



## IV409 - February 2009

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## A hugely important victory for the people

23 February 2009, by [Stuart Piper](#)



1. It means that President Hugo Chavez can stand for a third term in the next presidential elections, due in 2012. State governors, mayors and members of the national and local legislatures gain similar rights. Previously, the Bolivarian constitution adopted in 1999 had placed limits of two consecutive terms for president, governors and mayors and of three consecutive terms for the others.

2. Aside from abstract arguments about the desirability or otherwise of term limits in a socialist project, this was a hugely important victory for the Venezuelan people, one that significantly shifts the balance of forces in favour of the Bolivarian revolution. A clear majority of the Venezuelan people understood that voting for the amendment meant voting for the continuation of the revolutionary process. And this they identified with the possibility that Hugo Chavez might remain in the Miraflores Palace. Speaking to an

ecstatic crowd from the balcony of that palace on the Sunday night, Chavez said this meant that all those who voted for the amendment had voted for socialism. That may be an exaggeration. Among the 6.3 million Venezuelans who voted "Yes", there are many different interpretations of what this socialism might mean, and most of these are very vague. Even among the leaders of the movement, there are undoubtedly many who pay little more than lip service to the notion of a socialist transition. Nonetheless, in the face of an increasingly belligerent and recidivist opposition, some sectors of which exhibit proto-fascist inclinations, this peculiar identification, of the mass of poor and working-class Venezuelans with Chavez himself, and through him with the revolutionary process and with an idea of socialism, has become the vertebral column of the Bolivarian revolution. And this vertebral column is stronger now than it was last week.

3. Fourteen months ago, on 2 December 2007 (now known as 2D), Venezuela's right-wing opposition succeeded, by a narrow margin and

for the first time since Chavez' first election in 1998, in defeating the Bolivarian movement at the ballot box. A much more ambitious proposal for constitutional reform, which included a proposal for lifting presidential term-limits, but alongside 68 other changes intended to provide the framework for a transition to "Venezuelan" or "Bolivarian" socialism, was rejected in a referendum. That setback has now, to an important degree, been overcome.

4. Following the 2D defeat, throughout 2008 the project to build a socialism of the 21st century, announced by Chavez in 2005, seemed to be on the defensive, partially stalled. There were steps forward: the nationalization of the SIDOR steel plant in response to the workers' struggle there, as well as nationalizations in the cement industry and some less important sectors; the growth of the PSUV as a mass socialist party which, in spite of its often bureaucratic leadership and functioning, continued to provide a new space for debate and mobilization; the continued efforts to

extend and strengthen the communal councils, the local bodies that the defeated constitutional reform had proposed should become the basic nuclei of popular power and of a new, communal, state; the strengthening an axis of left governments in Latin America, particularly in response to the world economic crisis, centered on Venezuela, Cuba and Bolivia, but with occasional if contradictory support from Ecuador, Paraguay and others. There were also steps back, including the not very successful attempt to launch a great national alliance for production with sections of the Venezuelan bourgeoisie, the grave difficulties faced by the strategy for a social or "people's" economy based on co-operatives and "endogenous" or self-sufficient development, and the failure to retain or relaunch any of the experiences of workers control that had emerged between 2005 and 2007. Overall there was a shift of the entire political terrain away from the more radical proposals of 2007, away from the "five motors" of the revolution's transition to socialism and the call for communal power, and back into a more limited arena of electoral politics and the existing institutions of representative democracy. After flip-flopping between radical and conservative initiatives in the early months of the year, the political agenda became almost entirely dominated by the run-up to the local and regional elections in November 2008, in other words by a conventional, representative contest for precisely those offices in the old

state structure - the mayoralties and state governorships - that have been, with a few notable exceptions, most resistant to the emergence of new forms of popular power and self-government in the communities and workplaces. Within days of the Bolivarian camp's qualified victory in those local elections, the agenda was taken over by preparations for a fresh battle at the ballot box, that of last Sunday's referendum on term-limits - another issue which in itself, obviously does not question or even stretch the limits of bourgeois representative democracy.

4. Chavez himself seemed to be aware of these limitations, at least in the case of the local and regional elections. First he supported the push from below to ensure that the PSUV candidates for the local elections were chosen by the rank and file and not nominated by small groups of their own supporters. The mass democratic primaries in June 2008 were important in developing the PSUV as a new political instrument of the Bolivarian process, and a first step towards democratic control over mayors and state governors, even if they produced no significant shift to the left in the profile of the selected candidates. In the following months Chavez repeatedly insisted on the need for those elected on the PSUV ticket to commit themselves to a platform of socialist measures as soon as they took office, in co-ordination with the communal councils and other bodies

of popular power. Immediately after the November elections, he called a "high-level seminar" of all the new mayors and governors to discuss how they should proceed to hand portions of the public administration over to the communal councils, now to be grouped in communes, and begin to give them an economic role through the promotion of a communal economy.

5. Almost immediately, these plans were put on the back burner as the campaign for last Sunday's referendum to amend the constitution came to dominate the entire political agenda. Now the victory has been achieved, this strengthening of community-based popular power is arguably one of the two or three most important challenges ahead, one of the keys to whether or not the Bolivarian process can deepen and break the stranglehold of bureaucracy, corruption and conservatism encrusted in much of the existing state apparatus. The others are the long-overdue rearticulation of a strong and combative trade-union movement, and the development of radical, anti-capitalist, even eco-socialist, measures to confront the impact of the international crisis and the plunge in revenue from Venezuela's oil exports. None of this will simply come from above, though that vertebral column connecting the grassroots with Chavez' leadership and an aspiration to socialism, remains key to any radicalisation of the process.

## Historic change in the political landscape

22 February 2009, by [Susan Caldwell](#)



Based on a feminist, ecological, anti-neoliberal and sovereigntist platform, Qs was founded in 2005 with the fusion of two left-wing organisations, Option citoyenne and Union des Forces progressistes, itself a regroupment of several left groups including Gauche socialiste, the Québec section of the Fourth

International. Québec solidaire's first electoral outing was in the March 2007 elections where Amir Khadir and Françoise David both came in second in their ridings and garnered 3.65% of the vote. Completely ignored by English-Canadian media and excluded from the Québec leaders' debate, Qs based itself on being a party of the streets as well as the ballot box, engaging with social movements as central to building the party. This paid

off in these elections.

The Québec elections were called on the heels of the October 2008 Canadian federal elections for similar reasons: a minority government seeking a chance to become a majority because the main opposition party had dropped in the polls. While the last 30 years have seen the Québec Liberal Party (Parti libéral du Québec - PLQ) and the Parti québécois (PQ) swapping roles as government or opposition, the

March 2007 elections resulted in the right-wing Action démocratique du Québec (ADQ) becoming the official opposition, with the PQ coming in third. This was mainly a rejection of the two main parties - PLQ and PQ - for a new alternative. But ADQ is a party centred on a single right-wing figure, Mario Dumont, with no credibility as the official opposition. The ADQ score in 2007 did raise hopes among Canada's governing Conservative party of Stephen Harper

about prospects for increased support in Québec. Those hopes, along with the ADQ itself, were smashed in this election, as ADQ fell from 41 seats to only 7! In a generally lacklustre campaign, with the lowest voter turnout since 1927 of 56.5%, Jean Charest's Québec Liberal Party did get their majority - electing 66 members, with 63 needed for a majority, but the Parti Québécois, led by Pauline Marois rose from 36 to 51 seats, regained official opposition status. The real

news was the election of Amir Khadir; a candidate from the new left 'upstart' party - Québec solidaire.

## Further reading

<http://www.lagauche.com/lagauche/index.php>

<http://www.pressegauche.org/>

<http://www.quebecsolidaire.net/accueil>

# Once Upon a Time, the LCR...

22 February 2009, by [François Coustal](#)



**1969, April.**

**The Ligue communiste!** In autumn 1968, a revolutionary current composed of militants originating from the Jeunesse communiste révolutionnaire and the Parti communiste internationaliste - two organizations dissolved by the government in June 1968 - and of "May militants" come together around a new newspaper, Rouge. After several months of discussions, the Ligue communiste is created: it is defined as a revolutionary organization, in the Leninist and anti-Stalinist tradition. It becomes the French section of the Fourth International, the movement created by Leon Trotsky. Very quickly, it has its baptism of fire, with the candidacy of Alain Krivine, aged 27, at the presidential election.

**1972, June.**

**"When they are ministers".** This is the title of the pamphlet published by the League a few days after the signature of the common program of government between the Socialist Party, the Communist Party and the Left Radicals. How to take into account the aspiration of the people of the left to unity and change, while denouncing the dead end which reformist solutions constitute? How to preserve political independence with

respect to the institutional left, without sinking into sectarian isolation? So many debates which will take place within the League... for so many years!

**1973, June.**

**Fascist meeting, meeting banned.**

In spring 1973, the League plays a major part during the mobilizations of high-school pupils and students against the Debré law (suppression of military deferments). In June, it initiates a demonstration to prevent the holding of a racist meeting by the far right Ordre nouveau group, which the police force protects. Following the confrontations, the Ligue communiste is dissolved by the government. The militants reorganize around the newspaper Rouge and are prominent in the great demonstration of support for the workers at Lip, then in the mobilizations in solidarity with the Chilean people, the victims of Pinochet.

**1974, May.**

**Under the uniform, you remain a worker.** Taking up a list of social and democratic demands, "the Appeal of the hundred" circulates in the barracks and collects thousands of signatures quickly. For some years, the League has developed intervention based around demands and antimilitarism among the enlisted. Soon, dozens of committees of soldiers will organize, to publish bulletins and

to even organize demonstrations of the enlisted in uniform, with the support of part of the trade union movement.

**1976, March.**

**And Rouge goes daily.** To provide the means of meeting the evolution of the political and social situation on a daily basis, in particular from the point of view of the left coming to power, the League transforms Rouge into a daily newspaper. After a first phase of success, the adventure proves beyond the financial means of the organization. Rouge returns to its weekly rhythm of publication in 1979.

**1977, autumn.**

**No socialism without Women's Liberation.** After 1968, the eruption of the Women's Liberation Movement shook the League and caused debates on feminism and the autonomous movements. Struggles against specific oppression, mobilizations for the right to contraception and abortion, wage discrimination, violence: the feminist "class struggle" current tries to theorise the articulation between capitalist exploitation and the oppression of women, between class struggle and feminist struggle. In November 1977, under the aegis of the Women's secretariat of the Ligue, the first issue of Cahiers du féminisme appears, with the final issue being published in 1998.

**1985, January.**

**Solidarity with Kanaky.** The Ligue protests against the assassination - by the GIGN and under a left government - of Éloi Machoro, one of the leaders of the independence movement in Kanaky- New Caledonia. Since the 1970s, on many occasions, the League always brought its militant solidarity to the partisans of the socialist independence of New Caledonia, in struggle against French colonialism. Just as it was always present in the anti-imperialist mobilizations: the Vietnam War, Nicaraguan revolution, Zapatista rising, the struggle of the Palestinian people.

**1988, May.**

**A new politics on the left?** For the presidential election, the LCR supports the candidature of Pierre Juquin, a Communist Party dissident. With the blossoming of dozens of committees, the campaign is a real militant success... which will not be confirmed by the electoral result. But new debates emerge on the conception of the party to be built and the prospect of going beyond the LCR.

**1989, July.**

**There are still Bastilles to take.** Whereas François Mitterrand chooses to celebrate the bicentenary of the French revolution by hosting the G7 (the leaders of the seven richest countries), the League initiates a unitary campaign - "À ça suffat comme ci" -, which organizes a big demonstration for the abolition of the Third World debt and against the "slaughterers of the world", as well as a giant concert, at the place de la Bastille, with Renaud and Johnny Clegg (South Africa). A foretaste of the big future global justice gatherings.

**1992, November.**

**New period, new programme, new party.** Adopted by the national congress of the LCR, proclamation "To the left of possible" synthesizes the debates raised by the fall of the Berlin Wall, the breakup of the USSR and capitalist restoration: the collapse of the Stalinist system is not the "end of the history". The class struggle continues. But the period has changed: it is necessary to work out a

new program for emancipation and to build a new type of party, rallying those who want to finish with the system, whatever their convictions on the means of reaching that point.

**1995, November-December.**

**Against the Juppe plan.** Absent from the presidential election, the LCR will be on the other hand very present, in November and December 1995, via its trade union and associative militants in the great mobilizations - strikes and demonstrations - against the Juppe plan for the dismantling of Social security and the first attacks against the pension system of the railway workers.

**1999, June.**

**Revolutionaries in the European Parliament.** By exceeding the 5% threshold the joint LO-LCR list allows the election of five revolutionary deputies to the European Parliament, including Alain Krivine and Roseline Vachetta for the LCR. This election durably installs the revolutionary left as a minority but significant and legitimate current on the political scene.

**2000, June.**

**A phase of revolutionary regroupment.** The Ligue has a long tradition of regroupment with, in particular, a current of the PSU in the early 1970s, and a minority of the Organisation communiste des travailleurs (OCT) in 1979. In 2000, the 14th Congress of the LCR voted for fusion/integration with Voix des travailleurs, a revolutionary organization of militants expelled from Lutte ouvrière. This fusion allowed a break with the logic of dispersal which had prevailed for a long time within the revolutionary left. Thereafter, other currents joined the League, including a minority of Gauche révolutionnaire and the Socialisme par en bas organization.

