IV451 - August 2012

The Shriveling of Democracy

30 August 2012, by Dianne Feeley

The formality of democracy may be held sacred in the USA, but the substance is crumbling.

Those who run for national office — especially the Senate but now the House of Representatives too — increasingly come from a small range of the population, people who are themselves wealthy or have the capacity to attract corporate money to their campaigns. The average cost of winning a seat in the U.S. House of Representatives in 2008 stood at $1.4 million and for the U.S. Senate $8.5 million. During that campaign cycle, then-candidate Barack Obama raised $745 million. For the 2012 presidential race alone, it is estimated that total TV advertising will amount to two billion dollars.

Two 2010 U.S Supreme Court decisions, referred to as Citizens United v. FEC, eliminated restrictions on campaign funding for corporations, unions and wealthy individuals. The previous requirement that political action committee (PAC) money could only be spent on issues, not specific candidates, was eliminated. Additionally, the decision removed a cap on the amount of money that could be raised and spent on a candidate. The only separation between the candidates' campaigns and the PACs is supposedly they are barred from collaboration. That is, the candidates must not "request, suggest, or assent" to a Super PAC ad.

As we are witnessing, these rapidly growing Super PACs dominate the 2012 election cycle. A total of 805 groups have Super PACs that by the end of August received $350 million. Restore Our Future, the Super PAC associated with Mitt Romney, paid an estimated $4 million for attack ads against Newt Gingrich in Iowa alone and well before Super Tuesday had spent $17 million. Before the Republican Party convention opened, it had raised almost $82 million. Priorities USA, the PAC associated with President Obama, had raised nearly $22 million — with one cool million contributed by SEIU. See the Wall Street Journal's "How Much Are Super PAC Spending?" and Center for Responsive Politics's OpenSecrets.org.

Workers' Voice, the AFL-CIO PAC, raised $3.7 million in 2011, $2.2 million from the AFL-CIO treasury. It is estimated that unions will spend about half a billion on the 2012 presidential and congressional races, 20% more than they did in 2008. Although AFL-CIO President Richard Trumka vowed that unions would no longer be foot soldiers for the Democrats this year, the hard right's attack on public sector unions' collective bargaining rights caused them to reverse their position. While these sums are small potatoes in comparison to corporate involvement, hitching the unions to the Democrats will hardly stop the political offensive against workers' rights.

While providing millions to PACs, many corporations are able to avoid paying federal taxes by using loopholes, subsidies and off-short tax havens. A recent study by USPIRG identified 30 Fortune 500 companies that spent almost $250 million a year in lobbying while paying no federal taxes at all.

Whittling Down the Number of Voters

According to The Pew Center on the States, the registration system the individual states use is "inaccurate, costly and inefficient." At least 51 million eligible voters remain unregistered. Among those who are, one out of every eight records is significantly inaccurate. Instead of all kinds of reactionary legislation currently being passed that makes it more difficult to register, states should be working to modernize the process through electronic registration such as Canada employs. Once on the voter rolls, the voter can check and update one's record through a secure portal.

Given that one out of every eight people moved between the 2008 and 2010 elections, with an even higher proportion among the young, portability is a key requirement for 21st century voter registration. In the 2008 general election alone, 2.2 million votes were lost because of registration-related problems.

We have seen 1,000 bills introduced into 46 state legislatures over the past decade that tighten up voter rights in

the name of preventing non-existent "fraud." Despite the fact that over 21 million people eligible to vote (11%) do not have government-issued photo identification, 15 states require it. This includes four southern states (Alabama, Mississippi, South Carolina and Mississippi), which are awaiting clearance under Section 5 of the Voting Rights Act before their laws take effect. Of course those without photo ID are the homeless, the poor and the elderly, most often people of color. That is, they are penalized for their poverty. The Brennan Center for Justice estimates as many as 5.5 million African Americans lack the required documentation.

Recently five states limited early voting, two states ended "same day" registration, three limited voter registration drives. In Florida the League of Women Voters in Florida suspended their registration drives because the new law was intimidating and punitive toward volunteer registrars. Some states have reduced the number of polling places; Wisconsin even reduced the number of motor vehicle offices, where voter registration occurred.

The Electoral College has always been America's "peculiar institution" in presidential elections. Each of the 50 states has electoral votes equal to its Senate (two apiece) plus House of Representative seats, plus three for the District of Columbia, making a total of 538. Residents of the major U.S. colony of Puerto Rico, although they are citizens, get no vote for President. Electoral votes go winner-take-all in each state's election.

In recent times this weird setup hasn't usually affected the outcome, but two modern presidential elections were blatantly stolen: in 1960 when the Richard J. Daley machine stuffed the Chicago ballot boxes to take Illinois for John Kennedy, and in 2000 when the Florida state government of Jeb Bush used voter suppression tactics, recount manipulation and U.S. Supreme Court intervention to steal the election for brother George W. (It was widely suspected that Ohio may have been stolen for Bush in 2004 too.)

Today, the Electoral College is no longer quaint but a real menace. With the use of modern sophisticated polling techniques and technology, critical "swing states" can be identified and just enough votes stolen through undetectable electronic voting machine fraud, "Voter ID" laws and the like to steal the whole election. As we saw in Florida 2000, just a few thousand votes can make the difference.

It would be essentially impossible, without getting caught, to steal a national election based on the popular vote where over 100 million are cast. But the anachronism of the Electoral College, combined with modern technology, makes this possible with little or no possibility of proving theft. The Electoral College needs to be abolished immediately – but this is next to impossible, as it would require a Constitutional amendment that needs the approval of ¾ (38 out of 50) state legislatures.

Another set of laws that disproportionately affects the African-American and Latino communities is the denial of voting rights by all states except Maine and Vermont —either permanently or temporarily — to those convicted of felonies. African-American men are convicted at seven times the national average and African-American women at four times the rate, often for nonviolent drug-related convictions under which crack cocaine is treated 100 times more severely than other drug offenses. (This has since been reduced to eighteen times more harshly, but those already convicted have not had their cases reviewed.)

In fact, the United States is the only country in the world where this is routine. Eleven states strip those convicted of felonies of voting rights, with some requiring an application process for restoration. Arizona permanently bars felons convicted of a second offense while Virginia applies a five-year waiting period for those convicted of drug-related or violent offenses. Even in the case of 13 states and the District of Columbia where the rights are automatically restored upon release from prison, this information is not widely known. Currently about 4.7 million Americans, more than two percent of the adult population, have been stripped of their voting rights. This, of course, has an impact beyond the individual — it weakens the power of the communities where ex-prisoners live.

Every decade, when the new census figures are released, states legislatures redraw districting for congressional and state legislative representation. From the beginning of the United States, this process has been a source of rewarding the party in power, memorialized in the word that reflects this reality: gerrymander. Given the 2010 election results, where Republicans increased their size in a number of state legislatures, the redrawing has become a battle: the proposed districts do not follow political and geographical boundaries, and generally favor incumbents.

This redistricting is particularly critical to protect or dilute minority voting rights. For example, in some states Black and Latino voters are packed into some districts, resulting in those voters having a few "safe" seats but less opportunity for representation overall. In other cases, a Black or Latino community is divided so that their chance at political representation is minimized. Civil rights organizations have presented alternative maps and have even sued under the Voting Rights Act to resolve these issues.

In Michigan, the redistricting was done in an attempt to get rid of two "safe" seats for African Americans. In the primary, one was eliminated.

A vibrant political democracy would be interested in expanding voter rights. Even before women won suffrage on the national level, women were often voting at local and state levels. Why not have all residents involved in voting at least at the local level of government? Participation and expansion of the political process should be the goal, instead of a perverse process where barely more than one third of the electorate votes.

By way of contrast, Paul Weyrich, founder of conservative think tanks such as the Heritage Foundation and American Legislative Exchange Council (ALEC) remarked:

"I don't want everybody to vote. Elections are not won by a majority of people. They never have been from the beginning of our country, and they are not now. As a matter of fact, our leverage in the elections quite candidly goes up as the voting populace goes down."

Who's On the Ballot? Who's in the Media?

Of course all these built-in mechanisms are compounded by the fact that U.S. elections are between two "mainstream" – that is, capitalist party – candidates. In the U.S. system, if you don't like either choice one feels forced to cast one's vote for whichever candidate is seen as the "lesser evil." Yet often the lesser evil carries out a similar neoliberal agenda as the greater one! Other parties are castigated for "taking away votes" from the rightful winner and are shut out of the media.

Opening up the election process should also include voters' rights to decide issues and not just candidates. It would encourage competition from other political parties, where the 99% could build a party that represents its interests. Such a process would stop the corporate financing of elections, and open up the media to a variety of viewpoints. It would institute an effective process of recall so that voters could remove those who do not serve the community. Instead of the "winner takes all" system, we could move (for example) to a system of Instant Runoff Voting, where one ranks the candidates. This allows the voter to cast a ballot for candidates that reflect the voter's perspective. If the first one doesn't win, one's vote then goes to the second on the list.

Even better is a system of proportional representation (PR) where a range of voices and ideas can be elected. The basic principle behind PR is that voters and political groupings deserve representation in proportion to their actual strength in society. In contrast to winner take all, where one person is elected, several serve, therefore better reflecting the community's variety of viewpoints.

But breaking the monopoly of the two-party system is not in the interests of the parties in power or their financial sponsors, so it will not be easily accomplished. The fact that voters only elect candidates, but don't debate and set the political priorities and the budget highlights the narrow range of the political democracy we currently have.

Recently governors in Wisconsin, Ohio, Indiana and Michigan signed draconian laws developed by rightwing think tanks. The most anti-democratic is Michigan's Public Act 4, which allows the governor to appoint an Emergency Manager (EM) over a city, town, county or school district under financial stress. With foreclosures reducing a municipality's ability to collect property taxes and a drastic cut in federal and state funding flowing back to cities and towns, almost every Michigan municipality is trouble.

Once appointed, the EM has the power to modify or reject collective bargaining agreements, outsource services, sell assets, suspend the salaries and duties of elected officials and even dissolve the unit. In other words, the governor has the power to appoint a dictator whose salary is to be paid by the school district or municipality and, if sued, will be legally represented by the state attorney general.

With Emergency Managers already appointed in Benton Harbor, Ecorse, Flint and Pontiac, Governor Rick Snyder had the state treasurer negotiate a consent agreement whereby Detroit city officials agreed to the appointment of a financial board that superseded their power. By giving over their power, more than half of Michigan's African Americans have been disenfranchised at the local level.

However, I participated in a drive to place the Emergency Manager legislation on the November 2012 ballot. We turned in 216,000 signatures. It took three months to get the referendum certified—the moment it was certified, the law was suspended. State officials claim that the law then reverts to a previous one that provided an Emergency Financial Manager with fewer powers. Many of us believe that when the Emergency Manager law was passed last March, the previous law became null and void.

The battle for public opinion will be fought out around the November referendum. Those who support the EM law demonize Detroit and other post-industrial towns like Flint and Pontiac. We misspent our money. We elected irresponsible and corrupt officials. Of course there has been a lot of corruption, but that too is the way the system is designed. The problem is a structural one: as urban centers have been devastated, the military budget expands, and states like Michigan that share revenues with cities and counties return proportionately fewer dollars.

EM legislation is an attempt to reconfigure local government through privatization, outsourcing and discontinuing public services and decent jobs. This corporate agenda seeks to reduce political democracy and the services the 99% needs when we need just the opposite—to expand democracy. Instead of the call for austerity, which means more layoffs and a greater concentration of power within the 1%, we need an economic democracy that prioritizes good jobs and empowers workers rather than the corporate elite.

Instead of allowing companies to close down businesses and remove equipment, why not allow them to leave only when they turn over the facility to the current work force and community? Let workers and the larger community retool for what is genuinely needed. Isn't it grotesque that the only jobs programs right-wingers come up with are the ones that involve extracting and transporting the dirtiest fossil fuels? Their jobs programs remind one of Jack Benny's joke of being held up by an armed robber, who demands "Your money or your life?" Benny replies, "Give me a minute to think about that."

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30 August 2012, by robm

IV 451 August 2012 PDF can be downloaded from here

Neville Alexander (22 October 1936 – 27 August 2012)

29 August 2012, by Norman Traub

He was radicalised by contact with a teacher, Ronnie Britten, a member of the Teachers League of South Africa, an organisation affiliated to the Unity Movement of South Africa(UMSA). He joined the Peninsula Students Union, an affiliate of UMSA , where he was educated not only in the ideology of the national struggle but was introduced to the writings of Karl Marx and Leon Trotsky. He later enrolled for an MA degree at UCT, studying German and wrote a thesis on Silesian Baroque drama.

He won a scholarship to study at Tubingen University in Germany, where he joined the German Socialist Students' Union. Since UMSA had asked him to remain open to new ideas he made contacts with students from many parts of the world, including Algeria and Cuba. He witnessed the Sharpeville massacre from Germany. On his return to South Africa, he came into conflict with his comrades in UMSA when he began proposing the transposing of guerrilla warfare to South Africa. He was suspended from the organisation and together with Namibian activists founded the Yu Chi Chan Club and subsequently the National Liberation Front.

While these organisations discussed the overthrow of the state, concretely they did not engage in any overt acts against the state. By the end of 1963 their organisation was infiltrated by spies and a number of their members were detained, charged and convicted of conspiracy to commit sabotage. Neville Alexander was sentenced to ten years imprisonment on Robben Island. The savage sentences meted out to Alexander and his comrades provoked international condemnation. I. B. Tabata, President of UMSA, who was on a tour of the US , initiated the establishment of the Alexander Defence Committee(ADC) with the aim of providing funds for the legal defence and family support of political prisoners in South Africa. Several branches of the ADC were opened in Canada and across Europe.

Imprisonment on Robben Island brought Alexander into contact with leaders and members of the other organisations of the liberation movements. Although Nelson Mandela, was almost always the spokesperson for the prisoners to negotiate with the authorities, there was always a very democratic process to come to that decision beforehand. On Robben Island the prisoners educated themselves and Alexander had this to say about the process of education:

"We taught one another what we knew, discovering each other's resourcefulness. We also learned how people with little or no formal education could not only themselves participate in education programmes but actually teach others a range of different insights and skills. The "University of Robben Island" was one of the best universities in the country. It also showed me that you don't need professors'

In 1974, Alexander was released from prison, banned and placed under house arrest for 5 years. In 19977 Steve Biko, the leader of the Black Consciousness tried to meet Alexander in Cape Town as part of a process of building unity among the liberation movements. Alexander, because of the rigorous restrictions on his movements imposed by the authorities was unable to meet Biko and he regarded this failure to meet the Black Consciousness leader as 'one of the most tragic moments in my life' By the end of his house arrest in 1979 he had completed his book *One Azania. One Nation The National Question in South Africa*, the central theme of which is that any national movement which has the wrong conception of who constitutes the nation of South Africa will flounder on the rock of opportunism. The book was widely discussed and raised much controversy.

Once his ban ended, Alexander restarted teaching at the UCT. He became involved in the South African Committee on Higher Education (Sached), an important centre for alternative education and was appointed Cape Town director in 1980. The key idea behind this group was "Education for Liberation. In the early eighties, he also became associated with the Cape Action League and the National Forum, the latter was formed to co-ordinate opposition to the introduction of the tri-cameral constitution. On the language front, in 1989 he co-led a study which concluded that South Africa would remain a multi-lingual society in spite of the emergence of English as a national means of communication in a post-apartheid society. In 1990 he wrote a book "Education and the Struggle for National Liberation in South Africa" in which he reiterated that efforts put

into education would lead to the liberation of South Africa.

In 1990 headed the Workers Organisation for Socialist Action (WOSA) which was created to promote working class interests. It advocated working class leadership, anti-imperialism and anti-racism. It was one of the most prominent organisations in South Africa to identify with the theory of permanent revolution. WOSA participated in the first democratic elections in 1994 from which the ANC was to emerge triumphant.

In 1993 , Alexander was made director of the Project for the Study of Alternative Education in South Africa. This independent research development unit in July 1994 organised the first national conference on primary school curriculum initiatives with a series of proposals made to the government to reform the educational system. In 1996, a committee chaired by Alexander was put up to prepare a blueprint for language planning, which was submitted to the Minister for Arts, Culture, science and Technology in 1996. He became a member on the interim board of the African Academy of Languages(ACALAN), which was founded to be the official language policy and planning agency of the African Union. In 2004 he co-chaired a newly-created Steering Committee for the implementation of the Language Plan of Action for Africa in Yaounde, Cameroon. The goal of this plan was - and still is - to establish a reference frame to assess all governmental interventions pertaining to language infrastructure.

Neville Alexander delivered the fourth Strini Moodley Annual Memorial Lecture at the University of KwaZulu, Natal in May 2010. Strini Moodley was a leader of the Black Consciousness Movement . He concluded the lecture as follows “I think I have spoken and speak, in the spirit of Strini Moodley and his comrades when I express the hope that we will find unity in action even as we try to find new ways of seeing the struggle for another world and another South Africa.” The revolutionary thinking and passion that pervaded Neville Alexander’s life is evident when reading through that address which you can read at http://socialistresistance.org/?p=3878

A new stage in left regroupment

23 August 2012, by Alain Baron

Since spring 2012, the Tunisian political landscape has been marked by a growing bipolarisation between two main poles.

- the first is constituted by the Islamists of Ennadha, the CPR of President Marzouki and Ettakatol, led by the social democratic president of the constituent assembly, Mustapha Ben Jafaar [1]

- the second groups diverse forces, essentially the 17 parties originating from the breakup of the parties of Ben Ali and Bourguiba which, in the logic of "Anything except Ennadha”, have fallen behind Nidâa Tounes (Call to Tunisia) led by Caïd Essebsi. The latter had occupied central positions inside the state under Bourguiba, then more briefly under Ben Ali. Essebsi was a prime minster from February 27 to December 24, 2011.

Negotiations began in late spring 2012 between Essebsi’s party, and forces which had participated in the Ghannouchi governments just after the fall of Ben Ali, like for example those originating from the ex-PDP who have come together under the name of the Parti républicain (Republican Party) and “modernists” around the former Ettajid (the name adopted by the former Communist Party in 1993). [2] The first objective of Essebsi is to bring together the former leaders and activists of Ben Ali’s party, the RCD, dissolved after January 14, 2011).

Simultaneously, discussions have taken place to reconstitute a January 14 Front on new bases, open to other parties as well as independent activists. The aim is to set up a third political pole opposed to the other two, which are both located within the framework of neoliberal capitalism.

A first agreement was announced on August 13, 2012 between the 12 parties listed below. To aid identification, the names of the most prominent party leaders are given in brackets.

