatus defended the interests of Tumas Group.

6.5 HOW STATE REPRESSION WORKS IN FAVOUR OF LAND DEVELOPERS

According to Dominic Fenech, leading figure of the Paceville residents, Hiltonopoly example confirms that in Malta “the peoples’ rights over their common property is constitutionally inferior to the individual’s rights over private property.” (Fenech, 23-2-97, p.20). Hence the State, which “holds *a monopoly of legitimate physical violence*.” (Poulantzas, 1978, pg.80) is ready to defend the interests of land developers when they face militant opposition.

The State’s Repressive Apparatus is used to defend the interests of the land developers. As Poulantzas puts it, laws and rules permit the State to establish “an initial field of injunctions, prohibitions and censorship, and thus institutes the practical terrain and object of violence.” (Poulantzas, 1978, p.77). Law also organises the conditions for physical repression, designating its modalities and structuring the devices by means of which it is exercised. Therefore, “law is *the code of organised public violence*.” (ibid.)

mouthpiece of the Labour Party. *L-Orizzont* and *It-Torca* are the mouthpieces of the General Workers’ Union, which is Malta’s largest worker’s union and which is close to the Labour Party.

Hence, whenever the *Front Kontra l-Hilton* organised protests at the Hilton site, the law permitted the police to stop the protests. Police broke the chains by means of which *Front* activists were tied to Bulldozers and Trucks at the Hilton site on October 1996. Police also took *Front* protesters away from the Hilton site during this protest and during the following protest in which *Front* activists chained themselves to a barge. Conversely, police did not intervene as an angry worker started using a mallet to hammer on the chains with which the *Front* members chained themselves on tires situated at the side of the barge. (The Malta Independent, October 13 1996, p.3). This could have resulted in the drowning of *Front* protesters. (The Sunday Times, October 13, 1996, p.1)

The comments made by Tumas Group's Alfred Mifsud about these protest was highly significant - "“These people have a right to their own opinion and we respect that, but the activists made a mistake by entering private property” (Times, 11-10-96, p.32) Mifsud confirms that the individual's private property is more important than public property.

Police also stopped *Front* members from protesting during the *Sette Giugno* official celebration of 1997. This time police members acted violently, beating and kicking some of the *Front*'s members, who at no time behaved violently. (Sunday Times, 8-6-97, p.84) The Policemen's' overreaction could have been influenced by the fact that top State representatives were present for the celebration.

During the Planning Authority's first public hearing security members angrily dragged protesters away (Fenech, 12-1-97, p.7), but they took no action against Tumas Group

when it occupied most of the Planning Authority's hall with its general staff for the second public hearing, which was described by Arnold Cassola as being "highly reminiscent of a 'Wild West' court room, where the 'heavy guys' of the Union Pacific railway, by means of their physical presence, try and intimidate the residents and force them to sell out." (Cassola, 1996, pg.13) Most of those who opposed the Hilton project were forced to miss the public hearing because there was no space for them.

It is clear that the behaviour of the State's Repressive Apparatus served the interests of Tumas Group. This is even more so when no action was taken against the developers when residents complained that construction work was being carried out beyond stipulated times. According to the *Front Kontra l-Hilton*, Planning Authority arrangements make it clear that such an infringement of agreements should have resulted in a Lm.100,000 fine imposed on Tumas Group. (L-Orizzont, 24-3-97)

The State's Repressive Apparatus did not intervene to investigate the *Front's* allegation that explosives used by Tumas Group were twice the approved strength. The explosions caused structural damage to buildings in the nearby area, and even the area near the site was affected. Families living close to the site had already complained of damage to their buildings. (The People, 27-8-97)

The clear bias shown by the State's repressive apparatus in favour of Tumas Group was highly influential in determining the resident's lack of militant action against the Hilton project. The few residents which turned up for a meeting with the Front on August 29 1997 made it clear that they felt helpless and sceptic, because they felt that the authorities were clearly supporting Tumas Group. The fact that Planning Authority

enforcement officers were never available and that police were apathetic to their plights strengthened their lack of hope. (Front Kontra I-Barunijiet, 1997c). The behaviour of the Paceville residents echoes the following statement by Poulantzas:

“State-monopolised physical violence permanently underlies the techniques of power and mechanisms of consent: it is inscribed in the web of disciplinary and ideological devices; and even when not directly exercised, it shapes the materiality of the social body, upon which domination is brought to bear.”
(Poulantzas, 1978, pg.81)

One must make it clear that the State violence Poulantzas refers to is not concretised in the daily exercise of power as it used to be. However, “it still, and indeed more than ever, occupies a *determining* position.” (pg.80). This is even more so when the State’s repressive actions are legitimised by the underlying assumption that they conform to the general interest of the people. Such repression is moreover frequently exercised within the limits of the constitution and the law.

6.6 CONCLUSION

Tumas Group had much to gain from the behaviour of the various State Apparatuses. Many decisions and non-decisions, many of which were influenced by conscious ideological bias favoured the Hilton development. Opposition to this development was many a time silenced by the Repressive State Apparatus. It is clear that Tumas Group was more powerful than its opponents. The Group’s power was so strong and influential that the government “failed to use its negotiating powers to maximise the benefits to be derived from the deal” (Omubsman, 1997 p.12-13) and sold the land to

Tumas Group for a mere Lm191,000. Hence, the Economic State Apparatus performed in a way which served Tumas Group's interests, too, although this does not mean that the same apparatus did not gain from its actions.²⁷

²⁷ The previous chapter explains this point.