**2001, June.**

**Prohibition of dismissals.** On June 9, tens of thousands of people demonstrate against the plans for suppression of jobs and demand a ban on dismissals. The initiative for this mobilization comes from the LU

workers, quickly joined by the inter-union coordinations of a series of companies threatened by "reorganizations", Solidaires, the FSU and with support from the CGT. New factor, several left-wing political parties take part in the mobilization: the PCF, LO, Alternative libertaire. And, of course, the LCR... At the end of June, a national conference of the LCR decides to run a candidate at the presidential election: Olivier Besancenot, 27 years, a postal worker.

**2002, April.**

**Our lives are worth more than their profits.** This was the slogan of Olivier's campaign. Gradually, the size of the meetings increased. As soon as the 500 signatures were collected, media access makes it possible to transmit the message on a new scale for the LCR. The earthquake caused by elimination, at the first round of the presidential election, of the socialist candidate, Lionel Jospin, eclipses the incredible result obtained: 4.25%! But, on the evening of April 21, in every town in France, the League is in the front line of the demonstrations against Le Pen, which will develop over the next fortnight.

**2003, spring.**

**"General Strike, general strike".** For several months, the employees in national education clash with the government's counter-reforms. Imposing demonstrations punctuate the teaching strike. Then, the strike extends throughout the public sector, faced with the governmental desire to extend to 40 the number of years of work necessary for a pension. Like many trade-unionists, the militants of the LCR defend the perspective of a general strike.

**2005, March.**

**It's "no"!** In spite of the support of all of the economic, political and media elites, the neoliberal European constitutional is rejected by a majority of voters. It is the result of several months of an intense unitary campaign, which gathered many political and associative forces (including the LCR) and involved tens of thousands of people. In November, following the death of two young

people who were being chased by the police, the popular neighbourhoods revolt and face the forces of repression. The Ligue's support for the demands of young people against discrimination and police harassment contrasts with the embarrassment, even hostility, of the traditional left.

**2007, June.**

**Rallying the anti-capitalists.** The attempts to prolong the "no" coalition into a unitary candidacy for the presidential election fails on the question of independence with respect

to the Socialist Party. The LCR decides to run Olivier Besancenot. Whereas all the other candidates to the left of the Socialists record poor scores, the LCR gets 300,000 votes more than in 2002. A result which gives the LCR particular responsibilities, the more so given the electoral failure of the Socialists and, especially, their later inability to oppose Sarkozy, reinforcing the need for a "left which is not ashamed of being left". In June 2007, the national leadership of the LCR decides to test the possibility of creating a new party. In August, Olivier popularizes this project: "The League has a rendezvous with its

history".

**2008, January.**

**New party, it's begun!** The 17th Congress of the LCR lays down the objective of "going beyond the LCR" to a new anti-capitalist party, "taking up the best traditions of the various currents of the labour movement". After the local elections of March 2008, more than 300 committees for a new anti-capitalist party are created. In January 2009, there are 476, with 9,123 activists. With the NPA, a new adventure starts! ?

## France: The anti-capitalist hope

22 February 2009, by [Pierre-François Grond](#)



Indeed, the creation of the NPA is not an event external to political realities. The foundation of the NPA takes place in, and undoubtedly is also explained by, a context of total crisis. Capitalism has entered a major, historic, crisis, which is not denied any more by the majority of the leaders of the planet. It cannot be reduced to a financial crisis, or the failure of the neoliberal regulation of the capitalist system, but rather represents the failure of a system of generalization of the market in order to satisfy the thirst for profits of the bosses.

The masses as a whole and the world of labour are likely to pay a crisis for which the central actors of the system (the banks, financial powers, and capitalist institutions) are primarily responsible. Massive dismissals, a higher cost of living, the methodical destruction of the public services are the first demonstrations of it and have caused the first mobilizations. At the same time, an ecological and food crisis affects the very essence of people's living conditions. In relation to this crisis of capitalist civilization, we want to build a force which defends the revolutionary transformation of society, the rebuilding of a deeply democratic

socialist perspective calling into question private economic ownership.

The first mobilizations have broken out. Guadeloupe and Martinique have risen against the high cost of living, injustice and discrimination. On January 29, several million took part in strike and demonstrations in metropolitan France, and a new day of action is planned for March 19. After the high-school pupils in December, academics and students have taken to the streets to force a government which has not abandoned any of its projects of social demolition to back down. Appeals converge against the threat to liberties posed by the projects of the government. We support everything that allows the convergence of the struggles, all the initiatives of mobilization towards an overall movement against the government and its policy. A new May 68 to beat Sarkozy.

This is why the NPA will be at the centre of the mobilizations, strikes and demonstrations, and will constantly propose the unitary gathering of the forces of the social and political left to support the struggles. As we have in the area of dismissals. As we will propose for the new day of strikes and demonstrations on March 19 or to support the fight of the car workers.

During this time of social and political tensions we want to defend an emergency plan, a plan for an exit from the crisis in favour of the workers and the masses. A plan of concrete measures, which refuses to support capitalism, to finance those responsible for the crisis, as does the government and also the Socialist Party.



We want a wage increase of 300 euros net per month for all; no income, wage or other main means of support below 1,500 euros net; removal of VAT, starting with basic needs products; freezing and cutting of rents, fighting the hypermarkets which profit on the backs of consumers while strangling the small producers. We will defend the prohibition of dismissals in large as in small companies, in the private sector as in the public, where the suppression of jobs has never been more significant.

We reject and fight against the Bachelot law for the commodification and privatization of health. We are alongside the academics and students against the Pécresse law. We reject the privatizations of yesterday and today, of right as of left, and we will fight for the expropriation of the

banks and the financial companies, and the installation of a public banking utility controlled by the population.

Around an anti-capitalist programme and a perspective independent of the

Socialist Party leadership, which is located within the framework of the management of the system, we wish for the broadest gathering. In the struggles as in the elections. A durable movement, which offers an alternative prospect to those who

suffer from the crisis, who can stand no more of the arrogance of the government and employers. A coherent union, which defends the same politics in the struggles and the elections, whether European or regional, in France and in Europe. ?

## Keynes reloaded?

16 February 2009, by [Thadeus Pato](#)



### **Nobody talks about redistribution in the sense of Keynes or the US New Deal of the thirties**

For more than thirty years they have been the urchins of bourgeois economics: the Keynesians. The market-radical school of the Mount-Pelerin-Society with such notorious people as Milton Friedman seemed to have triumphed over the classic Keynesians, the exponents of a governmental regulation of the (capitalist) economy, and the so-called "neo-Keynesianism", born in 1980s, a school which combines the basic considerations of Keynes with the ideas of the so-called neoclassical school of economy [1], enjoying in the age of deregulation and almost religious belief in the mystic power of the "free market" at best a shadowy existence in the environment of desperate social democrats and trade unionists.

Now Keynes is again current throughout the land, and superficially it may look to the non-expert eye as if abruptly economic politicians of all shades, from East to West, have turned away from the market-radical course of the last 30 years, true to the motto "who cares about the nonsense I talked yesterday", and rediscovered John Maynard Keynes. But hold on! If you take a closer look to the thought of Keynes, you will come to different conclusions.

### **What were the intentions of Keynes?**

In his main work [2] Keynes started from the viewpoint that conjuncture cycles can be considered most suitably "as the consequence of a cyclical change in the marginal efficiency of capital". He identified aggregate demand as the central element for the level not only of production but also of employment and therefore rejected neoclassical theory, which argued that unemployment has to be fought by the lowering of wages. He argued, effectively, that the positive effects of the lowering of wages immediately would be foiled by the reduction of purchasing power.

Keynes wrote his main work, which was published in 1935, under the impact of a special historic situation: First there was the worldwide economic crisis of 1929 with all its consequences, second the rise of state-dictatorial economies like the Soviet Union, but also fascist Germany (Keynes was a personal friend of the president of the German Reichsbank, Hjalmar Schacht), and third the course of the Roosevelt-government in the USA, which pragmatically integrated several Keynesian elements in its policy of restructuring, the so-called New Deal of the thirties. The theory of Keynes is undoubtedly intended on the one hand to avoid what he classifies as "authoritarian political systems", and on the other to eliminate unemployment: "It is certain that the world will not tolerate the unemployment, which, aside from short periods of recovery - in my

opinion unavoidably - is associated with the contemporary capitalist individualism, for much longer. But through a correct analysis of the problem it should be possible to heal the illness and to conserve at the same time capacity and freedom (which he denies the "authoritarian systems", T.P.). [3]

He undoubtedly recognized the ruling social inequality, but he considered it as unavoidable: "I myself believe that significant inequalities of income and wealth are justified socially and psychologically, but not such big inequalities as exist nowadays." [4] Consequently from his point of view the state through certain interventions should on the one hand ensure full employment and attenuation of the cycles of crisis and on the other limit inequalities of income. Therefore he proposed a series of measures, in the first place a focused and continuous intervention of the state in the steering of investment and the increase of consumption. In this point as well his argument with the protagonists of market liberalism seems very contemporary: "While therefore the extension of the tasks of government, which the equalization of the liability to consumption and the inducement to investment implies, would seem a terrible interference with personal liberty for a publicist of the 19th century or for an American broker, I defend it on the contrary as the only viable instrument to avoid the destruction of the existing forms of economy in their totality, as well as a precondition for the successful exercise of the initiative of the individual." [5]

And on this point Keynes went very far - which nowadays is preferably

concealed. From his point of view the state should put higher taxes on legacies and high incomes and he stated, that "a quite comprehensive socialisation of investment will show up as the only measure for an approximation to full employment." [6] And because he - unlike the other protagonists of bourgeois economic science - did not consider the capitalism of the free market as the end of history, he came to quite radical conclusions: "It is not the ownership of productive goods whose acquisition is important for the state. If the state is able to decree the total amount of resources, dedicated for the increase of these goods, and also the rate of award for their owners, it will have fulfilled everything which is necessary. The necessary measures of socialisation can additionally be introduced gradually and without a break with the common traditions of society." [7]

## And the Neo-Keynesians?

Keynesmodel of an economy, regulated by intervention and redistribution by the state, naturally seemed weird to the protagonists of a "free market economy". According to them, the so-called Neo-Keynesians set the bar lower and confined themselves to asking for a so-called anti-cyclical business cycle policy - not only as the case arises, but planned and continuously: Lowering taxes, deficit financing in favour of public investments and lowering interest rates in times of crisis, to strengthen demand and to facilitate investment and - theoretically - the contrary in boom-phases. Whenever this direction was followed, it led to a continuously growing public debt. What neither Keynes, nor his miserable epigones had taken into account was that the bourgeois state is by no means a neutral body. A siphoning off of the profits of the boom-phases to an

extent, which would have allowed the maintenance of the capability of intervention of the state with respect to the next crisis, simply did not happen (not to talk about the legacy tax...). {{The reality}} What has been done today by the leading economic powers like the USA, the EU, Japan etc, in the face of the worldwide economic crisis has almost nothing to do with the original agenda of Keynes. Superficially the so-called "consume-coupons", conjuncture programs, lowering of interest and lowering of taxes may appear as what the neo-Keynesian economists are demanding. But the "deficit spending" of governments is by no means aimed at a gradual redistribution. On the contrary: the relationship between the financial volume which is spent for direct financial help, debt guarantees and support purchasing for financial capital and the big enterprises, and the money which is going to public investment, is extremely asymmetric. In Germany, for instance, there are 500 billion Euros in the basket for the rescue of the banks; only about 50-80 billion are spent for public investment and strengthening of purchasing power. Just to compare: In the crisis of the late 1960s a social democratic finance minister in Germany opened up an investment-program of 40 billion German Marks. In relationship to GNP this would today mean approximately 400 billion Euros. And there is no sign of a general change of policies of the respective governments. Instead the different protagonists in recent months have rolled out single measures, as if the theory of Keynes and his epigones was something of

which everybody could avail themselves according to fiscal and political opportunity. The one side calls for tax reduction, the other for consume-coupons, the third for forced loans from the rich (but with interest, naturally!). Nobody talks about redistribution in the sense of Keynes or the US New Deal of the thirties (which was, by the way, not successful at all, it was the World War which saved the US economy), they act, as if the whole thing is just a governmental rescue- and emergency measure, after which everything could go on like before. Consequently everywhere politicians assert that the state will withdraw from business immediately when the economy is running again. But there are still straightforward Neo-Keynesians, like the chairman of the German Left Party, Oskar Lafontaine, who is demanding public investment. But the fact that he is pleading for the construction of new highways shows (among other points) clearly the Achilles heel of the Keynesian approach.

## Keynesianism and Climate Change

Keynes and his successors are focussing consistently on growth. But the problem is, that nowadays we are facing a combined crisis, to which the bourgeois economy has got no answer. On the one hand we have the deepest economic crisis of the capitalist system since 1929, a classic overproduction crisis, and on the other hand the threat of Climate Change as a result of 150 years unlimited exploitation of the natural environment through exactly this exponential quantitative economic growth. The latter proves that policies which place the emphasis on further quantitative growth are obsolete. We do not need, for example, more cars, streets and highways, but an environmentally neutral public system

of transport. Individual traffic in its contemporary form has come to its end ecologically. Fighting Climate Change means putting on the agenda an economic order which assesses all mechanisms of production and distribution for their ecologic implications, instead of trying to manage the ecological consequences through market mechanisms or fiscal policies (taxes, CO2-certificates), or responding by establishing an additional "Climate Industry".