From the Marxist-Leninist tradition

- Parti des travailleurs [Workers’ Party] - ex-PCOT [Communist Workers Party of Tunisia] - (Hamma Hammami)
- PTPD (Mohamed Jmour)
- Mouvement des patriotes démocrates (Movement of Democratic Patriots - MOUPAD - (Chokri Belaïd)
- Les Patriotes démocrates (Democratic Patriots) (Jamel Lazhar)
- Parti de la lutte progressiste (Party of Progressive Struggle) - PLP - (Mohamed Lassoued)

From the Trotskyist tradition

- Ligue de la gauche ouvrière (Workers’ Left League) - LGO - (Jalel Ben Brik Zoghlami)

Other party of socialist orientation

- Parti populaire pour la liberté et le progress (Popular Party for Liberty and Progress) - PPLP -(Jalloul Ben Azzouna) cf. Ben Salah

Pan-Arab Marxist

- Front populaire unioniste (Unionist Popular Front) (Amor Mejri)

Nationalist and Nasserite

- Mouvement du people (Movement of the People) - Hraket Echaab - (Mohamed Brahmi)

Baathist Arab nationalist

- Mouvement Bath (Baath Movement) (Othmane Belhaj Amor)
- Parti de l'avant-garde arabe et démocratique (Party of the Democratic Arab Vanguard) - PAGAD - (Khereddine Souabni)

Green

- Tunisie verte (Green Tunisia) (Abdelkader Zitouni)

From the press:

Hamma Hammami (Workers' Party, ex-PCOT): "This coalition is a political front and not essentially electoral. It will work for the realisation of the objectives of the revolution and constitutes a third pole of opposition to the ruling troika and "Call to Tunisia". The official announcement of the creation of the popular front, its structure and its leadership is planned for next September".

Mohamed Brahmi (Mouvement du Peuple): "We are based on about a dozen parties as well as independents and components of civil society which have been created in the regions following the example of the December 17 Front set up in Sidi Bouzid".

Footnotes

[1] Ettakatol is the new name for the FDTL, which was an observer member of the Socialist International at the time of Ben Ali and became its official section after Ben Ali had been expelled on January 17, 2011

[2] In April 2012, Ettajid joined together with the Parti du travail tunisien (Tunisian Labour Party) led by Bedoui, and some independents from the "Modernist Pole" inside a new formation called El Massâr

The political economy of the "Euro-system"

23 August 2012, by Michel Husson

The Euro-system designates here the whole constituted by the single currency and the rules which have accompanied its implementation (most of which concern the European Union as a whole), notably the budget pact, the functions allocated to the European Central Bank (ECB), the restricted nature of the European budget and the rejection of harmonisation.

The analysis concerns eleven countries, namely the member countries of the Euro zone from its constitution in 1999, from which we have exclude Luxembourg and added Greece, which joined in 2001. [1] We can distinguish two big groups of countries. [2] The"North" comprises five countries: Germany, Austria, Belgium, Finland and Holland. The "South" is made up of Spain, Greece, Ireland, Italy and Portugal. The eleventh country is France which we have placed apart to the extent that it most often occupies an intermediary position.

1. An incoherent construction

The passage to the euro was associated with two essential rules: the fixing of budgetary norms (3% of the Gross Domestic Product for the deficit, 60% for outstanding debt) and the terms of functioning of the ECB: independence, a single objective (controlling inflation) and a ban on the financing of public deficits. In these conditions, where the instrument of the exchange rate disappears, the only variable of adjustment becomes wages, and this is why we speak today of "internal devaluation" to designate policies of wage austerity.

This construction rested on an underlying hypothesis, which a certain number of economists rejected at the time, with many more joining them later. This hypothesis was that budget and wage discipline combined with the liberalisation of capital movements would be enough to ensure the convergence of the economies participating in the Euro zone.

Things did not pan out as planned, and the aim of this article is to understand the chain of events leading to the current crisis which concerns the very bases of the Euro-system. We will start from an apparent paradox: the countries of the South have seen their competiveness deteriorate, even while the wages share has fallen in these countries. This note indicates a major phenomenon which will serve as point of departure: inflation rates have not converged in spite of a generalised fall in the wages share in value added (Husson, 2010). This latter trend implies that real wages have increased less quickly than labour productivity, in other words that competitiveness as measured by wage costs has no a priori reason to worsen because of a slippage of wages. Wage discipline has effectively been implemented but this has not sufficed to ensure the convergence of inflation rates.

The competitiveness of a country can worsen in two ways: either because the unit labour cost [3] of the country considered increases more quickly than that of its competitors; or because inflation is more rapid in this country. The first cause is excluded: as a general rule the unit labour cost has stayed constant or fallen because of the fall in the wages share. Take the example of Greece. We note that the wages share fell from the mid 1980s and continued to do so after Euro entry in 2001. It only began to increase again in the years preceding the crisis (chart 1). The same chart shows that the evolution of the real unit labour cost is absolutely similar.

Wages share and real unit labour cost [4]

In these conditions, Greece's price-competitiveness could not worsen because of an excessive growth of real wages, in other words growth which was higher than that of productivity. It should then be inferred that it results from a more rapid rise in price levels. This can be verified by chart 2: the loss of price-competitiveness relative to the average of the Euro zone does not result from wage drift but essentially from a more rapid increase in prices.

Components of Greece's price-competitiveness In relation to the Euro zone average. Base 100 in 2000. Source: Ameco

This first finding relating to the limited case can be generalised to the zone as a whole. In all countries, practically without exception, the configuration is similar: the real unit labour cost varies relatively little, in such a way that the essence of the increase of unit labour cost expressed in current Euros can be attributed to price increases. Comparison between the South and the North brings out two phenomena: in the South, the real unit labour cost is virtually constant, but it has fallen in the North, mainly because of the wage freeze policy implemented in Germany. But, all things being equal, the countries of the South are characterised by a more rapid rate of price increases (chart 3).

Such a panorama allows us to reconcile our two initial observations. Over the last decade, the evolution of the share of wages in the countries of the zone shows no evidence of "wage slippage". In other words, real wages have increased in line with labour productivity. On the other hand, highly differentiated inflation rates have considerably broadened the spectrum of unit labour costs which define the cost–competitiveness of each country.

This note suggests that we start the analysis from the existence of a "structural inflation" specific to each country. Such an approach has inspired notably the work of Jacques Sapir (Sapir, 2006 and 2011) and a recent study by two researchers at the Asian Development Bank (Felipe, Kumar, 2011).

2. The determinants of structural inflation

The objective of an economic union between countries at different levels of development is à priori to lead to a form of harmonisation and convergence. This process of adjustment implies a more rapid growth of less developed countries, accompanied generally by a higher inflation rate. This points to an initial contradiction of the path chosen: how to reconcile the objective of convergence, which is accompanied by differentiated inflation rates, and the establishment of a single currency, which implicitly supposes the convergence of these inflation rates?

The process of convergence has indeed taken place. Analysis of the period 1990-2008 shows that the countries which had the lowest GDP per head in 1990 recorded the highest growth rates. But this convergence was accompanied by higher inflation: between 2000 and 2008, prices increased by 18.2% in the Euro zone, but by 27% in the South, against 11.8% in the North. France was situated around the average (18.4 %) and Germany well below (8.3 %).

This first explanation of structural inflation can be combined with another which stems from factors internal to the economies considered. The first bears on the dynamic between the manufacturing sector and the rest of the economy. There is in a general manner a productivity differential between these two big sectors. Let us allow that the real wage is indexed on the generally more rapid productivity of labour in the manufacturing sector. We can distinguish two polar cases in the rest of the economy. If the real wage is indexed on a less rapid productivity, the productivity differential between sectors is found in the form of a difference in the increase in wages. But it can also be the case that wages in the manufacturing sector serve as a motor and pull the wages of the rest of the economy. In this case, this wage increase tends to go beyond the rhythm of the productivity gains resulting in increased inflation. There is a vast literature on this subject and the configurations can be more complex, factoring in also the relative prices between sectors. But the general idea is fairly simple: the diffusion, in the form of wages, of productivity gains from the sectors where they are highest towards the rest of the economy is a source of inflation. To understand this causality, we can use a simple indicator, the wage differential, calculated as the average difference of growth of real wages between the economy as a whole and the manufacturing sector over the period 1995-2007. We can verify that there is a close link and clearly distinguish the ten countries (Ireland being excluded because of an absence of data) of the North and the South.

Inflation can also be the product of a conflict over distribution, all the more marked in that the level of income inequality is high. We note that this functions convincingly: inflation is higher in the countries where the Gini coefficient (a composite indicator measuring income inequality) is itself higher.

We have in total three lines of explanation of structural inflation:
- a process of convergence: measured by GDP per head over a period;
- a sectoral dynamic: measured by the wage differential between the economy as a whole and the

manufacturing sector;
- a conflict over distribution: measured by the Gini coefficient.

Econometric analysis verifies the validity of this approach and establishes the significance of the explanatory variables introduced (box 1). One can then synthesise as follows the determinants of structural inflation:
1. inflation is highest in the countries where growth is most rapid because of a process of convergence;
2. inflation is all the higher when the average wage increased is close to that of the wage in the manufacturing sector;
3. inflation is highest in countries where the higher degree of inequality leads to more marked conflicts of distribution.

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Box 1: A simple modelling of structural inflation

Because of colinearities, we make two separate estimates which give the results below:

Equation 1
infla = + 1.164 wagedif + 10.0 GINI – 0.62 R2=0.953
(6.1) (4.0) (0.8)

Equation 2
infla = + 1.005 wagedif – 0.096 gdph + 4.10 R2=0.916
(3.0) (2.4) (6.0)

infla: rate of inflation (2000-2008)
difsal: wage differential (1995-2007)
gdph: average GDP per head (1991-2000)

The average of the two estimates can then be written:
infla = + 1.084 wagedif + 5.0 GINI -0.048 gdph + 1.74
It leads to the estimates shown in chart 4 below.
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Chart 4: An estimate of inflation (2000-2008)

The differences in structural inflation rates have not been reduced. That would have led to wage adjustment. But wage moderation has not been enough to compensate for the inflation differentials because the countries "in convergence" were able to escape this constraint because of the existence of two "leakage variables".

3. The current balance, first "leakage variable"

If the single currency had not been introduced, these differences in structural inflation would have been managed by exchange rate adjustments. In the absence of this possibility, trade deficits could to a certain point grow inasmuch as the deficit did not lead to a challenge to the national currency. If, for example, Spain had kept the peseta, it would not have been able to sustain a trade deficit which was running at up to 10% of GDP in 2007: its currency would have been attacked. There is a first "leakage variable" in relation to the logic of wage and budgetary discipline of the Euro-system.

In the period preceding the introduction of the Euro, trade between the two big zones was practically balanced. But divergence developed very rapidly with a growing deficit in the South, and increased surpluses in the North (chart 5). France, as usual, occupied an intermediary situation but the recent growth of its deficit has brought it progressively closer to the South. As to the Euro zone as a whole, its foreign trade is tendentially balanced.

Trade balance in % of GDP

4. Real interest rates, a second "leakage variable"

One of the rules of the Euro-system was to liberalise capital movements, while ECB interest rates played a directing role. This rule has functioned well and has led to a perfect equalisation of interest rates (graphic 6A). But, to the extent that differences between inflation rates were maintained, indeed sharpened, this nominal uniformity of interest rates was accompanied by a growing divergence of real interest rates net of inflation specific to each country. The general trend was downwards, but it was still more marked in the countries of the South where inflation was highest (graphic 6B).

Between 2000 and 2007, real interest rates were thus on average 2.7% in the countries of the North, as against only 1.2% in the countries of the South. These low interest rates have led to a significant increase in rates of household indebtedness, at 36% in the South as against only 4% in the North. We observe a significant link between the average level of real interest rates and the growth of household indebtedness (chart 7). The higher growth in the countries of the South was then in part sustained by this process of over-indebtedness which fed property bubbles, notably in Spain.

Chart 7

5. The German case

The history of the place occupied by the German economy on the world

market can be told starting from that of its trade balance, measured hereby its current balance as a proportion of GDP. During the period separating the two generalised recessions (1974-75 and 1980-81) the surplus progressively disappeared. The 1980s saw a vigorous reestablishment, in such a way that the surplus recorded on the eve of reunification was comparable to that which can be observed today. The reunification of 1991 led to a quasi-instantaneous disappearance of this surplus, which remained very low through the 1990s. The turnabout came after 2000 and saw a spectacular restoration of the surplus which reached 7% of GDP on the eve of the crisis (chart 8).

This reestablishment of German foreign trade was achieved though a squeeze on wages. Until the introduction of the euro, most countries made efforts at convergence, in the form of a reduction of unit labour costs or, what is practically the same thing, a fall in the share of wages. But everything changed in Germany after 2000: the share of wages began to fall, in an accelerated manner from 2004. In a few years, real unit labour costs fell by nearly 10%. In the rest of the Euro zone, including in the South, real unit labour costs (in other words the wages share) fell at a much slower rhythm (chart 9).

This note is decisive: the relative competitiveness of Germany was sharply modified. And differential inflation rates sharpened the difference yet again. Between 1998 and 2007, the nominal unit labour cost remained constant in Germany, while it increased by 27% in the South and 15% in the unit constituted by France and the North outside Germany.

However these modifications in relative competitiveness do not suffice to explain the evolution of trade balances. Another element needs to be added, partly linked to the previous one: the relative growth of internal demand, and in particular consumption. Here again the differences in trajectory are considerable. Over 10 years, between 1997 and 2007, consumption increased in volume by 28% in the Euro zone outside Germany (30% in the South) but by only 9% in Germany. This difference confers a supplementary advantage to Germany: the reestablishment of margins and the quasi-stagnation of consumption allow it to increase its productive capacities. We can verify that econometrically (box 2): wage costs alone cannot account for the evolution of trade balances, so we must add another argument, in the event the growth of private consumption.

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Box 2 : A modelling of trade balances

The econometric equation explains the variation of the trade balance by the growth of consumption and that of the unit labour cost in the exposed manufacturing sector. It is tested over 10 countries (lack of data for Ireland) and gives an estimate of good quality:

balance = - 21.2 * cons – 15.8 * ulcmanuf + 41.7 R2 = 0.733
(2.4) (1.6) (4.0)

balance: variation of the trade balance inflation rate (1998-2008)
cons : growth of private consumption (1998-2008)
ulcmanuf : growth of unit labour cost in the industry (1998-2008)

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6. A composite indicator of divergence

To better objectify the differences in structure between countries, we build a composite indicator of divergence starting from the four following characteristics defined in relation to the average of the Euro zone over the period 2000-2007:

- growth: difference in average growth rate;
- inflation: difference in average inflation rate;
- public deficit: difference in average balance (as % of GDP);
- trade balance: difference in average balance (as % of GDP).

The composite indicator is calculated as the average of these four elementary indicators (after normalisation by taking the reduced centred variables). Chart 10 allows us to see the classification of the countries of the zone according to this indicator of divergence. The countries which diverge “positively” are those which have benefited from a higher growth, accompanied by higher inflation and public and trade deficits. The correlation between these four trends is obviously not total, and it is the function of the composite indicator to sum them up in a single magnitude, defined necessarily in a conventional manner.

The classification of the countries reflects the division between North and South. All the countries of the North have a negative indicator, which means that their growth is rather lower but “virtuous” from the viewpoint of deficits and inflation. Reciprocally, the relative indicator is positive for all the countries of the South. France is as usual in an intermediary position, even if it “leans” a little to the South, and is not very far from Italy.

We can verify that this composite indicator is well correlated to the other socio-economic indicators. We have employed two of them. The first is the rate of poverty with which the

divergence indicator is positively correlated (chart 11A). A second link can be established with an indicator of social democracy constructed as the average of those that Manfred Schmidt (2008) and Thomas Meyer (2011) have drawn up (chart 11B).

This indicator of divergence allows us to shed light analytically on the socio-economic coherence of each of the countries of the Euro zone which brings out the deep structural differences not showing, as we have seen, any clear trend to convergence. But it can also be used to explain the differential impact of the economic crisis on public finances.

7. From recession to debt crisis

Any recession has a mechanical impact on the public deficit. But if we related the growth of the deficit between 2007 and 2009 to the fall in GDP in 2009, we note a great diversity in the breadth of this impact (chart 12A). Globally, the countries of the South show a degradation of the budgetary balance and a much higher breadth than that of the countries of the North (chart 12B).

We will here abstract from the mediations explaining this differential repercussion to relate it to the structural characteristics of each country, measured by the divergence indicator defined above. We test a new econometric equation which explains the budgetary deterioration by two variables: the breadth of the recession and the indicator of divergence. This equation gives significant results (box 3). This result is significant, because it establishes that the breadth of the budgetary deterioration can be linked to specificities of the national economies.

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Box 3

After verifying the pertinence of this indicator, we introduce it as explanatory variable of the growth of the public deficit in the econometric equation below:

ddef = 1.07*recession – 4.23*indic – 2.39 R2=0.782
(4.5) (4.2) (2.1)

ddef: variation of budgetary balance 2008-2010
recession: variation of GDP 2008-2009
indic: indicator of divergence

In other words, the sovereign debt crisis is the expression of a more systemic crisis resulting from the heterogeneity which exists between the member countries of the Euro zone. Globally, the public deficit is moreover less significant in the Euro zone than in other big capitalist countries. At its lowest point, in 2009, it represented 6.4% of GDP, less than Japan (8.7%), the United Kingdom (11.0%) or the USA (11.6%), The specific breadth of the sovereign debt crisis results, once again, from the specific rules of the Euro-system.

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8. The history of the Euro: a simplified tale

The elements of analysis above show that the countries of the Euro zone are effectively polarised, in such a way that the distinction between a “North” and a “South” is globally validated. The countries of the South share common characteristics of which the main one is higher structural inflation. The latter leads to a loss of competitiveness and a growth of current deficits despite a fall in the wages share close to the average for the zone. These countries did however record higher growth during the decade 1995-2005. This performance is authorised by two “leakage variables”: capital inflows covering trade deficits which by definition do not threaten the national currency; the fall of real interest rates (as counterpart to the higher structural inflation) favours a growth drawn by indebtedness.

But the crisis has disturbed this configuration. The most significant result of this analysis is undoubtedly the following: the sovereign debt crisis is the symptom of a specific crisis of the Euro-system. This is obviously not the sole dimension of this crisis — which, more broadly, threatens the functioning of actually existing capitalism — but it is specific to the Euro zone and does not manifest itself with the same sharpness in the other capitalist countries: the USA, UK, Japan and so on. It results from the unstable and incoherent mode of functioning of the Euro zone which has lasted over a decade but on the basis of processes which cannot be indefinitely extended.

Let us allow for an instant that the debt crisis is overcome: the dysfunctions of the Euro zone will not for all that disappear, because that zone will continue to combine a single currency for countries whose structural characteristics are different, if nothing is planned to manage this situation or begin a process of convergence.

9. The return of the external constraint

The depth of this crisis can be measured by detailing in a more precise manner the link which exists between the budget deficit and trade deficit of each country. It is necessary to start here from this fundamental relation [5]:

Need for public financing = private savings + capital inflows

This accounting equality means that the need for public financing (positive if the budget is in deficit) is at the end of the day covered by two possible

sources: by national private savings (companies and households) and/or by capital inflows corresponding to the current balance deficit. This relation is of an accounting nature, which means that it is always verified. In other words, the variation of one of its terms is necessarily compensated by a variation of the two others, but this says nothing of the adjustment mechanisms which guarantee its realisation.

This relation provides a framework which allows us again to clearly distinguish the countries of the North and the South. Until the crisis, public financing needs evolved in a relatively similar manner in the two groups of countries. But its counterparts bring out two inverse configurations. In the North, national savings rates increased strongly after the introduction of the euro, as did capital exports, the counterpart to the trade surpluses, rising tendentially: net inflows of capital became negative (chart 13A).

In the South, the configuration was the opposite, and is characterised by a very marked periodisation. Before the introduction of the euro, the countries of the South reduced their budget deficits so as to satisfy the criteria, with as counterpart a fall in private savings offset by supplementary capital inflows. Until the crisis, the public deficits did not increase but, starting from the mid 2000s, the configuration prevailing before the euro returned little by little: trade deficits deepened, leading to capital inflows which offset the fall in private savings. The outbreak of the crisis was reflected by a big increase in public deficits. At the same time, trade deficits fell, and thus capital inflows. The loop was closed by a big fall in the private savings rate (chart 13B).

