

International VIEWPOINT

International Viewpoint—magazine of the Fourth International

IV447 April 2012

CHINA

New signs of hope: Resistance in China today

DEBT

An audit for Italy too

DOSSIER

Tunisia Sri Lanka

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International Viewpoint, the monthly English-language magazine of the Fourth International, is a window to radical alternatives world-wide, carrying reports, analysis and debates from all corners of the globe. Correspondents in over 50 countries report on popular struggles, and the debates that are shaping the left of tomorrow.

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CHINA

New signs of hope: Resistance in China today

BAI RUIXUE ·

The fact that the overwhelming majority of protests are spontaneous or limited to one locality or to a single issue, and furthermore due to fact that information and reports concerning struggles are frequently censored, makes it very difficult to view or comment conclusively regarding an in depth overall picture of resistance in China. However, there have been some struggles that have emerged more recently that have stood out for their significant new features, and which are worth commenting on as they seem to mark unprecedented steps forward or a change from the past. For twenty years, since the crack down on the democratic movement in 1989, deep demoralization has persisted among workers in the declining state sector, whilst among the booming private sector the low expectation of rural migrant workers has meant that they have been unaware of many of their rights. Thus workers' economic struggles in both sectors have been highly atomised and spontaneous. The recent cases show that things may begin to change, as they reflect higher awareness regarding the coordinating of struggles and even an aspiration for grass-root democracy. Although the party-state apparently remains very strong, there are signs at the provincial level that the party has to come to terms with this growing aspiration of the grassroots, hence these struggles subsequently offer us some new signs of hope. We would like to attempt here to provide an assessment of some of the more significant struggles of the last

three years, to try to illustrate why they are significant in the context of China and why such forms of resistance could potentially be of importance for the future of wider resistance in China.

Labour Struggles

The Tonghua anti-privatisation struggle. [1]

The Tonghua anti-privatisation struggle of July 2009 is the first of such struggles that we would like to look at. The struggle by steel workers at the Tonghua Steel Mill in Jilin province, which led to the death of a factory boss, resulted in a victory for the workers and led to the plans to buy out and privatize the steel mill being dropped. The protest had begun when workers found out about plans for Jianlong steel to take over and control the company. The workers already had cause to resent this. Jianlong had already bought a 36% share in Tonghua in September 2005 and this had resulted in a wave of layoffs. In addition Jianlong had also previously temporarily controlled the company in 2008 and had fared badly financially when steel prices had fallen. Afraid of further job losses, in a city where the steel mill was the only major employer, when they found out about the planned takeover the workers decided to take action to protest against it. On the 24th July, therefore, a worker who had previously been laid off hung a banner outside the Tonghua main office building saying, "Jianlong, Get out of Tonghua" and workers started to blockade a railway in order to stop supplies from reaching the mill so as to cause the company to suspend production. Approximately 30,000 present and former workers and their families were involved in the protest.

The action ended after 10pm that night following factory boss Chen Guojin being beaten to death during the protest. Jianlong withdrew their offer to buy out the mill just hours after Chen was killed. Much of the workers' anger had been specifically directed at Chen, who had first come to Tonghua in 2006 not long after Jianlong had first purchased a stake in the company. He was resented not only due to the fact that he was seen as the representative of Jianlong and in addition was known for his tough disciplinarian management style, but also because of workers' recognition of the increased inequality and injustice in the pay differential between management and themselves that had occurred since Chen arrived. One report claimed, for instance, that while Chen was paid 3 million Yuan in 2008, some of the company retirees were receiving as little as 200 Yuan per month [2].

The struggle successfully stopped Jianlong's privatization in Tonghua. The following year China's Shougang Steel Group, a giant SOE, acquired a majority share in the company. Although this was a victory, it remains to be seen how long the workers can keep their jobs, since after restructuring SOEs are run as any other commercial entities with pressures to cut the cost of labour.

The Tonghua struggle is significant for a number of reasons. Firstly, it not only illustrates yet another case of resistance where Chinese workers are not prepared to passively sit back in the face of privatisation, the fact that in this struggle a manager was killed only goes to reflect the growing depth of the anger and desperation of workers whose livelihoods and means of survival are at stake, while management reap in the rewards and grant themselves even higher salaries. During the enterprise reforms since late 1980s, it was not uncommon to read in the news that individual workers killed the managers for sacking them or for cutting their wages, but this was never a collective action. Where there were collective actions – mostly demonstrations, camping in front of factories etc – they were moderate and very self disciplined due to fear of retaliation. The Tonghua incident is the first case

where a manager was killed by a large group of workers and was supported by most other fellow workers. The workers' violence was also widely supported by netizens. Such a massive outbreak of anger by workers frightened the local government and forced the latter to make significant concessions to the workers. Whether it represents an individual case or is a sign that the demoralizing effect of the 1989 defeat on workers is now receding, still remains to be seen. But future SOE workers' struggles may refer to this example and continue draw inspiration from it.

Secondly, at more or less the same time as the Tonghua struggle, workers at the Linzhou Steel Company in Puyang city was also fighting against privatization and the victory at Tonghua greatly encouraged their struggle. At the height of the incident the workers locked up an official from the municipal government for 90 hours. They also ended their fight with a victory.

Thirdly, the Chinese steel industry, which is the world's largest, is an example of one of the industries in which many workers have lost their jobs as they have become victims of the large scale layoffs resulting from the central government policy of pushing the industries into privatization and/or a series of mergers aimed at making them globally competitive. In the ferrous metal industry, in the period 1996-2001, the workforce declined from 3.37 million to 2.04 million, a 40 percent fall in the workforce. [3] Although now just one fifth of the national working class, the Tonghua struggle proves that SOEs and collective enterprises workers can still be a formidable force. In addition to this is the fact that although the weight of both SOEs and their workforce has declined, the most important industries are still SOEs, even post restructuring, and this gives more power to these workers than numbers alone might suggest.

Finally, in the Tonghua case and the Linzhou case all the supposedly pro-labour institutions within the plants – the trade union, the staff and workers representative congress etc – proved ineffective at representing workers' interest. This was why work-

ers at both plants took actions independently of the official trade union, despite many of the workers being members. One Tonghua employee speaking to China Daily commented that, "I can't remember the last time we had a conference with our union representative. The union certainly didn't do any good the day Chen was killed." [4]

The Honda Workers' Strike

In May 2010, what has been probably the most high profile incidents of strike action in China's recent history began when Honda workers in Foshan, Guangdong province, took action calling for higher wages and, perhaps even more significantly, the reorganization of their workplace trade union, triggering off a wave of strike action by workers in foreign-owned car plants that summer. Unlike in the case of the Tonghua struggle, these workers did not take action in the face of an imminent attack on them caused by potential job losses due to privatization, but already working at a privately owned enterprise, took action in order to actively improve on their current situation.

The strike action, which first began on the 17th May with around 100 workers going on strike, was followed by two further strikes on 21st May. This led to retaliation by Honda management who dismissed two of the workers' leaders. The workers did not give in, however, and the following day the strike spread as the whole factory went on strike bringing its production to a complete halt. The strike lasted for more than two weeks and only ended after regular workers at the plant had been offered a 35% pay increase and those working as interns at the factory had received a raise of more than 70%. Previously the Honda workers had been receiving wages which were well below the industry standards. Honda had also been particularly quick to exploit those on internship programmes, as they were not protected by Chinese Labour Law and so paid wages that were far below the minimum wage.

Despite the different circumstances in the action taken, as in the case of the Tonghua struggle, the ACFTU at the Honda plant was failing to protect

the interests of the workers. Indeed, in the course of the strike the local level trade union showed that its interests did not really lie with the workers at all. On May 31st some of the striking workers reported that they had been physically attacked by men wearing union badges. Even after it issued a vague apology letter it was still clear that the union was more keen to encourage them to go back to work as quickly as possible, than to ensure a positive outcome for the workers. At an enterprise based level, however, the Honda workers recognized that their union was failing them and thus had made the reorganization of the workplace based union a key demand of the strike. In an open letter by worker representatives they condemned the branch trade union saying, "We are outraged by the trade union's appropriation of the fruits of the workers' struggles. We insist that the branch trade union of the factory shall be elected by the production line workers." [5] In the end, the workers were not able to realize this demand in their settlement with the management. Although the local trade union was soon to announce an election of the workplace union at the company in late August 2010, it turned out that this was only a by-election, where only part of the workplace union leadership was open to election and the original chairperson, who was very much resented by the striking workers, kept his seat. According to a study by Globalization Monitor in April 2012, the election in August 2010 and again in November 2011, hosted by the local trade union, was deliberately arranged in a highly complicated way – the election of union representatives alone went through four stages – such that members of the management were elected as members of the leadership, while the activists who led the strike in 2010 were pushed out altogether. Nevertheless, one positive development reported to have taken place is that the workplace union was able to negotiate a further wage increase in March 2011 as a result of collective bargaining with the management. [6]

The fact that many of the workers were so young – more than 50% of those who took part in the first

strike in Foshan were high school students on internship programmes – is in itself significant. This is because it means that the strike represents the actions of a new generation of Chinese workers, who have no memory of their own of the defeat of the 1989 democracy movement – in fact most of them probably do not know of the event at all because of censorship – and who are prepared to fight to improve conditions at their own workplace. Whereas SOEs workers generally were not prepared to call for the re-election of workplace unions due to fear of being accused of "trying to get rid of the leadership of the party", these young workers in the private sector, mostly rural household holders or those coming from small cities, dared to break the taboo and call for the re-election of the workplace union.

Secondly, the Honda workers showed that they have a much broader vision than their parents. At the height of their struggle they made it clear that they saw their actions as being in the interests of the whole Chinese working class. In the words of the striking workers, "Our struggle to defend our rights is not just about fighting for ourselves, the 1800 workers of Honda. We are concerned about the rights of all the workers in the whole country. We want to set a good example of workers struggling for their rights." [7] We are not sure that how many workers may share this kind of vision, but one thing is certain, they are quite unlike their parents, who may say "ershi ding chushan, sishi ding shoushan" (when we are at twenty we all go to cities to work, and when we turn forty we all go back to our home village). Instead this young generation of rural migrant workers in general have a strong desire to establish roots in the cities, and are more likely to view themselves as part of the urban working people rather than as nongmingong. In fact, they rarely till the land at all and have little intention to live as peasants. Those who receive secondary education or vocational training are more likely to have a broader vision than their parents too. Even if the Honda case remains an individual case, like the Tonghua case it will nevertheless be

referred to as an important signpost for the development of resistance among young rural migrant workers. What they can accomplish is still largely unknown but these young workers may surprise us in many ways in the near future.

The Pepsi workers' struggle

Another significant recent example of protest action by workers was the protest by thousands of workers from Pepsi bottling plants, on the 14th November 2011, against an agreement between PepsiCo. Inc and Taiwanese Tingyi Holding Corporation (also known as "Master Kong"). As a result of the agreement, which involves PepsiCo giving up its bottling operations in China and transferring its equity interests to Tingyi-Asahi Beverages Holding Co. (TAB), a joint-venture between Tingyi and Japanese company Asahi Group Holdings Ltd, in exchange for a stake in this joint-venture company, workers were to have their existing contracts with PepsiCo terminated and would be forced to renegotiate them with TAB. On hearing the news, the workers, who claimed that they had previously known nothing about the deal between the companies, took the day off work [8] and protested to demand either that the takeover be halted or that if their contracts were to be terminated then they had a right to compensation from PepsiCo for its violation of the original contract.

The protest by the workers is significant because, unlike most workers' protests in China, the workers took the unprecedented step of coordinating their action. Protests took place at bottling plants in more than five different cities at the same time, including Chongqing, Chengdu, Fuzhou, Changsha and Nanchang. Moreover following the protest action, an online campaign was organised to try and involve workers at all of PepsiCo's bottling plants across China.

Subsequently on November 30th, Pepsi did actually announce some compensation packages for the workers, who were given the option of either staying on and working for one more year and then receiving a higher level of compensation pay, imme-

diate compensation of a smaller amount, or to keep their current labour contracts without making any changes. Nevertheless posts on workers blogs, which were quickly deleted soon after they appeared, have indicated that at least among some works there was still dissatisfaction with the situation. On December 1st for instance, a Lanzhou Pepsi workers' microblog stated that the workers did not agree with the terms offered by their employers and that workers were still demanding that their employers respond to the demands of their working party. If the management did not respond in time the workers threatened to do whatever they could within the law to express their grievances.

The alliance between PepsiCo and Tingyi was finally approved by the Chinese Ministry of Commerce at the end of March 2012. While there are reports that the works remain unsatisfied with the proposed compensation package, it remains to be seen whether any further action will be taken.

The Wukan Protests

Probably the most remarkable case of resistance of the last year was the 2011 struggle by villagers in Wukan, a fishing village with a population of approximately 13,000, in Guangdong province. This struggle saw the ruling Communist Party temporarily completely losing control of the village to the villagers, and then even when this came to an end it was with a partial victory for the villagers, who were able to set about preparing to organise new independent elections to their village committee for the first time.

The Wukan incident began due to action taken by villagers' due to their opposition to illegal land seizures by corrupt government officials. "Land grabbing" is a common problem in China, and indeed it has been officially acknowledged that more than 43 percent of Chinese farmers have been victims of this and that local governments have made huge profits as a result. [9] Nevertheless, protests in opposition to such corruption have also been extremely frequent, something which has become of growing concern to China's leadership who are

keen to maintain social stability, leading them to state at least in rhetoric that there is a need to protect peasants' rights. In Wukan, according to villagers, the problem of their land first being taken from them and sold off to property developers was something that had actually been going on since the mid 1990s. It was not until a few years ago, however, that a group of the villagers had first begun submitting legal complaints about corrupt officials misappropriating village land. It was then, in September 2011 that the villagers finally decided that they had had enough and came out onto the streets leading to mass protests, the storming of local government offices and the driving out of the party secretary.

In this instance, riot police were soon sent in to attack the villagers, however, and villagers were driven back. Although shortly afterwards, the local government asked the villagers to choose 13 representatives to represent them in mediation, as soon as the villagers' anger had died down, the government tried to get the village back under their control and in early December the representatives were arrested from a restaurant in Wukan, interrogated and then thrown into jail. Two days later, when riot police were again sent into the village, they were met by more mass protests from the villagers and despite attempts to regain control, by using tear gas and water cannons, police were pushed out of the village, retreating to a road block a few miles away, from where they tried to prevent food and water from entering the village as the protests continued. When it was heard that, Xue Jinbo, one of the thirteen village representatives had subsequently died in custody, anger at the news of this death only fuelled the determination to protest.

The Wukan protests were significant for a number of reasons. In the end, despite the initial brutality and the horrendous death of Xue Jinbo, the protests were not fiercely suppressed, as they have been known to be in the past, but rather they resulted in the release of those detained, the promise that the villagers' complaints would be addressed, and what is more, for the first time in decades, the

official recognition of a provisional committee, founded by the villagers, by the municipal and provincial governments [10], hence allowing the villagers a vehicle to make preparations for elections for a new village committee to be held in which the villagers could themselves actively participate. This shows that struggle from below has the potential to change the party's practical ban on any form of autonomous organisation.

In February 2012 this then led to genuine elections being held in Wukan for the first time, to create an 11 member elections committee which would organise the election of a new village committee the following month. The old officials who had overseen the illegal selling off of the land had already been driven out. Much was done to ensure that these elections were open and democratic. Prior to these elections a census of the village population was conducted with the aim of aiding transparency and, according to a Xinhua report, more than 70% of those eligible took part in the ballot. Furthermore, all candidates were required to make a public statement announcing that they would not run in the forthcoming election to the village committee and were required to collect 50 signatures from their fellow villagers to support their running in the election so as to make sure that they at least had minimum support. According to the report many of the villagers, who were participating in an election for the first time, were very enthusiastic about it. [11] Following the February election of the election committee, in March the election to the new village committee was then held. One of the representatives hoped that this election might inspire the nation and that all levels of the government, from the villages to the central government will be democratically elected in the future. [12]

That the villagers won the right to these elections no doubt represents a remarkable and previously unprecedented step forward for the villagers in Wukan. Recent online comparisons have been made of the Wukan elections and the election for the Hong Kong Chief Executive have shown how Wukan is now more democratic than Hong Kong,

both a reflection on the achievement of the villagers in Wukan as well as the lack of democracy in Hong Kong. What this new democracy will actually mean for the villagers of Wukan, however, is yet to be seen. Indeed, the problem of the illegal land seizures initially raised by the villagers, and which was the cause of the protests, has not yet been resolved and it is uncertain as to whether it really adequately will be.

It is also worth commenting on how despite the protestors denouncing the corruption of officials, the protest was not a protest against the Communist Party. There were in fact many banners and statements throughout the incident which actually expressed support for the Party, something commonly expressed at all varieties of different protests in China, and often reflecting the mentality that it is corrupt local officials rather than the central government who are to blame. Indeed among the protest leaders were Communist Party members, one of whom, Lin Zuluan has since been promoted to the position of party secretary of Wukan. The villagers' trust in him is reflected in how he was then later also elected by villagers to head the village committee in the March election, meaning that he now holds both the position of party secretary and head of the village committee.

The Wukan protests are also significant because they have the potential to act as inspiration to other struggles in China. One question which has frequently surfaced in the discussion over the implications of the Wukan incident is of how far the event or the subsequently much more democratic model that has emerged as a result of the protests has the potential to be replicated elsewhere in China. However, talk of a "Wukan model" is overly optimistic if not misleading. The events at Wukan can be seen in terms of a victory being brought about by determined grassroots resistance on such a scale, but also specific conditions, namely that one of the leaders of the struggle was a popular and skilful Communist party member, and that it had the support of a fully developed network of young villagers who made all efforts, through electronic devices

and the internet, in breaking news censorship. An additional factor is probably the fact that the Guangdong provincial government has, in recent years, been seen as being a bit more tolerant towards economic protests, as it realizes that these are not necessarily threatening to the party state. If such reforms were to be introduced elsewhere from above, however, they would most likely only be on a limited scale and could be easily reversible at any time, for instance if candidates who lack party approval or are seen as a threat are elected. It would only be through more widespread struggle that saw beyond the immediate single issue that a more genuinely democratic and accountable model could emerge in China.

Environmental Protests

Environmental issues are also a major cause of protests in China. Despite government claims about aims to reduce environment pollution and to create a cleaner environment, such claims often have little meaning or are put aside where they conflict with the desire to attract investment. Nevertheless, due to feared social instability environmental protests have been known to have at least some successes.

Dalian

One recent example of a widely reported environmental protest comes from the Dalian struggle of August 2011, in which protests in the city of Dalian in Liaoning province, Northeast China, led to authorities ordering a petrochemical plant to be immediately shut down and pledges to relocate it elsewhere. The protest began after Dalian residents became concerned about the potential spill of toxic chemical paraxylene (PX) from the Fujia chemical plant following a heavy storm which had caused high waves to burst through the dyke protecting the plant. Despite the authorities insisting that there had been no spills, thousands of residents nonetheless took to the streets in anger about the spill and the safety risks that they were being exposed to by the plant. Many claimed that toxins had in fact leaked from the plant and used slogans demanding

"PX out of Dalian" and "Refuse PX". It was furthermore reported that Chinese reporters who had tried to investigate at the plant had been beaten by security guards. [13]

As in many cases authorities were keen to limit the scale of social unrest and early into the protests the mayor of Dalian, Li Wancai, tried to appease protesters by offering to relocate the plant, however many of the protesters demanded that a clear timetable had to be established first before they would end the protests. Indeed one of the key issues, which this protest highlighted, was the clear mistrust of the authorities by the residents. In the words of one demonstrator, "'Even if there was contamination, the government would restrict the news.'" [14]

This was not the first protest to lead to the scrapping of a project involving the chemical PX. Following protests in Xiamen in 2007, for instance, the authorities there were also pushed into halting a similar project and moving it out of the city's jurisdiction.

Despite the Dalian protest ending with what seemed like a victory for the protesters with the plant being shut down and the promise that the authorities would relocate it to Xizhong island, reports have since suggested that the Dalian factory may have been reopened, although much of the news reporting on the plant's resumption on mainland websites has since been removed. [15] If the plant has indeed reopened then it reflects just how little the word of the authorities' means and how easy it is for them to backtrack on their promises at any time.

Haimen

In December 2011 thousands of villagers protested for four days in Haimen, a town in Guangdong province not so far away from Wukan, by blocking a road and surrounding government offices, to express their opposition towards the planned expansion of a coal-fired power station owned by state-run Huaneng Power. The residents were prompted to protest due to concerns about the high level of

pollution, which they said was already leading to health problems including a rise in the number of cancer cases, from the existing power station.

In this case riot police who fired tear gas at the crowd were sent in to try to break up the protest, which resulted in injuries and also reports of two deaths. The incident also resulted in a few of the protesters being detained, allegedly for vandalism. Due to fear that the protests might grow, and probably with Wukan in mind, many efforts were made to deter protesters. Students, for instance, were reported as having been prevented from leaving school until late in the day out of fear that they might join in with the protest. [16] Meanwhile, local televisions broadcast clips showing legal experts warning that those who joined the protests could face up to five years in prison. [17]

Reports have indeed suggested that many of the residents in Haimen had been following the situation in Wukan and were influenced by it. The fact that these two events were taking place at the same time would no doubt have only added to the pressure put on the provincial government and may also have contributed to the quick decision being made regarding the suspension of the power station project, once the immediate response of trying to deter protesters had failed. Authorities would certainly not want there to be any chance of events at Haimen spiralling out into another Wukan, potentially involving even larger numbers. The protest therefore resulted in the Shantou city government, under whose jurisdiction Haimen falls, announcing that the project was to be temporarily

suspended and with the detained protesters being released. No promises were made to put a stop to the plan altogether, however.

Conclusion

As the cases here have shown, resistance in China can bring about limited positive change. This is important not only in terms of the benefits of the immediate victory, such as to halt privatisation, to win better working conditions or to limit harm to the environment but more importantly as such victories can act to inspire the future action of others and help to impact on the potential for their positive outcome, as is illustrated by the influence that the struggles of the Tonghua steel workers, the Honda workers and the villagers of Wukan had on other similar struggles at the same time. The forms that resistance have taken also reflect how the current generation are becoming increasingly bolder. Although still on a smaller scale, the attempt by Pepsi workers to coordinate their action is of particular note in this respect. Even if such coordination was contemplated in the past, fear of the consequences would only have acted as a deterrent. The fact that the young Honda workers made the claim that they were acting interests of the whole Chinese working class again shows how there are signs that this new generation, free from the memory of the terrible defeat of 1989, has the potential ability to see beyond their immediate issue and to identify with wider concerns. Although at present these remain but small signs, they give us reason not to give up hope.

THAILAND

Free Somyot and all political prisoners in Thailand! End the Medieval Lèse-Majesty Law!

JOINT STATEMENT

We are concerned about Somyot's continuous imprisonment, his transfer to another prison and his bail request being denied numerous times.

Somyot is known for his tireless work in the workers' movement and to establish democratic trade unionism in Thailand. In 2007, he became Editor of the Voice of Taksin magazine (now called Red Power), a political publication opposed to the military coup. Somyot is the chair of the Union of Democratic Labour Alliance and the leader of 24th June democracy group, which was formed in the aftermath of the military coup in September 2006.

Somyot was arrested on 30 April 2011 by the Department of Special Investigation (DSI) by which he was accused for violation of section 112. Somyot's arrest came only five days after the launch of a petition for a parliamentary review to revoke Section 112 of the Criminal Code, which Somyot claims contradicts democratic and human rights principles. According to a document produced by the public-prosecutor, Somyot is also alleged to have allowed two articles that make negative references to the monarchy to be published in his magazine.

We are also concerned that Somyot's application for bail continues to be denied. The authorities have yet to provide any adequate justification for the prolonged detention of Somyot. We believe that such a measure is a severe violation of fundamental rights. We urge the government of Thailand to urgently address the matter of Somyot's right to bail.

Somyot is not the only victim being persecuted under the draconian lèse-majesté law. We are alarmed by the escalating misuse of the lèse-majesté law to

silence social activists and political dissidents in the years following the 2006 military coup. We believe the continuous abuses of the lèse-majesté laws are politically motivated and detrimental to rebuilding democracy in Thailand. These laws must be reviewed in accordance with international human rights standards.

We call upon the authorities in Thailand to:

- Immediately drop all charges against Somyot Prueksakasemsuk and release him unconditionally;
- Immediately drop all charges based on the lèse-majesté laws against political activists, journalists and any other individuals;
- Grant amnesty to all those who have been convicted and sentenced to jail under lèse-majesté charges;
- Repeal Article 112 (lèse-majesté prohibition) of Thai Criminal Code, in order to restore freedom of expression and opinion in Thailand.

Initiated by:

Parti Sosialis Malaysia (PSM)

Endorsed by:

Jaringan Rakyat Tertindas (JERIT), Malaysia
Suara Rakyat Malaysia (SUARAM), Malaysia
Malaysia Support Group for Democracy in Thailand, Malaysia
Community Action Network, Malaysia
Friends of Women, Malaysia
Labour Resource Centre, Malaysia

International groups:

Party of the Labouring Masses (PLM), the Philippines
People's Liberation Party, Indonesia
Reorganize Committee – Working People

Association (KPO-PRP), Indonesia	Radical Socialist, India
Confederation of Congress of Indonesian Unions	Communist Party of Bangladesh (M-L), Bangladesh
Alliance (KASBI), Indonesia	La Aurora – POR Tendency in Izquierda Unida,
People's Democratic Party (PRD), Indonesia	Spain
Socialist Alliance, Australia	Pioneer, Hong Kong
Labour Party Pakistan	

MINDANAO

Revolutionary Festivities on the RPM-M 10th Anniversary

HARRISON MARIANO ·

Messages from the party organs and allies were read by representatives with enthusiasm and revolutionary spirit.

The leadership thanked the party members and all of those comrades whom after all of the challenges the party went through and were able to survive remained and continued to be with the masses. The message also paid tribute to the comrades who offered their lives to the revolution, while recognizing the important role of the masses who also remained steadfast with the revolutionary project of the party.

On the other hand, simultaneous mobilizations were launched by militant comrades at the urban and rural centers in observance of the International Workers Day (May Day). Together with the masses and the workers movement in the open and the underground arena RPM-M is committed to the socialist revolutionary project in all aspects.

A Moment of Introspection

Comrade Amilie of the South Central Mindanao Region, a veteran, was in a contemplative mood as he gave a recollection when the party was established. He said that looking back the party today is a product of more than ten years of revolutionary commitment of comrades, the masses and the workers movement. He further stated that as the party opened its doors to a pluralist framework and its machinery engaged in different line of works, the party came across individuals with bankrupt and opportunistic tendencies inside the party and used the party for their vested interests. "However, the experience taught us lessons and allow us to grow in revolutionary spirit and strength as an organization," said Comrade Amilie.

Comrades from the regions also shared the challenges experienced as they struggled in the initial years in establishing the new party, the period of consolidation and strengthening its ranks. Despite the difficulties, the comrades kept moving forward and felt triumphant as the party reached its 10th year despite all the odds that it has hurdled. The party principles and objective reading of the current political situation of Philippine society and the world made them more encouraged to advance the masses' interests.

In the true spirit of Internationalism, the assembled group expressed solidarity to the current peoples' revolts in North Africa, Middle East and other parts of the world. These struggles have also inspired the cadres to push on with the struggle for justice and freedom for the oppressed peoples.

The Revolutionary Spirit Continues

It is the commitment to the peoples struggles and the socialist revolution which gathered the comrades and the masses to join hands and march together. The 10th party anniversary was attended mostly by the mass members, sympathizers, supporters, cadres, and militants. The astounding presence of the Revolutionary Peoples' Army combatants representing the different units and commands in Mindanao was very notable. The gathering is a concrete manifestation that the party remained grounded and with the masses. As one of the attendee activist leader shared, the revolution is nothing without the masses and in turn the masses are helpless without the revolutionary orientation. "A revolutionary mass organization will always be supported by the masses only if it is rooted with the masses," he expressed.

The gathering was not only speeches and reminiscing. This was also peppered with musical presentation and dances of cadres, supporters, and RPA elements which added color and vibrancy to the event. The cadres showed artistic contributions and portrayed their experiences of struggles and calls through creative expressions. Many sung impromptu musical compositions which challenged everyone to write and sing more songs of freedom and the revolution.

Moving forward

Comrade Ernie Castro from the North Western Mindanao Region leadership thanked all of those who exerted efforts for the realization of the celebration despite the limitations and clandestine nature of the activity. The challenges everyday has to be faced by revolutionaries with the masses.

In closing, comrades, supporters and militants sang together the international hymn as an expression of solidarity and the continuing commitment to the socialist revolution for the masses, and the oppressed peoples in the country and the world.

* <http://www.rpm-m.org/>

Fourth International grows rapidly in Asia

ALAN THORNETT ·

We were pleased to welcome a new organisation, the Communist Party of Bangladesh-Marxist Leninist (CPB-ML) as a permanent observer organisation, a preliminary step to becoming a section. This was another example of a process, which has been evident for some time. The centre of gravity of the FI has shifted towards Asia.

The International is also making important gains elsewhere. The meeting received applications for closer links from organisations in Australia, the USA, and Latin America. Asia, however, has been increasingly the FI's area of expansion.

In the 1970s and 1980s the FI's biggest sections, were in Europe and Latin America. By the early 21st century, after splits in its biggest Latin American sections, Europe had become the dominant region. In the last 15 years or so most of the organisational gains of the FI have been in Asia.

In the post-war years the FI in Asia was comprised of the RMP in Sri Lanka, small groups of comrades in Hong Kong (including those who had regrouped after Chinese Trotskyism was smashed by Mao Zedong) in the 1950s; a group in Vietnam, some small forces in India, and a section in Japan which split and broke up in the 1980s. Today Asia is the biggest region of the FI containing some of its most important sections both in terms of size and social implantation.

This has come about by a process of convergence and regroupment with organisations from a variety of political and ideological origins. These include former Maoists as well as other branches of Trotskyism. It has been facilitated not only by the determination of the FI to reach out to other forces but by its non-dogmatic approach to building an in-

ternational which has contrasted favourably with other international Trotskyist groupings. The International is open to fraternal relations with other left groups in countries where we do have organisations, as in the Philippines or Indonesia

Asia is a continent of extreme diversity with no common history and many different colonial experiences. There is nothing similar to the history of Latin America, North America, the Arab Region or Europe. It has zones of great instability and social upheavals. It encompasses the emerging economies of China, India, and Vietnam as well as the war in Afghanistan, and numerous geo-political conflicts. These include the Pakistan / India conflict over Kashmir and the Chinese oppression of Tibet. It also includes the confrontation in the Korean peninsula and the national liberation conflicts in Mindanao in the Philippines and the Tamils in Sri Lanka.

Sri Lanka and Philippines

It is also a continent with huge environmental problems: floods in Pakistan, Bangladesh, and China, extreme weather events generated by climate change such as the recent typhoon in the Philippines, plus deforestation, pollution, safe water supplies, the nuclear disaster in Fukushima in Japan and the impact of the emerging economies.

The International's gains in Asia began in the 1991 with the Sri Lankan NSSP. It joined in 1995 at the 14th World Congress after its expulsion from the Committee for a Workers' International (CWI), the current hegemonised by the British Socialist Party. It was an organisation with strong social implantation, a presence in national politics, parliamentary representation, and a strong base in the unions. It leads a trade union federation. It was, and remains, distinguished by its firm position on the national

question and its strong support for the Tamil struggle under difficult and dangerous conditions. Since the crushing defeat of the Tamil national struggle the NSSP continues to campaign in defence of the imprisoned and the disappeared.

During the 2000s two more organisations joined. They were both substantial organisations and from regions of harsh conflict and oppression.

In 2003, at the FI 15th World Congress, the Revolutionary Workers Party – Mindanao (RWP-M) became an FI section. The RWP-M came from a Maoist tradition, though it had moved a long way from Maoism and is now an ecosocialist organisation. It also has a mass base amongst the peasantry, and some indigenous people in highland tribes and the rural poor. It has strong ecological credentials and a record of working around the issue of food sovereignty – the right of local communities to determine what is grown and how it is distributed for their own good rather than for multinational companies. It is involved in the armed protection its own communities while engaging in a 'peace process' with the government.

Pakistan and Indonesia

The Labour Party Pakistan, which had been expelled from the CWI like the NSSP, became a Permanent Observer in 2005. It is an organisation of 7,000 with a base amongst the peasantry, as well as in the working class. It has an exemplary record of opposing the Musharraf military dictatorship. Although most of its leadership, including its women leaders, was jailed it had refused to be driven underground. It opposes both American imperialism and religious fundamentalism.

The LPP has put special emphasis on developing independent social movements. It supported the development of the National Trade Union Federation, formed in 1998, and the Pakistan Workers' Confederation from its beginning in 1994. It helped build the peasant movement, Anjuman Mozareen Punjab, and in 2003 facilitated bringing together more than 22 peasant organisations. It

helped to develop the Women Workers' Help Line as an independent women's organisation and a youth organisation, the Progressive Youth Front, in 2003.

The FI has also developed a relationship with the People's Liberation Party (PLP) in Indonesia, which is now a permanent observer. The Indonesian left had to be completely rebuilt after the massacre of communists by Suharto in 1965, during which up to 1 million people died. The PLP came about as a result of a split in the PRD (People's Democratic Party), an organisation built particularly amongst students protesting against the authoritarian Suharto regime. The PRD played an impressive role in the mobilisations which led to Suharto's downfall in 1998. The PLP organises amongst young people and students. It has a strong feminist emphasis and supports the national struggles for self-determination within Indonesia.

Bangladesh

The CPB-ML from Bangladesh, which is now a permanent observer will seek to become a section at the International's next World Congress. The CPB-ML comes from a Gramscian tradition and is a much smaller organisation than the LPP or the RWP-M. It also has a mass base amongst the peasantry. They lead two twin peasant federations (one of women, the other of men) the Bangladesh Krishok Federation (BKF) and Bangladesh Kishani Sabha (BKS), two of the biggest peasant organisations of the country.

It is also a highly ecological organisation which seeks to integrate the struggle for peasant rights, women's rights and ecological rights. Last November and December they organised the highly impressive "Climate Caravan" on the themes of climate change, gender and food sovereignty, which went from the North of the country over two weeks with meetings every evening in different villages of up to a thousand people. A fuller report is in this issue of the magazine.

Today the FI forces in Asia include: the NSSP of Sri Lanka, the LLP in Pakistan, the RWP-M of Mindanao. Groups in Japan and Hong Kong were considered at the last World Congress as on their way to becoming sections so had IC members elected provisionally. The PLP from Indonesia is a permanent observer. There are activist contacts in India. Links have also been built with contacts in Malaysia, South Korea and Taiwan.

The work of the FI in Asia has been strongly influenced by the FI's education centre in Amsterdam, the Institute for Research and Development (IIRE), and the courses it runs. In recent years IIRE's have been established in both Manila and Islamabad in order to expand this work. These education centres, Manila in particular, have become centres for the regroupment of revolutionary forces in the region, building links across in the Asia Pacific region including in Australia.

BURMA

Series of by-elections held

DANIELLE SABAI ·

Some steps forward

The fact that it was possible for the LND and other opposition parties to take part in the elections should not make us forget the context in which they took place. For the majority of Burmese people, life has changed little since the transition to a semi-civilian government headed by the former general of the junta Thein Sein, in March 2011. A (small) number of political prisoners have been released and there has been some relative progress with regard to democratic freedoms.

These gestures cost the reconverted Burmese junta little, while they served as guarantees to the international community to obtain the lifting of economic sanctions. But in this country impoverished by 60 years of military dictatorships, the real reforms which would change the life of the 54 million Burmese people are still awaited.

In spite of assurances that the elections would be independent and democratic, they were marked by massive irregularities: censorship, pressure on candidates, violence against activists, intimidation of voters, vote-buying, irregular registration on electoral rolls. The authorities and the Electoral Commission created many obstacles in order to obstruct the electoral campaign of the LND.

Violation of human rights

At the same time, in spite of the signature of peace agreements with several ethnic minorities, military conflicts have continued, as have serious violations of human rights. According to the commission on human rights of the United Nations (UNHRC), the methods of the Burmese Army, the Tatmadaw,

have not changed: attacks against civilians, extra-judicial murders, rape, forced displacement of populations, use of civilians as human shields and recourse to forced labour.

On March 23, the Electoral Commission postponed the elections in three districts in the Kachin territory, where the army is conducting a military offensive, depriving more than 200,000 people of the vote.

For the ethnic minorities, which account for 40 per cent of the Burmese population, no improvement has been seen with the new government. On the contrary, the situation has worsened, with a renewal of military conflicts.

The April 1 elections have symbolic significance, but they will not change the relations of power. The National League for Democracy will have approximately 5 per cent of the seats in Parliament, whereas the army and its principal party, the USDP, have about 80 per cent. Moreover, the Parliament has very limited powers and the army has a right to veto its decisions.

Democracy?

Burma is still far from being a democracy. Is it really on the road to it?

The answer will depend on the ability to exert pressure, both in Burma and outside the country, on this government whose objective is to remain in charge of the economy and of business in order to enrich itself.

The real success of these elections lies without question in the massive mobilization of tens of thousands of Burmese citizens, who broke the fear of getting involved in politics. Suu Kyi herself considers that "it is the emergence of the political con-

sciousness of our population that we regard as our greatest success".

QUEBEC

Massive student upsurge fuels major debates in Quebec society

RICHARD FIDLER ·

In the vanguard have been the students, now in the eleventh week of a strike that has effectively shut down Quebec's universities and junior colleges. In recent days they have battled court injunctions and mounting police repression. Their resilience has astonished many Québécois and inspired strong statements of support from broad layers of the population. [1] Equally surprising to many has been the government's stubborn refusal to even discuss the fee hike with student representatives.

Addressing the huge crowd assembled at the foot of Mount Royal, student leader Gabriel Nadeau-Dubois answered the taunts against the students by Premier Jean Charest and his deputy, Education Minister Line Beauchamp:

"In recent days they have been calling Quebec students hoodlums, vandals, violent people. That's false! What is more violent than selling the lands of indigenous peoples to some multinationals? What is more violent than polluting the air that our children are going to breathe? We are not violent, it is they who are violent!"

The crunch

The student strike — the longest in Quebec history — is now in a crucial phase. If it continues for more than a few days, an entire semester will be sacrificed by the students. Yet the strike has held firm. There are still more than 170,000 students boycotting classes and they are now being joined by some high school students. [2] The movement has been sustained by frequent mass assemblies and

debates as well as off-campus mobilizations. On March 22, more than 200,000 students and supporters marched through the streets of Montréal while throughout Quebec some 300,000 students struck their campuses [3].

Although the police have kept a low profile in the largest student actions, they have been emboldened by the government's intransigence and the complicity of courts and academic authorities. During the past week, the cops have viciously attacked peaceful student demonstrations and arrested hundreds. Popular reactions in talk shows and letters to the editor indicate that many citizens are shocked at the repression, especially in regions outside the Montréal metropolitan area.

In Gatineau — a city adjacent to Ottawa, the federal capital — some dissident students at the regional campus of the Université du Québec (UQO) got a superior court judge to issue an injunction ordering professors to resume normal classes and barring student pickets within 25 metres of the university facilities. On April 18, I joined about 200 students, professors and supporters protesting the injunction. After demonstrating in front of the main campus, we marched peacefully (albeit noisily) through city streets, heading toward a secondary UQO campus less than two kilometres distant. Suddenly the municipal police tactical squad closed in, surrounded us and kept us "kettled" in close formation for a couple of hours before arresting more than 160 of us. We are being charged with "obstructing traffic" — although it was the police who closed off the road!

The next day, a similar demonstration, joined now by supporters bussed in from Montréal, was attacked at various points by the provincial police riot

squad using pepper spray and truncheons. After leading the cops on a cat-and-mouse march through the city streets, some students found an unlocked door in a university building, entered and peacefully occupied the cafeteria. The cops swarmed in and stood in battle array along the walls. The students remained calm in the face of this intimidating spectacle. They observed a moment of silence and then held an hour-long free discussion on reforming the Quebec education system. The police then announced that they would be charged with "public mischief," a serious criminal offense. In all, some 150 students and supporters were arrested that day.

The police occupation of campuses, as in Gatineau, is unprecedented and has shocked the academic community, resulting in several public statements of protest from professors and their unions. And even non-striking students have increasingly objected to the intimidating presence of police and massive private security forces on some campuses, including the University of Montréal.

A united front

Despite the provocation from government leaders and the cops, and the vitriolic verbal attacks on the students from much of the mass media — and notwithstanding a few minor incidents of attacks on property by a few unidentified agitators — the students have displayed a remarkably astute ability to remain united and strategically focused on the broader issues in their struggle.

When Education Minister Line Beauchamp, under mounting popular pressure, grudgingly offered to meet with student leaders (but not to discuss the fees increase), she ruled out meeting with the largest of the three groups, the CLASSE. [4] Her pretext? CLASSE leaders had not denounced violent attacks allegedly committed by a few students, including an incident in which her constituency office was invaded, staffers assaulted and some furnishings destroyed. Leaders of the other two federations [5] refused to meet with the minister in the absence of the CLASSE, and pointed out that under

the CLASSE's democratic structure and procedures, its leaders had no mandate to issue such a denunciation pending a decision by its weekly congress to do so.

This common front of the student organizations was a major change from the previous student strike, in 2005, when the two more conservative federations had abandoned the CLASSE predecessor, the CASSÉE, [6] and bargained an agreement with the minister that was subsequently criticized by many students, not just CASSÉE supporters, as grossly inadequate. In part, the change this year reflects the much greater weight of the CLASSE, the most militant wing of the movement, in the strike. It now represents about one half of the strikers, and has provided much of the political leadership for the movement as a whole.

(At the regular weekly congress of the CLASSE leadership, April 22, the delegates adopted a resolution "denouncing any deliberate physical violence toward individuals," while reaffirming their support of actions of civil disobedience such as occupations of parliamentary deputies' offices or blockages of certain sites such as bridges, roads, etc. In doing so, they effectively called the minister's bluff. At this point she has not responded.)

A 'débat de société'

The CLASSE began preparing for the strike early in 2011, publishing several issues during the year of an on-line tabloid journal, *Ultimatum*, containing detailed, well-argued articles on the issues and extensive reports on local activities. Each issue, up to 44 pages at one point, included reports on the popular upsurges in the Middle East and elsewhere internationally, with an emphasis on the leading role of students and youth. The Occupy movement was prominently covered. When the strike began in February of this year, *Ultimatum* switched to a two-page format issued almost weekly with updates on the strike's progress.

Largely thanks to CLASSE's intervention the strike has managed to move the public debate onto the

students' terrain, raising basic questions about the role of public education and its importance to the whole of Quebec society as a collective service that should be financed out of general government revenues, not on the backs of students as "consumers." Thus, while the strike movement's immediate goal is to "block the increase" in fees, the students have successfully placed the campaign in the context of an ongoing fight for la gratuité scolaire, free and universal access to post-secondary education. As the students argue, this remains a still unrealized objective of Quebec's "Quiet Revolution" of the 1960s.

The students' case has been endorsed by the eminent sociologist Guy Rocher, a member of the Quebec government-appointed Parent commission in the 1960s that laid the basis for a massive overhaul of the province's educational system, proposing an end to church control of the schools and the creation of a vast network of post-secondary educational institutions. In an interview published in *Le Devoir* [7], Rocher described free education as a "societal choice" that would cost only 1% of the Quebec budget. And the Parent commission, he recalled, said free post-secondary education was "desirable in the long term" and even proposed that the neediest students be given a salary while they studied.

In fact, the International Covenant on Economic, Social and Cultural Rights, to which Canada is a signatory, provides that "Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education" (Article 13(2)(c) [8].

Aware that even stopping the current hike in fees requires a popular mobilization larger than what the students themselves can achieve, the CLASSE has called for creation of a broad united front of protest against the neoliberal offensive and linked the fees increase to a string of recent regressive measures. A statement issued for the April 14 march, "For a Quebec Spring," stated:

"Cuts in social programs, lower taxes for corporations, record military expenditures, setbacks to women's rights, massive layoffs, inaction on factory closings, raising the retirement threshold to 67 years, increase in education fees, imposition of the healthcare tax, increased electricity rates... The list of Liberal and Conservative injustices is a long one."

From a speech by CLASSE co-spokesman Gabriel Nadeau-Dubois

Where are the unions?

And indeed, the students' appeals have been supported by a wide array of organizations in civil society. The full list, regularly updated, can be found at the web site 1625\$ de hausse, ça ne passe pas [9]. But while all three trade-union centrals support the students and favour free education, they have so far failed to back their rhetoric with economic action – not even the one-day general strike in solidarity with the students promised by the CSN. A petition urging such action by the unions is now gathering mounting support [10]. It urges the union leaders to speak out forcefully, to organize a "national mobilization, beginning perhaps with a one-day symbolic general strike across Quebec" and, if that proves insufficient to defeat the fee hike, to follow it up with stronger solidarity actions.

Meanwhile, the right-wing voices in the mass media – especially in English Canada – are becoming increasingly shrill in their attacks on the students. A case in point was a diatribe by Postmedia columnist Andrew Coyne [11], a regular member of CBC-TV's "At Issue" panel, which the state television network presents as intelligent commentary on questions of the day. In an April 21 newspaper column, Coyne described the Quebec students as a "self-serving, self-satisfied, self-dramatizing collection of idiots," and went on to propose that instead of paying the present 17% of the total cost of their education the students should pay the full tab – through a graduated tax on subsequent income! Such is the logic of the neoliberal "user pays" principle.

And the funding?

There is, of course, no truth whatever in claims that there is not enough money in current government budgets to support free education at all levels. The point was made quite compellingly in a statement by Cap sur l'indépendance, a network of groups agitating for an independent Quebec. It contrasted the projected revenues from the fee hike, \$250 million, with the following documented unnecessary expenditures, among others:

- Annual cost of Canadian monarchy: \$49 million (Monarchist League of Canada, 2011)
- Harper's financing of oil companies since 2009: \$3.5 billion (Suzuki Foundation, 2012)
- Tax evasion of the five biggest Canadian banks (1993-2007): \$16 billion (Lauzon and Hasbani, 2008)
- Canada's climate debt under Kyoto as of December 31, 2012: \$19 billion (Le Devoir)
- Canadian military expenditures (2007-08): \$490 billion (Canada First Defence Strategy, 2008)

In fact, a single F-35 fighter plane (\$482 million, according to the Auditor-General) would largely suffice to fund the re-investment in post-secondary education that Premier Jean Charest wants students to pay.

As Cap sur l'indépendance notes, all of the above are expenditures under the federal regime. No doubt many other needless expenses — and new revenue sources — could be found within Quebec government budgets. But it would be easier to tackle those in an independent Quebec, "in which we could flourish in all areas, starting with education." However, the major independentist party, the Parti Québécois, does not support free post-secondary education. Several weeks into the student strike, the PQ leadership promised only a freeze on student fees if elected — now a real possibility in the forthcoming general election, judging from opinion polls. Only the pro-independence left party, Québec solidaire, is solidly behind the demand for la gratuité scolaire.

Posted Monday, April 23 on <http://lifeonleft.blogspot.ca/2012/...>

TUNISIA

For a popular workers' pole around the UGTT

LGO ·

The situation has particularly deteriorated for the inhabitants of the poor regions and the workers in certain sectors abandoned by the authorities. The same is true of the unemployed, women, youth, whose situation necessitates an urgent and revolutionary approach, something which neither the Islamist and liberal government on the one hand, nor the RCDist/modernist coalition on the other, constituted around Béji Caïd Essebsi and supported by an "opposition" in decline – the descendant of the democratic movement and the traditional left – can provide.

The renascent reactionary bipolarisation (Destouriens/Islamists) under its crude form seeks more than ever to exclude the revolutionary and popular forces from the struggle for power, to strike at independence and radicalism in the ranks of the workers' movement, notably the trade union movement, to use it anew as a support and accomplice in the struggle for domination over the sites of power.

Certainly, the emergence and the propagation of forces of popular resistance in different sectors and different regions create the necessary climate to counter this bipolarisation by rejecting each of its actors in the corner of the enemies of the revolution detested by the people. But the division of left forces on the one hand and the neutralisation of the UGTT – the main determinant force for popular and working class mobilisations – on the other, continually bring the two reactionary poles to the forefront of the scene, as sole possible alternatives for the people.

From its coming to power, the Islamist-liberal coalition has understood that the UGTT was the

sole force capable of crystallising an independent popular and workers' pole opposed to the two reactionary poles disputing domination of the state institutions. The UGTT is indeed in the best position to mobilise and organise the workers and intervene in a determinant fashion in the popular mobilisations. It is also best positioned to bring about the convergence of the popular struggles and mobilisations of feminist and youth associations and organisations, and left and democratic parties. In addition, it surpasses all the political organisations and apparatuses active on the political scene, in historic legitimacy and credibility among the workers, youth, women, the inhabitants of the internal regions and the popular neighbourhoods who have experienced the revolution and appreciate the determinant position of the trades unionists who put all their weight into the struggle, as well as the importance of the structures, premises and resources of the UGTT in the revolutionary movement.

Despite the series of complex conspiracies involving multiple actors, the revolutionary process is still underway. It now necessitates the greatest clarity in political analysis and in the identification of the forces capable of pursuing it until the realisation of its objectives. And these are two linked and interdependent tasks. For the urgent popular demands which have nourished the revolution remain unmet. And their realisation remains conditional on the construction of a popular and workers' pole which will have as its centre of gravity and guarantor of its unity and the crystallisation of its strength the UGTT. The left and democratic forces united around the UGTT and united inside it will be the main motor of this popular workers' pole.

The Islamist pole with its Salafists and pseudo liberals and the Destourian pole reappear on the political scene working for more increasingly unre-

strained capitalist projects, accentuating the policies of dependency and submission to the imperialist powers. In this context, the popular workers' pole will concretise the urgent revolutionary tasks and demands, notably the recuperation of ill gotten gains and the arraignment before the courts of the criminals and looters of public property, the placing of recuperated property under the control of the workers and people via structures of popular power elected at the local, regional, sectoral and national levels. It is also about taking immediate measures to guarantee a stable income to all and to deal with the questions of employment, the public services which must be developed and whose free nature should be guaranteed; cancelling the public debt and placing strategic sectors and resources under popular control with a ban on their privatisation; cancellation of the agreements consecrating dependence and the capitalist pillage on the one hand,

and submission to imperialism and Zionism on the other.

