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Workers and the poor to pay for the crisis

WELL, the era of the “Celtic Tiger” has definitely passed, and we are facing into the era of the Celtic Nightmare, as the present Government with this budget drops the mask of being a “caring” Government for “all the people.” You could split your sides laughing at the Minister for Finance calling on the people to be “patriotic” if it was not such a serious time for the Irish working class and our country.

As we showed in the last issue of *Socialist Voice*, it was clear from statements coming from the Government and the constant stream of economic experts on radio and television and in the newspapers, all demanding that the Government rein in day-to-day spending, that the budget was going to be one of slash-and-burn of public services.

The burden for solving the crisis was going to be placed on the backs of the poor and working people. It is estimated that 300,000 people in Ireland are living in consistent poverty, which means they are deprived of basic necessities, including adequate heat, food, or clothing.

Research published by the Combat Poverty Agency shows that more than 700,000 people are living on an income of less than €220 per week. So much for Government policies tied in to “social partnership,” in which a commitment was given to eliminate consistent poverty by 2016.

The Government has produced a budget that includes

- a 1 per cent levy on workers earning up to €100,000 (gross earnings) and 2 per cent on €200,000 and over;
- a charge of €100 for visiting a hospital emergency department if you have not first visited your local doctor;
- a charge of €200 on free car parking



provided by employers, which will make commuting to work more expensive;

- a cut in children’s allowance for eighteen-year-olds, which will result in a drop to families of €1,000 from 1 January 2009 and €2,000 in 2010, and the ending of child benefit for eighteen-year-olds from 2010;
- an increase in pensions of €7 a week from next year;
- an increase in fuel allowance of €2 a week, to €20 per week;
- a reduction in job-seekers’ allowance of three months;
- an increase of 0.5 per cent in the higher rate of VAT;
- changes to child benefit for children aged five and a half, which will result in a loss of €550 per year to some households.

The increase in welfare payments of 3.3 per cent will not be enough to match inflation and the rising cost of

Campaign for Cancer Services in Sligo

fuel, food, and other basic necessities. The 1 per cent levy will hit low-paid workers hardest, though the unions secured a commitment from the Government that those on the minimum wage of €8.65 per hour would be excluded—this despite the fact that the unions negotiated an extra 0.5 per cent in the national wage agreement now being voted on for what they termed low-paid workers earning just over €11 an hour.

The Government estimates that it will get €1 billion in additional revenue from the levy; and we know from experience that once such levies are introduced they become permanent.

This is just an increase in tax by another name. As figures from the Central Statistics Office clearly show, nearly 10 per cent of people living in consistent poverty are in fact in employment. This levy, therefore, will further reduce their income and drive the working poor further into poverty.

Those who have been made redundant will face a three-month reduction in the period in which they receive the “job-seeker’s allowance” as they join the tens of thousands of workers chasing after fewer and fewer vacancies.

The increase in VAT will also disproportionately affect working people and the poor, as they spend most of their disposable income on basic neces-

“

Human bees, has nature only
Given you honey, given you wings?
Those are drones that flock about you—
Has she given you no stings?

”

—Georg Herwegh, “Song of Unity for the General Federation of German Trade Unions” (1864), translated by E. Louise Mally.

sities. It is estimated that consumer price inflation is increasing at a rate of more than 4 per cent, with many households already struggling to cope.

Education has also come under the hammer. Irish children already experience one of the highest pupil-teacher ratios in Europe and will be further disadvantaged with the possible loss of another 1,200 teachers from the primary system and 1,000 from the secondary system.

This will lead to further social disruption as more children leave our education system with learning difficulties, causing frustration and alienation in working-class communities. How can any society call itself just or democratic if it refuses to provide decent education to all children?

Given the assault on working people in this budget—and it's clear that future budgets will not be any better but in fact will be a lot worse—where is

the labour movement? The national debt will go through the roof, as a number of banks will be calling on the Government's rescue package. The National Pension Fund will probably be raided to recapitalise the banks, pouring workers' pensions down the drain—good money after bad.

Why is the labour movement not demanding the establishment of a state development bank to begin the necessary task of building a more stable and sustainable economic base, built on our own resources? Shouldn't we be putting the National Pension Fund into a state bank, and all other pension funds, and using it as seed capital?

