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# INTERNATIONAL VIEWPOINT

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News & analysis from the Fourth International - October 2007 - # 319

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The Burmese crisis, its roots and the urgency of solidarity



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## International Viewpoint

IV is the English-language review of news and analysis published under the auspices of the Executive Bureau of the Fourth International. appears in a monthly .pdf document and online at:

[www.internationalviewpoint.org](http://www.internationalviewpoint.org)

We reply on readers' donations.

-- By bank transfer to Barclays Bank, 876-878 Stockport Road, Manchester M19 3BP, Britain; account number 40259691; sort code 20-26-20. From outside Britain, our IBAN code is: IBAN GB30 BARC 2026 2040 2596 91. Our bank's SWIFTBIC code is: BARCGB22.

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## Ecuador

# Challenges facing Correa's government and the new constituent assembly

*Eric Toussaint*

**QUITO - Within less than a year Rafael Correa has won four election battles (the two rounds of the presidential elections at the end of 2006, a referendum on the election of a constituent assembly in April 2007, and elections of the constituent assembly members on 30 September 2007).**

While all right-wing parties had been campaigning to block Rafael Correa's party, calling it a communist threat, 'Alianza Pais' won over 70 to 80 seats out of 130, which means it can count on a comfortable majority to draft and vote the new constitution. Moreover it should be able to rely on the support of such left-wing movements as MPD and Pachakutik to introduce in-depth democratic changes into the country's political structure. Election results for the constituent assembly are more favourable to change than in Bolivia where President Evo Morales's party and supporting movements do not total the two thirds of seats required for a new constitution to be voted in. This may explain the current political deadlock in that other Andean country.

Even the large media, a vast majority of which had clearly sided against Rafael Corréa during the election campaign, now prudently seem ready to change tack. The parties they supported have been so overwhelmingly disavowed that they (temporarily at least) tune down their attacks against the president and his party. Indeed the right-wing and centre-right parties (Christian democrats – UDC – and social democrats – ID) were completely crushed. PRIAN, the party of the banana tycoon Alvaro Noboa, who had been defeated by Rafael Corréa at the second ballot for the presidential elections last year, will not get more than 5 percent of the constituents' seats. The Social Christian Party, a traditional pillar of the Right, is thoroughly routed. Former president Lucio Gutierrez just managed to save 15 to 18 seats. This took them by surprise since poll surveys predicted modest scores for the candidates that Correa supported. The cautious evolution of the media is however still limited and they give very little air time to Rafael Corréa or the leaders of his party. The President speaks on the radio every Saturday. Various private and community radios broadcast his speech live. A public radio and television channel will open in a few weeks' time.

Alberto Acosta, whom I met a couple of days ago, says that the new constituents are faced with a very tight schedule.

They will have to draft a new constitution within six months. 45 days later a referendum will be organised on the proposed text. The last months in 2007 and the year 2008 are full of democratic ballots: referendum on the content of the constitution as well as most probably election of a new parliament and new presidential election. Indeed Rafael Correa is said to want to bring his presidential mandate to a premature close (long before its normal conclusion at the end of 2010), so as to further buttress his popular support and to begin a mandate under the terms of the new constitution. If this scenario goes through, if the Ecuadorian democracy is not smothered by a military coup, by the end of 2008 Ecuador might have a new democratic constitution, a new parliament (in which Correa's party could presumably count on a majority of seats which is not currently the case) and a newly elected president. This opens the way what could be to far-reaching economic and social reforms.

Economist Alberto Acosta, one of the former leaders in the campaign for the cancellation of the debt, [1] is likely to chair the new constituent assembly. He will suggest that they work in thematic commissions and in plenary meetings. In so far as the public debt is concerned, he intends to invite the Commission for a Comprehensive Audit of Internal and External Public Debt (CAIC in Spanish) to participate in the sessions of the constituent assembly's economic commission. The new constitution could include a clear definition of the conditions under which the State government and local authorities are allowed to contract public debts, as well as repudiating odious debts and fixing a maximum amount which can be used for reimbursing debts. For instance the constitution could specify that the part of the State budget devoted to paying back the debt can never exceed the amount allocated to education and health.

A few days after the election victory of 30 September 2007, Rafael Corréa's government announced that oil companies operating in the country would have to pay a larger share of their benefits to the State. This should bring the State slightly over one billion dollars additional revenue, which could be devoted to social expenditure.

This measure is highly appreciated by the population. Furthermore, Rafael Correa's government wants the banks to lower their interest rates, which are currently very high. A few months ago parliament, still with a right-wing majority, voted against a bill lowering interest rates. The parliament has become most unpopular. Surveys carried out after September 30 indicate that the majority of the electors are in favour of the current parliament resigning and being replaced by the constituent assembly.

The population expects a lot from Rafael Correa. His radical discourse has persuaded most Ecuadorians that a fundamental change is both necessary and possible if the president has a clear majority. President Rafael Correa wants to drastically reduce the portion of the budget allotted to repaying the country's public debt. At the same time he wants to increase social expenditure. Will he actually suspend payment of some debts in 2008? Will he repudiate the many odious and illegitimate debts the country is burdened with? [2] This is not at all certain, and this for a number of reasons. The main one is that with higher oil revenues the government considers

it can still repay the debt while gradually increasing social expenditure. As indicated above, in order to implement this policy it has raised the portion of their revenues that oil companies are to pay to the state and it has decided to borrow on internal and external markets so as to restructure old debts. The latter policy is hardly advisable since it does not take into account the dangers looming over Ecuador and most developing countries, namely a rise in interest rates (a large part of the new loans are with banks that practise variable rates) and a fall in the market price of oil or other raw materials. It is likely that the Commission for a Comprehensive Audit of the Debt (CAIC) will be able to clearly identify odious and illegitimate debts. Will the government still repay them in order to avoid international tensions with creditors and tensions at home with the large private corporations that still control a large part of the country's economy? This essential debate will take place in 2008. Will Rafael Correa choose the way of a fair and sovereign solution to illegitimate debts? We hope so but this is not certain.

At the level of Latin American regional integration, the creation of the Bank of the South, which was announced for June 2007, has been delayed because of reticence on the part of Brazil. However, an important ministerial meeting took place in Rio de Janeiro on the 9th and 10th October 2007, during which a series of obstacles were lifted. In spite of Brazil and Argentina's attempt to go back on the one-country-one-vote ruling (which was ratified in May-June 2007) and which had been put forward by Ecuador, it would seem that the meeting did finally agree on this democratic ruling. The Bank of the South, whose headquarters is to be in Caracas, should normally come into being on 3rd November 2007 in the Venezuelan capital city.

The path to social reform is full of pitfalls. Several left-wing presidents have won elections in Latin America in past years by promising to break with the neoliberal policies of their predecessors, but few of them have actually kept their word. Let us hope that Rafael Correa will stay the course and that he will succeed in implementing social justice with democratic policies. So far his strategy has increased and comforted popular support for change. It has also laid down the necessary conditions for a democratic change in the institutions. It has further reinforced the country's independence towards the United States while strengthening Latin American integration. This is a lot already.

The situation in Ecuador must be followed closely. On Friday 19 and Saturday 20 October 2007 CADTM is pleased to welcome in Brussels a delegation from Ecuador led by Minister Ricardo Patino, who is in charge of the auditing of the debt and of the creation of the Bank of the South. The delegation will speak about debt auditing in the Congress room of the Belgian senate on Friday and Saturday (see programme). On Friday evening (8.00) at the Jacques Brel youth hostel a talk will be given on "Challenges facing Correa's government and the new constituent assembly."

*Translated by Christine Pagnouille and Elizabeth Anne*

■ *Eric Toussaint is President of the Committee for the Cancellation of the Third World Debt (CADTM).*

## NOTES

[1] Alberto Acosta has published several books as well as over one hundred articles on the debt. In 2003 he took part in a seminar organized by CADTM in Brussels on current changes in Latin America.

[2] See the chapter on the Ecuadorian debt "Ecuador at the cross-roads" in *Les Crimes de la dette*, CADTM-Syllepse, Liège-Paris, 2007. The text is also available online [www.cadtm.org](http://www.cadtm.org) It was translated into Spanish, English (see <http://www.cadtm.org/spip.php?article2767>) and Japanese.

## Other recent articles:

## Ecuador

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[The challenges for the new government](#) - February 2003

[The caudillo and the class struggle](#) - December 2002

["There exists the danger of a civil war"](#) - May 2001

## Brazil

## National March in Defence of Rights

[Tárzia Medeiros](#)

**Under the strong morning sun, on October 24 the Brazilian Capital was changed into the Red Capital in defence of our rights, conquered for the Brazilian people throughout many years of struggle and threatened by the neoliberal agenda implemented by the Lula government.**

Sixteen thousand militants participated in the National March, organized for the trade union movement (INTERSINDICAL, Conlutas, ANDES, etc.), left parties (PSOL, PSTU, PCB), movements of Without Land (MTST, MLST), youth movements (FOE - Front of Opposition to UNE, Conlute, etc.) and other social movements. They had come from 26 Brazilian states and some of them had travel 40 hours by bus to Brasilia.



The National March in Defence of the Rights represents resumed popular pressure against the neoliberal reforms and the privatizations of the Lula government and its allies. The reform of the pensions, labour reform and the education reform are some of the targets of the mobilizations in this next period. But the militants had also mobilised against the payment of the public debt and the payment of the primary surplus. While the march happened, Lula participated in a meeting with some of the 100 most powerful entrepreneurs of the country, demonstrating his commitment to the national and international sectors of capital.

With much creativity, the participants had used music and theatre to make their protest. The lyrics warned: *"um, dois, três, quatro cinco, mil. Ou pára essas reformas ou paramos o Brasil"* ("one, two, three, four, five, thousand. Stop these reforms or we will stop Brazil"). Performances of theatre had used dolls that symbolized the corrupt politicians, that danced with the doll of Corruption, to the sound of music "Tango do Covil" (music of Chico Buarque).

The Party of Socialism and Liberty (PSOL) was present, with union militants, parliamentarians and its President Heloísa Helena. In the opinion of Heloísa, it was the persistence and the collective unity that had guaranteed the accomplishment of the march against the reforms of the Lula government and against corruption in politics. She also said that the socialists need to have the courage to say to the Brazilian people that those who participate in the corruption used to benefit to groups of politicians in exchange for votes, are the same ones that agree to the current economic policy and that, therefore, the corruption in the country is one of the main mechanisms used to extinguish the rights of the workers.

The following day had a great national meeting in Brasilia, with all the movements that had organized the victorious march. This meeting approved an agenda for unified struggles during the next months, and summoned all the movements that had been with us in the past activities, but not had decided to participate in the march. That is the case with the MST which had signed the original appeal for the march but then pulled out at the last moment.

▀ *Tárzia Medeiros is a militant active in the World March of Women and member of National Direction of the Party of Socialist and Liberty (PSOL) in Brazil.*

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**Thailand****18th Constitution approved!**

The Kingdom of Thailand, champion of democracy?

*Danielle Sabai and Jean Sanuk*

In September 2006, the prime minister of Thailand, Thaksin Shinawatra, twice elected by universal suffrage, [1] was overthrown by putschist generals claiming to save an endangered democracy. [2] On Sunday August 19, 2007, 45 million Thai voters were called to decide on a new Constitution drawn up last September by a group of so-called “experts” in democracy and other false representatives of society, selected and handsomely remunerated by the ruling military junta.

**“Yes” but...**

To no great surprise, Thais approved the new draft Constitution by 56.69% to 41.37%. The question was not really whether the “yes” camp would win, since the junta and the government had given it all the means necessary to victory, but what the rate of abstention would be and how much support there would be for a “yes” vote. From this point of view, with only 57.61% of voters and 1.94% spoilt

ballots (25.9 million out of a total of 45 million electors), one cannot say that the new Constitution met with great support from the people. Nor did the result give any legitimacy to the putschists, the number voting “for” being a good deal lower than the number of votes obtained by the Thai Rak Thai (TRT), the former party led by Thaksin Shinawatra in April 2006 (16 million votes).

The junta was far from being sure of obtaining the clear and clean victory which it needed to legitimate the military coup. The government did not hope for more than 23 million voters but it expected a “yes” vote close to 70%. It counted on being able to rely more or less on around 5 million public employees and their families, who had been strongly “encouraged” to vote yes, and on a great number of the million voters in the south of the country who traditionally vote for the Democrat Party. [3] The opponents of the new Constitution would be split between the partisans of a “no” vote and the supporters of a boycott of the referendum. In the towns, numerous groups of opponents [4] refused to be involved in a process linked to last September’s coup. In the countryside, many villagers did not feel concerned by a debate which seemed very distant from the difficulties of their daily life — in particular the cost of living and indebtedness. Many people received the text of the Constitution but few read it, reading it being far from easy. In the North and the Northeast, the poorest provinces of Thailand, their vote was rather about showing their unhappiness with the military junta and their attachment to Thaksin. Thus if the South, the centre and Bangkok voted in their majority for the “yes” camp, the North-East voted massively “no” (63%) sometimes very broadly as in the provinces of Nakhon Phanom (76.42% “no”), Roi Et (74.97% “no”) or Mukdahan (74.71% “no”). [5] The North, the other bastion of Thaksin, voted 45.8% against the new Constitution, obliging the military to recognise that division remains profound in a country where national unity and the negation of the existence of class interests form part of a knowingly constructed mythology.

**A well orchestrated “yes” vote**

The government appointed by the junta was nonetheless given all the necessary resources to favour a clear and clean victory of the “yes” camp and thus legitimise the new Constitution. At least 30 million bahts [6] were spent to pay for publicity campaigns in favour of a “yes” vote in the media, to distribute 18 million examples of the Constitution under a yellow cover (the colour of the king – an indication as to which way it was necessary to vote). [7] The campaign was marked by meetings filled with villagers, again dressed in yellow, who were offered between 100 and 300 bahts, [8] a meal and free transport to attend the meeting. According to “The Nation” general Sonthi stated that army officers had been sent into the countryside so as to make better understood to the people what democracy meant. [9]

In a public speech, the prime minister designated by the junta, Surayud Chulanont, warned: that to campaign for a boycott or “no” vote could be recognised as illegal when the law calling the referendum took effect. [10] According to this law, to use influence to change the result is illegal. “Any person who organises disturbances, obstructs or does

anything liable to disturb the referendum” could be sentenced to up to ten years in prison, a fine as high as 200,000 baths (4,400 euros) and a 5 years ban from participation in political life. According to the Asian Human Rights Commission, \*it is clear that the main purpose of the law is to intimidate and silence persons who don’t share the official view”. [11] At the local level, the propaganda has been supported by all sorts of intimidation and use of force by the police against “no” vote activists - physical aggression against spokespersons, seizure of campaign material, imprisonment of protesters, threats against certain categories like the Bangkok taxi drivers who sported a sticker saying “we drive customers, not the Constitution”... On the contrary, Sonthi Boonyaratkin, the head of the ruling junta and coup leader found it perfectly justified to request his subordinates to campaign in favour of the “yes” vote. [12]

Of course, the royal family, which had endorsed the military coup of September 19, 2006 from the beginning, [13] also gave the thumbs up to the “yes” camp . In a speech on the occasion of his 75th birthday, king Sirikit requested that Buddhist monks who had organised a campaign of rejection of the Constitution stay outside of the political debate. This campaign had begun following the refusal by the designated “Constituent Assembly” (CDA) to give Buddhism the status of state religion. It is true that the civil war in the Muslim extreme south had no need of this supplementary provocation.

Beyond these manoeuvres and intimidations the government gave an altogether more threatening signal : the rejection of the Constitution would mean a postponement to the year 2008 of the general elections promised by the junta since its coming to power and envisaged after the king’s birthday in December 2007. In other world, that would have meant the maintenance in power of a government supervised by the military junta. A second and still more worrying threat : in case of a “no” majority the military junta had announced that it would arrogate for itself the right to choose one of the seventeen preceding reactionary constitutions, change it at its convenience, and promulgate it without prior vote!

In these conditions, it is understandable that more than one voter wanted to vote “no” but thought twice about it. What was worse: the adoption of a bad Constitution, but whose content was at least known, or to take a leap in the dark allowing a dozen generals to choose the Constitution? The dice were truly loaded.

### **“Democracy, what democracy?”**

The referendum and the coming elections are not the signal for a return to democracy in a country which has a sad record in this area : 23 military coups and now 18 Constitutions since 1932.

At first sight, the holding of elections in December can appear as a first step towards a “return to normal”. But the prior adoption of a Constitution drawn up by a handful of not very progressive men and the tenor of the debates which presided at this drawing up unhappily indicate the contrary.

The editors of the new Constitution are impregnated with the old reactionary principle according to which it is better to give power to informed and educated people, who are found very often and by a happy chance to be wealthy, rather than to confide it to “uncultivated” but democratically elected unknowns. For the wealthy elites, the peasants and workers are big poorly educated children,, credulous and easily manipulated by anybody who knows how to buy their vote with a few banknotes distributed at the right moment. To give them the right to vote is to allow them to make bad choices contrary to the national interest — which the wealthy identify with their personal interest. This is how the traditional bourgeoisie in Bangkok experienced the preceding period opened by the Constitution of 1997 and by the election in 2001 of Thaksin, a nouveau riche who had the intention of modifying the game of power and money in his favour. In their eyes as well as those of the military, the bureaucrats and their spokespersons in the media, Thaksin incarnated the tyranny of the rural majority and of uncivilised urban society against all those who saw themselves as being superior and being the only ones really capable of using the right to vote wisely. [14] Sidelined from power for many years, the traditional elites found effective relays in the middle layers of Bangkok and organised massive demonstrations against Thaksin in 2006. In the eyes of the poorest, Thaksin appeared as the only contemporary politician to have implemented significant social measures. [15] He is the only Thai prime minister to have obtained real, massive and durable support from the people. He is also the only person to have succeeded in uniting the rural voters and those of Bangkok in gaining 57.6 % of the votes in the capital against 33.6% for the Democrat Party in the elections of 2005. Despite several months of protest in Bangkok, he was predicted to win the elections envisaged in October 2006 and cancelled by the ruling military junta. In this respect, the coup and the rewriting of the Constitution have given the bourgeoisie the means of taking revenge, to (re)gain these posts of political responsibilities that it considered legitimate to occupy.

The new Constitution restates an old principle that prevailed in the precedents with the exception of that of 1997 : when the people could not be stopped from “voting wrong” it is necessary to quite simply limit their vote.