Such a pole which would commit itself to revolutionary tasks and popular mobilisations would be capable of beating the two reactionary and counter revolutionary poles whatever the financial, media and police support from which they benefit. Such a pole can be realised and crystallised if the trade union left with all its components can be convinced that our efforts are vain so long as we have not overcome the unjustified divisions, and as long as we neutralise the UGTT and exclude it from active participation in political affairs in general and electoral affairs in particular. By building this revolutionary workers' pole, the revolutionary movement will rediscover its dynamism and realise great steps towards the realisation of its objectives.

March 29, 2012

GERMANY

North Rhine-Westphalia: crucial regional election

MANUEL KELLNER ·

In 2010, it was a significant success for several reasons. First, for Die Linke at the federal level it was a sizeable gain in surmounting its relative weakness in the west of the country. Secondly, Die Linke in North Rhine-Westphalia, with strong anti-capitalist and left reformist currents and with a significant influence from groups of revolutionary background, is situated to the left within Die Linke and represents an alternative orientation to the co-governmentalism prevalent in the east of the country.

After the entry into the Landtag, Die Linke in North Rhine-Westphalia was confronted with a specific situation. With 11 deputies (six of them women) out of a total 181, the Die Linke fraction was in opposition to an SPD/Green minority government, supported by only 90 deputies, the conservative CDU and the liberal FDP also being in opposition.

This meant a permanent challenge, because every decision, every "yes" or "No" and every abstention could decide if a motion — and even a budget — of the governmental fractions passed or not. On the one hand, this made parliament interesting — it was a long way from the normal routine, where everything is decided in advance by the leaderships of the governmental fractions under the lead of the government, and where debates take on a ritual character. On the other hand, this situation incited the fraction of Die Linke to concentrate more than anticipated on the debates and elaborations of position at different levels of parliamentary activity — although this was done in close collaboration with the DGB trade unions and the other extra-parliamentary social movements, and the party and its fraction attempted to participate in mobilisations,

notably in the anti-nuclear mobilisations and social protest.

The SPD and the Greens had begun a left turn, prudent and relative but real, to distance themselves from the ferocious anti-social politics of Schröder/Fischer and "Agenda 2010", which had led to a significant electoral crisis for the SPD. That is why in 2010 and 2011 the SPD and Greens were responsive to the pressure of Die Linke's demands. They were ready to realise some social and democratic progress in the name of a policy of "social prevention" and they have not presented neoliberal shock budgets, knowing that Die Linke would not accept measures of social dismantling or staff reductions in the public services, or new orgies of privatisation.

Thus the Die Linke fraction accepted the election of Hannelore Kraft (SPD) as minister-president (head of government) as well as the adoption of the 2010 and 2011 budgets by abstaining, and voted for a certain number of positive, albeit often insufficient, decisions of a progressive nature. Some examples: abrogation of fees for university studies; abrogation of notes for behaviour ("Kopfnoten") in the schools; reintroduction of more participation by staff representatives in decisions in the public sector ("Mitbestimmung") ; introduction of a law fixing social and ecological criteria and fidelity to collective rates for company access to public tenders ("Tariftreue und Vergabegesetz") ; abrogation of the residence requirement for asylum seekers ("Residenzpflicht für Flüchtlinge") ; introduction of the possibility of recalling mayors by popular vote and better conditions for citizens' initiatives in the communes ; a renewable energy supply project for the Land's buildings.

But the SPD and Greens were preparing a new turn. Together with the CDU and against the votes

of Die Linke, they voted for a billion extra euros for the Land WestLB bank, bankrupt because of its participation in the casino of the financial markets, and this without perspectives for the staff and without the participation of private creditors, while turning a deaf ear to the demands of Die Linke for an audit of the debts of WestLB and the Land acting as guarantor for the bank.

For the schools, the SPD and Greens concluded a phony agreement with the CDU, betraying the promises made before the elections of May 2010. Only Die Linke continued to fight for a single school system providing common instruction to all pupils up to the 10th class level. And for the communes, the SPD and Greens, this time with the support of the FDP, decided on a "Greek style" mechanism, forcing communes running deficits to take brutal austerity measures to gain access to supplementary financial aid of the Land ("Stärkungspakt").

Very late, in March 2012, the governmental fractions presented a 2012 budget which, among other things, reduced the resources for school and kindergarten meals. Ideologically, the debate turned around the budgetary discipline. The fraction and party of Die Linke (which in North Rhine-Westphalia, take all significant decisions together, and are proud of the fact) had fixed minimums for abstention which would have passed the budget of the minority government and had indicated clearly that they would vote against if the SPD and Greens were not ready for substantial concessions in relation to Die Linke's four central demands:

- 1) a "social ticket" of 15 euros per month for access to public transport in the Land ("Landesweites Sozialticket für 15 Euro");
- 2) Adequate financing for the communes (392 communes out of 400 are running deficits in the Land);
- 3) A new effort to make decent housing available to families and individuals on low incomes ("Sozialer Wohnungsbau");

- 4) Good day-care places to be assured for children under three (there is currently a shortfall of more than 100,000 in the Land).

The SPD and Greens were not ready for any concession on these demands, even if it would have been possible to grant the essence of them without going beyond the limits constitutionally fixed for Land indebtedness. The FDP was ready to pass the budget on the third and final vote, but had announced it would vote no on the second vote. At this time, a dubious legal opinion from the administration of the Landtag stipulated that the rejection of the second vote would mean the defeat of the draft budget of the governmental fractions (dubious, because the law gives the government the possibility of self-correction up until the third vote). The FDP being unable to change course so quickly and, Die Linke remaining firm, the draft budget was rejected with 90 votes for (SPD and Greens) and 91 against (CDU, FDP and Die Linke): Hannelore Kraft then immediately presented the motion of dissolution of the parliament and new elections within eight weeks. The motion was adopted with 100% of the votes.

Taking a somewhat more complete balance sheet of nearly two years of minority government, we should add the central aspect of energy policy. The Constitution of North Rhine-Westphalia imposes the socialisation of enterprises enjoying a monopolistic position or abusing their economic power (article 27). This law was introduced after the second world war, with the aim of blocking the processes that had largely contributed to bringing Hitler and the Nazis to power. Of course, the official policy feigns ignorance of these articles, although they would seem to apply very well to the case of the big energy monopolies RWE and E.ON, who prevent a turn towards 100% renewable energy and who extract monopolistic super profits with an anti-social and anti-ecological price policy.

Die Linke has campaigned to socialise, re-communalise, decentralise and democratise the energy economy and for a plan of ecological and social restructuring of industrial society. And it advanced

the demand for a publicly owned high voltage electric transport network in the Land.

But the SPD and the Greens have rejected even this modest proposal in favour of an offer to purchase the network of RWE — Amprion — that would render the conglomerate formally independent, so that a private concern would become owner of the network.

On energy prices, Die Linke has denounced and continues to denounce the fact that those who consume the most (in particular industry) pay the least, while private households on modest incomes pay the bulk of the energy bill, and hundreds of thousands of those on the lowest incomes are victims of or are threatened with power cuts and are excluded from a significant aspect of elementary participation in social life.

That is why Die Linke demands the free consumption of a basic stock of electric power financed by progressive rates linked to incomes and the abrogation of the gifts made to the big companies.

Die Linke in North Rhine-Westphalia has begun the electoral struggle, updating its 2010 programme and drawing up a shortened version ("Kurzwahlprogramm") published as a leaflet (see the PDF version on the Internet, on the party website).

The party has reselected as candidates for its list presented on May 13th the 12 who headed the list in 2010 (and thus the 11 outgoing deputies), with one exception: at the head of the list there is now Katharina Schwabedissen, a nurse aged 39, who had been one of the two party spokespersons until now. Thus there are seven female candidates of the eleven heading the list.

It is not certain that Die Linke will cross the threshold of 5% needed for parliamentary representation. In the polls at the federal level, the party has lost a few points, and at the level of the Land it is currently oscillating around 4%. One of the reasons for this is the spectacular electoral rise of the "Pirate Party" which campaigns for "internet freedom" while remaining fuzzy on economic and social questions, but which has succeeded in presenting itself as a new force, promising to render political processes more transparent, and captures a good number of protest votes.

For Die Linke, it is a decisive battle. On May 6th in Schleswig Holstein, and May 13th in North Rhine-Westphalia we will see if the party can maintain its presence on the political chessboard of the west or not. And if the party is defeated in North Rhine-Westphalia, that will be a bad sign for the federal elections In June 2012, and a considerable weakening of the left currents inside the party.

RUSSIA

Putin or chaos

AYKUT KILIÇ ·

Aykut Kiliç – The result of the presidential election confirmed what we could clearly expect: Vladimir Putin has regained the power he temporarily delegated to Dmitri Medvedev in 2008. It seems however that the massive movement of contestation which broke out in December, just after the elections to the State Duma, continues. Who are the protesters? What are they demanding? What are the political forces active in this movement?

Ilya Boudraïtskis – After Vladimir Putin was elected president in the first round on March 4, the massive movement which had arisen and which reached its highest degree of mobilization in December found itself in a complicated situation. It had concentrated exclusively on the question of the elections. The slogan "For honest elections" constituted a call to the most varied forces, from the far Right to the radical Left, to unite in order to organize common actions. This slogan also led to demands being reduced to just one: free and unrigged elections. Its promoters were persuaded that "honest" elections would inevitably lead to the defeat of Vladimir Putin, who had supposedly lost any electoral support, even passive, and was holding on to power only thanks to the machinations of the bureaucratic apparatus.

The question of the elections brought together hundreds of thousands of people because it was directly related to the question of the political future of the regime. When you asked the participants about the reasons for their presence in the meetings of the December 10 and 24, the most common replies answers were "We've had enough of all that!" and "We're fed up with Putin". This "intermediate state" in which society found itself made it necessary to define the programmatic demands of the move-

ment. In this way the movement could have broadened its social base and appeared as a real alternative in the eyes of the overwhelming majority of people, who are always very passive on political questions.

However, the leaders of the opposition saw things differently. These liberal politicians, coordinators of the committee "For honest elections", who organized the meetings and monopolized the space that was thus opened up, concentrated on the question of the transparency of the elections and the so-called "political reform", namely, the modification of the antidemocratic law "On political parties". They consciously kept off the agenda of the meetings any demands of a social nature.

Consequently, the movement which had brought together thousands of people on December 10 and had shaken not only the capital but also almost all of the big cities in the country found itself confined to Moscow and, to a lesser extent, to St. Petersburg, leaving the field free to the pro-Putin agitators in the provinces. On December 24, Alexei Kudrin made an unexpected appearance on the platform of the meeting in Moscow. This politician occupied the post of Minister of Finances for 11 years, before resigning because of a scandal scarcely a few months ago. He is regarded as one of the principal neoliberal strategists of the Russian elite and he took everyone by surprise by expressing his solidarity with the movement and proposing his services as an intermediary to negotiate political reform with Putin.

The right-wing populist Mikhail Prokhorov, one of the richest men in the country and the 58th richest in the world, with a personal fortune of 13.2 billion dollars, also tried to present himself as being the candidate of the movement for this election, not without success. Although the social composition of

the meetings in Moscow was very varied, from the more or less well-off "middle-class" to poor public-sector workers, the pro-government media managed to present him as the "superhero" of wealthy Muscovites who were completely indifferent to the miserable situation of the vast majority of the inhabitants of the country.

The meetings that were staged in support for Vladimir Putin (known today by the name of "Putings") also largely contributed to this polarization. In front of thousands of public sector workers mobilized under duress – there were 180,000 of them at the meeting on February 23 – employers and factory managers spoke in the name of the workers and called on people to support stability and a dignified life by voting for Putin. The media and liberal politicians in their turn described the participants in these meetings as losers, opposed to "the best people in the country" represented according to them by the participants in the actions of the opposition.

Anti-Putin sentiment was very widespread during the actions in February. Was there a substantial difference between February and December, a month during which the contestation related to the corrupt and repressive character of the regime and demanded change, though in an ambiguous manner?

In February, the contestation was almost exclusively in the big cities and concentrated on the electoral campaign. Its leaders were of course counting on massive fraud by Vladimir Putin's campaign, aimed at guaranteeing him a victory in the first round. In their minds, exposing ballot-rigging would give a fresh impetus to the movement and lead to the recognition of the illegitimate character of the presidential election. Because of this, the movement did not evolve towards more complete political demands and confined itself to the slogan "For honest elections" that had already been heard in December. Within the opposition technical questions took the place of a political approach, while in every one of his public appearances,

Putin presented himself as a leader who had a concrete answer to every important question, from reform of pensions to foreign policy.

In February also, tens of thousands of activists expecting massive fraud were registered as voluntary observers for the March 4 election. They regarded their presence in the polling stations as their principal personal contribution to the struggle and the election itself as a kind of D-day which would mark a rupture. There were five or six independent observers in every one of the several thousand polling stations in Moscow. Even according to the independent estimates of the activists belonging to the networks of observers, few cases of vote-rigging were witnessed, and Vladimir Putin won 45 per cent of the votes. Although the fraud was on average more massive over the whole country, it is obvious that Putin won more votes than any other candidate. On March 5, the day after the elections, approximately 20,000 people went to a protest action organized in Moscow, which represents a very clear decrease if we consider the mobilizations in December and even those in February. The interventions of the speakers, calling on people not to recognize the results of the election and not to consider Putin as the legitimate President, were even more disappointing.

The other political forces who took to the streets just before the elections were Putin's supporters and the nationalists. With the exception of the bourgeoisie and the "parasitic bureaucracy", to use the terms employed by socialists in Russia, in what sectors was support for Vladimir Putin to be found? What are the aspects of his policies which enabled him to gain this support?

It is safe to say that the massive vote in favour of Vladimir Putin was to a large extent the consequence of the political failure of the opposition, as expressed by the complete absence of social demands, by the conscious refusal to confront the real differences of opinion among the participants in the organising committee of the opposition and, finally, by the absence of a real programme of politi-

cal and social transformation capable of bringing down the Putin system. For the majority of the population, choosing between Putin and his opponents amounted to choosing between stability and a dubious future, undoubtedly worse than the present. State television contributed greatly to create this feeling. The governmental channel has almost no influence in Moscow and St. Petersburg, where many people do not watch television and get their information from the Internet, but it is very influential in the provinces. The negative image of a whole series of liberal leaders also played an important role: characters like Boris Nemtsov and Vladimir Ryzhkov are regarded as "people of the 1990s", those political figures who were at the centre of things under Yeltsin and who took an active part in the "shock therapy" kind of reforms.

But in a more general manner, the success of Putin among the most oppressed and poorest layers is explained by the dilapidation, the disintegration even, of society after the restoration of capitalism. The absence of practical experience of self-organization, fear of the employers, permanent anxiety about the future, lack of confidence in any form of participation: these are so many characteristics of post-Soviet society which could be utilised in the context of the electoral mobilization in favour of Putin. The principal slogan of his campaign was "Me or chaos"; and this manner of presenting things incontestably weighed in his favour.

There are different nationalist groups in Russia, going from the moderates to the far Right. Some of them took part in the mobilizations. In Russia, all the bourgeois parties encourage a nationalist populism stamped with hatred against immigrants, starting with United Russia, Putin's party. What differentiates these nationalist groups? Why do they take part in the contestation? What influence can they have on the movement?

From the beginning of the movement in December, the far Right was divided into two camps. The first, the "traditional", rather anti-Western, Orthodox-

Tsarist and fundamentalist current, decided not to take part in the movement and described its leaders as Zionists and foreign agents. The second, younger and dynamic, composed of groups such as "Russians", "Russian Platform" and others, which defines itself as national-democratic, supported the movement. In their way of seeing things, "national-democracy" is defined as a state that is ethnically Russian, without minorities, particularly not Muslims or Caucasians. One of their principal slogans is "Let us stop feeding the Caucasus": so they contest Putin's dealings with the bloodthirsty Caucasian leaders, to whom he grants state subsidies, stealing money from the regions of the "native" Russians. These groups are supported by Alexai Navalnyi, one of the most popular figures of the movement, who defines himself as a moderate nationalist.

In fact all these groups are very visible but they constitute an insignificant minority of the movement. Now that the movement is going through a period of crisis and moving towards changes, it is extremely probable that the nationalists will detach themselves from it in order to play their own game. It seems that Dmitri Rogozin, the most celebrated nationalist leader, who is in the government and supported Putin passively during the campaign, is creating a new party, and doing so with a lot of money and good press coverage. And it is well-known that all the "national-democrats" are negotiating with him.

Can we speak of a movement of contestation in the provinces of Russia, more particularly in the factory-cities which experienced important workers' struggles after the eruption of the crisis in 2008?

Indeed, after what was called the first wave of the economic crisis, at the end of 2008 and the beginning of 2009, thousands of workers in the factory-cities (or mono-towns, small towns where a large majority of the inhabitants work for the same big company) were victims of massive delays in payment of wages. But the protest movements of 2009 were quickly snuffed out thanks to enormous hand-

outs to the big companies in the form of public money, intended to pay the wages that were due. Although none of the companies that failed to meet their obligation were nationalized, the policy followed by the government in this situation was perceived as the expression of the paternalist interest that the elites show to "ordinary people".

Subsequently the reduction in real wages following stiffer conditions by the banks for granting credit led to some localized explosions. The mobilization of the miners of the Kuzbass in 2010 was one of the most important of these explosions. But as a whole, the crisis had a negative influence on the dynamics of trade-union struggles: the development of new trade unions, which we had seen since 2009, slowed down considerably.

What is the strategy, if there is one, of socialists, anarchists and other political movements with respect to the protest movement? Do there exist connections between the groups? Do they take part in the mobilizations?

Pretty well all the organized left groups took part in the mobilizations and tried to build together a "left pole" during the meetings and demonstrations. Towards the end January, a Left Forum took place in Moscow, which elected a coordinating council and adopted a declaration concerning preparatory work for the creation of an anticapitalist party. It brought together the Left Front (a formation coming from the post-Stalinist radical Left), an important group coming from a split in the Communist Party of the Federation of Russia and some other left groups. The Socialist Movement of Russia (RSD) was also represented there. Some anarchists were present as observers.

Today, since the Parliament adopted a new "Law on parties" making it considerably easier to register political parties, we are negotiating the creation of a party intended to be registered: we envisage a kind of united front which will enable us to take part in elections together and will constitute a basis for future integration.

We know that the Communist Party of the Federation of Russia (KPRF) is nothing but a corrupt bureaucratic structure which has no intention of fighting for the improvement of the living conditions of the working class. But it is still capable of winning 20 per cent of the vote. What was the role of the KPRF in the mobilizations? Did it try to give the movement political perspectives?

In Moscow and St.-Petersburg, the KPRF came out officially against the movement, which its leader Gennady Zyuganov publicly described as "orange poison". But at the local level, members and electors of the KPRF took part in the contestation. In some areas on the outskirts of Moscow they even played a central role in organizing the mobilizations in December. More generally speaking, the KPRF is a constituent element of the system of "directed democracy" and its leaders fear any destabilization. But at the same time, this party still attracts a lot of protest votes, which is why it must actively express its opposition to the present situation.

The ecological battle for the forest of Khimki in the summer of 2010 had great significance, at least for the inhabitants of Moscow, and seriously damaged the legitimacy of the government led by United Russia. Can we speak about institutional links between this type of social struggle and the movement?

The link between the social movements and the mobilizations themselves is very tenuous. The media and the Internet played a bigger role in unleashing the contestation than did practices tested out on the terrain social struggles. But it is probable that the echo given by the media to events such as the "Battle of Khimki" inspired many sectors of youth who had never had experience of taking to the street before December.

Since December we have been able to see that Medvedev tried to negotiate, even to find compromises with the opposition, at

least as regards the political parties. Do you think that Putin will continue in this way or will his attitude with respect to the contestation harden?

At the present time, Medvedev looks like a classical "lame duck" in Russian politics: his promises and his initiatives are not worth much.

Two of the demands which he partially answered by having Parliament examine corresponding projects are the new law on parties and the return to direct election of provincial governors.

With regard to the first point, we are convinced that the new regulation on the registration of parties is a parody of political reform.

Previously, it was almost impossible for parties to register: in order to do so they had to have 50,000 members in more than half of the provinces of the country and to fill in an incredible quantity of administrative formalities in which the slightest error provided a good reason for the Ministry of Justice to cancel the registration. Today, it is the opposite: to register a political party they now ask you for practically nothing. Any group, however insignificant and lacking in influence it may be, can easily create a party which will have the possibility of taking part in political life and in particular in elections. However, it is forbidden for these parties to create electoral coalitions. Soon the political space will be transformed into a regroupment of a multitude of phantom-like structures and, in the end, into an arena favourable for the realization of the most rotten politicking tactics.

The second point, namely, the reintroduction of the direct election of provincial governors, which was annulled by Putin in 2004, is of much greater significance. This decision by Medvedev reflects a desire both to pretend to reach a compromise with the opposition and to satisfy a large part of the regional elites, most of whom are enraged by the dictates of the federal government. However, we can already foresee a large number of features of this reform which will make it possible for the President to interfere directly in the selection of the candi-

dates who will be able to take part in the provincial elections.

The question of political prisoners is what which will really make it possible to test the willingness of the government to take even a little into consideration the demands of the protesters. It is closely related to the question of the independence and the corruption of the legal system. At the present time, hundreds of people are held in Russian prisons, under cover either of charges of "extremism", or of criminal charges cobbled together for political motives, or "convicted on orders", i.e., at the request of their business rivals who are close to the government. From the beginning, one of the principal demands of the movement concerned the revision of these cases.

Lists with the names of dozens of wrongfully convicted people, demanding the revision of their respective cases, were given to President Medvedev. Up to now, obviously, none of them has been released, and no revision of their cases has even started. On the contrary, in recent months, we have seen a hardening of repression of activists; and criminal cases under cover of violation of the anti-extremism law continue to be fabricated on a large scale.

There are good reasons to think that after Putin officially takes office in May, the pressure will further increase and the promises of Medvedev will be completely forgotten. We are profoundly convinced that the existing political system is incapable of being reformed. Its internal logic and its arsenal of repressive methods have been in place for a long time and their revision is not on the agenda. For substantial changes to take place, it is necessary to launch an even more massive and determined movement than the one that arose in December in the streets of Moscow.

At your last congress, you decided to unite with Socialist Résistance [1]to form the Socialist Movement of Russia. What are the perspectives and the obstacles that revolutionaries in Russia face with regard to the rebuilding of the Left on an anticapitalist

basis, making it possible to reach out to broader layers of Russian society?

The unification took place a year ago and since then we have held two congresses. The principal idea was to create in Russia an anticapitalist party which would be pluralist, open and militant, which could

put its ideas at the centre of the debate and the struggles that are taking place in society. The events of the last few months have shown the crucial need for such a political force. I hope that in the coming years we will be able to make great progress in this direction.

Interview conducted by Aykut Kiliç, April 6, 2012.

GREECE

Statement on the parliamentary elections to be held on May 6 in Greece

ANTARSYA ·

Whatever the parrots of the troika may tell us, the "haircut" (debt cut), carried out by the "black front" means the rescue of the bankers and social disaster for the population. The measures of Memorandum No. 2 amount to a war of extermination against the majority of the working class. The EU is imposing a devastating austerity program throughout Europe. The bankers are compensated with 50 billion euros while social security and other public funds are being robbed! The loan agreement creates conditions akin to those an imperial power would impose on a colony. There is a total absence of popular sovereignty and the selling off of public wealth along with the natural environment, while the debt is increased even further. New Democracy (ND) [1], PASOK, Troika and the mob of the sold-out media outdo themselves in order to frighten us with the specter of "ungovernableness." But what this "ungovernableness" actually means is the inability of the present government to push through its actions, which is the only hope for the people! They try to paralyze us but they will not succeed! There is another way: without memoranda, euro, European Union, beyond capitalist barbarism.

Prime Minister Papadimos, ND, and PASOK claim that the memoranda and the guardianship of the Troika is the only way to avoid disaster. But the greatest disaster for the people is that we remain attached to the memoranda, the euro and the EU,

and have to repay the debt. Despite all the propaganda we say that there is surely a different way!

- Immediately terminate the loan agreement, any memoranda and all related measures.
- Do not recognize the debt, debt cancellation and suspension of payments.
- Break with the system and with the euro/EU.
- Nationalize the banks and corporations without compensation under workers' control.
- Immediately increase wages and pensions! Cancel the poll tax and increase the taxation of capital.
- Prohibit layoffs and fully protect the unemployed. Shorten working hours and reduce the retirement age.
- Expropriate hundreds of closed factories and re-commission them controlled by the employees themselves.
- Provide cheap and good quality food through agricultural cooperatives, poor and middle farmers—without middlemen and large producers.

An uprising of the entire working population—anti-capitalist revolution!

Power and wealth belong in the hands of the workers!

That is the only way we can avoid the bankruptcy of society. Our way leads to a break with capitalism—by the overthrow of the current authoritarian political system and its replacement with a democracy and the power of the workers, with the widest control to be exercised by the workers and by the people. If the united front of workers, intellectuals and

creative people take over leadership we can live in dignity, use the social productive forces collectively and break with the logic of profit, the market, "competitiveness," and environmental degradation.

We are strong enough to overthrow them!

We have demonstrated our strength during the great general strikes, the occupation of the ministries, the unique lessons in democracy and struggles during the occupancy of public squares. We can see it every day in small and large conflicts, in the heroic struggles of Chalivourgia (steel industry), in the movements of civil disobedience ("I do not pay"). It is shown by the many forms of organization and coordination of struggles by the rank and file, outside of and against the institutionalized trade unionism of GSEE and ADEDY [2], by developing new forms of solidarity, self-organization, and self-determination. The popular uprising, the continued popular and labor war that is increasing its strength, will lead to victory!

In the elections of May 6 we face the alternative:

- Either the forces of the merciless memorandum, the euro-junta, of the "creditors" and capital are strengthened so that they can form a "stable government."
- Or we strengthen the forces of resistance, of "destabilization" and the reversal of the attack, of the real struggle against the barbaric memoranda, EU and capital.

In the first case the forces of the Troika with the black front, Samaras [3] and Venizelos [4], Provopoulos [5] and Daskalopoulos [6] would be "confirmed" and would then lead the population into a genuine slaughterhouse! Cuts in wages and pensions, poverty and unemployment, sell-out of all public property and an "iron heel" against the struggles would be the result. In the second case the way may open to slow down the march towards barbarism, the mass movement could take a leap forward, so that we get back what was stolen from us and shake off the new tyranny.

We must condemn the black front ...

In advance of the elections ND and PASOK have already agreed to jointly form a government of the Troika and the memoranda. Their evil and dangerous allies are:

- The far-right LAOS [7], which is jointly responsible for the memorandum and were quick to take part in the Papadimos government.
- The neo-Nazis of "Chrysi Avgi" ("Golden Dawn") [8], the nostalgia addicts of Hitler and the quislings of the security battalions ("tagmatasfalites") [9], who have been supporting Manesis [10] against the heroic struggle of the steel workers, who attack the social uprising, cooperate with the cops and want to use their racist poison to divide the working class and the people. We can beat back the anti-democratic attacks and smash the Nazi gangs with unified struggles!

... but also its crutches

- The various "anti-memorandum"-parties that have emerged from either PASOK or ND and go fishing for votes in order to participate in post-election coalitions, such as Katseli [10] and Kammenos [11] must be rejected. The same applies to DIMAR. [12] Do not vote for these parties!
- The "patriotic fronts" that avoid talking about the local exploiters, either about SEV or the Greek bankers who furiously support the memoranda.

The solution is a strong Left struggling for a break with the system and the anti-capitalist revolution!

The parliamentary parties of the Left do not meet their historical responsibilities. SYRIZA suggests a "leftist government," but does not dare to say anything against the euro and the EU. It is increasingly in search of "solutions" to the debt problem through agreements with the creditors! The Communist Party (KKE) [13] now rejects the recognition of the debt and takes a stand against the EU position, but points to the metaphysical presence of "peoples' power" that should come into existence

through parliamentary channels and through the conquest of the parliamentary majority in the election. This party avoids any overt political conflict and still refuses to participate in a united front for a workers and popular uprising. Such an approach is a barrier to the struggles. Joint action is more necessary than ever!

What is needed is the mobilization and organization of goals and demands, put today on the agenda by reality itself (cancellation of debt, leaving the euro zone and the EU, nationalization and workers' control). This can be achieved by a united front of all those who want a break with the system and revolution, by the escalation of the workers' and popular uprising combined with strikes, occupations, demonstrations, also by the organization and coordination of struggles at the level of the rank and file on the basis of an anti-capitalist program. This is the way to achieve the power of working people, true democracy combined with a socialist and communist perspective.

This is the left *RS* is struggling to create. We are committed to ensuring that this left—one which will break with the system and aim for the insurrection, the anti-capitalist revolutionary left—will

come out stronger from the national parliamentary elections.

In the elections we give our voice and support to *RS*!

OPEN CALL FOR UNITY

RS calls on all of the collectives and movements struggling for the past two years against the terror of the memoranda, the Troika, and the euro-junta to communicate in solidarity and to cooperate before, during and after the elections. This appeal is directed to all forces that have bled in the strikes and clashes, that have filled the squares with life, that want to strengthen the rebellion of the labor movement, that are aiming for an overthrow of the government coalition, the EU, IMF and capitalist barbarism!

Whatever they may tell us, we know that history is not written in the corridors of power but in the streets where the real struggles take place. With a battle-front based on the need for a break with the system and revolution, combined with a strong, militant anti-capitalist left, we can win the fight!

Translation and notes: A. Klope, 21 April 21, 2012

TUNISIA

"The fight against the exploitation of women can be an engine for overall social change."

AHLEM BELHADJI ·

What kind of discrimination is suffered by women? What is their situation currently?

In relation to the rest of the Arab world, the status of Tunisian women is rather specific. They benefited quite early on from progressive laws. In 1956, for example, the personal status code prohibited polygamy and granted the right to divorce. In 1964, women were granted the right to abortion, i.e. well before the French. They had the right to vote in 1957, 15 years before Swiss women. Tunisian Governments often exploited the cause of women as being the showcase of democracy and modernity, by instituting a sort of "state feminism".

However, strong inequality, never raised by these same leaders, persisted in Tunisian law, especially at the level of the family. In a completely patriarchal conception, the husband, the "head of family", is the only holder of parental authority. Women are considered as heads of family in exceptional cases. Moreover, estate law remains a very important area where women are victims of clear discrimination since the law requires women to meet the needs of the ascendants and descendants by inheriting half as much as men. This is for us unacceptable. Despite clear legal texts, judgements that are made are often marked by a certain machismo.

On the social front, particularly among employees, there is a phenomenon of feminization of poverty. As everywhere in the world, the unemployment rate is much higher for women: also, women are less likely to find a job. The problem of graduate unemployment is flagrant among women. Despite the equality displayed by the Labour Code, women are paid less and are less likely to progress to the professional level. The work of women is also much

more frequently marginalized. Precarious employment primarily affects women, particularly housewives or those operating in the sector of subcontracting. These are areas where exploitation at its worst.

These are the main manifestations of discrimination against women but, obviously, there are others, including as regards the participation of women in political life. Women remain very rarely present at the level of the positions of power. Not only at the level of high ranks in the ministries but also at the level of civil society.

The same is true at the trade union level: as usual, no woman was elected to the National Directorate at the congress of the UGTT, the largest Tunisian union, in December 2011, although more than 40% of union members are women. The rate of presence of women at the level of the intermediary structures of the UGTT is also very low. It is an environment where there are many things to do in the area of gender equality.

What was the role of women in the revolution?

Tunisian women were very present at all stages of the revolution, and not only during the period from December 17 to January 14. They participated in the preparation of this revolution, especially in trade union struggles where they were massively mobilized because they are very much present in fragile areas. For example, at the beginning of the 2000s, and following the "Multifibre Agreement" affecting the textile sector, which is particularly feminized, it was women who started the social struggles, the strikes, the sit-ins.

This wave of demonstrations by women, which showed a great fighting spirit, was also the source of the Tunisian Social Forum. Women were also involved in the democratic struggles for human rights by spreading a sentiment and a culture of opposition to the Ben Ali regime. They spoke of repression and corruption and they fought for democracy, for freedom, for the rights of women.

The movement of the mining basin in 2008, a very important stage which preceded the Tunisian revolution, was triggered by women. The mothers of youth who were not recruited for work started the sit-in in the streets of the region of Gafsa and ensured resistance on a daily basis.

In December 2010 and January 2011 - the media reported on it a lot - women were present everywhere in the street, on blogs, in the confrontations, in all manifestations of revolution. And they were able to experience an equal citizenship alongside men at these events.

After the fall of Ben Ali, what were the changes? How do you see the future?

Unfortunately, after the revolution, things have become a little harder. Yet, there was the impression that the strong participation of women in the revolution was preparing the ground for more equality, more rights for Tunisian women. Women who actively participated in the revolution of course wanted to obtain immediately egalitarian laws.

And this claim has been related to that of the separation of politics and religion that appeared as the corollary of equality. We cannot obtain equality by continuing to refer to Sharia law.

Then, there is a battle for the greater participation of women in political life. Finally a historic law was passed by a large number of representatives of the "Higher Body for the Realization of the Objectives of the Revolution". This work has helped the more disadvantaged women to be present on lists, participate in some meetings, and even to go home late! I think that this will have an effect on attitudes, but perhaps in the long term. In the shorter term, there a little more than 25% of women among elected

representatives in the constituent assembly, even if the majority belong to Ennahda.

However, as for equality at the legal and social level, for all women in all regions, things are less obvious. Now, in the political world, there is talk of preserving the achievements of women but no one speaks any more of an improvement of the laws. It is for example requested that our association focus only on preserving the achievements, while we have fought for 20 years for real equality, especially in the family.

This increasingly common discourse is largely imposed by the presence of Ennahda in the Government. Faced with Ennahda, it is necessary to at least preserve the gains so as not to leave open breaches that could let it impose serious setbacks in some areas. It is true that a number of religious fundamentalists, especially Salafis, but also some members of Ennahda, speak of fundamental issues such as polygamy, adoption, or even hilafa (Islamic governance) that threaten the rights of women.

In relation to the right to work and the feminization of poverty that I have just described, nothing favours women. They are the poorest, those who have less property, who are the most exploited. Instead, voices rise to claim that women take the work of young people, or call on women to stay home and attack working women.

There are still threats against the situation of women. But, there is a great mobilization of women, who are extremely vigilant and organised to constitute a genuine bulwark against any form of regression. I think also that the fight against the exploitation of women and male domination can be an engine for overall social change.

It is by making the link between the different levels of control - the fight against inequalities between the sexes, economic and social inequalities, regional inequalities, and so on - that things will have any chance of success in Tunisia. And we remain optimistic on all these challenges because the mobilization is there, and people are very attentive to what is currently done.

TUNISIA

"We need a second revolution"

ADNEN HAJJI ·

Can you describe the context in which you lived prior to the uprisings?

Redeyef, with Mdhila, Matlaoui and Moulares, is one of the four cities of the mining basin of Gafsa in which phosphate has been mined for more than a century and is the main source of life in the region.

But there is no sign of development in these cities and throughout this region. Since the regime of Bourguiba, in 1956, the state has not intervened in the region to salvage the social situation, or create additional projects to the phosphate company. It is happy with this company.

The result for our region is poverty and massive unemployment, affecting particularly young people of working age, but also the pollution of drinking water deposits, which are partly dry, while the infrastructure becomes increasingly old. We live in a situation that is not human at all in our region.

On the political and administrative side, the corruption and domination of the RCD, Ben Ali's old party, became increasingly unbearable for the inhabitants.

What characterizes the town of Redeyef is the fight that we conducted, in particular demonstrations of the unemployed, since the 1970s against the regime of Bourguiba, then that of Ben Ali from November 1987.

It can be said that what happened in 2008 was the result of an accumulation of acts of activism for many years. Many activists in Redeyef are members of the UGTT, the Tunisian General Labour Union. Some have also participated in political parties since the end of the 1970s, like for example the PCOT, the Communist Workers' Party of Tunisia.

And concerning your own profession?

I am a teacher. The situation of education is critical, either in the primary or the secondary sector, especially as regards infrastructure.

Life in this region is miserable in all areas, despite the wealth we produce here, phosphate, which is regarded as one of Tunisia's main resources. In 2008, in this context, the proclamation of falsified results for a highly anticipated competition for the recruitment of workers at the CPG, the Gafsa phosphate company, led to the outbreak of a social movement in the four mining towns. At Redeyef, a hunger strike began at the UGTT offices.

My comrades and I (I'm a member of the local UGTT committee and secretary general of the rank and file union in primary education) decided to support this hunger strike and negotiate with the sub-prefect of Redeyef, and with the Governor of Gafsa.

Without satisfactory results, we continued our struggle by demonstrations in the streets, and meetings on the square before the local headquarters of the UGTT. For six successive months of struggle, we demanded equality in development, the equality of our share of the national wealth! We sent the message to the Ben Ali regime, that we could not continue to live in misery and that the state should intervene to develop our region, to create things for people to live humanely.

Finally, the police intervened to stop this movement and fired on the demonstrators: 3 dead, 34 wounded and more than 300 people arrested in the region.

Myself, I was sentenced to 10 years in prison. I spent almost 17 months between Kasserine and Mornaguia prison in Tunis. Then we were released on November 4, 2009. We have been supported by many people in Tunisia and France: civil society,

associations, parties, trade unionists, democrats and so on.

We thank our comrades, our friends, and all those who supported us to demand our release and helped our families. While we were in prison, our families demonstrated in the street and women organized a sit-in.

After our release from prison, we continued to fight against the regime of Ben Ali. We never stopped until the beginning of the revolution, December 17 in Sidi Bouzid: that day we organized a sit-in in the premises of the UGTT to demand jobs. The inhabitants of Redeyef and the mining region participated in this revolution by demonstrations, marches in the streets, by assemblies, and so on until the flight of Ben Ali.

How do you explain how the movement extended across Tunisia at this particular time?

The first spark of the revolution came from our region, January 5, 2008. But the basis of this revolution, the movement of the mining basin, is the social situation. The same goes for the outbreak of the revolution of January 14: it was based on the social situation of the inland regions of the Tunisia.

When we started, it was a first in Tunisia and we were isolated, the leadership of the UGTT turned his back on its activists. The executive bureau of the UGTT even sanctioned some of its local activists, including me. But the Ben Ali regime also found itself in a somewhat disturbed situation, it did not know what to do with this movement and it delayed its intervention a little.

In December 2010, in Sidi Bouzid, it was not the same thing. When it began, the inhabitants of Sidi Bouzid, in particular young people, won the solidarity of everyone, including the UGTT. The country supported them.

And the Ben Ali regime committed a more serious error still than in the mining basin: from the first day, the police intervened! But, this time, the population of the regions of Gafsa, Sidi Bou Zid,

Kasserine and other regions in struggle against Ben Ali, had learned the lessons of the struggle of the mining basin in 2008. What we had waited for since 2008 was that this spark would spread to all Tunisian regions, to all of the Tunisian population.

Since 2008 - we could not of course say it publicly - we targeted the Ben Ali regime, we aimed at the revolution. We have named our movement the el-karama revolution, the revolution of dignity (we had in 2008 created a website entitled "Redeyef Karama"). The revolution of January 14 or December 17 is a continuation of the movements of 2008.

Can you describe the forms of organization that you have selected and the link between the local union, the population and the national union?

The UGTT has chosen to launch and provide a framework for this movement. The UGTT office was the place where people organised or met to discuss the directions to adopt. We convinced young people to come together, we organized demonstrations in the streets, avoiding confrontation with the police. It was they who assaulted us.

We began first by saying to the authorities that it was necessary to cancel the results of this competition. But, little by little, we developed other more profound claims on equal development between all regions of the Tunisia, especially for the regions of the interior who have lived for decades, and even centuries, in poverty. The population was persuaded by these claims.

Today, what has changed in your view?

Until now I think that little has changed in Tunisia. Even after the elections on October 23, the social situation persists still. Until now the region has lived through a difficult situation. There is the anger of the young, of people and so on. There is also a sit-in, there are blockages of the CPG services and therefore the production of phosphate.

In the future, the current government formed by Ennahda and its associates may solve some prob-

lems. But until today I can confirm to you that the situation is the same. Throughout 2011 there was no elected government, and without government we cannot solve social problems.

Now that we have an elected Government, the social situation and the question of unemployment must be priorities. In a year or 18 months perhaps, the Constitution will be written, the situation may be somewhat improved. We need remedies, soon, because people cannot wait any longer.

Do you feel that the fight is not over, that people are prepared to revolt if they are dissatisfied?

I am not optimistic, on the contrary. We have been disappointed by the results of these elections. I do not believe that this government will do much. That is evident in the program of the current Prime Minister. This is disappointing, so we must continue the fight.

And we must expect a second revolution. Because the situation is very serious, and I do not think that this newly elected regime will succeed in solving the problems.

What do you think are the most urgent measures to alleviate the catastrophic social situation in your area?

In our region, we have filed our claims with the Minister of Labour. The problem of unemployment is difficult to solve in a short time, but we must first begin with the problem of precarious workers, those with no guarantees in their work, in their lives, such as those involved in what is called in Tunisia "the worksite." It is a system in place since the days of Ben Ali to calm people by employing

them to, for example, carry out improvements of the urban environment. But as they are very lowly paid, this cannot solve the social problem. It is necessary to regulate their work situation.

There are also the former workers in subcontracting, created in 2008 to calm the situation. Today, these people have been recruited by a company called the Society of Environment and Planting, it must solve the problem of these people. It is also necessary to compel the phosphate company to recruit hundreds, thousands of unemployed young people in the region, to improve the situation somewhat.

There is also the problem of the former injured workers who have suffered serious work accidents of the work very serious, and who have the right to be recruited by the phosphate company, not counting those who retired early between 1986 and 2000: they were thrown out the door with a very low salary and their rights were not respected. Then it is also necessary that the phosphates company devotes a percentage of the annual profit to develop the region. We are entitled to it. The social situation cannot be pacified without meeting these claims.

In conclusion, I hope that things advance, though - it is my personal opinion - I have no confidence in the current government and the newly elected officials. I hope that the situation will get better, that Tunisia is going to move forward, and that at least we feel that things have changed.

I thank all the friends of Tunisia and the Tunisian people who supported the revolution, and who have supported our country.

SRI LANKA

Can the Frontline Socialist Party revive the left?

K GOVINDAN ·

Underlining the internationalism of the new party, and its understanding of the relationship between national and global struggles against capitalism, the Convention was dominated by speeches and messages from international guests [1] and representatives of FSP branches in England, France and Italy. Greetings were also delivered by Left groups within Sri Lanka, mainly of Trotskyist and Maoist lineage, including Vickramabahu Karunarathne on behalf of the Nava Sama Samaja Party.

A 'Party for Us' announced the new party in a poster and social media campaign in the weeks leading up to the Convention, showcasing images of the poor and exploited – of different classes, occupations and ethnicities, who are unrepresented in the present political system.

Currently, the working class movement is passive and its traditional leadership are unwilling to challenge the government on the unbearable cost of living and the pillaging of workers savings to service government debt and stimulate the stock market. The number of strikes and workers on strike has sharply declined to only 8 recorded strikes in 2009, with only 5,320 workers involved in contrast to 52 strikes of over 200,000 workers in 2006.

The governmental Left is palpably weaker in policy influence than in previous coalitions and unable to even moderate the authoritarian capitalism of the Rajapakse government. The organised Left outside the government has declined numerically and in social weight and is struggling to regenerate itself. While there have been some significant social struggles of free trade zone workers, university teachers, and fisher-folk in the past year, these

have been short-lived episodes with only partial defensive gains at best.

Abductions overshadow Convention

The excitement of an impressively organised and staged launch was overshadowed by the abduction of two leading members of the new party on the eve of its Convention; in a transparent attempt to sabotage the event and to sow disarray and confusion in its ranks.

Premakumar Gunarathnam and Dimuthu Attygala were abducted in two separate incidents within hours of each other, following a pre-Convention meeting of the leadership on 7 April. Their party was unequivocal in holding the state responsible for the abductions and in expressing the widespread sentiment that it was a prelude to their extra-judicial killing, as has been the despicable trend in Sri Lanka.

Even the *Janatha Vimukthi Peramuna* (JVP) – which unsurprisingly has had a hostile relationship with its former comrades – was forthright in blaming the Rajapakse regime for the 'disappearance' of Gunarathnam and Attygala and in expressing the widespread lack of confidence in the investigative process. "Since the government was involved in murders, abductions, disappearances and suppressions of opposition political activists", said JVP parliamentarian Anura Kumara Disanayake, "the [law enforcement agencies] were helpless."

In fact, since October 2011 alone, around 60 individuals have been abducted or 'disappeared' [2], in so-called 'white van' incidents (after the colour and favoured vehicle of the perpetrators). Most of them are not of Tamil origin, unlike during the war, but rather from the Sinhala, Muslim and the indigenous peoples (*Wanniyaletto*) communities.

However, among them are two supporters of the new party of Tamil origin, Lalith Weeraraj and Kugan Murugandan. Both activists were abducted on 9 December 2011 in Jaffna where they were campaigning for justice with family members of Tamils who have been 'disappeared' or reported missing during the last stages of the war. [3] Weeraraj and Murugandan's whereabouts and physical safety remain uncertain; and international solidarity for their release must be redoubled.

It is widely believed that most of these abductions are organised by military/paramilitary/ex-military units under the direction of the all-powerful Defence Secretary and brother to the President, Gotabhaya Rajapakse, to dispose of those believed to be of threat or inconvenience to the regime, or whom they are unable to detain through judicial process for lack of evidence.

Enforced Disappearances

The practice of 'enforced disappearances' has been prevalent in all political regimes and have targeted both Sinhala and Tamils: the former mainly during the JVP insurrection between 1987 and 1990 and the latter mainly during the 26 year civil war that ended in May 2009.

Covert 'counter-terrorist' operations of this nature were revived following the 2005 election to the presidency of Mahinda Rajapakse; and the reorganisation of the state security apparatus by Gotabhaya Rajapakse – a former officer in the Sri Lanka Army who saw active duty in the brutal suppression of the Sinhala youth rebellion in the late 1980s.

In an unprecedented development, Gunarathnam and Attygala were both released from captivity on 10 April. Their safe release is only due to the broad and diverse political coalition that protested against their abduction within Sri Lanka, the diplomatic pressure of the Australian government, and an international solidarity campaign that was swiftly organised including through the Fourth International.

The government denied responsibility for their abduction and has bizarrely sought to link Gunarathnam – who is of Tamil ethnicity – to the secessionist Liberation Tigers of Tamil Eelam (LTTE) and to highlight his Australian nationality and use of an alias to enter Sri Lanka.

This is really ludicrous because the JVP, of which Gunarathnam (*nom de guerre* 'Kumara Mahattaya') was an activist during its second insurrection and later leading member until last year's split, has historically been implacably opposed to the Tamil armed struggle and indeed vocally supported the military campaign of the present and past governments.

Further, as an underground leader of the post-second insurrection JVP, and considering that his elder brother Ranjitham (the only Tamil-origin central committee member of the JVP during the late 1980s) was killed by state security forces, it is unsurprising that he would secure residence abroad for himself, and travel under an adopted name for his own protection.

Gunarathnam was promptly deported to Sydney where his wife and children live. Soon after his arrival he addressed a media conference organised by his party in Sri Lanka via the internet; and described how he had been tortured and sexually assaulted during his captivity. [4] He reaffirmed his political commitment to the struggle for socialism and to the new party.

Dimuthu Attygala (alias 'Krishanthi') is the best known woman leader of the FSP, and was formerly a member of the politburo of the JVP. Her area of responsibility was the women's wing of the JVP (Socialist Women's Union); and in the new party she has been assigned coordination of its international relations in addition to its women's front organisation ('Women's Movement for Freedom').

Recounting her ordeal in a media conference organised by the FSP following her release on 10 April, Attygala believes she was abducted to extract information on the new party's international con-

nections and particularly to discover its political and financial network. [5] Her captors persistently questioned her as to whether the FSP had links with pro-LTTE Tamil diaspora organisations. She has no doubt that she was abducted by state security personnel and detained at a military camp during her interrogation.

Splits within JVP

Late last year the media began carrying reports of a major split within the *Janatha Vimukthi Peramuna* (JVP), which has been Sri Lanka's largest Left party (although many Sri Lankan leftists object to characterising it as socialist because of its Sinhala nationalist stance on the Tamil national question).

The JVP's roots are in the Maoist Ceylon Communist Party in the late 1960s and its membership and supporters are drawn from the Sinhala rural and semi-urban petty-bourgeoisie. Its central leader, Rohana Wijeweera, was expelled from the CCP-Peking and formed his own secretive organisation which led two armed insurrections against the Sri Lankan state in 1971 and later in 1987, which were brutally crushed with the loss of tens of thousands of young lives. In the second insurrection, all but one member of its leadership was physically eliminated.

In the early 1990s, the JVP revived its organisation and entered electoral politics. As the bourgeois populist Sri Lanka Freedom Party adopted the neo-liberal policies of the right-wing United National Party after forming a new government in 1994, the JVP became the beneficiary of social and political discontent and a pole of attraction to radical students and young workers. Its parliamentary caucus grew from 1 member in 1994, to 10 in 2000 and 16 in 2001, and peaked at 39 (in the 225 seat legislature) in 2004. It also made significant gains among organised workers especially in the state and private sector, often through poaching members from rival unions; while also dominating politics in universities through its militant student unions which were not averse to using violence and ragging to ex-

ert its authority over the administration and students alike.

However, the JVP faced two ways: it presented itself as an anti-imperialist and an anti-capitalist force struggling for socialist revolution in Sri Lanka, while simultaneously projecting itself as a patriotic nationalist organisation rooted in Sinhala Buddhist culture and committed to the preservation of the unity and territorial integrity of the country.

As former general-secretary of the JVP, Lionel Bopage – who also pushed in the late 70s and early 80s for his party to recognise the existence of Tamil national oppression and to support the Tamil struggle for equality and justice – commented: "Since the late 1990s the JVP not only supported the chauvinist verbal onslaught against the Tamil people but also became an active collaborator in the brutal repression carried out by the state against the Tamil people. Thus, it has to bear some responsibility for the socio-cultural and economic outcomes that the working people of the island are experiencing today. For dividing the people by clouding its consciousness, the JVP, in particular its nationalist bloc used chauvinist and fundamentalist slogans to the maximum effect. The JVP camouflaged its ultra nationalist stance with socialist phraseology". [6]

The JVP have been virulently opposed to any proposals for power-sharing with the Tamil nation. It was a bitter critic of the draft 2000 Constitution, the political proposals debated during the Cease-Fire Agreement (between 2002 and 2005), and withdrew from the All-Party Representative Committee process on constitutional reforms. It even continues to oppose the 13th Amendment to the Constitution that introduced limited devolution of powers to the regions, despite contesting elections for and being represented in those provincial councils.