Then we could seriously talk to people about patriotism, and let them lodge their saving in a safe and secure place that could be used to develop our country as our people see fit.

Why should we bail out the banks? This is all about socialising the debts of

banks and finance houses, speculators and other gangsters while profits remain firmly private and, in most cases, offshore. This Government is making workers pay for a deeply flawed, unjust and bankrupt system.

There is no fear that the rich in our society will be standing in queues waiting for a hospital appointment. Their children will not go every day to overcrowded schools with overworked and stressed-out teachers. Their pensions are well secured, and their vast wealth will be safely offshore, where no-one can touch it.

After nearly a decade of multi-million profits made by banks, finance companies, speculators, and developers, where have all these profits gone?

Those who frequented the Fianna Fáil tent at the Galway Races over the years have been richly rewarded. The appeal to patriotism—like taxes—is meant only for small people.

The wealthy are living on our backs

A Bank of Ireland private banking report last year revealed that

- 1 per cent of the population hold a third of the wealth, with assets of €100 billion in 2006 (excluding the value of housing).
- Including house property, the richest 1 per cent hold 20 per cent of the wealth, the richest 2 per cent hold 30 per cent, and the richest 5 per cent hold 40 per cent.
- There were 33,000 millionaires in 2006, of whom 3,000 had between €5 and €30 million and 330 had more than €30 million.
- Over the "Celtic Tiger" years, from 1995 to 2007, the personal wealth of the richest 1 per cent of the population grew by €75 billion.
- In 2006 alone, Irish people invested €8 billion in overseas property; in 2007 the figure was €11 billion.
- €41 billion was invested in commercial property in the period 2001–06, and much of that money was in turn invested in commercial property outside Ireland.

Yet the Revenue Commissioners' figures state that there are only 7,857 taxpayers with an

income of more than €275,000 and indeed only about 25,000 with an income of more than €150,000.

Going on tax returns, our wealthy elite is mostly made up of couples who each earn between €75,000 and €137,000.

According to the Bank of Ireland, about 40,000 people in Ireland share personal assets of €100 billion, yet there are fewer than 8,000 households with a declared taxable income of more than €275,000.

On the one hand we have figures that suggest that the elite was increasing its wealth by an average of at least €10 billion a

year in the last few years; on the other hand the Revenue Commissioners assess the total income of the highest-earners at only €4.7 billion.

These figures make it clear that a relatively small group of people made vast fortunes from the "Celtic Tiger." One can only conclude that the very rich have been able to keep the bulk of their wealth outside the Irish tax system.

As all the tribunals, present and past, have shown, in the 1980s and 90s the rich secured their wealth by illegal tax evasion. But over the last decade the Department of Finance and the Fianna Fáil coalition Governments allowed wholesale legal "tax avoidance." They allowed their rich backers the means to escape paying tax—the elite that has creamed off €75 billion.

These are the people who lecture us on patriotism, on tightening our belts. They tell us we have too many public-sector workers; that we are all living beyond our means; that private health is good for us (so they can make plenty of profits from it); and that small government is good (as it gives them more room to make bloated profits).



There is an alternative

IRELAND has one of the most open economies in the world, depending largely on foreign capital, particularly from American companies. We have a thousand large transnational companies that can decide the fate of thousands of workers, with no stake in Ireland's development.

The governments of the day, from the 1970s and 80s, pursued Thatcherite and Reaganite policies of allowing the so-called "free market" to decide policy for the national economy. This meant abandoning any policy of measuring the real wealth of a country in all its functions of looking after the welfare of the whole people, by developing our national resources, concentrating on a standard of living based on the real value of goods and services, rather than encouraging a consumer spending society (one of the highest-spending in Europe) and allowing bank credit to expand beyond the real productivity of the country's work force.

In joining the EEC (now the European Union) the government handed over control of finance, social policy, national resources, and foreign policy. Assurances of national control were, and are, for public consumption, while politicians wholeheartedly embrace the ideology of dismantling services and pursuing aggressive market policies.

The economies of capitalist countries could survive only by massive credit creation, with ever-increasing divergence from real industry and agriculture. Because of the presence of socialist countries, workers in capitalist societies had the power to extract better working hours, pay, and conditions, because of the fear of their turning to socialism.