In relation to the composition of the Senate, whatever the size of their province, Thai voters will only have the chance to elect a single senator for each of the 76 provinces whereas 7 “super-voters”, including the spokesperson of the Senate, the representative of the opposition and the presidents of the Supreme, administrative and constitutional courts, although unelected, will hold the power to designate the 74 remaining members of the new Chamber which will be doubtless transformed into a club for retired generals. These “super-voters” will thus be among the most influential persons, well ahead of the prime minister and the president of the parliament.

Most of the members of the different Courts will be chosen by opaque internal selection processes inside of administrative and judicial systems. The remaining places will be attributed by the same presidents of the supreme and administrative Courts to experts in political science, social science, lawyers or specialists in religious studies. Although the Senate will have the right to approve the nominations,

this latter has no possibility of making proposals nor even of blocking laws while the judges will still have the power to override any decisions that the Senate could take. It is to be very much feared that these powers given to the judges will undermine still further the already deeply compromised independence of the judiciary. [16]

Parliament is no better treated. The fear of returning to the previous situation where a single party, the TRT, dominated the absolute majority of parliament, has led to the reintroduction of a system of multiple electoral colleges. The drafters of the Constitution claim that this system, through the enlargement of the electoral colleges, should weaken clientelism and the purchase of votes, quasi-generalised practice in the country. In fact, the Constitution envisages 80 seats for the parties, 10 in each of the eight electoral constituencies. To be elected, a candidate to parliament must run in at least 6 districts. That will lead them to run not only against the opposing parties but also against the other candidates of their own party. Candidates who are not already wealthy or who are little known will have still less chance of being elected. In the opinion of all analysts, that would lead very rapidly to the (re)constitution of factions and to greater corruption. [17] The Thai press of August 21 illustrates it perfectly by devoting its front pages to party fusions and the “factions” positioning themselves for future elections. [18]

To contribute to the fragmentation, the 90-day clause which obliged candidates to be members of a party at least 90 days before the elections disappears from the new Constitution. The decision to reduce it to 30 days marks a return to the situation preceding the Constitution of 1997 during which the political factions and the members could “negotiate” their fidelity to the party, and where the political personnel played musical chairs through exchanges of posts and favours.

It seems that in the minds of the drafters of the Constitution, this weakening of parliament counts for little. The latter will have a reduced place and action to the extent that the political and economic principles, in particular a strict control of public expenditure, that different governments must follow will be laid down in the Constitution and thus drawn up once and for all. No need any longer to run on the basis of an electoral programme, [19] it will be enough to refer to the principles laid down by King Bhumibol on the “sufficiency economy”.

## **The return of the military to power**

Two other articles of the Constitution should be noted. The first is article 309 which, de facto, amnesties the military junta for the September coup but also for possible coups to come. Numerous lawyers and university professors have objected that a Constitution cannot authorise unconstitutional acts and that this article, if maintained, delegitimises the text as “supreme law”. Others have argued that this represented a bad precedent and could be an encouragement to other coups in the future. Alas! Despite the protests, the commission charged with the drawing up of the Constitution voted it through without debate or objection. [20]

The second article of the Constitution, which has unhappily had less publicity, is article 77 which stipulates that it is the

duty of the state to provide the nation with modern weapons and armed forces at an “adequate level”. The term can appear anodyne but it breaks with article 83 of the Constitution of 1997 which stipulated that the state should follow the policy of “sufficiency”. [21]. in the military area. In practice this gives the generals the power to fix the budget of the army at the level that they wish every year [22]

The army intends to benefit from the coup to restore its power and its traditional grip on the state and on politics. The opprobrium that struck it following the bloody repression of 1992 had led it to return to the barracks and to “depoliticise” at least in appearance. The strong aspiration to more democracy subsequently led to a decline in the influence of the military and their aura in society. A draconian reduction of the army budget followed. In 1991, it represented 16% of the total budget of the government. In 2006 it only represented 6%. The return to power of the military 11 months ago has been largely put to profit to return to a more favourable situation. In 2007, the budget was increased by 33% (to reach 115 billion baths or around 2.5 billion euros) and a new increase of 24% for the 2008 budget is envisaged (143 billion baths or around 3.1 billion euros). [23]

Few voices were raised to denounce this. The “Bangkok elites” who demonstrated to bring Thaksin down have as a whole welcomed the military coup as a “necessary stage” for the establishment of democracy. Numerous activists belonging to NGOs and to the “civil sectors” of society, who struggled against Thaksin, have had little to say. The military having in their eyes “saved” democracy from the Thaksin peril, a number of them have not hesitated to join the ranks of the government and different commissions installed by the ruling junta. That a handful of soldiers should “restore” democracy by overthrowing a twice elected government does not pose them a problem, so convinced are they of the legitimacy of their action.

These events show that the choice of the great majority of voters counts less than that of small influential and well-organised groups. More than half of the country remains under martial law which forbids any gathering of more than 5 persons and all political activity. It is, in these conditions, very difficult for the majority of the population who live in the countryside and in the medium sized towns to mobilise. [24] Without counting the complicity of the great majority of the media which relay partial and biased information. [25]

## **The military, but not democracy**

Barely a year after the coup and despite the fine words of the ruling military, the situation has hardly changed for the majority of Thais. They still expect democracy and the return of the military to the barracks.. The country is more than ever divided. As to the excesses of the Thaksin era, they have not disappeared, far from it: abuses of power and the conflicts of interest, media control, the control of key institutional positions, the manipulations of the legal system are all continuing. Only the beneficiaries have changed : Thaksin’s men have been replaced by bureaucrats, judges, and soldiers all in hock to the king. During these eleven months, the military have solidified their control of and their power over

society and its institutions, without forgetting the boards of directors of the enterprises.

The law on “Thailand’s internal security” is one of the main elements of this. This law, if it is voted through, will give immense powers to the head of the armies. This latter will become automatically the head of the ISOC (Internal Security Operations Command), structure originally created to combat the Communists! That would authorise him without mandate, “in case of threat to internal security”, to arrest, detain, or search any person. He could impose a curfew, put anybody under house arrest, block roads, seize and confiscate what he wants, request all kinds of documents, give any order to any civil servant whatever their ministry and level in the hierarchy. The definition of internal security is very broad, ranging from violent acts to opposition propaganda, advertising or quite simply commentaries judged to be subversive. The head of the armies will exert this power without limit and without having to report to anyone whatever, not even to the prime minister. If this law is voted through, it would create a permanent state of semi-martial law. [26] A state within the state and the paradise of military juntas.

Second key element of the reinforcement of the military power : the decision of the Constitutional Court to dissolve the Thai Rak Thai and sentence 111 of its leaders to 5 years of ineligibility.

The TRT was accused of having bought small parties so that they could present candidates in certain constituencies during the elections of April 2006. Most of the parties opposed to Thaksin had decided at the time to boycott them. Indeed, in case of a single candidacy, the Thai Constitution of 1997 obliged the candidate to obtain at least 20% of the vote to be elected. That rendered the task difficult for the TRT in the South and in Bangkok in particular.

In order to bury it definitively and pave the way for the Democrat Party, the Constitutional Court took the decision to dissolve the TRT whereas in the same judgement, it completely absolved the Democrat Party from charges of having paid the small parties to accuse the TRT of fraud.

Parallel to this and although proofs of fraud and corruptions are still awaited, the AEC (Assets Examination Committee) [27] decided to freeze 21 of Thaksin’s bank accounts, representing a total of 53 billion baths (around 1.15 billion euros!). A preventive measure to block Thaksin’s supposed wealth being used to support anti-coup demonstrations (the military junta was worried by the size that the latter took).

## **A fragile democracy**

Undeniably, the winners of this power struggle are for the moment the military, judiciary and royalist elites. In barely a year, they have succeeded in reversing the main democratic advances of the last 15 years.

Thailand was a fragile democracy. Its main weakness resided in the political structuring of the country. The working class,

which was formed late during the industrial revolution of the years 1955-70, does not exist as a major political actor and does not have its own political representation. Unlike the other Asian countries of the region, Thailand was not colonised by the western powers or by Japan. It has not seen the emergence of parties with a strong legitimacy established in the framework of a struggle for national independence. On the contrary, we can trace a historic continuity which goes back to the overthrow of the absolute monarchy and the establishment of a constitutional monarchy in 1932. The contemporary history of Thailand stresses the equilibrium inside the regime between the royalists, the military and the state apparatus of Bangkok, while in the background a trading then industrial bourgeoisie chose its best representatives according to the circumstances. [28] Thaksin was a sort of parenthesis in this history. He represented the decision of a conquering industrial bourgeoisie to take direct control of the conduct of the state. His party, the TRT, created so as to allow him to accede to power, was to a great extent constituted by the provincial chiefs, held in contempt by the military and the royalty.

Another weakness of Thai democracy is to have never really succeeded in imposing a clean separation between politics and business, allowing conflicts of interest to grow. The arrogance of Thaksin in undermining the traditional centres of power in Thailand contributed to his downfall : one does not threaten so easily the financial interests of the royal family and the army.

Finally, the emergence of democracy in Thailand was rendered more fragile by the very existence of the current monarchy, replaced in the saddle from 1957 onwards by the dictator Sarit Thanarat in concert with the United States. Thanks to a systematic indoctrination from the earliest age at school and in the family, Thais are led to respect the “holy trinity” — king, religion and nation — represented absolutely everywhere by a national flag, a statue of Buddha and a photograph of the king. This brainwashing rests on modern means of communication, the cult of the royal family and the crime of lèse-majesté, which renders critical thought and the exercise of democratic liberties impossible. In this system designed by the oligarchies, the people are not citizens (prachathipattai baep Thai) but subjects of the king and servants of the nation (phonlamueang) and this whatever form the state takes.. Civil servants, known as “servants of the king” (kharatchakan), do not serve a particular government but the nation and the king [29] presented as “the incarnation of the nation”. This representation of the king is a formidable instrument for muzzling criticism. The idea that the Thai people could exercise its sovereignty through the vote of its representatives finds no place in such a system because it comes into conflict with the sovereign sooner or later. Thaksin’s electoral legitimacy and his great popularity had the inconvenience of threatening this set-up directly.

## **Sufficiency economy**

Aspirations to democracy have nonetheless not been stifled. The army have not succeeded in convincing anyone of the sincerity of their “declared intention” to return power to a democratically elected government, or of developing any kind of social policy favouring the most deprived. The

interim government, although denouncing the reckless expenditure of Thaksin, has taken good care not to withdraw the most popular measures. It has however renamed several of Thaksin's main policies, like that of care at 30 baths (it has since become free) and low interest loans to all villages.

In the economic area, 11 months in power have been enough to show the lack of means of the economic policy of the appointed government. Thaksin had conceived a policy of "mega-projects" of investment in each region, allying public and private capital and designing a project of development for Thai capitalism. These projects could be criticised from many points of view but traced a long-term perspective for local and foreign investors. The junta's government has suspended these projects but has not proposed anything to replace them. To hide this vacuum, the military have again had recourse to the symbols of the monarchy, thus stifling any criticisms. The new Constitution obliges all future governments to implement the policies of the "sufficiency economy" elaborated by the king. What does this amount to? To read the recent report that the UNDP devoted to the development of Thailand, "the sufficiency economy is an innovative approach to development... [It is] an approach to life and conduct which is applicable at every level from the individual through the family and the community to the management and development of the nation... Sufficiency has three key principles: moderation, wisdom or insight and the need for built-in resistance against the risks which arise from internal or external change...". [30]

To deal with these risks, the principles advocated are: "Work in stages; build a base of self-reliance before moving ahead; be economical; learn continuously". [31] In a country where the crime of lèse- majesté is a major crime, who would dare to doubt the pertinence of an economic policy drawn up by the king? One can however doubt the effectiveness of such a potion. Andrew Walker [32] argues that this vision of the king is based on an incorrect analysis of the current situation in the countryside. In numerous regions, low productivity of land combined with an increasing population renders self-sufficiency quite simply impossible. To respond to this situation, local agriculture has diversified and rests on economic and social links which go beyond the framework of the community. That renders obsolete the "royal economic thought" which recommends developing external links only when the foundations of self-sufficiency are solid. For Walker, the sufficiency economy is nothing other than an ideological instrument that the elites use to justify the absence of redistribution of wealth and resources. In this ideological framework, any request for allocation of resources towards poor rural communities is ruled out as being immoderate and populist, undermining the foundations of the rural community. Rather than the redistribution of resources and wealth, the sufficiency economy insists on the development of one's own capacities, resting on the ideological resources of Buddhism. Let's quote the UNDP report again : "In Buddhism, the world is a place of suffering. By being born in this world, humans encounter suffering.. But the message of Buddha is that each person has the ability to overcome this suffering by developing the mental ability to understand it, and eventually to rise above it. People have to do this themselves. There is no outside help that offers a short cut. Happiness is the conquest of suffering by the human mind". [33] The message could not be clearer : if the poor are

poor, it is because they do not know how to implement solutions adapted to the means available to them. . The poor are asked not to make demands and to adapt. One is astonished by the complicity of the UNDP Thailand with respect to this pseudo-theory which is nothing other than a class response to the economic crisis of the mid-1990s.

These "economic views" have however a great "quality", that of having been drawn up by the king, which renders them indisputable (without committing the crime of lèse-majesté). It is however very doubtful that this renders their application popular in the eyes of the majority of Thais. Thailand is a country where the lowering of poverty is accompanied by increasing inequality. If in 2000 only 2% of the population lived on less than 1 dollar per day (absolute poverty threshold according to the international institutions), the part which earns between 1 and 3 dollars per day (the threshold of relative poverty) still represented more than 50% of the population. Indeed, it is estimated that around 4 dollars per day, or around 500 baths, is needed to raise a family of 4 persons decently. The first chapter of the UNDP report [34] is edifying on the subject of the situation in which a majority of Thais live their daily lives. Three quarters of the population possess their own house on their own land and 99% have access to electricity, tap water and clean sanitary facilities. But during the last decade, the quality of water has deteriorated, waste management has not kept up with rural development, and pollution has got worse. Income inequality remains significant : the richest 20% of the population account for 55.2% of the total income, while the poorest 20% possessed only 7% in 2002. The crisis of over-indebtedness of households is now taking on dramatic proportions : a typical household now spends on average 88.5% of its income on consumption. Savings which represented on average 13.4% of household income in 1999 fell to 6.3 % in 2003. From 1996 to 2004, the proportion of households in debt went from half to two thirds, this proportion rising to 78.7% in the Isaan (North East), the poorest region of Thailand. The average amount of indebtedness went from 68,000 baths in 2000 to 104,571 baths in 2004, or around 20 months minimum wage (5,000 baths).

The increase in the number of aged persons coupled with a reduction in the number of children per family, 2 on average today, will render still more acute the absence of a pensions system. In 2004, 29.8% of households were of single women with children, this situation resulting mostly from divorces or simply abandonment by the husband.

So the policy of junta and its government which can be summed up as remaining in power and maintaining the social status quo while hiding behind the "sufficiency economy", will not change the givens of the situation. One can expect great political instability before and after the elections planned for December 23. Moreover, the edifice put in place by the dictatorship over these eleven months has a great weakness. Who will be the next prime minister? The TRT which, following the dissolution of the party, quickly exploded into several factions, seems to be recovering a dominant weight in the political landscape.

The dissolution of the TRT seemed to have left the way clear to Abhisit Vejjajiva, head of the Democrat Party. But his

electoral base is reduced to the South and Bangkok, reducing considerably his chances of winning the elections. There remains the solution under which the head of the junta, Sonthi : would found his own party and throw himself into the electoral race. Déjà vu on the Thai political scene. [35]

## **Neither Thaksin, nor junta, but democracy!**

Despite this disastrous situation, the aspiration to democracy remains strong and the majority of Thais are not satisfied with this situation. As witness to this, despite the absence of democratic debate around the elaboration of the Constitution, numerous protests and proposals have emerged at the reading of the draft when it was unveiled. The main problem resides in the non-existence of left political parties of all tendencies, with a minimum audience and implantation; as well as the weakness and fragmentation of the trade union movement and NGOs.

The trade union movement is implanted in the civil service, the public sector enterprises and some big private enterprises. At the national level, the rate of trade unionisation represents only 3% of the active population. There are 10 trade union confederations of which the most important are the "Thai Trade Union Congress" (TTUC) and the "Labour Congress of Thailand" (LCT) affiliated to the "International Confederation of Free Trades Unions" (ICFTU, now ITUC), but their activity is very weak and they exercise no influence on national politics. The branch federations are a little more active according to the trade union teams and attempt to coordinate. But essential trade union activity is most often limited to the scale of the workplaces. Struggles for wages, job security and respect for holidays sometimes take place in the workplaces, but these struggles do not succeed in linking up with each other. The labour legislation imposed by the different dictators and maintained by the civilian governments forbids "any external interference" in social conflicts which break out in workplaces. At the national level, the unions demand the creation of a single minimum daily wage for the whole of Thailand and its increase, the creation of a maximum length of working time, the creation of a real system of social protection, the effective right to create trade unions [36] and to collective bargaining and the right for workers to vote at their workplace and not in their region of origin. Many social standards of work defined by the ILO (International Labour Organisation) are not recognised or respected in fact. . One of the particularly retrograde aspects of the Constitution of 1997 is the stipulation that candidates for elections to parliament are holders of a university diploma.. This provision seeks explicitly to prevent political, trade union and associative activists originating from the popular layers from contesting elections.

The weakness of the trade union movement was again revealed in its inability to build a untied front against the coup and the new Constitution. Certain union leaders were so opposed to Thaksin, who had begun a process of privatisation of public enterprises, that they agreed to support the junta and its Constitution, gambling on the junta putting an end to the privatisations. Profiting from the confusion, the military junta has succeeded in dividing the union movement by buying off

a part of its leadership and financing their organisations, but without committing themselves to the slightest promise. The trade union movement is divided into three main groups. [37]

One group, which rallied around 20,000 demonstrators dressed in yellow on May 1, 2007, openly supports the junta to the point that its main leader, Manas Kosol, [38], has been appointed a member of the "national legislative assembly" created by the junta after the coup. His group is said to have received 3 million bahts in return for its support. It essentially comprises trade unions from the public enterprises whose first concern is to bring an end to privatisation. Manas Kosol has formulated 9 requests to Prime Minister Surayud who received him at the seat of government : an increase in the minimum wage, a price freeze on basic needs products, authorisation for workers to vote at their workplace and not in their province of origin, an end to the privatisation of state enterprises, free care for the retired who have paid contributions to the social security system.