The JVP were vocal supporters of the war and of the use of military force to suppress the LTTE. In their view, the division of the island through cre-

ation of an independent Tamil homeland ('Tamil Eelam') would benefit US imperialism and Indian 'expansionism' in the region. The logical political conclusion of this perspective was to form alliances with the Sri Lanka Freedom Party (SLFP)-led government that was prosecuting the war.

Thus, the JVP – like the 'Old Left' Lanka Sama Samaja Party and Communist Party of Sri Lanka decades before it – succumbed to the pressure of 'coalition politics' (popular frontism) by aligning itself with the SLFP, first by joining the Chandrika Bandaranaike Kumaratunga government in 2004, and later by vigorously supporting the election of her successor Mahinda Rajapakse in 2005.

As the flawed 'peace process' and full-blown war broke out after August 2006, the JVP mobilised Sinhala society in warmongering. The government even arranged for the JVP parliamentarian Wimal Weerawansa to regularly address soldiers at the battle-front, in a morale-boosting exercise.

This twin policy of collaborating with the neoliberal governments of Kumaratunga and Rajapakse as well as its non-differentiation from the Sinhala chauvinist campaign against Tamil rights sparked an internal debate within the JVP on its revolutionary socialist identity.

Chauvinist split in 2008

Hidden from public view, the different viewpoints were partially revealed when the camp around the Sinhala chauvinist Weerawansa broke with the party and joined the Rajapakse coalition in April 2008, along with 10 other JVP parliamentarians. The JVP lost its most charismatic public speaker along with a front organisation of Buddhist monks and laity that was in the vanguard of agitation against political resolution of the national question.

At the time, Weerawansa revealed that there was a group within the party that wanted it to rethink its political positions, including on the Tamil question, and warned darkly of 'Trotskyist' deviations.

This was clearly an exodus of the Sinhala nationalist bloc within the JVP. It allowed the JVP to reassert its political independence from the Rajapakse regime. In fact, soon after the end of the war in mid-2009, the JVP in an about-turn began demanding the end of emergency rule, the repeal of the Prevention of Terrorism Act, speedy rehabilitation and release of LTTE combatants and Tamil political prisoners, and for respect for democratic and human rights. It also repositioned itself as a bitter critic of the Rajapakse regime but without any self-criticism of its own past political record of support.

The debate continued within the JVP as a group of dissidents attempted to win the traditional leadership of the party over. It was only in August 2011, when it became clear to the dissidents that there was no democratic space for them within the JVP that they took the decisive step of forming a public faction known as the *Jana Aragala Vyaparaya* (Movement for Peoples Struggle – MPS).

The dissidents began at a disadvantage. They were mainly second generation leaders recruited in the student movement in the course of the 1990s for e.g. Pubudu Jagoda ('Lasith'), Chameera Koswatta, Waruna Deepthi Rajapaksa, Duminda Nagamuwa and others. The older members such as Senadheera Gunatilleke ('Opatha') were only known within the party and unknown to the general public as the JVP has generally projected its parliamentarians as its public spokespersons complemented by its paramount leader Somawansa Amarasinghe and its General Secretary Tilvin Silva as its ideologues. One of the MPS' criticisms of the JVP is that its leaders were created through their entry into elected bodies such as parliament, and not through struggles.

The mainstream media was swift to describe the dissidents as 'extremists' and hint that they represented a throwback to the JVP's armed adventurism. The identity of one of their key leaders, Premakumar Gunarathnam, was leaked to the media; and his Tamil ethnicity was used to throw mud at the new formation, manifesting Sri Lanka's racist political culture.

However, the MPS was able to win the loyalty of most of the bureaus of the JVP (for e.g. student, education, publications etc.), as well as the majority of its district structures aside from Anuradhapura, Hambantota and Kurunegala. Also, many of the JVP's overseas members, excepting perhaps in Japan, have also joined the new formation.

The new party is evidently well-funded in comparison to other Left parties. It has several full-timers and an efficient and disciplined organisational structure. It is supporting the *Janarala* newspaper (edited by the team that previously published the pro-JVP *Irida Lanka* weekly). It has organised several public events in the last few months to consolidate its membership and explain its differences with the JVP. It is able to mount posters island-wide and within the space of a few hours, such as immediately following the recent abduction of its leaders. Like the JVP it is able to count on the selflessness and self-sacrifice of its cadres and sympathisers. Its overseas committees are also critical to its income and in developing relations with fraternal organisations abroad.

The JVP has the support of 3 of the 4 parliamentarians returned in 2010; only Ajith Kumara representing Galle district has joined the FSP. It also has retained the support of its trade unions and their membership. However, its peasant front leader (and former member of parliament) S. K. Subasinghe has joined with the dissidents. The JVP has also secured most of its assets including headquarters and many district offices.

Partial Break with JVP

Initially, the MPS aimed to gain leadership of the JVP and therefore it has presented itself as the authentic or genuine inheritors of the legacy of Rohana Wijeweera. So, last November on Wijeweera's death anniversary that is marked as 'Heroes Day', there were two commemorations of JVP martyrs (*Il Maha Viru Samaruwa*) by the different factions.

Although it has engaged in self-criticism of its past (that was distributed in book form at the inaugural convention), the new party has focused its critique on the post-2004 record of the JVP, particularly its support for the capitalist Sri Lanka Freedom Party. Therefore, it is still unable to confront the adventurism of the JVP's two abortive 'revolutions', as well as the break from Marxism represented by Wijeweera's position that the Tamil plantation proletariat (of recent Indian origin) constituted a fifth column of Indian expansionism; and his opposition to the Tamil liberation struggle.

The split has already had a salutary effect on the JVP. In January 2010, it supported the presidential campaign of former army commander Sarath Fonseka, also backed by the United National Party and the Tamil National Alliance, and formed a motley electoral front with him and his supporters (ranging from disgruntled UNPers and SLFPers to military personnel) called the Democratic National Alliance (DNA). This alliance is now dead as the JVP has accepted that it was a mistake to ally itself with Fonseka and claims that it will not enter into coalition agreements with pro-capitalist parties in future. Also, the JVP has become more strident in its criticism of the militarisation of the Tamil-majority Northern and Eastern provinces of the island and in highlighting abuses of democratic and human rights in those regions.

While the FSP is critical of the JVP's position on the Tamil national question, its own perspective is still vague and ambiguous. It recognises the existence of multiple nationalities in Sri Lanka, but does not advocate the right to self-determination for oppressed nationalities. In fact its leaders have said that they oppose "separatism and federalism" and will seek to convince Tamils to "accept a solution which ensures equality and democracy to them". [7]

We can agree that the existing 13th Amendment is not a solution to the national question and that we need to transcend capitalism to attack the roots of national oppression. However, as a beginning, does the FSP accept the need for its full implementation

including the controversial exercise of powers over land allocation and police powers by provincial governments? And, will it join the campaign for "13+", that is, for power-sharing with Tamils and other minorities and self-government in the North and East? This is a thorny issue for the FSP partly because the JVP opposed the 13th Amendment and killed leftists who (critically) supported the Indo-Lanka Accord that introduced the constitutional reform during its second insurrection.

It is commendable that the MPS/FSP has not yielded to the prevailing Sinhala nationalist ethos and has publicly declared that it is engaged in dialogue with ex-LTTE combatants and willing to accept them into its ranks. The government has unleashed a ferocious propaganda campaign against it for daring to forge unity between the Sinhala and Tamil oppressed and to overcome the mutual distrust and suspicion that has polarised the exploited and marginalised of both peoples. However, the new party cannot take cover under the threadbare position of the JVP that Tamils and other minorities must await 'socialism' for the satisfaction of their democratic demands.

There also needs to be clarity on whether we mean the same thing by 'socialism' and the road to socialism. What is the relationship between democracy and socialism? How do we entrench and assimilate democratic practices within our own organisations and mass organisations? How should socialists work within the workers movement when it is divided on party political lines? What is the relationship between struggles against national oppression and struggles for socialism?

For instance, the FSP's inaugural convention appears to be modelled on those of the JVP which are rallies of the faithful and not delegate-based conferences where open debate takes place and the leadership is transparently elected. Instead, the new leadership (an 18 member central committee) of the FSP was announced at the Convention, having apparently been pre-selected by an inner core membership. Subsequently, the central committee has elected Senadheera Gunatilleke as its general

secretary and G. Kularatne as its organising secretary among its 9 member political council that also includes Premakumar Gunarathnam and Dimuthu Attygala.

It is to the credit of the Frontline Socialist Party that since its inception, it has been open to collaborate and dialogue with other political traditions. This sharp break from the political practice of the JVP cannot be over-stated. The JVP has always been a sectarian party that placed its self-interest over those of the broader movement. It avoids engagement with the radical Left and is unable to collaborate on joint campaigns even in the trade union and social movement. The JVP only considers itself to be the genuine party of the Left. This has isolated it and contributed to its political stagnation.

In contrast, the comrades of the FSP understand that the working class is not homogeneous and that it will have diverse political tendencies. Therefore the FSP recognises that there has to be a plurality of the Left in the revolutionary movement and that the movement as a whole can only advance through grasping and channelling the various experiences of its constituents.

The FSP has adopted the perspective that it does not claim to have all the answers and neither does it claim to have had a spotless past. In that spirit it has welcomed the participation of other groups in its Movement for Peoples Struggle which it intends to continue as a broad front while building its own party. This enlightened approach of the comrades of the FSP and the respectful manner in which it has been in dialogue with the radical Left including Trotskyist groups such as the NSSP, despite the hostility of the JVP towards this political tradition, is what is most encouraging in what are bleak and unfavourable times.

In addition to common campaigns such as around disappearances and abductions, the current political dialogue should also take place at the base of the radical Left and not be confined to its leadership in Colombo. The FSP could open the pages of its newspaper, not only to promote greater under-

standing within the Left, but also to overcome the crisis of credibility of socialist ideas and politics. The NSSP has proposed to the FSP that it should jointly organise its May Day celebration this year with other Left parties and trade unions. Unitary

initiatives such as these can be decisive steps towards greater convergence on the Left and inspire hope among those in struggle today and tomorrow.

13 April 2012 – Colombo

DEBT

An audit for Italy too

SALVATORE CANNAVÒ ·

If we look at the prime ministers who were in power in the years when the debt reached its peak, we see that those who were responsible for the situation were none other than the men of the Christian-Democrat, then Socialist *nomenklatura*, who ran the country for approximately fifty years: Arnaldo Forlani, Bettino Craxi, Ciriaco De Mita, Giulio Andreotti, Giuliano Amato and, since 1994, the year of the foundation of the Second Republic, Silvio Berlusconi and Lamberto Dini. After the advent of the new centre-left, the dynamic of the debt was reversed under the first (1996-1998) and second (2006-2008) Prodi governments. But between 1994 and 2010, the centre-left and the centre-right each held power for eight years: Prodi, D'Alema, Amato, Berlusconi, then Prodi again and again Berlusconi. Things did not change much.

The debt in Italy

Actually, the increase in the debt was a clear choice of the policies followed in Europe over these last ten to fifteen years, which saw the application of neoliberal policies based on the hypothesis of the reduction of fiscal pressure by reducing taxes for the wealthier layers of society and for private companies.

If in the post-war period the relationship between debt and GDP was 45 per cent, and went down to 33 per cent in 1964 (thanks to the economic boom), the crisis of the centre-left and the first signs of slowing-down produced a rapid rise which took the debt to 55 per cent of GDP in 1973, the year of the oil crisis. The crisis did not produce a constant rise,

because of inflation: the level of debt increased to 63% per cent in 1978 and went down again to 59 per cent in 1980. However, it was in those years that the trouble began. The series is so impressive that it is worth describing it in detail: in 1980 the relationship was 59 per cent; in 1981, 61 per cent, in 1982, 66 per cent, in 1983, 71 per cent, then 77 per cent in 1984, 84 per cent in 1985, 88 per cent in 1986, 92 per cent in 1987, 94 per cent in 1988, 98% per cent in 1989, 100% per cent in 1990, 104 per cent in 1991 and 111 per cent in 1992. Then, the debt increased further to 124 per cent in 1995. It was the Prodi government and the other governments of the centre-left which caused it to drop to 109 per cent in 2001. During the last ten years, apart from the parenthesis of the policy of austerity of the Prodi government, the debt resumed its upward trend to once again cross the threshold of 120 per cent in 2011, the year of the crisis.

The photo gallery of the men of what is called the First Republic [4] confirms the dominant interpretation according to which the debt is the result of criminal policies based on clientelism and fraud, policies that were proper to the Christian-Democrat regime. There is no doubt that this uncontrolled clientelism was an integral part of the abnormal development of the country and constituted the cement of a political majority which led the country from 1948 to 1992. It was also essential to keep the lid on a national situation which was otherwise likely to explode. The debt increased abruptly at the end of the 1970s, the years of the white-hot workers' movement, but also the years of the explosion of the economic crisis unleashed by the shock of 1973. It was a potentially dangerous cocktail. The increase in public expenditure was thus an original means for the Christian-Democrat and Socialist governments to counter the influence of the Communist Party by socially isolating it within a

society which was nourished, in particular in the south of the country, by utterly uncontrolled public expenditure.

However, other things weighed more heavily. The relationship between public debt and welfare expenditure was not so direct. Welfare expenditure in relation to GDP increased at the same rate as revenue from taxes between 1980 and 1990, and even decreased after that. Thus in 1960 expenditure on health was 10.5 per cent of GDP; in 1994 it rose to 10.7 per cent, in other words it remained stable. Expenditure on education went down from 10.9 to 9 per cent, while the celebrated expenditure on pensions went from 32.9 per cent in 1960 to 33.6 per cent in 1994. Since 1994, austerity has fashioned Italian economic policy, with continuous reforms of social security and a compression of the Welfare State, an austerity that is summed up in the various economic manoeuvres which have succeeded one another since 1992: by adding together the manoeuvre approved by the Amato government in 1992, the monster-manoeuve of 90 billion liras, up to the last measures taken by the Berlusconi government in 2011, we go beyond the threshold of 500 billion euros. This is a gigantic upside-down redistribution of revenue.

Neoliberalism to the rescue of business

On the contrary, the sums spent for the payment of interest have steadily increased, and constitute the real weight that is burdening the Italian economy.

The prolonged phase of high rates of interest, decided by the United States at the end of the 1970s, imposed on Italy a "cost of the debt" which ultimately became unbearable.

Moreover, there is an element that is too often ignored. The obvious difficulties of the international economy, which have now lasted for decades – and which temporary booms, such as that centred on new technologies of the beginning of the 2000 decade or the real estate boom half-way through the same decade, do not manage to hide – were confronted by a state which beyond any doubt

placed itself at the service of business by cutting taxes and increasing public support. A myriad of massive forms of financing, of incentives and tax exemptions was created, amidst a tangle of conflicts of interest that are difficult to define with precision.

An estimate of the extent of government aid to companies, often open-ended and granted without them providing tangible economic results, and even, in the majority of cases, at the origin of subsequent disasters, was made by Marco Cobiainchi, author of the essay *Mani bucate* (Chiarelettere, 2011): "Two columns in the budget indicate the funds which leave public funds and subsidise those of companies: 'aid from the current account' and 'aid to the capital account'. In the 2010 budget the sum of these two figures comes to 40 billion euros. However this figure also includes the resources intended for the investments of state enterprises such as Ferrovie dello Stato, Anas and the local haulage companies, for which 15 billion euros are earmarked every year, so that the total of public money destined for the private sector is reduced to 25 billion euros [5].

This figure is an estimate by default because, as we can also read in the essay, there are also the interventions "in support of companies which produce green energy, approximately 3.5 billion euros, and if we add the tax rebates that are continually granted we will not be far from the alarming figure of 30 billion euros: more than two thirds of the public deficit that has to be reduced by 2013 here, a little less than half of what the state pays in interest on its debt in a single year" [6].

As can be seen, this is an analysis that is uncompromising and based on data which, if we project it over decades, makes it possible to put into perspective, by giving a more accurate measure of them, the figures of public debt and the management of the state budget. They then take on a quite different dimension in comparison with expenditure on pensions or the Welfare State.

Beside incentives, there is fiscal policy. There again, received wisdom affirms that in Italy tax pressure is among highest in Europe; the Bank of Italy recently sounded the alarm bell on the perspectives for the next few years, when total tax pressure will exceed the record threshold record of 44 per cent. Actually, according to the data of Eurostat, from 2000 to 2010 tax pressure in the Europe of the 27 went down from 44.7 to 37.1 per cent, a reduction of 7.6 percentage points. The rate of company tax fell from 31.9 to 23.2 per cent, a reduction of 8.7 points. Although globally tax pressure in Italy remained more or less stable, being reduced by only 0.3 per cent in ten years – and it should increase under the impact of the economic measures of the last Berlusconi government – corporation tax went down from 41.3 per cent to 31.4 per cent, in other words it fell by 9.9 percentage points.

The workers pay

Under these conditions, what is the primary source of revenue from taxes in Europe? The answer is easy, work. Whereas the average level of taxation on work in the EU 27 is 32.9 per cent, the average level of taxation of capital is 24.7 per cent (Eurostat figures for 2009).

It should nevertheless be said that the reduction of tax pressure in Italy takes especially another route, namely tax evasion. Here again, the estimates are approximate: 120,160 perhaps 200 billion euros per annum are not regularly paid into the coffers of the state. It would be enough to recover only one third of these sums to have the public accounts in order, to improve the budget situation, to reduce the debt, to increase welfare spending, to improve health and education, to protect pensions. Although the estimate of the level of tax evasion is dubious and ambiguous, the analysis of the taxes that are really paid is certain and measurable. According to the tables published by Bruno Tinti in his study *Una programma contro l'evasione fiscale* (a programme against tax evasion), published in the review *Micromega*, 88 per cent of Italian taxpayers, that is to say 36,163,280 people, are

wage-earners (20,970,919) and pensioners (15,292,361), while the "others" account for 12 per cent of taxpayers (5,359,777). The "others", writes Tinti, "can only be made up of the self-employed, employers, liberal professions, artisans, shopkeepers". The revenue from taxes coming from the first category, wage-earners and pensioners, accounts for 93 per cent of the total, whereas the others pay only the equivalent of 7 per cent of tax receipts from individuals. [7]

The table published by the Ministry of Economy and Finance covering tax in 2010 helps us to better understand the problem.

In 2010, the tax revenues of the state budget came to 406,671 million euros, a decrease of 2.5 billion compared to 2009. But what accounted for this decrease? The revenue from the *Imposta sul reddito* (IRE, Income Tax) increased by almost 7 billion euros, whereas the revenue from the [Imposta sulle società], (IRES, corporation tax), decreased, even if it was only by 167 million. Other factors were the drastic reduction of the substitute tax on interest and other capital revenues (- 6 billion euros) and the disappearance of the receipts of the exceptional tax for the realignment of accounting values by the adoption of international accountancy standards, which amounted to a loss of 4.4 billion euros. All in all, the level of untaxed revenues of capital on the one hand, and the reorganization of the accounting principles for company balance sheets on the other, produced a shortfall of approximately 10.5 billion euros [8].

So it is a gigantic transfer of resources towards the highest incomes, profits and unearned income that explains most of the problem.

The evolution of wages confirms this. By propagating the idea of the need to guarantee profits in order to increase investment, and thus employment, neoliberal policies, which have increased the debt, have produced a dramatic reduction of wages and of the Welfare State and a generalization of privatizations. According to the IRES-CGIL [9], in ten years, from 2000 to 2010, wages lost approximately 5,500 euros in terms of purchasing power [10],

while the net profits of the biggest Italian industrial enterprises (figures from the *Mediobanca* sample) increased by approximately 75.4 per cent between 1995 and 2008; from 1990 until today, there has been a growth in revenues from capital of more than 87 per cent.

The effects of the management of public debt are reflected in these figures. But not only that. Again according to the research of the CGIL, over the last thirty years, the evolution of investment in relation to profits has dropped by 38.7 per cent. In other words, profits were not reinvested in economic growth but in financial investments, which guaranteed subsequent profits thanks to the interest on public debt, to interest on the private debt of workers - increasing as a result of the reduction in wages - to speculation on currencies and derivative products, transforming global finance into a casino. Once the game was over, when the level of debt became too high, the crisis arrived. But with the nationalization of the losses of the big financial institutions, private debt was transferred into public debt in order to make us all pay for it.

That can once again be verified by the data. By dividing the 1,911 billion euros of Italian public debt (as of July 31, 2011) by the 60 million citizens, we get a debt of 31,863 euros per capita. But who owns the debt? Small savers, workers, craftsmen, small companies? No. According to the data of the Bank of Italy, only 13 per cent of Italian debt is held by individuals residing in Italy, 26.8 per cent is in the hands of "monetary financial institution" (banks, investment funds), 13.5 per cent is held by insurance and pension funds, 3.65 per cent by the Bank of Italy, and 43 per cent by non-residents, in other words it is held outside of the country, probably by the big financial institutions (figures for 2009).

The weight of the debt is used to justify austerity policies that are identical all over the world: reduction of welfare spending, attacks on pension systems, freezing or reduction of wages in the public sector, increase in flexibility of work, privatization of vital sectors such as water, energy, transport,

health and education, reduction of subsidies to the poorest classes, a squeeze on wages and other payments. The transfer of resources in the state budget from social services to payment of the interest on the debt is brilliantly illustrated by the last conjunctural note of the *Documento di economia e finanza per il 2011* (Document of Economy and Finance for 2011): the expenditure on interest of 70.4 billion euros will climb to 94.3 billion euros in 2014 [11] and its incidence on the wages of civil servants will go from 58 to 78 per cent, on pensions from 30 to 35 per cent, while the incidence on health spending will increase from 63.7 per cent in 2009 to 77.6 per cent in 2014.

It is right to demand the cancellation of the illegitimate part of the debt, that is to say the part accumulated in order to maintain profits, to guarantee the speculation of the big banks and to support a capitalist economy that is in a crisis of market outlets and thus of profit margins, and which needs a financial bubble capable of maintaining activity.

Freeze the payment of the debt and cancel the illegitimate part

So it is right to dispute the legitimacy of a debt contracted in order to implement social policies that are unjust, in violation of the economic, social, cultural and civil rights of the people. In the European countries, the fact that governments chose to get into debt in order to help the wealthiest classes and the most unrestrained capitalism is absolute obvious: the rescue of the banks, the reduction of tax rates for the wealthiest and, as far as Italy is concerned, real aid to tax evasion, which increases the profits of the big companies and the highest incomes.

In the same way, with regard to international law, there does not exist an absolute obligation to reimburse debts: for states there is first of all the obligation to protect human rights and the economic, social and cultural rights of their population. As an example, let us quote article 103 of the Charter of the United Nations, which establishes the superiority of the Statute of the United Nations, which

moreover imposes "the raising of the standards of living", "full employment" and "development in the economic and social order", over all other obligations contracted by states. Similar examples can be drawn from the Universal Declaration of the Rights of Man (1948, article 28), the Pact on Economic, Social and Cultural Rights, (1966, article 1) and the Declaration on the Right to Development (1986, article 2).

This legal basis can be found in various international texts, as cited above. Among the illicit or immoral causes which engender the illegality of a debt we can cite: the purchase of military material on the basis of article 26 of the UN; debts contracted to apply structural adjustment plans (see the Convention of Vienna of 1983); debts contracted without the populations having knowledge of them; and in many other cases. These are characterised as "odious" debts because they are directed towards measures that are not in conformity with international law, with the protection of human, social, economic and cultural rights. Private debts transformed into public debts are also illegitimate.

In this sense, we can only approve of the proposal put forward by the CADTM, which in Italy was taken up within slightly different frameworks [12]: the unilateral suspension of repayment of the debt to enable a public audit (a verification of the accounts) under citizens' control, in order to determine the parts of the debt to cancel, repudiate or renegotiate because of their illegitimacy, illegality or their odious nature.

This is the first step that is necessary in order to build a relationship of forces capable of reducing the financial tension. Once the moratorium had been obtained, it would be necessary to carry out the audit, which is fundamental in order to have an in-depth analysis of the debt and for which it is essential that there is the participation of citizens, movements, associations, and trade unions, which can designate their own representatives on the Audit Commission which must be set up. Obviously, such an objective requires a broad social mobilization, since today there does not exist a gov-

ernment capable of accepting such a proposal. But, at the same time, this proposal can help to choose a possible government for the country: a government which would really have at heart the future of the population, workers, young people and pensioners, the different social layers affected by the crisis, could only respond positively to such a proposition and turn its back on the interests of the big banks and finance companies.

Who pays?

Once the illegitimate or illicit debt has been identified, the corresponding amount must be paid by the financial institutions and the people with the highest incomes who have a direct responsibility for the outbreak of the crisis. Cancelling the debt, whose cost, otherwise, would fall on the poorest, on workers, on those in precarious work, on students, constitutes a first step towards restoring social justice. After that it is necessary to define a precise list of those who hold titles to the debt, in order to protect those who live on a modest income and for whom the titles to debt represent an entire lifetime's savings (they represent, as we have seen, a small minority). It should also be said that those whom the audit made it possible to identify as being responsible for infractions relating to the debt should be punished and obliged to make financial reparations. The unilateral moratorium will also serve to renegotiate rates of interest and a timetable for reimbursement of the debt considered as legitimate or legal, taking into account that the part of the state budget allocated to such payments cannot call into question the satisfaction of the fundamental needs of the population: health, education, Welfare State, wages. If, for example, it is decided that the cost of reimbursement cannot exceed 5 per cent of the state's revenues, as the CADTM proposes, that will represent a reduction by half compared to the present situation: at the end of 2010, in fact, this part of the state budget was 9.7 per cent.

The objections of the left

Among the fundamental objections to non-payment of the debt, that is to say to the moratorium on repayment, with freezing of reimbursement instalments, there are those which come from the world of the banks, of capitalism and finance and which, obviously, are opposed to the proposal because they see there a threat to their own interests. But there are also other objections, which come from the left. We can deal with three of them:

1) The default would be paid for by the population and by workers and pensioners.

However the problem could be avoided by an act, sovereign, of moratorium and not of suspension of payment, of default - from which the sectors to be protected would be clearly excluded, by virtue of the interests of the community. For example, the savings of workers, pensioners and all those who, with an income dependent on work, have always paid the taxes that were due.

2) After the moratorium a state would have great difficulty being financed again on the domestic and international markets: nobody would give it any credit again .

The cases of Argentina and Ecuador demonstrate the opposite, it depends on the situation. In any case, for Italy, it is a question of rebalancing the recourse to "domestic" loans. Faced with a debt of 1,763.8 billion euros, the net wealth of Italy (net of private debt) in 2009 amounted to 8,600 billion euros (9,448 billion euros of gross wealth, including 4,800 billion in real estate). Of this gross wealth 37.7 per cent is financial (3,561 billion, more than double the debt), made up as follows: 29.8 per cent in banknotes, currencies, bank deposits and postal savings; 44.2 per cent in private financial holdings, foreign financial deeds, shares, participations and collective investment funds; 17.7 per cent in technical insurance provision; 3 per cent in commercial credit and only 5.5 per cent in government bonds

[13]. On the other hand, almost a thousand billion is held in liquid form. It would be enough to make this mass of wealth useful to rebalance any possible insufficiencies.

3) A default means leaving the euro and facing a strong devaluation with a collapse of workers' purchasing power. The evolution of wages in the last ten years, since the introduction of the euro, does not justify talk about maintaining purchasing power. Europe can take a different road, the road of a social Europe which refuses the dictatorship of the banks. As an alternative, leaving the euro would not have worse consequences than opting for the status quo.

Beyond the debt

The reorganization of the debt is an operation which, to prove effective, cannot be conducted in a vacuum; it presupposes on the contrary a broader programme. It implies, in fact, accompanying this operation with a policy which increases wages, reduces precarious work, restores social rights and enlarges them, for example to immigrants and safeguards common property. We need a process of nationalization of the banks and insurance companies, to which big capital has had recourse only to save its own interests, and which must serve, on the contrary, to manage debt in a different way and to insure ourselves against financial speculation.

We need a tax reform which finally attacks tax evasion – most of which is the prerogative of the big companies, as is demonstrated by the financial brain-racking and the widespread use of chartered accountants à la Tremonti [14] – and which makes high incomes pay more and those who struggle to survive pay less, much less. A strongly progressive tax reform, with clear and not too numerous tax breaks for wage-earners, capable of cumulating tax on high incomes and property, and thus on inheritance, unearned income and speculation. A real Patrimonial Law Mark 2 in order to radically redistribute resources.

It is necessary to reopen the debate on this Europe, including the single currency, in order to build a Union that is really democratic and based on consensus and the participation of the people. That is why we are taking part in the popular petition to demand a referendum on Europe.

It is necessary to drastically reduce military expenditure, through the reduction of missions abroad and reduction of spending on armaments, which should be transformed into spending on ecological infrastructures and the rehabilitation of the environment.

We must put back in the centre of the economy work and its dignity, economic and social rights, with the extension of social guarantees: a guaranteed minimum wage, social income, the reduction of working time, the right to work in opposition to galloping precariousness.

It is necessary to resolutely confront the question of the environmental sustainability of economic de-

velopment, the ecological defence of the environment against the destruction engendered by profit and by the interests of the big multinational companies.

And all that has a meaning if we guarantee a new popular participation with forms of direct democracy and self government on every level. These Parliaments and their governments have served their time; we need a revolution in the forms of participation and of management of government: referendums on all the crucial questions, organs of direct participation, self-management and rational and democratic management of the economy by new democratic institutions from below.

ITALY

Successful national meeting on citizens' debt audit

SALVATORE CANNAVÒ ·

In this day of study organized by *Rivolta il debito* [1] (Return the Debt) there also took part: Antonio Tricarico of the *Smontiamo il debito* (Let us dismantle the debt) campaign, Lidia Cirillo of *Quaderni Viola* (Purple Books) In the afternoon there was a round table on the perspectives of the with interventions by Tricarico, Marco Bersani of Attac Italy, Sergio Bellavita of the National Secretariat of the FIOM [2], Francesco Raparelli of the Esc social centre, Paolo Divetta of the Metropolitan Precarious Blocs, Andrea Fioretti of the Self-convened Workers, Marta Russo, a student from *Atenei in Rivolta* (Universities in revolt) and Donatella Coppola of the feminist collective *La Mela di Eva* (Eve's Apple).

So it was a day of study, but also of movement. Study, because with the talks in the morning by Eric Toussaint, Antonio Tricarico and Lidia Cirillo there was a better focus on this crisis, defined as structural by all the speakers, who traced the contours of a framework where international capital makes workers pay for its own crisis of accumulation.

The ferocious mechanism of the financial markets in fact constitutes the instrument with which, through the expansion of the debt, they justify cuts in the Welfare State in order to finance profits. Thus, as explained in detail by Eric Toussaint, banks all over Europe are accorded three-year loans by the European Central Bank at a rate of one per cent - which is unheard-of - and reinvest this money in Greek, Italian or Portuguese bonds at a rate of between 5 and 7 per cent (Greek bonds are

not being sold for the moment). So there we have analyzed the financial storm and the activity of the markets, driving upwards the interest rates on the bonds of the countries under attack and increasing profits considerably: "The markets are people in flesh and blood and they are not stupid" as Antonio Tricarico underlined. But the crisis affects first of all women, who remain the main victims, affirmed Lidia Cirillo, even though at the beginning of the crisis it seemed that unemployment affected especially men: "That is no longer the case, even though in government policies this reality has been completely ignored."

So what should we do then? The method of financing by the ECB which encourages the buying of bonds with interest rates up to ten times higher - as Eric Toussaint explained - is judicially defined as "unjustified enrichment" and that is one of the reasons which makes it possible to declare a debt illegitimate. In short, there is room for manoeuvre in contemporary international law to pursue a policy of cancellation of the debt. Toussaint explained that Argentina, Ecuador and Iceland had already done so successfully, and "although they no longer have access to the international financial market, their economies are doing well".

In the framework of this strategy, a public audit of the debt is a method of "knowing and confronting the debt". An instrument for citizens' participation and action capable of connecting up different experiences and struggles which have the possibility of converging for a cancellation of the debt in order to defend and relaunch social services. A very important point of convergence in Europe will be the European Action Conference, which will take place in Frankfurt from 17 to 19 May. An occasion around which many European social movements are preparing to converge and which was the principal

subject of discussion in the afternoon, during which various guests announced that they were in favour of building a common initiative around the question of an audit but especially of enthusiastically preparing the event in Frankfurt. "There are enough forces" -said Danilo Corradi de *Rivolta it Debito* in his closing speech – "to engage in this

campaign, to create an Audit Network along with different other forces and to prepare the conference in Frankfurt in a very committed way. "

But first of all there is the event in Milan, Occupiamo Piazza Affari (Occupy Affari Square) on Saturday March 31 [3].

Rio +20

Fragmentation, convergences and strategic goals: some pointers from the Thematic Social Forum

JOSÉ CORREA LEITE ·

The Thematic Social Forum saw a continuation of the organizational problems of earlier social forums (in this case, public agencies – which should act to assist the operation of the Forums – not coordinating properly and so creating organizational chaos). But its political sense is more complex, evidencing the challenges for the left in the new global conjuncture we entered from 2011 – with the capitalist crisis leading to a greater fragmentation of the world economy, the possibilities and difficulties of new anti-systemic convergences by emerging social movements, as well as unprecedented challenges for the advance (which is theoretically possible) of a new socialist left which can respond to our contemporary challenges.

A new historical period.

There was general agreement about the main features of the world situation as we enter in the fourth year of what is probably the "great depression of the 21st century", with very unequal impacts upon different regions. Edgardo Lander produced a text about the international situation - to be used as a framework for the work of the thematic groups of the Thematic Social Forum – entitled "A new historical period" [4].

This text offers a well-grounded description of the strong cyclical trends, which help to define the political challenges and the strategic axes for rebuilding the movement. While pointing to the huge stakes we are facing (characterized by an unprecedented "civilizational crisis"), the text is not marked by the disorientation of parts of the left - instead it

points out the openings that the new situation brings for the struggle against the system. This viewpoint was shared by most of the organizations and movements attending the Thematic Social Forum.

Fragmentary dynamics in the market and in world politics.

An element which was not discussed very much in Porto Alegre was the displacement of the dynamics of the world economy towards the emerging countries and the movement of the economic centre of gravity to Asia - an outcome of neoliberal globalization and of capital movements to those countries that offer more propitious conditions for capital accumulation.

The shift from Bush-era unilateralism towards a more and more multilateral world does not reverse the hostile global conditions for the working class and the popular sectors which have existed for the last three decades (reaffirmed by the neoliberal politics in USA and Europe...), but at the same time geopolitical changes reverberate in other arenas. Everything points to a deep and long term crisis – especially for the triad countries (USA, EU, Japan) – and there is no answer, from these countries, to the growth of inequalities in the world nor to the increasing seriousness of the environmental crisis.

The structural conditions and political options in different parts of the world create different dynamics within this overall situation. The neoliberal consensus which has prevailed in the US since the Reagan period has been broken down by the eruption of the Occupy Movement and the radicalization of the republican rightwing towards the Tea Party; whereas in Europe you have had the rapid degeneration of democracy and social achieve-

ments as a result of the neoliberal push made by the elite under the guardianship of Berlin, combined with increasing xenophobia and the backwardness of the institutional left – without the Indignados being able to fill this political gap. China has continued to maintain high growth rates as have India and Russia and an increasing proportions of trade by the emergent economies takes place with Beijing. The popular upheavals in the Arab world have deepened the instability in the region (intensified by the recent threats to Iran), while South America has stabilised around Brazilian hegemony, with greater possibilities for social policies and the reintegration of this continent as a commodity supplier to China – a reality which is being challenged by the social movements (especially those led by indigenous people) that are day by day more involved with the socio-environmental critiques of developmentalism. Although a lot has been said about the strengthening of Brazil as a regional power and as an element that limits the impact of the United States's historic domination of the continent, it is the other members of the Triad that have felt the greatest loss of influence. . Europe in particular is going through a long period of decline - which can only be seen as a positive thing by people from other continents but is experienced by the peoples of Europe as a huge reactionary offensive.

What is at stake in Rio+20? The Thematic Social Forum was a preparation for the People's Summit of Rio+20 and was the first real opportunity for the left to debate what is at stake at the UN Conference on Sustainable Development, which is taking place during a full blown depression as well as after the failure of the COPs on climate change – the greatest challenge ever faced by humanity.

At the beginning two polar opposite positions were apparent: one that said this is a fraud and the result is irrelevant for dealing with the environmental crisis and the question of inequality in the world, therefore the core issue is to use this opportunity to denounce the capitalist crisis; and the other that said Rio+20 is an key part of the strategic rearticu-

lation of part of the global capitalism, which needs to legitimate a new phase in the privatization and commodification of nature and commons.

But the discussion developed during the Forum and its outcome, while it didn't overcome these differences, did represent a significant coming together of these two positions in the way they see and work around the UN Conference and further struggle emerging from it. This approach is even more important because there is a common acknowledgment that this Conference should be used as an opportunity to mobilize movements and organizations from all over the world to the People's Summit.

A very important agreement took place between the sectors operating in the thematic groups of the Thematic Social Forum and those grouped around the ALBA of Social Movements. The 'minute' produced by João Pedro Stedille about these discussions ("We need unity and international social mobilizations") gives a good picture of the debate and the effort to find a synthesis [5] [6]. It will have to be consolidated and deepened in the process of the Summit's preparation, but it is worth highlighting that nothing like this has been achieved in the continent since the final campaign against the Free Trade Area of the Americas (FTAA). The unity over the mobilization for the People's Summit was and still is the most important outcome of the Thematic Social Forum.

The exhaustion of the antiglobalisation movement and the fragmentation of the international left.

The different dynamics at work in different regions of the capitalist world economy affect the forces organising against the system. There is an evident retreat in terms of the common frameworks that were accumulated in the previous period, even though social conflicts are on the increase. The antiglobalisation movement which developed at the turn of the century focused on the multilateral institutions (IMF, World Bank etc) which presided over the development of neoliberal globalization as well as the

military offensive of international relations by Bush government. Today the problems are different.

The emergence of a new political generation in broad mobilizations has a contradictory effect of bringing new groups of activists into the struggle and delegitimizing or even dismantling old organizational forms and political forces of the left, especially those most integrated into the system. There is a fragmentation of the global left.

This affects not only parties and unions in most part of the world, but also the dynamic of the World Social Forum. There has been a real weakening of the European Social Forum and the Americas Social Forum (for different reasons, but with the dominant left forces moving, in both cases, towards a political dynamic of statism, which in the first case is very regressive, but in the second one is progressive). At the same time the process of the Social Forum keeps developing in North America and Maghreb, two strategic regions in the recent struggles.

There is, especially, a maturation of the preparation of the WSF 2013, which it has now been decided will be held in Tunis. The letter sent by Kamal Lahbib to the International Council of the WSF is an indication of this development. [7]. One problem with Kamal's letter however needs to be spelt out: the development of recent social struggles in Europe, United States and even in South America reinforce instead of weakening the Charter of Principals of the WSF. This points not to the strengthening of the currently dominant left parties (which are integrated into the system), but to a wide structural recomposition around a belief in the need to go beyond capitalism, which is only possible in scenarios of huge political developments.

Anyhow, in the two regions where the left is historically strong the situation couldn't be more different: while in Europe the crisis represented the loss of strategic horizons developed by the reformist left, in South America there is a vibrant political

and social force that moves both inside and outside the institutional process.

The South American governments and "neodevelopmentalism"

The backdrop to the political differences present at Porto Alegre has largely to do with the appreciation of the role played by the more or less progressive South American governments in the current international situation, with a real tension between the advances achieved in some countries with these governments, and the need to overcome the paradigms of developmentalism and, for some, of statism.

As Raul Zibechi affirms – in reply to an article by Emmanuel Wallerstein highlighting the importance of left unity for it to advance – "in Latin America, during the last three decades, the anti-systemic movements have created new strategies to change society and build a new world... However, the central fact is that the left, more or less united, has done about as much as it could, however you judge the outcome of its action. The eight South American governments we might call leftwing have improved people's lives and diminished their sufferings, but they have not progressed in building new societies. It is a question of looking at the facts and understanding the structural limitations which suggest that along this path it is simply not possible to achieve any more ... The battle for a new world will be much longer than the duration of the progressive governments in Latin America and, above all, its outcome will be settled on ground stained in blood and mud" (see <http://outrapolitica.wordpress.com/2012/01/15/las-izquierdas-y-el-fin-del-capitalismo/>).

In fact, many of the social struggles taking place across the continent today are against "neodevelopmentalism" – and they are coming up against that part of the left which is integrated into this model and is in power – a regressive "developmentalism", based on redefining Latin America's role in the global market as a supplier of minerals and agricultural products to Asian capitalism. At the heart of

these disputes is the struggle against extractivism and the increasing privatization and commodification of nature, in defence of indigenous and community lands and against the existing "national" state, struggles based on the activities of indigenous movements and highly active ecologists, who are capable of imposing defeats on these "progressive" governments from the left. This is the only region in the world where political and social forces push the traditional left beyond its historical limits - which gives them a global responsibility in the dialogue with the new democratic and popular movements that are emerging. The anti-systemic alternative is socialist and ecological – and although this is still not systematized as a global programme, it is already orienting many of the movements operating across the continent (commons, living well, plurinational states, people's control of their territory, etc – an agenda that emerged during the WSF process in Belem, 2009). To develop a vision of how developmentalism can be overcome was a second strategic goal of the Thematic Social Forum, which creates a strong dialogue with the indigenous, popular and environmental movements across the continent.

Possible convergences.

One of the goals the organizers of the Thematic Social Forum set for themselves was to bring to Porto Alegre expressions of the new movements that have characterized the recent period. The four round tables of testimony from the "indignados", "the Arab Spring", "Occupy movements", and "the Chilean student struggles of the Chilean students" were indications of the sorts of demands and ways of organizing developed in these different movements. But the indignados/occupy movements do not have "representatives" and their forms of organization are very unlike those that the left is used to.

Not by accident, the most interesting discussions about the convergence of struggle did not happen in the formal spaces of the conference, but in the Youth Camp where the common elements among

all these movements became clear : the adoption of direct democracy in the squares and streets, the transparency of its procedures, the building of horizontal relations through social networks, the suspicion of any delegation of power, which is only acknowledged as legitimate in mobilization, the strong presence of women, the centrality of demands arising from the economic crisis, the fight against privatization and inequality, for equality and social justice... But what was also clear is how far this is from the language used by most of the left today: political instrument, programme, strategy, building support, the struggle for state power, participation in elections, etc.

Travel plans were made from this meeting – Athens, Barcelona, New York – but this promise will only thrive if the internal dynamics of these various movement takes on these links as a central concern. In any case, further meetings later in the year are being discussed, during the People's Summit of Rio+20, in Rio de Janeiro in June, and also at the Maghreb Social Forum, in Tunis, in the middle of the year. A third strategic goal for the Thematic Social Forum and one which was only partially successful was to strengthen the convergence between these new movements

Programme, alternative paradigm and recomposition.

The elaboration of a programme to overcome capitalism, based on a common understanding of the current situation, the tasks needed to carry this out and the strategy of fighting for power seems – even if we take into account the most promising movements of the day – a task far beyond our immediate reach. But important steps can be taken in this direction in two ways.

On the one hand, we need to confront the proposals to rearticulate the system with others that support an alternative paradigm for organising society. For the left, Rio+20 can be an opportunity to say: "there are alternatives and they have a global coherence", and to give these ideas greater visibility. It is an important and urgent task to systematise these alternatives, precisely at the moment that

new steps are being put forward in the commodification of life and of nature which the multinationals want to greenwash and prettify.

On the other hand, it has always been necessary to develop the widest possible dialogue between the experiences of the different political generations active in the movements of the day – something that has been done in the Social Forums over the years, especially between the activists that emerged during the antiglobalisation period and those from the left before the collapse of the Soviet Union. But now, with the bursting on to the scene of movements that clearly represent the emergence of a new political generation, it becomes even more important to systematize the most enduring elements of the antiglobalisation movement experience – something that the WSF never set itself as a task. The most comprehensive systematization over the past decades was that undertaken by the People's Summit against the Climate Changes and in Defense of Mother Earth, in Cochabamba, April 2010 – which was thematically focused.

The organization of the Thematic Social Forum, building on the methodology of Cochabamba (organised around open, self-organized, thematic groups, but in dialogue with the general issues and aiming for convergence between them), was an ambitious experience. The late start meant that Porto Alegre became just a part of a process that will continue until May 2012 – when a seminar will conclude both the thematic elaboration and the process of convergence, helping – it is hoped – to overcome the left's imaginative inertia. The result can provide both a fundamental underpinning for the development, at the People's Summit, of an alternative paradigm to the one produced by the UN and by the governments for Rio+20, and it could also assist in the dialogue between the generations of the social forums and the "indignados". This is a fundamental contribution which the process that involves the Thematic Social Forum and the Summit can offer to an urgent recomposition of the global left on a new basis, one which is capable of facing up to the deepening of the systemic crisis.

Systematizing this possible alternative paradigm, starting from the experience of the antiglobalisation movement, was a fourth goal of the Thematic Social Forum and one which continues to develop in the process towards People's Summit.

An exemplary campaign. One of the main tasks for the People's Summit of Rio+20 is to ensure that a number of campaigns come out of it that can be taken up globally by all the movements, organisations and anti-systemic parties; campaigns that can help social activists to move beyond a defensive posture in relation to the current convergence of crises. Which campaigns will be adopted depends on political negotiations and agreements which need to be made during these next months.

But one theme directly related to Rio+20 acquired prominence in the discussions held in Porto Alegre, the question of the green economy. The opinion of a lot of people involved in the debates during the Thematic Social Forum is that progressive movements of the world urgently need to be alerted to those initiatives which are pushing to deepen the commodification of life and nature – and that are hoping the UN document contains a mandate to negotiate the regulation of this process. There was a consensus about the content of this campaign, although there is a semantic and political problem regarding the name: "no to the green economy". In the debates the idea was clarified and formulations like "no to the green economy of the 1%" was accepted even by those who judge that what is in dispute is the content of an economic transition. But attempts to improve the name are still underway – taking into account especially the different contexts in Europe and Latin America.

The launch documents of this campaign are already available and should gather momentum in the coming months, in the process of building the People's Summit.

10. Rio+20 of Peoples. It's been a long time since any event with the political centrality and symbolic appeal of Rio+20 has been held. It will certainly be a frustration for those hoping to see governments

come up with something similar to what happened in Rio92.. But the People's Summit, which takes advantage of this moment of the UN Conference on Sustainable Development, could be an unique opportunity, greater than the one offered by the WSF of 2009 in Belem and by the People's Summit of Cochabamba in 2010, to discuss the dramatic situation of the planet and humanity and the alternatives from a socio-environmental and anti-systemic point of view.

The People's Summit of Rio+20 is not designed to be a Social Forum, but a place where alternatives to the proposals of the official summit can be put forward and publicised, opening a real battle for global public opinion, and which can organize campaigns. In the view of many organizations, especially those that have been participating in the Assemblies of Social Movements, this presupposed an event that could take decisions. But, contradic-

torily, as it grew in political breadth, as wide or wider than the Forums, it started to face the same kind of political problems the WSF process faced.

The internationalization, decided in Porto Alegre, of the Co-ordinating Group (GA) of the Civil Society Organizing Committee for the People's Summit, was an important step to create a political framework capable of dealing with the tensions arising from the tasks taken on by the People's Summit. The Thematic Social Forum process offered and will keep offering many benefits to this process. It remains now for the set of forces that have committed to the People's Summit, and their formal bodies, to define with more precision the political substance that it will have. This should be a goal for all the movements and organizations from global civil society that have the perspective of overcoming capitalism.

SYRIA

One Year After the Beginning of the Revolution

KHALIL HABASH ·

Who is Behind the Popular Movement?

The Syrian people have been struggling for a year now against a criminal and authoritarian regime. Over the past year, the regime has forgone any human consideration in its response to the uprising. Examples of human rights crimes include the recent massacres of women and children in Homs. Despite terrible repression, the popular movement in Syria continues to demonstrate in the streets to demand the overthrow of the regime.

The Syrian opposition has been very often reduced by the regional and international media to the Syrian National Council (SNC). In reality, the Syrian political scene is very rich and complex.

The SNC is a group of regime opponents in exile and is dominated by political parties, notably the Muslim Brotherhood and liberals, linked to Western imperialism and their clients in the Gulf. The SNC has called several times for foreign military intervention in Syria. The SNC is nevertheless not representative of the Syrian people and has almost no support inside Syria. Defections are happening slowly inside the SNC and ex-members are condemning its links with foreign powers. The SNC has been the target of protesters and of various groups struggling on the ground.

Many other groups are present in Syria and are struggling against the regime, including the National Coordination Committee for Democratic Change (a group inside the country, gathering together nationalists, leftists and Kurds), and the National Coalition gathering around 14 leftist political groups and organization asking for a democratic, social and civic Syria. Both organizations are op-

posed to any foreign military intervention. We find as well Kurdish and Assyrian parties, nationalists, and liberals, as well as several Islamist groups from different tendencies and not linked to the Muslim Brotherhood.

The main organizers of demonstrations, civil disobedience and campaign of strikes are nevertheless the coordination committees inside the country such as the Local Coordination Committees (LCCs), grassroots activist networks helping organize and document protests (including through a daily newsletter for the international and Arabic media), the General Commission of the Syrian Revolution, the National Coordination Committee, and other local committees inside Syria. They are the real force of resistance, and have rejected foreign military interventions. This is why they have been the main targets of the regime since the beginning of the uprising.

The Popular Movement

In addition to the "traditional" opposition participating in the popular movement, including Kurdish parties, leftists, nationalists, liberals and Islamists, there are a number of different sections in the popular movement of Syria. Firstly we can find activists who were part of the struggle against the regime before the uprising and especially since the "Damascus spring" of 2001. Their activities have ranged from advocating for democracy in Syria, to defending the Palestinian cause and denouncing the US war on Iraq. They are mostly educated young men and women in their mid-20s and 30s. The majority are progressive seculars from all religious sects, including minorities such as Alawites, Christians, Druzes, etcetera.

These were the activists who organized one of the first demonstrations at the beginning of the upris-

ing on March 16, 2011, the Family Vigil for Prisoners, a gathering of two hundred people that took place in front of the Interior Ministry in Damascus. These same activists are now playing an important role in the coordination committees on the ground in Syria, and in the peaceful actions against the regime.

For example, the General Commission of the Syrian Revolution, a coalition of local committees, is headed by Suhair Atassi. Atassi was arrested for ten days following her participation as one of the organizers at the March 16 demonstration, and is now living in exile after months in hiding. The LCCs are headed notably by the lawyer Razan Zaitounch, who has been living in hiding for more than ten months.