But for what is really needed, a sustainable recycling-based economy, which sticks to Climate- and environmental neutrality, the capitalist economy provides no basis - either in its (neo) Keynesian or its market-radical variation. Therefore we need a fundamentally different mode of production and distribution, oriented towards the needs of the people on the one hand and towards the preservation of the natural environment, which is crucial for the survival of humanity.

For that, and this completely ignored by Keynes and his successors we need a state which is not in the hands of the lobbies from industry and finance capital.

## Conclusion

What the governments of the industrialized countries are actually practising is neither Friedman-school, nor Neo-Keynesianism, nor Keynesianism. It is simply without any concept, short-sighted and from the point of view of Climate politics disastrous. The state and its treasury are taken to the cleaners by the ruling groups from industry and finance capital - for the broad layers of the population, who will be most affected by the consequences of the crisis in the coming years through lower wages, unemployment and old age poverty. Apart from the fact that the success of the "rescue-packages" of the governments is to be doubted, these will lead to a further expropriation of the working class: through inflation, which will be the inevitable result of the enormous expansion of debt.

The governments in fact are executing redistribution: in favour of the rich, to the disadvantage of the working people and at the expense of the environment. The label "Neo-Keynesianism", which is put on these policies by some propagandists suggests misleadingly that there is a theoretically founded, consistent crisis

management. But this is not true: it is false labelling, born from pure helplessness.

## Footnotes

[1] For example: David Romer, Gregory Mankiw: "New Keynesian Economics" (Cambridge, MA and London, MIT Press, 1991)

[2] All citations from: J.M. Keynes: *Allgemeine Theorie der Beschäftigung, des Zinses und des Geldes*; Duncker und Humblot, Berlin, 6. Aufl. 1983 (the article was originally written in German, so the citations are back-translations from German and may not coincide exactly with the English original. T.P.)

[3] Keynes, op. cit., S.321

[4] Keynes, op. cit., S.315

[5] Keynes, op. cit., S.321

[6] Keynes, op. cit., S.319

[7] Keynes, op. cit., ibid

# Central America in the 21st Century

14 February 2009, by [Dianne Feeley](#)



**Daniel Ortega: leads an authoritarian regime that instigates violence while claiming to embody the heritage of Sandino.**

As Kim Moody noted in his two-part article in ATC 127 and 128 (March/April and May/June 2007), U.S. immigration had declined in the 1950s and remained stagnant in the next decade, but between 1970 and 2004 the foreign-born population rose from 9.7 million to 34.2 million. Of the 34.2 million, 21 million were not

citizens. It is estimated that of the 20 million immigrants employed or looking for work in 2004, almost 12 million were not citizens. By 1984, something like a half-million Salvadorans made it to the United States, the majority settling in the Los Angeles area.

The immigration explosion occurred in the 1980s, when those coming from Mexico, Central America and the Caribbean were "fleeing from the wreckage of globalization." In the case of the Central American countries, U.S. military intervention was the foremost cause, but a secondary cause (and the primary cause for Mexico and the Caribbean) was the promotion of

loans to Third World countries that led these countries to "open up" their economies. Restrictions on foreign investment and tariffs were reduced or eliminated, wages were frozen while prices rose and productive enterprises were privatized. U.S. investment in agribusiness and plantation farming drove millions off the land, Free Trade Zones were set up in the Caribbean and Mexico.

According to the Inter-American Development Bank, Central Americans living in the United States were able to send home \$12.16 billion in 2007:

El Salvador \$2.7 billion

Guatemala \$4.1 billion

Honduras \$2.7 billion

Nicaragua \$900 million

(Immigrants from the richer countries of Central America remitted \$590 million to Costa Rica and \$320 million to Panama.)

These remittances are worth between 9.4% and 25.5% of these countries' respective Gross Domestic Product. For Guatemala they account for six times the amount of direct foreign investment, for El Salvador seven times, for Honduras three times and for Nicaragua it is double. But while this money is vital to aid the individual receiving families, it also decreases demands upon those states to provide public services ranging from funding education and health to unemployment benefits and old-age pensions. Depressed wages encourage migration, and remittances are the grease that allow the state's withdrawal of social investment. Remittances represent the home country's social safety value. Jose Luis Rocha, a Nicaraguan researcher and member of the monthly magazine, *envio*, concludes that "The redistributive effect of remittances is, therefore, a poisoned gift, because they benefit many families, but represent a dislocated, de-ideologized and atomized strategy, making them more likely to be coopted in a strategy of the elites..." ("Remittances Are Far More Than A Development Panacea," *envio* (volume 27, #320, March 2008, 59).

In the second part of this two-part article, Rocha examines the nature of the cooptation: Remittances allow the families in the countries of origin to buy cell phones and other consumer items, thus expanding markets. This growth strategy, however, has no productive backing or "a long-term development vision that considers, among other things, the physical problem of the relation between inhabitants and availability of water, or the capacity to provide food and energy services to the rapidly growing urban masses." (volume 27, #31, April 2008, 48)

## Ideal Immigration

From the point of view of U.S. business, the ideal immigration pattern is "circular." That is, the country of destination needs labor and a "temporary worker program" can regulate the labor market. Such a program channels workers to jobs and returns them when they are no longer needed. Thus unregulated and especially "undocumented" immigrants are a problem: they move, they change jobs, they band together with other workers to improve their wages and working conditions, they may not even go home (or have a home to go to) when they are not "needed."

Between 1990 and 2007, the U.S. government deported 24 million immigrants—some as they attempted to enter the country, others picked up by immigration officials, and still others deported after they have been convicted of a crime. After the 1992 Rodney King riots, California implemented anti-gang laws and prosecutors began to charge young gang members as adults, sending hundreds to jail on felonies. With the passage in 1996 of the Illegal Immigration Reform and Immigrant Responsibility Act, non-U.S. citizens sentenced to a year or more in prison were to be repatriated to their country of origin. As a consequence, between 1998 and 2005 U.S. Immigration deported 46,000 convicts back to Central America. Over 90% were deported to El Salvador, Guatemala and Honduras. Many had immigrated to the United States as children and some didn't even know Spanish. Instead of dealing with the problems of poverty, the United States has found a cheap way to export some of its social problems.

Of all those deported in 2007, 98.56% are from Latin America: 88.92% from Mexico, 7.76% from Central American, with the remaining 1.9% from Latin America and the Caribbean. On the other hand, for Latin Americans who obtained permanent U.S. residence in 2007, Mexicans were 19% and Central Americans 5%.

But an ever large number of Central American immigrants are deported

from Mexico. Between 2001 and 2007, while the U.S. deported 472,956 Guatemalan, Salvadoran, Honduran and Nicaraguan immigrants, Mexico deported 1,128,256.

## CAFTA vs. Fair Trade

The four Central American countries being discussed are primarily agricultural countries that have raised particular products for import into the United States. Traditionally these have been "dessert" foods: bananas, coffee, sugar, but have also included cotton and beef. More recently, they include niche items, from flowers to snow peas. Two years after passage of the Central American Free Trade Agreement (DR-CAFTA—the Dominican Republic also signed on), the treaty's promises of development have not been realized in any of four countries. Frequently a lack of infrastructure prevents the rural farmer from being able to participate in international trade. For example, in Nicaragua only 10% of the roads are paved. While electricity doubles the farmers' productive capacity, only half of Nicaragua has electricity. Another disadvantage for the Nicaraguan farmer is the inability to complete the paperwork and buy the licenses necessary to carry out trade across borders.

Just as DR-CAFTA was implemented the cost of inputs increased dramatically, while the price of the agricultural product did not. Between January 2006 and March 2008, food prices rose 68%, the price of rice doubled, corn rose 128% and wheat rose 168%. Most small- and medium-sized Central American farmers were unable to obtain credit. On the other hand, U.S. agriculture was able to move into these countries' markets with corn, rice, meat, wheat and dairy products, thus undermining local production. Employment did not expand, although the larger foreign corporations did employ more people; generally these workers came from rural and urban areas where farms and business were unable to make a living. Thus jobs may be created, but they are frequently low paying. Migration out of each country hasn't

been halted either.

Intellectual property under DR-CAFTA extended any U.S. patent on drugs for twenty years, thus staving off a country's ability to produce generic drugs. Lastly, DR-CAFTA has opened the door to foreign-owned companies setting up megaprojects such as large-scale mining and hydroelectric dams. Most often these lead to kicking people, particularly indigenous communities, off their land or threatening to poison the water, air and land surrounding their farms. ("DR-CAFTA: Effects and Alternatives," [The Stop CAFTA Coalition's Third Annual Report](#))

DR-CAFTA meshes well with the \$10 billion, Plan Puebla-Panama development project. Mexico and the Central American countries have agreed to create an integrated transport and industrial corridor that will link up with the United States and Canada. This system of agricultural modernization, production and trade means that particularly the rural, indigenous population will be displaced in order that the countries' natural resources can be accessed, exploited and transported. These include oil, minerals, lumber and electricity. In the case of Guatemala, many local communities have organized and mobilized to oppose the construction of these projects, thus disrupting the "deal" that the Guatemalan government has arranged with various international corporations, most specifically U.S. and Canadian companies. They are not against development. For example, they would like to meet their energy needs through decentralized, publicly owned and renewable energy sources such as solar panels or small-scale hydroelectric project rather than through the construction of large dams that would destroy their land. (See articles by Cyril Mychalejko in ATC 117 and 119.)

Two Central American countries, Honduras and Nicaragua, have also signed on to the Latin American Bolivarian Alternative (ALBA), an initiative proposed and, to a large extent, underwritten by Venezuela. ALBA is seen as an alternative to DR-CAFTA. It is based on the concept of sharing each nation's cooperative

advantages thus creating a dimension of solidarity. The idea is that the creation of regional compensation funds will mean a differentiated treatment in order to achieve social and economic objectives. A number of institutions have been created to facilitate this, including Petroalba, Albagas, Albaelectric. This is to facilitate access to oil well below market prices with payments over a longer period. Albacom, Telesur and ALBATV are the parallel institutions to develop communication while ALLBA-Medicines is for the importation of generic drugs and ALBA-Food for accessing agricultural and industrial supplies. Each state would be in charge of implementing these projects but in practice they are being implemented by public-private links.

But in both Honduras and Nicaragua ALBA was signed without any involvement or consultation from civil society. While most organizations agree with the social, distributive, educational, food security and poverty reduction objectives of ALBA, the lack of information about how these can be implemented indicates a troubling lack of transparency. How should the aid be distributed? What technical criteria will be applied? How can the most vulnerable groups within the rural sector be prioritized? Will there be favoritism that will simply reproduce or reinforce existing inequalities?

One other factor that is important in looking at Central America is the amount of U.S. interest in remilitarizing the region, through Washington's "war on drugs" compounded with its "war on terror." This is most clearly demonstrated by looking a little further south, to Colombia. Since 2000 Washington has spent more than \$5 billion in military and counter-narcotics assistance to the country. U.S.-based corporations (Chiquita Brands International, Drummond Co. and Coca-Cola) have been accused of colluding with paramilitary forces.

In June 2008 President Bush signed "Plan Mexico," which could allocate up to \$1.6 billion to Mexico, Central America and the Caribbean countries to design and carry out counter-narcotics, counter-terrorism and

border security measures. Within the month Amnesty International called for an investigation into why a U.S.-based private security company was teaching techniques such as "holding a detainee down in a pit full of excrement and rats and forcing water up the nostrils of the detainee in order to secure information" to Mexican police. And despite the escalating violence in Mexico and Central America, Washington signed a \$2.6 million aid package to El Salvador in October 2008 to fight gangs.

Let's look at the condition of Central American countries today. What is the situation that those who are deported, or voluntarily return for one or another reason, find themselves facing when they go back to their country of origin? What is the political and economic situation for those who never left, or have returned?

## Guatemala

During the 36-year civil war (1960 to the signing of the Peace Accords of 1996) more than 200,000 people were killed. In the early 1980s the army, military police and "civil defense patrols" they organized carried out massacres in 450 Mayan communities scattered across the rural highlands. Thousands fled into the mountains where troops pursued them, destroying crops and bombing their camps. Some Guatemalans were able to cross the Mexican border, where refugee camps were set up. Over the course of the civil war, one million Guatemalans became internal or external refugees. For those who remained in the villages, daily life was strictly controlled by the military. Kidnapping, rape, torture and disappearance was the way the army terrorized the population. It has subsequently been established that during the civil war the military or its paramilitary face committed 93% of all human rights violations and 99% of all the sexual violence against women.

In his January 2008 inauguration speech President Alvaro Colom Caballeros committed his government to "a social democratic government, a government with a social focus." However he also spoke of his election as "a political miracle," indicating how

fragile the country's civilian system remains.

As part of the peace process refugees living in camps across the border organized their return under difficult circumstances and, accompanied by international observers, received some compensation and land. Today 12 million people live in the country. It has the lowest literacy level of all the Central American countries (70%) and the highest percentage of indigenous people. It also has the most unequal land distribution in the Western Hemisphere, with 2% owning 70% of the productive lands.