Here a fundamental element of the crisis comes into play: it has put an end to the quasi automatic capital inflows which prevailed until now. In other words, the countries of the South, the hardest hit by the debt crisis, should also reduce their trade deficit. This is only possible by increasing national savings. But this mode of adjustment is only compatible with a notably reduced growth. There is indeed a very close link in the countries of the |South between the rate of growth and the variations of the rate of private savings.

The conclusion of this analysis is clear: the countries of the South have certainly registered a higher growth than those of the North between 1995 and 2005 (chart 14A) but this growth was not sustainable because it rested on a fall in the national savings rate (chart 14B).

This dissaving in the countries of the South had as counterpart a growing inflow of capital, favoured by financial deregulation and the convergence of interest rates. But, from the time when these capital inflows falter, the equation of equilibrium of the balances functions otherwise: the public financing requirement can only be covered by a considerable increase in the rate of national saving — of around 10% of GDP — which in turn slows growth (chart 14B above).

This new configuration is here to stay and the possibility of growth recommencing will be all the more reduced in the countries of the South. The latter have indeed accumulated an enormous deficit in terms of net external assets: it represents nearly 60% of GDP, whereas the countries of the North have positive net external assets, amounting to nearly 35% of GDP (chart 15).

10. Facing the debacle

The worm was in the fruit, for a basic reason which it was possible to anticipate: “nothing in theory or practice allows support for the postulate that monetary constraint would allow the forcing of the real convergence of the European countries” (Husson, 1996). The single currency “postulates the realisation of a homogeneous space to which it is supposed to contribute” (Husson, 2001).

With the passing of time, the introduction of the Euro-system will probably appear as a terrible error stemming from a dogmatic, indeed neurotic, blindness, and in any case from a total incomprehension of the challenges to a genuine European construction. Today, the Euro zone has become the weak link of the world economy, and we can even say that Europe is in the process of devouring its own children. The policies pursued at the European level amount to a blind headlong rush which plunges the whole zone into an infernal spiral of austerity and/recession. Unemployment sets in at unprecedented levels, and the only way out is a shock therapy targeted on the deconstruction of the social model.

The recent debate concerning the growth aspect which should be “added” to the abundance of austerity pacts put in place on the pretext of budgetary rigour is completely false, inasmuch as the “growth” invoked should find its miraculous source in “structural reforms” which can only mire the Euro zone in recession. There is a new form of dogmatic obstinacy which totally neglects the question of rhythms by making no distinction between the levers of a conjunctural recovery, and a resumption of “potential growth” whose hypothetical effects can in any case only be felt in the medium to long term. Before such foolishness, one is entitled to be not just “dismayed”, like many economists in France, but quite simply terrified.

It would be vain to try and rewrite history, and better examine the possible means for emerging from this real impasse. We can distinguish several possible scenarios: management on an ad hoc basis, structural adjustment, exit from the euro and radical refoundation of European construction (+ common currency). None of these however represent a royal road.

European policy oscillates between structural adjustment and ad hoc management. One day, it throws oil on the fire, only to activate the extinguisher the day after. The recent history of Europe is an alternation

between the strengthening of austerity mechanisms and the salvaging of the situation at the edge of the abyss. The incoherence of successive decisions and the total inability to anticipate developments are the sign of a deep dilemma: how to go back to "business as usual" when it is this latter which has led to the crisis? These oscillations around an impossible trajectory contribute to what can be characterised as a "chaotic regulation" (Husson, 2009), which is the horizon of capitalism after the crisis. If we do not resign ourselves to social regression, we need to envisage alternative paths.

The first such is exit from the Euro: when the Euro-system is not viable, it is necessary to get out of it. But this simplistic logic forgets that for over a decade, contradictions have accumulated and have led to an accumulation of public and private debt, inextricably mixed, at the heart of the banking system. Exit from the euro would not in itself lead to a return to the status quo ante. Many arguments have been exchanged on this question, in particular, obviously, on the Greek case. The main one is that the return to a national currency would authorise a competitive devaluation allowing foreign trade to be boosted and ensuring that the central bank can finance the deficit. But such a measure would not in itself resolve the problem of the weight of the debt already taken on and would lead de fact to an austerity comparable to that of structural adjustment. [6] The new currency would be exposed without protection to generalised speculation which would unleash an unending cycle of devaluation/inflation. A generalised exit, in other words a total breakup of the Euro zone, would not according to all the evidence yield a cooperative solution at the European scale: it would lead to a chaotic trade war. More generally, the Euro exit strategy tends to transform the social question into a national question, as shown in more detail by three Greek economists who are members of Syriza (Laskos, Milios, Tsakalotos, 2012). The threat of a Euro exit can however contribute to the construction of a relationship of forces as an instrument of dissuasion: an exit of one country from the Euro zone could have significant repercussions on the other countries.

11. A crisis of the Euro-system beyond the sovereign debt crisis

If a return to the past is not a viable solution and if the current Euro-system is incoherent, it is then necessary to aim at a refoundation of European construction. Taking account of the above analysis, it is however necessary to distinguish two objectives each of whose realisations supposes a break with the Euro-system as it currently functions.

The first objective would be to absorb the weight of the accumulated debt, which hinders any revival of activity and any reorientation of the mode of development. That implies radical solutions, namely the restructuring of the debt and the socialisation of the banks. This radicalism is moreover not dictated by a desire to outbid, but a concern for coherence.

The alternative concerns the mode of debt absorption: either it is done little by little, at the current rate, at the price of at least a decade of regression and the economic, social and political somersaults which would accompany it; or the debt is brutally restructured or cancelled, so as to return accounts to zero. In this logic, the socialisation of the banks is necessary for an ultimately technical reason, because it is the sole means of disentangling the web of debt, since sovereign debt is in its greatest part borne by the banks. That is shown by the examples of Bankia in Spain or Crédit agricole in France and still more by the absurd paradox through which the ECB massively aids the banks (1,000 billion Euros) rather than the states in difficulty. Finally, the third aspect of this triptych is the possibility of the ECB directly financing the states.

A Keynesian arsenal could effectively be mobilised: an increase in the capital of the EIB (European Investment Bank) and its loans (60 billion Euros); mobilisation of unused structural funds (82 billion); taxation of financial transactions (50 billion per year) ; project bonds to finance large scale investment. The schedule for a return to budgetary equilibrium could — and probably would — be staggered. Rather than blindly loaning considerable sums, it would be better to mutualise the support to the banks. The EFSF (European Financial Stability Facility) or the ESM (European Stability Mechanism) could be used to directly recapitalise the banks in difficulty and this could be completed by a common deposit guarantee system. A lowering of the Euro exchange rate, a dose of inflation, a boost to wages in Germany, all these factors could support ad hoc policies, but they would only modify the margin of the calendar of adjustment.

12. Break with the Euro-system in the name of another European project

If we reject structural adjustment and exit from the Euro, the only coherent path is that of cooperative harmonisation. This would rest on a European budget based on a unified tax on capital incomes which would finance the necessary transfers (harmonisation funds) and socially and ecologically useful investment. This "federalism" is basically the indispensable supplement to the existence of a single currency and to the construction of a common economic space. Imagine for a moment a country like France where each of the twenty one regions had to ensure the balancing of their finances and their "external" exchanges, while the national budget was limited to 1% of GDP. We can see the absurdity of such a construction, which is nonetheless the basis of the Euro-system.

But the objection is that this "Europeanist" project would not be possible in the current context. There would then be no way out: neither national, nor European. If such was the case, once again the only orientation remaining would be to

modulate the austerity programmes so as to stagger them over time, hoping that this would allow them to be rendered compatible with a revival of "growth", whatever its concrete content. But this would be an austerity without end. Patrick Artus shows that, in the case of Spain, the necessary developments (debt reduction, reduction of the public deficit, creation of new jobs) would perhaps take decades (Artus, 2012). And this is logical: several decades of accumulated disequilibria converted into debt leads to as many decades of debt reduction.

To get out of this impasse, there is a path which would involve a unilateral break with the currently existing Europe in the name of another European project. We can speak here of a transitional programme combining rejection of the rules of the Euro-system with a will for generalisation of the alternative experience to the zone as a whole. We do not await the miraculous appearance of a "good" Europe and instead adopt a "protectionism of extension" which consists in protecting the experience of social transformation while proposing its extension (Husson, 2011, 2012).

It is such an approach which underlies the emergency plan advanced by Syriza for the Greek elections of June 17, 2012. It was centred on these three points [7]: 1. Cancellation of the memorandum, all austerity measures and employment counter reforms; 2. Nationalisation of the banks; 3. A debt moratorium to identify and cancel illegitimate debt.

The main conclusion of this analysis is that the crisis of sovereign debt reveals a deeper crisis, that of the Euro-system. The crisis of capitalism has revealed an incoherent project: marrying a monetary union of different countries, while rejecting any means of ensuring their convergence or organising their relations. The necessary European refoundation can only take form through a rejection of unsuitable rules, which can only increase the gap between the countries of the Euro zone. But it is not reduced to this objective: the alternative demands other ruptures, and notably a different distribution of wealth, which is necessary to its coherence. A break with the Euro-system can only find its legitimacy in a rupture with neoliberal capitalism and a project of cooperative extension. The principles of a solidarity based Europe are indeed incompatible with a pure capitalist logic. That is what makes the future both uncertain and demanding.

Annex 1: Labour cost, wages share and competitiveness

The wages share (WS) can be defined simply as the relation between wage remunerations (REM) and GDP (pQ), or : WS = REM/pQ. The remunerations (including social security contributions) can be broken down into wages per head (w) and number of employees (N). We have then REM=Nw and we can reformulate the share of wages so as to show the real wage (w/p) and productivity (Q/N): WS = (w/p) / (Q/N)

The unit labour cost (ULC) represents the labour cost per unit produced. At a very global level, it can be calculated by dividing the total remunerations by the GDP in volume: ULC = REM/Q

The real unit labour cost represents the real labour cost per unit produced. It is written: RULC = REM/pQ

We find then the expression defining the share of wages, which is a very close indicator of the real unit labour cost. The two magnitudes differ according to relative prices (the real wage is calculated taking the price of consumption rather than the price of GDP) and because of the correction necessary to take non-employees into account in the calculation of productivity.

The competitiveness-cost of a country results from the comparison between its unit labour cost and that of its competitors. As a general rule, we need to introduce the exchange rate to make this comparison, but that is obviously superfluous inside the Euro zone. Taking account of the definitions recalled above, the unit labour cost can be simply broken down in the following manner: ULC = p. WS

This breakdown shows that the competitiveness-cost of a country can worsen in two ways:
- because the unit labour cost of the country considered increases more quickly than that of its competitors;
- because inflation is more rapid in this country.

Annex 2 :The equation of equilibrium of balances

The starting point is a simplified national accounting. It comprises four "agents" or "institutional sectors", households, companies, the state and the exterior (the rest of the world). The first line of the overall table below describes the various contributions of the agents to the GDP. The three following lines record the operations linking these agents: wages. taxes, financing operations. Jobs appear to the left, resources to the right. Each line is balanced: the total of jobs is equal to the total of resources.

Households	Companies	State	Exterior
GDP C	I GDP	G	X M
Wages SAL		SAL	
Taxes T		T	
Financing S	IND	D	B

Households draw their income from wages alone (SAL).They use them to consume (C), to pay taxes (T) and save the remainder (S). Jobs are also resources: SAL = C + T + S

Companies realise added value (GDP) and complete this resource by indebtedness (IND).On the jobs side, they pay wages to households (SAL) and invest (I): GDP + IND = I + SAL

The state collects taxes (T) and realises public expenditure (G). The difference between the two is the budgetary balance (D): D = T- G

The balance of trade describes the trade relations of the country, namely its exports (X) and its imports (M), the difference representing the trade balance (B): B = X - M

As this accounting context is completely balanced, the line called "financing" is self-evident. We obtain then this fundamental accounting equality:
- D = (S – IND) – B

(S – IND) represents the net savings of the private sector comprising households and companies. D is the budgetary balance (positive in case of surplus) and – D represents then the public financing need. B is the trade balance (positive in case of surplus) and – B corresponds then to capital inflows. Hence the relation can be summed up as follows:
Public financing need = private savings + capital inflows

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Footnotes

[1] Thus we do not include the five countries which subsequently joined the Euro zone: Slovenia in 2007, Cyprus and Malta in 2008, Slovakia in 2009, and Estonia in 2011

[2] The data concerning North and South are obtained by aggregation or weighting according to economic weight measured by GDP. As a proportion of the total for the Euro zone (11 countries), the North accounts for 43.4% (Germany: 28.3%; Austria: 3.0%; Belgium: 3.8%; Finland: 1.9% Holland: 6.4%). The South accounts for 35.3% (Spain: 11.0%; Greece: 2.3%; Ireland: 1.9%; Italy: 18.0; Portugal: 1.9%). France represents 21.3%. The validity of this distribution, defined a priori, was tested at a preliminary phase of the study

[3] See annex 1 for the definition of unit labour cost
[4] Unless there is an indication to the contrary, the data originates from the Ameco data base produced by the European Commission

[5] 5. See annex 2 for its construction

[6] On the question of euro exit, see Husson, 2011 and 2012

[7] It is striking to note that the international press has presented euro exit as the main issue of this debate although this perspective was not part of the programme of Syriza

The revolution continues

22 August 2012, by Adam Hanieh

Yet it would be wrong to judge the current phase of the Egyptian revolution as one of retreat based solely upon the apparent reconstitution of the Mubarak-era status quo. In the immediate aftermath of the 2011 uprising, important elements of the existing state structures underwent a partial and temporary disintegration. This was most clearly exemplified in the police and security apparatus, which largely disappeared from the streets, and in the political sphere where Mubarak's ruling party, the National Democratic Party (NDP), was disbanded. In workplaces, one of the state's most important mechanisms of

control, the Egyptian Trade Union Federation (ETUF), also lost influence as new independent trade unions began to emerge.

In this context, the last year and a half has seen a determined struggle by Egypt's ruling elites – solidly backed by the United States and other powers – to reverse this weakening of the state apparatus and confine the revolution to a simple cosmetic change in leadership, symbolized in the phrase oft-repeated by US government leaders of 'an orderly transition'. Their main goal has been to demobilize the new political and social forces unleashed in the course of overthrowing Mubarak, and to restore the legitimacy of the state structures and previous patterns of rule. The leading domestic actor in this process is the Supreme Council of Armed Forces (SCAF), a US-backed military junta that has essentially ruled the country since Mubarak's ousting last February, acting to rehabilitate members of the old regime and frequently moving to repress demonstrations and strikes. SCAF's primary institutional ally in the state apparatus has been the Supreme Constitutional Court (SCC), the country's highest legal body, which continues to be run by judges appointed under Mubarak.

Arrayed against this pole of counter-revolution are the millions of people who took to the streets for the first time in 2011 and whose political consciousness has been radically transformed through the experience. These are people who wish to see a fundamental improvement in their lives and continue to struggle for real change. A small number are organized through new political groups or in the myriad of labour and social movements that have emerged. They remain a powerful (and arguably growing) force that is pushing the revolution forward. The revolutionary process remains caught between these two poles of revolution and counter-revolution.

Elections, the Muslim Brotherhood and the Military

Confirmation of these dynamics can be seen in the complex series of events that unfolded over the first six months of 2012, the main result of which has been to bring the once-outlawed Muslim Brotherhood (MB) into government. From 28 November 2011 to 11 January 2012, parliamentary elections were held for the 508-seat People's Assembly (the name of the Egyptian parliament). With voter turnout of around 54%, the electoral bloc dominated by the Muslim Brotherhood's Freedom and Justice Party (FJP) obtained about 38% of the vote. Another Islamist grouping, the Salafist bloc, led by Al Nour Party, won around 28% to become the second largest force in the parliament. A coalition of left and socialist parties, united in the Revolution Continues Bloc, received a little under 3% and won seven seats in the Assembly.

The strong showing of the Muslim Brotherhood in these elections was not surprising. Under Mubarak, the Muslim Brotherhood was – despite being banned –a semi-legal organisation with relatively deep implantation across the country. For many years it was seen as the principal opposition to the Mubarak regime. Many other parties (including some of the parties of the Left) have only recently formed or begun to operate openly, and it was impossible to expect them to have the reach and organisational capacity of the Brotherhood. The Islamist parties were also well-funded, both from domestic sources and the Gulf states, which made a significant difference in their ability to run national campaigns. Furthermore, in the rural areas, other parties had a much weaker presence than the MB, which had built established patronage and support networks over many years.

These parliamentary elections were followed on 23 and 24 May 2012 by the first round of Presidential elections. Turnout was below 50%, and came down to a three-way split between the Muslim Brotherhood's Mohammed Morsi (24.78%); Ahmed Shafiq (23.66%), SCAF's preferred candidate who was a former commander of the Egyptian air force and the last prime minister under Mubarak; and Hamdeen Sabahi, a Nasserist candidate supported by much of the Left, who won 20.72% of the vote. The high vote for Sabahi – particularly in the key urban centres of Cairo, Alexandria and Port Said which he won – was a partial indication that areas often said to be dominated by Islamist supporters were not as monolithic as many analysts assumed. Sabahi's strong result in these governorates also confirmed the primarily urban character of the revolution.

The second round of the Presidential elections held on 16 and 17 June, pitted Morsi and Shafiq against one another in a run-off vote. Two days before the elections took place, however, the SCAF moved to dissolve the parliament that had been elected in January and institutionalize the military's control over the political process. They did this through a set of decrees that permitted military and state intelligence to arrest protestors, gave SCAF authority over drafting a new constitution, and the right to assume the responsibilities of Parliament until a new one was elected. SCAF's actions constituted a 'military coup by constitutional means', as it was legitimated by an earlier ruling from the Supreme Constitutional Court (SCC) that had declared the parliamentary elections unconstitutional and also sanctioned the running of Ahmed Shafiq in the elections despite his close relationship to Mubarak. The combined efforts of SCAF and the SCC essentially granted the military ultimate power over all legislative and budgetary matters, placing them outside of any civilian control.

SCAF's actions led to public protests and some political forces issued a call for a boycott of the second round of the Presidential elections. Turnout, however, was greater than the first round (51.85% to 46.42%) although over 3 percent of voters spoiled their ballots. Following a week's delay in announcing the result, during which time frenzied closed-door negotiations took place between the MB and SCAF,

Mohammed Morsi was declared the winner with 51.73% of votes to Shafiq's 48.27%. Morsi was inaugurated President on 30 June 2012.

Many commentators portrayed Morsi's victory as a significant challenge to SCAF's domination and an electoral rejection of the Mubarak regime with which Shafiq was so closely associated. Editorials in the Wall Street Journal and New York Times, for example, described Morsi as 'Egypt's first freely-elected president' and made much of the supposed antagonism between the Muslim Brotherhood and the military generals. There is, however, a large amount of wilful deceit in such accounts. The elections could hardly be described as 'free' – they were held under conditions of military rule and were boycotted by half of the registered electorate. The candidature of Ahmed Shafiq – a clear face of the old regime – broke the so-called Political Isolation Law that had banned candidates from the Mubarak era (the SCC decided that this law was unconstitutional). The extent of the military's power was indicated in the way that parliament was simply dissolved only two days before the Presidential election was held. Numerous accounts of election fraud – particularly following the first round of the Presidential elections – led many to call for boycott or a spoilt ballot.