With the demise of socialism in Europe and Asia and the availability of the newly impoverished workers and the markets of those countries, capitalism got a temporary boost. To encourage individual consumption and to remove people from a sense of responsibility towards their fellow-humans, the ideology promoted was one of "personal development" and "getting on." Advertising promoted individual success, life-style scenarios, and aspirations of wealth. A false idea of freedom was promoted, with the free movement of workers peddled as a desirable way of living rather than the ruthless exploitation of migrant workers that it is.

The rich traded in shares, buying and selling companies for profit, with no interest in what was being produced; and banks allowed loans of massive amounts without corresponding deposits. Governments issued paper money not linked to the real national production of the economy, and so a vast weight of fictitious money

expanded the supposed wealth of countries. Finally, as debt grew, what was real and what was fictitious cannot now be unravelled.

What really happened was that in all the so-called developed countries the gap between rich and poor widened. A section of workers were bought off with the expansion of credit and the availability of low-cost consumer goods, at the expense of the workers in developing capitalist countries. Tax relief and credit allowed the production of inappropriate housing, and unneeded services.

By stealth, the social structure of society has been weakened

Now, as wages are lowered, the need of capitalism for constant useless consumption cannot be satisfied, because workers are in debt, the cost of essential services has rocketed, and newer, low-cost capitalist countries are at the earlier stage of workers' exploitation, with the power of European countries and the United States rapidly declining. The consequence for workers in those countries is that, by stealth, the social structure of society has been weakened, and privatisation has all but eliminated public services. Threats of unemployment and cuts in wages are now the sword hanging over our heads.

In these conditions, what can workers do? Give in to threats, or fight?

The first thing is to expose the structure on which wages and public services are based. Our economy is measured by rules set by economists who subscribe to an economic system that says that "private enterprise" creates wealth, that governments are there to back it up and to provide welfare to its casualties in order to prevent citizen uprisings.

The available government spending is based on its ability to raise taxes on wealth and income. The amount it allocates depends on the cost of supplying those services. Rules such as those governing public spending as a proportion of the gross domestic product* are constructs, and are limited by the power of the owners of property and wealth. The present EU rule of allowing only 3 per cent of GDP for public spending is a manifestation of the policy of limiting services to the people

by the power of the state, or groups of states, on behalf of the owning class.

We need to get back to what is real: real production, real services, evaluation of what is really needed

The distribution of national wealth will be better if organised workers are willing to challenge these dogmas. We need to get back to what is real: real production, real services, evaluation of what is really needed. We need a movement to reclaim public services from the clutches of private companies that charge a fortune for them. Then we can reduce our public spending in a real way.

In Ireland, because of our size and the openness of the market, constrained by EU rules, we have a hard task; but people are aware that things can't go on as they have been, and alternative movements are growing all over the world.

**Gross domestic product (GDP) is the market value of all the final goods and services produced in a country in a year, plus the value of the goods and services exported, minus the value of goods and services imported. This includes government spending.*

[DUB]

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What looks like 6 per cent, sounds like 6 per cent, but isn't 6 per cent?

From the “transitional agreement under Towards 2016”:

Private sector

A pay pause of three months (including the construction industry).

A pay increase of $3\frac{1}{2}$ per cent for six months.

A pay increase of $2\frac{1}{2}$ per cent for twelve months—or, for workers on €11 per hour or less on the date the increase falls due, an increase of 3 per cent.

Public sector

A pay pause of eleven months.

From 1 September 2009 a pay increase of $3\frac{1}{2}$ per cent for nine months.

From 1 June 2010 a pay increase of $2\frac{1}{2}$ per cent—except for workers earning up to €430.49 per week (€22,463 per annum) on that date, who receive a 3 per cent increase.

(Source: *Industrial Relations News*, 23 September 2008.)

Some low-pay workers to get “extra,” but workers on lower pay to get less.

If that sounds bad to you, it gets worse!