In violation of the Peace Accords that were signed 11 years ago, the military has grown and is deployed in urban and rural areas to carry out internal security functions. Given that there are more than 5,000 killings a year, citizens are not safer now that the civil war is a closed chapter. More than 50 candidates and political activists were murdered during the last election cycle and 500-600 women are murdered each year, but the police, army and judicial system are not committed to investigating, pursuing or punishing crimes against women, or other civilians. In a country with high unemployment and underemployment, youth are criminalized. "Plan Escoba" ("Operation Broomsweep") was implemented five years ago in order to deploy 4,000 reserve army troops to the capital and to treat minors picked up for criminal behavior to be treated as adults.

Another provision of the Peace Accords that has not been met is the requirement to open up and declassify the archives of the security forces, and to locate the bodies of those murdered and disappeared. The violence expressed in the murders of women, political activists and trade unionists exists because of clandestine and armed groups that depend on corrupt politicians to facilitate international drug trafficking (often in collaboration with Colombian cartels) and to keep the population under control. These groups, dependent on politicians and former military officers, also engage in "social cleansing" that targets gangs and women.

Conflicts are solved by violent escalation: Since 2006 in the town of Coatepeque, in Quetzaltenango department, municipal authorities have attempted to displace traditional markets by forcibly moving them to a mega market, constructed with money from the Inter-American Bank, on the outskirts of town. This market is close to a garbage dump and two cemeteries, but charges more rent for vendor stands than the centrally located markets. Evictions began at the end of 2007; martial law was imposed a year later. Just before Christmas, 2008 Armando Sanchez, a lawyer advising the vendors, was shot and killed. On January 13, 2008 Amando Corozon Monzon was murdered while opening his market stand.

In 2008 the last unionized Guatemalan maquila, Choishin, closed without paying full back benefits, including government-mandated severance pay. Some of the work force are holding out for their severance pay as well as relocation rights and no blacklisting. While this might remind us of the Republic Windows' workers and their successful sit-in, the situation in Guatemala will not have such a united and triumphant ending.

There are still a few unions in the county, including the Union of Izabal Banana Workers (SITRABI), one of six unions filing a complaint (joined by the AFL-CIO) under CAFTA's provisions, charging that the Guatemalan government is not upholding labor laws or prosecuting crimes against union members. Days later, one of its members was assassinated on the grounds of Del Monte's Guatemalan subsidiary. Being a union activist is dangerous in Guatemala. In the first five months of 2008 there had been eight murders, one attempted murder, two drive-by shootings and the kidnapping and gang rape of a top union official's daughter.

According to the Guatemalan Office of Human Rights Ombudsman, during the first three months of 2008 U.S. deportations to Guatemala increased by 20%. Most were indigenous people rounded up in mass factory sweeps.

## El Salvador

The country is the smallest in Central America, but the most densely populated (seven million). Its economy is the third largest in the region (after Costa Rica and Panama). Unlike Guatemala's majority indigenous population, the indigenous population was finished off in a 1932 massacre. Since then the traditional dominant class of coffee growers has vied for power with the armed forces, which provided the oligarchy with an iron fist, enriched its top officers and jockeyed for governmental power. An insurgency in the later part of the 1970s led to the overthrow of the traditional oligarchy in 1980, but the Christian Democrats, the most moderate of the insurgent forces, almost immediately took power for itself, and found itself in an alliance with the military. This led to a new civil war (1980-92), in which 180,000 died.

During the course of the civil war several important Catholics murdered killed by state security. Most famous was the 1980 murder of Monsignor Oscar Arnulfo Romero, killed as he was saying Sunday mass. In 1989 six Jesuits, intellectual and political activists, and their housekeeper and her daughter were brutally murdered. In another case, three U.S. nuns were stopped at an army checkpoint, raped and murdered. The army attempted to blame the guerrillas for the crimes.

A 1993 report issued by members of the Truth Commission concluded that former Major Roberto D'Aubuisson gave the order to kill Romero, with precise instructions to his security service, which functioned as a "death squad." The commission named names, and pointed out subsequent cover-ups by state agents, thus ensuring impunity for some of the assassins. Five days later the legislature passed a general amnesty law that seemingly closed the case on any further punishment for human rights violators.

The Archdiocese of San Salvador's Legal Protection office took the case to the Inter-American Commission on Human Rights, which ruled, in 2000, that the Salvadoran state was

responsible for the denial of justice and issued three recommendations: complete an investigation and punish all direct violators, make reparations of all those violated and nullify the amnesty law. Almost a decade later the state has not moved to implement these recommendations.

In fact, the governing party, the Nationalist Republican Alliance (ARENA), although led by powerful businessmen from banking, import, telecommunications and agro-industrial sectors, continues to glorify the role of the military. On the other hand, ARENA attempts to delegitimize the FMLN—the main opposition party, which emerged out of the guerrilla movement—by blaming it for all the violence of the civil war and linking it to terrorism, violence and chaos today.

In September 2006 the legislature passed a Special Anti-Terrorism Law over the opposition of the social movement, the Christian Democrats and the FMLN, all of which argued that the bill was more a legal instrument of social control than an attempt to block possible acts of terrorism. That law seems to have been act 1 in ARENA's plan to punish forward its stalled privatization plans.

Throughout the 1990s El Salvador was the region's neoliberal model. It implemented a structural adjustment program, deregulated the basic basket of essential goods, promoted the sale of cooperative agrarian reform lands and deregulated the banks. Pushing through a tax reform that eliminated taxes on coffee and sugar exports, it scrapped capital wealth tax and implemented a regressive value-added tax. Most of the state's economic activities were privatized including the airport, telephone and electricity distribution services, and the Urban Housing Institute. By 2001 it dollarized the economy. Still to come is the privatization of the water and health systems and much of the education.

The massive mobilization against the privatization of the health system, led by the health sector unions and health workers who occupied the streets in 2002-04, was successful in stopping this right-wing project. Hundreds of

thousands of Salvadorans participated, but also put the government on notice that it would have to resort to firmer hand to stop the social movement from destabilizing the neoliberal project.

In launching a new and controversial plan to decentralize public water service, the government chose to begin in the Suchitoto municipality, which has been governed by the FMLN since 1994, and carefully prepared to police and army forces in the most provocative way. On July 2, 2007 community organizations organized a Water Forum in the main square and invited social organizations from all over the country to attend. According to the Archbishopric's Legal Tutelage Office, by 7AM a contingent of riot police, elite police assault units and the military, equipped with semi-tanks mounted with heavy-caliber machine guns arrived. An army platoon leader told residents who had set up a roadblock nine kilometers away that he had presidential orders to repress any highway protest. When residents requested to stay for three-hours, he gave them five minutes. The residents grouped together, waiting for police action, but then the platoon, backed up by two helicopters, fired rubber bullets.

Over the course of the day two communities were attacked by armed forces, 14 people were arrested and 62 injured. The 14 were charged in a newly created Special Instruction Court that had been inaugurated a few months before. These courts, which many legal experts consider unconstitutional, were created to treat cases involving organized crime and kidnapping. The 14 were charged with causing aggravated damage and acts of terrorism against public officials.

El Salvador has high rates of crime and human rights violations that are presumably linked to drug trafficking and squads of hired killers. As a result, El Salvador has declared "a war on gangs." In July 2003 the legislature passed a "mano dura" ("strong hand") law that advocated immediate imprisonment for 2-5 years for youth 12 or older simply for having gang-related tattoos or flashing gang signs. By August 2004 a total of

20,000 gang members were arrested, although 95% were released once the Supreme Court declared the law violated the UN Convention on the Rights of the Child.

In 2004 a new "mano super dura" was pushed through the legislature. While evidence is necessary in order to charge youth with gang membership—thus formally respecting the UN Convention—the new law stiffened penalties (2-5 years in prison for members, 9 years for gang leaders). Over the last five years the prison population has risen from 6,000 to 12,000, with 40% being gang members. Yet crime rates have risen.

More than 16 community activists, trade unionists and FMLN activists have been murdered over the last two years but authorities tend to discard any political motivation for the killings and these killings remain unsolved. For example, Miguel Angel Vasquez, leader of the Electrical Workers' Union was dispatched with two bullets in his head, in the style of assassinations committed during the civil war.

The Penal Code was since been modified to create a special category for "aggravated public disorder," with increased penalties for public protests. The popular movement continues, however, particularly around the path of Plan Puebla-Panama with opposition to megaprojects such as a thermoelectric plant or a container port that will destroy both family and commercial fishing.

Elections are slated for early 2009, first the municipal elections, then the presidential one. While the party in power has the advantage of controlling the apparatus and using the media to spread fear, the FMLN is by all accounts in the lead. President Antonio Saca announced a salary increase for public employees (1.84% of the population) and package of 19 measures dubbed "Alliance with the Family," designed for the electoral battle, not for social investment. With only 6-7% GDP going to basic social programs such as education and health, El Salvador has the lowest per-capita social investment in the region. (The Latin American average is 13%.)

The decline in the living standards and a reactivation of social movements even in the face of intimidation puts the FMLN, for all its problems, in the most favorable position it has enjoyed.

By the end of 2007 it was estimated that 740 Salvadorans leave their country for the United States every day.

## Honduras

Although Honduras did not suffer through a civil war, in the 1980s it became a staging ground for contra training camps and U.S. air bases. The state took care of its left by quietly arranging extra-judicial killings.

This nation of 7.4 million has more than one out of every four workers unemployed. It has a history of corrupt politicians who used their office as a way of acquiring property and slavishly supported U.S. policy in the region. Last spring a 38-day hunger strike by a group of young public prosecutors forced a review of cases documenting corruption by the most prestigious businessmen and politicians. Then in September, one of the most militant of the strike initiators, Luis Javier Santos was shot nine times. Although he survived the attack, his kidney and gall bladder were destroyed; his liver, bladder, intestines and a lung were perforated. Hondurans are demanding an investigation wide enough to see if any in the Attorney General's office or on the Supreme Court are responsible.

Similar to the "get tough" measures instituted in El Salvador and Guatemala, Honduras adopted its "Zero Tolerance" policy in August 2003, inspired by New York Mayor Rudy Giuliani's policies. In addition to a 12-year sentence for gang membership (later lengthened to 30 years), the law allowed police and army collaboration on patrolling urban areas.

In Honduras gangs responded to the repressive measures by escalating the violence and demanding the law's repeal. Attacks on buses, killing and wounding riders, were launched over the following year, usually in response to the extrajudicial killing of a gang

member. In each case, messages addressed to the President were left. However horrific gang murders have become, gangs have become convenient scapegoats as if crackdowns on them will solve the country's problems with drugs, murders, violence and the perpetuation of an unjust society.

Although President Mel Zelaya has signed on to Hugo Chavez's Latin American Bolivarian Alternative (ALBA), it has caused neither an outcry from the U.S. Embassy nor led Zelaya to abandon neoliberal policies. One reporter called it pure "theater." However Zelaya, dubbed by Chavez as the "Cowboy Commander," can use his embrace of ALBA to disorient the grassroots. Honduras began receiving Venezuelan oil under favorable conditions and there is talk of prospecting for oil in Honduras' Caribbean region or constructing a hydroelectric plant. Yet Zelaya is at the end of his presidential term; in 2009 Honduras will have a national election.

## Nicaragua

With 5.5 million, Nicaragua is the least densely populated of the Central American countries. The July 1979 Sandinista Revolution drove the Somoza dictatorship from power and set up a broad-based government whose political leadership was the Sandinista National Liberation Front (FSLN). They began by launching a massive and enormously successful literacy program. Over the course of the 1980s the government found the country under siege by the Reagan administration. Even the International Court's condemnation of Washington's mining of the Nicaraguan harbor, ordering reparations, did not deter the Reagan administration's attempts to bring down the government. In the first post-Somoza election, held in 1984, the opposition boycotted and Daniel Ortega was elected president. A united opposition, well-funded by Washington, ran in the second election.

When it was clear that the FSLN lost the 1990 elections, the leadership prepared itself for the transfer of power to the incoming president,

Violeta Chamorro. Daniel Ortega declared that the FSLN would govern from below, that is, the FSLN would work with its mass organizations to prevent the revolutionary processes of the 1980s from being turned back. Most importantly had been the expropriations of Somoza's vast holdings and those of the elite, mass literacy and the construction of a democratic government. This included a police force responsible to the citizenry and a fourth department of government, the Supreme Electoral Council, mandated to carry out a transparent election process.

The 1990 election loss was attributed to the U.S. political and financial support to the opposition and to the country's exhaustion from a contra war heavily financed and armed through illegal Washington deals. An additional factor is a series of mistakes the FSLN government made: a one-model agrarian reform unsuited to the peasants or the country's level of development and a misunderstanding of the aspirations of the indigenous people on the Atlantic Coast. These errors fueled a base of contra supporters.

Marring the FSLN departure from office was the "piñata," a process in which the FSLN transferred what had been governmental property to the property of the party or its highest-ranking officials. While in power, the FSLN leaders had never contemplated losing office, and did not distinguish between governmental property and party resources. Many FSLN officials at the time explained that they had devoted their lives to the revolution, and now had nothing to show for it. They saw themselves as thus entitled to secure their future.