A second group which rallied around 2,000 people on May 1, has joined the " People Action for Democracy " (PAD), a coalition of parties, (supported by the Democrat Party), associations and adventurers which organised the mobilisation against Thaksin and which now supports the junta and the Constitution. This support has allowed a number of its leaders to personally enrich themselves by accepting posts in the new government, the new institutions and their cortège of various commissions. This second group is said to have received 2 million baths from the government for promoting the Constitution. One of its main leaders, Somsak Kosaisuk is also one of the leaders of the PAD.

The third group is called "the 1550 Labour Assembly". Led by Somyot Pruksakacem, it claims 10,000 members notably in the food and textile industries. It attracted 2,000 demonstrators on Mayday.. This latter group is the only one to remain faithful to the independence of the workers' movement and to frontally oppose the dictatorship and Thaksin.

In the associative movement, many NGOs have also accepted the coup as a necessary evil to obtain the departure of Thaksin and then return to democracy. Only a minority has refused any compromise. Following the coup a small group of students of the Thammasat University created the "19 September network against the coup" [39]. This network denounced the claim of the military to have restored democracy and distributed leaflets in the universities but also at factory gates in the industrial estates where they encountered security guards and police. Without exaggerating its influence, it has played a not insignificant role in the affirmation of a pole of resistance and in showing that there was not unanimous support for the coup as the military claimed. This network was active in the campaign for a "no" vote in the Constitution. A second association, "the Midnight University", [40] which plays the role of a popular university based in the University of Chiang Mai in the north of Thailand, denounced the coup from September 28, 2006. Their Internet site was censored by the junta after the University had called on its members to tear up the text of the draft Constitution. [41].

The only group to have succeeded in organising regular rallies and demonstrations of several thousand persons is the “United Front for Democracy Against the Dictatorship” [42] which brings together supporters of Thaksin and various opponents of the dictatorship. Suspected of being financed under the table by the immense fortune of the former prime minister in exile, this third group has aroused distrust from other opponents to the dictatorship and has generated debates leading to further divisions. Is it or is it not necessary to create a common front of all the components of the opposition to the dictatorship? In practice, unity has not prevailed as the divergences are large, even if nobody has sought to deepen them.

This weakness of the organised opposition to the dictatorship and the confusion which reigns is often explained in the final analysis by the same handicap : the absence of one or several political parties intransigently defending the interests of the workers in full independence from the state. The history of the workers’ movement and its continuity has been lost and there is a lot of rebuilding to be done. Yet the memory of past struggles against dictatorships, the discontent of the peasants and popular layers about the cost of living and the harshness of their everyday conditions show that the potential exists for a new party, which can draw the lessons from the errors of the past (notably from the shipwreck of Maoism), and can integrate the debates of the international workers’ movement, develop and offer a progressive perspective.

*Bangkok, August 28, 2007*

▀ *Danielle Sabaï and Jean Sanuk are the South east Asia correspondents of International Viewpoint.*

## NOTES

[1] In 2001 and 2005. The elections of April 2006 that he had postponed have been cancelled

[2] See Danielle Sabaï and Jean Sanuk, “The coup d’etat – a step backwards for Thailand and Southeast Asia”, IV 521, November 2006

[3] The Democrat Party is the oldest party in Thailand for a simple reason: it was created immediately after the Second World War by the “royalists” who wished to help the royal family recover its nationalised property, power and prerogatives. They succeeded and were rewarded by being given a share in power with the military. All the left parties, whether or social-democratic or Communist tendency, were eliminated by repression. See. James Ockey, “Variations On A Theme. Societal Cleavages and Party Orientations Through Multiple Transitions in Thailand”, Party Politics, Vol. 11, n° 6, pp. 728-747.

[4] See details below

[5] Results published in the “Bangkok Post” of August 20 and “The Nation” of August 21, 2007

[6] 6. Around 660,000 euros, equivalent to the monthly minimum wage of around 6,000 persons

[7] So that the reader can better understand the subtleties of the propaganda, it should be said that for a little less than a year, millions de Thaïs have worn yellow shirts or t-shirts on Monday to show their loyalty to the king, who was born on a Monday, or blue on Friday out of respect for the queen, who was born on that day. In Thailand, Theravada Buddhism attributes a different colour to every day of the week

[8] The price of a meal or a journey on public transport for a peasant or worker is around 30 bahts

[9] “Everything on Track : Sonthi”, “The Nation”. June 19, 2007

[10] “Anti-Charter Moves “Illegal””, “The Nation”, July 3, 2007

[11] Quoted by Daniel Ten Kate, “Thailand on Spin Cycle”, July 11, . [www.asiasentinel.com](http://www.asiasentinel.com)

[12] Chang Noi, “Fixing the General Election”, August 6, 2007. [www.geocities.com/changnoi2/](http://www.geocities.com/changnoi2/) Chang Noi is an independent journalist who publishes interesting viewpoints in “The Nation”

[13] According to all appearances, the main adviser to the king, Prem Tinsulanonda, was at the origin of this hasty support to the putschists. He is considered as the main figure behind the coup, and as one of the most powerful people in Thailand. Young oppositionists have courageously circulated a petition demanding his resignation, in a country where one is very easily accused of the (capital) crime of lèse-majesté

[14] Michael H. Nelson, “People’s Sector Politics in Thailand: Problems of Democracy in Ousting Prime Minister Thaksin Shinawatra”, Working Paper Series n° 87, May 2007, Southeast Asia Research Center, City University of Hong Kong. <http://www.cityu.edu.hk/search/>.

[15] On the social balance sheet of the Thaksin era, see : Danielle Sabaï and Jean Sanuk, “Crisis in the Land of the Smile”, IV 376, March 2006

[16] Recent postings on their Internet site by the Asian Legal Resource Center and the Asian Human Rights Commission of telephone conversations held in the past year between two judges and an (unidentified) bureaucrat concerning the cancellation of the elections of April 2006 are a sad example of the use of justice to political ends.

[17] “A Tale of Two Constitutions to Confuse All”, “The Nation”, August 14, 2007

[18] See the editions of the “Bangkok Post” and “The Nation”

[19] Chang Noi, “From the People’s Constitution to the Judges’ Constitution”, April 30, 2007. [www.geocities.com/changnoi2/](http://www.geocities.com/changnoi2/)

[20] "Charter's Military-Related Articles Still Raise Questions", "The Nation", August 13, 2007

[21] The term "sufficiency" plays a key role in the writings of the king and serves as official doctrine which all ministers should support at least in appearance. The Thai term is "phor phieng"

[22] 22. "Charter's Military-Related Articles Still Raise Questions", "The Nation", August 13, 2007

[23] "Military Spending to Soar a Further 24 %", "The Nation", June 28, 2007

[24] Michael H. Nelson, op. cit.

[25] "The Nation", a daily English language newspaper, supported the coup as a necessary stage for the country in the transition to democracy

[26] Chang Noi, "A State at War with its People", July 9, 2007. [www.geocities.com/changnoi2/](http://www.geocities.com/changnoi2/).

[27] AEC is the acronym for the commission charged with investigating cases of corruption and possible fraud relating to Thaksin, set up by the military junta

[28] Danielle Sabai and Jean Sanuk, "An Unending Spiral of Coups?" IV 521, November 2006

[29] Michael H. Nelson, op.cit.

[30] "Thailand Human Development Report: Sufficiency Economy and Human Development », "Overview », page XV., UNDP, 2007. This report has annoyed quite a few members of the UNDP, who see it as a propaganda operation

[31] "Thailand Human Development Report: Sufficiency Economy and Human Development, "Thinking out the Sufficiency Economy", UNDP 2007, Chapter 2, p. 29.

[32] Andrew Walker is an anthropologist and a member of the "Research School of Pacific and Asian Studies", Australian National University. He is responsible for a website on Southeast Asia <http://rspas.anu.edu.au/rmap/newmandala/>.

[33] "Thailand Human Development Report: Sufficiency Economy and Human Development, "Thinking out the Sufficiency Economy", UNDP 2007, Chapter 2, p. 31

[34] All the elements which follow are drawn from UNDP 2007, op. cit.

[35] This option had been taken by the general Suchinda Krapayoon in 1992. His decision to become prime minister had led to violence and subsequently to the withdrawal of the military from political life. Chang Noi, "Risks on the Road to Managed Democracy", July 24, 2007.

[36] 36. Numerous professions do not have the right to set up trade unions. . "The national legislative assembly" has thus just confirmed the ban slapped on journalists establishing a union to defend their interests

[37] Information drawn from an interview with Somyot Pruksakacem, trade unionist and co-founder of The 1550 Labour Assembly, which appeared in "The Nation", May 7, 2007

[38] Manas Kosol presents himself as the president of the Employees' Labour Development Council of Thailand

[39] 39. 19 September Network against the Coup, [www.wevotno.net](http://www.wevotno.net)

[40] The Midnight University, <http://www.midnightuniv.org/> allows workers to gain an education, but also to meet and to discuss. . Its Internet site is visited every month by 2.5 million surfers, and contains 20,000 pages of documents freely accessible in the area of the natural and social sciences and humanities

[41] See their appeal against the closure of their website published in French on the site Europe Solidaire sans Frontières, [http://www.europe-solidaire.org/spip.php?page=article\\_impr&id\\_article=3351](http://www.europe-solidaire.org/spip.php?page=article_impr&id_article=3351).

[42] United Front of Democracy Against Dictatorship (UDD)

#### Other recent articles:

#### Thailand

The coup d'etat: a step backwards for Thailand and Southeast Asia - November 2006

An unending spiral of coups? - November 2006

Crisis in the 'Land of the Smile' - March 2006

#### Burma

## Enough hypocrisy, action!

*Danielle Sabai*

**The Burmese military junta has suppressed the uprising of the people against the dictatorship, initiated over a month ago. There have been dozens of deaths and hundreds of arrest. The regime benefits from the support of the "international community".**



**Teargas on the streets**

Demonstrations are rare in Burma, a country living under the yoke of one of the most repressive military juntas in the world. But, following a spectacular increase in the price of fuel in mid-August in Rangoon, demonstrations grew. Initiated by students, in early September they took a more political turn, following the repression suffered by monks in the town of Pakokku in the centre of the country. The latter mobilised massively to demand an apology from the government, as well as economic reforms and the liberation of all political prisoners, including the Nobel Peace Prize winner Aung San Suu Kyi. The last great popular revolt in 1988 ended in the death of at least 3,000 demonstrators and thousands of arrests. The Burmese people live in extreme poverty in the absence of democracy. The country is locked down by paramilitary militias and organisations like the Association of the Union for Development and Solidarity, systematically involved in operations of repression – among others, against Aung San Suu Kyi, who they have tried to kill.

In contrast to 1988, the current crisis in Burma has a high profile in the international media. This has shown to what level of hypocrisy the governments and international organisations have stooped. The United Nations, the European Union and the United States reacted promptly to the repression of the demonstrators. But appeals to “restraint” and “the use of peaceful means to restore stability” are nonetheless cynical. Who can believe that one of the most ferocious dictatorships in the world, headed by a paranoid madman, Than Shwe, will be intimidated by such timorous words? Big European firms, like Total (see below) have been present in Burma for too many years. Their activities directly enrich the ruling military, in complete legality, the European Union having placed no ban on trade in the strategic sectors (rare wood, precious stones, minerals, fuels), which bring money to the junta and help keep it in power. The people are condemned to forced labour.

In Asia, the neighbouring countries, notably India and China, are consumers of the raw materials that Burma possesses in abundance and have decided to close their eyes to the systematic violations of human rights and children’s rights. India and China have decided to extend their influence in Burma, their rivalry allowing the junta to play them off against each other. Billions of dollars have been invested in

projects (infrastructural developments, exploitation of fuel deposits and so on). These two countries have also largely contributed to making the Tatmadaw, Burma’s army, the second most powerful army in Southeast Asia, selling it state of the art weapons, planes, helicopters, boats and every kind of materiel which the dictatorship uses to crush the people. In return, these countries refuse to condemn the exactions of the junta in the name of “non-interference in the internal affairs of a foreign country”. Twice this year, China has blocked a UN Security Council resolution condemning the Burmese regime.

For their part, the countries of the ASEAN (Association of South East Asian Nations) including Thailand, Malaysia and Singapore, have begun a policy of “constructive engagement” with the dictatorship which is supposed to open the road to democratic reforms. No change favourable to the people has followed, and the policy of repression of opponents and ethnic minorities has intensified. During this time, business and the pillage of natural resources have continued to go well. Thailand, for example, signed a memorandum of understanding with the junta for the construction of several dams on the Salween River bordering the two countries, without consideration of the serious humanitarian and ecological consequences.

## **45 years of dictatorship**

The ruling military have never had any objectives other than personal enrichment and staying in power. It has a sad history in the struggle against ethnic rebels, it employs the large-scale forced enlistment of children into the army, forced labour, summary executions of villagers, the rape of women and children, torture, the forced displacement of populations, and pillage. It burns villages and livestock and destroys the food resources of villagers, killing health workers who attempt to aid them. No country, no association can say today that it is unaware. The health and social situation of the country is so dreadful that we are witnessing in the adjacent countries (India, China, Thailand, Bangladesh) the emergence or re-emergence of diseases like dengue, tuberculosis, and virulent forms of malaria. This situation is worsened by the fate of millions of Burmese refugees, who are denied the status of refugee by the neighbouring countries. The drug trade, organised by the army, has made Burma the second biggest world producer of opium and the first of amphetamines.



**Arrested monks**

In all countries, notably in the European Union, pressure should be exerted to ban trade and financial investment with the junta (boycott of Total and other companies established in Burma). At the international level, the UN can no longer simply request “a peaceful dialogue between the two parties”. They should explicitly condemn the exactions of the junta and work for the rapid instalment of a civilian government. This government should take the emergency social measures which the people need and re-establish democratic freedoms leading ultimately to the election of a genuine constituent assembly bringing together all the components of Burmese society. The only aid authorised should be humanitarian aid which does not fall into the hands of the junta or the associations it controls.

## **Total out of Burma!**

France is particularly involved in Burma. The multinational Total possesses significant investments in the country (equivalent to some 7% of the Burmese state budget) and has collaborated since 1992 with the military junta. In 2003, a report by Bernard Kouchner absolved the French oil company of accusations that it was responsible for the super-exploitation of Burmese workers. Now minister for foreign affairs, he reaffirms that Total should stay in Burma. In Paris, after having met Dr. Sein Win, Prime Minister of the Burmese government in exile, Nicolas Sarkozy stated that “private companies, Total for example” should “show the greatest restraint” and should not make “new” investments in the country.

These declarations do not reflect the gravity of the situation. It is necessary to put an end to all collaboration with the Burmese junta. Total should withdraw from Burma; the political prisoners and all persons arrested during the recent demonstrations should be freed. A solidarity rally will be held on Saturday September 29 in Paris.

✦ *Danielle Sabai is one of IV's correspondents in Bangkok.*

## **Burma**

# **The Burmese crisis, its roots and the urgency of solidarity**

*Danielle Sabai*

**Demonstrations are rare things in Burma. Under the yoke of a military junta which is among the most repressive in the world, the population has not forgotten the violence of the repression of the demonstrations for democracy in 1988 which ended in the death of at least 3,000 demonstrators and thousands of arrests.**

*A shorter version of the article was published on 8 October 2007*



Yet, despite a tight lockdown of the country by paramilitary militias, the Burmese people, who live in extreme poverty in medieval economic conditions, the absence of democracy and everyday injustice, have again defied the junta. The demonstrations have been the most significant in twenty years. Street marches began following an increase in the price of fuel by two thirds, the doubling of the price of diesel and a fivefold rise in the price of compressed natural gas in mid-August in Rangoon. Burmese people were shocked by this brutal and sudden increase, condemning a number of them to spend nearly half their wages to pay the costs of public transport (which increased owing to the increased fuel prices) or to go to work on foot (when possible).

The military junta had anticipated these protest movements and had alerted its militias to intimidate the demonstrators. Despite this, peaceful street marches, initiated in general by students, took place daily in numerous Burmese towns. Until recently the army and riot police did not appear in public. The first demonstrations were repressed by thugs from the Association of the Union Solidarity and Development Association (USDA) and by the paramilitary group “Swan Arr Shin” (“the all powerful”), organisations supported by the government. There were also reports that the regime had used

hooligans and criminals released from prison for this purpose [1]. In the early weeks, hundreds of peaceful demonstrators mobilising against the harsh economic conditions were arrested by the police and heavy jail sentences were pronounced [2]. Journalists were forbidden to cover the events and members of the National League for Democracy (NLD), one of whose main leaders is Aung San Suu Kyi, were closely monitored, tracked down and arrested [3]. The country's main political activists, many of whom belong to the NLD, were arrested from the end of August, like Min Ko Naing and Ko Ko Gyi [4]. Others took flight like Su Su Nway, an activist for workers' rights [5] and Phyu Phyu Thin, a member of an association which assists people with AIDS. . The monks with the people

At the beginning of September, the demonstrations took a new course with the participation of Buddhist monks in the town of Pakokku in the district of Magwe. Around 500 monks carrying placards "the monks with the people" participated in a march demanding the abrogation of the price increases and the liberation of the imprisoned demonstrators. The death of one of them in the violent repression which followed led to fury among monks who seized several official representatives who had come to excuse the repression they had suffered [6]. That was a turning point in the mobilisation, the demands moving to the political terrain. Following this confrontation, massive demonstrations developed everywhere in the main towns of the country, the monks demonstrating first alone to protect the people, then with their support. The monks, generally very young, and organised in an "alliance of all Burmese monks" advanced three main demands: apologies from the government for the violence they had suffered in Pakokku, economic reforms and the liberation of all political prisoners including Daw Aung San Suu Kyi. The pro-democracy activists and the people relied greatly on the commitment of the Buddhist monks and on their support because they were very respected and had on numerous occasions played a significant progressive role in politics. They mobilised very early against the British colonists and their key role among students during the uprising of 1988 remains in all memories. For the military junta, the intervention against the monks in Pakokku was particularly risky and perhaps represented a "slip-up" on the part of some local thugs. Having neither political nor moral legitimacy in the eyes of the population that they have enslaved and oppressed for 45 years, the ruling military have tried to create this legitimacy through the promotion and protection of the Buddhist tradition [7].