Public-sector workers on €415.94 a week at the beginning of the proposed agreement will, after an eleven-month pay pause, receive an initial increase of $3\frac{1}{2}$ per cent followed by a final $2\frac{1}{2}$ per cent increase for the remainder of the agreement, i.e. one month. They will not qualify for the extra $\frac{1}{2}$ per cent increase, as the initial $3\frac{1}{2}$ per cent increase will result in a weekly rate of €430.50—1 cent above the low-pay threshold of €430.49.

Public-sector workers who do qualify for the extra $\frac{1}{2}$ per cent will be compensated with an additional €2.08 a week for the one month that remains of the agreement—in other words, €9.01!

This figure will be reduced for those now earning less than €415.93, as their extra $\frac{1}{2}$ per cent will be worth less in real terms, because—as is often repeated—percentage wage increases discriminate against the low-paid, and consequently the discrimination increases the lower the pay.

The application of the terms in the private sector will mean that those workers on €10.64 per hour are disqualified from receiving the extra $\frac{1}{2}$ per cent, as a first-phase $3\frac{1}{2}$ per cent increase results in an hourly pay rate of €11.01, thus

pushing those workers 1 cent beyond the threshold of €11 per hour.

And those now earning €10.63 or less will qualify for an extra $\frac{1}{2}$ per cent, which at best will be worth 5 cents extra per hour (€10.63 × 0.5%), or 4 cents extra per hour if they are on the minimum wage (€8.65 × 0.5%).

So where's the 6 per cent?

In real terms, the proposed pay agreement's 6 per cent increase has a compound value of 6.09 per cent, as the final-phase increase of $2\frac{1}{2}$ per cent accumulates on the initial $3\frac{1}{2}$ per cent increase.

That said, workers should calculate what extra money they will accumulate as a result of this agreement using one of the following formulas and not be distracted by the headline figure of 6 per cent:

$$\text{Private sector: } [(3.5\% \text{ of ME}^* \times 6) + (6.08\% \text{ of ME} \times 12)] \div (\text{ME} \times 21) \times 100$$

$$\text{Public sector: } [(3.5\% \text{ of ME} \times 9) + (6.08\% \text{ of ME} \times 1)] \div (\text{ME} \times 21) \times 100$$

*ME: monthly earnings.

So, for example, if a private-sector worker at the start of the agreement is earning €2,000 a month:

$$[(3.5\% \text{ of } \text{€}2,000 \times 6) + (6.08\% \text{ of } \text{€}2,000 \times 12)] \div (\text{€}2,000 \times 21) \times 100$$

$$= [(\text{€}420) + (\text{€}1,459.20)] \div (\text{€}42,000) \times 100 = 4.47\%$$

Putting it another way, private-sector workers, despite the headline-grabbing 6 per cent increase, will experience only a 4.47 per cent increase in their earnings for the proposed 21-month agreement to protect them from inflation etc.

Using the same formula, a public-sector worker has a much lower increase in aggregated earnings for the same monthly salary of €2,000:

$$\text{Public sector: } [(3.5\% \text{ of ME} \times 9) + (6.08\% \text{ of ME} \times 1)] \div (\text{ME} \times 21) \times 100$$

$$[(3.5\% \text{ of } \text{€}2,000 \times 9) + (6.08\% \text{ of } \text{€}2,000 \times 1)] \div (\text{€}2,000 \times 21) \times 100$$

$$[(\text{€}630) + (\text{€}121.60)] \div (\text{€}42,000) \times 100 = 1.79\%$$

If accepted, this deal is worth a 1.79 per cent increase in accumulated earnings for the public sector.

That's what you call real distribution of wealth!

[CC]

Child care under attack

CHILD-care workers, parents and management representatives of child-care service providers have called on the Minister for Children and Youth Affairs, Barry Andrews, to abandon the Community Childcare Subvention Scheme, which has seen funding for child-care projects in Dublin cut by 42 per cent since 2007.

The drop in funding has resulted in a significant increase in fees, which is hitting low-income families particularly hard. Working parents have experienced increases in fees ranging from 50 per cent to 166 per cent since 2007. The survey was carried out by the Dublin Inner City Partnership.

“For some parents these increases are simply unaffordable, and they have had to take their children out of child care,” said the SIPTU branch organiser, Gerry Flanagan. SIPTU convened a meeting in mid-October of some of



those involved, including care workers, parents, and managers. The outcome of the meeting was a clear consensus among everyone who attended the meeting that quality, affordable child care, with quality jobs, must be a priority for the child-care service.