Underlying all the FSLN miscalculations is the reality that the FSLN was a military formation to take power. It had never undertaken a reassessment of its role once the Somoza regime had been toppled. The military nature of the FSLN led to a hierarchical organizational culture not easily transformed into one more suited to the more multifaceted tasks of cooperative reorganizing social, political and economic structures. At the 1990 defeat and the questioning and discussion that opened up inside

the party, it seemed that the FSLN was willing to discuss and evaluate its mistakes, and then adjust itself. But one sign that the discussion was only superficial was the reality that its ethics commission never evaluated the "piñata." (In 1998, when Ortega's stepdaughter and FSLN member, Zoilamerica Narvaez, charged him with sexual abuse, the FSLN ethics commission proved unable to investigate the charge. Ten years later she finally withdrew her case in the Inter-American Commission on Human Rights.)

That internal FSLN dialogue never produced a collective and institutional party. Instead the Daniel Ortega grouping increasingly came to be the FSLN, crowding out and then expelling those who offered a different perspective. After the electoral defeat the mass organizations founded and led by the FSLN, whether created before or after the 1979 Revolution, took steps toward autonomy, with the women's movement achieving the clearest success. But following the 1994 split in the FSLN, in which leaders such as Dora Maria Tellez and Sergio Ramirez left to found a party that is today known as the Movement for the Renovation of Sandino (MRS), many of these organizations were pulled back into the party's fold.

In preparation for the 1996 presidential election, the party chose Ortega as their candidate once more, and lost to the conservative and corrupt Arnoldo Aleman. However the FSLN still had a significant bloc of members in the legislature and just as in the early days of Chamorro's regime was able to lead the mass organizations of students, trade unionists and farmers into the streets for to oppose governmental policies. Aleman needed to buy social peace in order to stabilize his government and the FSLN needed to recover a presence in the state institutions, thus laying the ground for a return to power. After more than 30 secret meetings, the pact was forged; it led to the demobilization of the grassroots organizations so that a neoliberal climate could take hold. In 1999 the FSLN had only one magistrate in the Supreme Electoral Council and only one or two justices on the Supreme Court. More positions were created in

the Comptroller General's Office, in the CSE and in the Supreme Court and Aleman and Ortega filled them with their loyalists.

This pact provided Aleman, Ortega and their circle unfair advantage when the privatization of public services and the selling off of state-owned assets took place. When the national banks went under in 2000-01, that grouping gained millions as compensation packages were dolled out.

During the course of the pact, Ortega has gained power to Aleman's disadvantage. Although Ortega lost the election of 2000 to Enrique Bolanos, vice president under Aleman, once Bolaños saw indicted Aleman for corruption, Ortega was able to consolidate institutional control over the judicial and electoral branches. With Aleman sentenced to 20 years, it is Ortega-appointed judges who have allowed him to serve most of his time while living in comfort on his hacienda.

The Aleman-Ortega pact, has since become a three-way deal with the addition of Cardinal Obando y Bravo and a sector of the conservative Catholic hierarchy. The big payoff came only a week before the 2006 presidential elections, when FSLN legislators voted to pass a law that repealed a late 19th-century therapeutic abortion statute. Now Nicaragua joins El Salvador and Chile as one of the few countries where abortion under no circumstance is legal. During the first year at least 80 Nicaraguan women died because they could not obtain an abortion. These deaths were primarily the result of miscarriages.

Because of the timing of the election some commentators feel the FSLN was forced into taking an anti-abortion position, but both Daniel Ortega and Rosario Murillo, his wife and campaign manager, have defended the party position. (After being partners for more than a quarter century, Ortega and Murillo were married by Obando in 2005.)

The pact also allowed for two important revisions in the electoral law. First, eliminating the chance that local parties or alliances could run,

thus driving the system toward a two-party model. Second, striking the provision that the presidential candidate does not have to win 50%+1 but only a plurality, if the top vote getter is separated from the second-highest candidate by at least 5%. Without these two revisions Ortega, who won with 38% of the vote in a three-way race, could not have become president.

Even before the 2006 election, Venezuelan President Hugo Chavez offered his political and economic support to Ortega. He promised to provide Nicaragua with oil at favorable prices as well as to build a refinery, a petro-chemical plant, a highway to unite Bilwi (on the Atlantic Coast) with the Pacific area and the funding for a rural credit program. However the Ortega government has resisted including these contributions in the national budget, which would mean being under the control of the National Assembly. Civil society, the opposition parties, the media and even the IMF all demand that the contribution be managed transparently.

Since Ortega's election, many have placed his victory alongside that of Evo Morales in Bolivia, Hugo Chavez in Venezuela, and Correa in Ecuador. Although there are differences even within this short list, Daniel Ortega is a far more compromised president than any of them. He has maintained his pact with Aleman, deepened his collaboration with the conservative Catholic hierarchy, failed to use his first year in office to force the IMF to accept a Nicaraguan budget that prioritized social spending and waged a war in order to avoid financial transparency. No one seems to know exactly how much money Venezuela contributed to Nicaragua in 2007. President Ortega first announced \$520 million, a month later he reported half that; the Central Bank totaled the amount at \$184.9 million.

Although Nicaragua has signed on to ALBA, there are no available details about how it will be implemented and there is the fear that the FSLN will use its position to reward its base. The National Federation of Agricultural and Agroindustrial Cooperatives (FENACOOP) questioned the way the

government would distribute Venezuelan fertilizer and were told this would be done according to "urgency." Yet they discovered three different prices: "the price for party members, the price for leaders of some associations and the price for those who don't belong to either group."

Upon taking office, Ortega created the Councils of Citizens' Power (CPC) as a "direct democracy" model, with Murillo as its head. The CPCs are to be the mechanisms through which state-related tasks, including education, housing and health, will be carried out. Beneficiaries of the Zero Hunger and Zero Usury programs (administered by Murillo and financed by Venezuelan money) are also chosen by local CPCs. However Nicaragua already had a history of civic organization. The Local Democracy and Development Network weaves together citizen committees at rural, district and municipal levels. It is independent of any political party. Its municipal committees fought for public discussion of the municipal budget, which is now recognized by several laws. The network is independent of any political party. Nonetheless the Ortega government devoted energy to establishing a competing organization, the CPCs. His government willingly clashed with opposition parties about their status, used the courts to do an end-run around the legislature and built a loyal base through unaccounted Venezuelan money. Last spring Daniel Ortega expressed his determination to give constitutional rank to the CPCs. In preparation for the 2008 municipal elections he demanded all FSLN candidates sign that, if elected, they would "obey" the CPCs.

At the same time, the Ortega government singled out 17 of the 300 NGOs operating in Nicaragua, accusing two "Oxfam Great Britain and Forum Syd of Sweden" of illegally passing funds to the Autonomous Women's Movement. Here again, it seems that the government wants to regulate social movements in order, as Carlos Fernando Chamorro, himself the victim of government attack, remarked, to have "a model of civil society that does not deliberate, but

keeps quiet and simply obeys." (He has been the editor of the FSLN newspaper, Barricada, back in the 1980s.)

Commissioner Mercedes Ampie, director of the National Police's Women's Police Stations, noted that 40% of all crimes committed in 2007 were related to physical abuse or sexual violence against women and children in the home. The director of Managua's La Women's Hospital reported that 4 out of 10 of their hospital's deliveries are to mothers under the age of 15. Some are already in their second pregnancy. Given the violence against women, why is feminist organization under attack? First, it is the most autonomous of all Nicaragua's grassroots organizations, and, second, it consistently defends women's sexual and reproductive rights. It speaks out about the country's high level of domestic violence and fights for systematic change. Yet the Ortega government denies the very existence of these issues.

During September and October 2008 a government offensive used the official media to attack the well-known feminist writer and activist, Sofia Montenegro, and the umbrella Autonomous Women's Movement. Just as the CPCs are an attempt to replace civic organizations not under the control of the FSLN, the party created the Sandinista Women's Movement (MMS) on September 22, 2008. Its gender perspective is to provide access to health care, credits, education and training through the government.

Since the Luisa Amanda Espinoza Nicaraguan Women's Association (AMNLAE) is an organization founded by Sandinista women, they were pressured to join the MMS. Just in case they didn't quite understand the invitation, two of their Managua centers were taken over by force. But once AMNLAE, with its 60 centers, joined, the movement then demanded the resignation of its president, Dora Zeledon (a former FSLN National Assembly representative). Zeledon's resignation letter outlined the blackmail and threats to destroy AMNLAE's autonomy and work. Under new leadership presumably AMNLAE

will be re-educated about what work is appropriate for the women's movement. Clearly that will not involve fighting to recover the right to therapeutic abortion. The President himself proclaimed that "Herod is in Nicaragua looking for children to kill."

The level of animosity generated by the government's campaign against the NGOs was, it turns out, a warm-up for the 2008 municipal elections. The Supreme Electoral Council (CSE) moved up the calendar for registering electoral alliances and candidate lists, cancelled elections in seven municipalities in the northern Caribbean region, then having accepted and certified the candidates lists for the Conservative Party and the Sandinista Renovation Movement, cancelled their legal status. It annulled Eduardo Montealegre's right to run as a candidate for the party he founded, the Nicaraguan Liberal Alliance (ALN) and awarded his position to a member close to the FSLN. The CSE also refused to accredit observer teams.

Pre-election day violence occurred in Leon and Managua, with FSLN members and sympathizers attacked opponents in the streets. In Managua's most of the most populated communities, groups of CPC members, wearing FSLN T-shirts, went house to house, creating a tense situation when interviewing residents about who they intended to vote for and writing down their answers.

The only observers allowed at the polls on election day were party monitors. Since three of the five parties on the ballot were the FSLN or supporting parties, the atmosphere was often intimidating. Initial results were announced that evening and although the FSLN candidate was considered the underdog, he was leading.

The morning after the elections the country learned that the computer center in Managua was militarized, with only technicians from the governing party inside. The third, preliminary account the CSE announced reported the FSLN winning in over 90 municipalities, but offered percentages, not the number of votes cast.

Distrust grew as the independent media documented the mounting evidence of fraud, ranging from discovering partially burned ballots in garbage dumps to finding a batch of voter ID cards that had not been distributed. Two days after the election, nine bishops in the Nicaraguan Episcopal Conference issued a statement that noted problems with the election and called for monitors to work with the CSE to review the process. Ethnic & Transparency monitors (the Nicaraguan chapter of Transparency International) who had not been allowed observer status nonetheless issued a preliminary report in which they outlined nine serious irregularities.

In Managua, CSE results showed FSLN Alex Arguello beating out Eduardo Montealegre (who had run as a Liberal) by 20,000 votes. But Montealegre insisted he beat Arguello by 29,000 votes and had the proof. Given mounting national and international pressure, the CSE agreed to a quick recount, but minus the presence of independent observers Montealegre didn't agree to a review. Instead he went public, posting copies of the tallies from most of the city's polling places on a newly created web page ([www.voto2008.org](http://www.voto2008.org)) and releasing the information to La Prensa. Interestingly enough Aleman backed Montealegre in his challenge. The PLC refused to recognize the election results and ordered its representatives and justices not to go to work. A crack has opened up in the PLC, with Aleman's leadership in decline and Montealegre's rising.

Groups of vandals roamed the streets of the capital, terrorizing people. Attorney General Hernan Estrada, responding to the report that public employees were spending hours on street corners waving FSLN flags, told a number of journalists that "if the head of state and political leader of the FSLN, Daniel Ortega, decided to call out all his supporters onto the streets, not a stone would be left standing in this country, or in any television channel or other medium that opposes him. He needs to be thanked for not having done it, due to the wisdom and serenity of the man who is governing us."

Over the last decade Nicaraguan gangs have decided in violent confrontation, in contrast to the growing violence of Salvadoran, Honduran and Guatemalan gangs. The society as a whole laid down their weapons at the end of the civil war. But now the violence is being nourished. In a recent La Prensa article 80 former gang members now associated with Youth for Peace charged that political agitators had been recruited and provided with hoods, pistols, clubs, mortars and brand new machetes along with lunch, bus fares and money (between \$5-30). These are the vandals that encircled the opposition and prevented them from protesting the fraudulent elections. Days later they were held up as symbols of the revolutionary struggle by no less than Rosario Murillo.

Why, given the public questioning, didn't the FSLN back off and allow the Supreme Electoral Council clear up the most blatant cases in order to help legitimate the process?

First, the FSLN projected winning 100 mayoral seats. The bar was set high because the party must project itself as a majority party when it isn't. The FSLN must use all the tools it can in order to cut the opposition down. This includes using the state apparatus for the needs of the party; it also includes using intimidation and violence to enforce its power. This campaign, as the attorney general noted, is clearly directed from the top.

Second, having "won" 105 mayoralities including Managua, the FSLN mayors have signed an agreement to obey the mandates of the CPCs, a structure run by party personnel and directed by Rosario Murillo. Thus the mayors are trapped into a framework answerable to the Ortega-Murillo team and the vice of control tightens. (The PLC was credited with winning 37 mayoral offices, with only four going to the pro-Montealegre forces within the party.)

Where are the independent forces capable of opposing this consolidation of power? Once the CSEs had legitimacy, but they have been corrupted through the Aleman-Ortega pact.