In 1979, a Supreme Council of Monks (Sangha Maha Nayaka) and councils at every level (villages, boroughs, districts) were created with the goal of controlling the monks and the monasteries. Every traditional ceremony, construction of monastery or temple has to be approved by the local representative of the Sangha Maha Nayaka. Monks who refuse to join the council are strictly controlled. Meanwhile, the military offer a host of offerings to the monks and monasteries who accept their authority. In a country profoundly marked by the Buddhist faith, the military are also preoccupied by the necessity of acquiring "merits" to avoid the consequences in a future life of their current brutality [8]. It's easy to understand the impact of the boycott of offerings from the military and their families organised by the monks on the junta, which dares to call itself the State

Peace and Development Council (SPDC) [9] and why it multiplied its warnings to the monks to remain outside of political events. Militarisation of society

The control of the military is not limited to religious congregations. Since the coup by General Ne Win in 1962, the Tatmadaw (the Burmese army) has dominated nearly every aspect of the political, economic and social life of the country. Since then, no social mobility or opportunity takes place outside of the army. The military control, at local or national level, the redistribution of wealth and land. On the economic level, the army controls two of the most powerful Burmese companies, the Union of Myanmar Economic Holdings (UMEH) and the Myanmar Economic Cooperation (MEC). The declared objectives of the UMEH are to "meet the needs of the military personnel and of their family" and to "become the main logistical support of the army". The goal of the MEC is to "transfer the funds allocated to the defence of the public sector towards the private". It is authorised to do business in virtually every area it wishes. All foreign investment in Burma has to be approved by the Myanmar Investment Commission (MIC), controlled directly by the junta, which allows them to channel the profits from investment towards companies dominated by the military [10]. Total and other companies which invest or have invested massively in Burma have some nerve to say that they are not practicing politics. The Burmese do not see a penny of the money, which on the contrary enriches the junta and perpetuates its power.

In September 1993, to consolidate its power over society, the military regime created the USDA, presented as an organisation of civil society but having direct links with the chief general Than Shwe, who became head of the junta in 1992 and is the most powerful man in the country. This association now claims 22.8 million members, or nearly half the population of the country. In fact, membership of the association is presented as compulsory for students and citizens, many of whom have been enrolled as members without knowing it. On the other hand, in refusing to join the association, one is exposed to harassment and opportunities in the educational or professional field are closed. Inside the association, student members are encouraged to monitor the activities of their classmates. To be a member of the USDA gives access to English and computing courses as well as extra curricular and sporting activities. In 1996, the regime transformed the association into a force against the student members of the NLD. Since then USDA members have often been in the vanguard of repression. It was notably them who attacked Aung San Suu Kyi in 2003 and tried to kill her [11]. Financial stakes versus human rights

Unlike in 1988, the current crisis in Burma has a high profile in the international media. That has allowed knowledge of the conditions in which Burmese live and the extremely oppressive nature of the ruling regime to be widely circulated. The courage of the demonstrators faced with the threats that they incur (beating, torture, prison, death and so on) no longer has to be demonstrated. That is why one would expect firmer condemnation from the international community, a support based more firmly on the democratic forces of the country and above all actions which really put pressure on the junta.

The reaction has unhappily not been at that level, human rights and democracy having little weight faced with the financial stakes. Outside of the United States, no country or organisation announced strict provisions liable to make the junta rethink its position.

On September 6, the European Parliament condemned the violations of human rights and accused the Burmese junta of being a threat to Southeast Asia... but added at the same time, through the voice of its commissioner Vivian Reding, "Isolation will only make the population pay a greater price... We do not believe that additional restrictive measures will push the government in the desired direction or will alleviate the suffering of the people." [12]. Although having a common position on Burma, establishing "a legitimate civilian government, which respects human rights" [13], the members of the EU agreed on the lowest common denominator. If some states like Britain, the Czech Republic, Holland, Ireland and Denmark are favourable to a firmer policy towards Burma, France, Germany, Austria, Spain and Poland have until now opposed it. Their position is explained in particular by the economic interests that they have developed in the country. Despite the regular appeals for the liberation of Aung San Suu Kyi, French diplomacy, for example, is still attached to the defence of French financial investment in the country. It has supported the Total company, one of the most important investors in Burma, accused of using forced labour [14]. The enterprise directs the operation of gas fields in Yadana, which bring the Burmese government between 200 and 450 million US dollars annually, or around 7% of the estimated budget of the Burmese state [15].

The current measures from the European commission include an embargo on the sale of arms and defence equipment, a ban on any non-humanitarian aid and a ban on investment in certain public enterprises. The strategic sectors which bring in money for the junta and the help it stay in power, like lumber, precious stones, minerals, gas and oil are not affected by the various banning measures [16] which are to say the least ineffective, indeed hypocritical. One cannot envisage an effective sanctions policy without a total ban on investment in the country, or at least a ban on investment in the areas vital for the junta.

From a political viewpoint, the European Union has not shown very much more determination. In recent years, the European commission has reduced its subsidies to projects aimed at the development of human rights and democracy. According to the association Info-Birmanie, the EU has only supported "softening" the draft resolution on Burma at the UN Security Council in early 2007 [17]. Regional support

In Asia, the Burmese democrats have little chance of obtaining better support. The neighbouring countries, notably India and China, being big consumers of the raw materials that Burma possesses in abundance, have decided to close their eyes to the systematic violations of human and children's rights. It is true that in India and in China workers and child workers are also fiercely exploited. The geographic situation of Burma is of great interest to India which seeks to implement its "eastward" policy and to China which sees the possibility of obtaining an opening to the Indian Ocean and

thus avoid the strait of Malacca for routing its supply of Middle East oil.

China and Burma have always been good neighbours. The first country outside of the "Communist" bloc to recognise the People's Republic of China in 1949, Burma was also the first to sign a treaty of friendship and non-aggression in 1961 with its neighbour, while its leaders were the first to express their sympathy to the Beijing government following the repression at Tiananmen Square in 1989. In 1991, the Chinese leaders were the first to sell arms, planes, frigates and other military equipment to the Burmese junta [18]. China has also invested a lot in Burmese infrastructure (ports on the Indian Ocean, roads and so on). It is a big importer of wood and minerals from Burma. Since early 2007, support from China for Burma has considerably deepened with a view to strengthening economic and financial links, intended to ensure the development of Yunnan, the Chinese province bordering Burma. At the political level, the Chinese see in Burma a Trojan horse inside ASEAN, which they consider too influenced by the United States.

Beijing, with much caution, has recently added its voice to the international pressure against the repression, but it maintains its policy of "non-interference in the domestic affairs" of Burma. China has quickly wished that Burma "begins a democratic process appropriate for the country" and restores "internal stability as quickly as possible". The well being of the Burmese people has little place therein. Beijing is very nervous because the current instability could threaten China's considerable investments in Burma and destabilise the border regions between the two countries, leading to significant population movements – more than a million Chinese have moved to Burma recently [19].

India waited until September 26, the first days where the Burmese junta sent the troops and killed several monks and civilians, to "express its concern" on the repression of the mobilisations. Questioned on the close relations between the Burmese junta and India by the US and British ambassadors during a visit to Thailand, the Indian foreign minister replied that "The cardinal principle of our foreign policy is non-interference in the domestic affairs of any country... It is essentially the job of the people in the country to decide what government they want." [20]. The Burmese people, bloodily repressed when they demand democracy and a change of government will appreciate it. The policy of support between Jawaharlal Nehru and Aung San, heroes of Burmese national independence is a long way off. In a context of great tension and with risks of ferocious repression, on September 23 India sent its oil minister, Murli Deora, to Burma [21]. India wanted to see to what extent it could exploit energy deposits discovered in Burma and to try to change Burma's decision to sell to China and not India the gas that two Indian companies exploit jointly with Burmese enterprises in the offshore deposits A1 and A3 in the Indian Ocean. India is determined at all costs to reinforce its relations with Burma to limit China. New Delhi plans a number of projects going from the construction of a pipe line between the Burmese coast and India to the development of a port in the bay of Bengal allowing its Northern States (only 2% of whose land is attached to the subcontinent) to have an access to trade routes and to develop Indian policy ("Look East Policy") in the direction of the ASEAN countries [22]. That Burma is

considered as a pariah state by the international community has not stopped India from seeking agreements on military cooperation with the junta. Thus, according to Human Rights Watch, India has offered light combat helicopters, state of the art equipment for fighter planes and naval surveillance planes in exchange for a policy against the Indian rebels who use Burma as a rear base for their independence movement.

Japan, Thailand and South Korea have not stayed still. Since the 1950s, Japan has been the first source of “development aid” for Burma. From February 17, 1989, Tokyo recognised the SLORC (State Law and Order Restoration Council) [23], and resumed aid, suspended before the coup d’Etat for reasons of political instability [24]. In the current crisis, although calling for “restraint” from the junta, Japan has indicated that it would not join any possible trade sanctions against Burma and this despite images showing a Japanese reporter being killed by a Burmese soldier during a demonstration. Japan describes its commercial investments as a “official development aid” (ODA) that it will not reconsider. ODA is indeed the means used by Japan to exert influence in the region while respecting the constitutional ban on sending military forces abroad [25].

Thailand is the third biggest investor in Burma and the first destination for Burmese natural gas which has brought the junta 1 billion US dollars for the year 2005-06 alone, an amount which doubled the following year in great part thanks to the price increase. Thailand does not hesitate to pillage Burmese resources with the complicity of the ruling junta. In 2005, the Thai state electricity company Electricity Generating Authority of Thailand (EGAT) signed a memorandum of understanding with the junta opening the way to the construction of several dams on the river Salween, which borders Thailand and Burma, so as to supply Thai industry with electricity and water. If they are built, these dams, beyond enriching the members of the junta, would create an ecological and human disaster. The first dam, Hatgyi Dam, is envisaged in a zone of Karen State where the military have violently expelled villagers and destroyed their households. In 2006, the Burmese military attacked Karen villagers with mortars to expel them from the region. They only spared adults and children to work on the dam construction sites. Many women and girls have been raped by the soldiery. A great part of the territory controlled by Karen rebels will be flooded by the dam. A good business for the Burmese military. Another dam envisaged in Shan State will, after construction, be the highest dam in Asia. It is planned in a zone where Shan civilians have also been brutally displaced in the hundreds of thousands since 1996. Whereas the cutting of teak is now banned in Thailand, the latter country imports quantities of this rare wood from Burma. Teak represents the second biggest official resource of the junta with 427 million dollars in 2004-2005. Its exploitation, legal and illegal, leads to the disappearance of primary forests at such a rhythm that these ecosystems could be definitively destroyed by 2020 [26].

Finally, South Korea is a perfect illustration of the hypocrisy and double talk that numerous countries employ in relation to Burma.

Korea, whose population is very sensitive to the question of human rights, has forbidden the sale of arms to Burma. Despite the threat of sanctions that it incurs, the firm Daewoo International has exported military equipment and technology and built an arms factory on Burmese territory. Its president at the time, Lee Tae-Yong has just been prosecuted for this. On the other hand, Daewoo International, which holds 60% of three natural gas fields in Burma, has just discovered a new deposit of 219.2 billion cubic metres of exploitable gas, the biggest deposit ever discovered by a Korean enterprise and the equivalent of 7 years gas consumption for the whole of South Korea. The Korean government quickly let it be known that it wished to see the gas arrive in its country [27]

Finally, numerous states don’t trade directly with Burma, but sell arms and all sorts of equipment that the junta uses for military ends, through countries like Switzerland, Singapore or Pakistan, which then resell them to the Burmese military junta. [28] Policy of “constructive engagement”

The Burmese dictatorship essentially owes its survival to the huge financial investments that states like India, China, and France make in the country. Attempts to bring pressure at the political level are hanging fire. The policy of the Association of Southeast Asian Nations (ASEAN) [29] towards Burma is a brilliant illustration of this. Burma became a member of ASEAN in 1997. The members of the association, and particularly Malaysia, Indonesia and Singapore, will defend their position faced with international criticisms explaining that a state which violates human rights should not remain isolated and in a position to continue its abuses. According to the Malaysian prime minister of the time, Mahatir Mohammed “if Burma is outside of it, she is free to behave as a hooligan or a pariah, whereas if she is in, she will be subject to certain norms” [30] It is what ASEAN has called the “policy of constructive engagement” supposed to lead the junta on the path of democratic reforms. In 10 years of belonging to ASEAN, the junta has shown no will for democratic reform. Its policy of repression against political opponents and ethnic minorities has even deepened since the year 2000 as if its membership had the value of a moral guarantee. The continual flood of Burmese refugees to India and Thailand in particular, the drugs traffic, the development of the AIDS virus and more recently the lack of control of bird flu threaten the safety of the whole region. Despite that, several member states of ASEAN continue to develop trade relations with the Burmese government as if nothing was wrong and are not ready to sacrifice them. A cumulation of sad records

The ruling military junta in Burma has never had any other objectives than its personal enrichment and its maintenance in power. No policy favourable to the economic development of the country and the improvement of the living standards of the people has ever been implemented since the overthrow of the democratically elected government of U Nu in March 1962 [31]. The different military juntas have on the contrary systematically developed rackets of every kind and the pillage of the country’s natural resources.

Dozens of years of reforms under the banner of “the Burmese road to Socialism” [32] have led to the quasi-ruin of the economy and the collapse of institutions like education and

health. The economy is so backward that Burma appears among the poorest countries and the “least developed in the world”. (source United Nations).

The only institutions still existing in the country are the army and the clergy. Burma holds some sad records:

\* It holds the absolute record for forced enrolment of children in the army. According to the association Coalition to Stop The Use of Child Soldiers, there would be as many as 20% of child soldiers, including some as young as 11 (figures for 2004) for an army estimated at 380,000 to 400,000 members.

\* Tens of thousands of civilians are forcibly enrolled for projects like roads, bridges, airports. The work is free and compulsory. If a person cannot do it, they pay a fine or must send somebody (man, woman or child) to do the work in their place. This “form of modern slavery” as the International Labour Organisation has characterised it has served companies like Total and Unocal (since bought by Chevron) on the site of Yadana, despite the denials of Bernard Kouchner paid 25,000 euros in 2003 by an office of consultants to whitewash Total of any accusations [33]

\* The Burmese army is champion in human rights violations. In its struggle against insurgent minorities (Karen and Shan in particular), it uses summary executions, the rape of women and children, torture, forced removals, and pillage. It torches villages, burns livestock and food resources of villagers, kills health workers who try to help them [34].

\* In 2006, Burma was classed 164 out of 169 nations in terms of freedom of the press (source Reporters sans frontières).

\* Burma is the second biggest world producer of opium and the first of amphetamines apparently thanks to the complicity of its police and army. Drugs are channelled abroad via India, China, Thailand and Bangladesh, creating appalling situations. Because of widespread use of injected drugs, the border region between China and Burma has one of the highest HIV infection rates in Asia. On the Indian side, the absence of adequate responses on the part of India and Burma [35] as well as the absence of cooperation between the two countries have led to a catastrophic humanitarian situation. Nearly 730 villages from the state of Mizoram are affected by the use of drugs. 60% of the Singpho tribe in the Indian state of Arunachal Pradesh are dependent and there are no less than 50,000 addicts in the Indian state of Manipur [36]. The situation is hardly any more inspiring along the Burmese-Thai frontier. The United Wa State Army (UWSA) has obtained, in exchange for a ceasefire agreement in 1989, a guarantee that the junta closes its eyes to the production and trafficking in drugs that it carries out. Originally settled in Shan state along the Chinese frontier, the Wa have been authorised to establish themselves in the states bordering the Thai frontier where they have extended their “trade”. From 2001, Thaksin Shinawatra, then prime minister of Thailand, led a political turn in the tumultuous historic relations between the two countries, undertaking a policy of “economic agreements beneficial to the two parties”. Although having launched a “war on drugs” which has led to more than 2,000 extra-judicial murders in Thailand, Thaksin limited the activities of the Thai air force to the frontier so as

not to hinder the activities of the Wa drug traffickers [37]. Education and health sacrificed

One of the most dramatic aspects of the balance sheet of the dictatorship concerns education and health. Officially primary schooling is free but the sector does not dispose of sufficient financial means to function. Books, exercise books, pencils and costs of maintenance of the school are charged to the parents. In a country where the majority lives on 1 dollar per day, the absolute poverty threshold according to the world Bank, the consequence is that the level of education of the population is extremely low. “For the years 1998 and 1999, the state devoted less than 7% of its expenses to education against 49% to its army” [38]. According to the statistics of UNICEF- whose data concerning Burma are subject to caution because the sources come essentially from the Burmese government- 79% of children complete an entire cycle of primary teaching. This rate includes re-enrolments, it should be understood that less than half of the pupils reach the last year of primary teaching, which a Unicef report confirms. Still according to these sources, only a little more than a third of pupils have access to secondary teaching. From the uprising of 1988 until 2000, the universities were closed more than they were open. It is one of the means employed by the military junta to try to contain the opposition in student circles [39].

According to a joint report of university researchers from Berkeley and Johns Hopkins [40], the policy of “public health” of the Burmese junta poses a problem for health at the national, regional and world level. Health expenditure is among the lowest in the world. Only 3% of the state budget is allocated to health expenditure. The annual budget for the prevention and treatment of HIV is 22,000 dollars per year for a population of around 50 million. As a consequence, life expectancy is no higher than 61 and the infant mortality rate is 76‰ (sources Unesco 2004). In comparison, Indonesia in 2004 had a life expectancy of 67 and an infant mortality rate of 30%.

The health system has been rendered incapable of responding to the country’s serious health problems. Malaria, HIV/AIDS and Tuberculosis are widespread. In 2005, 34% of the cases of tuberculosis in the country were resistant to all forms of treatment, a figure twice as high as in the neighbouring countries like Thailand. Nearly 90% of the population lives in zones infected by malaria (half of the deaths due to malaria in Asia are localised in Burma). The report reveals that nearly 70% of anti-malaria medicaments sold in Burma are counterfeits or wrongly dosed, which increases the risks of resistance to the disease, a problem which also exists for tuberculosis. Since the putsch of 1988, hundreds of thousands of Burmese citizens have been displaced or have become refugees in the bordering countries, notably Thailand, Bangladesh and India. In these countries, most Burmese have not obtained the status of refugees. More than 2 million Burmese live clandestinely in Thailand, against only 140,000 having official refugee status. This situation contributes to the emergence or re-emergence of diseases like tuberculosis, dengue or syphilis in the bordering countries. The absence of recognition of refugee status obliges millions of Burmese immigrant workers to live in clandestinity, prostitute themselves or accept dangerous and underpaid work. Access to care is denied to them and their great mobility, due to

clandestinity, limits the capacity of NGOs to bring them help. That contributes to the spreading of infections like the AIDS virus. This has taken such proportions that the Thai minister of health has had to admit that it threatens the Thai public health system [41]. This situation has worsened since 2005 with the hardening of the junta's policy towards NGOs and charity associations, limiting their capacity to work in the country and leading to the withdrawal of certain associations like the International Committee of the Red Cross (ICRC) and Médecins Sans Frontière (MSF). Help the Burmese people, now!