Moreover, it is certain that some sort of deal was achieved between SCAF and the MB that led the former to permit Morsi to become President. Despite verbal protest over SCAF's dismissal of parliament, both Morsi and the MB quickly acquiesced to the military in the period following the elections. This was most immediately shown in a farce orchestrated by the MB around the taking of the presidential oath. Morsi claimed that he would take his oath in Tahrir Square, in front of the 'people', rather than before the SCC as the military wished. He did so, but the following day immediately repeated his actions in front of the SCC – an act that effectively sanctioned the disbanding of parliament. Moreover, Morsi and the MB quickly accepted a subsequent ruling by the SCC that SCAF's dissolving of parliament was legal and the powers that were arrogated for the military would remain in place.

Muslim Brotherhood versus SCAF?

In this context, how should we understand the apparent conflict between the Muslim Brotherhood and the military? The Muslim Brotherhood, as with most Islamist movements in the region, clearly draws upon support from layers of the rural and urban poor, as well the urban 'middle class' (indicated by their strong showing in elections for associations of lawyers, doctors, engineers and other professionals). At the same time, their leadership is openly pro-capitalist and has explicitly embraced a neoliberal economic program. Central leaders of the organisation, such as Khairat Al-Shater and Hassan Malek, are millionaire businessmen. Other key business leaders associated with the MB include Safwan Thabet of the Juhayna group, Egypt's largest dairy and juice company; Mohamed Moamen of Mo'men Group, which operates the largest Egyptian fast food chain; and Abdel Rahman Seoudi, who runs a supermarket chain and agricultural export company. These individuals completely control the organisation's decision-making process (through the so-called Guidance Bureau) as well as its economic program. They have made it clear in numerous interviews that they support continued privatization, increased exposure to global financial markets, further deregulation of labour markets and more reliance on loans from international financial institutions such as the IMF and World Bank.

For this reason, much like its cousin the AKP in Turkey, the Egyptian Islamist movement can be understood as the political expression of a (growing) segment of the country's bourgeoisie. The class fraction that the MB represents was able to develop a massive financial empire under Mubarak, while simultaneously facing periodic repression from the state and Mubarak-allied elites. The conflicts between the MB, the military and the old Mubarak allies remain, but these are best seen as competitive struggles within and between fractions of the same Egyptian capitalist class and state apparatus. At root, they represent similar class interests and are united against the workers movement.

Thus, while there may well develop tensions between the rank-and-file base of the MB and its leadership (shown, for example, in the split of a significant wing of the MB youth in mid-2011 that left to form the Egyptian Current Party), and there is undoubtedly a contradiction between the rhetoric of the organisation around social justice and its economic programme, it is incorrect to describe the MB as a 'reformist' organisation as some on the Left have done. While the MB draws support from all layers of Egyptian society, and this support is fostered through the organisation's apparent anti-imperialist and anti-SCAF rhetoric (although this is frequently overstated), the trajectory of the MB is one of compromise with the counter-revolution.

This assessment has been confirmed by the actions of Morsi and the MB since the Presidential elections. On 2 August 2012, Morsi appointed a new Egyptian cabinet that clearly indicated the continuity between the new regime and Mubarak era. Most of the ministers appointed were close allies of Mubarak or senior level bureaucrats who loyally served the old regime. The position of Defense Minister was retained by the head of SCAF, Field Marshall Mohamed Hussein Tantawi, who has now held the position for 20 years. The new Prime Minister, Hisham Qandil, worked as a senior bureaucrat in the Ministry of Irrigation and Water Resources from 1999 to 2005 and later in the neoliberal African Development Bank. He is well regarded by the military, having been appointed by SCAF to head the Irrigation Ministry last year.

Morsi also appointed Ahmed Gamal Eddin as interior minister. Eddin was deputy interior minister during 2011 and in this position was responsible for much of the repression directed against protestors over the last year.

On the day of his appointment, the Arabic language newspaper Al Masry Al Youm reported that Eddin promised to "restore security [as the] highest priority of the Ministry of Interior". He particularly identified protests and demonstrations as "obstacles to achieving security and economic stability" and pledged to punish "citizens who block roads and disable railways" (a common tactic of striking workers). In addition to his record in the repressive apparatus of the state, Eddin is the nephew of the former leader of Mubarak's now dissolved National Democratic Party (NDP) parliamentary bloc.

Morsi's selections for economic portfolios also demonstrated that Egypt's economic policies would not deviate from those of the Mubarak era. The Finance Minister, Mumtaz al-Said, remains unchanged from the previous military-appointed cabinet. Al-Said has been an ardent proponent of neoliberal policies and strongly pushed for international loans from the IMF and World Bank. Indeed, soon after the selection of the cabinet, Said announced that the IMF had been invited to Egypt to pursue discussions over a $3.2 billion loan. He had earlier presided over a $200 million loan from the World Bank despite widespread protest. The new Minister of Investment is Osama Saleh, who had been chosen by Mubarak as chairman of Egypt's General Authority for Free Zones and Investment, an institution that led the drive to market Egypt as a low-wage platform for foreign investors. The Minister for Trade and Industry is Hatem Saleh, who is the CEO of Gozour Food Industry Group, a subsidiary of one of the largest private equity companies in the Middle East, Citadel Capital.

These appointments, and the general collaboration of the MB with SCAF over the last period, are a powerful indication of how Islamist politics has emerged as a useful instrument of political elites in the context of the partial disintegration of the old modes of rule. Much like Mubarak's NDP, the organisation possesses a deep penetration across the country, including in rural areas. Its close linkages with important sections of the Egyptian bourgeoisie, its willingness to accommodate with SCAF and with US imperialism (confirmed by its shameful record on Palestine), and its strong connections with regional powers in the Gulf, mean that it presents an attractive model for restoration of the status quo. This may well generate contradictions with the rhetoric and practices of the organisation but, as with the Turkish AKP, these will likely be easily subordinated to the general interests of administering a capitalist state.

The Revolution Continues

Nevertheless, despite this apparent continuity with the Mubarak era, it would be a grave error to rush to judge Egypt's revolution as aborted or in terminal decline. In many ways, the potential for a renewed deepening of the revolution is more likely today than at any point since Mubarak's downfall. The key reason for such guarded optimism is the growing clarity of the social and class dynamics that have propelled the revolution, and the ongoing mobilizations of workers and other social movements.

Unlike the picture portrayed by the liberal and corporate media, the 2011 uprising was never just about autocracy. While it is clearly true that the millions who took to the streets in January and February 2011 were principally driven (and united) by the desire to remove Mubarak, the outward form of Egypt's autocratic political structure has always been a consequence of a deeper content. Three interrelated factors are key to understanding this content: (1) Egypt's role as a principal ally of US imperialism in the Middle East; (2) the effects of decades of neoliberalism; and (3) the country's particular insertion into the global economy, seen most recently through the impact of the global economic crisis. Capitalism in Egypt is marked by these three factors, which have produced a political economy characterized by massive precarity and polarization of wealth, a political and military elite tightly linked to, and complicit with, the projection of US power in the region, and a country profoundly exposed to the vicissitudes of the world market. Mubarak's dictatorship was a necessary corollary of this political economy. The political and economic features of Egyptian capitalism are completely intertwined. For this reason, any struggle against authoritarianism, if it is to be successful, must unavoidably grow into one that contends with the class nature of Egyptian society.

There are some hopeful signs that this is occurring. Back in September 2011, a wave of militant strikes by teachers, doctors, and workers in public transport, sugar refineries, and the postal sector signalled a deepening struggle by workers that began to link political and economic questions. This wave of strikes was particularly important because it took place across entire industrial sectors unlike an earlier wave of strikes in February that had been more localized to particular workplaces. Some, like the teacher's strike, were nation-wide and encompassed nearly half-a-million workers at its peak. These strikes linked the day-to-day economic interests of workers around wages and conditions with broader social and political questions. Teachers, for example, demanded the resignation of the Minister of Education, more investment in schools and better educational conditions. The doctor's strike raised the question of improved health care and better hospitals. A major theme of the September strike wave was the notion of tathir – the 'cleansing' of public institutions of remnants of the old regime.

This strike wave also highlighted the pernicious role of the MB, with the organisation repeatedly acting to undermine independent worker actions. The teacher's strike eventually collapsed after the MB refused to support ongoing mobilizations and channelled control of the sector back into the old-ETUF affiliated teacher's union. Likewise, among doctors, the MB called off actions through its domination of the doctor's union. Significantly, however, an independent ticket of rank and file activist groups won around quarter of the seats on the General Council of the Doctors Union after the strike – an important challenge to the Brotherhood's monopoly on the union's affairs.

Strikes have continued to grow since that period. In the railway sector, for example, the head of the Egyptian National Railways Authority recently complained of over 870 protests and strikes since the revolution (hence the new Interior Minister's strident call to punish blockage of railway lines). Moreover, since the election of Morsi and the swearing in of the cabinet in early August 2012, a new wave of strikes has erupted. This strike wave includes textile workers, ceramic workers, doctors, university workers, postal workers and health workers from across the entire country. The epicentre of this strike action is the industrial city of Mahalla al-Kubra, where 25,000 textile workers at the state-owned Mahalla Misr Spinning and Weaving Company struck in mid-July. These workers played a leading role in the overthrow of Mubarak, as well as in earlier strike waves of 2006-2008 that helped to delegitimize the Mubarak regime and build new centres of labour militancy.

In response to the latest strike, the MB sent representatives to the factories to convince workers to end the action but these were chased away. One female worker told the Egyptian newspaper, Al-Masry Al-Youm: "The first thing [Morsi] did when he became President is to forget about us. He's only thinking about those earning 200,000 or half a million. He doesn't think about the workers who are bleeding. Where are our rights? We can't even afford a piece of bread." Another worker told the newspaper: "The revolution didn't bring anything to the workers of Misr Spinning in Mahalla ... The workers here are making the revolution once more from the beginning. The coming revolution will be a workers' revolution."

These strikes need to be situated alongside other important social struggles – most significantly the women's movement. A decisive feature of the attempt to restore the status quo is to shutdown women's visibility in the public sphere, removing women as active participants in the frontlines of resistance. In this sense, the MB's (and Salafist movement's) conservative strictures on the role of women are an integral component of broader counter-revolutionary goals. Women (and supportive men) continue to confront these attacks through street demonstrations and other actions that insist on women's right to protest and the public sphere. The position of women is thus a key barometer for the health of the revolutionary process.

These struggles confirm that the electoral victories of the MB and its accommodation with SCAF do not necessarily mean a setback for the revolution; on the contrary, they are an essential part of the process of political clarification. Of course this clarification is not automatic, and one of the principal weaknesses facing the movement is the lack of any unified political vehicle through which to organize, connect and construct future battles. But as the counter-revolutionary forces, united in the Egyptian state and with the support of foreign powers such as the US, attempt to quell the ongoing social struggles at all levels of society, the growth of worker and other movements shows little sign of abating.

A brutal tragedy that should never have happened

17 August 2012, by Amandla!

This was not the action of rogue cops. This massacre was a result of decisions taken at the top of the police structures. The police had promised to respond with force and came armed with live ammunition. They behaved no better than the Apartheid police when facing the Sharpeville, 1976 Soweto uprisings and 1980s protests where many of our people were killed.

The aggressive and violent response to community service delivery protests by the police have their echo and reverberation in this massacre.

This represents a blood-stain on the new South Africa.

This represents a failure of leadership. It is a failure of leadership from government: its ministers of Labour and Minerals Resources who have been absent during this entire episode; its Minister of Police that maintains this is not political but a mere labour dispute and defends the action of the police; a failure of the President who can only issue platitudes in the face of this crisis and not mobilise the government and its tremendous resources to immediately address the concerns of the mineworkers and now their bereaved family members.

It has been a failure and betrayal of the Lonmin mine management that refused to follow through on undertakings to union leaders to meet the workers and address their grievances. The management summersaults between agreeing to negotiate with workers and then reneges saying they have an existing two-year agreement with National Union of Mineworkers (NUM).

It is unfortunately also a failure of the union leadership: In the first instance the NUM which regards any opposition to their leadership as criminal and asserts that such opposition must necessarily be a creation of the Chamber of Mines. This is obviously not true. It is also a failure of the leadership of Association of Mining and Construction Union (AMCU), which acts opportunistically in an effort to recruit disgruntled NUM members, mobilises workers on

unrealistic demands and fails to condemn the violence of its members.

The level of violence on our mines demonstrates the deep divisions within and polarisation of South African society. Mineworkers are employed in extreme conditions of poverty, often living in squalor in squatter camps without basic services. The mineworkers are often employed through labour brokers and informalised without decent work conditions.

The wildcat strike (like other similar strikes on the mines) that set off the events leading to the slaughter is a response to the structural violence of South Africa's system of mining. However, it is also a response to something else, which we dare not ignore.

Enriched mineowners with the experience of BEE co-option see an opportunity of driving a wedge between "reasonable" union leaders and the workers. They entice the unions into sweetheart relations dividing them from the worker ranks-and-files. The anger on the mines is a deep-seated anger at mine management that is progressively being directed at the compliance and failure of their union leadership to defend and represent worker interests.

The alienation between union members and the unions' leadership is a factor behind what has happened at Lonmin and what is happening on other Platinum mines.

Nevertheless, the slaughter of more than 35 mineworkers is as a result of the violence of the state, specifically the police. At the very least Minister Mthethwa must take responsibility and resign.

August 17 2012

From Amandla "A brutal tragedy that should never have happened".

How the people pay for the crisis

17 August 2012, by Henri Wilno

The International Labour Organisation (ILO) published its "World of Work Report" in April 2012Â [1]. This report depicts the multiple aspects of the impact of the crisis on wage earners and peoples.

A comparison between 2008 and 2011 shows that around 50 million people have lost their jobs since the crisis started. A certain number of poor or emergent counties have continued to create a significant number of jobs but it is not the case for all of them, while in the developed countries economic growth rates remain limited, notably in the European Union (EU). Germany is the only big developed country where employment has been maintained, notably thanks to partial unemployment.

The situation for youth is especially critical: they did not benefit from the limited reduction of unemployment in 2011. The Middle East and North Africa recorded an unemployment rate among youth four times higher than that among adults. The youth unemployment rate exceeds 45% in Greece and in Spain (in Spain, it has gone from 18% in 2007 in 45.8Â % today).

Long term unemployment (more than twelve months) has increased in the developed countries, notably in Denmark, Ireland, Spain, the United Kingdom and in the USA. In some of these countries (like Finland, Portugal, or Holland), there has however been a fall in long term unemployment, but this is because the long term unemployed have given up hope and are no longer seeking employment (and are thus classed as inactive). In some developing countries, the fall in long term employment in the statistics corresponds to the fact that the people affected have resorted to informal employment. Not only has the impact of the crisis not been overcome, but, in the countries for which recent data is available, the employment trend is sluggish (except in Argentina, Mexico and Brazil as well as in Turkey and Indonesia).

The quality of jobs has deteriorated

The proportion of part time and temporary jobs of various types increased between 2007 and 2011. Temporary jobs were the first to be suppressed at the beginning of the crisis but subsequently the biggest proportion of recruitments has been in this form. A significant part of these part time jobs corresponds not to a voluntary choice but to the fact that there is no alternative for some trades. In the developing countries, informal employment remains significant. All these jobs are at lower incomes than those of persons in stable employment. The analysis of jobs created between 2007 and 2010 shows that the majority of hirings are made at lower levels of remuneration than the average and that these jobs are often more unstable. The proportion of workers living in poverty has gone up in many counties and notably in Germany.

Less access to health and education

Access to health has deteriorated. It was already difficult in many poor countries because of the inadequacy of health insurance systems. But the increase in the prices of food and energy products has further cut into household resources. International aid has stagnated or decreased in recent years. In Europe, it is the case of Greece which is the most dramatic with cuts of 40% in the budget for public hospitals. Many Greeks have

turned to NGOs for health care. In the USA, households must now meet ruinous health costs if they lose their employment and the attached health insurance.

The same is true in relation to access to education. In some countries where it was already difficult, it has got worse. This is the case for example in Bangladesh where there has been a significant increase in pupils leaving school due to the cost of education and a growth in child labour to boost household incomes.

Breaches in labour law

Numerous countries have undergone reforms in employment law. These reforms have increasingly concerned the rights of permanent workers, greater flexibility in the rules concerning dismissal (extension of trial periods, reduction of indemnities and notice periods). Nineteen of the twenty seven EU countries have introduced such reforms. The other axis of reform is that collective layoffs have been rendered easier. Finally, the proportion of employees covered by collective bargaining has fallen. The authors of the report stress that it is not established that employment protection is contradictory with a high level of employment. Inside the EU, Greece, Spain and Portugal constitute laboratories of deregulation with all kinds of reforms introduced in the context of the austerity plans. In these three countries laws introduced since 2010 allow derogation from branch agreements and reduction of individual and collective guarantees in case of dismissal. Rumania has also experienced a whole series of reforms of the same type. Similar but for now less global measures have been taken in Italy, Hungary, Slovakia and so on.

Faced with public deficits and the debt problem, the measures taken have primarily concerned public expenditure: wages, investment, social spending and benefits. In the EU, 22 countries out of 27 have blocked or reduced the wages of civil servants. The same number of countries have reduced social benefits: unemployment benefits and pensions (higher retirement age, reduction of pensions, more difficult access).

The rise of discontent

With this increased social insecurity it is hardly astonishing that according to the ILO's indicators, the risk of "social unrest" has increased in various regions of the world: Africa and the Arab world in the first place, but also the advanced countries (Europe and North America) as well as the countries of central and Europe and Russia. In 54% of the 106 countries analysed, confidence in the government fell between 2010 and 2011.

The new IMF forecasts for July 2012 confirm the fragility of the world economic situation, noting that the global economy is showing new signs of weakness. The Libor scandal concerning manipulation by banks of the supposedly independent reference interest rate for lending is an illustration of the corruption which runs through finance. The dominant classes of numerous countries are mainly concerned with avoiding tax and placing their capital in safe tax havens. The governments, notably those in the EU, can only offer austerity. The traditional left forces have often rallied to the essence of neoliberal discourse and practice. In various regions of the world, and especially in the Arab world and Europe, an essential factor is knowing who in the coming years (radical Islamists, fascists, nationalists or anti-capitalist forces) will capture and organise the popular discontent.

Footnotes

[1] http://www.ilo.org/wcmsp5/groups/pu...

Europe: facing the "crisis of our time"Â

17 August 2012, by Henri Wilno

The situation in June and July 2012 shows, if it were necessary, that nothing of the sort is true. After so many European summits presented as decisive, the Spanish bank crisis combined with the situation in Greece marks a new stage of the financial crisis in Europe.

At almost any time, there could be an acceleration of events in the Euro zone leading to a serious undermining of the single currency and a banking crisis. In this context, it is especially interesting to consider the possible trajectories of European construction.

The economic crisis cannot be reduced to the European crisis

An erroneous vision of the situation tends to be advanced by some economists and journalists: the current phase of the crisis would be linked to the financial difficulties of the Euro zone and this latter would imperil the whole of the world economy. Some leaders, notably those in the United Kingdom and US President Barack Obama, find it useful to project onto Europe the responsibility for the bad conjuncture in their countries. Thus the British Chancellor of the Exchequer George Osborne told the "Sunday Telegraph" on June 10: "our recovery – already facing powerful headwinds from high oil prices and the debt burden left behind by the boom years – is being killed off by the crisis on our doorstep."