The police are bound by the Constitution to obey the president. In the violent pre-election confrontation in Leon, the police offered a divided response. But there is evidence that Ortega is moving to increase the number of general commissioners, promoting his supporters and retiring those with the most experienced.

The two institutions that are still independent are the legislature and the media. The intimidation that was unleashed against the NGOs and during the election campaign combined with the desertification of opposition parties and candidates has resulted in further consolidation of both a two-party system and a state-party-family rule.

The FSLN has indicated its interest in further constitutional "reform." Currently presidents cannot succeed themselves; Ortega would like to change that. Another variant might be Rosario Murillo running for president in 2011. Daniel Ortega has also indicated he wants to write the CPCs into the constitution, whether replacing the legislature or as an additional branch of government is not clear. Another possible constitutional change would be to move toward a more parliamentary system, in which the winning party selects the prime minister. Even if the FSLN is the stronger partner in the pact, it still needs Aleman and the PLC. It needs at least nine PLC legislators for two consecutive legislative sessions in order to pass the constitutional reforms. Yet in the light of the fraudulent election, Aleman may not be able to hold up his end of the bargain and help push through constitutional changes.

The elections immediately led to a legislative crisis and the 2009 budget was not approved on schedule. In the aftermath of the fraud the European Union froze its disbursements (roughly 80% of the government's public investment budget) and so did the United States (approximately \$85 million, which was also linked to a \$130 million loan). Daniel Ortega announced on December 1, however, that any "holes" in the budget by the freezing or withdrawal of international aid would be replaced by Venezuela money.

All this preoccupation with power is beside the point for the majority of Nicaraguans, for whom the daily grind of poverty is overwhelming. Although Ortega talks about the revival of "social democracy" and denounces U.S. imperialism and European colonialism, the Ortega government's preoccupation in its first budget continued the neoliberal agenda of paying down the (illicit) domestic debt. Chavez has provided money, but Ortega doles it out as if it was his own pocket money, thus deepening the country's culture of corruption.

The Ortega-Murillo team is an authoritarian regime that instigates violence while claiming to embody the

heritage of Sandino. It combines a left face with a sharp fist.

## Resources

My main sources are:

\* *envio*, a monthly magazine that covers Central America, but focuses on Nicaragua. It is printed in English and Spanish and is published in Managua. Its Spanish-language website is [www.envio.org.ni](http://www.envio.org.ni).

\* NACLA Report on the Americas, a bimonthly magazine covering Latin America. The scandal about the

FSLN's destruction of a therapeutic abortion law that had been on the books from more than a century has been widely covered in the mainstream U.S. press. See "Neither Left nor Right: Sandinismo in the Anti-Feminist Era," by Karen Kampwirth in the Jan.-Feb. 2008 issue, vol. 41, #1.

\* Also important are the websites for the [Network in Solidarity with the People of Guatemala](#) and the [Committee in Support of the People of El Salvador](#).

\* "DR-CAFTA: Effects and Alternatives," The Stop CAFTA Coalition's Third Annual Report. Very useful 40-page report.

## WOZA march for Valentines Day - 10 arrested

12 February 2009



Riot police stationed outside parliament allowed the demonstrators to leave their placards and flyers at the entrance and disperse peacefully. However it has subsequently emerged that eight WOZA women and 2 lawyers have been arrested.

A WOZA press statement says:-

'Their arrest and arbitrary detention one day before the swearing in of a new unity government in Zimbabwe clearly shows that ZANU PF has no intention of changing its repressive way of operating.'

During today's march WOZA gave out candles and matches as part of their

campaign urging Zimbabweans not to just complain but to light the darkness by continuing to be active in demanding social justice.

*WOZASolidarity will be reflecting WOZA's message on Saturday 14th Feb outside Zimbabwe House, 429 the Strand, London. We urge all Zimbabweans and sympathisers to join us and turn up the volume for social justice in Zimbabwe.*

## Vote 'Yes' to defend the Bolivarian process

12 February 2009



### **President Hugo Chávez holds aloft a miniature copy of the 1999 Venezuelan Constitution at the 2005 World Social Forum**

Image: Carlosar

The political tradition of the Fourth International has always been opposed to the excessive prolongation of electoral mandates and to the professionalization of politics.

Nonetheless, as internationalists and members of the FI living in Venezuela, it seems to us important, on this occasion, to support the "Yes" option in the referendum on the 15th.

Venezuela is a country with high level of confrontation, where the opposition seeks by all means possible to overthrow the Bolivarian government, with no respect for the rules of the democratic game (except when these work in its favour).

On the other hand, although the revolutionary process has been in

government for 10 years now, at least for the moment the particular relation between President Chavez and the people or the social movements is a necessary condition for preserving the political space in which there is a possibility of deepening the revolutionary process.

We therefore believe it is important to show our public support for the "Yes" option, because it is in fact the only way to defend this political process, within which our struggle is for the deepening of the Revolution.

From Venezuela,

Iain Bruce (Britain), Luis Alegre Zahonero (Spanish State), Sébastien

Brulez (Belgium), Yannick Lacoste (France).

# The sirens of protectionism

6 February 2009, by [Jim Porter](#)



**Frame from Prelude to War documentary film, part of the w:Why We Fight series.**

Image: Wikimedia

The capitalist leaders are conscious that their world is on the brink of the abyss and that protectionism would be a step too far. They have not forgotten the lesson of the Great Depression. In June 1930, nine months after the Wall Street crash, two Republican members of Congress introduced the so-called Hawley-Smoot Tariff Act, which increased tariffs to a record level on more than 20,000 imported products. More than a thousand economists then signed a petition denouncing this move. Several countries quickly responded by erecting their own trade barriers.

Trade between the US and Europe fell by three quarters in two years. According to US data, world trade fell by 66 % between 1929 and 1934. At the end of the Second World War, the governments included in the Bretton Woods agreement a reduction of tariffs on imports, the prelude to the signature of the GATT agreement some years later.

## The discourse of the G-20

Pascal Lamy, director of the World Trade Organisation (WTO), knows very well that the impact of a protectionist spiral would be considerable, but prefers vague formulae: "There is certainly a risk, there is no doubt... We do not know too well what the impact will be. What is certain is that it will be bad rather than good". He added that nonetheless: "protectionism is not a rational thing, it is a kind of psychic,

psychological drive that seizes economic actors when they feel in danger [1].

The members of the G-20, meeting in Washington on November 14, 2008 to discuss the crisis, envisaged the adoption of measures to stimulate demand by expansionist budgetary and monetary policies, but also by renunciation of any kind of protectionism.

Similar exhortations have not been slow in coming. The 21 member countries of the Asia-Pacific Economic Cooperation Forum (APEC) undertook in a common declaration to maintain a "firm position" against any protectionist temptation in reaction to the world crisis.

Meanwhile the French and Brazilian presidents affirmed on December 23 the will of Europe and Brazil to "work together" to exit the crisis, and called for the conclusion of the Doha cycle trade negotiations in 2009. "We cannot put off the liberalisation of trade" after the defeat of these negotiations, said Brazilian president Lula. In these times of crisis, it is "essential to resist protectionism" added European Commission president Barroso. "Nothing would be worse than protectionism", chimed in French president Sarkozy.

President Bush on January 12 warned against the protectionism of which he suspects Barack Obama: "It would be a huge mistake if we became a protectionist nation". And added: "In tough economic times, the temptation is to say, well, let's just throw up barriers and protect our own and not compete". The outgoing Secretary for Commerce in the Bush Administration also warned against protectionist tendencies, in the US, China and elsewhere.

## Limitation

Curiously, a provision, perhaps the most significant of the G-20, has been little remarked on: the limitation to 12 months of the undertaking to not take protectionist measures. Why limit this cardinal principal of capitalist globalisation to 12 months? Undoubtedly for two reasons.

Firstly it is about rebuilding confidence by letting it be understood that the crisis would be no longer than the most recent ones and will be over at the end of 2009. With the tempest over, incentives to protectionism will become limited and manageable by the WTO's mechanisms of conflict settlement. Everything indicates, despite the expected denial of the leaders and the economists in their service, that the crisis will on the contrary be the most serious since that of 1929.

The second reason is that the leaders of the G-20 know that the crisis is lasting and that many countries will fall prey to the protectionist siren songs. So this is only about putting off their implementation.

The information gathered and presented below show that the implementation of protectionist measures is still limited but that their preparation is very active and promises to deepen the crisis. The day after their signature of the G-20 statement, most of the countries began to sharpen their protectionist weaponry.

Nationalist and protectionist policies offer a dual advantage to the bourgeoisie of each country: 1) transferring a part of the crisis to competitor countries, and 2) diverting abroad the discontent of the workers as it prepares to exploit them still more severely.

Protectionism in the “defensive” sense, namely restrictions on international trade, is increasingly offset by what some call today “neo-protectionism”, or “offensive” protectionism, in other words a whole set of public measures supporting entire economic sectors in the face of international competition, so as to defend their shares on the national market. These measures are generally contrary to the agreements signed under the guidance of the WTO, notably the antidumping agreement and the agreement on subsidies and compensatory measures.

The first failure of the G-20 was registered precisely on the question of international trade. Noting the absence of sufficient consensus among the biggest economic powers, WTO director general of the WTO, Pascal Lamy, renounced convening the ministerial meeting specified by the G-20 summit before the end of 2008 to settle the negotiations of the Doha cycle. Not only have these negotiations been stalled since 2001, but the WTO registered an increase of 40 % in anti-dumping complaints in 2008.

## Salvaging the banks

In a great number of countries, governments have adopted plans to salvage the banks stretching from guaranteeing deposits or interbank loans, to the buying out of toxic assets, via recapitalisation and even partial or complete nationalisation. The massive injections of funds and public guarantees give the banks of the rich countries a huge competitive advantage over their equivalents in the dominated countries. In these conditions, the dominated countries feel themselves justified in rejecting all liberalisation of the trade in services, beginning with the provisions of the General Agreement in Trade in Services (GATS).

In the countries where these plans are sufficient, they strengthen the national financial sector and favour concentration, including the control of foreign banks. This “neo-protectionist” dimension has not escaped the

European Commission. It has not failed to note that these plans to rescue banks were contrary to article 101 of the Lisbon Treaty, which forbids the constitution of dominant positions. Community law has nonetheless not stopped the movements of banking restructuring and concentration: the buyout of Fortis by BNP-Paribas, HBOS by Lloyd-TSB, LBBW by the regional bank of Bavaria, of Dresdner by Commerzbank, or Bradford & Bingley whose good bits have been shared out between Abbey and Santander. These rescue plans, without approval from the Commission are moreover deemed contrary to article 107 of the Treaty which forbids state aid.

In France, in consideration for loans of 10.5 billion Euros to the banks, the government requested that the latter increase their credits to companies and individuals. This point poses problems for the Commission which sees in it a competitive advantage benefitting the banks. In granting more loans these banks could thus rely on state aid to win clients. The Commission has recommended a remuneration of at least 10% of the public funds put at their disposal, which is deemed to be too high by Paris.

## A big test: cars

The car industry is in crisis. On the world scale, factory production capacity is 92 million vehicles per year, whereas demand was hardly 60 million in 2008 [2] and will collapse in 2009.

In a speech made a little before the recent G-20 summit, the British Prime Minister Gordon Brown called on president-elect Barack Obama not to rescue the three big constructors of the US car industry, on the pretext that world competition had rendered their decline irreversible. A rescue would only push back the inevitable, and at a heavy price for the taxpayers, he argued. Contrary to what Brown had undoubtedly imagined, it was Bush, in violation of all neoliberal dogma, who took the decision to grant 17.5 billion dollars to Chrysler, Ford and General Motors.

The plan excluded foreign producers established in the US, but asked the auto union to accept pay conditions worse than those of foreign brands. The protection of the car industry has taken a nationalist and militarist accent in the US, at the initiative of trade union leaders and the politicians of both camps. For example, Michigan senator Carl Levin defended the plan in the Senate arguing that support to the sector was justified by the need to maintain a military edge, whether in military transport, robotics or other technologies.

According to Renault boss Carlos Ghosn, “job destruction will be massive in the countries which do not help the cars sector to finance itself” and he requested, in the name of European constructors, the astronomical figure of 40 billion Euros so as “to create liquidity” and “favour the revival of credit”. The French government responded with some hundreds of millions in aid “to innovation”, a billion for each of the two subsidiary banks of PSA and Renault, and bonuses for the scrapping of vehicles older than 10 years.

In the midst of France’s plan, Sweden has developed a 3.4 billion dollar rescue plan for Saab and Volvo who employ a total of 20,000 people in that country. And the German recovery plan announced in January envisages 1.5 billion Euros in help for the cars sector.

## First condemnation of China by the WTO

In December 2008, the Appellate Body of the WTO confirmed its condemnation of the Chinese regulation which obliges Chinese car manufacturers to pay a supplementary tax of 15 %, in addition to the 10 % of customs duties collected normally on imported spare parts, if they do not use a sufficient quantity of parts manufactured in China. In 2007, exports of car spare parts from the European Union (EU) to China exceeded 3 billion Euros. The total trade in goods between the EU and

China exceeded 300 billion Euros in 2007.