Since it has been in power, the Burmese junta has only trampled down the most elementary rights of the Burmese people. One cannot credit it with any will to make reforms or re-establish a civilian government. The recent national convention convoked with the goal of drawing up a new constitution is only another political farce which will allow the junta to strengthen its power still further behind a semblance of a participatory process. The military have very carefully controlled the whole of the process, chosen 99% of the delegates, ruled out opponents, banned questions, suggestions, remarks from delegates. The later were forbidden to communicate with the press. The result is a written "constitution" by the generals for the generals [42] without any hope of change or improvement of the situation.

The suffering of the Burmese people has only worsened and the UN and governmental appeals to "moderation" are another scandal. Undoubtedly several hundred civilians and monks have been killed in the violent repression of past weeks and thousands of people have been arrested. But on the contrary in 1988, millions of people around the world have witnessed massacres of civilians demonstrating peacefully for the most basic demands: the right to live decently, liberty... The governments which support the Burmese junta are this time clearly morally condemned. China, India, Russia but also the members of ASEAN, South Korea, Japan can no longer hide their hypocrisy.

ASEAN, for example, has expressed its "revulsion" at the violence of the junta, but gives no concrete sign showing that it will take the least measure. At least, all these countries can no longer continue their lucrative trade with the junta and the pillage of the natural resources of the country behind the scenes.

The United Nations, the European Union and the United States have also promptly reacted to the repression of demonstrators. Appeals to "restraint" and the "use of peaceful means to restore stability" are nonetheless hypocritical. Who can believe that one of the most ferocious dictatorships in the world, whose head Than Shwe is a paranoid maniac, will be intimidated by such timorous words?

Big European and US companies like Total and Chevron have been established in Burma for many years, too many years. Their trade and activities directly enrich the junta. The people are condemned to forced labour, fear and misery.

This situation is intolerable.

China can play a key role in forcing the Burmese soldiers to change. But is not alone in being able to unblock the situation as many have a tendency to say, allowing them to avoid their own responsibilities.

\* In all countries, pressures should be exerted to ban trade and financial investment with the junta. Of course, if one company withdraws, another is ready to take its place... Perhaps, but the withdrawal of a company like Total can have a real impact for some months for the junta without affecting the situation of the people who do not benefit from these cash flows. Moreover, what moral justification can be made for doing business with this dictatorship?

\* At the level of the European Union sanctions should be extended, notably through a ban on investment in the most lucrative sectors for the junta: rare woods, minerals, oil and gas. Also all trade with Burma should be banned.

\* Without delay, a boycott should be organised of companies like Total which are present in Burma.

\* At the international level, the United Nations can no longer simply request "a peaceful dialogue between the two parties". They should explicitly condemn the exactions of the junta and do everything to ensure that a civilian government is rapidly set up. This government should take the emergency social measures the people need, and re-establish democratic liberties allowing the speedy election of a genuine constituent assembly bringing together all the components of Burmese society.

\* The only aid authorised should be humanitarian aid which does not fall under the control of the junta or the associations it controls.

\* China has a real influence on the Burmese junta. As the 2008 Beijing Olympics approach, it is very concerned about its reputation and does not really want to be associated with the most vicious dictatorships. It is possible to bring pressure on the Chinese government by organising a campaign stating clearly that the philosophy of the Olympic games is in no way compatible with the repression of democratic freedoms in China or in Burma [43].

► *Danielle Sabai is one of IV's correspondents in Bangkok.*

## NOTES

[1] 1. "Burma's Democracy Challenge Flickers Out", Aung Zaw, The Irrawaddy Online. September 3, 2007. It is a traditional technique of the Burmese junta to "release" petty criminals on street demonstrations"

[2] 2. In the town of Taungkok in Arakan State a demonstrator, Soe Win, was sentenced to 4 years in prison for demonstrating alone with a placard calling for the liberation of political activists, including Aung San Suu Kyi, and for the excommunication from the Buddhist faith of junta leader general Than Shwe. "Burma Protests: the Situation on September 12. The Irrawaddy Online.

- [3] 3. "Myanmar. The authorities should allow peaceful demonstrations". Amnesty International. August 31, 2007.
- [4] 4. Paw U Tun, alias Min Ko Naing and Ko Ko Gyi are two leaders of the group of students of the 88 generation. They had helped organise the big demonstrations of 1988. The military regime had then responded by killing at least 3,000 students and activists. Min Ko Naing and Ko Ko Gyi were released in 2004 and 2005 after having spent 15 years behind bars and endured years of torture and mistreatments. The list of 14 main leaders arrested was published on the site of the World 'Organisation Against Torture (WOAT)
- [5] 5. Hundreds of thousands of people in Burma/Myanmar are subject to forced labour and other human rights violations or live under the permanent threat of being subjected to it. The continuous use of forced labour is often accompanied by torture and other types of physical and psychological violence. See in this respect the World Organisation Against Torture which coordinates a network of more than 280 NGOs with as first objective preventing the use of torture and other cruel, inhuman or degrading punishments.
- [6] 6. "Burma Protests: the Situation on September 5 and the following days". The Irrawaddy Online.
- [7] 7. Burma is a multi- ethnic country of 52 million people. 2/3 are Burmese and the rest are made up of about a hundred nationalities including the Karen, Karenni, Mon, Shan, Kachin, Rakhine and Rohingya. Without doubt more than 80% of the population is Buddhist by religion
- [8] 8. "The Politic of Piety: Pageantry and the Struggle for Buddhism in Burma". Stephen MacCarthy. Working Paper Series n° 85. SEARC.
- [9] 9. In 1997, the junta announced that it had changed its name. The State Law and Order Restoration Council (SLORC) was renamed the " State Peace and Development Council" (SPDC)
- [10] 10. "The Gathering Storm. Infections, Diseases and Human Rights in Burma. Universities of Berkeley and Johns Hopkins July 2007. <http://www.hrcberkeley.org/download/BurmaReport2007.pdf>
- [11] 11. See note 10
- [12] 12. <http://www.burmanet.org/news/2007/09/07/reuters-eu-calls-rights-violations-in-myanmar-a-scandal> Reuters: "EU calls rights violations in Myanmar a scandal" September 7, 2007
- [13] 13. The EU's relations with Burma/Myanmar. Overview. [http://ec.europa.eu/external\\_relations/myanmar/intro/index.htm](http://ec.europa.eu/external_relations/myanmar/intro/index.htm)
- [14] 14. Info Birmanie: France Culture est-elle la voix de la diplomatie française? <http://www.info-birmanie.org/images/stories/birmanie%20france-inter.pdf>
- [15] 15. "Total pollue la démocratie. Lettre ouverte aux actionnaires". FIDH <http://www.birmanie.net/birma/pdf/AGLettreOuverterevoDS.pdf>
- [16] 16. Info Birmanie: "L'UE doit renforcer sa position commune sur la Birmanie". August 27, 2007. <http://www.info-birmanie.org/images/stories/depuis%20le%2015%20ao%FBtib.pdf>
- [17] 17. See note 16. <http://www.info-birmanie.org/images/stories/depuis%20le%2015%20ao%FBtib.pdf>
- [18] 18. "Many Firsts with China." Aung Zaw. [www.burmanet.org/news/2007/09/14/irrawaddy-many-firsts-with-china-aung-zaw](http://www.burmanet.org/news/2007/09/14/irrawaddy-many-firsts-with-china-aung-zaw).
- [19] 19. Les nouvelles de Birmanie number 20. June 2007
- [20] 20. Deutsche Presse-Agentur:"Indian foreign minister grilled on Myanmar" Friday 14 September 2007. <http://www.burmanet.org/news/2007/09/14/deutsche-presse-agentur-indian-foreign-minister-grilled-on-myanmar/>
- [21] 21. <http://www.mizzima.com/MizzimaNews/News/2007/Sep/67-Sep-2007.html>
- [22] 22. "India and Burma: Such Good Friends. Nava Thakuria. February 26, 2007. Asia Sentinel [http://www.asiasentinel.com/index.php?option=com\\_content&task=view&id=397&Itemid=31](http://www.asiasentinel.com/index.php?option=com_content&task=view&id=397&Itemid=31)
- [23] 23. Name the new junta gave itself after the coup of 1988
- [24] 24. "Japan's Aid Relations with Military Regimes in Burma 1962-1991. The Kokunaika Process". Donald M. Seekins
- [25] 25. See note 24
- [26] 26. HNS-Info. Teck de Birmanie: luxe au Nord, dictature au Sud. [http://www.hns-info.net/article.php3?id\\_article=10002](http://www.hns-info.net/article.php3?id_article=10002)
- [27] 27. "South Korea Has a Burma Problem", Correspondent. August 24, 2007. "Asia Sentinel"
- [28] 28. "Burma's Generals on a Buying Spree". David Fullbrook. November 18, 2006. "Asia Sentinel".
- [29] 29. ASEAN was created in 1968 on the initiative of the United States to fight Communist influence in Asia
- [30] 30 "Engaging Burma: The ASEAN Experience". Mario Aguja. April 6, 2006.

[31] 31. U Nu was elected prime minister of the Burmese 'Union from 1948 to 1962, with the 'exception of the period 1958-1960. He replaced Aung San, main architect of Burmese independence, assassinated in 1947. Aung San has become a legendary figure in the country. He was the father of Aung San Suu Kyi who is the main leader of the NLD and who gained 80% of the vote at the elections of 1990 that the military junta had to concede under popular pressure

[32] 32. In 1962, following his coup d'Etat, general Ne Win promulgated a series of institutional and political reforms under the banner of the "Burmese road to socialism". The reforms were "socialist" only in name. From 1962 to 1988, Burma was more or less an autarky, at the rhythm of aberrant economic reforms leading this country, rich in natural resources, to a nameless poverty

[33] 33. Forced labour is not done directly on the site but Burmese civilians are forcibly enrolled to clear the jungle around the site and along the pipelines at risk to their health. Many contract malaria in the forest. Maybe doctor Kouchner can care for them? See also Rapport Kouchner on the site [http://birmanie.total.com/fr/publications/rapport\\_bkconseil.pdf](http://birmanie.total.com/fr/publications/rapport_bkconseil.pdf)

[34] 34. There is a good deal of literature on this subject. See for example Interview with Brad Adams, outlining Burmese Ethnic Minority Communities' Ongoing Horrors. Human Rights Watch. <http://hrw.org/english/docs/2005/09/22/burma11774.htm>

[35] 35. In 1994, 'India and Burma signed a trade agreement authorising unrestricted 'access to a zone of 40 kilometres on each side of the border, 1643 km long. This facilitated the passage of drugs on both sides of the border

[36] 36. Burma Briefing. October-December 2005. A Campaign by Asian Center for Human Rights and Mizzima News

[37] 37. "The Gathering Storm. Infections, Diseases and Human Rights in Burma. University of Berkeley and John Hopkins. July 2007. <http://www.hrcberkeley.org/download/BurmaReport2007.pdf>

[38] 38. "Les enfants sacrifiés de la junte birmane". Hebdo Net N°52 <http://www.birmanie.org/Fichiers/File/NETHEBDO/hebdo52.html>.

[39] 39. "UNICEF in Myanmar: Protecting Lives, Nurturing Dreams". Unicef Report 2004. See also "The Gathering Storm. Infections, Diseases and Human Rights in Burma". University of Berkeley and John Hopkins. July 2007. <http://www.hrcberkeley.org/download/BurmaReport2007.pdf>

[40] 40. See note 37

[41] 41. See note 37

[42] 42. For more details on the national convention charged with writing the new constitution, see the site of Human Rights Watch. <http://hrw.org/>

[43] 43. A year before the Olympic Games, Reporters sans Frontières has launched a campaign to publicise the question of human rights in China. [http://www.rsf.org/article.php3?id\\_article=23181](http://www.rsf.org/article.php3?id_article=23181)

**Suicidal attacks will solve nothing, but be used by the military regime to ban rallies and civil liberties**

## **Benazir urged to change her strategy of cooperation with the military regime**

Labour Party Pakistan general secretary press conference in Lahore

*Farooq Tariq*

Farooq Tariq general Secretary Labour Party Pakistan and secretary Pakistan Kissan Rabita Committee (peasant coordination committee) addressed a press conference today on 19th October at Lahore Press Club. They expressed solidarity with and deep sorrow for the families of those who died during a suicidal attack in Karachi on 18th October during the rally of Pakistan Peoples Party.



Farooq Tariq, green shirt, left

"On the eve of return of Benazir Bhutto, this suicidal attack is a warning note to all the democratic forces in Pakistan. It is an attack on civil liberties, right of association and assembly.

This attack is to terrify people struggling to get rid of militarism and religious fundamentalism. Such attacks are the result of a calculated game of eliminating the opponents. It is fascist tactics and we condemn in strongest terms” Farooq Tariq declared at a crowded press conference.

“Unfortunately, we are postponing our nationwide campaign against feudalism and for land reforms because of the prevailing dangerous situation. On 22nd October, various political parties and peasant organizations had decided to organize demonstration in over 16 cities of Pakistan against feudalism. The decision to organize a day of action on 22nd October was taken in a peasant assembly at Karachi on 9th October 2007. Over 500 participated in the assembly from different labour and peasant organization with the help of Action Aid Pakistan. We are postponing it for the time being but are issuing our declaration on land reforms today” he said.

Farooq Tariq presented a five-page declaration demanding political parties to include in their manifesto to end of feudalism and introduce land reform as a top priority. “Feudalism with the help of the military regime is on the offensive, we must fight to end this age old primitive reactionary system” Farooq Tariq said.

While commenting on the incident, he told the reporters that suppressing religious fundamentalism by military means only helps to promote it. Violence against violence is no solution. The American and NATO forces in Afghanistan and Iraq are a center of gravity and hence there is a lot of reaction against the occupation. To stop the growing acts of suicidal attacks in Pakistan, we have to look the basic reasoning behind it and find a political solution rather a military solution.

Farooq Tariq said “the bombing of Red Mosque in Islamabad during July 2007 and the recent bombing of the tribal areas of Pakistan where hundreds have lost their lives has resulted a great anger among the youth. Many of them have opted to take a route of suicidal attacks in revenge. Suicidal attacks are a miscalculation by religious fundamentalists who believe that it is the only way to teach the imperialists a lesson. Imperialist forces and their agents in Pakistan will not be silenced by these suicidal attacks, on the contrary ordinary citizens of Pakistan will be met by more repressive laws and restrictions to their civil liberties. The religious fundamentalists are presenting an excuse for ban on public rallies. This is a most serious threat to all the democratic forces in Pakistan that is been faced by this suicidal attack”.

“We also appeal to Benazir Bhutto to change her political strategy of a peaceful transition from military rule to democracy by cooperation with the military regime. There can be no good for the people of Pakistan if Benazir Bhutto goes on the same way as general Musharaf. The implementation of neo liberal agenda by General Musharaf is not being challenged by Benazir Bhutto, on the contrary, she is trying her best to make the American imperialists believe that she can do a better job than General Musharaf. She is going a step ahead of General Musharaf in toeing the policies of the American imperialism in the region” Farooq Tariq said during the press conference.

“We must fight against religious fundamentalism and militarization. They both are enemies of the working class; both are against women’s rights, minority rights and human rights in general. Both are against the right to assembly and right of free expression. Benazir Bhutto must not cooperate with the military regime; she must come back to the radical traditions of her father Zulfiqar Ali Bhutto” Farooq Tariq pleaded. He said that we are with PPP workers aspirations of a radical change and for an end of military regime.

“General Musharaf regime should take full responsibility of this incident and resign immediately. We demand an interim government based on trade unions, social organizations and political parties to hold an immediate general elections. Let the people of Pakistan decide who will be their representatives. The military solutions have failed miserably. They have endangered the lives of millions and people are facing an uncertain future,” Farooq Tariq demanded during the press conference.

▀ *Farooq Tariq is the general secretary of Labour Party Pakistan.*

### Other recent articles:

#### Pakistan

[Call for a greater Left unity](#) - October 2007

[Against the repression of the democratic movement](#) - October 2007

[The Red Mosque Saga](#) - July 2007

[The liberation of Farooq Tariq and other detainees](#) - July 2007

[The 15 Jail Days](#) - June 2007

## Pakistan

# Call for a greater Left unity

*Farooq Tariq*

**There has been never any other better time in history of Pakistan for a greater Left unity than the present time. There is great urge among all the Left and progressive forces to unite on one plate form.**

## Pakistan Peoples Party: Illusions shattered

Pakistan Peoples Party was traditionally seen as a party that will fight against militarization and for democracy. Under Benazir Bhutto, the PPP has become a party of compromises and conciliation with the present military regime of General Musharaf. She has already finalized a deal of power sharing with present military regime that has become one of the most hated among ordinary people. The price hike, unemployment,

class polarization, uncertainty of future and rising incidents of mass killings have become the hall mark of the Musharraf regime.

Benazir Bhutto has tried to win over her lost support in Pakistan during the process of dealing with Musharraf by a massive show of mass power in Karachi has been disrupted by the suicidal attacks of religious fundamentalist forces. According to one report, the Benazir reception at Karachi was one of the most expensive political events in the history of Pakistan costing over 3 billion Rupees.

The illusions among many that PPP will turn to left wing ideas have been shattered. On the contrary, PPP has never been more on the right than present time. This has given the Left forces a rear chance to win over the sympathies of many who are disillusioned and disappointed by PPP character. This is a chance for the Left to win them over by taking new organizational measures and flexible tactics by coming closer and unity.

