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The agreement of the 26/27 October 2011 European summit meeting is unacceptable

31 October 2011, by **Éric Toussaint, Griselda Pinero, Pascal Franchet, Yorgos Mitralias**

The heads of states, heads of governments, the leaders of the European commission (EC), the private bankers and the managing director of the the IMF met in Brussels in order to find a solution to the risk of serial bankruptcies among Europe's biggest banks, particularly French, Spanish, Greek, Italian, German, Portuguese and Belgian... Those who, before and after 2007 - 2008, multiplied their risk taking behaviors to make short term profits for their shareholders and to give marvelous bonuses to their directors and traders. Domestic and business loans being only a small part of their turnover : between 2 and 5 %. The massive support they have received from the states, the ECB (European Central Bank) or the Fed (Federal reserve Bank of the USA) has not been used to stimulate the productive economy, it has been diverted to more highly speculative activities. Private banks are financed for the short term at the same time as they take on medium and long term engagements : public or private bonds, commodity futures, currency swaps and positions on derivatives that are not under any public control. The bankruptcy of the Franco-Belgian bank Dexia at the beginning of this month of October 2011 is the direct result of these

policies. The fear of an oncoming domino effect in Europe and north America weighed heavily on the meeting of the 26/27th October 2011.

The decision to give Greek bonds in bankers possession a 50% haircut, as opposed to the 21% cut agreed on the 21st July, had become inevitable since August following their 65% to 80% price fall on the secondary debt market. Although the state leaders announced they had imposed important sacrifices on the banks, as usual the banks are coming out well. This explains why for the time being, bank stock in particular and the financial markets in general have shown important upward movements.

The 27th October agreement is not a solution for the Greek people who are suffering the full effects of the crisis, aggravated by the austerity measures the government has inflicted on them. This operation is entirely managed by the creditors and is in conformity with their interests. This debt reduction plan is a European version of the "Brady plans" that had such devastating effects on the developing countries during the eighties and nineties. The Brady plan (named after the US Treasury secretary at the time) involved debt restructuring by exchange of bonds, in the principal

indebted countries that took part. These were Argentina, Brazil, Bulgaria, Dominican Republic, Ecuador, Jordan, Mexico, Nigeria, Panama, Peru, Philippines, Poland, Russia, Uruguay, Venezuela and Vietnam. At the time, Nicholas Brady had announced that the volume of the debts would be reduced by 30% (in fact, the reductions, when they did happen, were much less ; in some cases, and not the least, debts even increased) and the new bonds (Brady bonds) guaranteed a fixed interest rate of around 6%, which was very favorable to the creditors. This also assured application of austerity measures dictated by the IMF and the World Bank. Today, under other latitudes the same logic provokes the same disasters. The Troika (ECB, EC, IMF) imposes endless austerity measures on the Greek, Irish and Portuguese people. If there is no reaction from their people in time, others will have the same : Spain, Belgium, France...

This plan cannot validly permit Greece to resolve its problems for two reasons :

1. the debt reduction is totally insufficient ;
2. the economic and social policies applied in accordance with the Troika

demands will fragilize the country even more. This characterizes the odious nature of these financial agreements with Greece, any future loans in this framework and the restructuring of the previous debts.

Greece must make a choice between two options :

Throw in the towel and be again subject to the gauntlet of the Troika ;

Refuse the dictatorship of the markets and the Troika in suspending the payments and by proceeding to a debt audit so that the illegitimate part may be repudiated.

Other countries are, or soon will be, confronted with the same choice : Spain, Ireland, Italy, Portugal... This list is far from exhaustive. In any case, these same policies are applied, in differing degrees, all over the EU.

These austerity plans must everywhere be refused and citizen controlled audits of public debt put into operation.