The regime has targeted specifically this kind of activists, the people behind the organization of demonstrations, civil disobedience, and strike campaigns. They have either been in jail or were killed, or have had to live in exile. Nevertheless, those who have survived still play an important role in the Syrian revolutionary process, and are trying to foment various popular forms of resistance against the regime.

The second and biggest section of the Syrian revolutionary movement includes the economically disenfranchised rural and urban working and middle classes who are experiencing the accelerated imposition of neoliberal policies by Bashar Al Assad since his arrival to power.

The process of economic liberalization has created greater inequality in Syria. The poorest are struggling to help themselves in the new economy due to a lack of employment opportunities, while the middle class is plummeting towards the poverty line because their incomes have not kept up with inflation, which rose to 17% in 2008. There is now 20-25% unemployment, reaching 55% for under-25s (in a country where people under 30 are 65% of the total population). The percentage of Syrians living under the poverty line rose from eleven percent in 2000 to thirty-three percent in 2010. That is, about

seven million Syrians live around or below the poverty line.

In agriculture, the dispossession of several hundred thousand farmers in the Northeast as a result of the drought should not be thought of as merely a natural disaster. The increase and intensive use of land by agro-businessmen — including land previously kept for grazing — as well as illegal drilling of water wells facilitated by paying off local administrators has contributed to the crisis of agriculture. Indeed, the expansion and intensification of land exploitation by large commercial farmers (agrobusiness), including land previously held for grazing, as well as the illegal drilling of wells and the establishment of selective water pipes meeting the requirements of the new landowners - all facilitated by the corruption of the local governments - have accelerated the agricultural crisis. According to the United Nations, in 2010 more than a million people were forced to migrate from the north-eastern region of Syria to urban centres.

The geography of the uprisings in Idlib and Deraa as well as other rural areas including the suburbs of Damascus and Aleppo, historic bastions of the Baath Party that had not taken part on a massive scale in the insurrection of the 1980s, shows the involvement of the victims of neoliberalism in this revolution. Many from this group are joining the armed groups of the Free Syrian Army (FSA).

As well, protesters may be observed gathering around sheiks in some neighborhoods and opposing the regime. As a result many sheikhs have been arrested, while others have fled the country.

The courage and the determination of the Syrian people in their struggle against the authoritarian regime for democracy, social justice and true independence has astonished the world. As Syrian revolutionaries have said since the beginning of the uprising, "The Syrian people will not kneel."

This past year, a new Syrian people rooted in revolutionary humanism and the struggle for freedom was born. We call on all men and women of conscience to support and bring solidarity to the Syrian

people in their revolutionary struggle to overthrow a criminal and authoritarian regime. The revolution must continue.

Victory to the Syrian Revolution and mercy to our martyrs!

A Sectarian Movement?

Over the past year, Syria has been experiencing a popular and national uprising, bringing together all the communities encompassed by the Syrian state. Arab Sunnis are the bulk of the protesters because they are the majority of the population, but this does not mean the minorities do not play an important role in the uprising.

The activists in this movement are extremely diverse in terms of religion and ethnicity. The Syrian opposition has continuously presented a united front against the threat of national and sectarian civil war. The slogans of the demonstrators such as "We are all Syrians, we are united" are repeated constantly. In many demonstrations we have seen banners saying "No to sectarianism."

Alawite activists such as feminist Hanady Zahlout and long-time dissidents Habib Saleh. Samar Yazbeck, Louai Hussein and Fadwa Soleiman are figures of the opposition. An Alawite brigade was also formed recently in the Free Syrian Army (FSA) in the province of Idlib.

Kurdish activists are very present in the revolutionary process, though the press underplays their role. A number of these activists actually participated in the Kurdish intifada of 2004 in northern Syria, in which Kurdish protesters — part of a particularly disenfranchised population — were killed and imprisoned. Many Kurdish activists have been the targets of Syrian security forces during the current uprising.

And there are other groups whose members have joined the movement. Assyrians, a Christian population, are solidly participating in the Syrian revolution, joining from a deep-rooted history of activism. The cities of Salamiya and Mansaf have witnessed

constant and massive protests since the beginning of the revolution, featuring predominantly secular youth from Ismailia backgrounds.

Many Palestinian refugees in Syria have participated in the revolution and suffered alongside their Syrian brothers and sisters, including refugees from Deraa, Latakia, where the refugee camp was bombed by Syrian forces, and Damascus, where rebellion is especially centered at the Yarmouk refugee camp. More than forty Palestinians have been killed by Syrian security services, while hundreds have been arrested and put in prison.

Syrian Christian revolutionaries have also been part of the uprising. Some are important figures of the opposition, including George Sabra, Michel Kilo, and lawyers such as the Bounni brothers and Michel Chammas. Recently, Officer Muteeh Ilyas Ilyas was the first Syrian Christian officer to defect from the Syrian army. Security forces killed many Syrian Christian activists. Hossam Mikhail was killed because of his links with the Free Syrian Army. Priest Basiliu Nassar was also assassinated while rescuing a victim of an army attack in the Jarajmah neighborhood in Hama. Nassar used to deliver food to areas attacked by the Syrian army, and was helping doctors out in Hama.

Syrian forces also fired a non-explosive missile at the Convent of our Lady of Saidnaya north of the capital Damascus after learning that its monks were involved in delivering medicine and supplies to bombed areas. In addition to delivering supplies to victims, several churches in Damascus and other Syrian cities have been giving lectures against the Syrian regime and its brutal repression of peaceful protestors. The Syrian regime issued instructions to all banks across the country to stop transactions with the Greek Orthodox Mariamite Church on charges of money laundering, according to a Syrian Christian activist from the southwestern governorate of Rif Dimashq.

A statement from Syrian Christian activists supporting the Revolution denounced the declaration by the Maronite Patriarch Bechara Rai last

September in France that the overthrow of the Assad regime would be a threat to the Christians in Syria. They reminded Patriarch Rai that Christians have lived for "hundreds of years along with their Syrian brothers without fear and nobody, absolutely nobody, has any merit at this level: Christians are an indivisible part of this country."

Facebook pages have appeared that reflect the diversity within the Syrian movement, such as "Alawi Coalition Against the Assad Family Regime," "Committee of anti-Bashar Assad Alawi Youth - Homs," "Syrian Christian Network for Supporting the Syrian Revolution," and "News About the Involvement of Minorities in the Syrian Revolution." There has also been a profusion of like-minded public statements, with titles like "Statement by Members of the Alawi Sect," "Statement by Syrian Christians," and "Statement in Favor of Citizenship."

The Syrian coordination committees in the country also denounce sectarianism and defend the unity of the Syrian people. The Local Coordination Committees, grassroots activist networks helping to organize and document protests, also explained that the objective of Syria's Revolution is not limited to overthrowing the regime, but also involves building a democratic system and national infrastructure that safeguards the freedom and dignity of the Syrian people.

The Syrian Revolution General Commission, which now boasts nearly 120 local committees, has also called for a peaceful revolution in order to build a democratic and socially just Syria.

The Syrian Revolution 2011 Facebook group issued a "code of ethics against sectarianism in Syria" as far back as March 2011. The naming of Friday demonstrations have been deliberately inclusive, designating for example the "Azadi" (Freedom in Kurdish) Friday, and the "Azime" (Great Friday) in honour of the Christian Friday of Easter weekend).

The Assad regime has always portrayed itself as the protector of the minorities against a so-called Islamic extremist threat. This argument is deployed

by the authoritarian capitalist regime to divide Syrians and divert any criticism of its corruption, social inequalities, repression and absence of democracy.

The movement has united people, just as Egyptians and Tunisians united during their revolutions. No unity is possible under a dictatorship, which has developed a strategy of fomenting fear between sects. The popular movement in Syria is struggling for social solidarity that transcends sectarian and ethnic divisions. The only assurance and security the Syrians need is the victory of the revolution in order to build a new democratic, socialist and independent Syria.

Strategy, Tactics and Geopolitics

The Syrian revolution has always been characterized by its non-violent actions, from demonstrations to civil disobedience and strike campaigns as we saw in December 2011. But the regional and international press is focusing exclusively on the clashes between the Syrian army and the Free Syrian Army (FSA). This has been contrasted with the peaceful nature of revolutions in places like Egypt. The use of arms by some sections of the Syrian opposition in self-defence has been condemned. The US and western countries have declared their refusal to arm the FSA.

In assessing the strategy of the FSA, it is worth remembering that there were more than 800 martyrs during the three weeks prior to the overthrow of Mubarak. At one point protesters used violence to resist the thugs sent by the Mubarak regime to invade Tahrir square. People in Syria and elsewhere have the right to defend themselves and their families against the oppression of an authoritarian regime. Did we deny this right to the Palestinian resistance against the racist, colonial occupation of their territory by the Israelis? Obviously not. The right to self-defence against the regime's repression is not in contradiction with the peaceful struggle of the popular movement and the overthrow of the regime.

This said, there is a need for debate around the role of the FSA in the revolutionary process.

Currently, the FSA is not a single and unified institution. It is more a label representing a number of independent armed groups located in various areas of Syria. These groups are not well-armed or well-funded. The FSA purchases their weapons locally on the black market, from arms dealers and smugglers who are profiting from the violence in Syria, while also sometimes purchasing weapons via smugglers from Iraq, Lebanon and Turkey. They also capture weapons from security forces in attacks on regime arms depots.

The Local Coordination Committees (LCC) (discussed in the first part of this article) analyse the situation of the FSA in the following terms: "Our Revolution's fate has been left to the Free Syrian Army (FSA), composed of defected regime soldiers and civilians carrying weapons in self-defence. This group lacks any sustained support, and lacks a unified command and control. At the same time, the FSA has remarkably and courageously defended unarmed civilians and their areas with their light weaponry and small munitions. Predictably, the regime's repressive military machine has been able to focus its oppression and anger on residents of those areas where the FSA has taken up positions, and engage in acts of reprisal that have doubled the numbers of victims and resulted in humanitarian crises and disaster-stricken areas in many parts of the country."

"Alternatively, the lack of definitive and organized support for the FSA has led to an absence of effective leadership in the military opposition. This has negatively affected the FSA's performance and could have disastrous consequences for the entire nation after independence from the current criminal regime. The existence of dispersed and scattered brigades with differing interests, loyalties, and courses of action, combined with the possibility of a flow of weapons from abroad, presents the risk of independent militias that will not focus on the national interest (best-case scenario); this could lead to action and communication with external

forces that have conflicting agendas (worst-case scenario)."

The LCC and different groups such the Syrian revolutionary left have called for unification of the various armed groups in Syria under a civil authority towards which they would be accountable. The actions of the FSA should also be coordinated by local opposition groups, so that their needs will be met in protecting the demonstrators. The struggle of the Syrian people must not be transformed into a violent clash with the militarized regime. Such a battle would give the upper hand to the regime.

The Syrian army is composed of about 295,000 active members. Some 175,000 of those are conscripts with varying levels of training and commitment. However, the army also includes a number of highly trained and capable units, including the Republican Guard Division and the 4th Mechanized Division, totaling between 25,000 and 35,000 in number. These units are under the command of Maher Assad, brother of Assad. Further, there are an additional 100,000 paramilitary forces linked directly to the ruling Baath Party. There is also the internal security apparatus which includes police forces linked to Syrian Military Intelligence, the National Security Bureau, the Political Security Directorate, Air Force Intelligence, and finally the General Intelligence Directorate. The latter division alone is comprised of about 25,000 men, and is directly linked to the highest levels of the government.

This is why we support the role of the FSA in an exclusively defensive and coordinated role with forces on the ground such as the LCC and other groups struggling against the regime, addressing the objectives of the Syrian revolution

Notwithstanding the need for a unified and accountable FSA, this should not detract from the project of building the revolutionary and popular movement, as stated by the LCC: "We must work with local leading activists to focus on continuing and improving their revolutionary activities and increasing their efficiency. The discourse on peaceful

civil disobedience has not yet reached the majority and persuaded them of its effectiveness. Many methods of civilian resistance have yet to be used, or have been used only briefly."

Local groups and coordination committees are the effective and direct organizational format for the revolution. The political groups should support them and work on developing a clear and unified revolutionary strategy. From there we can build a revolutionary coalition bringing together the majority of dissidents.

Geopolitical interests

Syria is now the scene of a contest between the different regional and great powers, all of whom have put their own interests above those of the Syrian people. The US and its allies in the Gulf Arab countries, especially Qatar and Saudi Arabia, hope to hijack the revolution and take control of Arab revolutions. Western and Gulf countries aim to use Syria to weaken Iran, by undermining the alliance between Syria, Iran and Hezbollah. Russia, China and Iran support the Assad regime for their own geopolitical interests, and fear that the US would increase their influence in a post-Assad Syria.

Statements from the NATO, the US and even the European Union have demonstrated a complete lack of will to launch a military offensive in Syria. The reality is that no one has interest in the fall of Assad regime, which has avoided direct confrontation with Israel for nearly four decades, while re-

pressing radical and progressive parties and popular movements. At the beginning of the Lebanese civil war in 1976, the Syrian regime entered Lebanon to assist in repressing Palestinian and progressive forces and put an end to their revolution, coordinating their actions with fascist right-wing parties such as the Phalange.

Even the kingdom of Saudi Arabia, the most vocal opponent to the Syrian regime these past months and the largest foreign investor in Syria before the beginning of the uprising, has declared recently by way of Foreign Minister al Faisal that "nobody is against the Syrian regime, but we are against what it is doing." There is a deliberate refusal to recognize popular opposition to the regime within Syria. On its side, Israel, by way of Ehud Barak, has asked Obama and the USA to ease the pressure on the Syrian regime.

One possible scenario envisioned by the different actors from allies to enemies of Assad is that of a political transition controlled by Gulf and Western countries exemplified by Yemen, which keeps the structure of the regime as it is while sacrificing the head of state. The only actor that would not be satisfied would be the Syrian people and their allies, many of whom are envisioning a truly revolutionary alternative.

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SRI LANKA

New Farmland grab

B. SKANTHAKUMAR ·

The island's Consul-General in Dubai was quoted recently urging emiratis to acquire land in Sri Lanka to produce food for export to the Gulf: "UAE's imports of food products have significantly increased over the recent years. Investing in agricultural land will greatly benefit in preventing steep increase in prices and ensuring steady supply." [1]

While the acquisition of arable lands abroad may be a short-term response to the shortage of land for food production and to the demand for vegetables and fruits which cannot be met through local production in the Gulf states; it spells ruin for farmers and consumers in Sri Lanka: a net-food importing country itself that is not self-reliant even in the cultivation of staple foods and vegetables.

45 million hectares of farmland have been acquired by agribusiness companies in just two years (2008-9), mainly in Sub-Saharan Africa, but also in Latin America and Asia. Kuwait has obtained 50,000 hectares of Cambodian farmland. Indian commercial interests have bought or leased lands in Africa, for the cultivation of food grains, pulses and edible oils, including vast territories in Ethiopia. [2]

The rush for farmlands for export purposes undermines local economies, distorts production of appropriate foods for the domestic market, while inevitably increasing the volatility and upward spiral of food prices; pushes people off customary lands or turns them into seasonal labour for the new owners; increases peasant dependence on the market for food; reduces or even removes their share of natural resources such as water for irrigation; increases the cost of external inputs into small-scale agriculture; and so on.

Women – whose land rights are already precarious as there is gender bias in the award and succession to state lands under the Land Development Ordinance 1935 and Land Grants Act 1979, as well as in the entrenched perception that the 'head of the household' is always male – are likely to be less protected from acquisition of lands which they access through customary rights, and less likely to benefit from compensation.

As a larger proportion of the active labour force in Sri Lanka is dependent on agriculture (32.7%) compared to industry (24.2%) for employment; as around 80% of the poor live in the rural sector; and as the majority of the poor are women; the consequences of large scale investments in farmland will be multiple and far-reaching.

This isn't scare-mongering. A study on international investments in agriculture recently asked: "Can such international investment in land be a means to improve agricultural productivity and rural livelihoods?" The high level panel of experts concluded: "The evidence from this land rush to date shows very few such cases. Rather, large scale investment is damaging the food security, incomes, livelihoods and environment for local people." [3]

Once again, the yawning gap between the populist pro-small farmer rhetoric of this government; and the neoliberal thrust of its macro-economic policies is plain to see.

The 2012 Budget liberalised use and control of state lands, through permitting foreign investors (in joint ventures with local capitalists) to lease unlimited acreages for up to 99 years.

In its 2010 election manifesto, Mahinda Chinthanaya – Vision for the Future, the government claimed that "44% of the agricultural lands

are sparsely used but have a huge potential for development...the end of the prolonged conflict has released a huge amount of arable land that can be utilised for productive purposes." One 'productive purpose' identified is the establishment of 1,500 floriculture villages (for production of cut-flowers for export) in the Western, North-Western and Central Provinces by 2020.

The farmland grab is just one of other forms of land-grabbing that are underway in Sri Lanka today – for purposes as varied as bio-fuel production; tourist development; energy production; special economic zones, construction or expansion of permanent military camps and so on – and where the actors are as diverse as private individuals, local and national politicians, state agencies, the state security forces etc. [4]

Industrial agriculture for export is not a new idea in Sri Lanka. Over 30 years ago, the United National Party government of JR Jayewardene that introduced 'open economy' reforms first mooted the creation of agricultural promotion zones.

Similar to industrial zones, these areas were to be earmarked for foreign investments in non-traditional crops (i.e. not tea, rubber and coconut), such as soya, cut-flowers, fruits and vegetables for ex-

port to the world market, and with tax-holidays and export concessions as incentives. [5]

However, the areas identified were adjacent to, or in the, conflict area and the outbreak of war after July 1983 stalled the establishment of these zones in the districts of Mannar, Vavuniya and Moneragala.

Only in Moneragala was it possible – after protracted peasant struggles that were ultimately overwhelmed in the violence in the South in the late 1980s – to privatise land for sugar cane cultivation. However, two sugar cane plantations quickly folded-up, sugar production has been on a downward trend, and the remaining factories plagued by political machinations. Sri Lanka imports 95% of its sugar consumption.

Now that the war has ended, and conflict-affected territories have been pacified through saturated military occupation, a new wave of neo-liberalism is underway; driven by state policy and directed by an avowedly left-of-centre regime raiding the policy toolkit of its one-time ideological opposite, the United National Party.

In the government's sights is the accumulation of dizzying degrees of private wealth, through the dispossession of the peasantry of its farmland.

SRI LANKA

Solidarity with journalists in Sri Lanka, defend democratic rights!

Minister Mervyn Silva, in a public rally, threatened to 'break the limbs' of government critics Sunanda Deshapriya, Nimalka Fernando and Pakiasothy Saravanamuttu. He also claimed responsibility for an attack on the former president of the Sri Lanka Working Journalist Association (SLWJA), exiled journalist Poddala Jayantha, who was abducted and had both legs broken by his abductors. On a later occasion, Silva suggested that 'traitors should be executed'.

We are seeing a campaign that seeks to silence critical voices, especially in the aftermath of the United Nations Human Rights Council Resolution on Sri Lanka that urged the government to prosecute those responsible for war crimes during the civil war between its armed forces and the Liberation Tigers of Tamil Eelam (LTTE). The government and its supporters reacted to this call with extreme hostility and new outbursts of anti-Tamil chauvinism. Large scale Human Rights violations during the war and its aftermath, violations that cost the lives of countless Tamils, have gone unpunished, creating a climate of impunity.

One of the targets of the smear campaign is our comrade Gnanasiri Koththigoda, current president of the SLWJA and a leading member of the Nava Sama Samaja Party (NSSP). Another comrade of ours, Dharmasiri Lankapeli of the Federation of Media Employees Trade Unions, has also come under attack.

The government of Sri Lanka is aided in this campaign by its state media. The government controlled television Independent Television Network ITN has repeatedly called Koththigoda a 'traitor'. It

has labeled journalists and civil society representatives as terrorists for participating in the Human Rights Council session in Geneva. Similarly, the state-owned Associated Newspapers of Ceylon Limited, better known as 'Lake House', has accused Lankapeli and other government critics of support for terrorism and collaboration with the Liberation Tigers of Tamil Eelam (LTTE)

The potential of attacks like these, in a context where government members openly boast about assaulting critics and Human Rights violations go unpunished, should not be underestimated. Harassing, harming or even killing of journalists has gone unpunished in Sri Lanka, with police often refusing to look into the matter. Our comrades have been singled out for these attacks because of their principled stance for democratic rights and freedoms. An attack on them is an attack on these rights and freedoms.

The involvement of state-led media in the attacks on journalists and democratic activists, the long history of violence and intimidation of journalist and government critics as well as the role of prominent members of the government show clearly that this is a coordinated, state-led campaign. The government of Sri Lanka is aiming to curtail democracy. It is up to democrats and progressives in Sri Lanka, South Asia and worldwide to stand up for democratic rights. We are happy to see that progressive forces like Peoples' SAARC have already come to the defense of the fundamental principles of democracy in Sri Lanka.

We declare our solidarity with Koththigoda, Lankapeli and all other media personnel and democratic activists under attack. We support them in their struggle for a just and democratic Sri Lanka.

April 5th 2012 Signed: Labour Party Pakistan Communist Party of Bangladesh (M-L) (CPB-ML) Japan Revolutionary Communist League (JRCL) National Council of Internationalist Workers (NCIW) – Japan People's Liberation Party Indonesia Socialist Alternative Australia	John Percy, National Secretary, Revolutionary Socialist Party, Australia Radical Socialist, India Revolutionary Workers Party Mindanao, The Philippines Partido Ng Manggagawa Philippines Socialist Alliance, Australia. Please confirm to politic.ofthepoor@gmail.com if you would also like to endorse this statement, and be free to distribute and put this statement also in your website. Thank you.
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SYRIA

"There's a fear that the fall of Assad would lead to worse for Western interests and Israel..."

AYKUT K?L?Ç ·

"There's a fear that the fall of Assad would lead to worse for Western interests and Israel..."

An interview with Gilbert Achcar by Aykut K?l?ç (with update)

Let me start with the different controversial opinions about the political character of the Syrian National Council (SNC). What's your opinion on the composition of SNC?

The Syrian National Council is a heterogeneous combination of people, from the Muslim Brotherhood to people on the left, especially the People's Democratic Party, with a number of figures linked to Western governments, the US or France in particular. It is basically heterogeneous, and we can see that, for instance, in the way they couldn't agree on the replacement for Burhan Ghalioun or in the way Burhan Ghalioun himself was disavowed after signing the Cairo agreement with another faction of the opposition. The SNC is held together by the pressure of various states intervening in the Syrian situation. These states are actually pushing for a broader coalition to include other groups, in addition to those who are already in the SNC. They are aiming at some form of unification of the opposition, which would make it even more heterogeneous than what the SNC already is. This said, the important point is that the SNC is not a homogeneous rightwing force as depicted in some circles. Within the council, there are some people who cannot be classified as rightwing, but are rather progressives.

Recently, even rightwing papers supporting the Turkish Justice and Development Party (AKP) government have published several

news reports regarding the deepening divisions within the SNC and a possible escalation of opposition to the Muslim Brotherhood at the next meeting of "Friends of Syria" that will take place in Istanbul at the very beginning of April.

This meeting is meant by foreign powers including the Turkish government as a means of applying pressure towards the unification of the opposition ranks. I have not seen any sign of particular willingness to ostracize the Muslim Brotherhood. I don't think there's anything like that. Why would the Turkish government be hostile to the Muslim Brotherhood? They have been collaborating for a long time. Basically, the so-called Friends of Syria are annoyed by the image of division in the ranks of the Syrian opposition, which contrast with what there was in Libya. There you had the Transitional National Council with no other group challenging them as representing the Libyan opposition, whereas the Syrian opposition has been a cacophony with further splits among the various groups. Of course, this situation profits the Syrian regime and weakens the opposition. That's what Turkey, the Western powers and Gulf Arab regimes are trying to deal with, trying to unify the opposition and bring forward a general image of it that would be reassuring to Western countries. The truth is that one of the major reasons for the skepticism and reluctance shown in practice by the Western countries towards the Syrian situation is the fear that the fall of Assad would lead to an outcome that would be worse for Western interests and Israel.

What is the possibility of a foreign intervention? How do you evaluate the Turkish government's attitude in the Syrian situation?

"Intervention" is a very broad term and there is already a lot of ongoing intervention in various forms. If you mean direct military intervention, I think that this is a very remote possibility for the moment. It is obvious that no one is contemplating to send troops on the ground to Syria, and there is no such request from the Syrian opposition, just as there had been none in the case of Libya. Moreover, Western powers are aware that a Libya type air campaign over Syria would be very costly, not only in material terms but also in human lives, of course. Such a campaign would lead to a very dangerous situation on the regional level as Syria is closely allied with Iran and Hezbollah in Lebanon, and it is supported by Russia. Moreover, it has much stronger air defenses and military power than Libya had, and its population density is far higher. Considering all this, I don't think that there's a real possibility of any direct Western intervention. The most feasible kind of military interference in support of the opposition could take the form of the delivery of weapons, all the more that there is already an important military intervention in the form of weapons deliveries in support of the regime from Russia and Iran. However, sending weapons to the Syrian opposition can only be done through Turkey: Jordan would not take the risk of such an action since the Jordanian monarchy is too fragile for that; Iraq is not an option as the Iraqi government is closer to the Syrian regime and Iran; and Lebanon is not an option as a channel of official delivery of weapons to the Syrian opposition because of Hezbollah. Therefore, the only country that is strong enough to afford to be the channel for this delivery is Turkey. But the Turkish government is rejecting that for the time being. And that is why the Syrian opposition, in particular the Syrian Free Army, is having a hard time fighting back against the military offensive unleashed by the regime. They do not have enough and adequate weapons to fight back properly. Turkey is facing a dilemma in the Syrian situation. In the beginning, the Turkish government tried to play a mediating role and foster some kind of negotiated solution, but the Syrian regime would not listen. Erdoğan got frustrated

and changed his attitude to open opposition to the Syrian regime. The Turkish government would not do anything without clear backing from the US and other Western countries. That is a further reason why they are not opening the way for weapons delivery since the Obama administration is openly against it. Basically, Washington is afraid of a Libyan style collapse of the regime that could turn Syria – like Libya now – into a chaotic country with the state being replaced by independent armed groups. They are afraid of an Iraqization of Syria looking like what Iraq became after the US invasion, especially that al-Qaeda is present and very active in the region. Israel also is quite worried and that is the main reason why they are showing very little enthusiasm for what is happening in Syria and no sympathy for the Syrian opposition.

After Kofi Annan's visit to Damascus, how do you see the recent situation in Syria? Do you think that the Assad regime can still stay in power?

In the long run, I don't think that it is possible for this regime to survive, but how long it will cling to power, no one can tell. Assad believes that he can carry on this ruthless campaign with Russian and Iranian backing, while deterring a military intervention in support of the opposition. He probably plans some theatrical gesture co-opting selected members of the opposition after crushing the uprising. But he would need to do that from a position of strength, so that it does not appear as a concession imposed on him. This is why they are launching this offensive now. Until now it has been rather successful, since the other side lacks the means to counter it. On the other hand, it is very hard to imagine that the Syrian people, the popular opposition, would accept any outcome that does not rid them of the regime after the very heavy toll they have paid so far. So what is happening is that the regime forces invade this or that city, but then must move to other ones, and as soon as they withdraw the movement resumes in the city they left. Unless they commit three or four times more killing than they have done until now, unless they perpetrate a

very massive massacre, I cannot see how this mass movement can be extinguished.

In Turkey – including among major sectors of the socialist left – there is huge confusion about the political composition of the opposition within Syria. How do you describe the Syrian opposition within the country?

The Syrian opposition within the country starts, of course, with the Local Coordination Committees (LCC). They are the most authentic representation of the uprising in the sense that they are its principal organizers. There are similar networks all over the region conducting the Arab upheaval. They are networks of people, mostly young, coordinating the mobilization, mostly using the Internet. It is only at a further stage that political opposition coalitions like the Syrian National Council were formed, in exile or within the country. Now, most of the movement inside the country accepted the SNC as their representative because they were looking for someone to speak in their name abroad. The LCC is not a political leadership. In case of a regime collapse in the short or medium term, no one can tell which forces would be dominant politically in Syria. It is very difficult to assess this today precisely because this country has not had any form of free elections for several decades. Therefore, it is very difficult to know who represents what on the ground. But it is rather obvious that the organized political forces are only a tiny minority of the masses joining the Syrian uprising.

We know that in Syria there is a long tradition of left-wing politics? What is the influence of leftist groups and figures within the movement?

Contrary to Libya, there is indeed an important leftwing current and intelligentsia in Syria. There was no significant leftwing tradition before Gaddafi in Libya, and he ruled for over 40 years suppressing any form of political life except the one he himself orchestrated. Therefore, today it is rather difficult to find anything that may be called "left" in Libya, except for a very small number of people. In

contrast, in Syria there is a long tradition of left-wing politics: Communists, Marxists of various shades, nationalists, etc. This is a country, where you have a large Palestinian population, among which the Palestinian left is well represented. The people holding leftist ideas – including Marxist ideas – in Syria represent a much more significant number than in most other surrounding Arab countries. It is therefore a reason for optimism. But the longer it takes for the Syrian regime to fall, the more it is creating the conditions for a sectarian turn of events and the more possible it is that the uprising will degenerate into sectarian conflict. This is a major worry for the future of the Syrian revolt.

The Turkish state's greatest fear is the Kurdish question, of course. What is your opinion about the potential developments regarding the Kurdish question within the context of the Syrian revolt? Secondly, there are very strong signs of national unification among different Kurdish populations. Despite enormous state repression, the political self-confidence of the Kurdish movement in Turkey shows this very clearly.

We are witnessing a collapse and weakening of the two Arab regimes that oppress a significant fraction of the Kurdish people. These are Iraq and Syria. Naturally therefore, the Kurdish population in both countries has benefited from these developments. The weakening and later fall of Saddam Hussein's regime allowed Iraqi Kurdistan to turn practically independent. It is part of the Iraqi state presently, but everyone knows very well that Iraqi Kurdistan is independent for all intents and purposes, connected with the rest of Iraq in a very loose federation. Syrian Kurdistan is also benefiting from the recent developments within the country. One of the first gestures that Bashar al-Assad did when the uprising began was to grant citizenship to sections of the Syrian Kurds, who had previously been deprived of citizenship rights. Syrian Kurdistan has been courted by both the regime and the opposition. Several Kurdish forces supported the opposi-

tion but they stress their own demands. They are adamant on getting a very clear expression of support for the national rights of the Kurds. Syrian Kurdistan has not yet really joined the uprising. There were some demonstrations at the beginning but until now it has not really taken part in the uprising. Basically, they are waiting to see in what direction the uprising will proceed. On the other hand, of course, the Turkish government's support for the opposition is not seen with great enthusiasm by the Syrian Kurds. This may be a major reason for their wait-and-see stance.

Indeed, a most important reason for the Turkish government's relatively cautious attitude vis-à-vis the Syrian revolt is that Iraqi Kurdistan is practically independent. The Turkish government is afraid of a chaotic situation in Syria that could lead to a similar result in Syrian Kurdistan. They might even imagine a connection being implemented between these two parts of Kurdistan, in Iraq and Syria. This would have very worrying consequences for the nationalist Turkish state and military.

What is the impact of the Syrian revolt on the sectarian political atmosphere in Lebanon? Secondly, how will these developments affect the Palestinian struggle after Hamas's recent departure from Damascus?

What is happening in Syria sharpened very much the tensions between the two leading factions in Lebanon. The sectarian Shia-Sunni animosity increased a lot because the Syrian clash is seen in the region as one opposing Sunni to Shia – although the Alawites are not Shia strictly speaking, they are more or less seen as such, all the more that Iran is backing Syria. The Iran-Hezbollah axis goes through Iraq and Syria. Therefore, if ever there is a further degeneration into sectarian war in Syria, it might very well affect Lebanon and lead to the war spreading into Lebanon itself. For the time being, the two sides in Lebanon are holding back and watching what is happening in Syria.

As for the Palestinians, they don't have much to lose in Syria in either case. Hamas did not com-

pletely break with the Syrian regime. They know that if the Syrian regime were to survive, it would need anyhow to keep using the Palestinian card. That is why the regime itself did not sever its connections with Hamas. Now, if the regime falls and is replaced with a government in which the Syrian Muslim Brotherhood holds a strong influence, Hamas would be quite happy as they belong to the same ideological and political family, as you know. Therefore, they would rather expect this to lead to an improvement in conditions for themselves. The truth is that the Syrian regime backed Hamas and some PLO opposition factions in the typical way of a mukhabarat regime, i.e. under very tight control from the regime's security services. The prospect of being able to work in Syria without this kind of control over their back is something that Hamas would very much appreciate.

How do you assess the mediation efforts by Kofi Annan and the UN?

Any effort aimed at finding a political outcome to the Syrian crisis that is both peaceful and democratic is welcome. The UN mediation has been accepted by all factions of the Syrian opposition, although most people are skeptical about the Syrian regime's true willingness to implement Kofi Annan's plan. The regime knows too well that if it were to actually withdraw its armed forces from the cities and stop its bloody repression, the popular mobilization against it will immediately reach new heights – similar to the huge popular rallies that took place in Hama last summer when the regime's forces refrained from attacking the demonstrations for a short while.

The United States government has just announced that it will supply communications equipment to the Syrian rebels, while various Arab nations will be paying their fighters. What do you think Washington is up to? Do you approve of these measures? Where do you see them leading?

All groups of the Syrian opposition agree on the right of self-defense of the Syrian uprising and

praise the soldiers and officers who refuse to obey criminal orders and split from the armed forces. Even the National Coordination Committee, the main rival of the Syrian National Council, who are critical of the Free Syrian Army since they put main emphasis on the peaceful character of the uprising and on the search of a political settlement, acknowledged in their latest communiqué that the FSA is "one aspect of the Syrian revolution" and praised "the noble and courageous moral attitude of the Army's soldiers and officers who desert for humanistic, national and moral reasons."

Nevertheless, the US and its Western allies have repeatedly excluded not only their direct military intervention in the Syrian crisis, but any delivery of weapons as well. Whether Obama, Clinton or the French foreign minister Alain Juppé (in contrast with the French government's warmongering attitude on Libya), all of them have stated repeatedly that they oppose arms delivery to the Syrian opposition. This is despite the fact that the opposition has made pressing requests for such deliveries — initially the FSA alone, and now the SNC as well, and above all the grass-roots committees and popular demonstrations on the ground. This is not a surprise: remember that even in Libya, Western powers were conducting direct intervention through strikes from a distance, while opposing the delivery of weapons. The rationale was that they were afraid that weapons would fall into Islamic hands that were unfriendly to Western interests, including al-Qaeda. The truth is that they wanted to manage the civil war in Libya in order to impose their tutelage over it and a negotiated outcome suiting their interests, without giving the insurgents the means to speed up their fight against Gaddafi's regime and achieve full victory, as I explained in a long article last August shortly before the liberation of Tripoli by the insurgents. Since the early days of the Western intervention in Libya, I had been arguing against the continuation of the bombing by NATO and its allies, while calling instead for arms deliveries to the insurgents, as they themselves were demanding.

In the Syrian case, Western worries are much more serious indeed: this is a country adjacent to Iraq, with a Sunni majority, whereas the Sunni minority in Iraq has been the constituency of the anti-US armed struggle. Al-Qaeda built an important network in Iraq, and is still fighting the Maliki government that was cosponsored by Washington and Iran. This is incidentally why Maliki is adamantly opposed to any arms deliveries to the Syrian opposition, and actually backs the Syrian regime.

Now, the Saudi kingdom is coming under pressure from its Sunni Wahhabi establishment to support the Syrian Sunnis against the heretic government that is massacring them: that is how the Saudis depict things, through sectarian eyes naturally. All criticisms pointing to the fact that the utterly undemocratic Saudi state is hypocritical in supporting a democratic insurgency are beside the point: the Saudis don't claim to be democrats, they are truly and plainly Sunni sectarians. As for Qatar, it wants to please its allies in the Muslim Brotherhood which it sponsors regionally, and who are exerting pressure for help to be sent to the Syrian uprising all the more that their Syrian branch is a major player there, as is the case with the Brotherhood and its satellites in Egypt and most other theaters of the Arab upheaval.

Now such statements of willingness to send weapons are inconsequential as long as there is no channel for that. As I explained already, Iraq is closer to the Syrian regime than to the uprising; in Lebanon, Hezbollah is a powerful deterrent; Jordan is unwilling to take the risk of seeing the Syrian regime retaliate in arming the kingdom's enemies; and Turkey likewise is worried that the Syrian regime would retaliate by arming the anti-Turkish Kurdish rebellion. So no neighboring state is willing to channel arms to the Syrian insurgents. The latter have to rely on the weapons they capture from the regime's armed forces on the one hand, and on those that they manage to buy from arms traffickers who are very active in this part of the world. But this means that they only get small weapons and tragically lack sufficient means to

counter the massive firepower of the regime's forces.

Anyone who is truly not a supporter of Bashar al-Assad and opposes hypothetical arms deliveries to the Syrian insurgents — in the name of an idealistic

commitment to non-violence, for instance — should focus their opposition on the very real and massive Russian and Iranian arms deliveries to the Syrian regime in order to remain consistent.

Znet.

SWEDEN

Campaign of harassment to silence feminists

LINN HJORT ·

In late 2011 the SCUM Manifesto, written by Valerie Solanas in 1967, was performed in front of several audiences, including school students, in Stockholm. Expressing violent and patronizing attitudes towards [women?], anti-feminist bloggers, conservative men's groups and fathers' rights-groups condemned the performance and arranged a protest demonstration.

The hype around the play soon got out of hand: the women involved were threatened with rape and murder on at least one blog, received numerous threatening e-mails, and had their full names and addresses posted on the internet. An American anti-feminist newspaper followed suit and offered 1000 US dollars to anyone who would reveal the identities of the ensemble (this after having misread the situation and thinking that the women were creating an actual organization based on the Manifesto). The police considered the threats so serious that they decided to keep the theatre under surveillance.

In early 2012 a young woman in the audience of a popular singing contest was caught on TV as she cheered with her arms in the air. A young man noticed she had not shaved the hair under her arms; he quickly took a snapshot of the woman and spread the photograph across social networks. Body hair on women has been taboo in Sweden for a couple of decades; within hours the photograph spread further and further, until over a thousand demeaning, threatening and derogatory comments had been directed against the woman.

As a response, a Facebook event was started where hundreds of women displayed their unshaven armpits in support. Soon men (and a few women) entered the event and started bombarding the

women (and a few supportive men) with highly explicit, degrading and threatening comments. A number of the women of the event received personal messages containing threats of rape, violence and murder.

These are but two recent examples where women's right to expression and self-expression has been met with serious displays of hatred. Feministiskt Perspektiv decided to track and trace the threats against feminists. Writers and politicians sent the hateful e-mails and letters they had received to the newspaper as part of the research, though many did not want to be named as they feared more persecution.

In the case of the SCUM Manifesto, it became clear that notwithstanding the seemingly massive numbers of protests, most emanated from a few connected sources: a couple of anti-feminist blogs, and the above-mentioned men's and father's groups. The researchers found that a small number of bloggers and other anti-feminists, who have managed to coordinate their efforts and polish their rhetoric, were behind the attacks.

However, "[w]ho will actually break through the internet-wall and get out in reality is impossible to tell in advance, but to ignore the warnings, the pitch and the threats when they are in your own mail inbox – would that not be insane?" comments Anna-Klara Bratt in an article commenting on the spread and growth of racist and sexist hatred. She concludes that in the end, the issue is about "the democratic right of feminists to act and exist in a democracy".

In the same debate, several well-known writers point out that the democratic space in Sweden is shrinking. The increased strength of the far right in

Europe – Sweden included – is an important case in point.

Writers pointed out that there is a noticeable silence around the attacks on feminists from politicians and from the established media. "All of you who consider yourselves democratically minded, humanist debaters and those in power, you who in different ways manage forums, debating pages,

television shows, stage dialogues and more, where we usually debate important issues of justice and democracy, where is your indignation over all the hatred?" asked one Swedish feminist author. Another comments: "If democracy at all shall survive, everyone's freedoms and rights must be defended – even by those on the opposite side of the political scale."

ARAB REVOLUTIONS

Springtime for the Arab Left?

ALEX DE JONG ·

In your recent writings, you've tried to address the paradox that in the initial explosions in the Arab region, especially in Tunisia and Egypt, grassroots trade union activists and young people who identified with the left played important roles, but in the political aftermath the left has been very weak. What accounts for this contrast?

We have to make a distinction between youth, left and workers movements. Left-wing groups were and are marginal. In a situation of crisis we are used to seeing left-wing organizations play a role that is disproportionate to their size. That is because they are naturally inclined to be where the action is. But this doesn't mean that when they play the role of coordinators for a mass movement they exercise real hegemony over the movement. If we speak of the youth networks that were instrumental in bringing these revolutions about, they can't be described as 'left' strictly speaking. They can be described as 'progressive' or 'liberal' in the American sense of the term. But here also there is a difference between acting as coordinators, when nobody else can do it and the situation has reached a boiling point, and capitalizing politically on this role on the other hand. Those are two different things.

The workers movement played a decisive role in Egypt and Tunisia, not in every country in the region. But in these two countries the workers movement has powerful organizations. The workers movement in Tunisia already had an old organization, the UGTT (Union Générale Tunisienne du Travail, Tunisian General Labour Union), and new ones have been formed in Egypt, where a federation of independent trade unions was set up after the fall of Mubarak. But in both cases the workers organizations have stuck to their trade union di-

mension: they are very involved in rising social struggles and class struggle, which right now is particularly fierce. But they haven't intervened on the political scene as such.

Your question refers to the election results: when it comes to elections, neither the youth nor the workers movements were present. In a sense it is natural that the forces with the largest political organizations and the most experience of electoral work get the best results. The religious parties that made such big gains in the elections also received major funding from the Gulf states. Their electoral victories were to be expected. There is a conclusion to be drawn from this: that the new governments don't represent the real potential of the movement. That is why one has to insist that this is only the beginning of the process.

Just how marginal was the left in Egypt and Tunisia? A member of the Ligue de la Gauche Ouvrière (League of the Working Class Left) in Tunisia argued that in defining the left it was of little use to limit it to members of specific groups. He estimated that only a tenth of the activists who identified with the left were members of left organizations. Many of them would never join any of the existing groups because of the infighting, confusion etc. What is your take on that?

That is certainly true of Tunisia - but only of Tunisia. Tunisia has a long tradition of strong, radical left influences in the student movement. Over the years this produced a mass of people, former students, who are part of a general milieu of radical leftists but are not organized in any political group. What happened is that the trade union became a substitute for that. Radical trade unionists with this kind of background played an important role in the

movements. This might change: after the overthrow of Ben Ali, a process began of reconstitution of left organizations and networks. But the radical left as a whole is certainly more important than the sum of radical left organizations. However, in Tunisia too the left doesn't act on the political level in any unified manner. On the political level, the political organizations are active and many of them are characterized by sectarianism. There are too many of them; it's nonsense. But when it comes to the class struggle, they converge in taking radical positions.

The Tunisian trade union, the UGTT, is an exceptional organization, something of a mix between the model of a state-dominated union, which we've seen in Egypt, Syria and so many other countries in the region, and that of a genuine union representing working class interests. The UGTT in peaceful times has a leadership that is dominated by the state - but in times of crisis, under pressure from grassroots members and sometimes because of the role of some of its leaders, it can shift to radical positions. It has done so repeatedly at key moments in Tunisian politics. That is what happened after the protests started in the region where Mohamed Bouazizi set himself on fire: the local unions played a decisive role in spreading and radicalizing the movement. As the movement spread, the pressure on the union leadership built up, eventually forcing them to declare a general strike. This was a decisive turning point in the struggle to oust Ben Ali.

It's no coincidence that the new government is now viciously attacking the UGTT, even employing thugs to attack their head office. The government is using the union as a scapegoat for all the problems in the country, accusing them of causing social unrest and economic problems. But the union is so popular that I think these attacks could backfire. The social contradictions keep increasing, but this time with the Islamic parties clearly on the side of the counter-revolution - there is no longer any ambiguity about their role.

You described the youth movement as liberal in the American sense. That raises ques-

tions about how clear even many radicalized young people are about liberalism. Are there illusions about the European democratic model?

We need to make a clear distinction between neoliberalism, or economic liberalism, and the views of these young people. Those young people can be described as people who support personal freedom and democracy, who have a sense of social justice. If you put their views in a programme, it would be close to social democratic ideas. That is their perspective. In Egypt there was even a party created with people from a left-wing background that calls itself social democratic. Of course, we are speaking of young people, whose views can still undergo profound changes. There is a large potential for radicalization to the left, on the basis of their experience. Their predisposition is progressive. This is very different from the worldview of the religious parties. The main slogan of the Muslim Brotherhood has been for decades 'Islam is the solution'; that is worlds apart from the outlook of these young activists.

These young people belong to a generation that had greater access to global culture. One important feature of the situation is that Arab governments have lost the ability to impose a monopoly on information. For Westerners the importance of this might be hard to grasp, because here governments haven't had a monopoly on information for a long time. The leap forward in the development of information technology had a profound impact on the Arab world, where 15 years ago governments still had a monopoly on information. It is not only the internet but also satellite television that broke this monopoly and provided people with alternative views of the world. It also contributed to the development of new aspirations in the face of very bad social conditions. Unemployment, especially youth unemployment, is a major factor in the current developments.

I understand that in Egypt some people who identified with the left supported the Egyptian Bloc, which is more like a liberal

force. On the other hand you had leftists who called for a boycott of the elections. You would instead argue for an approach oriented towards these progressive young people?

In Egypt these kinds of youth groups are more important than in Tunisia, even proportionally. In Tunisia the radical left is much bigger. But in both countries the priority for the radical left should be the workers movement. This movement of course also includes young people. In both countries, only the workers movement can provide leverage for progressive change, can form a force that can impose itself and change the political situation. There are no shortcuts to creating revolutionary parties from scratch or anything like that.

In a matter of months, the Egyptian Federation of Independent Trade Unions (EFITU) attracted 1.5 to 2 million members. Of course, not all of those people are socialist workers. But it is their commitment to the class struggle that counts. The social struggle is the key. Religious parties are attacking the social struggles, saying that these struggles are based on narrow self-interest, are contrary to the interests of the nation, etc. That has been the discourse of the Egyptian Muslim Brotherhood and of Ennahda in Tunisia since the fall of the dictators.

Arab societies are very young, so the proportion of young people in the employed labour force is high. This creates a potential for links between the youth and workers movements. As for the unemployed, in Morocco you have a tradition of organizations of the unemployed. You don't have that in Egypt or in Tunisia to my knowledge, but the workers movement there can take up the issues of the unemployed and organize them, represent them. The gap between the potential and the abilities of the left can only be bridged by prioritizing the workers movement.

In a situation where there is not much struggle, one may think that the priority should be building your own organization. But in a situation like the one we see now in Egypt or Tunisia, if you don't want to

miss this window of opportunity, you have to adapt. The potential is embodied in the social forces in movement: there is a radicalization of the working class already in progress, and no radical left party can represent that. The existing groups in both countries are just too small. It is a shame that the Tunisian left can't agree on a common project. The UGTT took part in political elections in the 1950s, for example; this is a historical precedent that can be invoked and renewed. Maybe the union could be made into some kind of union/party of the working class. In Egypt the situation is more complicated, but at least the left there is less sectarian and has formed alliances. I would consider the perspective of a party based on the unions to be a priority to explore in Egypt.

To move briefly to another part of the region, can you say something about countries like Libya and Yemen? To what extent is left politics possible there?

Each of these countries is of course very different. In Yemen a transition was imposed by the Saudis and their friends. That created a lot of frustration. The separatist movement in the south is growing. As you know, until 1994 there were two countries, and the south was the only anti-capitalist experience in the Arab world. But the agreement has the support of the Muslim Brotherhood, which hopes the new president will collaborate with them. The whole situation is affected by tribal divisions, and these tribal structures create a social base for the regime. In Yemen we've seen the only genuine mass mobilizations in favour of the government. The pro-government rallies in Libya were to a large extent fake, and you can discuss the character of the pro-Assad rallies in Syria. But the uprising in Yemen unleashed a potential that is still there, and the social question won't go away. Two thirds of the people in Yemen fall below the poverty line!

Libya is the country undergoing the most radical changes in the region. It is the only country where the state was actually smashed. There is no state in Libya, it has not been replaced; there is a chaotic situation. Local militias have replaced the state as

the holders of power. There are attempts to construct a new state, but this is difficult and there is no single political authority. The Transitional National Council (TNC) is being violently attacked by demonstrations in Benghazi, Tripoli etc. The attacks come not from people who supported Gaddafi but from people who were involved in the struggle against him from the beginning. There is a spirit of revolt and discontent. After four decades of oppression, the lid has blown off. But after four decades of a totalitarian regime, there is very little political education in the country. That is why it is very difficult to predict the political landscape even a few months ahead, in the run-up to the elections.

Of course the Islamic current is present in Libya; the Muslim Brotherhood are there; there are liber-

als. But women are also organizing. There has been a struggle around the draft electoral law, which said the parliament should have at least ten per cent female members – there was a big outcry when this became known, and the quorum was doubled to 20 per cent. The Western media only reported about statements from the TNC leadership on introducing sharia law and legalizing polygamy, but on the ground there are real struggles and victories for women's groups. A union federation has also been formed that is linked to the Egyptian one. So yes, there are possibilities in Libya as well.

This interview was made on the 25th of February. Part of it was originally published in the Dutch socialist journal 'Grenzeloos'

SPANISH STATE

After the general strike

MANUEL GARÍ ·

In the first place because it illuminates and makes possible a change of course in the social movement. The strike of more than 10 million workers and the demonstrations in more than 100 cities involving more than a million and a half people indicate a reversal of the downward trend of the workers' movement, which has meant that in recent years the working class had no adequate means of resistance to the neoliberal attacks initiated with Zapatero and deepened by Rajoy.

Secondly because the participants experienced the day of struggle as a success. This perception is a political given of the first order. And it exists independently of the attacks on the strike and the lies on its success from the government and mass media of the right. This subjective factor, the feeling of strength, is of great importance for the future of the movement. Tens of thousands of social and union activists have experienced March 29 as a day on which there was unity on the picket line and on the street with a shared spirit of unity in struggle.

The third indicator of success has the active participation of thousands of students in the protests. Young people who have come to see themselves as "veteran" activists of the 15 M, the generation of those in precarious work or unemployed and aged between 25 and 35 years, with different forms of action and relation to the labour movement and, in particular, with the majority unions, have been an element of revitalization of the pickets.