There is no doubt that the situation in

the Euro zone amplifies the crisis but the latter is far from being summed up thus. In fact, as Alex Callinicos puts it in an article entitled “The crisis of our times” [1], there are three dimensions to the current situation:

– the weakness of US and European growth, showing that the initial causes of the crisis have not been surmounted: the accumulated weight of debt, uncertainties about the bank balance sheets, compression of wage demand;

– the paralysis of the main dominant classes of the Western countries torn by their divisions: ultra neoliberal Republicans vs. Democrats in the USA, divisions between countries in Europe;

– the end of the illusion that the emergent economies and notably China could come to the aid of the OECD economies.

The uncertainties about world growth have been confirmed by the new projections of the IMF published in mid July, 2012 which note that the recovery of the world economy is showing new signs of weakness.

The economic crisis cannot then be reduced to the European crisis. However, Europe certainly appears as the weak link in the current configuration of capitalism. The Euro zone is indeed experiencing the most calamitous growth of all the big economic zones (-0.3% in 2012, +0.7% in 2013 according to the IMF projections) and its recession in 2012, through the slowing up of its imports, weakens world trade and thus the activity of other countries. It could be added that its financial crisis (the situation of the banks, public debt) increases world uncertainty.

A structural crisis of the Euro zone

Michel Husson’s study "Political economy of the Euro system” analyses the current crisis of the Euro zone with regard to its structural contradictions. At the risk of being schematic, his reasoning can be summed up in three points:

1. The countries of Southern Europe have lost competitiveness because of high inflation of a structural nature. The latter stems from the process of catch-up (more rapid growth), the mode of training of employees in services and what he characterises in his text as a “distribution conflict” linked to income inequality.

2. The early years of the Euro allowed the countries of Southern Europe to benefit from lower real interest rates (that is, taking inflation into account) than the countries of the North and the possibility of “risk free” trade deficits. The situation changed with:

– the policy of wage squeeze in Germany introduced by the Schroeder government (with the Hartz reforms) which improved German competitiveness and thus strongly reduced that of its partners.

– the crisis and the policies implemented to deal with it, which have increased public deficits and the rate of indebtedness of states and seen the reappearance of external constraints through the interest rates the states have to pay to refinance themselves.

3. Resolving the debt problem would not deal with the structural difficulties resulting from the heterogeneity of the countries of the zone and the absence of sufficiently serious resources for a convergence policy (weakness of the community budget and so on).

These three elements are especially pertinent. We see now the consequences of the neoliberal turn of European construction. The European Union has always been in its very conception a project of capitalist integration but its development has involved a passage from “Keynesian” economic policies to a neoliberal mode of economic regulation. We can date this turn from the Single European Act, signed in 1986 and entering into force in 1987.

What potential trajectory?

There is however room for discussion around the conclusions that Husson draws from this analysis and concerning the potential trajectory of the EU. One senses some hesitations in reading the text. Husson specifies in his first paragraph that “there are only two responses adapted to the structural nature of the European crisis: either the breakup of the Euro system, or its radical refoundation. The others confine themselves to staggering the contradictions over time or programming a socially unacceptable regression”. At the end of the text he specifies: “the only coherent road is that of cooperative harmonisation. This would rest on a European budget based on a unified tax on capital incomes which would finance the necessary transfers (a harmonisation fund) and socially and ecologically useful investment”. He recalls correctly that the “sweet” variant of the dominant policies (in the manner of Hollande) prolongs the current situation and leads to decades of adjustment imposed on the peoples of Europe. And finally puts forward a variant based on a national but non-nationalist rupture with neoliberal capitalism (with a reference to the programme advanced by Syriza during the Greek elections of 2012).

The debate here goes back to those of nearly a century ago. Leon Trotsky examined thus the possible outcomes of the First World War: “Â In the case of an “undecided” issue of the war, Liszt thinks the indispensability of an economic and military understanding of the European Great Powers would come to the fore against weak and backward peoples, but above all, of course, against their own working masses. We pointed out above the colossal hindrances that lie in the way of realizing this program. The even partial overcoming of these hindrances would mean the establishment of an imperialist Trust of European States, a predatory share-holding association. The proletariat will in this case have to fight not for the return to “autonomous” national states, but for the conversion of the imperialist state trust into a Republican European Federation.” [2]

We can discuss the concrete relevance of Trotsky’s analyses of the time. But the concerns which underlie them remain pertinent. Certainly, as has

been said above, the European Union is a capitalist project, and that has been strengthened with the Single Act and the Euro. But this does not reduce the illusory, indeed dangerous character of national inflections.

In fact, the question is: how can Europe, and more particularly the Euro zone, survive the crisis? This crisis is a “big crisis”, “the crisis of our time” as Callinicos puts it. We could specify the different potential trajectories as follows, trying not to mix the possible with the desirable:

– the realist scenario today implemented in the “German” manner is that of an adjustment based on “social savagery” and Hollande’s scenario is only a variant of it

– these hard line scenarios have a rationality (contrary to what many critical economist think) and they can succeed;

– but they can also founder on national and/or social contradictions and end up with a redrawing or complete breakup of the Euro zone.

– the capitalist “cooperative and European" scenario is unlikely;

– the most probable progressive scenarios are seemingly national ones, but they are not without risk.

The dominant scenario risks break-up

Economists of a progressive Keynesian inspiration tend to stress the limits and illusions of the austerity remedies summed up today by the macro-economic policies advocated by the European Union, for which the Troika (ECB, European Commission, IMF) now constitutes the strong arm. It is indeed perfectly correct that austerity weighs down on activity and public income and thus makes deficit reduction more difficult. But leaving it at this would be a superficial analysis. The economist Costas Lapavitsas has tried to shed light on the rational core of the German policy: “By insisting that everyone must “become German” they [the German leaders] are basically saying that countries with deficits should accept permanent austerity while applying permanent pressure on their workers. They are probably hoping that this would lead to a new equilibrium at a lower level of income across Europe, and perhaps after several years there might be renewed conditions for general growth, somehow”.Â [3]

In fact, as Yves Salesse has pointed out, the EU is without any doubt a capitalist Europe but it is not “the Europe of capital” in the sense that the big European companies are not the motor force of its construction. Big European capital, financial but also industrial, is globalising and alliances between firms are based on this logic. Rapprochements sometimes take place between European firms, not seeking to constitute “EuropeanÂ champions” but above all with regard to the state of the world market. Generally, the links of these firms with national territories grow more distant. A significant part of their profits are realised on non-European markets and their nationality only becomes important in periods of crisis: to obtain aid; to have their interests supported in international trade negotiations; to see their sales facilitated by a President or Prime Minster transformed into a commercial traveller. The recent decision by Airbus to set up an assembly site in the USA (in Mobile, Alabama) is emblematic in this respect. It is about limiting the risks of losses linked to variations in the exchange rate of the dollar, and easier access to Pentagon contracts thanks to the jobs created. Also, Alabama is a state where trade union organisation is rendered difficult by local legislation [4]. Yet initially Airbus was a typical case of a European project initiated in 1969 by the French and German governments (after the British withdrawal).

From this viewpoint, the idea of imposing a budgetary straitjacket on the peoples of Europe and the challenge to their social model is rational. A first experience has been had in Germany with the Hartz reforms mentioned above which have strongly improved industrial competitiveness at the price of significant social costs and increased inequality.

As Lapavitsas says, this scenario could well lead to a break-up of the Euro zone, even if the German bourgeoisie profits from its existence. If we make an analogy with the USA, at the end of the Second World War, the latter spent significant sums (through the Marshall Plan) building an international architecture which politically, militarily and economically suited them. One could imagine the bourgeoisie and the German state making a similar choice in Europe. That would suppose a little less austerity and more flexible rules for the functioning of the ECB and more so-called “stability” funds. That would limit, but not suppress (for the structural reasons given by Michel Husson), the risks of a redrawing or a break-up of the zone.

No European New Deal

The configuration of this possible rupture of the Euro zone would depend fundamentally on social resistance in the countries subject to enforced austerity policies. It is impossible to specify the modalities of this and the consequences which could be devastating for the zone as a whole. But for now, in line with the wishes of the dominant sectors of industry and finance, it is the hard line which prevails.

A European progressive “New Deal” which Michel Husson characterises as “cooperative harmonisation” appears to say the least improbable, as he says himself. There is for now no essential sector of the bourgeoisie which supports it and there is no effective pressure from the European labour movement in this direction. Certainly for the first time the European Trade Union Confederation has opposed a European treaty, rejecting the budgetary Treaty, characterised as a “permanent austerity treaty”. After the European summit of June 28-29, 2012, its general secretary Bernadette Ségol said: “The banks will perhaps be saved, but we see nothing which will save wage earners. The pact for growth envisages nothing new”. but there is a gap between such

statements, more radical than in the past, and the preparation of movements of European employees as a whole. Movements which would go beyond days of action or demonstration tending to substitute for strikes and faced with which the governments are not ready to make the slightest concession (as has been shown in Spain and Portugal).

Thus to the great chagrin of those who see it as the sole rational solution, there will be no New Deal at the European level, without unexpected developments. And the radical opponents of neo-liberalism and capitalism are too weak and too uncoordinated at the European level to press radical solutions. The global justice movement is no longer capable of demonstrations like that in Genoa in 2001 which brought together youth and workers (and was subject to strong police repression). The movement of the indignant has for the moment serious difficulties in accumulating enough forces to regain the offensive.

Towards national crises?

There remains then the hypothesis of "big national crises" which lead, in some states, to a situation where those who rule can no longer govern as before and those they rule can no longer bear being oppressed as before. Among the European bourgeoisies there will be winners and losers from austerity policies and globalisation: the winners in the most internationalised sectors, the losers, for example, in the small and medium enterprises, some liberal professions and the state or regional bureaucracies. The challenge to social gains, the dismantling of the right to work, will weigh on all. Greece gives of a foretaste of what such a crisis could look like.

In such a situation several camps would face each other, as in Greece today: those ready to continue to play the card of austerity in the context of the EU, nationalists and anti-capitalists (with of course at the political level many intermediary nuances). The anti-capitalists should be in a position to exert weight and rally a social and political front, both through their radicalism and their ability to provide a solution in terms of political power and the management of society. For Europe, they should make themselves the bearers, as Michel Husson puts it, of "a unilateral rupture with the actually existing Europe in the name of another project for Europe". That would suppose unilateral measures, in contradiction with the European treaties, both to improve living conditions and set up the bases of a social and ecological development, but simultaneously with the will to aid mobilisation in other countries, broadening the process begun in one state. All this without falling to quote Trotsky's "Programme for Peace" again, into social patriotism: "it must not be forgotten that in social patriotism there is active, besides the most vulgar reformism, a national revolutionary messianism, which regards its national state as chosen for introducing to humanity "socialism" or "democracy," be it on the ground of its industrial or of its democratic form and revolutionary conquests". Because it is certainly another kind of Europe that needs to be built.

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Footnotes

[1] Which can be found on the site of the South African magazine Amandla!": http://www.amandlapubl...

[2] 6. Leon Trotsky, "The Program for Peace" http://www.marxists.org/archive/tro...

[3] "Interview: Working people have no interest in saving the euro" http://www.isj.org.uk/index.php4?id...

[4] "I think it's extremely unfortunate that a company that has been as successful as Airbus with a fully unionized workforce is choosing to go to a 'right-to-work' state to build that plant. It doesn't make sense", said Paul Shearon, Secretary-Treasurer of the International Federation of Professional and Technical Engineers [[http://www.reuters.com/article/2012...

The Revolution Will Not Be Decreed

16 August 2012, by Jeffery R Webber, Susan Spronk

SS and JRW: Can you tell us tell us about your own political formation and history?

GG: I began my political activism when I entered university in the 1970s. I became involved as an active militant in political struggle when I was 19 years old, but I had already been involved in various student activities for a few years before this.
I studied at the Universidad Católica Andrés Bello because my first attempt at entering the Universidad Central de Venezuela failed; the university had been shut down at the time by the government of Rafael Caldera. There were serious confrontations between the students and the state at the UCV. So, instead, I applied to the Catholic university, which was a new university, a private university run by the Jesuits. But as a result of a process of radicalization amongst Venezuelan youth during those years, the Catholic university also entered into a situation of crisis and conflict.

We were successful in building a movement that demanded co-

governance between the students and the administration in the university. We were able to hold forums and open political discussions at the university. We created an Assembly of Student Delegates, and a Student's Congress. My activism in this area led initially to my expulsion from the university along with 14 others, but pressure from the student movement – there were mobilizations and a hunger strike – forced the administration to allow our re-registration. Our return to the university provoked the resignation of the rector of the university and a few department heads. Those who left were extremely reactionary people, with very conservative political positions – people who had previously held positions in the business associations of Venezuela, and others who had been ministers in the first government of Carlos Andrés Pérez.

At the university during this time we were all concerned with what was happening in Chile, given that this was the period of Allende's government (1970-1973) and then the Pinochet coup of 1973. I became involved in an organization with a Trotskyist orientation called the Partido Socialista de los Trabajadores (Socialist Workers Party, PST), which published the paper Voz Socialista (Socialist Voice). This organization later fused with a part of the Movimiento Izquierda Revolucionaria (Movement of the Revolutionary Left, MIR), which published the paper La Chispa (The Spark). The new organization was called PST-La Chispa.

Of course, from here we went on to participate in various important events and movements, in the struggle of February 27, 1989, [1] the movements preceding and following the military uprising of 1992 led by current President Chávez, the urban movements of the popular barrios, and the teacher's union, through something called the Base Magisterial Democracia Sindical (Grassroots Teachers for Union Democracy, BMDS). I was a teachers' delegate for this movement.

More recently, I've been participating in various spaces, for example, in Asociación Nacional de Medios Comunitarios Libres y Alternativos (National Association of Free and Alternative Media, ANMCLA), and the Comando Nacional de Comunicación Popular – Misión 7 de Octubre (National Command of Popular Communication – Mission October 7, CNCP -7O), is another space I'm involved in. Together with others in Marea Socialista we are also participating in articulations with other social movements and political currents inside of what's called the Alianza Popular Revolucionaria (Revolutionary Popular Alliance, APR). [2]

SS and JRW: What was the importance of the failed coup d'état of April 11-13, 2002 to the development of the left?

GG: The struggle that began in 2002, when activists and organizers took the initiative to challenge the coup d'état that occurred in April of that year, marks the beginning of a new phase of struggle. At that time, we formed the Asamblea Popular Revolucionaria (Revolutionary Popular Assembly). It was a short-lived political space that existed only until the second wave of counter-revolutionary reaction, that is, the bosses' lockout and sabotage in the oil sector in 2002-2003.

The assembly played an important role in helping to foment the resistance against the coup, because the government had not called on the people to defend the process against the coup, but rather had bet all of its cards on trying to manage the balance of forces internal to the state and the armed forces. This was, perhaps, a tactic of the government to avoid a bloodbath in the streets. But we in the assembly concluded that the decision to not mobilize the people could mean an even bigger bloodbath, that the presence of the people in the streets was necessary.

We helped to organize this initiative and were involved in the confrontations with the military police in the streets, in which a number of people were killed. But we believe these actions prevented the original plans of the right from taking hold. The right wanted to carry out a coup disguised as something else, to make it seem as if it was a popular mobilization against Chávez. The right called on the mobilization of the upper middle class and the wealthiest Venezuelans to mobilize in the streets, a tactic that was extremely well - managed by the private media.

The armed forces and the police were obviously to be behind these actions, but the idea was to give the impression to the world that the people themselves were overthrowing Chávez, that they were mobilizing and going to the presidential palace in Miraflores to carry out a democratic revolution, that this was a recovery of peoples' power that had been taken away by a dictatorship. This was the plan that the right had developed.
The resistance of military forces loyal to Chávez around Miraflores, together with the presence of pro-Chávez popular mobilizations in the streets, revealed the true nature of this conspiracy.

The Asamblea Popular Revolucionaria created the webpage aporrea.org during this period, with the idea that the Internet would be a useful tool in the denunciation of this coup d'état, as well as a medium through which to organize the resistance. But the response of the people on April 13 in the streets exceeded anyone's expectations. Indeed, we had planned on April 19 as a day of resistance, which has a resonance in the history of the struggle for Venezuela's independence. But the popular reaction happened much more quickly than anticipated.

Aporrea.org was fully on-line in May of 2002. And it eventually became a bigger phenomenon of communication than was initially planned. It played a role that the existing sectors of public media couldn't play. In aporrea.org we featured open confrontation with the right, radical positions of popular struggle within the revolutionary process, but also critical analysis and internal debate.

These were things that the existing public media was not doing. We believed, unlike the existing public media, that we needed to have a massive mobilization of the people, and that we needed to have open political discussions. We thought that the differences of opinions inside the revolutionary process had to be

spoken about publicly in front of everyone, and not between four walls amongst a few select people. We also wanted to hold these discussions in front of the right, debating publicly with them, with no fear that they would use these debates against the revolution. We believe that the best tool that the counter-revolutionaries could dream of would be the silencing of debate within the revolutionary camp. It is precisely the right that would benefit from this.

Aporrea.org was subsequently used as a tool to continue fighting the forces behind the coup, because the effects of the coup did not disappear after its formal defeat on April 13, 2002. Chávez returned, but not without various conditions attached to his resumption of office, perhaps by sectors of the armed forces before they agreed to the liberation of Chávez.

In the first news reports that followed Chávez's return, it was not reported that there had been a coup d'état, but rather a vacuum of power. Those who defended the demonstrators at Puente Llaguno [3] were characterized by the right as gangsters (pistoleros) and were imprisoned. How is it that those who defended the revolutionary process were put in prison after the return of Chávez? How is it that we defeated a coup d'état and then we were put in jail? If there are people from our side who were jailed it is because sectors of those who orchestrated the coup retained some power, and imposed conditions on Chávez.

So events about 2002 are not as clear as they sometimes appear. No doubt, we defeated the coup and Chávez returned. But if we so clearly defeated the coup, why weren't the policies of the revolution pursued and deepened immediately thereafter? Why did the press announce that there hadn't been a coup? The Bolivarian Circles were stigmatized. Meanwhile, people who led the pro-coup marches in April, members of the reactionary former management of the state-owned oil company PDVSA, who had been fired by President Chávez, were reinstalled in their former positions.

And how is it that key figures in the coup attempt were allowed to return to their positions in PDVSA? These were the same people who then went on to lead the oil lockout of 2002-2003. Who established all of these conditions? Was it simply a policy of President Chávez to pacify the situation, to open up dialogue? Or were there forces of power within the armed forces and the state apparatus itself that continued expressing the interests of those who carried out the coup?

This is why I'm suggesting that the legacy of the coup lasted beyond its formal defeat with the return of Chávez. It is also the case that the organizers behind the coup of April 11 who were occupying Miraflores were guaranteed their freedom. The attorney general said all of their rights and freedoms would be guaranteed, that they wouldn't be facing trial. All of this together reflects the fact that the legacy of the coup extended beyond April 13.

This legacy of the coup caused a momentary ebb in the revolutionary process, which was reversed with the subsequent defeat of the oil lockout. The defeat of the oil lockout reinvigorated the revolutionary process once again. After the coup, activists were fighting against impunity for the coup plotters and calling for the dismantling of the metropolitan police force, and for the transformation of the judicial apparatus, because it was taking decisions in favour of the coup plotters.