The events of 2007 - 2008 have not incited governments to imposing strict prudential rules. On the contrary, measures must be taken to prevent financial institutions, banks, insurance companies, pension and hedge funds from causing further damage. Public authorities, company directors directly, or complicity responsible for the stock market and banking crashes must be brought to justice, it is urgent to expropriate the banks and put them to the service of the common good by nationalizing them under worker's and citizen's control. Not only must any form of indemnity for the shareholders be refused but they should also have their own wealth put to contribution to cover the cost of repairing the financial system. It is also necessary

to repudiate the illegitimate claims that the private banks hold on public authorities. Of course a series of complementary measures must also be adopted : control the movements of capital, prohibit speculation, prohibit transactions going through tax havens, creation of taxes aimed at establishing social justice... In the European Union certain treaties, such as Maastricht and Lisbon must be repealed. It is also necessary to radically change the statutes of the ECB. Before the crisis gets to its worst it is high time to radically change direction. The CADTM supports, along with other organizations, the initiatives that have been taken in certain countries in favor of public debt audits under citizens control. The "Occupy Wall Street" movement has set a creative and emancipative ball into motion. It must be reinforced.

Translated by Mike Krolkowski

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30 October 2011, by robm

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When triumphant neoliberalism begins to crack

29 October 2011, by Franck Gaudichaud

He assured his listeners that his government sought "to guarantee education for all and free education for all those who require it". And if Chile's young people were struggling valiantly, that was just proof of the good health of Chilean democracy, all of them mobilized for "a noble, grand, beautiful cause, to give an education of quality" to the people. The magic of a politician's discourse... Who would believe that they were hearing the

representative of a hard Right, back at the head of the state twenty years after the end of the military dictatorship (in 1989) and engaged, whatever the cost, in the continuity of the "capitalist revolution", imposed by fire and blood on the ashes of Popular Unity (1970-73) and the corpse of Salvador Allende [1].

In the popular neighbourhoods, in the innumerable marches which are

crisscrossing the towns and cities of the country, in dozens of occupied secondary schools, colleges and universities, such a discourse is seen as one more provocation. The government does not understand what is stirring in society. Or, rather, it pretends not to understand. On the day of this speech at the UN, colourful demonstrations and processions were informing the Moneda (the presidential palace) that the

movement for “free, public and quality” education was not dead. On the evening of September 23, Camila Vallejo, one of the leaders of the Confederation of Students of Chile (Confech) remarked, with a certain irony, that the speech of the president was full of “contradictions, incoherence and inconsistencies”, at the time when he was refusing any serious negotiation and continuing to deploy his arsenal of repression [2].

A social movement for education of historical scope

Since the first march of university and secondary school students, on April 28, collective action has not weakened. Quite the contrary [3]. Throughout May, the actions of the movement became bigger. On May 12, the first “nation-wide strike for education” exceeded all expectations. On May 21, in Valparaíso, while the president of the Republic was making - as he does every year - his annual balance-sheet before the nation, tens of thousands of people expressed their anger. Progressively, discontent swelled. The popularity of the Chilean *indignados* increased. There were 300,000 in the streets on June 30 and 500,000 on August 9 - young people, old people, the middle classes and the popular classes, together. One of the high points of this growing movement was the nation-wide strike on August 23-24, called by the United Workers Confederation (CUT) and by more than eighty trade-union organizations, protesting about deplorable working conditions but also in support of the mobilized students. The repertoires of collective action that are utilised are varied and often original. In addition to the traditional strategies of the street, the festive and creative aspect is at the centre of the contestation of the youth: carnival, kissing contests, original dances and songs, satirical humour, spectacular actions [4].

But we find also more traditional instruments of contestation: strikes in the universities (the public ones, primarily), with the support of the teachers, a multiplication of *toma* (occupations) and even hunger strikes,

carried out by young people who intend to show the world their determination. A whole generation seems to have the wind in its sails, giving rise to the most important social struggle since the big *protestas* of 1983-84: a generation which did not experience the dictatorship and which was born under the auspices of the pact for neoliberal democratization.

The students have always been important protagonists of the social movement. We could thus go back to the time of the “actors of the secondary” who faced the military regime [5]. The current protests are related to the experiences gained in 2001 (the *mochilazo*) and to the “penguin rebellion” (of school students, so-called because of their uniform) of 2006. This exemplary mobilization made the government of the Socialist president Bachelet tremble and cracked the cement of the political consensus [6]. Those who have revolted in 2011 are partly those who mobilized in 2006. And they learned the price of negotiations without a future, the importance of control of the spokespersons by the assembly of students and the strength of self-organization.