In fourth and last place because the government and the employers' organization CEOE have recognized – despite their denial of the evidence and their negations of reality – the unexpected success of the call to struggle. The words of the employers'

leader, Rosell, are eloquent: "it is necessary to turn the page, it is necessary to forget the general strike". While the head of news at Telemadrid – which for 24 hours could not broadcast and displayed a test card with a fixed photo of the transmitter building – began March 30 with the announcement that: "The strike has been a failure, normality has reigned in the companies". This time the battle to disparage the strike after the event was lost – there were too many direct witnesses of what happened.

Change of march

The labour reform which emerged strongly from the ballot boxes of the last legislative elections that gave the absolute majority to the PP was weakened in the recent Asturian and Andalusian autonomous elections and delegitimized on March 29 to the eyes of the social majority in the workplaces and the streets of the whole country.

The threats of the hundreds of employers who blackmailed their employees with the threat of the dismissal if they joined the strike didn't matter. More than 70% of employees stopped work. Despite fear and precarity, a great majority showed their support for the strike. And, for the first time in many years, they were joined by the important contingent of five million unemployed who cannot strike because they have no job and who made common cause in the streets with those who still have one.

The tricks of the employers and administration in relation to minimum services, in many cases where lists of those obliged to work had been drawn up targeting well-known union activists, failed. The strike paralyzed transport as well as education and health to a great extent, while the massive police deployment failed to intimidate marchers.

We have lived through an episode of class struggle in its purest form. Each social "actor" has situated themselves in the social confrontation as if in a script. The proponents of financial, economic and labour deregulation, firm defenders of less public intervention and more corporate self-regulation, have suddenly become staunch defenders of the need to regulate strikes and freedom of trade union information, as well as the firm intervention of the forces of public order. Such are the liberals of today. And such are the diktats of the markets.

This was not a general strike like that of December 14, 2008. The three million small businesses and self employed workers did not support it. It was more a strike of industry than of services. It was stronger on the Cantabrian coast than elsewhere. All this is true, but unlike the 2010 strike against the Zapatero government, this had the support of the broad majority of working people, its aspirations had reason and legitimacy in the eyes of the social majority. And it involved all economic sectors and all territories from north to south.

It was positive that the date chosen by the majority trade union federations who called the strike across the country coincided with the unilateral appeal of the CIGA unions in Galicia, as well as LAB and ELA in Euskadi, for strike action on March 29, the day before the new parliamentary commitment to spending cuts was made in the budget. That allowed for greater support among the nationalities for the strike.

The immediate future

Now new questions and challenges are opened up for the social movement. The first question to address is what to demand from the government. There are two possibilities – complete and unconditional withdrawal of the draft legislation or persistence in the sterile and equivocal line of "reforming the reform" by including some aspects of the AENC (Acuerdo por el Empleo y la Negociación Colectiva – Agreement for Jobs and Collective Bargaining) which until recently had been forgotten by those who signed it and which is completely unknown to the hundreds of thousands of activists who won the battle of the plazas on March 29.

The second question is how to continue the struggle. The government of Rajoy- Merckel- Sarkozy is not going to yield. We have to outsmart it. What happened on March 29 is a first step but the mobilisation should be continued until it is converted into an unbearable pressure for the PP and the CEOE. That implies a full agenda of issues to resolve: forms of sectoral and regional struggle, construction of new forms of participatory organization for workers in the big unions and in the companies themselves, alliances between the labour movement and the social organizations, change of political orientation and economic alternatives on the part of the union leaderships, building of bridges between the culture of 15-M (and in general the alternative world) and the culture of the bulk of the labour movement, identification and recognition of the different sectors which make up the trade union movement itself. We believe that the stakes are too high to continue to ignore all that it is necessary to do.

DEBT CRISIS

Do we need public debt?

DAMIEN MILLET ·

In any case, even though we definitely do not wish to stay in a capitalist economy, the economic dynamics of the system demands that in a macroeconomic perspective the surplus produced should be anticipated through monetary creation. Selling goods at a profit is only possible if there is more money around after than before production starts. A capitalist economy without debt does not make sense. [1] Particularly in times of recession, public spending (which alone can generate added collective wealth) depends on added tax revenues from the richer fringes of the population, on cancelling illegitimate debts and on contracting public loans under citizens' control.

The point is to define a transparent policy for public loans. The proposal we put forward is as follows:

1. the aim of the public loan must be a sustainable improvement in living conditions;
2. the public loan must part of a redistributive poli-

cy that reduces inequalities. Therefore we propose that financial institutions, corporations and very rich households be legally obliged to buy state bonds with either no interest or cost-of-living indexation, for amounts that are proportional to their incomes and their assets, while the other members of the population can buy public bonds with a guaranteed positive return (say 3%) higher than the current inflation rate. Thus if the annual inflation rate should reach 3%, the interest rate actually paid by the state would be 6%. Such measures of positive discrimination (similar to those used to fight racial oppression in the US, castes in India or gender-based inequalities) will make it possible to move towards more tax justice and a less unequal distribution of wealth.

Cancelling illegitimate debt is a necessary but insufficient condition. Other measures that improve the lot of the majority are essential if Europe is to come out of the crisis with better prospects. The discussion is open.

Translated by Christine Pagnouille in collaboration with Vicki Briault

ECUADOR

A revolutionary march versus a counter-revolutionary march

DECIO MACHADO ·

The recent history of this event began on January 15 of this year. 2000 people mobilized from diverse parts of the country, representing various social and political organizations, decided, in Yanzatza, to launch the March for Life, Water and the Dignity of Peoples. Its departure point would be the canton of El Pargui in Zamora Chinchipe, an area that will be affected by the operation of open cast mining. Its start was planned for March 8, International Women's Day. The march started three days after the signature of the mining contract Project Mirador between the government and the Chinese owned transnational company ECSA (Ecuacorriente SA).

The march covered more than seven hundred kilometres, through provincial parishes and capitals where it received different shows of solidarity and incorporations to the mobilization. Along with the National Indigenous Confederation of Ecuador (CONAIE) representatives of the ECUARUNARI (Confederation of Peoples of the Kichwa Nationality of Ecuador), the Popular Front (UNITES, FEUE, FESE, CUBE, CUCOMITAE, UGTE, CONFEMEC, UNAPE, JRE and UCAE) and the Assembly of the Peoples of the South mobilized for the march.

On March 21 the march arrived in the south of Quito. About 2,500 marchers slept in Guamaní, most of them unwell and very tired. They had over 14 days combined sections in vehicles with long walks, sleeping in sports pavilions, schools and public spaces.

The following morning the march started off from the south of Quito for the centre of the capital. Six hours more of marching. On this occasion, they marched accompanied by thousands of demonstrators who joined them along different sections of the route to participate in the indigenous and popular mobilization.

Leading the march was the CONAIE with its president Humberto Cholango. At his side, other indigenous leaders of the diverse peoples and nationalities of Ecuador, among them the prefect of Zamora Chinchipe, Salvador Quishpe, and others including social leaders from the neighbourhoods, unions, and organizations of women, students and environmentalists. Behind them, leaders and activists of the various left political organizations marched as part of the Plurinational Coordinator (a common front of organisations to the left of Correísmo: Pachatukit, Movimiento Popular Democrático, Participación, the Corriente Revolucionaria Socialista del Partido Socialista and Montecristi Vive).

Red flags were combined with the indigenous multicolour flag, standards with the face of Che mixed with placards against mega mining. In the same way, organizations of women walked next to young students, political parties next to professional organizations, while libertarian sectors jointly mobilized with organizations of Marxists and labour unions. The images of the march, reproduced by the Ecuadorian and foreign mass media, showed the many-coloured amalgam of social organizations.

On the other hand, the pro-government mobilizations conceived as countermarches against a supposed mobilization destabilizing the government,

were congregated in four different physical spaces: the Plaza de San Francisco, Plaza de la Independencia, Plaza Sto. Domingo and the El Arbolito park. The positions had been taken days before by activist groups of Alliance PAIS and aligned organizations.

President Correa visited the four places in the course of the day, holding meetings and haranguing to his supporters in the diverse spaces, as they converged successively in the surroundings of the presidential Palace of Carondelet.

The presidential discourse was articulated on the basis of the following points: the march of the social movements had a destabilizing character and was fomented by coup participants, there existed an alliance between the left and the right to overthrow the government, it had an electoral aim and the result of the social mobilization was a failure.

The President returned to the past using the rhetoric employed during the Popular Referendum campaign of May 7, again asking the people to "trust me", indicating that this government had defended, among other things, Ecuador's water.

According to the calculations made by various observers and media professionals the pro-government countermarch attracted a number more or less similar to those mobilized by the social movements, and there are even some who calculate that it was inferior, in spite of the declarations of president Correa that refer to an supposed "10 to 1" ratio in favour of the government or the figures issued by government minister Betty Tola which speak of 60,000 people on the pro-government march. Without a doubt, the pro-government expectations failed significantly although it did not want to recognize this in its discourse.

On the other hand, beyond the technical question of numbers, the differences between both mobilizations were remarkable in diverse aspects:

- In the first place the social mobilization lasted 15 days, that is to say, from when it left El Panguí until its arrival in Quito. The official march also mobilized - in buses paid for by the state on the day of

the beginning of the march in Quito and the day of its arrival in Quito. The strategy of generating a countermarch in each one of the different localities through which the march advanced had to be abandoned due to the shortage of participants and the remarkable numerical inequality between those answering the government appeal and the demonstrations of sympathy and solidarity that occurred in locality after locality along the route of the march. The disoriented pro-government forces had to change strategy several times during the long march.

- While the mobilization of the social organizations experienced several obstacles to its accomplishment (negation of the official safe-conducts for the buses to travel, police controls, infiltration of members of the public forces, boycotts by local authorities allied with the government and a strong negative propaganda from the public or government controlled media); the pro-government official march counted on bountiful state support.

- The participants in the two mobilizations were clearly different. While the official march mobilized, voluntarily or not, public employees, local governments, and organizations dependent on the Policy Coordination Ministry, mainly originating from outside Quito, the March for Life was supported by indigenous peoples, social sectors and unions that have been breaking links with Correísmo.

- Finally, while the marches of the social movements showed political initiative, the countermarch was clearly reactive. To this it is necessary to add the enormous strategic error on the part of the government, which locked itself in the centre of Quito (the historical heart of the city), whereas the social mobilization went through the popular districts of the south and centre of the capital, gaining the sympathy of a great part of the population. Thousands of people applauded the social mobilization as it passed, giving fruit, water and even chicha to the marchers.

In summary, given the significant disparity in relation to resources available to the two marches, it

would be possible to describe the results of the official march as representing a fully blown failure.

The March for Life had won the dispute with the government days before arriving at Quito

The social demands were summarised in 19 points, which included opposition to the extension of the oil frontier, defence of the ITT, agrarian reform, respect for labour rights, rejection of the signature of the free trade agreements, respect for the exercise of sexual and reproductive rights, and opposition to social criminalization among others; but the key element at the origin of the social mobilization was the defence of the water and opposition to mega-mining.

The social mobilizations, reproduced along the route of the March in various points of the country, made the question of water and large scale mining a social debate that took on a national scope from before the mobilization arrived at Quito. A group of women activists was violently evacuated and jailed after entering the Chinese Embassy to hand in a letter against mega-mining on March 8th. The authoritarian position of president Correa, who has become a great defender of mega-mining, facilitated this circumstance.

In Ecuador the propaganda that is habitually developed by the great mining transnational companies in the countries where they operate is not necessary, is the president of the Republic has personally been elevated as the main spokesman of the benefits offered by the great extractive multinationals (in particular oil and mining) of foreign capital.

The fact that a mobilization of these characteristics generated the national sympathy that occurred during the long march before its arrival in Quito, faced with state media proclaiming day after day against a supposedly pro-coup march financed by the extreme right and a president who insulted the marchers, referring to them as a few people with "pens and ponchos", worked like a boomerang against the official discourse. The Ecuadorian citizens showed their sympathy for the weakest, reject-

ing to a great extent the presidential rhetoric and demanding the right to protest and resistance.

This situation was demonstrated in the mobilization that took place in Cuenca on March 10, when approximately 30,000 demonstrators mobilized in defence of water and showed their sympathies with the March for Life. The pro-government counter-march only attracted 2,000 people in a city which was once the bastion of Correísmo. That same day the March arrived at the locality of Saraguro, to the south.

Before this circumstance, the government launched a great campaign across the national territory, whose strategy consisted in promoting local works and other benefits of Correísmo, with the intention of building indigenous support for the government and especially is Head of State. The Policy Coordination Ministry drew on the support of leaders who are highly suspect in the indigenous world, like Miguel Lluco in Chimborazo or Antonio Vargas in Pastaza. This type of manoeuvre was to a great extent rejected by indigenous communities and organizations.

Two days before the mobilizations in Quito the organizations of the Agrarian Network (not aligned to the CONAIE) which could be defined as the indigenous and peasant base of Correísmo, presented in the National Assembly 41,000 signatures endorsing their proposed Law on Lands. There they expressed their disappointment with the government and is so-called "agrarian revolution". On March 22, Luis Andrango, president of the FENOCIN, one of the two biggest organisations in the Agrarian Network participated in the march of the social movements in Quito, although keeping a low profile.

Finally, it should be emphasized that when the march arrived in Quito the government was forced to make consecutive concessions in the field of labour and economic policy: retroactive wage increases for teachers, the same for the Army, freezing of an already truncated measure for a 25% increase in the cost of interprovincial travel, among others.

Scenarios and reflections for the future

The weakening of the government is evident from day to day. The polls it commissions showing 80% support for president Correa are not credible. The fact that on the morning of March 23 Correa gave a one hour interview on Gamanoticias (a government channel) to a mediocre journalist today in the service of the regime and previously an employee of the government of Lucio Gutiérrez, is one more indication of this weakness. President Correa and other ministers hogged the media on the morning of 23-M, clumsily maintained the thesis that the social mobilization had been a failure and its support "very poor". Lamentably for the official discourse, the televised images and the fact that a great part of the population of Quito attended the mobilization made the governmental argument untenable.

For their part, the social organizations and parties of the left have retaken the political initiative, which was lost even before Correa became president. In addition, they have, at least conjuncturally, marginalised the right, which by all means tried to become involved in the march and was not accepted at any moment by its convenors.

Conservative assembly members of such as Caesar Montufar and political organizations like the Partido Sociedad Patriótica tried on repeated occasions to get involved in the mobilization, something that the CONAIE and the other organizations never allowed. During the fifteen days of mobilization the only political action from the conservative political parties was to install a pathetic monument in memory of ex-president Leon Febres Lamb.

The political conflict at this moment is defined in the ambit of the social and political left of Ecuador. On the one hand a caricature of "revolution" supported by a government of social democratic profile with very many contradictions in its economic, labour and international policy; faced with an opposition to its left that begins to show mobilization capacities, a common agenda and principles of understanding.

President Correa has two options. He can choose to turn to the left and to demonstrate greater capacity of consensus with the communities affected by his extractivist and neo-developmental policy, and with the social movements and the organizations to his left; or make more and more evident the conservative turn of the executive, consolidating and establishing new alliances with business sectors and political organizations to his right.

The governmental erosion, worsened by a strong international loss of prestige after the sentence against the newspaper "El Universo", as well as the popular displeasure at the rise of prices of basic products, while business sectors record unexpected profits at a time of international crisis, does not allow too much room for manoeuvre to a government which is ten months away from a new electoral battle.

In Ecuador, 62 economic groups concentrate 41% of the GDP of the country; the non-oil wealth remains in the hands of importers, financial intermediaries and the commercial sector; the utilities of the economic groups of the country grew between 2006-2009 at 54% more than in the previous period (immediately prior to Correa's becoming president) and the bank gained in the past year alone 51% more with respect to the previous year.

In the case of the indigenous world, the main protagonist of the March 22 mobilization, the Index of Poverty by Income was quantified at 59.4% at the closing of the 2011 financial year and the illiteracy rate at 20.4% (data from INEC, Census of population, 2010).

Ecuador has one of the highest indices of inequality in the access to land, the Gini index on land is at 0.81, and governmental action has been practically zero during more than five years of Correísta government; indeed, Correa has pronounced time and time again against agrarian reform. The monopolizing tendency of water in agriculture is also well-known. The peasant population, mainly indigenous, with communal systems of irrigation, represents 86% of users. Nevertheless, this group has

22% of watered areas and has access to barely 13% of the volume. In this way the big consumers, who represent barely 1% of productive units, concentrate 67% of the water volume for irrigation. Until now the Correa government has not signalled any desire to reverse this situation and to fulfil the constitutional mandate that in its article 312 says clearly "all form of privatization of the water is prohibited". And not only that, after approval of the Constitution, the government extended the term of the concession of water to the private company Interagua, in the city of Guayaquil.

Returning to the possible scenarios, although the first is the one desired by the social organizations who convened the march, the governmental attitude, refusing political dialogue with the social organizations in struggle and the parties to the left of the regime, makes it a very remote possibility. However, with respect to the second scenario, already we have seen the amnesty to former vice president Alberto Dahik, charged with corruption, which was advocated personally by president Correa, and that to former president Gustavo Noboa Bejaran; the incorporation into Alianza PAIS of local authorities originating from the conservative parties; and the increasingly probable signature of a free trade agreement with the US. Meanwhile, the banker Guillermo Lasso, leader of the Movimiento CREO, who was considered as a potential candidate for the right in the elections, has practically lowered to zero his public appearances while his banking organization continues be-

ing one of the fundamental tools for the distribution of the Human Development Bond and other subventions given by the state to popular sectors. And there is the fusion of Madera de Guerrero and the Partido Social Cristiano, and their apparent will to present their own presidential candidate, ignoring the possibility of unifying around a common right candidacy.

The government is on the attack against the convening organizations of the march or the local parties and authorities that in one or another form have supported it. Hence the aggressive rhetoric used by president Correa against the Movimiento Popular Democrático (MPD), an organization of Marxist-Leninist profile that supported the social mobilization, or the different punitive actions undertaken against the Prefecture of El Azuay,

In these conditions, the social and political organizations of the left have the responsibility of generating a common agenda common of minimum demands that have as departure point the plurinational mandate of the 19 points vindicated by the March for Life, the Water and the Dignity of the People, sustained in the constitutional principles of Montecristi. From this a politically coherent platform of demands can emerge, which must articulate a coordination of common struggles, open to new incorporations, where electoral protagonisms and ambitions are in the background. There is no doubt that 22-M marks a new political era in Ecuador.

PORTUGAL

The Portuguese people are not standing for it

JORGE COSTA ·

Once the strike was called, two months after the congress of the CGTP (during which the general secretary was replaced after 25 years in office), the government and the media did everything to minimize it, characterising it as a symbolic action to affirm the authority of the new leader who had been very recently elected. But its effects were quite real and were felt especially in the port sector and in transport in the big cities. In other sectors, support was not as strong as at the time of the strike in November, but it was sufficient to paralyse several factories and public services.

March 22 was marked by more than thirty demonstrations all over the country and by the violence of the police – the images were seen around the world – against demonstrators and journalists in the centre of Lisbon. The same violence had been seen during the strike in November, and images of demonstrators being beaten by the police force were shown on television. But four months later, there is still no result of the "urgent enquiry" promised by the government.

Growing austerity

With the highest level of unemployment ever seen, more than two million Portuguese are living below the poverty line. The budget cuts also affect social benefits, further increasing the difficulties of households. A big majority of the unemployed sim-

ply do not have access to benefits and with the increase in long-term unemployment the situation is going to get worse. In the public services, the situation is no better. In the hospitals, the personnel are already denouncing the lack of basic material and the abnormal peak of mortality in February, which could not be explained simply by influenza and the cold. The other reason is that the government has introduced new barriers to access to public health, for example an increase in the cost – a few days ago we learned that a 60-year old unemployed worker was asked for 160 euros for a biopsy of the prostate in a public hospital – or the ending of help with transport for consultations, which leaves many poor elderly people who live dozens of kilometres from a hospital without the means of getting there.

As the effects of the cuts intensify and as speculation increases about the imminence of a future loan from the Troika with prohibitive interest rates, which will lead to even more debt and austerity, the consciousness that this vicious circle of impoverishment is not improving the situation is dawning on more and more people. The Prime Minister can no longer go into the streets without being booed and the President of the Republic has already been forced to flee from demonstrations. But there still lacks the perspective of giving a political expression to this dissatisfaction and mobilizing around an alternative. This general strike was a further step in this direction.

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NUCLEAR POWER

Fukushima, one year later – and what about France?

MICHAEL LÖWY ·

In the history of nuclear energy, there will be a before- and an after-Fukushima. After Chernobyl, the Western nuclear lobby found a line of defence: it was the result of bureaucratic management, inefficient and ineffective, typical of the Soviet system. "It couldn't happen in our countries". What is this argument worth today, when the cream of Japanese private industry is concerned? Since the end of January, there are only three nuclear reactors still functioning in Japan, with no power cuts recorded. Although this model of a quasi-exit from nuclear power is not desirable (not to mention the consequences of the tsunami), since its rapidity makes a massive recourse to fossil fuels necessary, it does however show that the addiction to nuclear power that some countries exhibit, with France in the first rank, is not incurable. This situation also illustrates the false and dangerous dilemma in which the energy multinationals want to put us. The massive recourse to the "dirtiest" fossil fuels (coal, offshore oil, tar sands, shale gas) is not the solution for abandoning nuclear power, and we do not have to choose between a beautiful radioactive death and slow asphyxiation by global warming.

Nuclear power cannot be safe

A year ago, the media highlighted the irresponsibility, the unpreparedness and the lies of the Tokyo Electric Power Company (TEPCO) – with the active complicity of the bodies responsible for controlling the nuclear industry and national and local authorities – more concerned about profitability than

about safety. These facts are indisputable, but by insisting too much on this aspect, we are likely to lose sight of what is most important: insecurity is inherent in nuclear energy. The nuclear system is basically untenable; accidents are statistically inevitable. Sooner or later, other Chernobyls and other Fukushimas will happen, caused by human errors, internal malfunctions, earthquakes, plane accidents, bomb attacks or unforeseeable events. To paraphrase Jean Jaurès, we could say that nuclear power carries catastrophe as the cloud carries the storm. We can only be all the more revolted by the way in which the principal candidates in the presidential election treat this question.

The disastrous agreement between Europe Ecology- the Greens and the Socialist Party sharply illustrated the capitulations of the Green party, unable to negotiate an objective, even vague, of abandoning nuclear power, and only obtaining a reduction of the percentage of nuclear power from 75 to 50 per cent in 2025. So how can anyone be surprised that the campaign of Green presidential candidate Eva Joly is not finding an echo? The status quo also prevails in the French Communist Party, whose retrograde positions paralyse the expression of the Left Front. As for the UMP, Sarkozy, Besson and consorts pretend to believe that the SP wants to close a lot of power stations, with the aim of frightening the workers in the nuclear industry. In fact this is a piece of double trickery, with respect to the position of the SP, and in relation to the situation of nuclear power workers who, like other workers, experience precariousness, subcontracting and occupational diseases. As for the job creation which abandoning nuclear power would make possible, in spite of the various reports on the subject, neither Holland nor Sarkozy say anything. Quite the contrary, what we are seeing is a reckless perspective of lengthening the period of operation of

the reactors to 40 years, whereas they were initially designed to last 30 years.

21 reactors should be closed immediately

The question of the lifespan of the power stations is today paramount, and our demand is for the closing of reactors which have been in operation for 30 years. There are currently 21 of these which are still in operation and which must be closed immediately and 21 others which will have reached this age in 2017. These demands are in perfect coherence with the plan of abandoning nuclear power in ten years proposed by the NPA, as well as the proposal to stop all nuclear power projects that are currently

underway. These demands must be widely supported by the antinuclear movements. The human chain organized between Lyon and Avignon on March 11 is for this reason an occasion not to be missed. It means mobilising tens of thousands of people in the region of France with the most nuclear plants. But this one day of mobilization, a year after the Japanese catastrophe, will not be enough to make the nuclear lobby give way, and we should already be considering further actions, whether it be human chains, demonstrations, blocking of trains carrying nuclear waste... All together, let us block nuclear power in order to put a stop to it.

March 6, 2012

In defence of public and universal health service and social protection

Everywhere in Europe, the crisis of national debt is used as an excuse to attack public hospitals, welfare, patients, and health workers. As a result we see reduced access to health care for the poorest, closures of beds, services, and even hospitals, acceleration of hospital privatization, increased taxation of patients, or like in Poland, the replacement of employee status with self-employed status or imposing 'garbage contracts' outside of labour legislation.

This means the rejection of public finance system and social security in favour of private insurance benefits. In Britain, the sweeping "reform" will break up the National Health Service, create a competitive market and far-reaching privatisation of health services, alongside £20 billion cuts in the health budget.

In all European countries, different austerity measures in health services aim at dismantling the egalitarian social solidarity systems. This is one further example of how governments make the workers and society pay for the economic crisis they have created. This demonstrates the importance of an international resistance to privatizations and austerity policies.

The Polish government's decision to replace employee status with self-employed status is a danger for all Polish workers but it also represents an laboratory test which could spread over all European countries.

This situation needs common action by health workers, patients, citizens, national resistance and solidarity in defence of public health and social security system, and international initiatives to de-

fend universal access to an egalitarian solidarity health system.

There is a choice between the needs of a public health service and those of private bankers. We have already chosen: equal access to a free health system, the democracy of a public health system, public finances instead of private profits.

The appeal for this conference is supported by:

Free Trade-Union 'August 1980' (Poland),

National Trade-Union of Nurse and Midwife – Silesia (Poland)

Trade union OZZPSR – National Union of Workers of the Emergency Service (Poland)

KZZPRM – Trade Union of Medical Rescue Employees (Poland)

SUD Santé Sociaux trade-union (France)

Health Emergency (Britain)

National Coordination of Committees to Defend Hospitals and Maternities of Proximity (France)

Coordination Santé Solidarité Gironde (France)

Union Syndicale des Psychiatres – Trade Union of Psychiatrists (France)

Initiative of Women against the Debt (Greece)

Federation of the Hospital Doctors of Greece (ONTE)

People Health Movement (PHM)

Tip Dernegi – Medical Association (Turkey)

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EUROPE

For a mass movement of European solidarity with the Greek people and active resistance to austerity policies

YORGOS MITRALIAS ·

So it's no surprise that the parallels between today's Greece and Spain in 1936 strikes a chord that is taken up by so many political and social actors in Europe. The resistance of the Greek people in 2012 is a barrier to extending capital's brutal assault against the working people of Europe, just as the resistance of the people of the Spanish State was the barrier in 1936 to extending the brown plague — and the outbreak of war — throughout Europe and the world! If the Greek dam is torn down, there will soon be a flood throughout almost all of the European plain. ...

The fact that there are more and more European citizens, labor unions, political parties and social movements who view the Greek tragedy as emblematic of a new historical era of neoliberal capitalism, is an absolute novelty with enormous consequences. In effect, this means that the tide is turning in Europe, despite and against official propaganda, supported by the corporate media, which have continued to preach (for two years now!) that "the Greeks are the ones entirely at fault." But, it means most of all that the more and more consistently elements of European society are now ready and willing to give their feeling of solidarity with the Greek people a new meaning and content: that of making the Greek resistance to capitalist barbarity the FRONT LINE of a more universal common struggle, which affects them directly because it is their own fight against the same policies of the same class enemy!

The conclusion is obvious: the ingredients are now in place to attempt to build a mass movement in Europe both in solidarity with the Greek people and against the austerity policies practiced by the leadership of the EU. But, one asks, what movement are we speaking about? What might be its extent and its duration, its structures and its radicalism?

First of all, we believe that this movement could and should be built based on the following fundamental characteristics: to be European, that is, to extend throughout the entire continent, to be unified, "generalized," to be a mass movement of long duration and one that has stable structures at the base of our society (grass-root self-run committees and federated). We explain it more carefully here...

a) The requirement to be completely united is based on the recognition that the current austerity policies are aimed at a wide range of social sectors, threatening at least some of them with a real extinction! In sum, although there may be an exaggeration in the claim of our good U.S. American friends who speak for the famous 99% of society, the fact is that we have never seen so many people objectively and sometimes even "subjectively" united against a class enemy that is not only a common enemy — and this is very important — but is perceived as such. It is exactly this "community" of interests that will build the profoundly unified nature of this movement, avoiding sectarianism and "avant-gardism." The "all together" must dominate.

b) It is obvious that such a (rather unusual) situation is helping to create a mass movement as what is involved is the will to mobilize and regroup all

the real victims of this veritable "social war" of capital against the overwhelming majority of the members of society. This feature is accentuated by the fact that the reactionary offensive is no longer only "economic" but it goes beyond this to the social, political and even cultural and ethical issue. In short, it is global, posing truly existential dilemmas to society and its members.

c) Since these austerity policies hit — albeit with different intensities — all European populations, it is obvious that this movement can and should be European — and should-be organized as such, otherwise it is doomed to failure from the start ...

d) The long duration of this movement is made compulsory by the fact that it is supposed to confront a long-term global offensive of the enemy class, which leads us into a new historical period. This idea of a long duration is reinforced by the perspective — a completely real one — that the Greek crisis will drag on without finding a short-term favorable outcome for one or the other camp.

e) The logical consequence is that the European mass movement must prepare itself for a long struggle, plan ahead and invest in a long-term project. This also means that it must have structures that are not ephemeral but that have continuity and stability.

f) The movement must also be "generalized," that is, not simply be a partial resistance (e.g., purely economic) to the reactionary offensive that is "global," being at the same time economic, social, cultural, patriarchal, environmental and even "philosophical" and ethical. It must then regroup under one roof all organizational resistance, trying — and this is not a given in advance — to provide a common denominator in order to unify in the struggle.

That said, it remains to define more precisely what role the European movement in solidarity with the Greek people should play. First, we must say that this solidarity with Greece is not a burden but an asset in the construction and development of a mass movement against austerity policies. The resistance of the Greek people moves — and rightly so

— millions of Europeans and in so doing it greatly facilitates the realization that the Greeks' misfortunes illustrate the fate that the powers of this world reserve for us all. By first reacting with their guts while seeing the Greek drama, wage-workers and other European people immediately become aware that they are also part of this drama, across national boundaries and so-called "national" interests, going beyond and in spite of official propaganda. In short, they discover in action the common interests of those on the bottom and internationalism, something of paramount importance in times of systemic crisis so cataclysmic that it reawakens all the "demons" (nationalism, racism and even ... wars) of the 1930s among many factions of the European bourgeoisie ...

However, we must admit that this feeling of solidarity is not eternal, it must be nurtured day by day to be sufficiently strong and widespread in order to "maintain and nurture" a solidarity movement of long duration that must be expressed by rank-and-file committees throughout Europe. Then we ask: Are the prospects of the Greek "laboratory" conducive to maintaining and nurturing interest, emotion and especially the feeling of active solidarity aroused by this Greek drama?

The answer to this crucial question is a categorical yes. Yes, they can guarantee all this for two reasons: a) because everything indicates that there is no way out of the Greek drama as neither of its two protagonists (those above and those below) has the means to crush the other. This leads us to the conclusion that the current unstable equilibrium could drag on, leading either to a deterioration of the situation, or to explosions that are violent but short-lived. In any case, we can be sure that the Greek crisis is here to stay and dominate EU (and international) news for a long time. b) Because the anger of the vast majority of the Greek population is so profound that the rest of this story will be punctuated by events and explosions of all kinds, capable of keeping European public opinion mobilized in favor of the fighting Greek people. There will certainly be "down times" but they will not be

able to lower the tension of the solidarity movement, especially since we can already foresee that there will be more and more similar "events" in other European countries.

In addition the Greek crisis and the struggle of the Greek people offer quite naturally the demand and the central slogan of the European movement: to reject and repudiate the debt that is not ours and to totally reject all austerity measures and plans. And all under the very ethical banner of the fundamental notion of "state of necessity" of international law that requires that the basic needs of human beings has absolute priority over the satisfaction of creditors. In the current situation of growing polarization between those who advocate submission to austerity in the name of debt repayment and those who categorically reject this extortion, these two demands or slogans should by and large be sufficient at least to launch this European movement. And all the more so because everyone (social movement, trade union, political force or individual) would be free within the movement to defend and put forward their own ideas for the content and form of the struggles within the framework, obviously, of sharing and defending the two central demands described above.

Obviously, the acceptance of a programmatic framework with so few details is not without risk or danger for the development of this movement.

However, these risks must be accepted and assumed in good conscience because what matters most now is that there is the largest possible cluster of forces of any kind behind the clear and concise rejection of the austerity policies of European reaction. This maximum regroupment is imposed by the absolute urgency that there appear on a European level a mass force capable of competing with our common class enemy that is so well established, organized, experienced, coordinated, overwhelming armed and above all determined to do battle with the plebian masses. Here the time factor plays an important role and to ignore it would be to leave open the door to the movement being crushed: we cannot afford the luxury of waiting for the famous "objective conditions" or the mysterious "subjective conditions" to mature, because the class enemy is not biding its time and is already launching a frontal attack that we must defend ourselves against before it's too late. That is to say, before the popular movement is defeated and loses all capacity for resistance — perhaps — for decades! ...

This then is a first draft of a project concerning the urgent need to build and expand in Europe the response of those on the bottom to the war that the Holy Alliance of the EU, the IMF and big capital are already hurling against them. The discussion is launched. Time to move to deeds...

Athens, March 13, 2012

FEATURES

In-depth analysis from International Viewpoint's Features section



No to a bosses' Europe – the politics of the EU and the eurozone crisis

ALAN THORNETT · 18 April 2012

1) *The origins of European integration*

The origins of European integration, which started with the European Coal and Steel Community (EC&SC) in 1951 and exists today as the European Union (EU) with its Eurozone, can be located in the closing stages of World War II. The European bourgeoisies needed to consolidate their rule following the popular uprisings and radicalisations at the time of liberation from Nazism, particularly in France and Italy. The answer was Marshall Aid, which reflected the economic hegemony of the post-Yalta USA and the supremacy of the dollar as an international currency.

The EC&SC was established with six Member States: Belgium, France, Germany, Italy, the Netherlands and Luxembourg. It was both a reorganisation of Western European capital against the East and an attempt to enmesh a weakened West Germany into a European framework, which would hopefully avoid further European wars. A European Court of Justice was established in 1953.

France backed the EC&SC but was opposed to NATO (which had been established in 1949) since it wanted to build a Europe independent of the USA. It went on to develop its own independent military capability, including nuclear weapons.

2) *The European Economic Community (EEC)*

The EC&SC became the European Economic Community or EEC (known as the Common Market) by the Treaty of Rome in 1957. A common

customs union was established and obstacles to competition removed. Internal customs duties were abolished and a common external tariff introduced. The European Court of Justice was given jurisdiction internal to the Member States.

Britain applied to join the EEC in 1961, under Edward Heath, but was vetoed by De Gaulle. He was concerned that Britain's much vaunted special relationship with the USA and Atlanticist end of Empire ambitions would import divisions into the Community.

The Common Agricultural Policy (CAP) was established in 1962. This was, and continues to be, a mechanism for undercutting third world producers, through the subsidies it pays out to EU agriculture, even when they are on starvation wages.

The Merger Treaty was signed in 1965. Under this the Council of Ministers (comprising Ministerial level direct representatives of the member states which met behind closed doors) became the supreme law making body of the EEC able to override the existing laws of the member states on issues within its jurisdiction.

3) *Britain's membership of the EEC*

By the early 1970s, however, Germany was growing in economic dominance and France increasingly saw Britain as a potential counterweight to it. This allowed Edward Heath to take Britain into EEC membership in 1973.

When Harold Wilson came to office a year later Labour's policy was for withdrawal from the EEC. Wilson opposed this and had promised a referendum on continued membership in his election

manifesto. This took place in 1975 with a governmental recommendation for a "yes" vote.

Wilson famously won the referendum against a No campaign led by Tony Benn, Michael Foot and Peter Shore which comprised virtually the whole of the left: the Labour left, the trade union left and the far left, along with bulk of the trade unions. The result was a major defeat for the left and the unions. Wilson followed his victory up with the imposition of a pay policy.

4) Controlling the currencies

The world changed in 1971 when the Bretton Wood's agreement, which had fixed exchange rates against gold in the post-war period, collapsed. This, and the resulting return to floating currencies, was a serious threat to the stability of the EEC at the economic level. In fact the currencies of the Member States were already fluctuating dangerously against each other. This change signalled a number of attempts over the next 20 years to keep the European monetary system from disintegrating.

The first was the so-called "snake", established in 1972. Under this the participating countries agreed to limit the margin of fluctuation between their currencies to 2.25%. The snake was crisis-ridden from the start, however, and Britain and Ireland were quickly forced out of it by the relentless rise of the Deutschmark.

This was followed by the European Monetary System, which replaced the snake in 1978. This established a virtual currency (the ECU) based on an average of the various currencies weighted against GDP. It was a halfway house to a single currency. It was regulated by the Exchange Rate Mechanism (ERM), which set permitted fluctuations at 2.25%. Under it governments were obliged to intervene if their currency reached a warning threshold of 75% of the allowed deviation. The Thatcher government initially stayed out of the ERM but then joined in 1990 with ultimately disastrous consequences.

Instability continued, however, and by the early 1980s the problem created by locking together di-

vergent economies and separate political structures was becoming increasingly clear.

The first elections to the European Parliament had taken place in 1974. The arrival of the Parliament was presented as the democratisation of the EEC. This was far from the case, however, since executive powers would remain with the Council of Ministers and the European Commission—an unelected body with powers draft the budget, initiate legislation and impose its decision on the Member States.

5) The Single European Act

The Single European Act (SEA) of 1986, the project of Jack Delors, the new President of the Commission (who had succeeded Roy Jenkins), represented an important change of direction by the EU from a predominantly economic project to a far more politically based integration—ultimately a European super-state.

This was a response to the end of the post-war boom and the onset of more unstable and competitive economic conditions, since the mid-1970s, which increasingly threw European capital into competition with Japan and the Pacific Rim countries and with the USA.

The SEA completed the construction of the internal market with the introduction of deregulation and the free movement of capital and labour within the EEC. It strengthened the decision-making powers by increasing qualified majority voting rather than decisions having to have unanimous agreement from every member state. It increased the powers of the Commission and expanded Community powers in relation to research and development, the environment and a common foreign and security policy.

This was increasingly the central project of the European ruling classes designed to shift the balance of power against the European working class, in order to exploit it more effectively and to compete more effectively in global markets.

Thatcher signed the Single European Act because she was attracted to the deregulation it contained. She soon regretted it, however, when the pace of integration accelerated, and has been attacked by the Tory right for it ever since.

Big sections of manufacturing industry heavily backed this project. This took its most organised form in the establishment of the European Round Table of Industrialists (ERT) in 1983. It consisted of 47 European based multi-nationals. They included: Nestle, Unilever, GKN, Amoco, Renault, Marconi, ICI, Olivetti, BT, Pilkington, and Fiat. The companies represented had a joint turnover of £600 billion. The ERT's aim was to improve the global competitiveness of European capital through further deregulation and in particular the dismantling of the welfare state—which they regarded as an albatross around the neck of European industry.

The route they favoured was rapid moves towards political union with a single European currency. The ERT was the driving force behind the next major development—the Maastricht Treaty.

6) The Maastricht Treaty

The EU was now a part of an increasingly globalised world with large competing trading blocks and intensified global competition between ever-larger multinational corporations. The world increasingly dominated by international capitalist institutions such as the International Monetary Fund (IMF) and the World Bank which were the driving force of the neo-liberal offensive which promoted economic and financial deregulation, privatisation and labour flexibility.

It was not a battle of equals, however, as far as competing trade blocks were concerned. The US and Japanese ruling classes had advantages which the existing EEC could not match. They were able to give political leadership to their power blocks (the North American Free Trade Zone dominated by an increasingly aggressive USA and the dynamic Pacific Rim countries led by Japan) in a way that even a unified Germany could not do within the

EEC. They had unitary political establishments, control of their currencies, lower social spending and multinationals even more powerful than those in Europe.

The Maastricht Treaty, signed in 1991, was designed to tackle exactly this problem by taking the EEC toward a European super-state. And there was a new name to symbolise it—the European Union.

Maastricht introduced the single European currency, common European citizenship, and a common EU passport. It gave the Commission new powers—including provisions for the development of a common foreign and defence policy.

It was also a preparation for the expansion the new EU to the East. The Berlin Wall had come down, Germany was re-united on a capitalist basis, the East European regimes had collapsed, as had the Soviet Union itself. What was posed was the integration of the potential markets of Eastern Europe into the EU neo-liberal project and their governments into NATO.

7) The struggle against Maastricht

The Maastricht Treaty, and its consequences, met massive opposition across Europe. The bulk of the European left campaigned against it. In Denmark a referendum vote went against Maastricht whilst in France it went in favour by just a 1% margin after a bitterly fought campaign. In Italy there was the biggest wave of strikes for 20 years against the Treaty and the austerity which arose directly from it.

In Britain there were two campaigns against it. One was led by the left the other by the Tory right—based on British national sovereignty, the defence of the pound, and a strategic alliance with the USA. The Communist Party Britain (CPB) was a part of the left campaign but strayed into the defence of national sovereignty and even the defence of the pound—with its support for the Campaign Against Euro-Federalism. The Green Party opposed Maastricht at that time on the basis of the deregulation, liberalisation, and big business control over energy policy it represented.

There were demands from right and left for a referendum which was faced down by John Major who rammed the Treaty through Parliament on a confidence vote with the support of the Labour leadership, who did a deal with them over the Social Chapter which the Tories opposed.

The left opposed Maastricht from a firmly socialist/working class perspective, seeing the Treaty as creating an undemocratic neo-liberal Europe of the bosses. It called for a different Europe a Europe of the people and not of capital.

The leader of the left campaign was Tony Benn. His way of separating the campaign from the Tory right was a Private Members Bill in Parliament called the Commonwealth of Europe Bill. It included a charter of fundamental rights and civil liberties: the right to a job, the right to join a free union, free health care and other social benefits plus demands which respected the environment, combated racism, opposed war and build a new relationship with the third world. What the EEC was about, Benn argued is "the liberation of capital and the enslaving of Labour. We have to have a programme for the control of capital and the liberation of labour—and it has to be done on an international basis.

Although it did not explicitly pose a socialist Europe, its aim of a fundamentally different, democratic, Europe of all the peoples of East and West is totally unacceptable to the ruling elites. It was a very good initiative to stimulate public debate.

The weakness of the left campaign was the trade unions. Sixteen years earlier, at the time of Wilson's referendum, the bulk of the unions were against the EEC. The defeats of the 1980s and the resulting new-realist policies, however, had brought a sea change in the attitude of the rightward shift and TUC and many of the unions liked Jack Delors (he was invited to address the TUC Congress in 1988) and were in favour European integration under Maastricht.

A factor behind this was their seduction by the Social Chapter, which they hoped would give them

a few crumbs from the employers table without the necessity to fight the Tories. Its provisions, however, even if implemented, were marginal. It included measures such as the right to strike and worker participation, but these were subject to the principle of "subsidiarity" which allowed the Member States to ignore them. In Britain the right to strike was subordinate to the Tory anti-union laws and therefore totally worthless.

8) Black Wednesday

No sooner had the Maastricht treaty been signed than the European Monetary System was subjected to an avalanche of currency speculation caused by the deregulation of capital markets in the 1980s. The pound famously crashed out of the ERM in September 1992 (Black Wednesday) after the Major government was unable to keep the pound above the ERM's lower limit. The Bank of England spent £18bn trying to maintain its value. John Major and Norman Lamont struggled to prop up a failing pound. Lamont raised interest rates from 10% to 12%, then to 15%, and authorised the spending of billions of pounds to buy up the sterling that was being frantically sold on the currency markets but in the end to no avail. Italy crashed out soon after.

It was a disaster for British capitalism and a disaster for the Major Government and the Tory Party, which lived under the shadow of Black Wednesday until they were defeated by Blair and New Labour in 1997. It also deeply divided the Tory Party, which would be dominated by this division for most of the 1990s.

9) The single European currency

The most far-reaching measure in the Maastricht Treaty was the single currency—the Euro. This would exist as a virtual currency from January 1 1999 and would be on the streets as notes and coins on January 1 2002. The prerequisite for launching the Euro was the locking together of the exchange rates of the participating countries, which was potentially even more difficult than it had been with either the snake or the ERM.

To administer the Euro, Maastricht established the European Central Bank (ECB). It was empowered to print notes and mint coins, and it alone could set interest rates in the zone covered by the new currency. This eliminated the ability of member states to conduct their own monetary policy—the money supply and interest rates. Fiscal policy—control of debt, deficit and government spending—was also constrained, but not eliminated as with monetary policy.

The ECB's independence was guaranteed by the Statute of Autonomy, which made it completely unaccountable.

The qualification for membership of the Eurozone was participation in the ERM and compliance with the Convergence Criteria. This set a limit of 3% of GDP on government deficit and would limit public borrowing to 60% of GDP.

It was a mechanism for attacking the post-war consensus on welfare—an historic gain of the workers movement—and any remaining adherence to the notion of full employment. Once the currencies of the eurozone were locked together fluctuations between them would be met by austerity, cuts in welfare, and unemployment, since the relative value of currencies could not be changed. Any programme of investment to create jobs would also be disqualified by the Criteria. European employers had long regarded welfare as a millstone around their necks since North America and the Pacific Rim have far less. The European Round Table described welfare as "a time bomb threatening Europe's competitiveness."

But it was not just the loss of fiscal policy and the setting of interest rates, which was the problem. With a single currency, governments needed the ability to make fiscal transfers in the way the US Federal Reserve does between the various US states, and the free movement of labour across the whole entity if depressed regions were to be avoided. In Europe the existing economic, social and cultural barriers make it difficult for large numbers of people to move around for economic reasons.

Once the single European currency was in operation the Convergence Criteria would be superseded by the Growth and Stability Pact, which would be the regulator on an ongoing basis. The 3% of GDP limit on government deficit would remain, and any breach of it would attract fines of up to 5% of GDP.

Moreover, British capitalism was increasingly split on European integration. This was broadly a divide between the manufacturing sector, which wanted a European role and open access to the huge European market, and the financial sector, which wanted a world role and access to a world market. The Confederation of British Industry therefore supported the Euro and the Institute of Directors opposed it.

This division had grown as European integration deepened, and rabid, nationalist opposition to the EU emerged in the tabloid press, led by Rupert Murdoch.

10) Mobilisations against the convergence criteria

As soon as the Maastricht Treaty came into force the race was on, amongst the member states, to meet the terms it set out. Budgets were cut and austerity introduced to get deficits below 3% of GDP. These programmes were carried out with equal vigour by social democratic governments as by the centre right.

The result was five years of mass struggles across Europe.

In 1994 there were strikes and demonstrations in Italy and Greece and mass strikes and huge demonstrations in France against cuts in education.

December 1995 saw a huge confrontation in France, which shook the government to its foundations. Millions of workers struck and demonstrated in a wave of action, which in some ways exceeded the events of May and June 1968. There were mass strikes in Italy, Portugal, Belgium, Greece, and in Germany—where the government was forced to retreat.

1996 saw the biggest wave of struggles across Europe for 20 years. Strikes demonstrations and occupations took place against the Maastricht criteria and the cuts and austerity programmes they have generated. There were mass strikes in Italy, Portugal, Belgium, Greece and Spain.

The Fourth International, along with others, initiated the European Marches against unemployment insecurity and exclusion. Marches set out from starting points across Europe (including Britain) to converge in a mass demonstration at the EU summit in Amsterdam in June 1997.

11) The Treaty of Amsterdam

The Amsterdam EU summit, of 1997, which adopted the Treaty of Amsterdam, was held with this wave of militancy still continuing. A 50,000 strong demonstration was organised at the summit by the European Marches.

The summit did, however, carry through its objectives, which were to further advance economic and political integration. Qualified majority voting was introduced into new areas: customs, research, data protection, health policy, unemployment, equal opportunities and social policy. The primacy of EU law over national law was strengthened. The Schengen agreement (the basis of Fortress Europe) became a part of the basis of the EU for new members and further moves made towards a common foreign and security policy, through the setting up of an embryo Foreign Office.

Schengen was, in the end, a racist framework to deal with questions of citizenship, immigration and civil liberties. Whilst it included the right to move at will within the EU a wall was being erected against immigrants and asylum seekers from outside. Anyone barred from one country will be barred from all. Ireland and Britain opted out of Schengen.

Setting all this in train, however, was one thing, making it a reality was another. During 1997 millions of workers were again involved in actions across the EU, mostly against the convergence cri-

teria. Two million struck in Spain and in Greece 80,000 small farmers cut the country in half by blocking the roads with their tractors, demanding subsidies and tax concessions. Most of Italy came to a halt when millions struck in support of engineering workers demanding higher wages. In Germany, 150,000 metal workers struck in the biggest workers demonstration since WW2. The strike forced the Kohl Government to withdraw proposed cuts in welfare.

The single currency, however, was bruised but not beaten. By the middle of 1998, 11 of the 15 EU Member States had qualified (by a combination of austerity and creative accounting) to join the launch of the single currency on January 1st 1999. Greece qualified later making the number twelve.

12) The Treaty of Nice

The Treaty of Nice was signed in February 2001. Its political framework was the so-called Lisbon Strategy (March 2000), which aimed to transform the EU into the most competitive market in the world by 2010.

The specific task of Nice was to prepare the EU for enlargement to the East, which had been unavoidably posed with the collapse of the Warsaw Pact.

It was a big project. The new members from the East would have a combined population of around 70 million. It would expand the EU from 15 to 27 Member States by 2004 when a "Super Summit" would be held. It would create by far the biggest trading block in the world with a population of nearly 500 million—twice the size of the USA. But it would not be an easy process given the radically increased heterogeneity it introduced.

The populations of the new countries of the East were sold the project on the basis that they would get the full benefits of the European social model. But this enlargement was not like its predecessors. The new member states had emerged from dictatorship and were poorer and more agricultural than the EEC average at the time. Their average GDP represented 60% of the average GDP of the

Community in 1986. They were not about to be treated as equals.

Although there were geo-political motivations behind enlargement—their incorporation into Western Europe and NATO—the ruling elites also saw them as radically liberalised market places, a source of cheap labour and a relocation destination for a range of industries. More than 60% of the trade exchanges of these countries were made with the EU - and to the benefit of the latter.

Nice was the longest and most fraught summit to date with bitter battles between the delegations—all but two of which were representing social democratic governments.

From 1998 to 2001 Social Democratic parties had led 12 out of the 15 Member States of the EU. They all backed the neo-liberal offensive to the hilt, making it even more difficult to see the difference between social democracy and the centre right parties.