### **The disunity among the fundamentalists**

The Mutehida Majlas Amal, the religious fundamentalist unity alliance has never been as disunited as they are today. There is an open war going on among them. This will not be seen by the masses a healthy sign. Even if they are able to continue as MMA, they have lost a precious time in fighting among them over tactics to fight the best way against Musharraf regime. It was difficult for many of them to adjust to the present day realities that the state is not the same as was the case in the past. The Pakistani state wanted to disassociate itself under the imperialist pressure from the religious fundamentalist forces. The religious fundamentalist are on the offence on the basis of their ability to show to the masses that are the anti imperialist forces. But it is an anti imperialist of the fools. The Left has been fighting the influence of the imperialist for a long time but during the last few years it had lost the initiative to the religious fundamentalists who had more funds and resources at their disposal. This is the right time to unite the human and material resources for the unity of the Left to continue the anti imperialist struggle on more effective manner.



### **Fundamentalists' Suicidal Attacks: a challenge to Left**

The suicidal attack on Benazir Bhutto rally in Karachi on 18th October was a warning note to all the democratic forces particularly the Left forces. It is an attack on civil liberties, right of association and assembly. This attack is to terrify people struggling to get rid of militarism and religious fundamentalism. Such attacks are the result of a calculated game of eliminating the opponents.

It is fascist tactics and we must condemn in strongest terms. We have no other way apart from uniting ourselves to fight for our right to assembly. We can not let the few individuals with a suicidal mission to dictate us their terms and conditions and to shut us up. We must have a right to organize and demonstration without fear of these suicidal attacks.

The state has failed to protect even those who compromised with the regime, how it can protect us who are totally against the military regime? The only defense of self defense and unity among our selves, the only way to fight is solidarity at national an international basis.

### **Many process of Left Unity**

At present there are many process of Left unity going on in Pakistan. There is Awami Jamhoori Tehreek, an alliance of seven Left groups and parties. But it has not gone very far. The Awami Jamhoori Forum is taking initiatives to call more Left meeting for unity all over Punjab. One such meeting was in Rawalpindi on 20th October attracting over 75 Left and progressive activists and radical social activists. They have formed a district committee to discuss the process in detail later. Awami Jamhoori Tehreek (AJT) Rawalpindi called this meeting on the initiative of Awami Jamhoori Forum (AJF). AJF has produced a leaflet explaining the reasons for a greater left unity at present time.

On 24th October, AJT Punjab has called a left unity meeting in Lahore to discuss the process and plan for future actions. The meeting will take place at National Workers Party office at Mcload Road Lahore.

The Tabqati Group under the leadership of Lal Khan (Ted Grant group) in association with PILER Karachi has called another Left Unity meeting on 7th November in Karachi. Labour Party Pakistan is taking part in this meeting as well. Meraj Mohammed Khan in association of Inqilabi Jamhoori Committee (Taj Marri) is calling for a new Left party in Pakistan. He is campaigning in Sind for such an initiative. Meraj Mohammed Kahn and Inqilabi Committee is already part of the AJT.

Labour Party Pakistan is holding its fourth national conference in Toba Tek Singh on 9/10/11th November. LPP will hold a public rally on 10th November and most of the Left leaders will be invited to speak at the public rally and participate in the conference.

We call on all the radical social activists, trade unionists, political activists and advocates movement leaders to parties to take part in this process and urge for a greater Left unity.

## The General Elections strategy

We must plan a strategy to take part as Left forces in the next general elections going to be held during early next year. LPP is advocating a policy of participation in the next general elections from as many seats as possible. What we need is put forward an alternative candidate in each constituency. We must not be forced to vote for a party that is in alliance with military regime or from religious fundamentalism. There is a great anti Musharaf consciousness at present in Pakistan. We must be able to be candidate to attract this consciousness. We must fight against the discriminatory rule of Election Commission that allows only graduates to contest in the elections. We must go to the courts against this rule and get rid of it allowing our working class comrades to stand in the elections.

What we need a percentage of vote and not just one or two leading contestants on behalf of the whole Left. We must strive for a reasonable percentage of national votes for the candidates of Left forces. That is only possible when we have a national strategy and maximum numbers of Left candidates across Pakistan.

We need a common political and economic agenda for such a Left unity. Hat we can discuss in our meeting and come forward with proposals that could be agreed by at least majority.

Please comment and circulate this message with your comments to as many as possible.

These are some of my initial thoughts for discussions and hopefully we can go forward on the road to unity.

Unity is strength and Workers of the World: Unite.

► *Farooq Tariq is the general secretary of Labour Party Pakistan.*

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## The Big Lie

# How the SWP's bureaucratic factionalism is wrecking Respect

*Phil Hearse, Liam Mac Uaid*

**No one who supports left unity could be anything other than deeply disheartened by the turn of events inside Respect, which has created a crisis that threatens the future of the organisation. The current crisis is unnecessary and the product of the political line and methods of organisation of the Socialist Workers Party.**



Happier days - Respect founding conference

The real meaning of the crisis, its roots and underlying dynamics are however being obscured by the SWP's propaganda offensive, an attempt to whip its own members into line and throw up a smokescreen to fool the left in Britain and internationally. How so?

The crisis was started by a letter from Respect MP George Galloway to members of the National Council on August 23, a time it should be remembered that a general election seemed a short-term possibility. In his letter Galloway drew attention to organisational weaknesses of Respect, the decline of its membership and political life in general, but also to the (not unrelated) lack of accountability of the National Officers, including the Respect national Secretary John Rees. These criticisms reflected those that had been made for several years by supporters of Socialist Resistance. Galloway also made a series of proposals for breathing life back into Respect's campaigning, including an election campaign committee and a National Organiser.

A sensible response by the SWP leadership to these proposals would have been to say "OK, we don't agree with everything you say, but maybe we took our eye off the ball and need to get things going again. Let's discuss this, let's reach a compromise". This was obviously the intelligent way to deal with the crisis and one that could have led to a positive outcome. But it would have meant the SWP sharing some of the decision-making power it wields within the organisation.

Instead the SWP went into battle mode and declared war on Galloway and those who agreed with him. In order to justify this the SWP has thrown up an extraordinary smokescreen to obscure the real nature of the dispute. This reads as follows: George Galloway and those who support him are witch-hunting the left and SWP in particular. This witch-hunt is being led in the name of "communist" politics (read "Islamism"). The democracy of Respect is being undermined by National Council members who are critical of the SWP. To defend democracy and the left means to support the SWP's position.

The SWP leadership has adopted a classic strategy of unprincipled faction fighters: *change the subject*. In fact the story they tell - of the mother of all conspiracies, an attack on socialism and the left - is highly implausible to anyone who knows the basic facts. Why should just about everyone of the National Council who is not an SWP member of close sympathiser - including some of their own (now expelled) members in addition to well known socialists like Alan Thornett, Ken Loach, Linda Smith, Victoria Brittain and John Lister - suddenly launch an unprincipled attack on socialism and the left in the name of Islamist 'communalism'? The story may play well at internal SWP meetings, but it is a fantasy. The Rees-German-Callinicos leadership have evidently decided that those who control the terms of the debate, win it. Hence the Big Lie.

## Real roots of the crisis

As is normal in these situations there is an accumulation of fractious meetings, especially leading up the Respect conference and the election of delegates, each of which gives rise to organisational charge and counter-charge. But the roots of the crisis do not lie in what happened at this or that meeting. They lie in the whole approach that the SWP have had to Respect.

While Socialist Resistance and other put forward the objective of building a broad left party, the SWP rejected this in the name of building a "united front of a special kind". In effect this would be an electoral front, a political bloc to the left of Labour to be deployed mainly during elections. It would go alongside a series of other 'united fronts' the SWP wanted to build.

Socialist Resistance pointed out two things: first, an organisation mainly deployed at election time would suffer major disadvantages as against parties and party-type formations that had a permanent existence. Political bases in localities are mainly built through long-term campaigning work, which can then be exploited to create an electoral presence.

But this was anathema to the SWP, because the SWP wanted to have simultaneously the existence of Respect and for the SWP to continue most of its campaigning and propaganda in the name of the SWP itself. The SWP, as easily the largest force in Respect, was able to enforce this orientation. But it meant that Respect was robbed of long-term campaigning work and its own propaganda instruments. For example, the SWP bitterly resisted the proposal that Respect should have its own newspaper - because it would get in the way of selling Socialist Worker. De facto the SWP wanted Socialist Worker to be the paper of Respect.

The "united front of a special kind" was not a united front at all, but a political bloc with a comprehensive programme for British society. The SWP's way of organising it however deprived it of any real internal life of its own and any campaigning dynamic outside elections. Thus it was very difficult to raise the profile of Respect in the national political arena in any systematic way. And it is extremely difficult to keep non-SWP members in this kind of formation, in which they can only - occasionally - give out leaflets and act as meeting fodder.

This was a disaster. As the three major parties cleave more and more together in a neoliberal consensus (a project now near completion in the Liberal Democrats), the political space obviously exists to form a party or party-type formation to the left of Labour. It is not at all obvious that there is less space for this in Britain than in other European countries, where relatively successful broad left formations have existed.

The name or the exact form doesn't matter - you don't have to call it a party. But it has to act like one. This cannot be a revolutionary party, for which at the moment a broad political base does not exist, but revolutionaries can play a central role within it. Such a formation does however have to have a systematic anti-neoliberal and anti-capitalist campaigning stance on all the key questions of the day. Because of the central role of electoral politics in advanced capitalist countries, the left appearing there is vitally important, although made much more difficult in Britain by the undemocratic "first past the post" electoral system, which marginalises the extremes.

In the light of the way that the SWP chose to run Respect it was inevitable that it would see a decline of its membership and a drift away of independents. Any progressive dynamic for Respect was asphyxiated by the dead hand of the SWP and the strict *a priori* limits they put on its development. It was thus always highly likely that this would lead to a sharp political discussion about the way ahead; this could have been highly productive and strengthened Respect's role and unity. But the SWP interpreted it as a challenge to their authority and control. In effect they said to the others in Respect - you can have respect on our terms, otherwise forget it.

## SWP's role on the left

It's a basic law of politics that influence and opinion count for nothing if they not organised, given coherent expression and deployed effectively in society. In Britain there is

massive opposition to the war in Iraq and Afghanistan, to privatisation, to the growing gap between rich and poor, to the assault on public services, to the massive enrichment of the City, asset strippers and supermarket capitalists - to neoliberalism as a whole. But this is crying out for political expression at a national level. The fiasco of the failed attempt by the Labour left to get a candidate nominated by MPs in the Labour leadership (non)-contest, illustrates the blocking of any road to the left inside the Labour Party.

Unfortunately the consensus of the three main parties is today more effectively challenged from the right, by the UK Independence party and the fascist BNP; and it was only ever given very partial expression from the left by Respect. Regrettably a more effective attempt to organise left wing opinion, the Scottish Socialist Party, has for the moment been shipwrecked by the Sheridan crisis - in which, it must be added, the SWP played a terrible role.

Respect is the third major attempt to build a united left formation in the last 15 years - preceded by the Socialist Labour Party (SLP) launched by Arthur Scargill in 1994 and the Socialist Alliance refounded at the beginning of this decade. The SLP foundered on Scargill's insistence on his own bureaucratic control and the Socialist Alliance's potential was far from maximised: indeed the SWP's decision to sideline the SA during the height of the anti-war movement effectively sealed its fate.

If Respect now crashes this will have extremely negative effects. It will create deep scepticism about the possibility of greater left unity and the potential for a broad left party. It will set back and complicate the whole process of politically and organisationally refounding the British left. Although the SWP leadership clearly don't see this, it will have major negative consequences for the SWP itself and confirm the suspicions of all those who see the SWP as a deeply sectarian and factional formation.

It will confirm those suspicions because they are, sadly, correct. The SWP has shown itself in successive experiences - the Socialist Alliance, the SSP and Respect - to be incapable of fruitful long-term co-operation with other socialists in building a national political alternative. The leopard hasn't changed its spots.

► *Phil Hears* writes for *Socialist Resistance in Britain*. He is the editor of *Marxsite* ([www.marxsite.com](http://www.marxsite.com)).

► *Liam Mac Uaid* is an editor of *Socialist Resistance* and a member of its steering committee. His blog is online at [liammacuaid.wordpress.com](http://liammacuaid.wordpress.com)

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## Crisis in Respect stimulates comradely discussion

# Open letter from Socialist Worker New Zealand

A letter to all members of the SWP (Britain)

*Daphne Lawless*



Dear comrades,

**Your comrades in the International Socialist Tendency in Socialist Worker - New Zealand, have watched what appears to be the unfolding disengagement of the Socialist Workers Party (Britain) from RESPECT - the Unity Coalition with gradually mounting concern, anxiety and frustration.**

SW-NZ's perspective since 2002 has been that building new broad forces to the left of the social liberal (formerly social democratic) parties is an essential step towards the rebirth of a serious anti-capitalist worker's movement. The work carried out by the SWP and its allies to build a broad coalition of the left which could compete with Blairite/Brownite New Labour on equal terms has been an inspiration to us, and, we believe, to all serious socialists throughout the world.

In the last two months, to our distress, all the good work that has been carried out in England and Wales seems on the verge of going down the tubes. Whatever the rights and wrongs of the specific organizational proposals put to the Respect National Council by George Galloway MP in August, an outright civil war has broken out between the SWP leadership and other forces in Respect. This, as far as we can see, could - and should - have been avoided.

It seems to us that your party's leadership has decided to draw "battle lines" between itself and the rest of Respect - a stance, we believe, guaranteed to destroy the trust and working relationships on which any broad political coalition stands. Of particular concern to us is the expulsion of three respected cadre from the SWP - Kevin Ovenden, Rob Hoveman and Nick Wrack - for refusing to cut working relationships with those seen as being opposed to the SWP. To draw hard lines against other forces within a united front (even of a "special type") and to expel members who refuse to accept those hard lines is behaviour you would usually see from a sectarian organization, not a party of serious socialists looking to build a new left alternative. It is perhaps in this context that Galloway's reported comments about "Leninists" should be understood, rather than as an attempt to exclude revolutionary politics from Respect.

What distresses us particularly is that the above mentioned comrades were expelled after submitting what seem to us to be thoughtful and critical contributions to your pre-conference Internal Bulletin. If these three comrades are not being victimized for raising a political alternative to the line of the Central Committee, it certainly gives the appearance of such victimization - or even, to use a word which has become common currency recently, witch-hunting.

The opening contribution of the SWP CC to the Internal Bulletin makes a couple of points which seem to us to be particularly problematic in this context. Firstly, the CC state that:

"The critics of the SWP's position have organised themselves under the slogan "firm in principles, flexible in tactics". But separating principles and tactics in this way is completely un-Marxist. Tactics derive from principles. Indeed the only way that principles can become effective is if they are embodied in day-to-day tactics."

It seems to us an uncontroversial statement that tactics must be based on much more than principles - a lesson which Lenin himself explained clearly in his famous "Left-Wing" Communism. Revolutionary tactics must be based on the objective realities of the time - the level of class consciousness, the balance of forces in society at any given moment, the resources and cadre available to a revolutionary organization. To derive tactics from principles is not the method of scientific socialism, but of a dogmatic or even sectarian approach, that the party is "schoolteacher to the class".

As we see it, the disaster overtaking Respect has been exacerbated by the SWP deriving tactics from principles. The principle is that "the revolutionary party" embodies the correct programme, that it must work as a disciplined unit to

win its position, and that there is nothing to learn from reformist or other forces. This feeds into a tactical approach that any threat to the organizational leadership of "the revolutionary party" must be fought using all means at the party's disposal, and those forces who oppose the strategy of the party must be eliminated if they do not accept defeat.

According to the information we have, your party chose not to debate Galloway's proposals openly within Respect first, and tease out the politics behind them. Rather, the SWP leadership first moved to neutralize internal dissent, before coming out fighting in Respect with accusations of "witch-hunting". Instead of leading with the political arguments and winning leadership among the broad left forces in Respect, your leadership seems to have mobilized the party for a civil war waged primarily by organizational or administrative means. Inherent in this drive to defeat Galloway and his allies appears a "for us or against us" approach which seems to leave no room for any possible reconciliation - in effect, ensuring the death of Respect in its current form as a coalition of the broad left and a nascent transitional formation of working-class politics.

An attempt by the SWP to establish dominance by sheer force of numbers at the upcoming Respect conference would, it seems to us, result in a Pyrrhic victory at best. Such a course of action, even if successful, would simply drive out those forces who are opposed to your party's current line and leadership, and reconstitute Respect as a front for SWP electoral activities. We can not see this as encouraging class consciousness or political consciousness, among the SWP, Respect or broader left forces. On the contrary, it seems almost designed to harden the boundaries of organizational loyalty and the divisions between "the revolutionary party" and other forces - almost the definition of sectarianism. Again, if these stories are true, then Galloway's comments about "Russian dolls" would seem to us - as revolutionary Leninists ourselves - to be fair comment.

Another quotation from your Central Committee's IB contribution which struck us runs as follows: "Of all the claims made against the SWP's position the argument that Respect must be our "over-arching strategic priority" must be the most ill considered. Firstly, it ignores the fact that the building of a revolutionary party is the over-arching priority for any revolutionary Marxist. All other strategic decisions are subordinate to this goal."

Six years ago, the American International Socialist Organisation was criticized by the SWP (Britain) for a sectarian refusal to engage with the anti-capitalist movement. Alex Callinicos' own article on the split with the ISO-US includes the following statement:

"In an extraordinary speech at the ISO's convention in December 2000, the group's National Organizer, Sharon Smith, attacked the idea that the ISO could, by systematically focusing on this minority, "leapfrog" over the rest of the left, and insisted that methods of party-building forged in the downturn were necessary irrespective of the changing objective conditions. "Branches are now and will always be the measure of the size of the organization," she said."

The ISO-US was criticized for failing to see to that the gains from a revolutionary organization engaging properly in a broad movement, for both the organization and the class struggle, could not be simply quantified by how many members the organization gained. A sect with many members is of far less consequence in the class struggle than a smaller group of revolutionaries playing an organic leadership role in promoting political consciousness among the working classes and oppressed layers. We feel that the SWP may repeat the ISO-US's mistakes - with the much greater consequences, this time, of the wreck of the biggest advance for the British left-of-Labour since the Second World War - if it lets Respect, as "only or primarily an electoral project" crumble at this point.