Why are these students protesting? The problems are numerous, the demands are clear: free, public and quality education. “In the secondary schools, the students particularly want their establishments to return to the state sector,” notes a researcher. “Transferred to the municipal level in 1990, right at the end of the dictatorship, secondary public education has constantly declined since then, to the benefit of subsidized private establishments. In higher education, the financing of studies is particularly problematic. The universities, public or private, demand fees that are in general close to 300 euros per month [7].

The majority of students thus have recourse to loans to finance their studies, without being really sure how able they will be to pay them back once they enter the job market. (...) Moreover, in spite of a law, adopted under the dictatorship, which stipulates that the universities are non-profit making institutions, many private universities have set up

systems making it possible to extract the profits that are generated” [8]. A poisoned heritage, subsequently faithfully managed by the Concertation, a coalition of Socialists and Christian-Democrats that was in government from 1990 to 2010 without interruption.

Until the coup d'état of 1973, Chilean public education was known for its quality and exemption from payment. Today less than 25 per cent of the education system is financed by the state. The rest is paid for by the families of the students: 70 per cent of the students have to take on debt and 65 per cent of them stop their studies for financial reasons. Moreover, the Chilean state devotes only 4.4 per cent of Gross Domestic Product (GDP) to education, far from the 7 per cent recommended by UNESCO [9].

Furthermore, we find the same logic in all social fields: health, pensions, transport, the media, etc. So the Concertation may be delighted to see Piñera beating records of unpopularity (with only 22 per cent of approval). But if more than 75 per cent of the population supports the demands of the students and livens up the popular neighbourhoods with immense concerts of pots and pans (*caceroleos*), it is also because they reject twenty years of social-liberal government, which reinforced such an economic model.

The *mea culpa* of the president of the PS, Osvaldo Andrade, recognising that “during the twenty years of the government of the Concertation we were also on many occasions responsible for this abusive policy” changes nothing.

Negotiations, trickery and criminalisation of struggles

On the right, many members of Parliament are anxious about the crisis of governability. In July, Joaquín Lavín, Minister of Education, himself a businessman and a leader of the powerful Independent Democratic

Union (UDI) [10], was forced to resign. The disorder in the ranks of the ruling classes also shows through in the leading articles of the newspaper *El Mercurio* and through articles by intellectuals, who - until now - claimed to be liberal, even progressive.

Faced with the return of the spectre of class struggles, they describe, like the historian Alfredo Jocelyn-Holt, their “indefinable malaise” and do not hesitate to disqualify violently the actions of the protesters [14].

Nevertheless, with the historian Sergio Grez, it is possible to affirm that the year 2011 will go down in history as the “reawakening of social movements after more than two decades of lethargy” [15]. If we look again at the sociology of the politics of the conflict, there is no doubt that a structure of political opportunity has opened up for the mobilizations, used

to their advantage by a new generation which, from a conflict in the field of education, has managed to constituted itself (in the course of a brusque change of scale), as an unavoidable actor on the national political scene [16]. What are the factors which explain this qualitative and quantitative leap? We can cite the economic situation of students in a profoundly uneven period of growth, where the worship of individual success is in permanent contradiction with the conditions of daily life of the great majority.

More broadly, the crisis of legitimacy of the entire political system has been a key factor, reinforced by the provocations of the government. Some of the principal student leaders are certainly linked to organized parties, such as Camila Vallejo, a highly mediated figure and a member of the Communist Party or Giorgio Jackson (president of the Federation of Students at the Catholic University),

who is a member of the Concertation. However, dissident sectors of Confech (in particular in the provinces), organizations of secondary school students, as well as the libertarian and Trotskyist fringes of the movement, criticize the aim of the CP and the Concertation to direct the movement towards an institutional solution. But overall, the reference to horizontality, the refusal to be instrumentalised and the importance of decisions taken in mass meetings explains the duration and the autonomous dynamics of these struggles.

Lastly, a final essential element: the convergence of different revolts under the smooth surface of a model of accumulation which seemed until then to be “triumphant”. In fact, the present conjuncture is part of a broader evolution. A molecular accumulation of partial, scattered, conflicts took place, with an acceleration from 2006-2007 [