13) The small countries stitched up

At stake at Nice was who would be the real decision makers in the enlarged EU. If the EU structures were not reformed, enlargement would shift the balance of power towards the smaller countries. This was unacceptable to the big countries who had long wanted a major shift in the other direction.

In a series of bitter and fraught sessions the big countries drove through the changes they wanted. The summit agreed to a radical reallocation of the voting power between the individual member states on the Council of Ministers, which were heavily to the advantage of the biggest and most powerful countries.

Afterward some of the small countries complained bitterly that they had been "stitched up". The comments of the Dutch PM were said to have been unprintable whilst the Greek PM Costas Simitis accused France, who had drafted the changes of, creating a Directorate of the big countries— which is exactly what had happened.

The four biggest member states—Germany, France, Italy and the UK—would get 30 votes each and Spain 28. After that Holland get 12, Greece, Belgium and Portugal 11, Sweden and Austria 9, Denmark, Finland and Ireland 7, and Luxembourg 4. Consequently any four of the biggest five could outvote the rest. These changes tripled the votes of the big countries and meant that after expansion, the Big Six would be able to out-vote the other 21 EU Member States whenever they chose.

These changes went alongside a change to the "qualified" part of the majority voting—that part which is weighed according to population. Under these changes a vote on the Council of Ministers would have to represent 62% of the EU's population before it is valid. This gave the big countries clout beyond their voting allocations and meant that any three of them could block a proposal by the rest of the 27.

The allocation of seats on the European Parliament was also changed towards the big powers. Germany got 99 seats and the other big powers 74.

It was mission accomplished. Power in the EU would now be concentrated in the hands of the biggest and most powerful countries to run it in their own best interests. It was a big ratcheting up of the democratic deficit.

The Nice summit also agreed to extend Qualified Majority Voting, rather than unanimity, in the Council of Ministers into 29 new areas, including trade in services and intellectual property rights.

These changes opened the door to the privatisation, the liberalisation and deregulation of services throughout the EU. Multinational and other companies from anywhere within the EU could now bid for local services with no restrictions or preferences. It also opened the EU up to the liberalisation of trade and property rights and the privatisation of natural resources.

Every member state dutifully ratified the new Treaty despite its effects on their power and influence with the exception of Ireland, which went to a

referendum and rejected the Treaty. They were forced into a second referendum the following year and were bullied into acceptance.

14) *The single currency in notes and coins*

On January 1st 2002, twelve of the existing fifteen member states of the EU began using the Euro as their everyday currency. It was uniquely a currency without a state form behind it. Only Britain, Denmark, and Sweden remained in the EU outside the currency. The Swedish parliament rejected the Euro in 1997 and the Danish people rejected it in a referendum in September 2000. New Labour was fully committed to entry into the Eurozone, and to a referendum on the issue during their first Parliament with a recommendation for acceptance.

Preparation for entry had been the cornerstone of new Labour's economic policy since it came to office in 1997. It was behind the handing over of the control of interest rates to the Bank of England as a first step to handing over control to the ECB (a requirement of the Euro which the Tories had refused to carry out), and was one of the reasons for the acceptance of Tory spending limits for Labour's first two years of office. These measures, and the cuts they involved, led Britain to qualify comfortably for entry into the first round of the process. Blair chose, however, for political reasons, not to enter at that point.

Gordon Brown had had six economic "requirements" which he said had to be satisfied before Britain should enter the Euro. They were in reality a mechanism for keeping the issue on hold until the political conditions were right. Blair hoped that a window of opportunity for entry would open up once the Euro was on the streets and people saw the benefit of it when they travelled into Europe

Winning a referendum would not have been easy for Blair, since this had been difficult even in countries where there had been no significant divisions in the ruling class over the issue, but it was hard for him to avoid. A clear majority of British business, the manufacturing sector in particular, was hostile

to the current situation of half in and half out of the EU and wanted membership of the Euro. They thought that economic activity would gravitate towards the Eurozone, as the core sector of the European economy, and that they would have the worst of both worlds—being subject to the constraints of EU membership whilst lacking the advantages of the single currency.

15) *The debate in the Socialist Alliance*

The referendum was expected in October 2002 and the Socialist Alliance called a special conference to debate the issue and decide policy on it. The debate is worth recounting because it reflects some of the debates around today's crisis of the Eurozone.

There were two main positions presented: a "Vote No" position, supported by the ISG, the SWP, and others, and an abstentionist position supported by the AWL, the CPGB and Workers Power. The AWL expressed this the clearest. In fact one of its predecessors, Workers Fight, was the only far left organisation to call for an abstention in the 1975 referendum.

Behind the debate was the wider issue of the political character of the EU itself. The AWL saw it as "intrinsically progressive"—despite some "unfortunate" anti-working class features like the attacks it generated on welfare and employment—for two reasons. First they saw it as progressive as against the previously existing individual (competing) nation states, claiming that it had largely eliminated the competition between them. Secondly they saw it as progressive because it united the working class at the international level and put them in a better position to fight back. It even put the working class, they argued, in a better position for the struggle for a socialist society. As a result of these positions the AWL defended the existence of the EU against those who called for its dissolution.

AWL leader Sean Matgamna put it this way: "Undesirable aspects of the European unity which the bourgeoisie has created notwithstanding, it (the EU) is much better than the older Europe of sepa-

rate, often hostile and sometimes warring nations... The basis exists now as never before for working class unity all across Europe: for a Europe-wide working class struggle to create a democratic and socialist united states of Europe".

He insisted that: "The EU represents a necessary capitalist development", and went on to call for the defence of the EU against those who would break it up: "And it (the AWL position) does commit us to a European unity and to opposing politically all those who advocate the break up of the EU and implicitly back the restoration of the old, long bankrupt, European bourgeois nation state".

On the basis of these positions the issue of which currency was used was seen as irrelevant—hence the abstentionist position.

16) The case for the No vote

The No vote side argued that, on the contrary, the EU was not "intrinsically progressive" but intrinsically anti-working class.

It was (and is) a supra-national construct designed to organise and support the governments of the individual Member States to more effectively take on their own working class, deepen the exploitation of the European working class as a whole, implement the neoliberal agenda, and compete more effectively in world markets.

The European workers movements faced a double challenge; the first from their own employers ruling class and the second from the collective ruling classes across Europe, organised by the structures of the EU. The Euro, therefore, was never simply a currency, as the abstentionists argued. It was always a political and economic instrument designed to implement a big business agenda.

This distinction is important when we consider the position of the individual member states within the EU. The idea that the nation state been superseded by the EU as the principal state form bore little resemblance to reality. In fact, despite 25 years of increasingly frantic economic and political integra-

tion, this is still a long way off. The EU was and still is a federation of independent states. The convergence criteria, which were designed to change this, simply demonstrated the scale of the problem.

When US Treasury Secretary Tim Geitner flew to Europe to confront the imminent breakup of the Eurozone at the end of 2011, he scathingly told EU leaders that the level of integration they had reached by this point was not only woefully inadequate but that barely reached the level of integration the USA had reached 200 years ago. From this point of view it has never been a matter of retreating into the nation state because the nation state never went away.

There was and is no common economic cycle. The legislature, the military, the police, the courts and the budgets all operate at the level of the nation state. Nor is there "a" European bourgeoisie, just a multiplicity of national bourgeoisies seeking to organise collectively against the working class.

The class struggle was and is still carried out overwhelmingly at the national level even when the attacks which are being confronted are coordinated at the level of the EU. This is not to play down the importance of internationalism and international solidarity, far from it. But it is exactly that, international solidarity.

In the Socialist Alliance debate, the No vote side put forward a series of questions for delegates to consider when deciding how to vote at the conference:

- Who is the Euro designed to benefit: the workers of Europe or European capitalism and the multinational corporations?
- Does the Euro represent a democratisation of European society, or a concentration of even more power into fewer hands?
- Does the Euro challenge the neo-liberal agenda or integrate it further into the EU?
- Does the Euro defend the welfare state or does it co-ordinate the attacks upon social provision more

effectively.

- Does the Euro create jobs or help destroy them?
- Is the Euro designed to benefit poor countries or to make rich countries even richer?
- Does the Euro undermine racism, and the far right, or does it institutionalise these phenomena further - via Schengen and Fortress Europe?

At the end of the debate the No campaign won the vote by a 2-1 majority: 202 votes to 108 with one abstention. A resolution calling for a Yes vote in the referendum was only supported by the person who moved it.

17) France and Germany breach the Stability and Growth Pact

By 2003 the two largest economies in the Eurozone, France and Germany flagrantly breached one of the corner stones of the Stability and Growth Pact (SGP)—keeping budget deficits below 3% of GDP. They had been in stagnation for the past three years.

The European Commission decided to take action against them under the rules of the SGP over the breach. They were promptly overruled by the Council of Finance Ministers, however (which included Gordon Brown) which brushed aside the Commission's actions and gave France and Germany an extra year "to get their houses in order".

Not only that, in March 2005 they agreed to a reformed SGP with much more flexible rules so that France and Germany would not be put in this position again. Under this the member states were still theoretically required to keep to the criteria but a range of caveats were brought in which would allow them to wriggle out, for example if they experienced negative growth or other "relevant" factors which made it difficult to stick to the rules.

It was presented as a "better interpretation" of the SGP but in reality it was effectively dead. It was flouted again in August 2007 when Sarkozy wanted

to revitalise the French economy outside the framework of the SGP. All this would come back and haunt within a few very years.

18) The EU constitution

The new countries from the East became full members of the EU in May 2004, expanding the EU to 25. They became known as the "new Europe".

Enlargement on this scale, however, and the increased heterogeneity it would bring, was a threat to its stability as the EU was currently constituted—at least from the point of view of the ruling elites and the control they could exercise over it. In fact it was a regression as far as far as the overall process of integration was concerned.

The answer of the EU ruling elites to this was, as ever, deeper and more comprehensive integration—this time dramatically so in order to compensate for the heterogeneity. The proposal was for a full-blown EU constitution, something which was normally the preserve of the nation state.

An extensive constitution was written behind closed doors and launched in draft form as a proposition. It had over 300 pages, 448 articles, 36 protocols, 2 annexes and 48 declarations. It was designed to put the EU back on course towards a unitary state form and it enshrined and reinforced the neoliberal privatisation agenda on which the EU was built.

Such integration, of course, did not mean more democracy. In fact it increased the EU's undemocratic character by further enshrining the real power in the hands of the unelected Council of Ministers and the Commission. It embraced the Stability and Growth Pact and the attacks that it would generate on jobs and welfare. Whilst equality between men and women existed in principle in the constitution, it failed to give women legal access to abortion, bowing to the influence of the Catholic church in states such as Ireland, Portugal and Poland.

Susan George sums up the problem well in the Guardian (15th October). "I am myself a convinced

European but I cannot vote for the proposed constitution since it would enshrine the competitive free market as the heart of Europe's identity, exclude all mention of solidarity and co-operation; make subservience to NATO mandatory and render all its provisions irreversible for decades."

The problem the ruling elites had was that the new constitution had to be ratified by all 25 Member States and some of them required approval by referendum. They managed to get "yes" votes in Spain and Luxembourg: by a 77% majority in Spain and by a wafer thin majority in Luxembourg. It was a very different matter in France and Holland, however, and later Ireland.

19) The French and Dutch referendums

In France, where the referendum was set for May 29 2005, the ruling elites had been taking a "Yes" vote for granted. A major wave of struggle in the run up to the vote threw the contest wide open.

In January 2005, French postal workers struck against plans to cut jobs and close post offices. Electricity workers protested against job cuts. More than 300,000 public sector workers demonstrated in 70 towns and cities against cuts. Teachers came onto the streets on a scale that had not been seen for a long time. In February more than half a million workers demonstrated in 120 towns and cities against austerity and a mass movement of school students protested against moves to cut the quality of education. In March a million public sector workers demonstrated in defence of wages and working conditions.

There was a "No" campaign from the left and another from the reactionary, anti-European hard right—which included Jean-Marie Le Pen's National Front, a minority of the governing Union for a Popular Movement (UMP), and the right-wing Catholic "Movement for France".

The No campaign from the left included the Communist Party, the LCR, the French section of the Fourth International and Lutte Ouvrière, the other major far-left group in France at the time. It

rapidly gathered speed with the Communist Party and the LCR as the driving force.

The "Yes" campaign embraced the whole of the establishment, the two principal parties of government, the Greens, the employer's organisations and the whole of the media. The Socialist Party, which had organized an internal ballot on the issue, had voted by a 60% majority to support the Yes campaign along with the rest of European social democracy.

The No campaign from the left ran a spectacular campaign. The campaign created a thousand local collectives. There were big meetings across the country: 6,000 in Toulouse, 3,000 in Rouen, 2,000 in Clermont Ferrand. Meetings in smaller towns had seen up to 1,000 attending and in the working-class areas of Paris meetings of several hundred were common.

Prior to the vote thousands gathered in the Place de la République, one of Paris's main squares, for a concert-cum-meeting. They were addressed by speakers who reflected the breadth of the campaign. From the political parties there were among others CP national secretary Mare-George Buffet, Olivier Besancenot for the LCR, leading Socialist Party people such as Jean-Luc Mélenchon and Gérard Filoche and Francine Bavay from the Greens.

The result when it came was a decisive victory for the No campaign by a majority of 55%. It was a shattering blow to Europe's ruling elites. A statement by the LCR summed it up: "it is the victory of all those who have for many years been suffering the ill effects of the liberal policies that have been systematically applied for more than 20 years. This is a defeat for those who dream of a liberal society, freed from the impediments that are represented by the resistance of the working class and the people of this country, but who have never, throughout this campaign, openly admitted their project."

And there was a clear class character of the vote: 80% of manual workers, 70% of white collar workers, more than 60% of young people voted for the

No campaign. The most working-class towns saw the strongest No vote.

The referendum in the Netherlands took place three days later and the result was an even bigger "No" vote than in France—with 62% against the constitution.

It was not as unambiguously left wing or progressive as in France, however, since there was a more effective xenophobic campaign, but the class basis of it was still clear. In the country's poorest municipality, Reinderland in eastern Groningen, 84.6% voted no. The only "yes" majorities were in a few of the very wealthiest municipalities in the central and southern Netherlands. In the cities as well the trend was evident: the more prosperous a neighbourhood the more people voted yes; the poorer it was, the more people voted no.

20) Moving the goalposts

The French and Dutch referendum results left the European ruling elites reeling in disbelief. They had not only exposed the gulf which had opened between them and the populations of the member states, but from any conceivable democratic standpoint, the new constitution should have been stone dead, given the requirement for unanimity. It was a dagger in the heart of the whole project. It not only threw the new constitution into the melting pot but it would make it far more difficult for them to pursue the neo-liberal agenda, particularly if the left were able to build on the victory and the unity it had created. This was not the way democracy worked in the EU.

The immediate problem they had was that Ireland was also required to hold a referendum and if that went down it could be curtains for the whole project. They read the situation in Ireland and did not beat about the bush. The whole process was postponed indefinitely whilst they reassessed the situation.

The issue went back to the Council of Ministers where it was decided that the best policy was to sow complete confusion. The constitution as devised at

Lisbon was dropped and a new constitution, this time to be called a treaty—the Reform Treaty of Lisbon no less—was adopted which was exactly the same in all its main features as the previous constitution. The idea behind this was that it would be less contentious than when called a Treaty and even if it still had to go to referenda it would be more likely to go through.

The democratic deficit had taken another turn for the worse.

21) The Bolkestein directive

An important issue behind these votes against the constitution was the introduction of the infamous Bolkestein Directive, and the campaign against it, which covered the same period.

Bolkestein was the sharp end of the Lisbon Agenda, launched in 2000, which aimed to make the EU "the world's most dynamic and competitive economy by 2010". Its function was to establish a single market for public services across the EU. It would open up services in all member states to the full ravages of the free market and would invariably lead to massive job losses, privatisation and welfare cuts.

The Directive provoked widespread opposition across the EU. In March 2005 100,000 people marched through Brussels on a demonstration against it called by the European TUC (ETUC) and a range of major trade unions across the continent along with various components of the Global Justice movement

When the Directive was put before the European Parliament in early 2006 opposition intensified. In February over 40,000 demonstrated in Berlin and about 15,000 in Strasbourg, at the European Parliament. This was again organised by the ETUC and major unions from across the EU.

Bolkestein was a practical demonstration of the kind of attacks on the workers movement that were being enshrined in the new constitution. Horst Schmitthenner, the leader of the German IG-Metall

union said that: "The adoption of the Bolkestein directive would not only lead to increased social dumping, it would also profoundly affect the relations between capital and labour".

22) The referendum in Ireland

The Irish referendum was set for June 12 2008. The "constitution" had now been given a new name. It was now called the "Treaty of Lisbon" but was the same in all its essentials as the one defeated in France and Holland three years earlier.

As with France and Holland the whole of the political and business establishment backed the call for a "Yes" vote. The Yes campaign included the parties in the coalition government elected in May 2007: Fianna Fáil, the Green Party and the Progressive Democrats. It included the main opposition parties — the right wing Fine Gael and the Labour Party (a new Labour-type organisation). 160 members of the Dáil (the Parliament) supported a "Yes" Vote out of 166. Only one party with Dáil representation called for a "No" Vote: Sinn Féin.

For the first time, the employers' organization the Irish Business and Employers' Confederation campaigned in a referendum (for a "Yes" vote) with its own posters and publicity material. The Irish Congress of Trade Unions (ICTU) Executive recommended a "Yes" vote, though this was internally controversial.

The main left-wing campaign for a "No" vote —Vote No to the Lisbon Treaty—was a coalition of 14 organisations plus independent activists. Ireland's second biggest union, UNITE, and the electricians union called for a "No" vote but the big public sector unions with the most to lose, SIPTU and MANDATE, abstained.

When the result was declared the EU elites were shocked to their roots. Against all expectations the treaty was rejected, with the No campaign winning 53.4% of the vote! As with the French and Dutch votes it was a massive blow to the EU elites. By any democratic standpoint, the treaty should now be a dead duck.

It was immediately clear, however, that this would not be the case. Elementary democracy did not come into it. For the EU elites the final outcome—that the constitution/treaty was agreed by hook or by crook—was the only thing that mattered. It was non-negotiable.

And indeed after a year of softening up, a second referendum was unashamedly called in October 2009 for the elites to have a second bite at the cherry.

This time after, some meaningless "concessions" to muddy the water and voter exhaustion, the treaty was accepted with 67.1% of the vote. The elites could breathe again integration as defined by the constitution/treaty could now go ahead. The fact that any vestiges of democracy in the EU had been comprehensively shredded in the process was par for the course. Poland and the Czech Republic had still not completed ratification procedures but this was not expected to be a problem.

23) Meltdown in the Eurozone

The banking crisis, which broke at the end of 2008, not only changed the world but also compounded the contradictions which had been apparent for a long time within the EU and the Eurozone and threw it into an existential crisis.

Decades of debt-fuelled casino capitalism —speculation, deregulation and privatisation, under Regan and Thatcher, followed up by Tony Blair and Gordon Brown had created a speculative bubble worldwide. This and the collapse of the US sub-prime mortgage market, where the most reckless lending regimes had been located, turned it into a credit and banking crisis. Since this was combined with a profound environmental crisis, it was clear from the outset that what we were facing was not a cyclical event but a systemic crisis of the capitalist system which was going to be with us for a long time.

After the shock wave created by the collapse of Lehmans, the collapse of the banking system worldwide was only averted by the injection of vast

sums of public money into the system and the nationalisation of those banks which would otherwise of gone under, a process which compounded the crisis of sovereign debt.

By the end of the 2009, the Greek government faced a debt crisis and possible bankruptcy. In return for a programme of harsh austerity the ECB, along with the EU ruling elites, negotiated a loan package of 110bn Euros in May 2010.

By the summer of 2011, Europe was clearly the focal point of the crisis worldwide. It had reached the stage where the peripheral countries, such as Greece, Portugal, Ireland, Spain and Italy which stood on the brink of debt defaults, were forced by the EU and the IMF to launch massive austerity drives against their populations. The stakes involved were huge. Defaults in these countries would not only spin the crisis in the EU out of control but would threaten the existence of the Euro and of the EU (and its banking system) and could have an impact worldwide greater than the collapse of Lehman Brothers in 2008.

At the end of September 2011, a summit organised by European Commission launched a last-ditch attempt to regain control of the situation in Europe. The answer they came up with—unsurprisingly given the history of the EU since the Single European Act—was a crash programme of deeper European integration towards a European super state, but this time they said they would stick to the rules. It was open admission that the model on which they had built the EU had disastrously failed but since they had no alternative they would attempt to do it all over again.

The crisis, however, was spinning out of control. At the end of October 2011 a Council of Ministers meeting was held at which frantic attempts were made not only to stop the crisis in Europe spiralling out of control but to stop it dragging the world economy into recession.

What emerged from this was the so-called big bazooka package—which was negotiated in the early hours of October 27 2011. It would provide a new

(second) loan to Greece conditional on even more draconian austerity. The European Financial Stability Facility, which they had set up to make crisis interventions to avert defaults would be expanded to a trillion Euros to provide the resources to recapitalise the European banking system, provide a rescue fund for the most battered Eurozone economies, and a so-called firewall against contagion.

The plan was endorsed by a conference of the Eurozone countries next day with great fanfare. Four days later, however, as the G20 leaders were assembling in Cannes to give the package a celebratory lap of honour, Greek Prime Minister George Papandreou plunged the situation into chaos by announcing that he had now decided to put the package to referendum of the Greek people.

It was a referendum he would stand little chance of winning since the bulk of the population were against it despite his plans to use the threat withdraw from the Eurozone as a lever to get a yes vote. Shortly after Papandreou dramatically withdrew his proposal for a referendum — presumably concluding that even with the threat he would lose the vote— he survived a no-confidence vote in the Greek Parliament, and initiated moves towards a national coalition government. The end result was the appointment (on the insistence of Germany's Angela Merkel) of an unelected Prime Minister—Lucas Papademos, a former deputy governor of the ECB. Greece now had a completely unelected Prime Minister who was effectively acting on behalf of the ECM and the IMF as their agent for the implementation of draconian austerity.

The impact of Papandreou's shenanigans on the G20 meeting could hardly have been more dramatic. Just like the EU elites, G20 leaders had nothing to offer other than supply-side austerity, poverty, and deprivation. The summit broke up in deadlock and disarray and with mounting fear that Italy — the third biggest country in the EU — was about to replace Greece at the centre of the European crisis. Italy was on to have an unelected banker as Prime Minister as well.

24) Greece on the front line

Greece was now firmly on the front line. It needed the new rescue package to pay the interest payments on its debt which were due by March 20 2012 and without that it would default.

The EU Commission appointed the Troika (representatives from the ECB, the EU, and the IMF) to "negotiate" terms with the Greek government. In fact it was simply a process of enforcement. The (rather utopian) aim of the bailout was to cut the country's debt from the current 160% of gross domestic to 120% by 2020.

In February 2012, with debt default only weeks away, they accepted the terms demanded of the by the Troika including a 22% cut in the minimum wage — axing 150,000 public sector jobs and reducing pensions by 15%. Unemployment was already above 20% and a staggering 48% amongst 18-26 year olds. The Troika also demanded that the leaders of the three parties in the Greek coalition sign binding pledges making the cuts irreversible regardless of who wins the general election now called for May 6 2012.

Angela Merkel, the main player in this, had not moved an inch since the beginning. She had warned her centre-right MPs of "uncontrollable consequences" for the Eurozone should Greece become the first euro nation to declare sovereign default but was opposed to the creation of Euro bonds —which she saw as a back door way of financing Greece - and would not fund fiscal transfers to Greece. For her, the only course was the make the Greek working class pay for the crisis by reorganising Greek society from top to bottom on free market lines.

The consequences for Greece were therefore horrific. Greece is being used as a test bed for extreme neoliberal measures which will impose pauperisation on the Greek working class for the first time since World War II. Already there is increased homelessness, hunger, soup kitchens, and a new

wave of migrants' leaving the country Greece in search of jobs.

This situation has been met from the start by an explosion of action and protest. There have been 17 general strikes since the start of the crisis three years ago and a fifth of the entire population of the country has been on the streets in recent protests only to be set upon with extreme violence by the police.

It was clear, however, even before this package was rammed through, that it would resolve nothing. The Greek finance minister told MPs that even after it has all been implemented the debt level would still be between 128% and 136% of GDP by 2020.

In this situation austerity was, of course, disastrously the wrong approach and can only compound the problem. What is needed is not austerity but massive investment in green alternatives—yet every country in Europe is committed to ever more damaging austerity programmes. Austerity simply ensures that the debt will remain unsustainable, unemployment will continue to soar, and revenues will decline. Already the economy is grinding to a halt and the recession is deepening.

This situation left Greek ministers openly accepting that the issue now was whether Greece could stay in the Eurozone. The EU elites also began to talk openly about the possibility of an exit by Greece and began to draw up contingency plans to try to cope with the eventuality— although they insisted that they wanted to keep Greece in. George Osborne admitted that Britain was drawing up plans not only for a possible default by Greece and contagion across the EU but for the repatriation of millions of British people in the eventuality of a collapse of the European banking system and the closing down of the ATMs.

25) On the breakup of the Eurozone

In Greece the issue of the eurozone has been placed centre-stage by the severity of the crisis. The issue of withdraw, however, has divided opinion on the Greek left.

The Greek left on the whole is against a call for withdrawal from the eurozone. Those against include Syriza (Coalition of the Radical Left)—though the KOE (ex Maoist) inside it is in favour and the organisations connected to the FI, both the OKDE and Kokkino (a permanent observer). The KKE is ambiguous on it but is currently arguing that exit in the current circumstances, with a pro-capitalist government, would be catastrophic. On the other hand they denounce Syriza for not supporting exit. Syriza argue that they will not compromise on their programme even if it means expulsion from the Euro.

On the other hand Antarsya (Anti-capitalist Left – of which OKDE is a member) and the Left Current inside Synaspismos (Coalition of the Left Movements and Ecology and the biggest block in Syriza) are for a call for withdrawal.

There is a serious problem, however. Whilst a call for exit from the Euro as an action demand is problematic because it would be hard to win popular support for a programme that included it, it is not an issue which can be avoided. It sits unavoidably in the middle of the situation and will not go away.

The key issue, however, is not the currency but the debt, although the two are intimately connected. The first response to the crisis in Greece (and elsewhere) should be to repudiate any responsibility for it and call for non-payment by the Greek government. The debt is a creation of the crisis of capitalism in Europe and worldwide over which the working class has no responsibility or control.

We call for debt audits in Greece and in each country with a debt crisis. Such audits should uncover the sources of the debt and the terms under which they were made. They should ask not only whether the debt can be paid but whether it should be paid at all. Unfortunately in Greece the audit has come to a halt because parts of the left have argued that it was unnecessary, that all that is necessary is the repudiation of the debt.

In the peripheral countries we call for debt repudiation and default, with audits used to facilitate that

process. In the core economies (such as Britain and France) audits should be used to raise consciousness of the role and nature of the debt in preparation for a future more acute state of the crisis rather than to call for immediate defaults, which would not currently be understood by most people.

Debt repudiation is crucial because it is the debt, which has been used throughout this crisis, in every country of Europe, as the ideological battering ram to legitimise the austerity programmes and divert and confuse opposition.

Although the principal issue is the debt, to ignore the Euro would be to be politically disarmed. The two are firmly linked by both the Greek Government and the EU elites, who use the threat of exit against anyone opposing their austerity measures. If Greece crashes out of the Euro, the banks would lose a lot of money and contagion would quickly spread from Greece to Portugal, Spain, and Italy. In order to advocate debt repudiation, therefore, you have to have an answer to consequences regarding the Euro. Put the other way round you cannot pursue an effective demand for debt repudiation if you advocate staying in the eurozone. It is a contradiction in terms because one can follow directly from the other.

In fact a debt default in the eurozone is uncharted territory. Whilst there is no current mechanism for a eurozone country to refuse to pay their debt and stay within the eurozone, since entry has always been a one-way ticket, there is no mechanism to expel a member state either.

This means preparing the population to leave the eurozone whether it is posed as a threat by the government or arises as a consequence of default. This means explaining that the working class in Europe have no stake in either the Euro or the EU. We don't defend the integrity of either of these anti-working class institutions. They are both neo-liberal set-ups designed to increase the exploitation of the working class and as such they are a part of the problem not the solution. They are demanding the immiseration of the populations of Greece and in

the other peripheral countries in order to stabilise the Euro and defend the EU as a project. They designed to manage the crisis in the interests of capital by whatever means necessary - not as frameworks for developing progressive policies.

Our critique of the Euro and of the EU itself is fundamentally different from that of the rightwing in Britain or elsewhere, who advance a nationalist xenophobic and racist objection to them. We oppose their view at every stage and advance instead a working class and a socialist critique of the EU designed to challenge its neoliberal core and anti-working class structures.

We are pro-Europe internationalists. We call for a real internationalism. We call for the repeal of the Maastricht and Nice treaties which lock in the EU's neoliberal agenda. We call for a different Europe, a Europe of the workers and the peoples, free from such structures and restrictions which would allow the working class of each country to challenge their own ruling classes more directly than they can under the current EU set-up which seeks to support big business and serve their interests at every stage.

26) *The Greek elections*

The elections to which Greece is heading in early May promise to be like few others.

The establishment parties, Pasok and New Democracy (ND), are forced to go into them strapped into a remarkable straight jacket, since they have been forced both to sign up to the austerity policy in advance, advocate it and defend it during the election and implement it in full if they are elected.

This is not the best platform for an election in Greece at the present time and it is not surprising that their support has plummeted with Pasok (the governing party before the coalition) on 11%. The junior partner of the coalition, Laos (Popular Orthodox Rally), is on 4%. Chryssi Avgi (Golden Dawn a neo Nazi party) is on 4%, its highest ever,

At the same time the parties of the left (to the left of Pasok) are attracting unprecedented support. The KKE is on 11%, Syriza on 12%, the Democratic Left (rightist split from Synaspismos) is on 16% and Antarsya on 1%. The Greens are on 4%. This gives the anti-austerity parties a combined vote of over 40%.

Although these parties represent diverse views on a range of issues, from the Antarsya on the left to the Democratic Left on the right, and have one crucial factor in common—they are all opposed to the austerity package. And whilst it is not clear how their current ratings will translate into the election it cannot be ruled out that they could win a majority.

It is incomprehensible, therefore, that some of these parties have ruled out the most logical call for the left in such a situation; which is a government of the anti-austerity parties. In fact some of them are even saying that even if they won a majority they would not form a government. This is the case with the KKE and Antarsya, including the SWP's sister organisation and OKDE within it. Only Syriza (and Kokkino within it) supports the call for a government of the anti-austerity parties—based on an anti-austerity program, a redistribution of wealth, defaulting on the debt and nationalising the banks and the unities under social control.

This must be a better way forward than refusing to take office if they win the election.

27) *Can the EU be reformed?*

Much discussion on the left around the EU concerns the issue of whether the EU can be reformed. These are the key arguments against this view:

a) The democratic deficit within the EU is not only profound but it has become consistently worse. In fact every constitutional treaty since the Single European Act of 1986—Maastricht, Amsterdam, Nice and Lisbon—have degraded it further.

b) The European Parliament was established essentially as a device to give the impression of a democracy which does not actually exist.

c) Even the most rudimentary structures for reforming the EU do not exist. The EU is far less democratic than the (deeply flawed) bourgeois democracy of the individual member states. In fact after 60 years of the EU, 26 years of European integration, and a string of Treaties the fundamentally undemocratic nature of the European project, the democratic deficit, has become progressively worse.

d) Power in the EU lies with the Council of Ministers and the Commission —neither of which are elected bodies, both of which are dominated by the biggest and most powerful countries, meet in private, and cannot be challenged through the structures of the EU.

e) There is no avenue for change or democratisation through the European Parliament since its very limited powers are controlled through the Council of Ministers and the Commission.

f) The power to make changes therefore exists at the level of the national states not the EU itself since they have influence in the Council of Ministers—although this is effectively only applies to the big countries because of the balance of power there.

g) The struggle against the EU and its neoliberal agenda mainly takes place at the level of national politics, not at the level of the EU. This is because whilst the attacks are organised at the level of the EU they are implemented by the national governments. There is often a sleight-of-hand involved. Having decided policy within the EU structures, representatives of national governments then present them as "European" decisions beyond their control, which they have no alternative but to introduce.

h) We support of European wide initiatives against EU measures that we oppose as we have been with treaties such as Maastricht and Lisbon, outside summits etc. In general, centralised demonstrations, marches etc in Brussels etc should be combined with actions in each member state. We support initiatives such as ETUC days of action while being aware that the question of whether it is possi-

ble to mobilise seriously for it depends on the relationship of forces within each nation state.

i) We call for maximum international solidarity in support of the struggles taking place at the national level. We recognise the strategic need for developing close and organic links between the workers and social movements across Europe, since no overturn of neoliberalism in one country can survive in the long term without its overturn in the rest of Europe.

j) "NO to a bosses Europe of capital, war, racism and environmental destruction – YES to Europe of working class and the social movements".

k) We call for a socialist united states of Europe as a long term goal. This, however, cannot be achieved through the reform of the EU, but only through its eventual dissolution and the building of new relationships, based on the institutions of direct democracy which could emerge in the struggle against the neoliberal programmes that the EU and Eurozone promote.

Demands should be directed towards individual governments rather than the EU institutions. This is not just because the mechanisms for such reforms do not exist at the level of the EU and the class struggle takes place mainly at the level of the nation state, but because we are not in favour of expanding the institutions of the EU in order to embrace such demands.

28) Our response to the crisis

Our starting point is the rejection of all cuts and austerity, working in every country across Europe to maximise resistance on the broadest possible basis. The Europe Against Austerity conference in London on October 1 2011 was a good start in the development of a Euro-wide response to these attacks. We must build strongly on this initiative.

Our overarching alternative is for investment not cuts to meet the crisis. We call for massive investments by governments in public works programmes to create large numbers of new green jobs

designed to construct an environmentally sustainability society. Whilst calling for such investment we reject the capitalist obsession of year on year growth. This is both socially undesirable and environmentally unsustainable. We reject the perverse capitalist logic that people always need more commodities irrespective of what they already have, which is driven by the thirst for profit. We call for a rise in the quality of life rather than in quantity of things people possess, for an abundance of free time rather than of unnecessary commodities.

We call for big increase in investment into renewable technology and crash programmes to construct a renewable energy infrastructure and to improve energy conservation. We call for the insulation of the housing stock and public buildings and the construction sustainable (and free) public transport systems. In Britain we call for the creation of millions of green climate jobs in order to directly address global warming. This demand should extend across Europe, and such work should be carried out by workers directly employed by the governments themselves. If trillions of Euros can be given to the banks the money can be found for public works aimed at creating large numbers of green jobs and a low carbon infrastructure.

We call for radical change in the way the wealth of society is distributed. The share of wealth going to wage earners continues to decline while the share going to the wealthy continues to escalate. This is completely unacceptable. We therefore call for highly progressive tax systems and for the imposition of much higher taxes on the rich and on big business. We call for the bonuses of the bankers to be abolished, for the wages of the mass of workers to be increased, and precarious work conditions abolished.

We call for a Tobin tax - a financial transaction tax on all financial markets including short-term investments. This must be used not to bail out banks but to provide massive investment, in a nationalised framework, into a green infrastructure. Such a tax would not only create jobs and increase purchasing power but it would generate the resources

necessary to maintain a range of socially necessary services and benefits currently under attack including welfare, pensions, education, childcare, health care and social services.

At the same time we call for working hours across Europe to be reduced without loss of pay. This would rapidly reduce unemployment, create large numbers jobs, and enhance the quality of life of the population.

29) Nationalisation under workers control

This perspective implies a planned and coordinated approach to the crisis which can only be met by programmes of nationalisation. This should start with the nationalisation of the banks and of bankrupt industries with the participation of, and control by, workers and consumers. It should also apply to other critical sectors such as housing, energy, infrastructure, pension system, education, and health.

Nationalisation is also central to any default. Without full control and ownership of the banking system a debt default could well lead to a freezing of credit, deeper recession, and big losses to workers' pensions since the majority of a country's debt is held by domestic banks and domestic pension funds. Taking banks under public control and ownership is crucial in order to nullify a credit crisis in defaulting nations and provide resources to cancel and pay off large parts of the debt in major economies. Financial resources could then be directed towards useful, green, planned investment.

Nationalisation does not equal socialism, of course, but it does provide a practical way to defend jobs and opens up a space in which socialist ideas can develop. The nationalisations of 2008 were carried out in order to socialise risk and bail out the creditors, and with the intention of handing them back at a later date. Some were simply government majority shareholdings, which can be sold off at any time, and meanwhile managed "at arms length" from government. We should welcome them as far

as they go, as better than leaving it to market forces - but we should call for workers control.

Across Europe we not only have to reject the austerity programmes but also the logic of the capitalist system by proposing another way of redistributing wealth and challenge the private ownership of finance and industry.

An international mobilisation against austerity must lead to a radical change in economic priorities in Europe, a challenge to the dictatorship of the EU, IMF and the banks, and a new and democratic way of organising society.

We therefore advance the following demands across the EU member states:

- Repeal the Maastricht and Nice EU treaties;
- For a peoples' assembly to chart a new way forward for Europe;
- Monetary policy should reflect the priorities agreed by a Peoples' Assembly of Europe and not those of the unelected European Council;
- Debt audits to prepare debt repudiation;
- No to all cuts and privatization;
- Nationalise the banks under democratic and popular control;
- Nationalise bankrupt industries under workers control to preserve jobs and reorganise production;
- A Tobin Tax on all financial transactions to be used for green investment;
- A crash programme to construct a sustainable, publicly owned, energy infrastructure based on wind, wave, and solar power to create millions of new jobs in manufacture, construction and engineering;
- A crash programme to insulate housing and public buildings to conserve energy;
- For a major programme of job conversion to socially useful production for industries such as car manufacture;
- Fiscal, monetary, and industrial policy should aim at full employment, ecological sustainability, and equality;
- For a highly progressive tax system which would impose much higher taxes on the rich and the corporations;
- Open the books of both the financial and industrial companies to prevent the use of the crisis to force through redundancies and closures;
- For a shorter working hours without loss of pay to create jobs;
- Halt the attack on wages, working conditions and pension rights;
- For free and sustainable public transport systems;
- Stop the war, cut military spending ;
- Break the power of agribusiness and the stop the speculation in food;
- Break the power of the supermarkets and protect the small traditional producers;
- Halt all house re-possession for mortgage arrears.

The Left against Debt-tatorship

FRANÇOIS LOUÇÃ · 13 April 2012

1. The euro crisis is structural and is going to get worse

The founding principles of the European Union and especially the single currency bear the mark of a historic consensus between social democracy and the right. In fact, in the fundamental choices that underpin this institutional structure we have not seen, to date, a single significant difference between these two partners. It was a large majority of social democratic governments that agreed the founding pillar of the euro, the Maastricht rules (a maximum permitted deficit of 3%, a maximum debt of 60%, and even more important, an obligation to keep inflation permanently at insignificant levels). These dogma are at the root of the current problems and are the instruments used by the right to control the European Union. No others are needed to drive through the destruction of social rights and the welfare state.

The problem is that the currency created through this consensus is a time bomb. It is incoherent, vulnerable, unfair, damaging to most states and, above all, deeply anti-democratic. We need to analyse in detail why the euro is failing.

1.1 The euro is the crisis

The policy of EU leaders is stuck in a consensus that was initially very strong: the creation of a dominant system of financialization via the euro, which would impose its conditions on each national economy and drive down social spending. This consensus has been blown apart as far as responses to the crisis go, because the euro is the crisis: some governments now accept the eurobonds they always

opposed, some want to reduce debts with a small haircut, others defend a model that strips bare Greece and other peripheral economies. The lines that follow discuss these two points: the reason for the euro crisis and the attempts to find a solution within the euro.

To this end I will summarise the analysis of Paul de Grauwe, a Belgian economist who is one of the best known critics of the euro model and who tries to improve it with a number of proposals ("The Governance of a Fragile Eurozone", working paper, University of Louvain).

De Grauwe writes that, when you have a common currency area, all the states begin to emit sovereign debt in euros but, because there is no national control over the currency, they become more vulnerable to speculative attack which could force them into bankruptcy – or default (a suspension of payments). In other words, the euro increases the risk of bankruptcy.

He makes the comparison between Spain and Britain. The debt to GDP ratio is bigger in Britain (in 2011 it was 17% higher than in Spain), yet Britain pays lower interest rates on its sovereign debt, even though it is more indebted. There is, of course, a first reason for this difference which De Grauwe completely ignores: the financial markets set interest rates in relation to their expectations, but also according to their power relative to a given economy, and Britain's power, as one of the biggest financial centres and a major world economy, is far greater than Spain's.

But the second reason, which De Grauwe analyses in detail, is very important in order to understand the failure of the euro. This is that, if there were a speculative attack, Britain has an ability to respond that Spain or Portugal do not have. Let's imagine

that speculators fear Britain will not meet its commitments. They therefore sell British government bonds. In response, the Bank of England buys up these bonds. The monetary mass is not reduced (it might even increase) and no problem of liquidity arises. In such a situation, the bond sellers would normally change the pounds they receive into another currency, producing an automatic effect: the pound sterling is devalued (25% since the beginning of the crisis), making it easier for Britain to export (because British goods become cheaper). In other words, there are tools to correct the problem if the Bank of England acts decisively.

On the other hand, if the same happens in Spain – or some other country in a similar situation – the finance houses will also sell their Spanish bonds. But it is quite uncertain what they will do with the euros they receive for them. They may simply invest them or deposit them in some other economy. This will create a problem of liquidity because the monetary mass in Spain is reduced when these euros are transferred abroad. At the same time, the interest on Spanish debt will increase because the Bank of Spain, which is now effectively a branch of the European Central Bank, doesn't want and isn't authorised to buy up these bonds. So the money supply in Spain drops and there is no correction of relative prices, producing restrictions that make the austerity worse.

There is then another effect on the country's banks, for these hold a large part of the public debt. As the price of government bonds falls, value is wiped off their balance sheets, they find it more difficult to get credit and therefore they make fewer loans.

And yes, there is also a problem with private debt, which, in Portugal as in many countries, is bigger than public debt. This makes it more expensive for the country's banks to borrow from international banks. Indirectly it is the workers who pay the price, with higher interest rates when they ask for a new loan and rising taxes to pay for the interest the State pays to the banks (private-public partnerships went up by 4 billion euros this last year, to be paid by future taxation). But let their be no illusions:

even if private debt were not huge, the pressure on sovereign debt could still have disastrous consequences, as it is having now.

The domino effect is very strong. Financial speculation can threaten a vulnerable economy. And the State can go bankrupt just because the markets fear it might go bankrupt. The only response that European orthodoxy can imagine is that of austerity, which means recession.

However, this threat to the euro economies is not the only threat in Europe. Britain, De Grauwe's example, is currently applying the most savage austerity – tripling university fees, cutting health, attacking the poor, reducing investment and increasing unemployment – even though it has all the monetary instruments to protect the economy from speculation. In other words, Europe's problem is not just the euro. It's really the class struggle.

1.2 The European solution has been to increase exploitation through austerity

The European response to these national crises, accentuated by the vulnerability of the euro, is well known: austerity plans to restore competitiveness by driving down both direct incomes (doing away with Christmas and holiday bonuses, lower wages and longer hours) and indirect ones (higher charges for healthcare and education, cuts in pensions). Austerity provokes recession, which deepens the budget deficit, which requires new tax increases, which makes the recession worse. The recession turns into a prolonged depression, as may be happening in Portugal.

This is good news for finance and the bourgeoisie, because it changes fundamentally the relation between the classes and opens the door to a new social regime – easier layoffs, the end of collective bargaining, weaker trade unions and minimal public services, with services that are essential to people's lives being increasingly pushed into the marketplace. 21st century finance wants to live off not only the stock markets but also the administration of hospitals and social security funds. But, at the same time, the depression reduces the value of

some productive capital, and that is bad news for the capitalists who go bust. So we have two poles of tension within the ruling class: between financial funds and commercial banks, on the one hand, and between these two sectors and parts of productive capital on the other.

But depression is mainly bad news for the majority of the population, because it means a generational fall in wages, in other words, an increase in exploitation. So the structure of the euro accentuates the worst policy, which is the reduction of wages.

I will come back to this conclusion, because it is the key to the whole political debate: with the euro, the devaluing of wages is the be all and the end all of dominant economic policy.

1.3. Some new and old short-term solutions

It's worth recalling De Grauwe, because he expresses very clearly the difficulty of seeking alternatives in the current economic situation; however, he proposes three main alternatives to the present approach of the ECB and EU leaders. Let us look at these and whether or not they are feasible.

The first proposal is for the European Central Bank to buy sovereign debt bonds from the countries in difficulty and accept these as collateral for private banks when these ask for loans. This is already happening to some extent, even though it goes against everything the ECB has ever said. But this isn't enough. To have an impact, the ECB would need to become a decisive player in the debt market, which would mean it buying up all the debt issued – as Cavaco Silva, the president of Portugal, recently proposed, with so many others. It would mean buying directly from the states and not just in the secondary market at moments of acute stress. This will not happen on the scale needed, because Germany will not allow it.

De Grauwe's second proposal is to reduce the interest rates on loans to countries in difficulty. The reason is obvious: high interest rates increase the difficulties and give a signal that the EU itself thinks these states may not meet the obligations on their

debt, which just invites speculative attacks against them. There was a small reduction (about 1%) in July, but interest rates (for Portugal) are now more than 2% above the cost of financing them, which itself stands at around 2%.

The third proposal put forward by De Grauwe is the emission of eurobonds, which would underpin the equivalent of 60% of each country's sovereign debt, with the State having to guarantee the rest. This would mean each country had two kinds of sovereign debt obligations: the European ones, with lower interest rates (although these would vary according to the level of risk in each economy), and the national ones, which might carry higher interest rates. This is an old proposal of Jacques Delors that has been around for 20 years or so. It was never put into practice, and it is unlikely that it will be, because the German government is vetoing it.

For all three proposals, De Grauwe suggests a counterpart: a shared fiscal authority, in other words, political unification. However, the emission of eurobonds or loans at reasonable interest rates to the most affected economies, do not necessarily require Mrs Merkel to lead a united European government – it would be enough just to have a set of agreed rules that ensured these.

As we will see further on, the fact that European leaders have long rejected the logic of these measures does not mean that they will not give way and apply them to some extent, along with a cocktail of other measures, to prevent the collapse of the euro. The reduction of interest rates negotiated with the troika will continue, and there will be a major restructuring of Greek debt, with losses for finance capital (and with the ECB partially compensating the banks). The euro cannot collapse, as long as German capital defends its interests. Therefore there will be an active attempt to reorganise the credit system and institutional arrangements, with the ECB systematically doing what doctrinally, and even in terms of its statutes, it had always rejected.

1.4. Europe's policy is authoritarian, but shared by the right and social democracy

Given these arguments, the current impasse can be summed up as follows: the euro served to organise European capital during the years of growth, but falters when there is a financial crisis, because speculators successfully attack the weakest economies creating a dangerous domino effect. The response is simply "austeritarian", authoritarian austerity. But the domino effect is profound, because more than half the different countries' sovereign debt is held by financial institutions in other countries. As recession spreads, financial instability gets worse. So the euro becomes a decisive factor in the crisis.

This structure of Europe's financial and decision-making power is supported by a consensus between the right and social democracy, which has lasted a considerable time, and always benefited the right. This has a solid basis: Kohl, Schroeder or Merkel in Germany, defend exactly the same European policy, as do Prodi and Berlusconi in Italy, Aznar or Zapatero in Spain, or Durao Barroso and Socrates in Portugal. If politics is not to be a mere game of fantasy, I would invite those economists that argue for leaving the euro to recall the political line-up that drew up these rules, imposed them and sustains them. This is essential if we are to seek really viable alternatives, capable of identifying who are our opponents and who could be genuine allies. In this regard, I would suggest that they don't count on European social democracy: this is incapable of coming up with a European alternative, because it defends the Europe of the Lisbon Treaty with its Directorate and the euro as it currently exists.

2. Austerity against austerity?

This crisis is accelerated by the euro, which produces contagion. But it is not created by the euro. To understand the general framework, we need to go deeper and do what most economists refuse to do: consider the economy on the basis of social classes. This is what I will seek to do now, by looking at the two alternatives which have been put forward recently by some sectors of the left (and the right): the nationalist alternative of leaving the

euro and the other, federal, alternative of the creation of a unified European state.

2.1. Forward to the left, or if that's not possible, to the right

Much of the critical left shares this diagnosis of the euro crisis (and so do some of the most traditional economists, as we have seen). It is not new. It has been around since the euro was created. It is why we rejected, at the time, both its structure and the artificial value put on the escudo at the time of joining – which did much to destroy the Portuguese economy – as well as the over valuing of the euro later on. So yes, we told you so. In this framework, the ECB was always going to be what it became: a tool for liberalizing financial markets and protecting the banks, which would prevent the choices needed in the face of any recession. In this framework, too, the European Commission could only become what it did become: a tool of the main governments, with the legislative powers the European Parliament never had and which national parliaments are in the process of losing.

It was in the full knowledge of all this that the left developed its responses. No one can claim now that they didn't know or hadn't seen. Or that, with these treaties, the EU could be something it wasn't. Or that the institutions could be regenerated and could save the economies from recession. It's no use. There's no way you can now imagine that the EU and its directorate could be different, that it could have had social priorities or even that it could have been economically competent.

That is why the Left Block defined itself from the beginning as "left Europeanist", and took this definition seriously. This means fighting against the whole structure of de facto powers and against the policies of Europe's leaders, because these are causes of the crisis and a negation of democracy. It means rejecting the Lisbon Treaty, because it subjects Europe to the Directorate, and rejecting the rules of the ECB, because these make the recession worse. It means demanding withdrawal from NATO and rejecting European militarism, because

they are part of an imperialist policy. It means clearly demanding a refoundation of the European Union and that has a consequence which is fighting without concessions against its present structure and policies.

This fight, however, is not new. Nor is it new that this differentiates us from a nationalist left that has been reluctant to declare its position in favour of leaving the euro and the EU, in the name of an alternative – in defence of sovereignty – that is not clearly explained and is probably not viable. What is new, however, is that some sectors of the left, traditionally pro-European and even quite uncritical of the way Europe is governed, are now looking for other solutions. This shift is in itself a positive sign. It shows that, faced with the present impasse, some are looking for new alternatives. But these alternatives need to be stronger and more coherent than the positions they replace.