In contrast, Socialist Worker - New Zealand sees Respect - and other "broad left" formations, such as Die Linke in Germany, the Left Bloc in Portugal, the PSUV in Venezuela and RAM in New Zealand - as transitional formations, in the sense that Trotsky would have understood. In programme and organization, they must "meet the class half-way" - to provide a dialectical unity between revolutionary principle and reformist mass consciousness. If they have an electoral orientation, we must face the fact that this cannot be avoided at this historical point. Lenin said in "Left-Wing" Communism that parliamentary politics are not yet obsolete as far as the mass of the class are concerned - this is not less true in 2007 than it was in 1921. The question is not whether Respect should go in a "socialist" or "electoralist" direction, but in how Respect's electoral programme and strategy can embody a set of transitional demands which intersect with the existing electoralist consciousness of the working class.

The personality of George Galloway MP and the links with Muslim communities in London and Birmingham, seen in this light, are surely assets to be worked with, not embarrassments to be minimized. When Galloway came to New Zealand in July to support our campaign against Islamophobia, he electrified audiences with frankly some of the best political oratory that we have ever heard. No-one is claiming that he is a saint, or that he has not made some questionable political choices, but we refuse to believe that somehow over the space of a few months he has become a "communist, electoralist" devil.

The latest news that comes to us is that John Rees, a SWP CC member and the National Secretary of Respect, has publicly supported the four Respect councilors in Tower Hamlets who have resigned the Respect whip. If this is true, then the "civil war" in Respect has escalated to the point where the two factions are virtually functioning as separate parties - a "de facto" split much more harmful in practice than a clean divorce. This course of action is not only causing a serious haemorrhaging of cadre, but destroying the credibility which your party has built up as the most consistent and hard-working advocate of a new broad left in England and Wales. If the SWP appears to be attempting to permanently factionalise Respect, then it will be no wonder that other forces are trying to exclude them - not because of a "witch-hunt against socialists" (are you seriously claiming that Alan Thornett and Jerry Hicks are witch-hunting socialists?) but for reasons of simple self-preservation.

Socialist Worker - New Zealand comrades see this course of action from our IST comrades in the SWP as potentially suicidal. We see uncomfortable parallels with the self-destruction of the Alliance in New Zealand in 2001-2, where one faction deliberately escalated an inner-party conflict to the point where a peaceable resolution became impossible. Both sides of that struggle were permanently crippled in the aftermath. If you comrades are serious about trying to salvage the potential of Respect, I would urge your party to adopt the following measures:

- *Lower the temperature of the internal struggle in Respect, by agreeing to a postponement of the Respect conference until at least after the SWP conference in January;*
- *recommit to building Respect as an active, campaigning organization in the unions and the movements, rather than a formation solely concerned with fighting elections, and to combining the SWP's work as an independent revolutionary organization with this goal;*
- *put up proposals for more comprehensive institutions of democratic debate and political education within Respect;*
- *retreat from the current course of factionalist brinkmanship in the current debate, and take whatever steps are necessary to repair the working relationship between yourselves and other leaders and tendencies within Respect; and*
- *retract the expulsions of Kevin Ovenden, Nick Wrack and Rob Hoveman, at least pending debate at your party conference.*

If, on the other hand, Respect is finished as a united political force, it would surely be better for the two sides in this debate to approach the question of "divorce" amicably and calmly, rather than forcing the issue to a final conflict in the next few weeks and destroying the trust between the SWP and other forces on the left for perhaps a long time.

I would also encourage your party to, as a matter of urgency, write a report for the information of your fellow members of the International Socialist Tendency, giving your analysis of the crisis within Respect and your long-term strategy for building a broad-left political alternative in Britain.

In solidarity,

Daphne Lawless

Editor, UNITY magazine

Socialist Worker - New Zealand

▀ *Daphne Lawless is editor of UNITY magazine, and a leading member of Socialist Worker (Aotearoa/New Zealand).*

## World economy

# The bursting of the American housing bubble

*Isaac Johsua*

**A speculative bubble can relate to assets that are real (property, land, etc.) or financial (shares, etc.) ; it manifests itself by an increasingly rapid rise in the prices of these assets. They end up by reaching such levels as appear excessive, even making an optimistic evaluation of the future profits which can be expected. The bursting of the bubble manifests itself by an opposite process, by a continuous and often brutal fall in these prices.**

### 1. The effects of the bursting of a housing bubble

In the case of the housing bubble, it is accompanied, logically, by a drop in housing construction. This has been the case in the United States since the first quarter of 2006. The point to underline is that the bursting of a real bubble can have much more serious effects than the bursting of a stock exchange bubble. But, before entering into detail, it should be specified that these effects only represent so many risks: it is impossible to say if they will become concretised, and if so, on what scale.

We can list three effects:

1) A "real" effect on economic activity. Overproduction of any commodity leads to a fall in the price of this commodity. Overproduction is then reabsorbed on two sides at the same time: on the side of offer, which falls (since the price drops, it is less remunerative to offer the product) and on the side of demand, which increases (since the price drops, it is more interesting to buy). In the case of real estate these two effects take a very long time to appear. In fact, it is impossible to reduce offer immediately: any building project which has been started will have to be finished, or else all the money invested in it will be lost. Which means that for months, or even years, new housing property will continue to arrive on a market that is already congested, making prices fall even further (in the present American crisis, there are already millions of houses which are not finding buyers). As far as demand is concerned, it will not necessarily increase, because potential buyers can defer their decision, waiting until prices fall even more. This delaying of a decision is possible, because we are not dealing with "daily" goods, whose consumption is a daily necessity, but goods whose wear and tear can extend over a particularly long period. If you are living in an old house , you can wait a little longer before acquiring a new one. So the impact of a housing bubble takes

a very long time to be felt. However, this impact is important: the formula is well known: "when the building industry is going well, everything goes well"; it sets the tone, and that also works the other way round.

2) A financial effect. As a general rule, it is almost impossible to buy a house, or to have one built, without a loan: the sums concerned are too important for a household to be able to pay in full. So if there are difficulties in housing construction, they are bound to have effects on the financial sector. Institutions (specialized or not) grant these loans, with as "surety" the house that has been sold (mortgage). These institutions can in their turn borrow from others, which "refinance" them. The first financial danger lies there, the "domino effect": if these institutions, enticed by higher interest rates, have authorized these loans in a laxist way to not very solvent households, at the least difficulty these households will default on their obligations (see Appendix 1, on subprime credits). If they are very numerous to do so, the lending institution will collapse and it can take down with it the institution that refinanced it. This is what is happening in the United States, where 84 mortgage credit companies went bankrupt or ceased completely or partially their activity between the beginning of the year and August 17, compared with only 17 for the whole year 2006. In Germany the IKB bank and the public institute SachsenLB (a state-owned bank) were only saved by the skin of their teeth. Almost everywhere important losses related to subprime credits are being announced. As a result, the number of homes repossessed in July in the United States reached 180 000, twice as many as in July 2006, and there have been more than a million since the beginning of the year, which is 60 per cent more than a year ago. There is likely to be a total of whole 2 million repossessions in 2007.

The domino effect could even affect banks which do not grant mortgage loans, because banks lend to each other: if a bank has serious difficulties in real estate, another bank which does not could in its turn become suspect, if it had lent a lot of money to the first bank, which would perhaps not be able to repay it.



..or so you thought! Housing wealth goes AWOL in US

How to distinguish the banks that one should be wary of from the others? It is very difficult, not only because the banks dissimulate their exposure to risk, but also because it is not so easy to say in advance which debtor will default: where do you draw the line between debtors, who differ from each other only by a greater or lesser degree of insolvency? Furthermore, if the economic situation worsens, someone who had been up to that point a good debtor could become included in the category of risky loans. That is certainly one of the biggest problems created by a housing bubble: it is very difficult to differentiate, in the credits of the banks, the "bad credits" from the others. After the bursting of its own property bubble, Japan tried for years to do it, without succeeding. That explains the deep mistrust which now exists between banks, which poisons the atmosphere and undoubtedly contributes to the aggravation of the current crisis. On Friday August 10, in Europe and in the United States, something unprecedented occurred: in the space of 24 hours, banks became so wary of each other as to refuse to accord any kind of loan, forcing the central banks to intervene massively. In the space of four days, until August 14, 2007, the European Central Bank (ECB) had to provide the market with nearly 230 billion euros of liquidities. It should however be stressed that what is involved here is monetary creation and not sums taken from the pockets of this or that client in order to transmit them to the banks in difficulty (see Appendix 2).

In such a context, it is everyone for themselves: each bank, while trying to save itself, can contribute to a general collapse. A bank has, on the one hand, deposits (it owes this money to the depositors, private individuals or companies). On the other hand, it has

a) The credits of all sorts which it has granted to private individuals or companies, credits which represent so many debts owed to it;

b) The investments that it has made, in shares or bonds (a share is a title of property and gives the right to a part of the dividends distributed by a company; the bond-holder, on the other hand, is a creditor, who has lent money and awaits the payment of interest).

In the event of difficulties, the bank will be tempted to get out of this sphere of financing the economy: on the one hand, since suspicion has become widespread and prudence is necessary, it will restrict the mass of credits granted (this what we call the credit crunch); in addition, it will give priority in its investments to bonds rather than shares (which are considered to be riskier). This represents a double movement which can have serious consequences, because to forsake shares contributes to a stock exchange crash, and the restriction of credit can quite simply paralyse the economy and precipitate it into a recession. In the current American crisis, we have already seen a movement in favour of bonds; parallel to this, the institutions who have suffered losses on real estate will perhaps seek to compensate for that by selling shares in their possession, which should accentuate the fall in the price of these shares. As for the restriction of credit, which is essential, it should logically happen, but it is

impossible to say in advance to what extent. In any case, the effect on investment by companies can only be negative, not to mention the difficulty they will have in being financed on a Stock Exchange where share prices are falling.

It is true that many American banks have taken their precautions, by transforming the credits that they had granted into titles of debt, which they sold. The advantage here is to avoid the concentration of risky debts on the banks' balance sheets. The disadvantage is to disseminate the risk throughout all the national, and even international, economy: billions and billions of risky debts have not disappeared, they have landed somewhere, but where? Mistrust becomes universal. The speculative funds are particularly the target of suspicion: now, there are 9,500 of them in the world, and they manage the trifling sum of 1400 billion euros.

3) An effect, finally, on the spending of American households. This effect is essential. It can be broken up into two aspects:

a) On the investments made by households, i.e. on their purchases of homes. American households will now have the greatest difficulties in financing the purchase of housing by obtaining mortgage loans from banks who have become extremely wary.

b) On everyday consumption. Here the effects that we listed above converge:

▀ Real effect: The building industry is already making massive lay-offs, to which have to be added the risks that are weighing on investment by companies. All this will lead to a rise in the rate of unemployment (which is low at the moment) and in fear of unemployment, which are all things that can negatively affect consumption.

▀ Financial effect: the restriction of credit restriction, which can weigh heavily on American households accustomed to consume on credit. And we also have to add the behaviour of indebted households who are afraid of losing their homes, who want to keep up their payments, and who for this reason cut down on their consumption. Let us not forget the "richness effect", which postulates that consumption by households does not depend only on their current income, but also on the evolution of their patrimony, i.e. on the value of the property and financial credits that they have. If this value goes up, they feel richer and are tempted to consume more. But if (as is currently the case in the United States), the opposite occurs, and their portfolio of shares and the value of their home both drop, we can expect a negative impact on consumption, especially for households accustomed to "back up" their consumer credits with the value of their home. The risk should not be underestimated: household consumption occupies an exceptionally important place in the United States, representing nearly 70 per cent of GDP (it is only 55 per cent in France). It is the pillar on which in the last resort everything depends, not only for the American economy, but even, as incredible as it may seem, for the economy of the entire world.

If the American economy went into recession, it would do so in a particularly delicate context, because up to now it has

been living beyond its means, on credit, getting into debt on a grand scale. The rate of saving of American households is practically zero (this rate expresses the relationship between the savings of households and their disposable income); whereas, for example, that of French households amounted to 15.5 per cent in 2006. The rate of indebtedness of these American households reached in 2006 the extraordinary level of 140 per cent (this rate expresses the relationship of their debts to their disposable income). As for the external deficit (financed day after day by the rest of the world), which has become abyssal, it accounted for 6.5 per cent of GDP in 2006. These are features which are much more those of a power reaching its end, which is trying to maintain itself at whatever cost, than those of the superpower that is usually described.

If the American economy went into recession, the impact would be very great for the entire world, because it plays the role of locomotive for the world economy, and there is no other economy that can do that. As a result, emerging countries like China and India, because they have chosen insertion in liberal globalization and the "export-led" model, may see their economies breaking down, since they have become entirely dependent on their exports, in particular towards the United States. Thus, the share of exports in China's GDP, which was 10 per cent twenty years ago, has risen today to nearly 40 per cent.

## **B) Where does the American housing bubble come from?**

It does not fall from the sky, it is not the consequence of speculation, of bad management or the result of the irresponsibility of "those who have played with fire". Actually, the American housing bubble is the crisis of the "new economy", the crisis of the new technologies bubble (2001) which continues to this day. In 2000, the bursting of the stock exchange bubble involved, as one could expect, a particularly severe fall in investment by companies and a rapid rise in lay-offs. But the recession did not turn into a real depression, thanks to spending by households. Enormous means were employed to achieve this. The first was an extraordinary fall in the lending rate of the American central bank (see Appendix 2), a rate that was in a very short space of time brought down from 6 per cent to one per cent (which was really in fact a negative rate, if account is taken of inflation). Prolonging a forward flight that had been under way for a long time in the United States, the credit tap was turned on to the maximum, which largely facilitated mortgage credit and launched the housing bubble. The medicine used to nurse the stock exchange bubble became the drug of the housing bubble: they got out of one bubble only to fall into the other one, and because they fell into the other one. Thus the rate of indebtedness of American households shot up from 107 per cent in 2001 to 140 per cent in 2006, opening the way to the crisis of over-indebtedness which we can observe today.

## **C) What lessons can be drawn?**

The succession of bubbles (and of their effects) is a question of the system. From the beginning of the 1990s, we can note

a succession of financial crises: Mexico in 1995, Southeast Asia in 1997, the "new economy" in 2001, and finally the current one. Financial crises of this type had not been known since the Great Depression. In the same way, the only precedent for the stock exchange new technologies bubble at the end of the 1990s is that of 1929: between the two, there is nothing comparable. The conclusion is inescapable: what is mainly responsible is the installation of liberal globalization, guided by the relentless search for profit. It is only with its installation that everything started (or rather, started again). This system is undermined by instability. When it works, it is to the benefit of a minority, at the expense of those who produce the wealth. When it does not work, it brings the entire population down with it.

If there is an American recession, it is necessary to act urgently. If there is not, that is not a reason to remain with our arms crossed: there have been sufficient warnings for us to take account of before it is too late. We have to start again from A to Z, to sweep away liberal globalization, the unbridled reign of the market, the inadmissible freedom that is left to the rapacity of profit. The American central bank (the Fed), the BCE, the Japanese central bank, etc., which are scandalized as soon as anyone evokes the slightest intervention on the economic terrain, did not hesitate to pour out billions of euros or dollars to save the system which is so close to their heart (See Appendix 2). So there is an economic duty of intervention, but this time in favour of the immense mass of the population, the workers, so that they do not have to bear the consequences of a crisis caused by the insatiable search for profit, an intervention that finally opens the way to a system oriented towards the satisfaction of real social needs.

## **Appendix 1**

### **Subprime credits**

The term indicates housing loans known as "at risk", because agreed to (often at fluctuating rates) for households with fragile solvency. With the general increase in interest rates, the repayment obligations of the borrower have become higher and higher. Some have found it impossible to keep up with them. As long as housing prices were rising, it was possible to put the problem off by again borrowing, with as surety a house that was worth more than before. With the bursting of the bubble and the fall in housing prices, that was no longer possible, there were no more loopholes.

## **Appendix 2**

### **Injection of liquidities**

The banking system is organized in a pyramidal fashion: at the summit there is the central bank, below that there are banks known as second-rank (for example, Societe Generale, BNP, etc). In the United States, the central bank is the Federal Reserve Bank (also known as the Fed). In Europe, there is an additional rank: there is the ECB, the central banks of the various countries and the second-rank banks. Deposits are for the second-rank banks "short" debts: the sums that they contain can be withdrawn by the depositors immediately

or at short notice. On the other hand, the credits that they grant are for a "long" time (several months, perhaps several years). As for investments, they are not designed to be liquidated overnight. In short, the bank transforms "short" (in the short term) into "long" (in the long term). We can immediately see the problem that lies in the difference of time scale between the two: although a bank may have good debtors and good investments, it can find itself short of liquidities (i.e., to put it simply, euros issued by the ECB or dollars issued by the Fed). In such a case, it can address itself to the other banks (the inter-bank market), or, in a more general way, to the money market (where companies also intervene) or finally to the central bank. The latter can, if it decides to, grant credits in its currency to the banks of its zone. It does this at a certain rate, fixed in advance. We say that the central bank is "the lender of last resort" and that it "refinances" the second-rank banks.

The ECB and the Fed were thus forced to feed in liquidities, and for extraordinary amounts, the banks of their zones, because the inter-bank market had abruptly ceased functioning: mistrust was such that banks now refused to lend each other money. If the crisis of liquidity has been averted, that does not mean that all risk of a banking crisis has been. A particularly heavy constraint of profitability weighs on the banks: the capital which is invested there must be remunerated at the best rate and every credit that is not reimbursed and every bad investment is severely penalised. The losses related to the housing crisis will be deduced from profits, or will be covered by new capital inflows (if these are possible) or will lead to bankruptcy.

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## The Greek elections of September 2007

# Growing polarization to the left and to the extreme right

*Andreas Kloke*

**The September 16 election held in Greece was marked by the catastrophic forest fires at the end of August which destroyed large parts of the western Peloponnese, Euboea and other parts of the country. Sixty-seven people and 70,000 animals burnt to death, and some villages were destroyed.**



**Prime Minister Kostas Karamanlis at Thessaloniki rally**

The refusal of past governments, of the social democratic PASOK (1981-89, 1993-2004) and the bourgeois conservative New Democracy (ND -1989-1993, 2004-7), to protect the forests and the general environment by adequate measures was responsible for the disaster. The results of the elections were influenced by these events, with an increase in support for the moderate left "Green Alternatives" from 0 to 1%, and of abstentions and spoiled votes from 25.8% to 28.7%.

Prime Minister Karamanlis (ND) opted for early elections because an election victory of the ND seemed sure. He and his government intend to push forward and speed-up their program of counter-reforms. The ND fell from 45.4% to 41.8% of the votes, but can continue to govern with 152 out of 300 deputies due to the undemocratic election law. The government is weakened, but the result was a relative success for it. The surprise was that the PASOK, the main opposition party, also suffered big losses and fell from 40.6% to 38.1%. The votes for the big two parties, which used to guarantee a certain stability of the social and political system in favour of capitalist class rule after 1974, decreased from 85.9% to 79.9%.