This was the first complaint raised by the EU, supported by the US and Canada, against China and it was the first time that a dispute with China reached the level of the reports of the Special Group of the Appellate Body. China now has a time period to negotiate to bring its measures into compliance with WTO legislation, after which the EU could adopt trade sanctions if China does not end its violation of that legislation.

In Russia, the Prime Minister, Vladimir Putin, has also launched a car rescue plan: "When our production sites have no other choice than to reduce their production, I think that it is totally inadmissible to spend money in buying imported cars". The Putin plan consists of subsidising loans for the purchase of Russian vehicles, guaranteeing the bond issues of Russian constructors at a level of 70 billion roubles (1.8 billion Euros), subsidies to encourage public bodies to renew their car fleets, and, a classic protectionist measure, increased customs duties for imported vehicles, including second hand ones. As an immediate consequence imports of Japanese vehicles have fallen, and there have been street protests organised in Vladivostok by port workers and Toyota importers and distributors.

## Recovery plans

In the United States, the United Kingdom and in China, the recovery plans amount to hundreds of billions of dollars. The priority for these plans is not the revival of household consumption but large scale infrastructural projects. One of the reasons for this, openly proclaimed, is to strengthen the attractiveness of the territory for capital. The governments justify their privileging of the promotion of supply rather than demand by arguing that the national economic tissue will be thus in a position to profit from the recovery in the spending of neighbours. Accumulation before the satisfaction of needs is at the heart of the logic of capital. It is the dynamic which leads to chronic crises of overproduction,

but capital knows no other logic.

### Main recovery plans at January 15, 2009

Country	Amount (billions \$)	% of GDP
United States	775	5
Japan	720	14
China	586	20
United Kingdom	177	8
Germany	70	2
South Korea	50	6
France	26	2

However there is a second reason for the choice in favour of large scale and infrastructural works: it favours national producers much more than foreign suppliers. Here also the choice is a neo-protectionist one.

The Indian trade minister has criticised these recovery plans: "The recovery plans decided on in Europe and in the United States include highly protectionist aspects with respect to certain markets, but also certain industrial sectors. Throughout these years, the West has asked us to open our markets and now we perceive the temptation for them to do the contrary so as to support industries which, in all cases, could not survive by themselves" [3].

## Exchange rate wars

Recovery plans on this scale imply budget deficits which could put in question the solvency of some states. So the latter also have recourse to another significant anti-crisis weapon, monetary policy. Letting the currency depreciate favours exports and discourages imports. The measure is all the more durable since in the deflationary climate of the countries in crisis inflation does not risk eliminating the passing advantages of

a devaluation. The war of exchange rates, as in previous crises, can strongly contribute to the burial of the declarations of cooperation of the G-20.

In spring 2008, the US Federal Reserve (FED), in spite of the inflationary threat (with oil barrels close to 150 dollars), reduced its interest rates, and brought the dollar down against the euro, to a record 1.60 dollars per euro. Strengthened by this exchange rate competitiveness, US exports grew at an annual rate of 3.4 % in the second quarter of 2008. The fall in rates accelerated on December 16, 2008, when the FED brought its key interest rates down to between 0% and 0.25%.

Faced with the collapse of the dollar and the pound (approaching parity with the euro), the equivalent of competitive devaluations, the other countries were not inactive. The Central Bank of Japan showed a new monetary suppleness, bringing its rates to 0.1 %, down from 0.3 %, to prevent the yen from continuing to appreciate. Even the European Central Bank finally abandoned its habitual orthodox tone.

Timothy Geithner, Obama's Treasury Secretary, declared in January to the Senate Finance Committee: "President Obama - backed by the conclusions of a broad range of economists - believes that China is manipulating its currency" to boost its exports. China defended itself immediately: "Criticising China without basis on the question of exchange rates can only serve US protectionism and will not contribute to finding a real solution to this question" said the Chinese trade minister.

Attempting to confront the domination of the dollar, China has decided on an experimental basis to pay with its currency, the yuan, for goods exchanged between two regions (the Yangtze delta and that of the Pearl River) and Hong Kong and Macau. The measure is described by the official daily "China Daily" as "the first step towards the transformation of the yuan into an international currency". Two provinces in the south/south-west, the Guangxi and the Yunnan, should also acquire the right to use

the yuan to trade with the members of the Association of Southeast Asian Nations (ASEAN).

## Sovereign funds

States disposing of high foreign currency reserves like China, Japan or countries running high oil surpluses have for some years set up sovereign funds with hundreds of billions of dollars which can invest in any country, including in the industries of the country of origin to protect them against a buyout by foreign capital.

Some developed countries, without possessing a structural balance of payments surplus, are nonetheless tempted by a tool of this type allowing them notably to "protect" their industrial jewels

The French example in relation to "economic patriotism" is until now the most striking. The French president Nicolas Sarkozy has created a "sovereign fund" – called Fonds stratégique d'investissement (FSI – Strategic Investment Funds) – equipped with 20 billion Euros to defend the so-called strategic sectors of French industry, the Caisse des dépôts et consignations (CDC – Consignment and Loans Fund) becoming the spearhead of its strategic and industrial choices. The French president compares his initiative to "what the oil producing countries, the Russians and the Chinese do". He says that "this is not about securing out of date activities but investing in the future, stabilising the capital of enterprises with know-how and key technologies, tempting prey for the predators who would like to benefit from a momentary stock market undervaluation". The neo-protectionist dynamic of the sovereign funds has not escaped IMF criticism [4].

## The USA

While preaching neoliberalism, US presidents have often taken protectionist measures to safeguard the interests of big companies. It was Bush who introduced high rates of protection for steel produced in the United States, to safeguard national

production. As indicated above, the measures taken by Bush against the crisis in 2008 already included, consciously or not, provisions favouring national enterprises faced with competition. The new Foreign Investment and National Security Act, voted through in 2007, gave the US president significant powers to limit foreign investment in the name of a very broad and de facto protectionist definition of internal security.

The coming months will see the implementation of the policies announced by president elect Obama who, while certainly affirming his free trade convictions, has announced that he will ensure the protection of jobs in the United States, arguing that people do not want cheaper T-shirts if it means the disappearance of their jobs. The new Congress and the president are tempted to set up new protectionist barriers behind the screen of new social and environmental standards. Obama has announced his intention, strongly supported by the AFL-CIO leaders, of renegotiating notably the North American Free Trade Agreement which in 1994 created a free trade zone between the United States, Canada and Mexico.

When he sat in the Senate, Obama approved a free trade agreement with the Emirate of Oman, but opposed the signing of the so called DR-CAFTA (Dominican Republic and Central American Free Trade Agreement) which created a free trade area between the United States, the Dominican Republic and the countries of Central America. He approved the draft free trade treaty with Peru, but opposed proposals for the ratification of free trade agreements with South Korea and Colombia.

The European constructor Airbus could in this context lose the 35 billion dollar mega-contract for tanker aircrafts for the US air force. First selected in February, with its partner Northrop Grumman, in competition with Boeing, the European enterprise saw its contract cancelled for an "evaluation error" in June. "When you've got such an enormous contract for such a vital piece of our U.S. military arsenal, it strikes me that we should have identified a US company

that could do it", said Obama.

The completion of the so called Doha cycle of negotiations will be all the more difficult inasmuch as Obama is a partisan of the policy of high subsidies reflected in the law on agriculture voted through in May 2008. He is also a fervent partisan of subsidies for ethanol production. He has also undertaken to invest 150 billion dollars over ten years in energy research.

Finally, faced with the ban on hormone treated beef in the European Union, the US has extended the list of European products whose custom duties will be raised from March

23 to 100%: cheese, meat, fruit and vegetables, cereals, chewing gum, chocolate, chestnuts, fruit juice, mineral waters and fats. The US also announced in January that it was going to report the EU to the WTO with the aim of obtaining authorisation to export chlorine disinfected poultry to Europe.

## China

The new US president must meet the challenge of China, which generates the biggest US trade deficit. The Bush administration, during the week of December 19, 2008, that is immediately following very strong criticism made of its cars rescue plan, had already complained to the WTO about China, accusing it of unduly supporting the exports of its branded products. Mexico immediately supported this complaint. While most of the enterprises established in China already benefit from exemptions in the tax havens of the special economic zones (SEZ), the Chinese government has granted tax exemptions to national exporters to render them more competitive.

"We were disturbed to find that China still appears to be using WTO-illegal measures to promote its exports, ranging from textiles and refrigerators to beer and peanuts" said US Trade Representative Susan Schwab. "We are determined to use all resources available to fight industrial policies that aim to unfairly promote Chinese-branded products at the

expense of American workers”, she added. The US complaint opens the way to bilateral discussions with China, a member of the WTO since 2001 and the object of more and more complaints.

China immediately rejected the US and Mexican accusations. “China has always respected WTO rules and is opposed to trade protectionism” said the Trade Ministry on its internet site. Nonetheless, China, condemned for its car spare parts import system, has just at the end of 2008 lost its first appeal on the subject since joining the WTO in 2001, faced with the EU, US and Canada.

At the end of 2008, China opened an antidumping investigation targeting imported European screws and bolts. It was responding to the imposition by the European Union of import duties of up to 87% on these same products. China is the biggest world producer of them and the EU is its biggest customer with imports of 575 million Euros in 2007.

In addition, Philippe Mellier, head of Alstom Transport, the second biggest rail company in the world, has just denounced protectionism on the Chinese rail market “As expected the market has been closed gradually to allow Chinese enterprises to prosper”. His proposals explicitly pose the development of a protectionist spiral: “If the market closes today, we do not think that it is a good idea that other countries open their markets to such a technology because there is no reciprocity”.

The Western groups do not wish to be left out of the vast recovery plan announced in China at the end of 2008, a significant part of which concerns infrastructures. China wishes increasingly to privilege Chinese enterprises, notably for the high speed Shanghai-Beijing line. Chinese protectionism is being contested all the more by Alstom and the two other big hitters in the sector (Bombardier and Siemens) inasmuch as the Chinese trains sector is trying to expand abroad into their fiefdoms, notably in the area of freight. Chinese constructors are accused of using technologies derived from those of foreigners, supplied on the condition

that they would be limited to the local market.

## Russia

On the basis of crisis, a “reasonable protectionism” from the state will aid Russian producers to maintain their position on the world market, according to the Russian vice Prime Minister Sergueï Ivanov. “In a context of world financial instability our producers will hardly maintain their position on the world markets without a reasonable protectionism from the state. In his view, Russia should support “industrial exports, especially in sectors as competitive as space, nuclear energy, and air and naval construction”.

In addition to the cars support plan described above, the Russian government has already on December 11, 2008 increased import duties on pork and poultry, which will undoubtedly lead to a response from the United States. Russia is the biggest market for US chicken producers, whose exports amounted to 740 million dollars in 2008.

## The developing countries follow

Certainly, the existence of the WTO and of regional agreements (the most important being the European Union) mean that 2009 is very different from 1930. The developed countries will find it difficult to unilaterally raise their customs duties. But the same is not true for developing countries, because of the big margin which exists there between the theoretical maximum duties concluded inside the WTO and the real duties applied (known as “consolidated” duties). On January 9, Pascal Lamy observed that there was, “in Ecuador, Argentina, Indonesia, India, a tightening of procedures” going in the direction of a renewal of protectionism.

In Asia, beyond the spectacular measures by China detailed above, India, three days after the G-20 statement, introduced an import duty of 20% on soya oils whose international price has collapsed in

the crisis. Also at the end of November 2008 measures were taken to protect its special steel and wood production. In December Indonesia introduced import licences and raised import duties on around 500 products. Vietnam announced an increase from 8% to 12% of duties on steel so as to protect its production.

In Latin America Brazil has already raised customs duties. Argentina has drawn up an administrative authorisation on imports. The country’s president, Cristina Kirchner, launching an appeal to industrialists so that they guarantee jobs and avoid dismissals, has promised in exchange to protect local production, notably against the products of their big neighbour, favoured by a strong devaluation of the real, the Brazilian currency.

## The socialist alternative to capitalist disaster

The volume of world trade fell by 2% in 2008 for the first time in half a century. Until then, trade grew twice as quickly as world GDP. It seems likely that this fall will be more marked in 2009, following the deepening of the crisis and the adoption of protectionist measures. Less than two months after the undertaking not to introduce any protectionist measures, it is clear that the breadth of the current crisis of capitalism could end in a new protectionism.

It is doubtful that this new protectionism will end up in a fractioning of the markets as significant as in the 1930s, because the internationalisation of capital is much more advanced and customs barriers, after a half century of trade liberalisation, are lower than then. The average customs tariff has fallen from 40% to 5% since 1947, according to the IMF.

Nonetheless, protectionist campaigns have every chance of unfolding in many countries, with a major objective: diverting workers from the sole positive way out of the crisis,

socialism, by preaching national unity and nationalism, indeed xenophobia. The protectionist impulse can only deepen the economic crisis, without presenting the slightest alternative to capitalism. The crisis could lead to restrictions on migration, including even inside the European Union. Germany, Austria, Denmark and Belgium still reject lifting restrictions on access to the countries that joined the EU in 2004. "In a period of economic crisis, it is normal to try first to make our unemployed work before opening our labour market too broadly to foreign workers", said the Belgian minister of employment, JoÃ«lle Milquet, on January 23.