Community Childcare provides high-quality, affordable child care, mainly in socially disadvantaged areas around the country. It allows parents to have access to employment and training courses by providing affordable child care. More importantly, the service

plays a crucial role in the social, intellectual and personal development of children during their most critical years.

Workers in Community Childcare

are highly trained, generally have FETAC level 5 qualifications and a university-level qualification, yet in many instances they are very poorly paid. In general they earn just above

the minimum wage. This means that well-trained and skilled staff members often find themselves unable to remain in the service in the long term, because of financial pressures.

Apples, ideas, and workers

LABOUR is not a commodity like an oversupply of apples, waiting passively in barrels for prices to drop in order to be purchased. Labour can mobilise and resist wage cuts, seek increases in living standards, or change the entire system to suit its own needs and aspirations.

Capitalism therefore faced one of its greatest threats during the Great Depression. The rival economy of the new Soviet Union was industrialising, while millions were out of work in the western economies. Workers in those countries were increasingly looking east for an alternative to unemployment and hunger.

At first capitalism colluded with fascism as a means of eradicating the communist alternative, until fascism failed to behave. Capitalism was eventually shored up more respectfully with the adoption of Keynesian economics. Indeed many on the left believed they could manage capitalism better than the capitalists.

This utopian notion ignores the uncomfortable fact that capitalism can have only one manager, and that is the self-serving market. Keynesian economic theory states that the government should endeavour to regulate capitalism. This is attempted by the use of fiscal and monetary policies to smooth the cyclical nature of free-market capitalism's booms and busts. It can also incorporate the redistributive policies of the welfare state, which help provide for health, education, and a lifetime income (Wallerstein, 2001).

However, welfare redistribution need not be progressive and can be self-financing and spread over a worker's lifetime for periods of non-working (Pierson, 1999), can be intra-class as opposed to inter-class (Hyman, 1975), and even redistribute upwards, away from the working class (Hills, 1994): ask any worker who carries the tax burden in an economy for anecdotal evidence of regressive "redistribution."

Not surprisingly, given Keynesianism's alleged benefits, eventually most of the right wing accepted state intervention and redistribution policies. This reached its crescendo in 1971 with Richard Nixon's statement that "we're all Keynesians now." Until the mid-1970s neo-liberals were just a Menshevik faction on the right; twenty-five years later all this had changed, as demonstrated by Bill Clinton's statement in 1996 that "the era of big government is over."



Hayek



... and friend

As Milton Friedman (1998) proclaimed, "to judge from the climate of opinion, we have won the war of ideas. Everyone left or right talks about the virtues of markets, private property, competition, and limited government."

George (1999) believes that one explanation for this triumph of neo-liberalism is that the neo-liberals understood—as many on the left did not—that "ideas have consequences." George also believes that neo-liberals understood the concept of cultural hegemony, as articulated by the Italian communist Antonio Gramsci.

Starting from a tiny nucleus in the Economics Department of the

University of Chicago led by Friedrich Hayek and Milton Friedman, the cadres of neo-liberalism have created a very influential cultural hegemony. The so-called "Chicago Gang" and their financial sponsors have created a huge international vanguard of think-tanks, foundations, institutes, research centres, publications and academic circles to spread their free-market ideas.

When the fragile class compromise of Keynesianism inevitably began to collapse because of the market forces of rising inflation and falling growth in the early 1970s, the ideas of neo-liberalism subsequently achieved their "great leap forward" with the election of Margaret Thatcher and Ronald Reagan.

But its theories were tested before the hegemony of Thatcherism and "Reaganomics." "Neo-liberalism in one country" was presented with almost laboratory conditions to test its thesis: in Chile in the mid-1970s.

After the fascist coup against the democratically elected government of the Marxist Salvador Allende on 11 September 1973, led by the CIA-backed dictator Augusto Pinochet, the Chilean economy began to collapse. By 1975 inflation was rampant. Pinochet handed over the running of the economy to a group of thirty Chileans who had studied economics at the University of Chicago.