The Asamblea Popular Revolucionaria put forward an entire program of struggle around these issues, including plans to prevent further coup attempts in the future. It's for these reasons that aporrea.org became a key resource for the popular movement. It was the medium through which the public came to know about all of these dangers and problems. And because it was always a very open forum, and was capable of publishing news very rapidly, we received constant reports from the popular movement, from the activists on the ground who would send us reports and photos from the streets.

In 2007, when the Partido Socialista Unido de Venezuela (United Socialist Party of Venezuela, PSUV) was formed, fragments of PST-La Chispa, which had dissolved and reformed, together with other currents merged into Marea Socialista, and joined the PSUV as the Marea Socialista. I was a delegate from Marea Socialista at the founding congress of PSUV.

I was heavily involved in PSUV initially, and was part of the regional political executive of the party in Caracas. Currently, I am not involved in the party at this level, which has a lot to do with the negative dynamic that the party has entered into; this had led leading activists and organizers to articulate themselves outside the party, without actually leaving the party.

This has happened because there seem to be other political spaces where there are greater possibilities for participation and democratic debate than within PSUV. The PSUV has become a party of public functionaries, and we want the PSUV, or whatever organization assumes the vanguard of the Venezuelan revolution, to be constituted by the leaders of the social movements, with the popular movements at the front, rather than there being such a strong influence on the part of functionaries of the government. The fact that these functionaries have assumed the leadership of the party has led to the party losing much of its vigor, its dynamism, and its internal democracy. This is an important risk facing the revolutionary process.

SS and JRW: Can you clarify for us the way you understand the different phases of the Bolivarian process, both before and after the period of the coup attempt that you've discussed in some detail?

GG: The first phase before the coup was Chávez's electoral victory in 1998 and the installation of the Constituent Assembly process shortly thereafter, in 1999. During the Constituent Assembly process the people, in one way or another, participated in a discussion around the model of development and politics of the country.

The next phase has to do with the

facilitating laws [leyes habilitantes] of 2001, where Chávez was delegated authority to decree these laws. Among these laws was the Ley de Tierras (Agrarian law), which began a process of taking land from the hands of the latifundistas (large land owners) and redistributing it amongst the peasantry. It also meant that the state would try to push ahead with another form of agricultural production, from a very different perspective than what had existed previously. There was also the Ley de Hidrocarburos (Hydrocarbons Law), thanks to which Venezuela recuperated sovereign control over the industrial production of petroleum, including the imposition of greater royalties and taxes that generated increased revenues for the state. Another important law in this period was the Ley de Pesca (Fishing law), which sought to reverse the ecological depredation of the coastal flora and fauna from commercial fishing.

So there were a series of laws against which the bourgeoisie reacted, including, on December 10, 2001, the first signals of the coming coup attempt, with a business lockout backed by the right-wing bureaucracy of the traditional trade union federation Central de Trabajadores de Venezuela (Workers' Central of Venezuela, CTV), which had long been linked to the Acción Democrática (Democratic Action, AD) and other parties of the traditional right. Thus, the series of laws passed in 2001 was a second important phase of the process that occurred before the coup.

After the coup, I would say the next phase began when Chávez outlined the anti-imperialist character of the revolution, and afterward, in 2005, the socialist character of the revolution. All of this occurred during the recall referendum initiated by the right in 2004, a failed attempt to defeat Chávez using electoral mechanisms. This was important because it represented the employment of a fairly unique democratic mechanism, given the fact that very few countries have a democratic mechanism through which you can recall the President. The right tried to employ this mechanism, and failed in their attempt to recall Chávez [in the official results 57% of voters voted in favour of Chávez].

Meanwhile, of course, many other important things were happening in the revolutionary process – the nationalization of various enterprises, the recuperation of various enterprises that had been privatized, like the telecommunications firm CANTV and the steel plant SIDOR. Such nationalizations generated important conflicts internal to the Bolivarian process in some cases. The government put the question of nationalization on the agenda, but, for example, the actual nationalization of SIDOR would never have actually happened if the workers of the plant hadn't mounted a struggle of their own.

There was also the pushing forward of the forms of popular organization encompassed in the concept of "popular power" – this has had its contradictions and problems, but it's undeniable that the level of popular consciousness of the people is much higher today as a result. Obviously, though, there are deformations of popular power as well due to the amplification of bureaucracy and clientelism. The institution of genuine popular power can only be won with intense popular struggle. Some of the contradictions came to the fore in the case of SIDOR, where there was a struggle for workers' control, on the one hand, and a tremendous resistance on the part of management on the other, and the bureaucracy of the union itself, accustomed to clientelistic and corrupt relations with management.

The most recent development in the process has to do with the illness of the President. [4] This has raised a whole series of questions around the continuity of leadership, giving the unifying role the Chávez has played in this process. He will not easily be replaced. The social movements, the working class, and their organizations, have not organically constituted themselves as a social subject with sufficient strength to have weight in the exercise of power within the government. We need to move toward a form of government, even while Chávez is still present, where there are mechanisms through which the organizations of the working class and social movements are taken into account, are consulted, where they have a direct role in the design of policies and decision making.

Currently there is an inorganic form of consultation, what is sometimes called street parliamentarism, where deputies from the government consult with people in the street. But it is the functionaries of the government who ultimately conduct the syntheses of these views and select the proposals that they are going to carry out. It is not we in the popular movement who are carrying these things out directly. If this isn't a bourgeois government, neither have we yet arrived at a situation in which there is direct control by the popular movement itself.

The government is a close interlocutor of ours, sensitive to our demands, and it pushes various actions forwards and provides an orientation; but at the same time, the bureaucratic apparatus of the state often acts as a break on all advances. The bureaucracy appropriates the discourse of the revolution, but in reality rather than living for the revolution, they live from the revolution. They accumulate capital, negotiate with the bourgeoisie, and reject real changes. And when the bureaucracy blocks changes pushed from below, it generates discontent.

SS and JRW: Are you referring here to what some have called the "bolibourgeoisie"?

GG: Yes. Look, when someone assumes a position in the apparatus of the state, and benefits from transactions that are not their own, but rather are transactions that use the budget of the state, and which extract benefits from commissions, we are witnessing the formation of a new bourgeoisie. They skim off a layer of the oil rent not for the benefit of the people but for their own benefit. It is difficult to obtain precise information regarding these practices, but it is certainly going on. And this is one of the strongest indicators that we have not completed a rupture with the capitalist system, but that it remains very much alive. We've nationalized banks, for example, which is all to the good, but private banking continues to exist. And the banks that are in the hands of the state are quite crucially inefficient and incapable of resolving

the problems that they are intended to solve.

For me, it's necessary that there be an acceleration, a democratic radicalization, of the revolutionary process, with more audacious and radical measures that rupture with the existing capitalist system – these measures will have to recognize the reigning balance of forces, obviously. It's also necessary that there be more organic consultation and participation of the social movements in the leadership of the government. This, still, is not very advanced.

SS and JRW: What happened with the PSUV from your perspective? Marea Socialista entered the party right from the beginning, but today we hear a lot of criticisms of the internal functioning of the party, including from Marea Socialista. Can you explain a little more fully the substance of the criticisms of the internal process of the party?

GG: We in Marea Socialista remain in the party, and do so freely in the sense that we conduct discussions, hold forums, and so on, and we continue to push forward our proposals and policies within the party. We're active both inside and outside of the party. And no one has told us that we can't be doing this. But neither have we found an organic space within PSUV to be able to debate these policies and proposals in a way that has an effect on the decision-making and orientation of the party.

It is a party with an extremely vertical structure, with Chávez as the maximum leader, the vice-presidents of the party below him, and then the leadership layers beneath the vice-presidents that are now selected through processes of cooptation, rather than through elections by the base of the party. And when the base is able to vote on leaderships, there is a whole machinery of power of the existing leadership that uses resources of the state apparatus and party media in conditions that are very unequal for competing leaderships.

So, how can we say that this party reflects the actual balance of social forces in the revolutionary process? The party is a very significant distortion of this balance of forces.

We continue to be active within the PSUV because we consider it an important political space. But we feel an urgent necessity to participate in other spaces of debate and articulation because of the limits of the formal structure of the party. This has been the position that many, many social movements have found themselves in, with regard to their relationship to the party. This is the case, for example, for the various social movements that constitute the Alianza Popular Revolucionaria (Popular Revolutionary Alliance, APR), which participates inside of the Gran Pólo Patriótico (Great Patriotic Pole, GPP), and which is not an insignificant grouping of social forces. These are the movements of the movements. Inside the Alliance one finds the peasant front that brings together a whole series of smaller peasant movements across the country. It is also true of the MP – another movement of movements – which brings together the renter's movement, the movement of those occupying public buildings, domestic workers, the network of the homeless, and others. The case of Asociación Nacional de Medios Comunitarios Libres y Alternativos (National Association of Free and Alternative Media, ANMCLA) is similar when it comes to the question of alternative community media, and it is also true of Marea Socialista itself, which is simultaneously a workers', youth, and popular movement.

We are all looking for alternative routes through which we can build our capacities and build our presence, because the formal structures of the PSUV do not allow for the flourishing and developing of our initiatives, nor for the creativity of the social movements. To bring everything into a single line within the party would transform all of us into little squabblers positioning for a piece of the apparatus, or merely into bodies to attend marches and public events of the party.

In the foundational congress of the PSUV, and in the other opening discussions, there was wide and open debate over the programmatic positions that the party would assume. But when one looks at how this programmatic elaboration has been translated into the practical governance of the party, and in the general practice of the party, there is a large dissonance. From my perspective, the party is not implementing its own program. The program there as a general horizon of the party, but day to day there is no movement to actualize it.

So we're here in Venezuela in the midst of a very important process, a reference point for Latin America and the entire world, but the process is still operating within a fundamentally reformist schema. This includes, for example, the regional integration projects with the rest of Latin America, in spite of the various positive characteristics you can point to in these initiatives. Latin American integration is seen as the building of common spaces and closer association between Venezuela and a series of countries that continue to be governed by their own bourgeoisies. So it's not a vision of unity on the basis of class, unity of the exploited.

I believe that President Chávez has been able to make advances in many areas, some of which have been extremely difficult – for example, to have introduced an ideological influence of socialism within the armed forces of Venezuela, which is of incredible value. For many years the left in this country struggled without success to have this kind of influence on the armed forces.

At the same time, we have committed important errors. We're 13 years into this revolutionary process and we are still entwined in this rent-dependent economy, based on oil. We have been unable to advance in our own agricultural production rooted in a strong foundation of social property. The concept of the empresas de producción social (social production enterprises) should not be mere window dressing, a curiosity, an interesting little thing to look at, "oh look, how interesting, how beautiful, this enterprise in Carora or Guanare has socialized its process of production." If we are not capable of producing for this country's needs,

building enterprises that can compete with the existing bourgeoisie, which can help to neutralize all the distortions that are created in the market, then we will continue to face major economic problems. We have a large external debt, for example, even if today it's not with the United States or the International Monetary Fund, but rather with China.

SS and JRW: Changing themes slightly, can you explain for us what Gran Polo Patriótico is, as well as its relationship to PSUV.

GG: In the period in which we were navigating the problems associated with the illness of Chávez, the PSUV was encountering all kinds of problems in its attempt to assume the role of a dynamic center of popular organization and mobilization. And thus the social movements began to build initiatives outside the party. Chávez had introduced the idea of the Gran Polo Patriótico (GPP), and various social movements took up this idea as an instrument for pushing forward with various actions. We began to speak about organizing asambleas patrióticas populares (popular patriotic assemblies), to build the foundations for a polo patriótico popular (popular patriotic pole). When the president was in the process of recuperating from his illness, he put forward the idea of the GPP in a definitive manner.

At the beginning, the President's call received a very spirited reaction, with the dynamic and enthusiastic participation of many regional and national social movements. However, from my point of view, when the GPP could not effectively respond to the creativity and initiative of the movements within their own spaces and areas of focus, and when it tried to encompass everything under a single vision – with a conception of unity that lacked the necessary diversity that needs to be included in any serious conceptualization of unity – and when it tried to discipline everything so that it fell into line with a single plan, this spurred discontent within popular movement.

One of the problems with the GPP has been that it has not distinguished between the large national and regional popular movements of significance and various little grouplets, organizations, or expressions of very localized struggles. And these different kinds of movements cannot be placed on a similar level within an umbrella organization like the GPP – a neighbourhood organization of a dozen people should not be confused with a national peasant movement or workers' confederation.

The GPP should have sat down from the beginning with the largest of the popular movements, but instead every tiny expression of struggle was inscribed into it, without any clarification about the different social and political weight they held in the country, or whether or not they genuinely expressed important social forces. As a consequence, something that at first appeared extremely democratic and capable of bringing together social movements in a dynamic way began to lose its force, its capacity to mobilize and its real social weight within actually existing society.

The President and the government never sat down with the key social movements at a national level, the peasant front, the poor peoples' movement, with the two main labour federations [the Unión Nacional de Trabajadores (National Union of Workers, UNT) and the Central Socialista Bolivariana de Trabajadores (Bolivarian Socialist Workers' Central, CSBT)] rather than just the CSBT.

SS and JRW: Can you tell us about the Marea Socialista's relationship with the trade union movement?

GG: Marea Socialista recently decided to leave the UNT and join the CSBT, with a variety of conditionalities and criticisms of the new labour confederation. We believe in the project of UNT but we think it has exhausted itself. But the government only recognizes the CSBT, and the workers who have organized themselves in the UNT are not taken into account, as if they weren't part of the revolutionary process because the government hasn't formally recognized them. If the President is the president of all Venezuelans who are with the revolutionary process, it should not be the case that a sector of the government decides that it's appropriate to recognize only one of the labour confederations that is on side with the revolutionary process. Thus, all of these social movements were not called together as they ought to have been. And this had a very negative impact on the dynamism of the GPP.

And when it came to the time of selecting spokespeople and regional representatives for the GPP, the process was not carried out in the democratic traditions of the social movements, but rather through designations from above. For example, the PSUV played a major role in this process of creating an ostensibly separate political space – the GPP. I believe that this weakened the latter considerably, compared to its beginning as a significant initiative that could have been quite important as a social force.

I still believe that the GPP's original potential can be recuperated, but the path toward such recuperation is to recognize clearly its current state, and to bring together the various social movements to work together with the government, and President Chávez, so that there can be an effective electoral campaign for the October 2012 elections. But the real political weight and influence of the major regional and national social movements must be taken into account in revising and recuperating the character of the GPP in order for this to function. And the local movements, which are engaged in the very specific environs of their locales, should not be extracted and abstracted from this activity and situated within the GPP as if they were something different.

The popular movement in this country is still alive, and you can see a whole variety of activities in development. What I think is difficult is managing these activities through the structures of the PSUV or the GPP, particularly as the latter has shifted in character. But the movement is there, and you can see it in autonomous mobilizations and spheres of organization, including independent initiatives organizing for the electoral campaign of Chávez.

There are those who say that

everything has to be organized into a single framework, into a unified electoral campaign, with elections as the central focus. I don't think social movements function in this manner. If this is not understood, these efforts of centralization and control are going to continue without the desired results. But they're there; the movements are present.

SS and JRW: What are the most dynamic social forces and popular movements in the current conjuncture?

GG: In the labour movement, for example, there are the two labour confederations, the UNT and the CSBT, as I mentioned. The UNT developed with a more autonomous character, with a more critical and combative political orientation, but it was beginning to deflate. More and more unions and federations of unions were beginning to affiliate with the CSBT, which has always been more subordinate to the apparatus of the government, and which does not have the perspective of struggle that it needs to have, from my point of view.

We have to fight against the right wing in Venezuela and against imperialism, but we also have to fight within the apparatus of the bourgeois state precisely to destroy the apparatus of the bourgeois state to be able to implement real workers' and popular power. And this implies confronting the bureaucracy regularly in the decisions they make that favour the bosses or are anti-worker and anti-popular in character, above and beyond the progressive reforms called for and introduced by Chávez.

If there is no struggle, if there is no tension, the bureaucratic apparatus will tend to impose itself over the popular interests. In order to prevent this we need to redouble the popular forces fighting against this tendency, and they need to be taken into account by the government.

Next, of course, there is the peasant movement. There is the Corriente Revolucionaria Bolívar y Zamora (Revolutionary Current Bolívar and Zamora, CRBZ), which is a powerful, organized peasant movement. They've carried out important mobilizations and are involved in different collective agricultural projects and initiatives; they've also had experience with the establishment of communal cities. There's another important peasant movement that's called Jirajara. Braulio à lvarez, a national assembly deputy, is the leader of this peasant movement.

Then there is the Movimiento de Pobladores (Movement of the Urban Poor, MP), which has been involved in the struggle for renters' interests, and in the struggle for gaining title to squatted lands in the city, among other initiatives. I've also mentioned ANMCLA, but in the current moment there is also the Comando Nacional de Comunicación Popular – Misión 7 de Octubre (National Command of Popular Communication – Mission October 7, CNCP -7O), which groups together all of the alternative media, including those of ANMCLA.

There are other newer organizations that have emerged as well – a novelty in the Venezuelan process is the defence of the rights of women, the field of feminism. The Alianza Feminista (Feminist Alliance), Faldas en la Revolución (Skirts in Revolution), are important organizations, as is La Alianza Sexo-Género Diversa Revolucionaria (Revolutionary Alliance of Sex-Gender Diversity, ASGDRe), which for the first time has brought into the revolutionary camp the movement of lesbians, gays, bisexuals, and transgendered people. They are now actively participating in the popular movement.
There are other notable organizations that are in processes of recuperation. One example is the Bolivarian Circles. Another is the Frente Socialista de Profesionales y Técnicos (Socialist Front of Professionals and Technicians, FSPT), which has organized several gatherings of professionals and technicians from across the entire country. Within the FSPT you have smaller groupings like the Frente Nacional de Abogados Bolivarianos (National Front of Bolivarian Lawyers, FNAB).

There are a number of nation-wide, massive organizations, clearly identifiable, that express the interests of specific sectors and which could reinvigorate the program of the President, the program of the government, with their own proposals, and they have their criticisms of the process which need to be taken into account.

If these various national movements were able to articulate themselves clearly, and act in concert with the figure of Chávez, but with the capacity to act with or without the presence of Chávez, this would allow for the political advancement of this revolutionary process.

This would include thinking seriously about this entire period of uncertainty, inquietude, and risk that we've been living through with Chávez's illness, when he was undergoing operations for cancer and so on. Now it seems as though he has recovered, but still. We don't know what will happen in the future…

So there are movements in this country, with the characteristics that social movements have here in Venezuela. If we compare ourselves to social movements in Europe that are very well organized, disciplined, and with clear structures and financing and so on – or at least historically, now with the indignados in Spain, some European movements look a little more like the movements we have in Venezuela.

The movements in Venezuela are not like the historical movements in Europe, but they have a very high capacity for spontaneous responses, particularly in times of emergency – they produced the Caracazo of February 27, 1989, the response to the coup attempt on April 11-13, 2002, and were able to forge the civic-military alliance that exists with the Bolivarian revolution. These are not small achievements of our social movements – with their characteristics that some have called "tropical." There are advantages and disadvantages to these characteristics. And in certain circumstances the advantages have been particularly clear.

SS and JRW: Can you comment on what has happened in Ciudad Guayana? When we were here two years ago this was one of the

central political battles.