Contrary to what certain bourgeois or reformist politicians maintain, protectionism is in no way a response to the capitalist crisis. It is only the response of national capital to inter-imperialist competition, which in the extreme circumstances of a crisis of capitalism could transform rivalries between capitals into political conflicts and even wars, as has been the case in the past.

Sectors of the reformist left, some of which have advocated free trade, will discover in the crisis the virtues of a certain degree of protectionism [5]. They only follow the capitalists who have an interest in alternating liberalisation and protection according to the relations of force and the

conjuncture.

The workers do not have to fight for market shares, and still less against other workers. The only solution to exploitation and to crises is the expropriation of capital. To advocate protectionist measures, without challenging the market economy, means, involuntarily or not, preparing the ground for trade wars, xenophobia and wars which could emerge from a capitalism with its back to the wall.

The future of humanity lies in the struggle to get rid of capital, not in support for its international expansion (neoliberalism), nor in its consolidation at the national level (protectionism). The distribution of goods and services, just like their production, should escape the dynamic of the accumulation of capital and respond to the needs of humanity, decided democratically. Only a socialist revolution on a planetary scale would allow the implementation of cooperation and solidarity in all areas, including in the area of goods and services.

As against competition which opposes peoples and territories, we must counterpose planning of the world economy based on agreements of cooperation, that is the right of peoples and not capital to decide on the mode of insertion of nations in the world economy. These cooperation

agreements will be based on the satisfaction of needs, far from the current logic of accumulation of capital at the expense of the living conditions of workers and the survival of the planet. On a small scale, as yet timidly, this is the road indicated by the cooperation experienced between the member countries of the Bolivarian Alternative for the Americas (ALBA), and beyond that in the context of the Petrocaribe energy agreement.

## Footnotes

[1] 1. Statement on RTL, November 1, 2008

[2] 2. Source: CSM Worldwide company

[3] 3. "Le Figaro", January 9, 2009

[4] 4. See article by its director of studies on <http://www.imf.org/external/pubs/ft/fandd/2007/09/straight.htm#autho>

[5] 8. This is the case in France with authors such as Emmanuel Todd, Bernard Cassen or Jacques Sapir, or the motion presented by BenoÃ«t Hamon at the last Socialist Party congress

# We won't pay for the crisis. The rich have to pay for it!

4 February 2009



We the social movements from all over the world came together on the occasion of the 8th World Social Forum in BelÃ©m, Amazonia, where the peoples have been resisting attempts to usurp Nature, their lands and their cultures. We are here in Latin America, where over the last decade the social movements and the indigenous movements have joined

forces and radically question the capitalist system from their cosmivision. Over the last few years, in Latin America highly radical social struggles have resulted in the overthrow of neoliberal governments and the empowerment of governments that have carried out many positive reforms such as the nationalisation of core sectors of the economy and democratic constitutional reforms.

In this context the social movements

in Latin America have responded appropriately, deciding to support the positive measures adopted by these governments while keeping a critical distance. These experiences will be of help in order to strengthen the peoples' staunch resistance against the policies of governments, corporations and banks who shift the burden of the crisis onto the oppressed. We the social movements of the globe are currently facing a historic challenge. The international

capitalist crisis manifests itself as detrimental to humankind in various ways: it affects food, finance, the economy, climate, energy, population migration... and civilisation itself, as there is also a crisis in international order and political structures.

We are facing a global crisis which is a direct consequence of the capitalist system and therefore cannot find a solution within the system. All the measures that have been taken so far to overcome the crisis merely aim at socialising losses so as to ensure the survival of a system based on privatising strategic economic sectors, public services, natural and energy resources and on the commoditisation of life and the exploitation of labour and of nature as well as on the transfer of resources from the Periphery to the Centre and from workers to the capitalist class.

The present system is based on exploitation, competition, promotion of individual private interests to the detriment of the collective interest, and the frenzied accumulation of wealth by a handful of rich people. It results in bloody wars, fuels xenophobia, racism and religious fundamentalisms; it intensifies the exploitation of women and the criminalisation of social movements. In the context of the present crisis the rights of peoples are systematically denied. The Israeli government's savage aggression against the Palestinian people is a violation of International Law and amounts to a war crime, a crime against humanity, and a symbol of the denial of a people's rights that can be observed in other parts of the world. The shameful impunity must be stopped. The social movements reassert their active support of the struggle of the Palestinian people as well as of all actions against oppression by peoples worldwide.

In order to overcome the crisis we have to grapple with the root of the problem and progress as fast as possible towards the construction of a

radical alternative that would do away with the capitalist system and patriarchal domination. We must work towards a society that meets social needs and respects nature's rights as well as supporting democratic participation in a context of full political freedom. We must see to it that all international treaties on our indivisible civic, political, economic, social and cultural rights, both individual and collective, are implemented.

In this perspective we must contribute to the largest possible popular mobilisation to enforce a number of urgent measures such as:

- Nationalising the banking sector without compensations and with full social monitoring,
- Reducing working time without any wage cut,
- Taking measures to ensure food and energy sovereignty
- Stopping wars, withdraw occupation troops and dismantle military foreign bases
- Acknowledging the peoples' sovereignty and autonomy ensuring their right to self-determination
- Guaranteeing rights to land, territory, work, education and health for all.
- Democratise access to means of communication and knowledge.

The social emancipation process carried by the feminist, environmentalist and socialist movements in the 21st century aims at liberating society from capitalist domination of the means of production, communication and services, achieved by supporting forms of ownership that favour the social interest: small family freehold, public, cooperative, communal and collective property.

Such an alternative will necessarily be feminist since it is impossible to build a society based on social justice and equality of rights when half of humankind is oppressed and exploited.

Lastly, we commit ourselves to enriching the construction of a society based on a life lived in harmony with oneself, others and the world around ("el buen vivir") by acknowledging the active participation and contribution of the native peoples.

We, the social movements, are faced with a historic opportunity to develop emancipatory initiatives on a global scale. Only through the social struggle of the masses can populations overcome the crisis. In order to promote this struggle, it is essential to work on consciousness-raising and mobilisation from the grassroots. The challenge for the social movements is to achieve a convergence of global mobilisation. It is also to strengthen our ability to act by supporting the convergence of all movements striving to withstand oppression and exploitation.

We thus commit ourselves to:

- Launch a Global Week of Action against Capitalism and War from March 28 to April 4, 2009 with: anti-G20 mobilisation on March 28, mobilisation against war and crisis on March 30, a Day of Solidarity with the Palestinian People to promote boycott, disinvestment and sanctions against Israel on March 30, mobilisation for the 60th Anniversary of NATO on April 4, etc.

- Increase occasions for mobilisation through the year: March 8, International Women Day; April 17, International Day for Food Sovereignty; May 1, International Workers' Day; October 12, Global Mobilisation of Struggle for Mother Earth, against colonisation and commodification of life.

Schedule an agenda of acts of resistance against the G8 Summit in Sardinia, the Climate Summit in Copenhagen, the Summit of the Americas in Trinidad and Tobago, etc.

Through such demands and initiatives we thus respond to the crisis with radical and emancipatory solutions.

# NLF leader charged for participating in media protest

3 February 2009



## Chamil Jayaneththi

He has been charged by the Slave Island police for obstructing duties and breach of peace, law and order. Police filed a case at the Magistrate

Court and Chamil has been served notice to appear in Courts on 02nd Monday. He has been charged by the Slave Island police for obstructing duties and breach of peace, law and order and has been served notice to appear in Courts on 2nd Monday. Police have not even recorded a statement from him.

Senior police officers promised organizers of the event not to prosecute any one for participation in the protest when inquired about a rumor that police was going to arrest Chamil Jayaneththi soon after the protest. 5 media collective issued a [statement](#) condemning the police action.

# International anti-capitalist left at Belém Conference

2 February 2009, by [François Sabado](#)



## World Social Forum attendees.

The regions and countries represented were:

**Latin America:** the PSOL from Brazil, the PSUV from Venezuela, Marea socialista from Venezuela, the MST from Argentina, Otro camino from Argentina, the PST from Uruguay, the GRS from the Antilles, Refundacion socialista from Ecuador.

**North America:** the ISO from the USA

**Asia:** the LPP from Pakistan, Working class Power- collective for a new workers' party from South Korea, the RWP-Mindanao from the Philippines.

**Europe:** Syriza-Synaspismos from Greece, Bloco de Esquerda from Portugal, the Red Green Alliance from Denmark, the Red Party from Norway, the LCR-SAP from Belgium, the RSB from Germany, Socialist Alternative

from Austria, les Alternatifs from France, Izquierda Alternativa from Catalonia, the NPA from France.

After the meetings in Mumbai and Porto Alegre, this meeting was a real success. Numerous organisations were unable to attend but sent solidarity greetings.

After two introductions from Pedro Fuentes for the PSOL and François Sábado for the NPA, the Greek comrades from Syriza explained their intervention in the social explosion of last November. The representatives of the PSUV stressed the place of Venezuela in the anti-imperialist struggle and the necessity of an anti-capitalist fight, notably in the occupation of factories in the face of crisis. The comrades from the Bloco de Esquerda in Portugal and the Red Green Alliance presented their activities.

All stressed the new responsibilities of anti-capitalists: the capitalist crisis opens a new situation which will lead to new social and political

confrontations. These responsibilities are all the more important in that social democracy and its political or trade union allies have adopted a logic of management of the capitalist crisis. In this context anti-capitalists should intervene around alternative solutions to the crisis which combine emergency measures for jobs, wages, the public services and measures of anti-capitalist transformation; "The rich should pay for the crisis, not the people " This slogan of the WSF will also be that of the anti-capitalists.

Those present also agreed to continue their solidarity with the struggle of the Palestinian people and the battles of the new anti-imperialist movements in Latin America. The organisations present agreed to set up an open network of all the anti-capitalist and anti-imperialist organisations who wish to participate. They have shown their desire to pursue their cooperation, exchanges of experiences, debates and common actions, notably in the context of the decisions of the last WSF.

*From Belem, Francois Sabado*

# For international solidarity between workers

2 February 2009, by [Socialist Resistance](#)



## Resistance recently relaunched its website

That protests have broken out in the construction industry is no surprise. The dispute with the Italian engineering contractor IREM at the Lindsey oil refinery at Immingham is the flashpoint. The industry was amongst the first to be hit by the crisis in the autumn of last year. Tens of thousands of construction workers have been thrown out of work. In recent years the industry has been deregulated, privatised and largely de-unionised. There has been cutthroat competition amongst construction employers for ever-lower wages in order to get and deliver contracts. No wonder resentment builds up.

This resentment is not helped by the response to the economic crisis by Gordon Brown. He has been stuffing money down the throats of the bankers who triggered the problem in the first place whilst being prepared to see other industries go to the wall and workers thrown onto the dole.

And the EU employment framework makes the situation worse. Construction, and other contractors, have been taking full advantage of the free movement of capital which the EU provides, which was always intended to facilitate the more effective exploitation of the European working class. It has encouraged employers to compete by undercutting existing wage rates and working conditions. The way the Posted Workers Directive " which covers workers in the IREM situation " has been introduced compounds the problem.

Workers have an absolute right to take

strike action against such practices. In fact from the point of view of trade union principles they have an obligation to oppose such practices. This should not, however, lead workers " such as those in the current action " to attack fellow workers who are dragged into the situation. This dispute should be with the employers and governments at both national and EU level.

The slogan "British jobs for British workers" which has been dominant in every one of the protests, both verbally and visually, is the wrong way to conduct the dispute. It is a dangerous and xenophobic road to go down. No wonder the BNP are trying to muscle in with other dangerous right-wing elements. According to reports in the Independent (Sat Jan 31) the Italian workers involved have faced direct intimidation. A hostile demonstration from the Lindsey refinery assembled outside their living accommodation in Grimsby dock to tell them to "go back to Italy". This kind of action has a dangerous logic of its own.

In fact the demands of the strikers themselves imply that Italian workers at IREM should be sacked and replaced by British workers, and that jobs in Britain should be ring-fenced against workers from outside. This is seriously wrong " where would it leave British workers working under similar conditions in other European countries?

If wages are being undercut by IREM at the Lindsey refinery the strike is absolutely legitimate and should be fully supported both by solidarity action and by the unions. But the facts have to be clear and that is not the case yet. Maybe the Italian workers themselves or their unions could shed light on the matter of their rates of pay and working conditions? Has

anyone asked them?

Wage rates and collective agreements, of course, should be defended against all comers, not just foreign employers. Undercutting from anywhere, including just down the road, is completely unacceptable. Collective agreements have to be defended at all times and the trade unions have a direct responsibility in this.

The way to defend construction workers, or any other section of workers, in today's conditions has to be by strengthening trade union organisation and by working class solidarity " and that included international solidarity.

The trade unions should make it clear that workers from abroad are welcome in this country. They should link up with the unions where workers come and ensure that all agreements, and obligations, are carried out by the employers.

Some of the unions involved in this dispute have rightly been having recruiting drives to recruit workers from abroad. This is the best way to build a fight-back. Pitting one group of workers against the other only benefits the employers who are always ready to divide and rule.

## Defend all jobs wages and working conditions

Equal access to available jobs

Strengthen trade union organisation

For unity against the employers and the government

Defend collective agreements

For international solidarity between workers

No to racism, xenophobia and the BNP