But the links between neo-liberalism and the Chilean dictatorship do not end there. Interviewed in 1981 while connected with a right-wing think-tank in Pinochet's Chile, Hayek was asked, "In your view, should we have dictatorships?" He replied: "Personally I prefer a liberal dictator to a democratic government lacking liberalism."

Hayek's apprentice, Friedman, the author of a book curiously called *Capitalism and Freedom*, also had close connections with Pinochet's Chile. In 1998 Thatcher herself had no qualms about inviting Pinochet around for tea when he visited London two weeks before his arrest.

Some people are surprised that so-

called democratic capitalists can be fellow-travellers with undemocratic regimes. In prevailing capitalist cultural hegemony, capitalism and democracy are presented as inseparable.

However, the history of capitalism demonstrates that universal adult suffrage is only a recent prop to the capitalist structure. Historically, people have been denied the vote on grounds of class, sex, race, religion, and colour. That those excluded were eventually enfranchised was the result of political struggle and the state conceding democratic reforms in order to dampen down more radical threats.

But if the great unwashed were to be given the vote, economics and politics would have to be separated, as Polanyi (1944) observed in relation to nineteenth-century Britain: "When the Chartist Movement demanded entrance for the disinherited into the precincts of the state, the separation of economics and politics ceased to be an academic issue and became the irrefragible condition of the existing system of society."

This point was not lost on one particular member of the British Parliament, who claimed that he saved Ireland from Chartism because, among other reasons, the call for universal manhood suffrage would lead to "a violation of all property" (Boyd, 1976). Today the main street in Dublin is named after him.

Polanyi also states that the architects of the American Constitution isolated and protected private property from the wishes of American voters.

At the beginning of a new century, we are witnessing the even greater separation of democratically elected parliaments from the market. The free-market fundamentalists use every means at their disposal in capitalist hegemony to argue that neo-liberal reforms, structural adjustments, liberalisation, deregulation, privatisation and curbs on workers' rights and trade union power will result in a neutral, level playing-field.

Non-intervention in the market, they pronounce, will result in economic prosperity, and a "trickle-down" effect

will raise living standards for all. But government non-intervention is not neutral when such inaction actually favours powerful property-owners against the weak, namely workers and the poor.

In 1997 a United Nations report (UNCTAD, 1997) stated that since the early 1980s and "the deregulation of domestic markets and their opening up to international competition . . . the world economy has been characterized by rising inequality and slow growth."

Annual rates of growth in gross domestic profit from 1950 corroborate the UN report. Between 1950 and 1973—the Keynesian era—global growth (including the Soviet and ex-Soviet countries) was 4.9 per cent. From 1973 to 1998 it dropped to 3 per cent, a fall of 38.7 per cent (Felix, 2003). Global GDP further declined to 2.7 per cent between 1990 and 2001 (*Monthly Review*, 2002).

Neo-liberal hegemony also fails the 45 per cent of the world's population who live on less than \$2 a day and who are trapped in poverty, hunger, and disease. In twenty-four African countries GDP per capita is less than in 1975, and in twelve countries it is even below its 1960s level (Milanović, 2003). Furthermore, environmental damage is written off by capitalism as an economic "externality," as if it's someone else's problem.

Regarding the Soviet Union and other former socialist countries, growth in GDP has declined in every country except Poland. In Russia, Georgia, Moldova, Ukraine and Tajikistan it has declined the most. Throughout these "transition" economies the level of poverty has risen from 14 million in 1989 to 147 million in 1998 (Macionis and Plummer, 2005; Swift, 2004).

In a World Bank publication, Milanović asked a number of "uncomfortable questions," one being why the best "pupils" among the "transition" economies—such as Armenia, Georgia, Kyrgyzia, and Moldova—after emerging as new economic entities in 1991, with no debt, and following all the instructions and advice of neo-liberalism, are seeing their GDP halved and in need of debt write-off.

Despite neo-liberalism's falling growth and rising inequalities, we are increasingly exposed to Thatcher's proclamation that "there is no alternative." In 1992 Francis Fukuyama of the US Department of State went as far as to claim that because of the dismantling of the Soviet Union the world has come to the "end of history." But "neo-liberalism is not a force like gravity but a totally artificial construct; you can also understand that what some people have created, other people can change" (George, 1999).