GG: In Ciudad Guayana, after the strike that led to the nationalization of SIDOR, a very positive process of meetings, gatherings, discussion tables, and so on, began, with the direct participation of workers. President Chávez himself arrived to participate. Out of this process emerged the Guayana Socialist Plan, and a series of initiatives of workers' control were introduced.

However, this experience of workers' control wasn't able to come to fruition in the way that it should. One thing is that the necessary level of organization of the workers, to the extent where there is a real possibility of implementing workers' control, would represent one of the starkest scenarios of class struggle. The idea that this could be calmly normalized when the capitalist system continues existing is delusional, and bureaucratization has crept into the actual process since the Guayana Socialist Plan was first unveiled. This bureaucratization occurred within the union movement itself as well.

The working class did not have the sufficient force from below to push forward with workers' control, and the working class's leadership, or, in some cases, the supposedly socialist management of these enterprises, ended up hijacking the project of workers' control.

Workers' control should not be understood as a situation in which new management is assigned with the participation of workers, to manage the company on behalf of the workers. It is not a situation in which management takes decisions without processes of workers' assemblies, consultations, and voting that emerge out of processes of workers' education.

When workers within enterprises selected delegates that were not favoured by management, management would simply not recognize the election of these delegates, and would repeat elections indefinitely until a favoured delegate from the workers emerged. These were the sorts of things that were going on in Guayana.

In Guayana, in SIDOR, there was a management team with ties to the presidency of SIDOR under D'Oliveira, who employed a language of workers' control, and talked about forming socialist councils, but in reality operated everything in the interests of the bureaucratic apparatus of the company.

And the workers persisted in supporting this process, but their actual participation was eroding. They focused on struggling for their immediate economic needs, and didn't see the necessity of intervening politically in the administration of the enterprise, and in the planning of production. As a result there are many things that remain underdeveloped and incomplete, and now there are struggles to resolve even minor issues. There was a struggle over the incorporation of sub-contracted workers, for the promotion of a collective contract that included them.

Marrea Socialista participates in a union alliance in SIDOR, in Guayana, called the Sindicato Único de Trabajadores Siderúrgicos y Similares (Union of Steelworkers, SUTISS), which is supported by the majority of workers, and has the majority on the union's executive in SIDOR, but which does not control the presidency of the union. The management sector of SIDOR, which describes itself as being under workers' control, has accused SUTISS of being involved in the mafia, of violent actions, of being involved in networks of corruption and so on. But no one in SUTISS is in a position within management; they aren't controlling the budgets of the enterprise or arranging contracts with clients. Who then has the capacity to engage in this kind of corruption? The workers who are involved in a union movement, or those who are presently managing the company? Where should we look to find networks of corruption, into the apparatuses of the state, or the union movement?

None of this is to deny that there are sectors of the union movement that have very serious problems, across the country, particularly in the construction sector, where there are assassinations and an internal battles for contracts.

But the struggle inside of SIDOR got to a point where the management tried to criminalize the workers' struggle, where they hired intelligence services to investigate and persecute union leaders, tried to bring them to trial – all of this instead of resolving the problems of the enterprise through the democracy of workers' power, with assemblies, consultations, and participation.

I believe that achieving workers' control will never come from the government merely giving a directive for workers' to assume that role. The working class needs to achieve a certain level of organization and consciousness, it has to have its own leaders, and it has to be carried out in a dynamic of struggle. If there is no dynamic of struggle, the attitude of the people is to wait for the government to implement workers' control. And the functionaries of the state are going to find it difficult to do this, if it doesn't emerge out of the struggle of the workers themselves.

It's going to be necessary to engage in confrontations with the right, confrontations with bureaucratic sectors, carried out on the terrain of strikes, public demonstrations, the takeover of enterprises, so that the objective of workers' control can be carried out within a revolutionary dynamic. It won't be achieved by legislative decree, as an act of parliament, or within the framework of bourgeois democracy. A revolution implies confrontation, mobilization, conflict, struggle, and the occupation of spaces.

During the oil lockout and sabotage of 2002-2003, for example, the oil workers directly confronted this sabotage, and created what were called comités guías (leadership committees). The leadership committees were formed by workers, professionals, and sections of management loyal to national sovereignty and opposed to the coup, as well as popular communities.

Through the actions of these leadership committees, the workers were able to assume control of oil production during this period of oil sabotage on the part of the management of PSVSA who

participated in the coup. However, after the coup was defeated and with the passage of time and the return of normality, the internal dynamics of PDVSA have allowed for re-bureaucratization.

We have to ask, why didn't the leadership committees that assumed control over production during the period of oil sabotage continue to exist following the defeat of the oil lockout? The carrying out of workers' control was successful in the oil sector in 2002-2003 precisely because of the fact that it emerged out of the dynamic of struggle with the bourgeoisie and the bureaucracy, in a dynamic of mobilization. Outside of a dynamic of struggle, workers' control did not persist in the oil sector. Workers' control would only work in "normal" times if there'd been a complete seizure of power of workers in Venezuela and the beginning of a transition away from the capitalist mode of production.

The problem isn't, therefore, decreeing workers' control in a series of enterprises, and deciding that the workers assume management of these enterprises. If there is no dynamic of struggle and mobilization within the workers themselves that make this a possibility in reality you are not going to see actual workers' control installed. The enterprises will instead be managed by the government. And with the structure of the state that currently exists, given the fact that we have not superseded capitalism, with all of these processes of bureaucratization inside of the state and with many legacies of the Fourth Republic still intact in the state, the slogan of workers' control will be distorted.
We need, then, for there to be a working class with a dynamic of struggle, which means proceeding conquest by conquest, conflict by conflict. If, instead, we want calmness, tranquility, and to stabilize the situation as it is now, what will be stabilized is the old system, not a new one. There will not be a revolutionary process with calm and tranquility.

Marea Socialista recently took part in a workshop with workers on the theme of workers' control, within an enterprise that had been reclaimed by workers and nationalized by the government. Beyond discussing the theories of workers' control in the abstract, we had discussions over the process of production, about what was the quantity of production, about what was the division of labour of production across different departments of the country in this sector of this enterprise, and so on.

Why did we have this discussion? Because, prior to this discussion, only management had an understanding of the process of production in its entirety. Each worker only had a very fragmentary understanding of the production process. We needed therefore to reconstruct a vision of the production process in its entirety, and to then examine each of the various parts of work along the production chain, in order to understand what needed changing – to avoid areas of over-exploitation, so the workers could achieve a more egalitarian distribution of their participation in the process, to improve production and ensure that the enterprise was viable, and so on.

What I'm trying to say is that the problem of workers' control is not a question of bureaucratic implementation; it's our problem to solve. It's a question of our organization, our maturity, our development, and our political and organizational capacities as the working class, a working class that is uneven in its experiences.

SS and JRW: Changing themes again, can you talk about the current conjuncture in regional terms throughout Latin America, and the role of Venezuela within the dynamics of the region?

GG: I think that in Latin America we are still in a position of defending the advances that have been made with the Bolivarian revolution in Venezuela, as well as the processes in Bolivia and Ecuador, and the formation of the Alianza Bolivariana para los Pueblos de Nuestra América (Bolivarian Alliance for the Peoples of Our America, ALBA). The latter has involved a search for mechanisms of regional integration; even though in this case it is an alliance with countries governed by their own bourgeoisies, it has allowed for a shift in the correlation of forces in the region vis-à -vis imperialism, one that has opened up some wriggling room. I say wriggling room because I don't think these bourgeoisies are going to be consistent in the anti-imperialist, anti-colonial struggle. All the same, conditions are undoubtedly more favourable. These alliances also help in the protection of the Bolivarian process in Venezuela.

But there is also a contradiction and a problem, because we need to articulate ourselves with all of these nations, but this articulation is achieved through agreements arrived at with states dominated by the bourgeoisies of these nations, that sometimes enter into conflict with imperialism, but which simultaneously enter into agreements with imperial states and transnational corporations. The danger here is that we may be assimilated into the form that capitalism is assuming in South America today – Mercosur, for example, is a capitalist market. To enter into Mercosur, which Venezuela did this July, could provide certain advantages in terms of exports, but it could also bring to Venezuela capitals and products from the capitalist enterprises in these states dominated by their bourgeoisies, capitals that are typically allied with transnational corporations from imperial countries, a dynamic that could accentuate internal distortions in the Venezuelan process. It could distort our processes of industrialization, our attempts at developing agro-industrialization in an endogenous manner. So there could be advantages, but it could also generate many disadvantages simultaneously. The danger is that instead of uniting Latin America in order to confront imperialism we simply become further assimilated into Latin American capitalism in the manner in which it is currently inserted into the world market.

The ongoing development of ALBA in a positive direction will not happen if there are no other revolutionary processes in Latin America, with the assumption to office of governments of a popular or anti-imperialist character. If we commit ourselves to defending processes of revolution, supporting those social movements that exist in the struggles of their

respective countries, we are undoubtedly going to run into problems with the bourgeois governments with which we have entered into various political and economic agreements.

This is the indissoluble contradiction. We can surf this wave, and situate ourselves in each moment according to the reigning balance of forces, but our fundamental alliance, from my point of view, has to be with the peoples themselves, with the social movements, with those who are struggling, those of the grassroots.

We need to keep in mind those progressive governments that have a nationalist discourse, that introduce popular measures, that have offered certain instances of resistance against imperialism. This is all for the good. But we need to understand that, ultimately, anti-capitalist, anti-imperialist revolution will be made by the peoples themselves.

Look, these are delicate points. We need to maintain peace with Colombia, for example, and maintain commercial relations with Colombia. Many people in Colombia survive off of these relations; but a problem arises if the cost of maintaining relations with the Colombian government signifies at some point that the Venezuelan government takes measures that jeopardize the Bolivarian process in the image of the world; or if our relations with Colombia help to stabilize a government that represses its people, that assassinates activists.

So it may be necessary and convenient to maintain relations with neighbouring governments, and stability in the region, so that we are not asphyxiated; at the same time, this is not a strategic position for developing and deepening the revolutionary processes and contradictions of the region. It is, therefore, a very complex problem, and we have to manage it artfully.

President Chávez has had some successes in the past in navigating this terrain, particularly in the case of the struggle against the Free Trade Area of the Americas (FTAA) initiative. The Venezuelan government's support of the position of anti-globalization activists against the FTAA helped to defeat that initiative in the early 2000s. But if this was one battle that we won, there have been other instances that have been much less clear, and that put in jeopardy our revolutionary process. We need to avoid our incorporation and integration into alliances in Latin America that stabilize the region on the terms of the majority of the countries that continue under the control of their own bourgeoisies.

I don't characterize the government of Cristina Kirchner in Argentina as revolutionary, to use another example. It might be a government with which the Venezuelan government can enter into certain alliances, and with which it might be possible to engage in certain economic exchanges, with which we can enter into certain strategic political agreements at a regional level, but this should not mean that we support the politics of Kirchner. What interests me are the dynamic of the working class struggle and the social movement struggle in Argentina, which proved capable of carrying out the Argentinazo in 2001-2002, that took on the banks. The government of Cristina Kirchner today is only in office because of the history of these struggles, which overthrew a series of governments, including those of her own party.

SS and JRW: We can see some of this complexity as well in the international sphere if we consider the positions of Chávez in relation to the movements of the Arab Spring of 2011.

GG: No doubt this has generated much debate. For example, I've been challenged at international conferences where people on the international left, historically involved in solidarity with Venezuela, have called into question the relationship between Chávez and Iran, for example.

Chávez has advanced the proposal of multi-polarity in the world system. My argument is, good enough, tactically speaking multi-polarity can be interesting in the sense that some countries in certain circumstances enter into conflict with imperialism, and in so doing act as a form of protection for us. But when these countries are countries that are governed by their own bourgeoisies, or when they have authoritarian, or anti-democratic regimes that produce internal rebellions against them – even when there are attempts to manipulate and intervene in these rebellions by imperialism, as there almost always are – how can we not ally ourselves with these rebellions? Do we ally ourselves with the governments, or with the people themselves?

Does having commercial relations with Iran have to imply supporting the politics of that country? When Iran comes into conflict with imperialism, does that also imply that it's governed by a regime we support? These are the discussions that are alive on this question in Venezuela. My own position in regard to this case is that we need commercial relations with Iran, and that we can enter into specific political agreements in the international sphere with this type of government, in the sense that they dispute imperialism and defend their sovereignty. But this has its limits.

In apporrea.org there are distinct positions represented, because the editorial team has very different positions on these questions. We've published debates on what's going on in Libya and Syria, for example. We've published material which says that in Syria the rebellion is basically constituted of terrorist organizations supported by Saudi Arabia and imperialism, and that they have ties with Al Qaeda, and that we need to defend the government of Asaad. And if we don't defend them they'll be coming for us next.

We have also published material which says, no, that the government of Asaad is an authoritarian regime that is massacring its own people, that there is a genuine popular rebellion, that we are opposed to imperialist intervention, but that the government of Syria is not going to be of any help to us.

And then we've received letters that say, how could we publish articles that are defending the Syrian government, a government that even Israel doesn't

want to see overthrown because its provides regional stability? And other letters that accuse us of the opposite.

At aporrea.org our position is that we need to recognize the debate that exists at the level of the international left, to publicize the different views, and to enter into an open debate. We don't accept the position that we should censor some of this material. For us debate is always good.

In Venezuela, this is obviously complicated because of what happened here on April 11-13, 2002, an event that is understood to have been backed by imperialism; the result is that what is happening in other countries is easily understood to be a similar phenomenon. But reality is complex, confused, and contradictory.

Whoever said, for example, that rebellions deserving of support need to be led by Bolsheviks? This hasn't been the case in Venezuela. There is no Bolshevik part leading this struggle, with an internationalist communist program. It is sometimes the case, for example, that a religious sector of a society is reflecting the problems faced by a certain segment of society and is struggling against those specific manifestations of oppression, with very contradictory internal politics. Reality is complicated. I believe in uneven and combined development and dialectics. I believe you have to study situations concretely, and to avoid unilateral decisions.

I personally believe that there has been a genuine process of democratic rebellion in the Arab world that have reacted against certain governments that have always been conservative and authoritarian, and others that emerged at one time from democratic and anti-imperialist revolutions but that have since become bureaucratized such that they are no longer what they once were. In this sense, I think we need to support these rebellions that have emerged from below.

The issue becomes complicated, of course, because imperialism has its own plans to intervene and to control these rebellions. If these revolutionary processes are not strengthened and consolidated, what have been completely justified and genuine rebellions can be thrown off course. None of these decisions are simple or easy. I don't pretend to be able to resolve this by saying simply, well, I'm with the rebellions and against the authoritarian governments and imperialism.

SS and JRW: It does seem as though the image of Chávez and the Bolivarian process suffered internationally on the left because of its lack of clarity on these issues regarding the Arab Spring of 2011.

GG: There's no doubt that there's been a decline of enthusiasm and support for the Bolivarian process on the European left; I've noticed this. It's not that they have stopped supporting the Bolivarian process, because they continue supporting it, but there has been a decline in support, enthusiasm, and confidence in the Bolivarian Revolution. Because the European social movements of the left are confounded by the fact that Chávez has relations with governments that are so distinct from the character of the Chávez government itself. It is also the case that the European social movements also have close ties with the populations of the Arab countries where these revolts are taking place because of patterns of immigration. There are many Tunisians and Egyptians in France, for example, and other European countries, and so these connections are well developed.

August 9, 2012

Footnotes

[1] This refers to the Caracazo, named for the events in the capital city of Caracas in February 1989, involving protests and rioting against the introduction of neoliberalism across the entire country. Carlos Andrés Pérez had just been elected on an anti-neoliberal platform but quickly attempted to ram an orthodox restructuring program down the throats of Venezuelans. The p resident decided to make an example of the protesters, and the urban poor more generally, giving the green light for military and police repression for days, killing a large number of people. Estimates range from 300 to 3,000 dead.

[2] The APR was formed in May 2012, and includes the Movimiento de Pobladores (MP) , a peasant front that includes the Corriente Revolucionaria Bolívar y Zamora (Bolívar and Zomara Revolutionary Current, CRBZ) , Asociación Nacional de Medios Comunitarios Libres y Alternativos (National Association of Free and Alternative Media, ANMCLA) , Alianza sexo-género diversa revolucionaria (Revolutionary Alliance of Sex-Gender, and Diversity, ASGDRe), Socialistas por la Unidad Revolucionaria hacia al Comunismo (Socialists for Revolutionary Unity toward Communism, SURCO), Movimiento Campesino Jirajara (Jirajara Peasant Movement, MCJ), Faldas en la Revolución (Skirts in the Revolution, FR), Insurgencia Comunista (Communist Insurgency, IC), Marea Socialista (Socialist Tide, MS), and the Coordinadora Simón Bolívar de Guarenas (Simon Bolívar Coordinator of Guarenas, CSBG).

[3] An overpass in Caracas where demonstrators were killed during the coup d'état of April 2002.

[4] Chávez received treatment for cancer for much of the last year

What now for the radical left?

13 August 2012, by Pierre Vandevoorde

On July 12, the former CDU president of the Land of Bade-Wurttemberg was the subject of a prosecution for an illegal competition agreement during the sale of the regional electricity company to the French group EDF. Five months earlier, Germany's President, Christian Wulff, was forced to resign following a financial scandal: chosen for this honorary responsibility by the Bundestag's deputies from among supposedly exemplary personalities Wulff, who is soon to appear before the courts, claimed his pension of 199.000 Euros annually for life, for serving 20 months in office, while the age of retirement was raised to 67 and millions of people are surviving with Hartz IV or poverty wages.

Two examples among others of why a diffuse sentiment of defiance and dissatisfaction, indeed anger, remains widespread with respect to the "politicians", which makes it possible to envisage a defeat of the coalition between the CDU/CSU and the FDP liberals in September 2013 and a return to government for the social liberals of the SPD and their satellite Die Grünen.

Conflict, defeat, concessions

On May 17-19, 2012, Frankfurt, the location of the European Central Bank, was the setting for three days of attempted occupation and various blockades which succeeded in closing down the banking area, while 5,000 police officers were in action on the pretext of ensuring the safety of property and persons. The Saturday demonstration attracted around 25,000 people from Germany, Italy and France. There was a good mobilisation by Attac Germany, a dynamic organisation, and around twenty groups from the post autonomist network "Interventionist Left", which, while politically heterogeneous (among other things, in its relations with Die Linke), is recognised for its capacity to organise activist mobilisations like the blockade of the G8 summit in Heiligendamm in 2007 or initiatives around the transport of nuclear waste.

Such a demonstration in Frankfurt in the middle of a long week-end is not negligible. But the reality of the relationship of forces between the classes is seen in the definitive liquidation of the drugstore chain Schlecker, announced four days later by the official receiver. It is reflected by the closure of the 2,800 remaining stores and compulsory redundancy for 14,000 employees (mainly women). For some months the agony has gone on, with the political powers, the chancellor in particular, refusing to intervene and the trade union Ver.di soft pedalling so as not to frighten potential buyers. In refusing to mobilise the employees around any form of challenge to private ownership (expropriation, workers cooperative with public financial backing and so on), the union created the conditions for a heavy defeat.

The reality is also reflected in the probable closure of Opel in Bochum in 2016 (with the end of production of the Zafira), if not before. This is a factory of 3,300 workers, which General Motors has decided to close down, like others in Europe, so as to restore its profits. While traditions of struggle are significant, the current leaders of the works council and of IG Metall have for the moment chosen to stress the qualities of the site, its capacity to develop a new model, its high production capacity and the cost of closure (a billion Euros).