What may surprise even those who thought they'd seen it all, is that some manage to defend both positions simultaneously, leaving the euro and moving to a European state; what one of its proponents calls, quite elegantly, overcoming the crisis either from "above" or from "below". Indeed, the overlaying of these two radically contradictory proposals shows how the human imagination can stretch to anything. Anyone who wants the extreme solution of a European State that would control national economies can surely not also want the extreme nationalist solution of leaving the euro (and applying policies that would mean leaving the European Union) – at least it would seem strange to argue for both at the same time. In fact, these two solutions have contradictory aims, serve the interests of different sections of society, mobilise different forces and invite different sets of alliances. The first favours the financial sectors that are most integrated into Europe, the second is likely to be led by export-oriented sections of the national bourgeoisie. The first depends on agreement from the German government and looks to the federalist sections of the Socialist Party, the second is limited to an alliance with the most conservative sector of the

Portuguese Communist Party and doesn't even have the support of the trade union movement. So the task of debating with this idea of "one party, two policies" is one of the most demanding you could ask for. Either of the alternatives, in itself, is coherent and has solid arguments behind it. Either could mean a shift in the left. But what I cannot understand is the complicated argument that says, if one proves to be impossible, then we want the other. If we ask the way and someone says "if you don't go left, then go right", the chances are we'll get lost. I'm afraid this is undeniable: having two contradictory proposals is the same as having none.

That is why you can never argue for something and its opposite. Imagine what would have happened, in the recent election campaign, to a party that argued simultaneously for leaving the euro and for a unified European state. In the debate with Socrates (ex-prime minister and ex-leader of the SP) and Passos Coelho (now the PM and president of the largest rightwing party), would it argue for leaving the euro, and with Jeronimo de Sousa (general secretary of the PCP) argue for the European State? Or would it be the other way round? Or would it argue for both with all of them? And it would ask people to vote for what, if that's not an indiscreet question?

For its part, the Left Block assumes its political responsibility, because it knows that politics means choosing a path.

2.2. The first authoritarian answer to "austeritarianism": federalism

I therefore prefer to discuss each of these proposals separately, on its own merits and not as part of a strange amalgam. The question that needs to be asked then, is this: does the new proposal help to respond to the recession and austerity, serve as a lever for mobilization and developing an alternative? If it does, we should adopt it without hesitation.

Let's start with federalism. According to this proposal, if there is a debt crisis, the solution would be to transform the European Union into a unified

State, with a single fiscal authority, a single government and a single budget. This is the solution "from above". There is a debt, so let the European State deal with it and control our budget from now on. They can solve the problem.

Federalism is a fairly self-explanatory concept: the federation is a form of organizing a state with regions or provinces (in the United States and Brazil they are called states) which have a degree of autonomy, but are subject to a centralized political power, which decides the budget and economic and social policy, and which has a common legal framework, army and foreign policy. In other words, a federation is a unified state. Joshka Fisher, leader of the German Greens and a prominent federalist, wrote recently, not without a certain arrogance, that in this European State, the national states could have a bit more autonomy than the German *lander* (provinces) have today.

It is easy enough to see why this proposal disguises itself with the argument that it is only suggesting small steps, with *faits accomplis*, on a road whose destination remains concealed. The reason is obvious: there is absolutely no chance of getting agreement in Europe for such a European State at the present time.

And there is no chance of this for two reasons. The first is that these small steps create big tensions, as is the case with the behaviour of the directorate, currently a Franco-German axis revolving around Merkel. It was with such small steps that we got to where we are, and it's not a pretty sight. The second is that none of the bourgeoisies – nor public opinion – in the big countries would accept the unknown quantity of a European government. This would need a social assent and ideological hegemony that does not exist.

A European government would mean that Britain or France might be governed from Berlin. Impossible. Or that Germany might have to accept a government led by a Polish prime minister elected in a coalition with Italian populists. Unacceptable. Or that Portugal, the only Iberian

nation that over the centuries managed to free itself from the kingdom of Castille, might now have to give up its historic achievement of independence. Unlikely, isn't it?

Clearly, the current impossibility of creating this European state may not be a reason for dismissing it in the future or not wishing for it now. The left could argue for it as a model, as a strategy or, in more modern terms, as a horizon. But for my part, I can only see reasons to reject categorically the threat of a European state.

I'll begin with the most circumstantial reason. Let's imagine that there was no resistance, that there was a strong consensus, federalism had won the day and the European state was created and its government elected – all very far-fetched hypotheses. The trouble is, as we saw in the last elections to the European parliament, the results of this election would be a resounding victory for the European right, including its most populist and aggressive sectors. As a result, the ability of the workers movements to fight back would be reduced, particularly in those countries where a balance of forces has been created that has made it possible to fight for alternatives. For the left, this would be a suicidal course.

But let's ignore that objection. After all, if the proposal were absolutely essential, the European state would be a victory for democracy and we would all be better off in the long run. But is it essential? Would Europe benefit from such a state? My answer is decidedly no: a democratic European state will never be democratic. This is the most important objection, because it has to do with the nature of the left and with our commitment to represent and fight for the emancipation of the exploited.

The EU can have democratic or authoritarian procedures, and this makes a big difference. We have always proposed democratic procedures and rejected authoritarian ones: the current system of the directorate is one of the worst characteristics of federalism. So the Block has always argued for a referendum on each Treaty (and we argued for a "No" to

the Maastricht Treaty, and later to the Nice and Lisbon Treaties, for very good reasons). We denounced the European powers and governments that conspired to conceal a Constitutional Treaty as a common treaty and impose it without the referendum they had solemnly promised. We laid down a motion of censure against prime minister Socrates because of this.

We take very seriously the struggle for democratic procedures. We know there is a big difference between governments legislating through the European Council and its Commission, or being subjected to parliamentary control and scrutiny. There is a big difference between the possibility of Europeans deciding and having power locked up with the leaders in the directorate.

But let us stop a moment to consider what our struggle for democratic procedures has been all about. When we propose a referendum in Portugal and we want the "no" to win against the directorate and its treaty, we are certainly arguing for a solution for Europe. In this we are completely European. But we do it where we can, as we can and as we want the question to be decided democratically – where we recognize this, in Portugal. Why didn't we propose a simultaneous, Europe-wide referendum to decide on the Treaty, where the vote of a German or a Pole would be worth the same as that of a Portuguese? Because the people we recognise as having the right to decide on a treaty for Portugal is the Portuguese electorate. It is with them that we speak. It is their decision that we accept as legitimate, even if we think it is wrong and fight against its consequences.

The reason for this legitimacy is of cardinal importance for the left. And it is quite simple. It is that parliamentary democracy was created historically in the nation-state, based on society's acceptance of representatives enjoying legitimacy: everyone has the right to vote, there is pluralism and we accept that the party that wins most votes represents the state and forms the government. This system is fragile, open to manipulation, hugely influenced by the weight of dominant ideology and the manufac-

ture of consensus; it is not a democracy where the people can fully participate and act freely, but it is part of the democracy that resulted from social struggles for universal suffrage and against the dictatorship, and we are not going to give it up. It is the starting point for struggles, because it is verifiable and can be disputed by the force that comes from popular struggle. This is why representative democracy within the country is a space of confrontation for everyone, but European democracy doesn't exist. There are democratic or authoritarian procedures in Europe, but there is no European democracy in the sense of a shared space with a single, agreed legitimacy.

The European state is therefore not democratic, because it excludes the really existing representative democracy, which is that which exists within the nation-state. There is not yet and never has been any form of international democracy, with any real basis of legitimacy for a global population. We need it, but it doesn't exist.

A commentator has written that, if Merkel rules over us, at least we should be able to vote in the elections that choose her. The same goes for the rest of Europe: if they tell us what to do, we want to vote whether we agree or not. But the problem is this vote is makes no sense. We cannot communicate with a German brewery owner in Munich as we do with an unemployed woman in Figueiro dos Vinhos (or the brewery owner of Figueiro dos Vinhos). We don't speak the same history, the same culture. We don't share the same discussions and disagreements. We cannot all together decide on a government to rule over all of us, because, as Linecker used to say, in this game there are two teams and in the end Germany always wins. What's worse, when we do elect the government of the European state, all we will get will be a provincial governor ensconced in the Sao Bento palace, to whom we can make requests. But with him we will not be able to discuss laws, budgets, taxes, defence, foreign policy or public services. Such a democracy would not be democracy.

I will be told that, in the end, Merkel and Passos Coelho think and propose the same thing for society. Yes, but the difference between having a German government for the EU and having a Portuguese government within the EU, albeit subordinate and supine, is that we can fight the latter and influence its political choices. That fight is ours, the people's.

More fundamentally, a single European people that sees itself as such does not exist; there are European peoples. Being Portuguese and being European are two identities, not one. It is still within national frameworks that the main processes of accumulation take shape, as do most importantly decisions about wages and conditions, in other words about the distribution of income, exploitation and the fight against it – a fight we have to conduct where we have the power to do so.

This is what we always said about Europe. That it should be a place for common policies, including with a negotiated pooling of common decisions –if leading to a common plan on employment –, but also a convergence of nation-states. All left Europeanist politics is based on this firm conviction. Europe has to be a combination of European policies and areas of action by national states. We want to strengthen both, making clear what the EU should do: a better common budget for full-employment measures, while also giving each country more control over its own financial, fiscal, budgetary and social policies. All good reasons to reject the European state.

Finally, there are two more reasons for rejecting the federalist trap. The first is that any slide towards an inevitably authoritarian, European state, will strengthen the various nationalisms – and we definitely want to avoid that nightmare, because we know how it starts but we don't know where it ends. Already many European countries have radical nationalist right wings on 20%. Federalism feeds this. Rejecting nationalism and reducing its influence means, as always, the left fighting for hegemony among its people, seeking to build a majority to lead the nation. This struggle for hegemo-

ny is the left's reason for existing, and woe be to the left that gives up this struggle or, on the contrary, becomes itself nationalist – it will end up, like the Greek CP, systematically voting with Le Pen in the European parliament. It may win electoral support, as the Greek CP has, but nationalism will never be make a left for the struggle we need. The reactionary utopia of a European state creates its antibodies that destroy the left in every country.

The last reason is about ourselves being consistent. I have left this reason to last, because it is only our own political culture that is at stake. Still, it is important. It was quite deliberate when we wrote in the "Contract for Europe" – which is one of the Left Block's three founding documents – that we are for "a new left perspective for Europe, against federalism", and that the "main enemy of our alternative project is the federalism" that "turns Europe into a marketplace for capital". At the time, we also pointed to the imperialist aspect of the idea of a European state: it would come together with a unified army and repressive apparatus.

I recognize there may be some who approved that position ten years ago and now regret it. Or who think that the crisis in Portugal is now so serious that even that solution is better than things continuing as they are. And indeed they cannot continue as they are.

But I ask: is it just immediate urgency that would move us to abandon our long-held position? Is it the emergency that would lead us to accept the European power we always rejected? If that is the case, why argue for something that is not viable in the near or foreseeable future?

That said, my conclusion is this: the idea of a federal European state will not play any decisive role in either Portuguese or European politics in the current period. There will be steps to strengthen the Council, the Commission and the ECB, to create common funds and strict rules, and to supervise budgets and policies, but nothing we haven't already seen with the control now being exercised by creditors. There will be those small steps, forwards

and backwards, but there will no be any great leap towards a federal European state.

Neither will those parts of social democracy that argue for this – and we are only talking about some parts when they are in opposition, not all parts and not always – acquire sufficient strength to force this solution onto the agenda. Nor will it win support among other sectors of the left. Purely and simply, it does not exist as a political option.

2.3. The second authoritarian solution to austerity: leaving the euro and the European Union

The second solution, on the other hand, will be increasingly important in the debate. The proposal to leave the euro will not go away and we will have to face up to it. It will be supported by two types of current: the economists who reject the corset imposed by the euro and cannot see any other alternative, and those on the left who prefer nationalism to the spread of the European crisis. They are two different sectors, with different ideas and proposals, and it is only out of dilettantism that the latter resort to the arguments of the former.

Among the economists who argue for leaving the euro are some who have long been its critics, like Joao Ferreira Amaral in Portugal or, more prudently, Paul Krugman and Nouriel Roubini in the United States. For them, it is no longer a matter of choice, it is (or begins to be) inevitable. According to these economists, the recessionary spiral produced by budget cuts will make the situation ungovernable, with tax increases that no longer increase revenues, paralysis of the economy and an absence of policy options. Therefore they argue that the only alternative is to leave the euro, thereby devaluing the new currency and hoping that the economy re-balances by increasing exports and reducing wages. It should be pointed out that none of them are in favour of reneging on the debt. Rather they hope to gain time to pay the debt by other means, with a growth in exports. And they all agree that the workers should pay for the adjustment with lower wages. In this there are good arguments

and bad ones, as I wrote above on whether the euro was a cause of the crisis. But it is above all a response that advocates permanent wage restraint and cares little about how the economy affects everyday lives.

What is more, it is ingenuous to think that the EU would finance an exit from the euro or that the financial markets would remain neutral towards a new currency.

Everything would be up for grabs: if a right-wing government did this with the aim of producing a sharp and permanent drop in workers' wages, it might get some support from international finance, but this probably wouldn't last when it came to the drastic measures that would inevitably follow.

Let us now look at how an exit from the euro would be carried out, and invite those on the left who argue for this to defend it in terms of workers' living standards.

We'll begin with the first step, the decision to create a new currency, which we'll call the escudo. Given its economic difficulties, the government decides to leave the euro and begin to use the escudo as the national currency (or is expelled from the euro, which amounts to the same in terms of economic and social effects). It orders the notes to be printed in secret and gets ready to make the big announcement on a Friday night, at the time of the main news, after all the banks have closed. That weekend, all the banks work overtime to get the notes to all the cash machines, so that the new currency can be in circulation on Monday morning.

The problem is that this operation involves thousands of people, who transport and distribute the notes, and they tell their families. And, anyway, for weeks everyone has been hearing ministers declare that things are going very badly and how we need courageous decisions to save the country from ruin. In other words, everybody knows what is going to happen.

So what do people do? It doesn't take much guessing: they race to the banks to take out all their mon-

ey and keep it in euro cash. If they don't, all their accounts and savings will be turned into escudos, whose face value will fall with the sharp devaluation which, after all, is the point of this operation. That is, their savings will be devalued just as much as the currency in which they are now held.

However, the banks don't want to pay their clients all their balances and savings, because this bank run will ruin them. They don't want to and can't, because they simply don't have enough money for this – nor are there enough notes to cover all the liquid monetary mass that exists in Portugal (the monetary mass is the total of notes and coins in circulation plus bank deposits, and the banks don't hold that much money because they lend it out). The banks will therefore close their doors as the alarm spreads, and the government will call out the army to guard the buildings. That is what happened in Argentina, and in all the cases where sharp devaluations have been announced (and they didn't involve leaving one currency and creating another, something never done in the history of the European Union).

The left that favours leaving the euro finds here its first difficulty. It will have to defend the army against the people. And it will have to accept its first victim, the holders of bank accounts. The numbers are clear: if the devaluation were 50% (Ferreira Amaral calculates it at 40%, others put it much higher), workers' savings and bank deposits will lose half their value. Wages and pensions are consequently devalued as well.

The initial shock passes. But there is more to come, and it's worse. The escudo has, as we said, lost 50% of its value against the euro. The government and the nationalist left are hoping for the following beneficial effect: exports increase because they become cheaper (because their price in foreign currency becomes cheaper, and because wages fall), while imports decrease because they are now more expensive in escudos. This will mean capital moves into export-oriented industries and services, while consumption and imports are reduced. All this greatly improves the balance of payments. The guiding

principle is this: if life gets better for Amorim, owner of the biggest Portuguese industrial multinational, it will also get better for the economy as a whole.

It seems to make sense, but there is a problem. This is that, with devaluation, the price of imported products increases the very same day. Fuel costs one and a half times as much as before (and all forms of transport as well), and the same happens with imported foodstuffs, clinical drugs and so many other goods. Since two thirds of Portuguese people's income goes on consumption, imagine the immediate effect of these two sets of price increases. This effect means wages are worth even less.

As for exports, yes, they will grow, as long as buyers abroad want to buy more because the price has gone down (and as long as there is not a recession abroad, and Portuguese products match markets where demand is increasing, and that they are of the kind foreign consumers are looking for, etc.). Yes, they will grow, but slowly: the income from sales only comes in after the sale is made, and you have to wait for production to be completed and even for productive capacity to be increased. Then, the price of our exports includes the cost of raw materials and other products that have to be imported, which account for more than half the value of the exports, and which are now more expensive. Thus the income from exports increases only slightly, slowly and later on.

Then comes the second shock. A half of Portuguese families have long-term debts to the banks that lent them money to buy a house. They borrowed in euros. There are two possibilities: either, on the day it leaves the euro, the government accepts what the banks want (that this debt be considered at its real value, which is in euros, not in devalued escudo), or, to protect the borrowers, it decrees that the debt must be converted into escudos.

In the first case, borrowers see their debt multiply. Imagine someone with a debt of 50 thousand euros, converted, in devalued escudos, into a debt of 15 thousand contos. If they were previously earning 1000 euros a month (in the new currency, 200 con-

tos... which are now worth 500 euros) and they were using half this income to pay the bank, then they needed 100 months, with a rope round their necks, to pay the debt. Now they will need 150 months with the same difficulties, paying half their wage to the bank. They have lost five years of their life.

In the second case, where the government protects borrowers, someone with a debt of 50 thousand euros now has one of 10 thousand contos... which are worth 25 thousand euros. The bank lost half. The problem is that it goes bust, because it now has a massive hole in its balance sheet. This is why those who support leaving the euro explain, quite honestly, that it will be necessary to nationalize all the banks, no so much to socialise finance capital as to save it. And saving a bank can be very expensive, as we know from the case of the BPN (a bank nationalized after bankruptcy). Because when you nationalise a bank you are left with its debts, which are debts to the bank's depositors and debts to those who lent it money, usually foreign banks. Now this debt is in euros, but the bank which has gone bankrupt and been nationalised will be getting its income and deposits in devalued escudos, while continuing to make payments in euros. Its foreign debt has gone up 50% overnight. Saving banks has a cost, and it is not a small one.

So here we have the nationalist left defending the banks and asking for tax increases to pay the international banks. The worker, whose home-loan was protected, has to pay by another route (new taxes). Of course, the spokespeople of this nationalist left can tell me that the government should simply refuse to pay the international debts of the banks it has nationalised. But, forgive me, what concrete government are we talking about here? Weren't we speaking of Portugal in 2011? Does anyone think that you could nationalize the banks, which had collapsed as a result of devaluation; then propose as a solution a break with foreign creditors; and still hope to find markets open for those exports that are meant to be saving the economy? In other words, the socialization of capital and at

the same time an alliance with export projects favoured by capital around the world?

I'll make an aside here to clarify my opinion on an ideological question: yes, I am convinced that nationalizing the financial system is a strategic necessity for socialist politics, because the credit system should be a public asset. And I am also convinced that a government of the left will have to confront the resistance of finance capital, which is its biggest enemy, and may therefore be forced to take the only realistic decision of nationalization in conditions that are not the most desirable for its success. But I also think it must do everything possible to develop the best possible conditions for its action..

In any case, to win it is necessary to have sufficient social strength and, to have a public credit system that works, we need the capacity to defeat the speculators. Now, let us be quite clear, none of the current discussions on leaving the euro involves a hypothetical left government carrying this through. So what matters now is the concrete balance of forces that exists now and that we can create through a very strong social response to the dictatorship of debt. This is what we can do and what we will do, not a tale of political fiction. End of the aside.

Let us return now to the problems our nationalist left run into as they support the government that has decided to leave the euro. It already faces opposition from those who have to pay more taxes or have seen their debts multiply, those who are paying more for their food and transport or have lost part of their savings. With all this, workers will quickly see that they have lost part of their wages (or pensions), and that budget restraint is no less than before (in fact it's got worse, because now the debt has to be paid in euros while the state receives tax income in escudos), so there are fresh cuts in health and education. For all these reasons, workers will struggle to restore their wages.

Now the government will argue that this could ruin everything. Exports are cheaper because the escudo is worth less, the goods got cheaper, and because

companies are paying lower wages in escudos. If wages go up, competitiveness will be again be lost. How will our nationalist left respond to the workers' justified protests?

The answer is simple, argues one of the sages of the nationalist left, we just need a miracle: we'll have a meeting of social conciliation and convince the bosses to increase wages and compensate workers for whatever they have lost through devaluation. Imagine this meeting to form a social pact: the country is boiling over, with riots outside the banks as prices and taxes go up, inflation is back, wages are falling, and the bosses offer to sacrifice their profits for the sake of labour. It's such a curious hypothesis that it's hardly worth arguing about.

In other words, the nationalist left that favours leaving the euro has got itself stuck in a dead end. It wanted to stop continuing austerity and was quite right to do so. But it put forward an alternative that results in more austerity, all to the benefit of the exporting bourgeoisie, while accepting a cut in wages and pensions with the devaluation or the escudo. It didn't solve any problem and it created new ones. And the ability to develop a socialist perspective has been lost, because it cannot be remotely understood by workers who are paying the cost.

For socialist politics there is a basic principle which is the defence of the working class. Socialist politics means defending wages and fighting to increase them, not sacrificing wages. The authoritarian solution of leaving the euro is a proposal for more austerity.

3. Left europeanism is the basis of socialist politics

I therefore reject both these proposals, the federalism of the European state and the exit from the euro. They are not alternatives for the left in Portugal (of course, this does not apply to Greece since I make no claim on Greece: I simply don't know and only those fighting there or knowing it in great detail can appreciate the level of social mobilization, the alternatives and the configuration of their social struggle). Both try to respond to the

dramatic worsening of the crisis, but lead to authoritarian and austeritarian policies that make the crisis worse. The fact that the crisis really is getting worse, is not a reason for us to give up on analysis or on getting our politics right.

I suggest that our discussion of the response that is needed should begin at the beginning, with the nature of the crisis we face.

3.1. After thirty years of feeble growth

The Second World War was a turning point in the 20th century. It produced horrendous massacres, from Auschwitz to Hiroshima. But, from the economic point of view, it was also a process of radically destroying productive forces, workers and capital. It was this destruction that opened the way to a reshaping of modern capitalism, a new arrangement of world powers, the creation of a new monetary system tied to the dollar and, in the developed countries, the encouragement of mass consumption based on the spread of assembly line production. It was only this gigantic destruction and the reorganization which followed, that brought to a close the great crisis of 1929.

It is worth noting, however, one fact about this crisis: the recovery of the already dominant economy, that of the United States, took 25 years – it was only in 1954 that stock markets returned to the level they'd been at before the crash. And it required a war and the creation of a new world for such a recovery to become possible. The key to recovery was precisely this massive destruction of productive forces and the reshaping of a new framework for capital accumulation.

This made it possible to create new, rapid-growth industries, new financial markets, new multinationals. The same thing had happened before: modern industrial capitalism has developed in long waves, some of growth and others of crisis, which last for decades and which set the rhythm of the accumulation process. During the long periods of growth (like 1945-1974), crises are rare, short-lived and shallow. While in the long periods of crisis,

they are frequent, longer-lasting and deep (1974 to the present).

In each of these epochs of capitalism, or long waves of capitalist development, its structure adapts. The push that electricity gave to industry, along with the driving force of steel production, from the end of the 19th century, gave way to a new push from the motor engine, oil derivatives and refined chemicals in the period after the 2nd World War. This new model of production provided the framework for new social relations, a new contract between labour and capital, with rules that meant workers' wages accounted for a large part of the consumption that companies needed. The new technologies of mass production corresponded, in Europe and North America, to an institutional arrangement that combined the labour contract with a significant indirect wage, through access to social security and healthcare. It was through this increase in demand that the mass markets were created which enabled the capitalist economy to grow in the Thirty Glorious Years of the post-war period. The schedule of the rate of profit and accumulation overdetermine these technological and social processes, as the prime-movers of the transformations in the economy and society.

This system worked without major difficulties for those three decades. Then it ran out of steam, its end being marked by the second generalized recession of the century, in 1973-4. After that, the easy combination between the way production worked and its social institutions was lost, the technological push petered out, the profit margin was systematically reduced and accumulation and investment were put in doubt. What followed were several decades of mediocre growth, financed by credit and indebtedness, with frequent and sharp recessions (1973-4, 1981, 1993, 2003, 2008-9), exactly as in the long decades of crisis after 1929. The profitability of capital recovered slowly, but accumulation remained at exceptionally low levels.

This is the situation today. The creation of vast financial markets is the key characteristic of this new epoch of capitalism – what Ernest Mandel aptly

called "late capitalism" – in which available capital goes into speculation and not investment, generating ever more "fictitious capital", as Marx called it, seeking guaranteed profits. This is what explains everything we have seen, from the property bubble to privatizations of social security and public-private partnerships.

To return to growth, the bourgeoisie is trying to create a new economy with a new social regime: precarious employment, that is an end to the labour contract, to make full use of new production technologies with cheap labour, an increase in absolute surplus value (longer hours and lower wages) and a reduction in the social wage (the cost of essential public services). This new regime therefore needs a destruction of social conditions that would have the same effect as the massive loss of labour and capital that occurred in the Second World War. But the popular movement, although under prolonged attack from structural unemployment, still has the capacity to fight back.

This is what we base ourselves on, the core of our realistic politics. Everything is up for grabs. We know very well that, as Warren Buffet, the second richest man in the world said, "there is a class struggle, and it's our class that's winning": the 1% that dominate the economies received 40% of the profits and dividends ten years ago, 60% five years ago and 70% now. The concentration of capital is immense. But the new society is yet to be defined, and in truth the most surprising thing, from a historical point of view, is not its advance but just how difficult it is proving to impose it. The 1% the dominate the economies have not succeeded in crushing the other 99%, because these, when they mobilize, have the strength of democracy behind them.

Since the 1% have more power, it is against them that the fight needs to be waged: the policy of the right and the bourgeoisie is to devalue wage, the policy of the workers is to devalue capital and defend wages. Our battle is with finance, which is in charge of the debt-tutorship. It is true, this is an epochal struggle. Which is why do not need ideas that divide the capacities for popular struggle and sow confusion. We

need clarity and mobilization. And we need now, not tomorrow, a broad alliance in the struggle for wages.

3.2. Left Europeanism and the struggle against debt-tutorship

In this situation, what should we do? We cannot, or should not, in my opinion, encourage the dream of a European state – rather we should fight against this – and we cannot and should not foster nationalist illusions in an autarchic solution, which needs to be rejected. On the contrary, we should fight for European solutions, which do not give up on what is essential: a European alliance of the political and social left for the struggle against austerity. And we should decide where we concentrate our forces for the broader struggle for wages.

I'll begin with Europe. I am aware that, since the waning of the European Social Forums, it has not been possible to recreate even a minimal instrument of response. The European Left Party is extremely limited, as are the other networks in which we take part. We never managed to pull off our proposal for a big congress of European social and political movements; and the left parties in the north of Europe fear the electoral consequences of defending the Greek people against the strangulation of the debt and they do not want anything to do with a European strike.

We should, therefore, with our allies, explore the possibility of reviving the Social Forum – or of opening the way to a new form of global network – maybe to meet in Spain, with the indignad@s movement, to launch a European agenda of struggle against austerity. And with them, hold up the basic aims we have been defending:

- Obligation of the ECB to back and buy up the sovereign debt of each state;
- The launching of eurobonds to mutualize part of the debt;
- The devaluation of the euro to relieve pressure on the economies;

– A tax on capital and an end to offshore havens, particularly those in London and Luxembourg;

– The creation of a European ratings agency to evaluate private debt;

– A plan for job creation supported by the European budget;

– The creation of common fiscal rules with a minimum rate of corporation tax, to avoid fiscal competition between states;

– A thorough-going restructuring of Greek debt at the expense of creditor banks.

Finally, the proposal to refound Europe is the centrepiece of left europeanism. It needs to be spelled out. We need to work on the detail, proposing for example a new Treaty to create two chambers, one directly-elected parliament and another that gives all the states equal representation, in order to mobilize the two dimensions of Europe, or a single chamber with a system of representation that does not marginalize the small and medium-sized countries.

It will not be easy to create a movement with these political characteristics. But today the possibilities are greater than they were a month ago (this text was written at the end of November 2011). It is these possibilities that interest us and I think we have to take them very seriously, making a big effort to put this line into practice. I am convinced we can and must do more in this direction.

But what we say about Europe, to be realistic and as I suggested earlier, is a matter of proposals, it is inviting and getting closer to others on the left, but it is certainly not where our main ability to wage a political battle lies. Our greatest strength is where we can count on our own forces. If it were possible to have a European forum of some kind, that could bring together movements and create a political agenda, then we would be advancing to a new threshold, as we want. But in any case, this possibility does not lessen the importance of our day-to-day struggle with the government and the plan of the troika, the debt-tutorship.

This is where we need to get it right

In the first place, we reject the idea that there are no alternatives to the troika's plan. And we need to launch a counter-offensive on this question. It is already possible to do this because a sharp shift in popular perceptions has been produced by the violence of the budget cuts with the elimination of holiday and Christmas bonuses. After the 15 October and the call by the CGTP-UGT for a general strike, the situation has begun to change. This demands a more aggressive approach, to shake off the social lethargy and seize the initiative. Thus our argument should be:

- Portugal needs to defeat the troika plan, because this means impoverishment and unemployment only to end up with more debt (the biggest increase in debt ever, 125% of GDP in 2014, according to the Bank of Portugal). Ending the submission to austerity is the condition for democracy being able to decide. This is what defines the whole range of our discussions, invitations and alliances.

- We should present a plan for jobs, indicating the areas where it is possible to develop the economy: create jobs on the basis of an industrial policy based on new strategic sectors, public investment, reducing rather than increasing the working day by half an hour, forbidding layoffs in profitable companies, etc.

- The immediate alternative for boosting the economy is to print more money, and the state can do this through the state bank, the capitalization of the CGD (Caixa Geral de Depósitos, state-owned, is Portugal's largest bank), and the multiplier effect that an injection of liquidity can have on investment in jobs, the creation of new industries, exports and above all import substitution. Such liquidity should not be used to provide credit for consumption or for housing, because this will just create more debt; it must be managed by a bank of the CGD to promote industry. This is the immediate weak point in the Portuguese economy and it is by this means that the crisis can be overcome, with job creation. One further word on the printing of mon-

ey. This is a concrete alternative to leaving the euro and devaluing the escudo, and it has the enormous advantage that it doesn't damage the wages and incomes of the working class, but on the contrary allows an increase in economic activity through cheaper credit, oriented towards production and therefore making it easier to achieve a balance of payments on the foreign account.

- We support, as ever, a fiscal revolution based on taxing capital and high levels of wealth.

- But we can and should go further in recovering capital, imposing anti-speculative rules on the banks: controls on international capital movements, a prohibition on banks investing in risk funds, and the separation of commercial and speculative banking.

Secondly, and because presenting such alternatives will lead to social confrontation, we should concentrate on the struggle against the debt. Here I suggest the following approach:

- The idea of renegotiating the debt needs to take on a more concrete form: restructuring. In other words, the cancellation of part of the debt. This proposal, which was correct and grew in strength, is increasingly supported by a variety of economists, and even by politicians of different stripe.

- In the social movement and in the thick of the battle, our focus should be on a debt audit. And let's be clear: the point of an audit is to reject all of the abusive debt. That's right, it helps to refuse to pay the abusive debt. This is the coherent version of "We won't pay". It attacks the creditors where they are weakest, because they are guilty. Examples:

- In the most recent debt issues, rates were charged above the real costs, as a result of punitive and speculative interest rates. We reject this debt, which amounts to billions of euros, and we will not pay it.

- Payments for military equipment were written off by the creditor, which was the Portuguese state. This means almost 3 billion euros were lost without any legal challenge.

– The 78 billion euro debt pays 34 billion in interest. Almost 20 billion of these are abusive interest rates.

In the fight against the debt, our strongest point is then to attack the main debtors. Yes, you read that correctly, the debtors: we have to turn around the debate on the debt. And speak about the biggest debt of all. This is the most difficult thing, but also the most important, because it's aimed at the target that really matters, finance capital. That's why we need to talk about what they owe, what capital owes, to the tax payers, to the workers, to the people:

- What they took in the scandalous privatizations of public enterprises producing public goods as monopolies (water, electricity, etc.).
- What they transferred to offshore havens without paying taxes (6.6 million per day this year).
- The dividends and profits they paid themselves when they were financed by the state.
- The fiscal distortion created with the increase in taxes on labour and consumption while real taxes on profits fell.
- The outstanding taxes, particularly those of the banks, and what tax payers and other contributors paid towards these unpaid taxes through exemptions and other fiscal benefits.
- What they spent in under the counter payments and other unjustified payments.
- What they expect to receive from public-private partnerships, the great hidden quantity of the state's debt.

Just look at this debt: the more than 4 billion euro growth in public-private partnerships, equivalent to four years of confiscating Christmas and holiday bonuses, which I already referred to. These partnerships provide finance capital's biggest guaranteed return, and should be the centre of our attack. If anyone asks what the alternative is to budget cuts, here is one of the most important.

This debt has to be present in everything we say; it is the centre of the struggle against the debt-tatorship. The money for job creation and settling the external account can only come from those who are owing it, from finance capital.

This orientation has one central idea: yes, it's called resistance. And if the only alternative to this resistance that aims to build a social movement is to chase after a fantasy – nationalism, export-oriented capital, or the federalism of Antonio Jose Seguro (leader of the Portuguese Socialist Party since July 2011) – then it is surely preferable to go for resistance. As ever, we will throw ourselves into resistance with a European perspective and we will seek to build the bridges to make this resistance a European struggle. And at the national level, we will not be restricted to resistance in the trenches; we want this to be a governmental alternative, a proposal to lead the country, a global struggle, action here and now, in the streets.

And if this is to be serious politics, we need to discuss the key issue in politics: alliances. Federalism would enable us to link up with the Socialist Party. But frankly, what would be the difference between that left and the authoritarian impositions of Merkel with the EU's "European semester" for economic policy coordination? With such a political line, how could we refuse to hand over national budgets for inspection and approval by Berlin, which after all is the preferred model of the federal state? As for nationalism, that would link us up with the Portuguese Communist Party, which so far is barely murmuring about leaving the euro, walking on eggshells because it knows the fears this raises among workers who have already been scalded by devaluations and inflation. The main beneficiaries of such a strategy, export capital, flee from the idea like the devil before the cross. In other words it does nothing but give a voice to despair.

On the other hand, a platform of struggle against the austerity measures allows us to speak to the majority of these sectors, to bring them together, including sections of the SP and the CP, the trade union movement, the "indignad@s" occupying the

streets, the unemployed and precarious workers. It is in this struggle, and only in this struggle, that we can achieve our strategic aim: to punish capital and defend wages.

The general strike that was called today will be a real test of this policy. It does not seek any dream of a European state, nor does it make any demand to leave the euro. Nor could it, of course. It has the correct platform that brings together most people,

rejection of the cuts in benefits or tax increases, defence of wages and job creation. This is what is called resistance and it speaks for the country as a whole – it is the struggle for hegemony and it generates social action.

It is in this action that people learn and develop alternatives. As someone used to say, it is always from practice that come the best ideas. Let's struggle.

AUSTRALIA

Australian imperialism and the rise of China

TOM BRAMBLE · 6 April 2012

It has gone from being only 9 per cent of the size of the US economy in 1980 to 60 per cent in 2009, and the IMF anticipates that it will overtake the US by 2016 (in purchasing power parity terms), although it still lags the US substantially when GDP is measured by market exchange rates. [1] Combining its huge population with its rapid economic growth, China has made a major contribution to world economic development in the past decade: about one quarter of the entire growth in the world economy in the 2000s was attributed to China. Third, Australia and China are complementary economies: each has goods and commodities that the other needs – minerals and manufactures (and capital) respectively. China is also now Australia's largest market for services as well. [2]

China's growth is having both short and long term effects on the size and structure of the Australian economy. These effects are only going to grow in coming years. In May 2011, in a speech entitled "AustraGittins, "The giant that keeps Australia a lucky country"lia-China 2.0", Kevin Rudd told a Chinese audience that the economic relationship between the two countries was going to become far more profound: "If the changes of the last 30 years have been dramatic, this I believe is only a foretaste of what is to come". [3]

But the rise of China is not an unalloyed blessing for Australian capitalism. It also raises a key strategic question spelled out by Murdoch journalist Paul Kelly as follows:

"A new more exacting age of Australian diplomacy has arrived. As the United States moves to balance

the rise of China, the task of Australian foreign policy is to reconcile having China as its major trading partner and America as its major strategic ally." [4]

Or, as the Sydney Morning Herald's Peter Hartcher put it at the time of the 25th annual ministerial meeting between Australia and the US (AUSMIN) in November 2010:

Australia's economic interest and its strategic interest are pulling in opposite directions. On one hand, Australia has decided to double its strategic investment in the US... On the other hand, the Australian economy is daily more enmeshed in the Chinese growth phenomenon... We are giving ever deepening loyalty to the world's sole superpower yet taking ever more of our national livelihood from the potential superpower. Will the strain tear us apart? [5]

Australia is more and more enmeshed with the Chinese economy, and yet its integration into the US military alliance continues as China and America become increasingly positioned as superpower rivals. It is the tension between these two developments that lies at the heart of a series of political debates that have rippled through the Australian ruling class in recent years. These debates centre around the \$64 million dollar question: can Australia continue to reap tens of billions of dollars as one of China's preferred providers of minerals and natural resources while signing up for a more aggressive US military presence in the Asia-Pacific aimed chiefly at containing China? So far it's doing its best and hoping that the crunch never comes.

The context for these debates in the ruling class is the common agreement by all sections that the balance of world power is shifting under the impact of the two most important developments in world pol-

itics since the turn of the century – the "war on terror" and the global financial crisis. The stalemates in both Iraq and Afghanistan and the trashing of the US's reputation following the collapse of its investment banking system in 2008 have weakened the US and emboldened the Chinese. The contrast is stark: the Chinese economy grew by 70 per cent between 2005 and 2010; the advanced Western economies by a paltry 5 per cent. [6] More and more, China is developing a military capacity befitting its status as an emerging great power. Australian imperialism is faced with the quandary that, for the first time in its history, its biggest trading partner is also a threat to the military arrangements that have secured its growth over the past century.

It is not likely that the US and China are going to be drawn into direct military conflict in the near future. But the history of modern capitalism has never known a circumstance where a dominant world economic power cedes its position without a fight, nor a situation where a new power comes to dominance except by demonstration of its military prowess. The notion that the US and China can organise some sustainable and long-term peaceful redistribution of power is ruled out. Sooner or later the rise of China and the determination of the US to hang onto its dominant position is going to lead to more military tensions.

The rise of the Chinese economy

The Chinese economy has grown at a stupendous rate in the past decade. In 2010 the nation established some new landmarks, overtaking Japan as the world's second largest economy in purchasing power parity terms, Germany to become the world's largest exporter of goods, and the US as the world's largest manufacturer, ending 110 years of US dominance. [7] It is now the world's largest market for cars and the second largest producer and consumer of energy after the US. It accounts for 60 per cent of global iron ore consumption and 52 per cent of coking coal consumption. It is also the world's biggest user of aluminium and copper.

[8] China is the biggest producer and consumer of steel. In 2000 it accounted for 15 per cent of global steel production; the figure today is 45 per cent. With nearly three trillion dollars in foreign exchange reserves, China is the world's largest creditor. [9] The country matters for so many others – it is now the major trading partner of Japan, South Korea, Brazil and Chile and at times during 2010 overtook the United States as the main market for Saudi oil. [10]

Most indications are that China's role in the world economy will continue to grow. The IMF predicts that China will contribute 35 per cent of growth in the world economy between 2010 and 2015. [11] The five year plan targets adopted by the Chinese government in March 2011 give some indication of its projected economic growth. They include 36 million low cost housing units (equivalent to the entire stock of housing in the UK), a big lift in spending on health, education and welfare, increases in wages by 13 per cent per annum, a quintupling of what is already the world's largest high speed railway network, an additional 36,000 kilometres of highway (an increase of 50 per cent), a boost to spending on ports, \$300 billion on subways and the same amount again on the electricity grid, substantial investment in renewable energy, and the construction of the second new airport terminal in Beijing in a decade, as well as new airports in 54 other cities. [12]

Growth has driven serious social changes. One half of the population now live in towns and cities, up from only 20 per cent in 1980. [13] China has 170 cities with a population of one million or more. [14] Living standards have risen substantially, although so too has inequality. The proportion of China's 400 million households owning a car has gone from virtually zero to 12 per cent between 2000 and 2010. The proportion owning microwave ovens has risen from 16 to 58 per cent, while the number of computers owned per 100 households has risen from eight to 70 and mobile phones from 16 to 188. [15] Six million students graduated from uni-

versities in 2010, up from just one million in 1999. [16]

This profound domestic development has had its corollary in equally profound effects globally. As Financial Times columnist Martin Wolf notes, international relations have been completely reshaped:

"If we leave aside nuclear wars, nothing seems likely to halt the ascent of the big emerging economies, though it may well be delayed. China and India are big enough to drive growth through their domestic markets if protectionism takes hold... In the past few centuries, what was once the European and then the American periphery became the core of the world economy. Now, the economies that became the periphery are re-emerging as the core. This is transforming the entire world." [17]

China matters to the world economy not just because of its voracious appetite for imports and its role as the world's leading low cost manufacturing platform. Having accumulated massive foreign exchange reserves, it is now undertaking large scale capital export, both to developing and Western countries. In return for capital it is hoping to gain better access to international markets, privileged access to raw materials and political influence. China has helped to build commercial ports along the Indian Ocean littoral – in Sri Lanka, Bangladesh, Burma and Pakistan. [18] It has bought into mining interests across the world, including Africa, Canada and Australia. The state-owned Chinese Development Bank has teams in 141 countries and has lent money to a wide range of clients, including a \$10 billion loan to Brazilian oil giant Petrobras in 2009, and another loan of the same size to Reliance Energy of India in 2010. [19] Financial integration is accompanied by broader economic integration through energy and infrastructure projects – such as oil pipelines from Russia, Kazakhstan and Burma, or railway lines linking Vietnam, Laos and Burma with South West China. It has also been, with Russia, one of the drivers of the Shanghai Cooperation Organisation which aims to build greater regional links in

Central Asia involving some of the world's major energy producers. Such investment also helps to diversify Chinese export markets away from an excessive reliance on the US. About one half of China's exports now go to developing countries. [20]

There are, however, also some important problems at hand for the ruling class. Doubts have been expressed about the sustainability of China's growth by no less a figure than premier Wen Jiabao, who described the economy in 2007 as "unstable, unbalanced, uncoordinated and unsustainable". [21] The Chinese boom in recent years has been driven by a switch of GDP from households to investment, with household consumption down to a mere 34 per cent of GDP and fixed investment at an enormous 46 per cent. [22] Such huge expansion in the production of the means of production, while keeping down the means of consumption, is a recipe for overproduction. It is only sustainable if there are willing markets for exports, and there are limits on this.

The authorities are now trying to swing GDP back towards household consumption and the domestic market, but this transition is fraught with problems. Increased household consumption will involve both rising wages and some reduction in the very high savings ratio. Higher wages, even though already under way to some degree, pose a threat to the country's export competitiveness. Cutting the high savings ratio means addressing the reasons for its existence in the first place – chiefly the absence of a comprehensive system of social protection – health care, unemployment benefits, sickness benefits and age pensions – which forces workers to put aside money to cover personal hardship and old age. But the expenditure needed to boost social protection to this degree would require a challenge to the interests of the capitalists. [23] And workers' savings have over the years provided an enormous fund of investible resources for the state and private capitalists; reducing them would drain this pool of funds.

Labour shortages are pushing up wages for workers and are likely to do so for some years to come.

However, aspirations are rising at a still faster rate, alongside increasing resentment at growing inequality. During the Maoist era, differentials between rich and poor were relatively small; today inequality is second only to the United States. The smashing of the "iron rice bowl" – guaranteed jobs, income and social assistance – in the 1980s and 1990s impoverished many millions, and the same property bubble that is making numerous millionaires amongst the wealthy speculators is taking housing out of reach of the working class. Women workers and peasants, "migrant" workers, i.e. those who work in the big cities without equal residency rights, those from national minorities and those from rural areas, have not seen significant benefits from the restructuring of the economy. By contrast, the rich have become fabulously wealthy and show no signs of embarrassment about flaunting their wealth in the faces of the poor. Membership of the swankiest yacht clubs is burgeoning, as are sales of exclusive Western brands. [24]

Class struggle from below is on the rise. "Mass incidents" have become increasingly frequent, rising from 10,000 in 1994 to 72,000 in 2004 to 180,000 in 2010. [25] At present there is no "Tahrir Square" in China: the protests tend to be localised and isolated from each other. But the class struggle presses on. [26] Strikes by Honda workers in 2010 quickly led to more than 200 copycat strikes and protests. [27] The simultaneous outburst in June 2011 of migrant workers' struggles in the industrial heartland of Guangzhou, nationalist protest in Inner Mongolia (itself involving predominantly workers and poor peasants), and ongoing peasant struggles against the seizure of their land for hotels and industrial estates indicate the stresses that accompany breakneck industrial expansion. [28] News in July 2011 that food price inflation was running at 14 per cent indicates the pressure on workers. [29]

The regime is apprehensive about resistance by workers and the poor. It has tried to buy it off with promises of further improvements in living standards, health care and social security. But the velvet glove only hides the iron fist. Spending on do-

mestic security has now overtaken that on defence for the first time and, as *The Economist* reported in June 2011,

In the past few months the police have launched an all-out assault on civil society, arresting dozens of lawyers, NGO activists, bloggers and even artists. The Arab revolutions have spooked the leadership. From its perspective, the system looks vulnerable. [30]

And so while any notion of a "Jasmine Revolution" is not on the immediate horizon, such is the dispersed and relatively small-scale nature of the protests, it is likely that social protests will continue to escalate.

It is unlikely that working class living standards will rise sufficiently in the next five years to rebalance the economy, projections of annual increases of 13 per cent notwithstanding. The capitalist class has to keep the export engine running at a rapid rate. Chinese capitalists have found booming export markets on their Asian doorstep. Exports to India, South Korea, Japan and the ASEAN nations are all expanding quickly. Nonetheless, export trade is still very dependent on sales to the Western advanced industrial economies, the EU and the US in particular, and these now appear to be trapped in a prolonged slump. [31]

The sheer volume of exports, and China's rate of growth, in conditions of ongoing recession in the West, is destabilising the entire world economy. [32] US industry has been operating for many years in conditions of growing excess capacity and therefore underutilisation of capital stock. Only a massive expansion of business and consumer debt and US government spending during the 1990s and 2000s prevented the US economy from wallowing in Japanese-style permanent recession in this period. China, and the broader Asian world's massive export drive in the aftermath of the Asian economic crisis of 1997-98, only worsened the situation. Markets that were already straining under the weight of unsold goods produced by the Western economies sagged further as Chinese goods flooded

the world economy. China is now producing more steel than the next seven largest producers combined and exports tens of millions of tonnes.

The GFC only made the situation worse again, initially with a slump in Western demand for Chinese products, followed by the implementation of a Chinese stimulus package that went largely into infrastructure. Where this infrastructure is being used (as distinct from the ghost roads and railways that lead nowhere or the virtually uninhabited new cities being built in the interior), it is being used to move goods to the coasts for export, thereby further glutting world markets, and, by undercutting Western products, further undermining the growth of Western economies, which in turn depresses Western markets for Chinese goods. [33] China's continuing massive balance of trade surplus with the US is causing increasing tensions with the US capitalists, something that I address later in this article.

Other factors weighing on the economy include inflation running at more than 6 per cent, an asset price bubble, particularly in housing and commercial real estate, the escalation of debt held by local government investment bodies, a looming demographic bust and rapid environmental degradation. The government is trying to rein in inflation and the asset price bubble by tightening credit and is having some success at this. However, it is treading a fine line, fearing that excessive tightening will choke off investment in the manufacturing sector where profit margins are wafer thin in many areas. The central government ran a budget deficit of only 2.5 per cent in 2010 (as against 10 per cent or more in many OECD member states) but the investment vehicles established by local government boost total public sector debt to about 80 per cent of GDP, approaching the level common in Europe and the US. [34] Chinese banks have 10.7 trillion yuan exposure to these indebted local government investment bodies, meaning that the contagion factor evident with the PIIGS (Portugal, Italy, Ireland, Greece, Spain) in Europe is also a possibility in China. [35] It is not as if Chinese capitalists and foreign in-

vestors themselves are entirely convinced of the continued rapid expansion of the Chinese economy – in July 2011 the Shanghai stock exchange was less than half its all-time high in 2007.

The looming demographic bust is the other side of the demographic advantage that China has enjoyed for many years [36] – the abundant supply of young labour drawn into the cities from the countryside. The country's one-child policy is forecast to slow that influx down and the population will start to age quite dramatically in coming years. [37] And finally, environmental problems are alarming: Cheng Siwei, a leading Chinese exponent of green energy, estimates that the eco-damage is equivalent to 13.6 per cent of GDP each year, outstripping the 10 per cent growth in the economy. [38] China may face a water crisis resulting from the depletion of non-renewable aquifers of its northern plains and the receding Himalayan glaciers.

The heavily state-directed nature of economic development has played an important role in directing resources and allowing the country to recover quickly from the GFC. However, if China does slow down significantly, this will severely hurt the state. Even though, following waves of privatisation, [39] state-owned enterprises account for a much smaller proportion of value added and assets today than in 2000, according to *The Economist*: "Of 42 mainland Chinese companies in the Fortune 500 list of the world's biggest firms in 2010, all but three were owned by the government." [40] If these companies hit financial troubles, this could transmit into a serious fiscal crisis for the state.

Continued high rates of exploitation of the working class require the constant promotion of nationalism by the government, which ties into its increasing military ambitions.

China's growing military ambitions

In their books on imperialism written during World War I, the Russian revolutionaries Lenin and Bukharin suggested that any rising economic power would need a matching growth in its military ca-

capacity to defend and advance its economic interests in competition with the dominant imperialist powers. [41] China is on the rise and it is no longer willing to allow the US to dominate its neighbourhood. China has long had a large army, primarily for suppression of internal dissent, maintaining its dominance over restive areas such as Tibet and Xinjiang, fighting wars over disputed territory with India, intervening in the affairs of neighbours Korea and Vietnam and preparing for the day, it hopes, that it might take Taiwan.