To convince people that there is no alternative to neo-liberalism, those with alternative ideas on how societies should allocate limited and finite resources must be marginalised. Perhaps that is why, nineteen years after the fall of the Berlin wall, we still have a UN-condemned embargo against Cuba. Keep all the bad apples—or is it ideas?—in one barrel.

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- International Brigade Commemoration Committee:
homepage.ntlworld.com/e-mckinley/ibcc.html
- Ireland-Palestine Solidarity Campaign: www.ipsc.ie
- James Connolly Education Trust: www.iolie/~sob/jcet
- Latin America Solidarity Centre: www.lasc.ie
- Peace and Neutrality Alliance (PANA): www.pana.ie
- People's Movement: www.people.ie
- Progressive Film Club: www.progressivefilmclub.ie

[JC]

Three setbacks for the United States in Latin America

BOLIVIA, in the high Andes mountains of South America, is the home of an ancient civilisation, conquered by Spain in the sixteenth century. The silver mines of Potosí enriched the Spanish kings and their bankers, providing much of the seed capital for the growth of western European capitalism. The indigenous population was reduced to servitude.

The wars of liberation brought no change to the mass of the people, as power came into the hands of an oligarchy that allied itself first with British and then with North American imperialism.

Following the robbery of the silver, an equal wealth of tin was extracted from the country. After so much wealth, Bolivia is now the poorest country in South America, even though a third bonanza has now been discovered, in oil and gas.

In 1985 Bolivia was a victim of economic shock therapy, under the supervision of one of the “Chicago Boys,” Jeffrey Sachs (who went on to help Boris Yeltsin destroy the Russian economy) and directed by Gonzalo Sánchez de Lozada, also a Chicago graduate and one of the wealthiest men in Bolivia, later president. This resulted in the further impoverishment of the already miserably poor majority of the people and the opening up of the economy to transnational corporations. Even the provision of water was privatised.

Social movements, drawing on a long history of struggle, succeeded in reversing this privatisation and prevented the sale of the oil and gas resources. In 2003 they forced the resignation of Sánchez de Lozada, who fled the country to avoid prosecution.

Evo Morales, one of the leaders of this struggle, was elected president in 2005—the first indigenous president in a land with an indigenous majority. The new government reversed the privatisation of water and nationalised the oil and gas. Bolivia joined the Bolivarian Alternative for the Americas (ALBA), along with Cuba, Venezuela, and Nicaragua, a programme aimed at economic co-operation for independent development in Latin America.

Inevitably, the new alignment was not acceptable either to the wealthy bourgeoisie and landowners or to the United States. The right-wing parties retained their position in the richer eastern lowlands, around the city of Santa Cruz. Their strategy was to try to separate the eastern departments and insulate them from the reforms being carried out by the new government, and to block the implementation of the



Evo Morales

new constitution. The prefects (governors) of these departments worked closely with the US ambassador, Philip Goldberg, who had previously served in Kosovo in separating that province from Serbia.

Morales countered their campaign by calling a referendum on his own position and that of the prefects of the departments. He received the endorsement of 67 per cent of the vote—an increase of 14 per cent on his original election—and two of the right-wing prefects lost their positions. Four, however, were confirmed in office, and they launched a rebellion against the “tyrant” Morales.

Armed gangs attacked government supporters, took over government offices, closed down radio and television stations, and dynamited the gas pipeline. They even attacked the police, who did not retaliate. In their actions they demonstrated their fascist and racist character.

The worst incident was in the northern department of Pando, where armed gangs organised by the prefect opened fire on a peaceful crowd of indigenous people, killing at least eighteen. The *Irish Times* reported that up to thirty people had been killed in “clashes.” This was not a clash: this was a massacre. The *Irish Times* has not issued a correction.

The attempted coup was a complete flop. No incidents that could be blamed on the government were created, and if

any generals entertained thoughts of joining, they had second thoughts. The army remained neutral throughout the crisis, not moving against the gangs in Santa Cruz or protecting government buildings. Only when the president declared a state of siege in Pando, after the massacre there, did the military take any action.

The US ambassador was expelled for his role in the conspiracy. This time he has no success to report: there was no war, and no breakaway province. He was in Indian territory, and the Indians defeated him.