The favourable position of German capital in the game of international competition allows concessions to workers to be made, however. The unions have just won wage increases that the finance minister Schäuble himself had called for (the agreement signed in late May for chemical workers envisaged a 4.5% increase for the coming 19 months, with an increased possibility of negotiating company by company), unemployment is falling, and the movement of the unemployed has disappeared from the scène. The powerful union bureaucracy has not complained about Merkel, contenting itself with the big traditional manoeuvres during the annual negotiations and obtaining "presentable" results.

The crisis in Die Linke

The Grünen (Greens) emerged and developed electorally during the anti-nuclear and pacifist mobilisations of the 1980s (before integrating themselves in record time). Die Linke captured the anger and revolt aroused by the brutality of the antisocial measures of Agenda 2010 imposed by an SPD-Green government, expressed in the "Monday demonstrations" of 2003-2004; in 2009 it won 76 seats in the Bundestag (out of 622), and in 2010 5.6% and 11 deputies in North Rhine-Westphalia, the most populous Land. Building an anchorage and implantation in the western Länder seemed a process that was well underway. But this cycle now seems closed.

The two recent electoral defeats have emphasised this (see "North Rhine-Westphalia: crucial regional election" by Manuel Kellner http://www.internationalviewpoint.org/spip.php?article2584&var_recherche=kellner). The return to grace of the SPD/Greens and the emergence of the Pirate party, which reflects fuzzy discontent (thus favouring both free public transport and budget restrictions), have precipitated a crisis which was expressed fully at the national congress in Göttingen on June 2-3, 2012, five years after the creation of the party.

With the polls giving Die Linke barely more than half of the 11.9 % it won at the parliamentary elections of 2009 (the threshold for qualification is 5%), the debates took on a rare violence.

Debate centred on the necessity of renewing the dual leadership, the objective being to choose a man and a woman, one from the east the other from the west. Oskar Lafontaine was ready to return, two years after his resignation for health reasons, if there was no candidate against him. But the "barons of the east" maintained the candidacy of Dietmar Bartsch, an apparatchik federal deputy and a "pragmatic" partisan of governmental agreements with the SPD.

This led to a conflict between the two men who embodied the success of Die Linke - Oskar Lafontaine, former president of the Land of Sarre, president of the SPD from 1990 to 1995, briefly Finance Minister under Schröder then resigning from the SPD in 2005, and Gregor Gysi, president of the PDS at its foundation in 1990 (Party of Democratic Socialism, successor of the party-state SED in the GDR), the president of the Bundestag group. The later violently challenged the representatives from the West: "I cannot accept all this arrogance with respect to Easterners. That reminds me of the arrogance of the West towards the East during reunification. Why cannot you recognise that we are a major political force in the East and only a small party in the West?" (see "L'Humanité", June 1, 2012). Klaus Ernst, outgoing co-president, spoke of "signs of disintegration" while numerous commentators evoked the risk of a split.

While Katja Kipping, from Dresden (from the "emancipator" current, a satellite of the "pragmatics") was elected, the opposition to Barsch finally presented an unexpected candidacy which won by 297 votes to 251, that of Bernd Riexinger, aged 56, unknown to the general public but a respected figure of the trade union left, head of Ver.di in Stuttgart and of the party in Bade-Wurtemberg, also involved in the Stuttgart 21 movement (which is opposed to the mega station).

A crisis of orientation

The "pragmatics" were not, finally, able to profit from the situation as much as they would have liked. The orientation of the party remains open. But we should not underestimate the fact that by virtue of the rules in force, the Eastern members are for now still under-represented. The real weight of the various "partisans of adaptation" like the Forum of Democratic Socialism (FDS), the municipal elected representatives, the mayors, the "Fraktionen" (a group of elected representatives which benefits from significant rights) in the communes, the "Kreise" (departments), the regions, their paid colleagues (at all levels), the apparatus of full-timers, have all taken on still more weight since the electoral defeat in NRW. This turn has moreover been followed by a loss of the radical left's majority at the regional federation congress at the end of June. In the resolution adopted, the passages which traced a clear line of divide with the institutional parties and the references to anti-capitalism have been suppressed, as has the explicit critique of the trade union leaderships; it is also stated that the SPD and Greens could be coalition partners. But meanwhile, both at the federal level and in most Länder, there is no space for a governmental alliance with the SPD, which has no need of burdening itself with a partner still presented as "extremist", inasmuch as it is not forced to do so by the electoral arithmetic.

A new departure?

Without any significant movement of protest from below, without experiences of self -organisation which escape the control of the apparatuses, without class struggles of greater intensity, there will be no meaningful change in the relationship of forces. Even if it had the will, Die Linke does not have the ability to take the initiative of such movements (and unhappily the political currents to its left still less). The left currents of the party, especially Antikapitalistische Linke (AKL), try to persuade the party to make this objective its priority. They point to the new programme, which explicitly talks of Die Linke wishing to go beyond capitalism. The question of the concrete link between the strategic perspectives and the everyday struggles of résistance (for example for the "right to the city" against exorbitant rents and the lack of housing, against budget restrictions and their consequences on public services and so on) is still key. We will see it again in the debates around the preparation for the Bundestag elections of 2013.

The need is to transform a party whose rank and file structures are too often active only during electoral campaign into an organisation whose members are implanted in their places of work, study and habitation, and which proves its utility independently of electoral preoccupations. From this viewpoint, it should be recognised that there are also things to learn from the Eastern structures in terms of traditions and implantation. Die Linke must show in this electoral year that it can be a useful party which helps to organise résistance.

German revolutionaries have made very different choices of construction: most are in Die Linke, generally without illusions. A minority of small groups have opted for the thankless road of slow implantation in the workplaces and social movements, at the risk of making a priority of self-preservation.

The shared conviction that the road of transcending the current situation could prove rich in surprises necessitates favouring all opportunities for dialogue, confrontation, reflection and common actions. The objective, whatever the conjunctural choices, is the formation of an anti-capitalist pole which is significant and visible, present inside and outside Die Linke.

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Regaining our Momentum in the Fight against Climate Change

4 August 2012

Disastrous Climate Deals

The agreements that came out of Cancún (2010) and Durban (2011) have not only moved so far away from getting developed countries to pay for their historical responsibility, they have also moved in the opposite direction of the original goal of addressing climate change and preventing the world descending into climate chaos. Instead, these deals have agreed to such little cuts of greenhouse gas emissions (GHG) until 2020, that calculations have shown, this will lead to an increase in the global temperature from 4 to 8 degrees centigrade. Couple this with the disastrous results of Rio+20 that pushes for the "green economy" or a new way of privatizing nature and rebranding capitalism, then, you really have a future too bleak to imagine.

The impacts of climate change are real and are happening now. Glaciers are melting at an alarming rate; small islands are slowly being reclaimed by oceans; natural disasters are becoming more frequent and more destructive; and the extremities of weather patterns, floods, and droughts are increasingly more difficult to predict and prepare for. There are now climate migrants and refugees, moving to flee from the devastation. There are deaths. Both humans and animals are dying in the hundreds and thousands. There are now 350,000 humans dead because of climate change. There is no shortage of examples around the world, to illustrate the gravity of the situation. In Southeast Asia alone, more than 1 million hectares of rice land, from Cambodia, Laos, Vietnam, and the Philippines, were inundated with floods and typhoons, wiping out more than 100,000 metric tons of rice crops.

A Worsening Global Crisis

This is also happening in the context of a global crisis, the worst since the Global Depression in the 1930's. The multiple crises of food, jobs, livelihood, climate, biodiversity, energy, and finance, coupled with the staggering numbers of worsening poverty, inequality, hunger and environmental destruction all stand testament to the destruction that capitalism and the neoliberal policies have wrought. The waves of financial crises that have hit the US and Europe, will soon hit Asia. Globalization has made it possible to spread the ills of neoliberalism faster. But the people are paying dearly for this failed neoliberal project – the numbers are staggering – of people unemployed, living in poverty, living in hunger, landless, and with no access to healthcare and other social services.

Our Moment, Our Future

The climate talks are coming to Bangkok this August 2012 and we can use this moment to reimagine our struggles and connect them in order to not only fight against the system but to begin to change the system. Because our struggles against climate change, land grabbing, financial speculation, free trade and investment agreements, austerity measures, and, job and wage cuts, are all connected and if we fight together, the potential of our collective strength is staggering.

Bangkok is also an important venue to express our solidarity with the Thai social movements and activists who are being criminalized and punished for their fight against climate change.

We call on all social movements, people's organizations, civil society and activists to come to Bangkok to join us in actions, activities and most importantly for a discussion on August 31, 2012, Friday: An open meeting of social movements to discuss the building of solidarity between struggles around the world. How can we link and better articulate our struggles in order to confront and to discussed this proposed agenda:

1) Analyze what is happening with social struggles in the world (Spain, Greece, USA, Canada, Latin America etc.) and how we can express our solidarity and articulate our struggle.

2) What is happening in relation to climate change and the negotiations at the UN level and how social movements in Asia and around the world should address this issue.

3) Agree on a road map to build the articulation of social movements around the world (visits, solidarity statements, global action during or before Qatar COP-18, communication strategy, etc.)

4) Express our support and solidarity to farmers and activist that are being criminalized because of their struggle against climate change, in particular the case of Thailand.

We hope that this will be a step forward in our struggle to reclaim our future.

There will be other activities, press conferences, actions and mobilizations around these days organized by the Thai Working Group for Climate Justice, Jubilee South-APMDDD, La Via Campesina, Focus on the Global South and others.

For those who are interested in attending this meeting, please contact Indra Lubis and Mary Lou Malig of La Via Campesina at ilubis@viacampesina.org or at

marylouisemalig@gmail.com

SIGNED: (as of August 1, 2012)

Alliance of Genuine Labor Organizations (AGLO), Philippines

Alliance of Progressive Labor, Philippines

All Nepal's Peasants' Federation

Aniban ng Manggagawa sa Agrikultura (AMA), Philippines

Asia Pacific Network on Food Sovereignty

ATTAC Japan

Bangladesh Krishok Federation

Bhartiya Kisan Union, BKU, India

Bukluran ng Manggagawang Pilipino, Philippines

Focus on the Global South

Freedom from Debt Coalition, Philippines

Jubilee South-Asia Pacific Movement on Debt and Development

Indonesian Political Economy Association (AEPI)

Kilusang Mangingisda (Fisherfolk Movement-Philippines)

Koalisi Anti-Utang, Indonesia

Karnataka Rajya Raitha Sangha, India

La Via Campesina

Migrant Forum in Asia

MONLAR, Sri Lanka

NOUMINREN, Japan

Partido ng Manggagawa, Philippines

Serikat Petani Indonesia (SPI)

Sintesa Foundation, Indonesia

South Indian Coordination Committee of Farmers Movements (SICCFM)

Thai Working Group for Climate Justice, Thailand

PRT statement on electoral fraud

3 August 2012

The long pre-electoral and electoral campaign of AMLO allowed the organization of a civic movement that has a national dimension (MORENA), which was joined by many citizens and social organizations; at the same time, AMLO built a multi-class political bloc that allowed him to win over sectors of the bourgeoisie and petty bourgeoisie. The important thing is that the election campaign of López Obrador was echoed in broad popular sectors that saw the need for a change of regime that abandoned the neo-liberal policies in the "real change" proposal. A questioning of the political regime with an even greater social force came up with the "Mexican spring" because the blatant attempt to impose Peña Nieto by Televisa fired the emergence of a new student movement, #Yosoy132, which demonstrated massively and nationally against Peña Nieto. The blatant electoral fraud and the buying of votes by the PRI, rather than demoralizing and demobilizing, has reinforced the popular indignation against the regime, which manifests itself with spontaneous national marches repudiating Peña Nieto, the PRI and the regime.

It is time for real change and political struggle

With this huge social, popular, multi-class force, we have the possibility of confronting politically the neo-liberal oligarchic regime in crisis, and making "real change" effective, imposing, through the broader unity and struggle of the masses, a regime which expands democracy and abandons neo-liberalism. Protests or symbolic acts of rejection of the fraud are not enough. Nor is the "realistic" argument that accepts Peña Nieto as already imposed and states that it is now necessary to prepare for the fight against the structural reforms of this Government. This "realism" implies that this time of struggle is over and practically already recognizes him as President elect. The leftist argument that it was obvious that Peña Nieto would be imposed (although some of its adherents claimed also before the election that there was an inter-bourgeois agreement assigning the Presidency to AMLO) has the same conclusion as the position of the conciliators, especially members of the PRD and elected officials such as Graco Ramírez, who think that in order not to "waste" the large number of votes in the presidential elections it is better to accept being the second biggest electoral force and negotiate better conditions with a weak government under Peña Nieto. The conclusion is the same: recognize Peña as President. It is naive to believe you can negotiate with the oligarchic group representing Peña. Negotiation means recognition and that is what he needs at this time. The legitimacy that he does not have. In any case, if this struggle cannot prevent his installation in the government, he will take power in conditions – we agree - of greater weakness. But to start by recognising him will give him a position of strength which means he will not make any concessions on its projects of "structural reform" anyway. On the contrary this is the time to fight politically against the regime and make history.

With a correlation of forces so favourable for the democratization of the country and an escape from neoliberal policies, we have the opportunity to stop the imposition of Peña Nieto, throw the political regime into crisis and impose a historic change. The position of AMLO,

demanding the invalidation of the elections, denying the legality of the votes bought by the PRI and denouncing electoral inequity, opens a horizon of political struggle, of struggle for power.

The National Convention in Atenco and other political forms that are organized against the fraud, and especially # yosoy132, assume as a central demand, as the main political axis, the rejection of the imposition of Peña Nieto, the rejection of the PRI (openly supported by the PAN) resuming executive power. Everything should be focused on the achievement of that objective.

Accepting the imposition of Peña Nieto or seeing it as fate is to forget that the election campaign has become a post-election battle and tends to become a mass political struggle against the regime, against the government, against a new government of Peña Nieto. It is no longer an election campaign.

Let us remember that in these dark years of neo-liberalism Mexican, workers and popular forces have waged exemplary battles, local and sectoral, but without being able to stop the counter-reforms, the social setbacks. It is enough to remember what happened in the six years spent with the counter-reform of the ISSSTE, the blow to the SME or the setbacks with regard to the reproductive rights of women. Which is why we say that, now, with broad unity, the conjunction of all the political forces and social movements, we have the opportunity to wage a decisive political battle against the neoliberal regime.

A strategic vision

However, we have little time to take advantage of such an opportunity. For this political struggle we require not so much a political cookbook but a strategic vision of the political change we seek, which includes stages and tactics.

Without a doubt, we are in the stage of the legal battle against fraud. The questioning of the fraud not only undermines the eventual imposition of Peña Nieto, but also feeds popular outrage and pressure against the institutions. At this stage the central slogan is the invalidity or nullity of the elections. It is not that we have illusions in a so-called democratic commitment and legality on the part of the electoral authorities and the relevant courts, a legality which is determined by the oligarchic regime, but rather we trust in the political struggle, in the eruption of the masses in the public sphere, and its effects. Today the fight for the annulment of the presidential election is not merely about legal arguments, but a political struggle, a relationship of forces, concerning the legitimacy of this struggle. At this stage it is important to expand the unity of social forces favouring democratization, maintain coordination and leadership of the struggle (through the National Convention and MORENA), inform the people and workers of the fraud and the meaning of the structural reforms that the PRI and Peña Nieto seek to impose, maintain permanent mobilization and prepare national civic work stoppages or a nationwide political strike, taking care that the movement is not led into provocations that lead to repression. It is true that unity, the practical coordination of a united front covering all the movements and forms of struggle from MORENA to the Convention and the student movement # yosoy132, is very difficult, due to the different characteristics of each one of them. But the struggle at this time for the annulment of the presidential election is the political axis that underlies unity against the regime of the oligarchy. While AMLO and MORENA continue to strip bare and reveal the various forms of fraud that have occurred, delegitimizing the supposed triumph of Peña Nieto, # yosoy132 becomes a sort of transitional vanguard which maintains and extends the mass mobilisation and action on the street in what is practically a national movement by the amount of cities already covered, including the major cities of the country such as Mexico City, Guadalajara, Monterrey, Puebla, Tijuana, and more than two dozen more, including all the state capitals.

The fight is and will be political, mass and peaceful, avoiding dispersion and provocations as well as desperate acts that can only damage the movement. We should not gamble on a forceful political act but the confluence of forces and relentless mass mobilization, and the growing de-legitimisation of the supposed triumph of Peña Nieto. While from July 1 protests against fraud and the attempted imposition of penalty have taken place practically on a daily basis, the PRI has not been able to organize a single mass action to celebrate its “triumph”.

Another political battle will take place if the Electoral Tribunal validates the fraud and the imposition of Peña Nieto. At that stage, we should consolidate the National Convention (with a view to perhaps constituting a true popular power, with representativeness and authority) and the slogan should be to demand the fall of the government of Peña Nieto. Demonstrations should be increased, with international coverage, and the realization of civic work stoppages or political strikes.

Whatever happens, the fight is now. With it we will guarantee that the imposition of Peña Nieto and the continuity of neo-liberal policies experience a political resistance, unified, with a horizon of struggle for power.

Another left is required

Obviously all this struggle occurs in the midst of a major crisis of the electoral political system (fraud and vote buying in particular show the absence of a democratic electoral system of choice and the futility of this system in freely electing a government) as well as the crisis and re-composition of all formations and political parties. It is natural. It is a moment of rupture. Change. Understanding this implies rejecting the simplistic conclusion that we have to abandon politics or parties. The oligarchic group in power would like us to stay there. Its domain, on the other hand, is called into question when the masses burst into politics, as they have been doing with the “Mexican spring” and the student movement of # yosoy132. In addition

to the bourgeois parties, the crisis also takes in the institutional left. In the midst of the struggle r the conclusion that another way of doing politics is necessary is also called for. As shown by the mobilization around yosoy132.

But also there is the need for another type of party, another left, which is urgent and necessary. It is this left that we of the PRT (Partido Revolucionario de los Trabajadores) try to build. A left that has principles and definitions and is not dominated by pragmatism, electoral opportunism and short term vision. A left with principles but which is at the same time unitary, non-sectarian, which is part of building the broad movement and does not presume to give "lessons" dogmatically. A committed and militant left. A left that does not hide its profile as democratic and democratizing, socialist, feminist, environmentalist, revolutionary and internationalist, committed to the struggles of the workers and oppressed sectors, with an anti-imperialist but also a socialist and revolutionary horizon.

In this perspective and because of this the PRT does not assume that it is the only revolutionary force - we strive for broad unity of the movement but also for the construction of a party-based alternative of the broad left and masses. That's why we have supported and responded positively to the call made by the leadership of the Mexican electricians union (SME) to build a Political Organization of the People and the Workers (OPT). This presents the possibility of building a broad workers party and its organizations in the fusion between the socialist and revolutionary left and the vanguard of the working class movement.

In the midst of the crisis, of the struggle for the annulment of the presidential election and regime change, there will be forged also the alternative political party of the working people and the left.

ALL AGAINST THE IMPOSITION OF PEÑA NIETO AND AGAINST NEOLIBERALISM!

PARTIDO REVOLUCIONARIO DE LOS TRABAJADORES