7. CONCLUSIONS

This dissertation has attempted to show the relationship between the State and land developers with regards to the development of the Hilton Redevelopment Project. The approach used in this thesis, has been described by some as being Structural-Marxist (Parker & Sim, 1997, p.6) and by others as being “Neo-Marxist” and “Class Centric” (Modavi, 1991, p.262-263). According to Modavi such an approach emphasises the significance of economic interests and constraints on political activity and structural transformations. This is due to the alleged mutual dependency of the state and economy upon one another. In fact, “the economy depends on the state for the provision of a stable environment; the state depends on the viability of the economic activity. The symbiotic relationship between the state and economy is manifested in the state’s tendency to promote capitalist interests.” (ibid, p.262-3) The state regulates, curbs excessive abuses, and protects the capitalist economy from direct claims. “By doing so, the state legitimises its own existence, deintensifies conflicts, and provides a stabilised environment for the growth and smooth operation of the economy.” (ibid.)

I have described the theories of the State as put forward by Althusser and Poulantzas and have briefly analysed the development of Capitalism in Malta in order to provide a context for the study.

The study has put forward the argument that although Malta’s road towards capitalism has not been the same as that experienced by the European metropolis and of Mediterranean countries which were ruled by military dictatorships, the relationship

between politics and the economy in Malta is similar to that found in the contexts to which Poulantzas and Althusser refer. An important factor in this regard is that at least since the second world war, both Labour and Nationalist governments have embraced capitalism, albeit their differences and similarities.

The scope of this study has been to substantiate the arguments regarding the relationship between the Capitalist State and the economy in Malta. The Hilton Redevelopment Project has been analysed in order to see whether, *at least for this particular case study*, the following hypothesis put forward in the introduction of this study could be accepted or refuted:

The State and land developers form part of a power bloc through which both stand to gain from the exploitation of land. The State gains through the generation of economic growth. Land developers legitimate the exploitation of land through the State Apparatus.

After putting forward a short history of the Hilton development in Malta, and given that Malta has a Capitalist State, I came out with the following conclusions, which confirm the hypothesis and add to it.

1. *The State considered the Hilton Redevelopment Project as something from which it will gain.* The State had too much to lose (especially in terms of economic growth and resultant factors such as shifts in employment) were permission not granted to the Hilton Redevelopment Project. The organisation of the state, the power bloc and the

State ideology overdetermined the behaviour of *most* State Apparatuses with regards to this issue.

2. *Tumas Group stood to gain from the behaviour of the State Apparatuses.* In fact, the decision making processes and the performances of State Apparatuses suited the interests of Tumas Group. These include:

- a. The various decisions and non-decisions which were influenced by an ideological bias favouring the Hilton redevelopment.
- b. The behaviour of the Repressive State Apparatus which silenced Tumas Group's opponents but which did not take action against Tumas Group's abuses of power.
- c. The failure of the Economic State Apparatus to use its negotiating power when awarding the land in question to Tumas Group.²⁸

3. *The Opposition to the Hilton Redevelopment Project was not strong enough to influence the behaviour of the State.* The Hiltonopoly issue could be an example of the new forms of struggle which, according to Poulantzas (1978, p246-7) are characterised by new movements such ecological ones which put forward democratic demands. The *Front Kontra l-Hilton* (later on renamed *Front Kontra l-Barunijiet*) could be considered to be one such movement. However it is important to emphasise that given that the Paceville residents felt powerless with regards to Tumas Group, they did not engage themselves in any strong action against the Hilton Redevelopment Project. This factor, together with the fact that there was lack of criticism to the project by any major political party, the church, and other important state apparatuses

²⁸ As shown elsewhere in this dissertation, this does not mean that the Economic State Apparatus did not gain from the Hilton Redevelopment Project.

means that the State did not face enough opposition to influence its behaviour. It is obvious that the *Front Kontra l-Hilton*, which lacked widespread popular support, had no influence over the power bloc.

Although I stand by my conclusions, it is important to emphasise that I am not attempting *a priori* to state that the theory used for this dissertation can be applied to all cases of development in Malta. Another dimension would be added to Maltese sociology if sociologists verify whether the study presented applies only to Hiltonopoly or whether it can be applied to other issues of development in Malta.

Baldacchino's statement would perhaps help in giving the necessary push for such research: "Malta has taken such commendable initiative on the world stage in favour of environmental preservation. It would be bitterly ironic, apart from tragic, were it to end up as an exponent of how *not* to develop" (Baldacchino, 1992, p.7)

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APPENDIX 1: University Petition

APPENDIX 2:Front's Letter to Ombudsman

APPENDIX 3: Front Kontra l-Hilton hunger strike petition

APPENDIX 4: Letter by Minister of the Environment to Joe Azzopardi

APPENDIX 5: Front's declaration of end of hunger strike

APPENDIX 6: Front's letter to Prime Minister

APPENDIX 7: Front Kontra l-Barunijiet petition

APPENDIX 8: Some Notes taken from Planning Authority files