Nonetheless a large army is now fairly irrelevant to the new ambitions of the Chinese state, which are framed by its desire to protect free passage for the vital oil and raw materials needed to drive its manufacturing industry and to avoid seaborne invasion by a foreign power such as it suffered at the hands of Japan in the late nineteenth century. So China is now engaged in the rapid construction of a blue water navy, a long range missile system and an air force to defend its trade routes and to exclude the movement of hostile forces (chiefly the US Navy) in the East and South China Seas. It is trying to move beyond its traditional interest in the "first island chain" to the "second island chain", within an area bordered in the east by Pacific islands such as the Marianas, Guam and the Caroline Islands, all the way to the eastern end of the Indonesian archipelago. [42]

China's military expenditure has increased more than seven times in real terms since 1990. [43] It is shortly to launch its first aircraft carrier, albeit a re-conditioned one from Ukraine. [44] It is also building more sophisticated land-based ballistic missiles capable of sinking US aircraft carriers at a distance, thereby potentially neutralising the main component of US military power in the region. The government has commissioned more than 40 new submarines since 1995 and additional ships capable of carrying cruise missiles. In January 2011, not coincidentally during a visit to Beijing by US Defence Secretary Robert Gates, the Chinese unveiled a superior new stealth fighter plane, the J-20, to complement its range of new fighter-bomber and air-

borne strike capabilities. The country is also spending billions on modernising and expanding its missile and fighter air defence systems, space warfare, including the capacity to intercept and destroy satellites, cyber warfare and, in collaboration with Russia, its strategic nuclear forces. [45]

As China develops its military capability, so it threatens the US and its allies and not just in the Pacific Ocean. In May 2011 Pakistan announced that it had invited China to build a naval base at a Pakistani port less than 200km from the mouth of the Persian Gulf, with prime minister Yousaf Gilani describing China as his country's "best friend". With a string of commercial ports built with Chinese help in neighbouring countries in the sub-continent, US strategists fear that China is becoming a power to be reckoned with not just in the Pacific Ocean but in the Indian Ocean as well. [46] Also, Beijing has blocked the US from taking harsh action against Iran, on whom it is very reliant for oil.

Mention has already been made of China's growing trade and investment interests in developing countries. This is accompanied by increased diplomatic activity in Latin America, Africa and the Middle East. And even though the aim of the Shanghai Cooperation Organisation (SCO) is primarily closer economic ties, regular military exercises conducted with Russia within the framework of SCO militates against any attempt by the US to turn that country against its eastern neighbour.

China's rising economic and military power is reshaping the world. I now turn to its impact on Australia and its US ally, starting first with the economic consequences before moving onto the military.

Benefits and opportunities for Australian capitalism [47]

The growth of the Chinese economy has had massive effects on Australia, most of them beneficial. In the very period that Japan, the country's major trading partner since 1966, has languished in permanent recession, China has emerged to throw a

lifeline to Australian capitalism. China has now overtaken Japan and in 2009-10 accounted for more than \$90 billion in trade, or 17.6 per cent of total Australian trade in goods and services, compared to Japan at only 11.5 per cent and the US at 9.6 per cent. [48] Twenty years ago trade with China only accounted for 3 per cent of the total. These figures underestimate the actual volume of trade with China because many Australian exports are landed in Hong Kong and then trans-shipped to the mainland. Chinese businesses buy Australian thermal coal to generate electricity and metallurgical coal and iron ore to manufacture steel. Major exports in 2010 included iron ore and concentrates at \$34.7 billion, coal at \$5.2 billion, nickel, copper and other ores and concentrates \$3.5 billion, crude petroleum at \$1.7 billion, and wool at \$1.6 billion. [49] China took 72 per cent of Australian iron ore exports, compared to Japan on only 17 per cent. [50] China also buys 70 per cent of Australia's wool exports.

The rate of increase of merchandise exports to China has been stunning (see Figures 1 and 2).

Minerals have lain at the heart of this growth. Between 2004 and 2009 minerals exports to China rose at an annual average rate of 47 per cent, as against manufactures which grew by 13.2 per cent and agriculture by a more modest 6.3 per cent. [51] Strong Chinese demand for iron ore helped push up its price by on average 23 per cent per annum between 2005 and 2010 (in A\$ terms), while coal rose by 8 per cent per annum. Volume growth of iron ore exports has been slower to rise, but has still doubled from half a million to more than one million tonnes, forecast to rise to perhaps two million tonnes per day by 2016. [52] Rapid growth is also anticipated in sales of LNG (liquefied natural gas) as China signed two big LNG contracts worth tens of billions of dollars in 2009-10, including the Gorgon LNG project off Australia's north-west coast which is expected to be Australia's largest ever resources development.

Figure 1: Merchandise imports (from China) and exports (to China), 1988-2011 (Monthly, in \$ mil-

lion) [53]

Figure 2: Chinese share of total Australian merchandise exports, 1988-2011 (%) [54]

Services trade is rather smaller but also growing quickly – by 18 per cent per year over the five years to 2010. [55] In 2010 exports of services to China amounted to \$6.0 billion, representing 11.4 per cent of the total, while imports of services from China were only \$1.7 billion, or 3.0 per cent of the total. [56] Just as minerals dominate merchandise exports, so education is central to services. Enrolments by Chinese students rose by an average of 16 per cent each year in the six years to June 2009. [57] Tourist arrivals are also surging. Over the years 1990 to 2008, Chinese tourist arrivals grew by 19 per cent per annum. China is also Australia's greatest source of migrants from Asia, second only to the UK, with the number of migrants from China rising from 15,000 to 17,000 in 2009. [58] Chinese migrants tend to come under the skilled migration category rather than family reunion, providing Australian capitalism with a regular infusion of new skilled labour without facing any training and educational costs.

Australia runs a big balance of trade surplus with China. The surplus in 2009-10 on merchandise trade was \$10.1 billion, and already \$18 billion for the 10 months ending April 2011. [59] Manufactures are the biggest item imported – \$34.2 billion in 2009, up by an average of 15.7 per cent annually over five years to 2009. [60] Major categories include clothing, computers and telecom equipment. [61] The significance of China for the Australian economy was shown both negatively and positively during the GFC. During the first months of the GFC Chinese growth contracted sharply – to only 6.2 per cent in the second quarter of 2009. Tens of thousands of factories along the eastern seaboard were shut down, 20 million workers lost their jobs and both imports and exports fell back quickly. The result was a sudden drop in minerals exports to China and, with this, contract prices for Australian resources. The Chinese government responded with a massive stimulus package and in-

structed banks to keep lending. The result was that the economy quickly recovered by the middle of 2009 and demand for Australian commodities resumed – between June and November 2009, Australian exports to China rose by over 10 per cent on the corresponding period in 2008. [62] The price of commodities recovered and the stage was set for what the Gillard government calls Mining Boom Mk II. Two-way investment between the two countries began to grow rapidly in the period 2006–2010, although total stocks were still very modest when compared to others [see Figures 3, 4 and 5].

Figure 3: Investment stocks, Australia and China, 2010 (\$ billion) [63]

Figure 4: Investment stocks in Australia, 2010 (\$ billion) [64]

Figure 5: Stocks of Australian investment held overseas, 2010 (\$ billion) [65]

Stocks of Chinese FDI in Australia have risen very rapidly, from a mere \$550 million in 2006 (the first year for which figures are available), or less than 0.2 per cent of the total, to \$12.8 billion in 2010, or 2.7 per cent of the total. [66] In 2009, China was the third largest contributor to new FDI, with an investment of \$5.4 billion, an eighth of all FDI in Australia in that year. [67] Chinese FDI is almost exclusively for minerals exploration and development as China's capitalists endeavour to secure supplies of resources.

Australia's resources boom: blessing or curse?

The Australian capitalist class sees definite benefits arising from the resources boom that has accompanied Chinese growth. Four big resource companies – BHP, Rio, Newcrest and Woodside – now account for 22 per cent of the market capitalisation of the ASX 200. With record prices for their commodities, the mining companies are making huge profits. The rise in commodity prices has also pushed up Australia's terms of trade – the price Australia receives for its exports relative to the price it pays for imports. The Australian terms of trade are now 85 per cent higher than the twentieth

century average, generating an additional 15 per cent in GDP each year. [68] A substantial fraction of this additional GDP is paid off to foreign investors who own large sections of the Australian minerals industry, but the residual is still a very big boost to national income. [69] The improvement in terms of trade benefits even companies with no involvement in mining or agriculture who are now paying less for imported capital equipment and oil. State governments in Queensland and WA have also benefited from increased royalty payments by mining companies and the federal government has garnered increased tax revenue from mining company profits (albeit substantially less than the growth in profits because tax liabilities are offset by deductions for capital expenditure by mining companies).

Both Treasury and the Reserve Bank have tried to estimate the flow-on effects of the mining boom. Mining may only account for 2 per cent of the workforce and 8.7 per cent of GDP but Treasury forecasts that the Asian boom, with China at its centre, will create 1.5 million jobs during the 2010s, with the value of mining output growing by 65 per cent, construction by 48 per cent, services by 35 per cent and manufacturing by 6 per cent. [70] Australian mining companies are currently investing tens of billions of dollars in opening up new mines and gas facilities which boosts demand in construction and manufacturing, about half of which feeds through into domestic suppliers. [71] While the operation of mines does not use much labour, their construction does: competition for skilled labour to build the mines and infrastructure in WA and Queensland pushes up wages for skilled workers across the country. [72] The Reserve Bank also argues that higher mining industry profits feed through to the financial sector by boosting the value of assets held in superannuation funds. [73]

Despite this rosy scenario, the resources boom has also come with costs. First, there is the obvious fact that, boosterism notwithstanding – both the Reserve Bank and Commonwealth Bank forecast growth rising rapidly to 4–5 per cent in 2011–12 –

the Australian economy is not in good shape even two years after the GFC. [74] The Reserve Bank has consistently overestimated the strength of the recovery. Economic growth is anaemic as at August 2011. Investment outside the mining sector is not strong. Job growth in the first half of 2011, at just 6,000 per month, was very modest compared to growth of 29,000 in the second half of 2010. [75] The rise in the terms of trade, while benefiting the mining sector and companies that service it, is squeezing trade-exposed manufacturing firms not linked to the resource sector and the retail industry. [76] Corporate insolvencies by the middle of 2011 had rebounded to the highest level since the GFC. [77] The high Australian dollar also has a damaging impact on domestic tourism and the education sector.

Resources are extremely prone to boom-bust cycles, such is the lumpy nature of the sector's investment and the inevitable delays in new mines coming on-stream. Over the next five years the big five Australian mining companies will add 500 million tonnes of iron ore production. Further additions will come from other big minerals producers in Canada and Brazil. Over time, supply will likely catch up with demand and prices will stop rising and may even fall. The Reserve Bank estimates that with Asian demand continuing to grow rapidly, total income for the mining companies should stay secure, but with potentially serious problems in the Chinese economy outlined earlier in this article, such predictions may well fall wide of the mark. [78]

US response to the rise of Chinese military power

If the rise of China's economic base has provided Australia with a variety of important benefits, its growing military profile is much more concerning to Australia and its US ally. In 2002 the Bush administration identified China as a "strategic threat" in its National Security Strategy and since that time the US has focused a large part of its great power diplomacy and military strategising on containing China.

The US is militarily by far the stronger power and it is using this military edge to curb China's expansion. China may have increased military expenditure sevenfold between 1990 and 2010 to \$114 billion, but this is still only one sixth of the \$687 billion spent by the US, bigger than the next 17 countries combined. Relative to GDP, the US spends more than twice as much on its armed forces (4.7 per cent) as China (2.2 per cent). [79] The US can also call on Japan (which spent \$51 billion on its military in 2010), South Korea (\$24 billion), Taiwan (\$9 billion), Singapore (\$8 billion) and, of course, Australia (\$20 billion). The US has 737 bases dotted around the world in every continent and has allies situated on China's southern and eastern borders. China by contrast has no foreign bases, least of all any close to the continental United States.

The US has 11 nuclear armed aircraft carriers, each carrying 85 aircraft, a vital part of any power with serious pretensions to dominate sea lanes. The Chinese are just about to launch their first and are still some way from making it fully operational. [80] The US has 18 ballistic missile submarines and 56 attack submarines, all nuclear-powered, capable of staying submerged for weeks at a time and all equipped with missiles that can strike targets from thousands of kilometres. The Chinese are only now getting under way with their own fleet of nuclear submarines with cruise missiles. China lags the US in the space race and satellites and in battlefield weapons, and its ability to develop more sophisticated weaponry is constrained by a US arms embargo and ban on exports of high technology. [81] While the US has the capacity to invade and occupy pretty much any country outside other major imperialist powers, China is incapable even of taking over Taiwan, let alone countries further afield. The Chinese navy may be growing but it is dispersed between the seas to Japan and South Korea to its north-east, Taiwan to its east and the South East Asian region to its south, all of which are potential threats to its security.

Nonetheless, the US cannot rest easy, safe in its status as the unchallenged superpower. The London-based International Institute of Strategic Studies commented in 2010 that it is "already clear that as a result of shifts in the global distribution of economic power and consequently the resources available for military spending, the United States and other Western powers are losing their monopoly in key areas of defence technology". [82] And it was Australia's own intelligence and foreign policy agencies and departments that produced an assessment in 2006 that:

China's longer term agenda is to develop "comprehensive national power", including a strong military, that is in keeping with its view of itself as a great power. We agree that the trend of China's military modernisation is beyond the scope of what would be required for a conflict over Taiwan. Arguably China already poses a credible threat to modern militaries operating in the region and will present an even more formidable challenge as its modernisation continues. [83]

The US is therefore carrying out an aggressive strategy to restrain China's rising military power. While the focus of the Bush administration had been on the Middle East and Central Asia, the Obama administration has been more determined to put its stamp on the Asia-Pacific region, with Hillary Clinton announcing to the world in 2009 that "we want Australia, as well as other nations, to know that the US is not ceding the Pacific to anyone". [84] In 2010 tours of Asia by Obama, Clinton and Gates were aimed at strengthening an anti-China coalition, involving Japan, South Korea, Australia, India, Indonesia and others. [85]

The US has used China's claim to hegemony over the South and East China Seas to embolden its ASEAN allies, several of whom also lay claim to parts of the disputed maritime areas. [86] China argues that disputes over maritime borders be determined bilaterally, a strategy which evidently favours the much larger country. The US is attempting to interpose itself as a "third party" in these disputes.

The US has also fostered much warmer relations with India, China's historic rival in Asia: between 2002 and 2010, the two countries conducted 50 joint military exercises. The US now supplies India with nuclear fuel and in October 2010 signed off on a \$5.8 billion sale of Boeing military transport planes. [87] The US is taking aim at China in other regions as well: Obama's visit to Latin America in March 2011 was designed to draw Brazil and Chile away from China's sphere of influence while US involvement in the attack on Libya in the following month was motivated at least partly by its desire to dislodge China's growing role in the Libyan oil industry. [88]

The US has used its continued military advantage over China to push it on strategic issues as well. It tried to use the 2009 Copenhagen Summit on climate change to force China to bear the cost of reducing the rate of increase of greenhouse gases without taking any serious steps itself. It has attempted to force China to break with Iran, thereby jeopardising its energy security and has engaged in aggressive action to push China to revalue its currency.

None of this means that the US and China are about to go to war for the foreseeable future. But a series of clashes in 2010-11 in East Asia indicate that regular skirmishes are likely. The US has been ramping up its forces in Okinawa in Japan and has been carrying out regular exercises with the Japanese (and Australian) navies close to China's major naval base. The Korean peninsula has also seen a ratcheting up of tensions. In March 2010, according to US and South Korean accounts, North Korea, a key Chinese asset, attacked and sank a South Korean warship near the disputed maritime border, killing 46 sailors. The US made a great amount of propaganda and rattled sabres about this incident; China stood firm behind the North, and the US was eventually forced to back down. [89] In November, hostilities were resumed as North Korea shelled a South Korean military installation on a small fishing island in the Yellow Sea. The US responded by sending in an aircraft carrier

strike group for joint exercises with the South Korean navy. Tensions are also rising further south, with the Philippines now upgrading its armed forces to deal with what it regards as an increasing threat from China. [90]

Clashes with the US alliance are also feeding nationalist elements inside China as more hawkish elements of the party bureaucracy find their voice. The Chinese government is not afraid to flex its muscles even in disputes with Japan, one of the US's key allies. In September 2010 China and Japan had a major diplomatic brawl which began when Japan arrested a Chinese trawler captain after his ship had, allegedly, deliberately collided with two Japanese Coast Guard vessels. [91] The dispute was resolved when after strong Chinese pressure Japan released the captain, but not before the Chinese government imposed restrictions on the export of rare mineral earths needed by Japan for the manufacture of advanced electronic equipment. [92]

Chinese militarism and Australian imperialism

The Australian ruling class is completely committed to the US strategy of containing China and defending US hegemony in the Asia-Pacific region. Economic necessity may dictate a degree of diplomacy and "good neighbourliness". Thus both Rudd and Gillard have made several trips to China since 2007 and these visits have been reciprocated by senior Chinese politicians. In October 2009 the Australian and Chinese governments signed a joint statement on the bilateral relationship, the first since 1972. [93] This comes on top of negotiations over a free trade agreement, initiated by the Howard government in 2005. The Chinese government is also funding Confucius Centres at various Australian universities to deepen academic exchanges. Senior military figures from both sides have also been involved in visits to the other country.

Despite such public displays of cordial relations, the Australian capitalist class perceives a growing threat from China in its own "backyard". Australia

has long used foreign aid as a tool to win influence in the South Pacific. In 2009, the Australian government paid \$1.08 billion in aid and soft loans to the 14 members of the Pacific Island Forum. Such aid, combined with the activities of Australian multinational capital, backed up where necessary by military and police intervention, have usually been enough to keep the island nations under Australia's thumb. China is now extending soft loans to Pacific Island states for a wide range of infrastructure projects, ranging from tuna processing plants to road upgrades. At \$208 million, Chinese aid to Forum members is still only one fifth of the Australian total, but it is beginning to register in the region. The former Fretilin government of East Timor under Prime Minister Mari Alkatiri was keen to establish greater autonomy from Australia and established closer relations with China. In 2005 his government awarded a \$400 million contract to a Chinese government-owned company to build two power plants. The fear that Timor would over time slip away from Australian control helps explain Australia's decision to send troops back to the island in 2006. Similarly, the Bainimarama military regime in Fiji has survived years of sanctions and diplomatic isolation by Australia, partly thanks to aid and investment from China. [94] The Chinese government is also striking up extensive aid and trade relations with PNG, with \$121 million pledged in 2009, up from the \$5-15 million more typical in previous years. [95]

And so, beneath the politeness that characterises formal relations between the governments of the two nations, the Australian government has responded aggressively to the rise of Chinese military and geostrategic power in the Asian region. In December 2010 WikiLeaks revealed that in 2006 then Labor Opposition leader, now Australian ambassador to the US, Kim Beazley told US ambassador Robert McCallum that Australia would always side with the US in any confrontation with China. The US embassy recorded the gist of Beazley's comments:

In the event of a war between the United States and China, Australia would have absolutely no alternative but to line up militarily beside the US. Otherwise the alliance would be effectively dead and buried, something that Australia could never afford to see happen. [96]

The whole record of the Rudd and Gillard governments has been to confirm this aggressive military posture towards China. The first clear signal was the 2009 Defence White Paper. With a commitment of \$100 billion, this represents the biggest boost to military spending since Vietnam. The government will completely overhaul the submarine fleet and put into service 12 new submarines armed with Tomahawk cruise missiles capable of hitting targets 2,500 kilometres away. There will be a new fleet of 11 frigates and air warfare destroyers equipped, like the submarines, with cruise missiles. The government is buying 100 new F35 Joint Strike Fighter-Bombers each with the capacity to refuel in mid-air, giving them the ability to strike distant targets. Under the Rudd-Gillard Labor government, military expenditure has risen from \$21.2 billion in 2007 to \$26.9 billion in 2010. [97]

The Defence White Paper was a signal to Australia's neighbours that it is prepared to strike at great distance to enforce the interests of US and Australian imperialism in the face of the growing strategic threat from China. The Chinese government well understood this, with Chinese officials describing the White Paper as little more than a "crazy", "stupid" and "dangerous" document that "risked inciting an arms race across the region". [98] The message was reinforced eighteen months later in November 2010 at the 25th annual AUSMIN meeting of the foreign and defence ministers of Australia and the US when the Australian government reaffirmed its commitment to US domination of the Asia Pacific region in the face of some US concern that Australia might want to hedge its bets given its ever closer economic relationship with China. [99] AUSMIN signalled that the US would step up its military relations with Australia. [100] And the US committed to more frequent naval vis-

its to Australian ports and more regular joint exercises with the Australian military. The Australian's Greg Sheridan explained that "This helps serve a longstanding fundamental Australian strategic interest, namely locking the US ever more deeply into a forward military, political and diplomatic presence in South East Asia". [101]

As part of a more general build-up of US military capacity in the south-east Asian region and Indian Ocean, the US will "pre-position" supplies of arms and equipment on Australian territory to allow it to respond more quickly and decisively to any threats to its interests. [102] The Pine Gap spy base outside Alice Springs will be complemented by an expanded US communications facility at Exmouth in WA, which will focus specifically on crippling China's nascent satellite and missile defence programmes. Australia has already been involved in assisting the US to develop new ballistic missile defence satellites, hosting two teams of US Air Force personnel in 2009. [103] And in 2011 WikiLeaks revealed that Australia was taking steps to acquire its own surveillance satellite to work in cooperation with the US. [104] The Sydney Morning Herald reported that "Depending on its path, an Australian satellite could contribute to strategic surveillance of countries including China, North Korea, Russia, India and Pakistan, Iran and other parts of the Middle East". [105]

In an opinion piece in the Sydney Morning Herald, Clinton and Gates said that:

"The US military partnership with Australia will continue to play a vital role, defending against present threats while preparing for those on or beyond the horizon... The importance of the US-Australia alliance extends to all elements of national power and international cooperation, efforts that will shape a more stable, prosperous region, governed by international norms and the rule of law." [106]

Clinton went on to declare that "The United States has no better friend than Australia".

Shortly after the 2010 AUSMIN meeting, the Sydney Morning Herald reported a US embassy cable revealed by WikiLeaks which indicated that despite the Coalition's jibe that the Mandarin-speaking Rudd was "soft" on China, the former Prime Minister was actually a hawk. The cable to Washington reported that at a lunch involving Rudd and Clinton in March 2009, Rudd had told Clinton to be prepared to "deploy force if everything goes wrong" in relations between China and the US. [107] Rudd confirmed that the build-up of Australia's navy projected in the White Paper was "a response to China's growing ability to project force" and that he intended his proposed Asia-Pacific Community to be a means to curb China's dominance and lock the United States into the region.

Labor's red-blooded enthusiasm for the US was demonstrated clearly during Gillard's visit to Washington in March 2011 marking the 60th anniversary of the ANZUS Treaty. Gillard told a joint meeting of the US House and Senate of her commitment to US efforts to encircle China:

You were indispensable in the Cold War and you are indispensable in the new world too. So your growing engagement with key countries in the region – like Japan, India, South Korea, and Indonesia – is enormously welcome. We will work closely with you to strengthen the fabric of these relationships and underpin regional stability... Australia in the south, with South Korea and Japan to the north, form real Asia-Pacific partnerships with the United States. Anchors of regional stability. [108]

The Sydney Morning Herald noted that Gillard "laid it on with a trowel, pledging undying loyalty to the US which made 'all the way with LBJ' look like a cold shoulder". [109] Gillard praised the butcher Ronald Reagan as a symbol of American optimism and assured those present:

You have a true friend Down Under. You have an ally in Australia, an ally for war and peace, an ally

for hardship and prosperity, an ally for the 60 years past...an ally for all the years to come. [110]

Gillard also met Senator John McCain, the leading Republican on the Senate armed services committee. McCain told the US press that China had been "acting very assertively in the region". He warned: "That doesn't mean to me that there's going to be a conflict...but it does mean to me that Australia and the United States must ensure that basics like freedom of the seas are observed by the Chinese." [111] "Freedom of the seas" is US code for its untrammelled right to dispatch its navy to every corner of the Pacific without hindrance. Gillard for her part emphasised her support for an expanded US presence in Australia:

Australia and the US need to co-operate on strategic challenges and what is happening in our region is largely determined by the rise of China. We currently have joint facilities, joint exercises. We welcome American ships to our ports and those things can be a very big part of our future. [112]

Gillard followed up her visit to Washington with a trip to South Korea, Japan and China.

She used the occasion of an Anzac Day memorial service in Seoul to bait China. At the ceremony, commemorating the 60th anniversary of the battle of Kapyong, in which Australian forces fought Chinese, she described the Korean War as a war "to defend the young republic against North Korean aggression" and "an important war in fostering and keeping democracy", overlooking the fact that South Korea laboured for decades under a US and Australian-backed military dictatorship. [113] Gillard met with South Korean president Lee Myung Bak and agreed on the need to deepen military ties, including regular meetings between the two countries' defence ministers, something that Japan and Australia had already established. The Chinese press described these commitments as "a signal for drawing in Japan and South Korea to restrain China". [114]

In June 2011, the Gillard government announced a review of the location of its military hardware and

bases in order to, as the Sydney Morning Herald put it, "counter emerging threats in the region, such as China" and to protect what Defence Minister Stephen Smith called "a significant petroleum resources energy belt" off the north-west coast of WA and off the coast of the Northern Territory. It was not mentioned but clearly the future threat was believed to be Chinese naval power. [115]

Debates within the Australian ruling class

Consideration of the economic benefits of the relationship underpin an ongoing debate amongst the Australian ruling class about how openly aggressive Australia should be in response to rising Chinese military power. There have been occasions when leading ruling class figures argued that a more dovish approach is warranted. For example, in 2004 Howard government foreign minister Alexander Downer suggested that a conflict between the US and China over Taiwan would not necessarily trigger Australia's obligations under the ANZUS Treaty. This statement caused some alarm at the US embassy. And in February 2008 the Rudd government declined to participate in a proposed four-way "dialogue" between Australia, the US, Japan and South Korea out of deference to China's concerns that the summit would be used to prepare for confrontation with it. [116]

The most vocal advocate of a dovish approach to China within the ranks of the ruling class and their advisors has been Hugh White, former senior Defence Department bureaucrat, principal author of the 2000 Defence White Paper and director of the Australian Strategic Policy Institute. White argues that the US should make space for China in order to prevent any escalation of military tensions between the two sides from which Australia could only lose:

The larger the role America plays in Asia, the better it will be for Australia, as long as that role is accepted rather than contested by the other major powers. That makes it clear that the best outcome for Australia would be for the US to relinquish primacy

and share power with China and the other major powers in a Concert of Asia. [117]

The Obama administration's aggressive posture, White argued, ill served both US and Australian interests. Obama "refused to acknowledge China as a nuclear 'peer' with whom it has a relationship of nuclear deterrence". The result was that:

China is responding by building more missiles to preserve its ability to strike at the US. And inevitably, the US in turn sees this as threatening, and the risk is that it will redouble its efforts to neutralise China's deterrent. The result is likely to be an escalating arms race. [118]

Australia, as the US's oldest ally in the region, had a special responsibility to bring the US and China together "to settle for shared leadership". The alternative, maintaining the status quo, would become very dangerous because as military tensions between the US and China rose, so the US would make greater demands on Australia to boost its military commitment, including hosting US bases and, "if war came, sending big contingents of our armed forces to fight". But even short of all-out war, "In an intensifying conflict, our trade relationship with China would, of course, collapse." [119] White is joined in his concerns by Ross Cottrill, former head of Strategic and International Policy in the Defence department, who also criticised the White Paper for targeting China in what he called a "partly confused and partly offensive analysis":

What is clear, however, is that casting China in a negative light is not essential to the pursuit of such an extension of Australian influence. On the contrary, to the extent that China has now and is likely to have in the future, rather more strategic influence and diplomatic leverage in Northeast Asia than Australia, this approach could be counterproductive even to maintaining such influence as we have. [120]

Alan Dupont, former security analyst and now head of Sydney University's Centre for International Security Studies, also criticises the military build-

up projected in the 2009 White Paper and promotes diplomacy instead. [121] There is certainly an internal logic to the more dovish position – with the US a weakening power, both economically and militarily, and China apparently on an inexorable rise, there is no obvious reason why Australia should plump so forcefully for the US as Rudd and Gillard have done. Likewise, the growing integration of South-East Asian nations into the Chinese economy mitigates their desire for a forceful resolution of their territorial disputes with their giant northern neighbour. White points out a major weakness with the Labor government's approach: even though China relies on Australia for minerals at the present juncture, this will not always be the case as "it has more supply options longer term than we have wealthy customers". [122] If China is sufficiently provoked by Australian aggression towards it, it will eventually be in a position to dump Australia as a favoured supplier of minerals and foodstuffs, costing the Australian capitalist class very dear. [123]

Opponents of the hawkish position on China are by no means pacifists. They argue that instead of developing naval power to confront China, Australia should instead devote more resources to enable it to look after the immediate defence of the country and to prevent China "from projecting armed force towards us". [124] These concerns notwithstanding, at present the Australian ruling class appears determined to press ahead with its "all the way with the USA" strategy. The White Paper represented the victory of the hard-line faction within the ruling class, comprising the senior Defence bureaucrat in charge of drafting the White Paper, Mike Pezzullo, along with Nick Warner and Angus Houston, at the time the Defence department secretary and Chief of the Australian Defence Force respectively. [125] Diplomatic and public service niceties prevent such figures arguing their case forcefully in public and so it is left to former veterans of the Defence department to take up cudgels in support of the hawks. Chief amongst these is Paul Dibb, former Defence department deputy sec-

retary, who argues that China must be forcefully contained before its power reaches the point where it could come to the view that it might win a conflict with the US. Dibb accused China of "throwing its weight about" by, for example, refusing to fall into line with Australian and US demands at the Copenhagen Climate Change conference that it bear the brunt of reducing carbon emissions, or that it allow the yuan to appreciate significantly. But it was Chinese military moves that most irked Dibb. Dibb listed the various clashes with Japan and China's claims to greater power over the East and South China Seas, describing these as "a growing challenge to regional security" before warning that "one day China will have to be taught a military lesson at sea". [126] Similarly, Ross Babbage, advisor to the White Paper and founder of the Kokoda Foundation security think tank, wrote in 2011 that:

"Australia cannot overlook the way that the scale, pattern and speed of People's Liberation Army's development is altering security in the Western Pacific... Australia has to develop an effective response. The challenge posted by the rising PLA is arguably one of the most serious that has confronted Australia's national security planners since World War II. China is for the first time close to achieving a military capability to deny United States and allied forces access to much of the Western Pacific Rim." [127]

Babbage called on the government to acquire 12 nuclear powered attack submarines as well as conventionally armed cruise and ballistic missile capability. The Australian's Greg Sheridan, a fervent advocate of US imperialism and well integrated into Washington policy-making circles, slapped down Hugh White, arguing that his 2010 essay was "the single, stupidest strategic document ever prepared in Australian history by someone who once had a position of some responsibility". [128] ALP MHR Michael Danby and director of the national security program at the Australian Strategic Policy Institute (and former spook) Carl Ungerer joined Sheridan a few days later in *The Australian* accusing White of

"appeasing" China. [129] White's critics are firmly opposed to any questioning of the primacy of the US alliance in Australian foreign policy even if this leads to increasingly strained relations with China.

In the short term the hawks clearly have the upper hand. They too have a certain logic on their side. White's proposal for a "Concert of Asia" is utopian: no imperialist power, least of all the US, is going to tolerate sharing power with a rising competitor. The entire history of the twentieth century demonstrates that the only way established imperialist powers deal with their rising competitors, if they cannot be drawn into an alliance in opposition to a common enemy, is by war. Likewise, the only way that rising imperialist powers can dislodge their more established rivals is by military means (or by bankrupting them in the course of a war). Rudd's 2008 proposal for an Asia-Pacific Community, in which China and the US would be brought together, foundered precisely on US opposition to any notion that it might share power.

Nonetheless, the fact remains that Australia is currently not forced to choose between the two sides. The US and China are not about to go to war with each other. Why then is the Australian ruling class positioning itself so aggressively towards China? At some level this question cannot be answered by reference to material facts and interests which would suggest a more balanced approach or some hedging of bets. Australia's hawkish posture can only be understood at the level of ideology and the ruling class's perception of itself as a white redoubt in Asia defined by its dependence on another "white" power. As Hugh White argued, even pressuring the US to make more space for China would involve a confrontation with Australia's "oldest and deepest foreign policy principles":

We have always believed that our security required the domination of the Western Pacific by an Anglo-Saxon maritime power... We can hardly imagine what it would be like to live in an Asia that is not led by the US. All our history and instincts therefore incline us to push the US to contest China's challenge and maintain the status quo for as long as

possible. Yet our interests and our future should incline us to push the other way. [130]

To the extent that even today the ruling class conceives itself, and thereby promotes amongst the population at large, the notion that Australia is essentially a European country, while the vast bulk of trade is with Asia and an increasing proportion of immigrants come from Asia, is testimony to the resilience of ruling class ideology even when faced with changing facts on the ground. The ideology that defined the Australian white colonial settler state – fear of the "Yellow Peril" – is likely to persist until a fundamental social rupture within the ranks of the capitalist class or a socialist revolution from below destroys it.

The ruling class is, however, rather more relaxed with Chinese foreign investment which, as we have seen, is growing quickly. Nonetheless, the fact that Chinese investment in the Australian resources sector is something that benefits both parties does not mean that it does not raise tensions. Some recent examples demonstrate the salience of the "China bogey". In February 2009, China Minmetals made a bid for the zinc and copper assets of Australian resources company OZMinerals for \$1.4 billion. The bid was rejected by the government on national security grounds – the proximity of OZMinerals' Prominent Hill mine to the Woomera weapons testing range. Only once Prominent Hill was excised from the deal did the sale get government approval.

Much more significant, both financially and politically, was the \$19.5 billion bid, also in February 2009, by Chinese company Chinalco for a minority stake in Rio Tinto. This would have been by far the biggest Chinese investment in Australia. With Rio in deep strife and the Australian dollar falling sharply, Chinalco moved in. The Chinese bid triggered panic by BHP Billiton which feared that a major Chinese customer for Australian iron ore would also hold several seats on the board of a company which was one of Australia's big two suppliers of iron ore, allowing it to push down contract prices. [131] BHP lobbied the government to delay any announcement by the FIRB. With the price of

commodities recovering after the GFC, taking Rio out of financial difficulties, BHP and Rio Tinto announced a joint venture to combine their WA iron ore operations, strengthening their near monopoly position and thus their bargaining hand with Chinese steel producers. [132] Although BHP's objections to Chinalco's bid could be understood in terms of cold hard cash, the government's reluctance to sign off on the deal was undoubtedly underpinned by fear of China amongst sections of the ruling and middle classes – Nationals Senator Barnaby Joyce and Independent Senator Nick Xenophon kicked off a public campaign to have Chinalco's investment in Rio Tinto rejected. [133] It is very unlikely that Joyce or Xenophon would have uttered any concern had Chinalco been a US or British company.

There have been rumblings too around the issue of Chinese purchases of farm land. In July 2011, Liberal MPs held a "robust discussion" about the news that Chinese state-owned coal company Shenhua Watermark had spent \$213 million buying 43 farms in rural NSW. Country Liberals raised concerns about "sovereignty and food security". [134] Nonetheless, with big profits at stake and more to come, neither the Coalition nor Labor leadership was willing to encourage opponents of Chinese investment. Shadow Treasurer Joe Hockey cautioned against the Liberals taking up the issue, as did the leaders of the Labor federal caucus. Treasury has vehemently opposed the establishment of a more detailed register of land ownership, something proposed by the Greens, also fearing that it would deter Chinese investment. It might also point out that the whole thing is something of a racist beat-up. Just as many figures in the ruling class have the opposite concern – that "red tape" is scaring away Chinese investors who are opting instead to invest in South America. [135]

The Marxist theory of imperialism

I have argued that a war between China and the US is not likely in the foreseeable future. Does such a prognosis vitiate Lenin and Bukharin's theory of

imperialism, which suggests that intensifying economic and geopolitical competition between the major imperialist powers of the day is likely to spill over into war, as occurred with such drastic consequences in 1914 and 1939? Does my prediction, by contrast, give credence to the argument that monopoly capitalism is more likely to create conditions of peace than war?

The notion that growing economic competition would lead to peace was put most forcefully in the early twentieth century by Karl Kautsky of the German Social Democratic Party. Kautsky argued that imperialism expressed the interests of the finance sector and some other monopolies, but that most sections of industry had an interest in peace. Moreover, he also developed the theory of "ultra-imperialism" which suggested that the major powers could agree to exploit the world jointly, rather than fighting to divide it up. Famously, and unfortunately for Kautsky, World War I broke out shortly after he published an article in which he argued that the time for wars had passed. However, Kautsky still maintained that there was no necessary connection between imperialism and war:

There is no economic necessity for continuing the arms race after the World War even from the standpoint of the capitalist class, with the possible exception of certain armaments interests. On the contrary, the capitalist economy is seriously threatened precisely by the contradictions between its states. Every far-sighted capitalist today must call on his fellows: capitalists of all countries unite! [136]

Kautsky has his modern day equivalents, including US academic Michael Hardt, who wrote on the eve of the US attack on Iraq in late 2002:

"The common interests of the global elites are most visible in the economic sphere. Business leaders around the globe recognise that imperialism is bad for business because it sets up barriers that hinder global flows. The potential profits of capitalist globalisation...depend on open systems of production and exchange. This is equally true for the captains

of capital in the US. Even for the US industrialists drunk on oil, their real interests lie in the potential profits of capitalist globalisation." [137]

Lenin was scathing towards Kautsky's conception that war could be replaced by peaceful coexistence. The capitalist states could not organise some peaceful sharing (and expansion) of the world market for the same reason that the capitalists cannot organise themselves into sustained cartels: there is always an incentive for one of their number to break the cartel for short term advantage. They could form alliances but, Lenin wrote:

"Peaceful alliances prepare the ground for wars, and in their turn grow out of wars; the one conditions the other, producing alternating forms of peaceful and non-peaceful struggle on one and the same basis of imperialist connections and relations within world economic and world politics." [138]

Lenin and Bukharin's theory of imperialism served as a crucial guide for revolutionaries in the years from 1914 to 1945. [139] It suggested that economic tension between the great powers would constantly give way to wars. It provided yet another reason to overthrow capitalism as the two great wars led to tens of millions of deaths. It also explained why any international body that might emerge to regulate competition between the great powers, such as the League of Nations, could not bring about peace between nations but would serve only to divide the spoils of war between the victorious powers and keep down the defeated powers, thereby only preparing the ground for new wars, as occurred in 1939.

After 1945, the Marxist theory of imperialism seemed to have less to say. There was superpower competition between rival state monopoly capitalist powers, just as the theory predicted, but no new outbreak of war between them. Had the theory therefore lost its relevance? Two factors help explain the absence of any hot war between the two Cold War rivals. First was the prospect of a thermonuclear war and the destruction of the contending sides. There was a kernel of truth in the imperi-

alists' argument that the build-up of nuclear weapons on both sides preserved the "peace". But absence of a direct clash did not mean peace in any genuine sense – their imperialist rivalry was spun off to the edges of their empires in the form of proxy wars designed to preserve influence, or block the rise of the other, in Africa and Asia. The result of these wars was millions dead; hardly peace! And the preservation of "peace" in the heartlands of imperialism also meant class war at home, with the working class on both sides of the Cold War divide exploited at an intensified pace to pay for the immense military apparatuses piled up by both superpowers and oppressed politically, as opposition to their own ruling classes was ascribed to treachery and "aid to the enemy". Nonetheless, the feared nuclear exchange did not happen.

It was not just that there was no war between the USA and the Soviet Union, but there was also no revival of the Franco-German military competition which had produced three major wars in the previous three quarters of a century. Nor was there a fresh war over the Pacific between the US and Japan. The second factor explaining the prolonged absence of war between members of the Western bloc was the overwhelming economic and military hegemony of the US. For several decades, US leadership of the Western bloc, expressed in the form of the Bretton Woods system and NATO, allowed all of the Western "free market" capitalist economies, including Japan, to expand under Pax Americana. The US encouraged France and Germany to resolve their differences in the framework of the European Economic Community. In circumstances of the long post-war boom, individual European capitalist states and Japan could prosper without recourse to war.

These developments, while they were certainly not predicted by Lenin and Bukharin, did not mean that the Marxist theory of imperialism had been rendered invalid. It just meant that war in the imperialist heartlands was suppressed for decades. And, as I have argued, it certainly did not mean peace.

And so, today, the framework provided by Lenin and Bukharin helps to point to the fault-lines in the world imperialist system. It demonstrates why the world capitalist system has inbuilt tendencies to fresh wars, as is obvious with the growing rivalry between the US and China and the relocation of potential hot war flashpoints from Europe to Asia. And, with the fundamental reordering of the world economy as the US declines and China rises, and with US hegemony even over its own sphere of influence in the Western hemisphere much less assured, the potential for the US to use military muscle instead of relying simply on economic leadership is heightened. But there are also important counter-tendencies which need to be recognised.

Both China and US capitalists benefit from an open world economy. For China, the internationalisation of the world economy under US hegemony that has occurred over the past 30 years has created an economic space in which it can find markets. And thus, it is not just the US, but China and, for that matter Russia and the EU too, that have been keen to extend the world trading system underpinned by the US dollar. China is a member of APEC, the WTO, the G20 and all the other neoliberal international forums. China has benefited from the decision in 1998 by the US to play the role of "importer of last resort" in order to prevent Asia sinking into a prolonged recession. The US's large domestic economy, engorged by debt, provided a huge market for Chinese exporters over the following decade. Even though Chinese bosses have been increasing trade relations with Asia, it is still the case that one third of all Chinese merchandise exports go to the US. Chinese capitalism also benefits from the inflow of foreign investment which brings not just funds but also managerial and technical expertise which is absorbed into the broader Chinese business sector.

If Chinese capitalists benefit from the status quo, so too do the American. China recycles its huge trade surpluses into purchases of US Treasury bonds, thereby enabling the US to fund its public debt and keep interest rates low. Low interest rates in turn helped sustain the consumer debt bubble of the

1990s and 2000s which sucked in further Chinese exports. And it is not just the US that has been living off Chinese foreign investment – China is also buying European government bonds, including those of the PIIGS, thereby helping to shore up the international financial system. [140]

China also provides US capitalists with a low-wage platform for outsourcing operations. Total foreign direct investment in China rose from \$1 billion in 1985 to \$106 billion in 2010 and this has generated billions of dollars in profits for Western (and East Asian) investors. Nearly 60 per cent of "China's" exports are actually exports by US multinational companies with operations in China; for high tech exports, the figure is closer to 90 per cent. [141] A portion of the surplus value produced by Chinese workers is thereby appropriated by US capitalists. Cheap Chinese exports of household goods, by reducing the cost of living for US workers, have also helped American business cut wages at home. And, finally, China has provided an important market for US exporters, in particular aerospace companies such as Boeing and the IT industry.

The interdependencies between the great powers help to explain the coordinated stimulus action and the decision by the major powers to avoid recourse to higher tariffs at the height of the GFC in early 2009. The capitalist states appeared to have come to the conclusion at the time that any short term gains that each could have won by acting in a unilateral manner would have been outweighed by the damage that such action cost to the system as a whole. The US and China are locked into Mutually Assured Financial Destruction just as the US and Soviet Union were earlier locked into its thermonuclear version. The Chinese government holds \$1.2 trillion in US government bonds but it is this very storehouse of wealth that is now also a source of weakness. The Obama administration is now trying to pursue the same mercantilist strategy followed very successfully by China in the 2000s: keep wages low and keep the currency cheap in order to boost exports. Austerity and unemployment are taking care of the first. Quantitative easing – the

flooding of world markets with hundreds of billions of US dollars – was designed to take care of the second, albeit without much success. [142]

The Chinese government is now feeling the heat because the intended dollar devaluation threatens not only its export machine (by pushing up the value of the yuan) but also the value of its holdings of dollar-denominated securities. It can retaliate by shifting out of US bonds and replacing the US dollar with yuan in trade with its Asian neighbours, thereby reducing its exposure to this currency risk. [143] The US is extremely susceptible to such a threat – this is the first time in world history where the leading superpower is also the largest debtor. Any Chinese withdrawal from US bond markets would have devastating effects on the US as it would lead to a collapse in market confidence in the US dollar and would force up bond yields to PIIGS-levels. The Congressional deadlock over extension of the US debt ceiling in July 2011 would be a minor tremor compared to the earthquake that would follow from China dumping the dollar. This gives China enormous leverage; as Hillary Clinton remarked to Rudd in 2009: "How do you get tough with your banker?".

Nonetheless, the Chinese government dare not use this weapon of mass financial destruction. A sudden collapse of the US dollar and its domestic market would also hurt China by slashing the value of its foreign exchange reserves and depressing its major export market. The Chinese government may blame the US for the GFC but it has no wish to see the US economy collapse. US academic R. Taggart Murphy writes:

China now faces much the same dilemma that Japan began to wake up to some 35 years ago: its economy is now so intertwined with that of the US and it has such a huge position in dollar markets that it cannot walk away from its support for the existing order without doing irreparable damage both to that order and to its own short- and medium-term economic prospects. [144]

Such is the interdependence of the US and Chinese economies that both sides understand the consequences of a major disruption to bilateral trade, but each side continues to nuzzle at the other. The G20 forums are used not just to oil the wheels of international financial and economic exchange but also for each imperialist, both global and regional, to push its own interests. China and the US have also been trading accusations at the WTO, each blaming the other for dumping product onto their markets or subsidising their domestic producers. And if the capitalists could act "rationally" from the perspective of the stability of the system as a whole during the GFC, this has not been the case since the worst of the crisis passed. The decision by every Western state to slash government spending in 2010-11 in a wave of austerity budgets only depresses the world market. The very anarchy of the capitalist market means that individual states are willing to wreck the entire world economy if they perceive some sectional benefit in doing so.

China is not just hostage to the US financially. Its relative military inferiority means that it also depends on the power of the US in several areas of mutual interest. China is dependent on US military power in the Middle East to guarantee the free flow of oil to world markets. While it may not fall into line with the US in relation to Iran, Libya or North Korea it is also not openly boasting of its ambition to challenge the US empire. China is not willing to aggressively back enemies of the US, whether in Latin America, the Middle East or Central Asia. A stark contrast can be drawn with US-Soviet relations in the Cold War when the Soviet Union trained, armed and financed guerrilla movements fighting US allies around the world, or when the two sides fought bloody and sustained proxy wars, as in Korea in 1950-53. In short, Chinese imperialism is growing, but it is doing so very much in the shadow of the US empire.

For its part, the US sees no need to launch an immediate attack on China. It evidently cannot seize the Chinese land mass and is content to draw a red line around Taiwan. A Chinese attack on Taiwan,

however, would definitely change the equation – but this is not in any way an immediate prospect; far from it. The Beijing and Taipei administrations are currently enjoying warm relations. And a war with China would immediately jeopardise the billions of dollars of US investment that US corporations hold in that country and, not least, wreck the entire world trading system that provides great benefits for both sides.

None of this means, however, that Kautsky was right, albeit perhaps a century too early. Inter-imperialist competition is fraught with tension with possibly bloody consequences, just as it was during the Cold War. Rational calculation by both sides tells each that now is not the time to rush to war against the other. Nonetheless, this is only a tactical judgment based on the current balance of forces, not a renunciation of the principle of war for the settling of capitalist competitive rivalry. The clout that each national state can bring to bear on behalf of "its" capitalists in negotiations with its rivals is ultimately determined by its capacity to wage war. Even if this is not expressed in the actuality of war, the possession of substantial means of war-making fundamentally shapes the outcomes. It is still the power of the US armed forces that allows US companies to set up operations in China on the best commercial terms. And if there were several reasons for the US invasions of Afghanistan and Iraq, asserting US power in the centre of world oil production was certainly one of them. As it happens, the failure of the US to achieve decisive victories in both those theatres of war has allowed China to make ground in Asia, Africa and Latin America negotiating long-term energy deals in areas long dominated by US interests.

Extensive trade and investment links have historically been no barrier to war. Business between the US and Germany and Japan was rising rapidly in the interwar years and only began to taper off once the US government realised that these countries were encroaching on its interests. And the US government had no hesitation in ordering the US Air Force to bomb Germany in World War II even

though it was home to hundreds of millions of dollars of investments by Ford, General Motors, Standard Oil and ITT. When the clash between imperialists reaches a point of no return, any short term calculations of the cost of war are pushed into the background: the very survival of the imperialist power has to be defended regardless of the expense.

Tasks for the Australian working class

The rise of China is upsetting the dominance that the US alliance has enjoyed in the Asia-Pacific for decades. As the US stumbles in its military ventures, as it is challenged by the rise of democratic movements in the Arab world, and as it remains mired in a prolonged recession, the US is all the more determined to use its status as the world's only military superpower to contain China. Military tension in the Asia-Pacific region is rising as the US struggles to hold onto its leading role.

This situation suggests a series of tasks for the Australian working class. We may not be on the eve of a third world war, but this does not mean that military conflict between the US and China or the allies of each is unthinkable. The ruling class is willing to spend tens of billions of dollars every year on the military to project the interests of Australian business in the Asia-Pacific region. But there is no reason why workers should support such spending (money that could otherwise be spent on health, education and pensions), as its purpose is to defend the interests of the very same big businesses which rip them off every working day. The main enemy of Australian workers is not the Chinese government but our own capitalist class and its state. We have no interest in supporting attempts by our rulers in their efforts to improve their position as part of the broader US alliance against China, and therefore Australian workers must refuse to take sides in the debates between different wings of the capitalist class about how best to pursue Australian imperialist interests. Military rivalry is built into the system of capitalist competition and opposing militarism and war means opposing the capitalist system under which

such conflicts are inevitable. The Australian workers' movement has every interest in defending the interests of workers both in Australia and around the region in opposition to the various military strategies put forward by the capitalist class.

Running counter to the tradition of imperialist manipulation of our region has always been an alternative tradition which is worth keeping alive – one of working class internationalism. Examples include the wharfies' black ban on BHP shipments of iron ore to Japan during its invasion of China in 1937 and their support for the Indonesian struggle for independence after World War II. They include the action taken by the wharfies and seafarers to halt the shipment of military equipment to Vietnam in 1966 and 1967, and the call in 1969 by Victorian trade unionists for Australian soldiers serving in Vietnam to mutiny. Australian workers demon-

strated their solidarity with the anti-apartheid struggle in the 1970s and 1980s by refusing to handle goods and air transport to South Africa and in the same decade, the wharfies repeatedly refused to handle US nuclear-armed warships visiting Australian ports.

The working class today has to reject claims that we cannot afford a decent welfare state when the government outlays \$36 billion on a new fleet of submarines. It also has to reject the racism that has been used since the establishment of the colonial states and express solidarity with every struggle by the Chinese working class for their freedom. As Marx and Engels argued in the conclusion to *The Communist Manifesto*: "The proletarians have nothing to lose but their chains. They have a world to win. Workers of all countries unite!" [145]

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