The election winners were the traditionalist Stalinist Communist Party of Greece (CPG) which rose from 5.9 to 8.2% and the left alliance SYRIZA, consisting of the former Eurocommunist, left reformist SYN ("Alliance of the Left") and some smaller leftist groups, among them the left Stalinist KOE ("Communist Organization of Greece") and two semi-Trotskyist groups, DEA ("Internationalist Workers' Left", a split from the SEK and close to the ISO/US) and "Kokkino" ("Red", a split from DEA, interested in the 4th International). SYRIZA rose from 3.2 to 5.0%. If one adds the results of the extra-parliamentarist groups, the CPG-ML (0.24%), the ML-CPG (0.11%), the alliances MERA (0.17%) and ENANTIA (0.15%), to which the OKDE-Spartakos, the Greek section of the 4th International, also belongs, the total result of the political space at the left of the PASOK is 13.9%.

At the same time, the right-wing extremist and racist LAOS ("Popular-Orthodox Alarm") rose from 2.2 to 3.8% surpassing the requirement of 3% to be represented in the parliament. The LAOS is extremely pro-capitalist and will put pressure on the ND government to perform its reactionary program decisively. The LAOS will also represent the chauvinist popular "anger" regarding the irrational dispute over the name of the neighbour country, called "Republic of Macedonia" or "FYROM" [= Former Yugoslavian Republic of Macedonia], since the Greek state insists that the name "Macedonia" belongs exclusively to its northern province. Some groups of neo-nazi thugs and openly fascist groups and individuals, some of whom were elected as deputies, are an essential part of LAOS's identity. Particularly worrying is that the LAOS had its best results in the workers' suburbs of Athens, Pireas and Salonica.

Thus, the election is marked by a polarization to the left and to the extreme right at the expense of the big parties of the centre-right and centre-left. This trend is likely to get stronger in the future because the economic and political crisis is sharpening and class contradictions are increasing. Despite the election victory of the ND and the success of LAOS, the result shows a limited but clear shift to the left

## The defeat of the PASOK

The PASOK was not able to take advantage of various scandals of the ND government, like the robbing of pension funds, the policy of privatization of the universities, corruption affairs, the brutality of the police, the increasing debts of private households and the rise in prices. This failure is partly attributable to the bland president, George Papandreou, the son of the party founder and long time Prime Minister Andreas Papandreou. But the defeat has deeper reasons. Particularly during the years of the K. Simitis governments (1996-2004), the party and its governments pursued more and more right-wing and neoliberal policies which led to the heavy defeat of 2004. Afterwards, the party followed a very half-hearted line of opposition, retreated from any forms of protests, mobilizations or strikes against the governmental policy contenting itself with addressing issues of secondary importance.

The rank and file of the party, in the past rather active, was virtually dissolved by the leadership. G. Papandreou himself recently declared that the PASOK "has transformed itself into

an apparatus of exercising power and has ignored the needs of broad popular layers". The trade union leadership, still to a large extent controlled by PASOK bureaucrats, try, with very few exceptions, to suffocate all kinds of rank and file mobilizations against pro-business measures. In the 2-3 weeks before the election, Papandreou tried to change the situation by making verbally significant promises in the direction of the working people and the non-privileged popular layers, but the electorate did not take them very seriously. After all, the PASOK got what it deserved for more or less unconditionally lining up with big business interests over a long period.

After the defeat, a sharp struggle broke out over the leadership of the party. Papandreou's challenger, V. Venizelos, is even more right-wing than the present party president. A left wing, which could express the needs of the workers and broader layers, at least in a classical reformist way, is very unlikely to appear. The main hope for the future is that parts of the rank and file will break away from the party's leadership.

## The success of the CPG and of SYRIZA

For the first time, the CPG could exploit the crisis of the PASOK to a large extent. It remains the leading force of the Greek left. It uses a lot of anti-capitalist and anti-imperialist rhetoric. But it does not surpass classic reformist conceptions like "popular economy" directed to an alliance with small sections of the bourgeoisie and a "popular front". It appears, however, as the "most left-wing" force of the parties represented in the parliament and thus attracts most of the left-wing protest votes. Always organizing its own protest marches and refusing any collaboration with other parties or organizations, the CP cultivates its resolute sectarianism. The policy of its leadership is one of the most severe obstacles to the success of mobilizations, strikes and movements.

The CP leadership is deeply nationalist and supports "its own" bourgeoisie in all important issues of foreign affairs, be it Cyprus or the Aegean sea. Sometimes it does not even recoil from alliances with extreme right-wing forces. One of the CP deputies, the independent journalist Liana Kanelli, is a fanatic supporter of "patriotism" based on religious-orthodox ideas. The party strives for Greece's exit from the EU without offering any convincing internationalist perspective. Its ideas on "socialism" draw upon on the old discredited Stalinist model. It is an open question to which extent the strengthening of the CP will serve the needs of the workers' movement and the social resistance.

The increase of the other left reformist force, SYRIZA, under the leadership of the SYN and its president Alavanos was significant too. The SYN turned after 2000 to the left, participates in various movements and was active in the European Social Forum that held its successful congress in Athens last year. The SYN managed to rebuild a youth organization, mainly at the universities, and tries to present an open, left-pluralist, ecologicist, etc. profile in different struggles. The SYRIZA declared that there would be no governmental collaboration with the neoliberal PASOK after the elections. The strategic orientation of the SYN, however, is indissolubly tied to alliances with PASOK at the level of

communities, districts, in the trade unions, and also at the level of national politics. Like all other parties of the "European Left", the SYN leadership is deeply convinced that the capitalist system has to be reformed by adequate left parliamentary and, finally, governmental policies and that the neoliberal model has to be replaced by improvements of the social welfare state.

The practical involvement of the SYN in actions and mobilizations is rather cautious and most of the SYN trade union leaders do not take significant initiatives which could seriously challenge the passivity and defeatism which is promoted by the PASOK-dominated bureaucracies. A strong right wing of the party rejects left activism and any alliance with smaller left radical organizations as a matter of principle, and supports a "realistic" line. That means alliances with PASOK on all levels. The SYN leadership is very likely to attempt to take advantage of the crisis of the PASOK in order to occupy the free space on the left for a new left reformist project.

## The anticapitalist left

For several decades, the Greek extra-parliamentary left has been divided into dozens of organizations with Maoist, other Stalinist, Trotskyist, etc. origins. Due to this confusing situation and to a strong need for recognition of the various "leaderships", it continues to have difficulties to build a socially rooted, alternative pole, although its activists play an important role in all social and political conflicts. In the municipal elections of 2006, for the first time in many years, alliances of the radical left won quite good results, 1-2% in some suburbs of Athens and Pireas. Before the September elections, some organizations tried in a serious way to discuss their differences and to consider a united front of the anticapitalist left.

The SEK, affiliated to the British SWP (and "International Socialist Tendency", founded by Tony Cliff's co-thinkers) and known until a few months ago for its peculiar sectarianism, took an important initiative and approached, among other organizations, NAR ("New Left Current", originating in the CP's youth organization, that was bureaucratically expelled by the CP leadership in 1989), one of the other relatively big organizations which leads the leftist alliance "MERA" ("Front of the Radical Left"). In June, SEK, ARAN, ARAS and OKDE-Spartakos launched "ENANTIA" ("United Anticapitalist Left") aiming at expressing the movements of the last years, of the bank employees, the teachers, the students and others, but generally also the rights of the immigrants and the outrage about the catastrophic balance sheet of environmental policies.

Due to the specific sectarianism of the NAR and MERA, and despite the fact that a normal person interested in left politics would have difficulty understanding the differences between MERA and ENANTIA, it was not possible to create a common list of the two anticapitalist alliances. The election results remained low. It is obvious that the dominance of the reformist left could not be broken in the recent period. But a more skillful and flexible policy, orientated towards unity in action, can contribute decisively to gathering the leading activists of the workers' and other social movements, towards

creating an anticapitalist pole of attraction. Such a political project can be successful in the coming period if broader layers of workers, youth, women and immigrants start acting in the spirit of a united front against the plans of government and Capital.

## Prospects

There is no doubt about the intentions of the old-new government. The reactionary counter reforms of the pension scheme, which means a more coordinated regulation of it downwards, the increase of the pensionable age, the selling or the closure of Olympic Airways, the erosion of permanent employment in the public sector, more privatizations, particularly of the telephone company OTE and the electricity company DEI, are on the agenda. That is precisely what the president of the employers' association, SEV, expressed in his congratulatory letter to Karamanlis upon his re-election. The coming months will show how parties and organizations of the left, the trade unions and the workers' movement, confront the expected wave of attacks being prepared and launched by the government and big business.

## Table of the most important results

Party	2004, %	2007, %	2007, seats
ND (New Democracy - main bourgeois party)	45,40	41,80	152
PASOK (Panhellenic Socialist Movement - social democratic)	40,60	38,10	102
CPG (Greek Communist Party)	5,90	8,20	22
SYRIZA (Alliance of the SYN [the name of this left reformist party means "Left Alliance"] and some other organizations of the far left)	3,30	5,04	14
LAOS ("Popular Orthodox Alarm" - right-wing extremist)	2,20	3,80	10
Green Ecologists	-	1,10	-
CPG-ML (Maoists)	0,15	0,24	-
ML-CPG (Maoists)	0,07	0,11	-
MERA ("Front of the Radical Left", Alliance of far left organizations, led by NAR)	0,15	0,17	-
ENANTIA ("United Anticapitalist Left", Alliance of the far left organizations: SEK ["Soc. Workers Party"], ARAN, ARAS and OKDE-Spartakos)	-	0,15	-

► *Andreas Kloke is a leading member of OKDE-Spartakos, the Greek section of the Fourth International. He has been a regular contributor to International Viewpoint since 2000.*

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## Belgium

# For a federalism that is social and based on solidarity

The aftermath of the elections

*Chris Den Hond*

**The recent elections have provoked debate on the left about the crisis of the federal Belgian state. This contribution by journalist Chris Den Hond illustrates many of the issues under discussion; it should not be taken as a formal expression of the views of our Belgian section.**

The Flemish nationalists are on the offensive, aiming to accentuate the division of Belgium between French-speaking and Dutch-speaking people. This vision carries dangers for social rights. The biggest winner of the recent Belgian elections, Yves Leterme (Christian-Democrat, Flemish), got it right when he sang the Marseillaise, instead of the Belgian national anthem, on the occasion of the national day last 21 July. And it wasn't just one more Belgian joke. His conscious "error" provides a very good expression of the nationalist or regionalist intentions of the Flemish political élite. The difficulties in forming the new Belgian government bear witness to a system of a federal state which, with two peoples, has solved the question of the cultural and linguistic oppression of the Flemings, but which has created a new injustice towards French-speaking people living in certain "Flemish" communes around Brussels. At the same time, as far as socio-economic questions are concerned, this federal system encourages regionalist, even separatist tendencies. Some people even want to split up the social security system.

In Belgium, the national questions did not begin yesterday. From 1830 to 1970, the country remained a strictly unitary state, above all French-speaking. Even the Flemish bourgeoisie spoke French. After the First World War, consciousness of the oppression of the Flemish sharply increased, when Flemish soldiers who had received their orders in French came back from the front. After five reforms (1970, 1980, 1988, 1993, 2001), Belgium officially became a federal state, with three communities (Flemish, French and German-speaking) and three regions (Flemish, Walloon, Brussels).

### An obsolete delimitation

The whole Flemish struggle stems from cultural frustration. The Flemings were fighting against the discrimination generated by a French-speaking ruling class; they were not fighting against another people. In secondary schools and universities, courses were given exclusively in French until 1930, the year in which the first Dutch-speaking university

was established, in Ghent. Up until the 1950s, economic expansion and industrial growth were located in Wallonia, in the Walloon mines and industrial zones. Migratory flows of Flemish workers provided Wallonia and France with a workforce. But with the reduction in the importance of the mines, the iron and steel industry moved to where the raw materials from the colonies arrived, in the ports which are situated in Flanders. So alongside the French-speaking bourgeoisie, an autonomous Flemish bourgeoisie developed, and its political weight within unitary Belgium increased. Today, the Flemish bourgeoisie is not entirely separatist, but it is certainly regionalist. It considers that the regionalization of socio-economic questions will help it to pursue its liberal policy of dismantling social rights.

In the course of the numerous reforms of the Belgian state, the problem of the capital, Brussels, isolated in Flemish territory, has been the most difficult to solve. In 1830, Brussels was a Flemish city: only 15 per cent of the population spoke French. This ratio was gradually inverted: whereas a linguistic equilibrium was reached in 1880, the city is today made up of more than 85 per cent of French-speakers. Since 1989 the Belgian capital has nevertheless been a completely bilingual region, surrounded by unilingual Flanders. There is no territorial continuity between the bilingual Brussels region and the (unilingual) French-speaking Walloon region.

In 1963, at the time of the delimitation of the linguistic boundaries, the capital region of Brussels [1] was limited to nineteen communes. But this delimitation was based on the administrative boundaries inherited from a census of 1947! Now, between 1947 and 1963, the French-speaking population in and around Brussels had strongly increased. This demographic trend has been confirmed up to the present time. So the compromise of 1963 reduced Brussels to too small a territory, and it left without any linguistic rights a large French-speaking population living in the Flemish periphery. At each stage of this institutional evolution towards a federal system, which was made official in 1993, the "linguistic border" was confirmed, and it gradually became, for many Flemish political leaders, a quasi-state border. From then on, two watchwords stood opposed to one another: "Vlaanderen Vlaams" ("Flemish Flanders") for Flemish nationalists, and "Widening of the bilingual region of Brussels", for French-speaking people and Flemish democrats [2].

### Injustice

Territorial federalism means that you delimit a territory under the authority of a government. This is the traditional conception, which implies that each state has its territory. But drawing borders between people, and between peoples, becomes increasingly problematic in areas where there lives a mixed population, since, very quickly, new minorities appear. So in the case of Brussels, it is preferable to apply a federalism that makes it possible to create cultural and linguistic institutions for the two communities which live there together. This is what has been done in the Brussels region [3], which has thus become bilingual. Flemish and French-speakers are able to choose a school - Dutch-speaking or French-speaking - for their children, and also to have their

cultural centres and to choose the language in which they receive documents from the government, the post office or the unemployment office.

But this bilingual federalism applies only in regions having a mixed population, as in Brussels. French-speaking people in Antwerp (Flanders) cannot send their children to a French-speaking school, and a Fleming living in Charleroi (Wallonia) speaks French when going to the post office or the town hall. Wallonia and Flanders are unilingual areas. For the minorities living in the zones bordering each linguistic border, a system of linguistic facilities has been set up, in order to give cultural and linguistic rights to the Flemish or German-speaking minority in the Walloon unilingual area, to the French-speaking minority in the German-speaking region (annexed after the First World War) and to the French-speaking minority in the Flemish area. This system functions correctly, except in certain communes around the Brussels region. In six communes located in Flanders, around Brussels - Wemmel, Wezembeek-Oppem, Crainhem, Drogenbos, Linkebeek, Rhode-St-Genesis -, there are more than 50 per cent of French-speaking people. In sixteen of the other "Flemish" communes around Brussels, there exist French-speaking minorities (between 10 and 40 per cent of the population), who are prohibited from creating French cultural or linguistic institutions. This is not in conformity with the European treaty of the Council of Europe for the protection of regional languages and minorities. Belgium certainly signed this treaty in 1995, but it never ratified it. (France did not even sign it).

This nonsense is the consequence of the linguistic border, fixed on the basis of the 1947 census. Considering the demographic trends, it is difficult today to maintain this linguistic border and, moreover, to deny the cultural rights of the large French-speaking minority in these Flemish communes, whereas 15 per cent of Flemings in the bilingual area of Brussels have the same institutions as the 85 per cent of French-speakers. So it would be logical to include these communes in the bilingual Brussels region. But the Flemish nationalists are not only deaf to this demand: they even want to abolish the linguistic facilities. Those who think that Flanders must remain "Flemish", even when there is a minority of more than 15 per cent of French-speaking people - even 30 per cent, and sometimes even more than 50 per cent -, have to explain why Brussels should not be "French-speaking", with more than 85 per cent of French-speaking people...

## **Safeguarding social rights**

The cultural and linguistic oppression of the Flemish people within the Belgian state was resolved by a series of state reforms, leading to a federal state. But this system set up a federalism in which socio-economic questions are dealt with on a community or regional basis: energy, town planning, the environment, employment, the economy, housing, agriculture and fishing, taxation, public works and transport. Some of these questions have been entirely regionalized, but others are only partially so, and the Flemish Right demands their complete regionalization. The Walloon, Brussels and Flemish workers thus find themselves increasingly divided, obliged to defend their social rights within a narrow regional

framework, while being confronted with the same liberal policies of the bourgeoisie and the government, whether they are Flemish or from Brussels, Walloon or Belgian.

Against this evolution, trade unionists, artists, journalists, people from various associations, academics - Flemish, Walloon and from Brussels - have launched a petition entitled "Safeguard solidarity". They do not want "new walls to be erected between people, between regions and between countries". In the petition, which has already obtained nearly 100 000 signatures, we can also read: "We want decent wages for the same work, independently of what language we speak. We want whoever loses their job to have the right to the same support and assistance, independently of the area where they live. We want all children to have the same chances, independently of the region where they are born. We want all old people to keep the same right to a decent pension, independently of whether they live in Brussels, Flanders or Wallonia. In short, we want solidarity, not a split and division". The battle is not lost yet.

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## **NOTES**

[1] The Brussels region comprises the 19 communes which make up the city of Brussels, but the communes surrounding Brussels, located in Flanders, where a minority or a majority of French-speaking people live, are excluded from it.

[2] The term "Flemish democrat" means here those who are for the granting of cultural and linguistic rights to the French-speaking population living around Brussels, and who are for the inclusion of the "Flemish" communes in the bilingual region of Brussels. This term thus does not therefore designate the allegedly "democratic" Flemish parties which want to limit even further, or even abolish, the few linguistic rights that exist for the French-speaking people who have become a majority in the six communes around Brussels. The word "nationalist" is only progressive only when it refers to oppressed peoples.

[3] See note 1

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