For the United States there was worse to come. The new organisation of South American states, UNASUR, held a summit meeting in Santiago, Chile, and declared its support for the government of Evo Morales, for the democratic process, and for the territorial integrity of Bolivia.

For such a meeting to take place without the presence of the United States was a blow in itself. As Noam Chomsky put it, “The significance of the UNASUR support for democracy in Bolivia is underscored by the fact that the leading media in the US refused to report it.”

The rebel prefects were now isolated. They had no support from any neighbouring state; one of their number was under arrest, charged with organising a massacre; the social movement was organising a march on Santa Cruz; and the campaign to ratify the new constitution by referendum is unstoppable. Reluctantly, they agreed to enter talks with the government. The *Irish Times* reported that Morales had agreed to talk to them under pressure from UNASUR—strange!

At the time of writing, the prefects have still not signed an agreement with the government. They are still trying to block the new constitution, and demanding autonomy on their terms.

There was another failed coup, in

There is a permanent conspiracy against Venezuela, organised from the United States

Venezuela, and another US ambassador sent home. The plotters, retired and serving military officers, had the misfortune to have their mobile phone conversation broadcast on state television —how they were going to hijack an air force plane and attack the presidential

palace. This was shortly after President Chávez had announced the amnesty for the participants in the 2002 coup. I hope there will be no amnesty for these plotters. They demonstrate that there is a permanent conspiracy against Venezuela, organised from the United

States.

Another setback for the United States was the ratification by referendum of the new constitution of Ecuador, with a majority of 64 per cent. Not a good September for George.

[SE]

Russia's place in the world

SINCE the abolition of the Soviet Union, Russia has been desocialised and demodernised. A prosperous modern society with full employment, social cohesion and universal social welfare has been turned into a capitalist nightmare.

Those who danced for joy at the liquidation of the Soviet Union might like to consider the following facts (gathered from the statistical reports of the United Nations and the Russian press) that show contemporary Russia's place in the world.

1st place for murder: In 2005 alone 30,800 murders were officially reported, not including approximately 20,000 people per year disappearing without a trace.

1st place for the consumption of alcohol.

1st place for the spread of AIDS.

1st place for smoking by children.

1st place for disparity between workers' and politicians' wages: The pay of a government minister (not counting embezzlement, which is normal practice) is more than 100 times the average wage.

2nd place for suicide (Lithuania is in first place): More than 50,000 suicides per year are reported.



"I'm orphaned and homeless . . ." Russia takes its place in the free world

2nd place for prison population (the United States is in first place): Russia has the second-highest propor-

tion of its population in jail.

2nd place for the murder of journalists (Iraq is in first place): 147 Russian journalists have been murdered since 2005.

2nd place for children being sexually molested by foreigners.

3rd place for child pornography: Approximately 12,000 cases per year of children being sold or trafficked are reported.

3rd place for cults: Russia is third-highest in the world for the spread of new religious, occult and other cults, most of them being introduced from abroad.

3rd place for growth in number of millionaires (the United States and Germany are first and second): There are now 53 billionaires in Russia, mostly criminals.

134th place for life expectancy: Russian men now have a life expectancy of 58; for women it is 72.

Source: *Molodohvardieje* (Minsk).

Revolutionary songs

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"The banks are made of marble"

Words and music by Les Rice

I've travelled round this country,
From shore to shining shore;
It really made me wonder,
The things I heard and saw.

I saw the weary farmer
Ploughing sod and loam;
I heard the auction hammer
A-knocking down his home.
But the banks are made of marble,
With a guard at every door,
And the vaults are stuffed with silver
That the farmer sweated for.

I saw the seaman standing
Idly by the shore;
I heard the bosses saying,
"Got no work for you no more."
But the banks are made of marble,
With a guard at every door,
And the vaults are stuffed with silver
That the seaman sweated for.

I saw the weary miner
Scrubbing coal dust from his back;
I heard his children crying:
Got no coal to heat the shack.
But the banks are made of marble.
With a guard at every door;
And the vaults are stuffed with silver,
That the miner sweated for.

I've seen my brothers working
Throughout this mighty land;
I prayed we'd get together
And together make a stand.
Then we'd own those banks of marble,
With a guard at every door,
And we'd share those vaults of silver
That we have sweated for.

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