

# STRUGGLE

A MARXIST APPROACH TO AOTEAROA/NEW ZEALAND

No: 117 : \$1.50 : June 2005

## Cullen Delivers Bosses' Budget

As the capitalist media seeks to present the latest Cullen Budget as a 'yawn' (Herald) or to ask 'Is That It?' (Dominion) they desperately want to avoid more searching analysis. Such analysis would reveal that Cullen's latest Budget, like those before it, is a budget for bosses and that, at its core, is a policy of redistributing wealth away from working New Zealanders and making Aotearoa New Zealand more, not less, vulnerable to international capital.

### **SURPLUS KEPT FROM WORKERS**

The vast tax surplus is being used to build up the "Cullen" superannuation fund which is mostly invested offshore. As has been pointed out elsewhere (see Red Flag June 2001), the fund is entirely unnecessary as superannuation payments are easily paid out of current taxation. As the population ages, government spending on younger sections of the population (like prisons, mental health services) should decline correspondingly. The only reason for setting up a fund, outside acting as the constraint on social spending, is to pave the way for reduced taxation (which always seems to amount to reduced taxation for the rich).

Providing superannuation from a dedicated fund is much more risky than the current tax-based approach because the payments depend on returns on investments in unstable financial markets. We have seen this from the government's own superannuation fund (for government workers) which lost more than a hundred million as soon as it started speculating in international currency movements, an activity that also caused the bankruptcy of the BNZ, 'requiring' its sale by the Fourth Labour Government. A dedicated fund is also easily privatized, converting universal entitlements to individual accounts, allowing the accumulation of greater state-

assisted superannuation to the rich than the poor, as we seeing Bush do in the US (see story on page 18).

The Clark regime introduced the 'Super Fund' in order to limit calls for increased social spending at what has been a high-point of the capitalist 'economic cycle'. To be able to argue that there was no money for hospitals, education or elsewhere, the Clark regime has shuffled hundreds of millions it has left over from taxes away out of sight. Worse, anyone who demands decent health, education or other social services will be accused of trying to rob the retirement future of the current generation.

The Cullen Fund is at best a high risk venture heavily dependent on fickle international financial markets.

### **DEBT MANAGEMENT STRATEGY BAD FOR WORKERS**

Paying for capital spending out of current operating revenue is contractionary, forcing consumers into greater debt. Money used for capital projects becomes less available for household consumption.

Repaying public debt as a percentage of GDP is contractionary unless it is replaced by corresponding new private debt. Debt repayment reduces the total deposits in the financial system. New private debt is issued at higher rates of interest than the government pays and is thus economically inefficient, although it creates greater profits in the foreign-owned financial sector.

The Clark regime's strategy is to push Government debt below twenty-percent of GDP while increasing the Cullen Fund and boosting NZ foreign reserve funds.

Yet while Government strategy is to reduce 'Government' debt this is almost entirely being achieved at the expense of students, whose own 'debt' is rocketing and expected to surpass public debt by 2020. The Clark regime, despite promises to make education more accessible for students, is privatising its debt by transferring debt from all New Zealanders to those students who cannot afford to pay for their education upfront, and like no other New Zealanders, are forced to borrow to live from week to week.

### **'ECONOMIC GROWTH' A MIS-MEASURE**

Measuring growth in terms of 'gross domestic product' are themselves highly problematic and distortionary. GDP measures the amount that gets produced (measured as it is consumed) in an economy, regardless of who owns the productive capacity, as if, in the capitalist fantasy, this doesn't matter.

GDP does not take into account the excessive current account deficit which has is funded through borrowing and selling assets off-shore. Nor does it take into account consumption of fixed capital. Including these and net transfers from the rest of the world gives what the country really has to spend. It is called the national disposable income, or National Domestic Product less depreciation.

As assets are sold and loans are taken out the returns on those assets, and interest, also flows overseas. As this moves the Current Account further and further into deficit more Capital inflows are needed. This and the Government's debt repayment strategy keep interest rates high as New Zealand needs high interest rates to attract foreign bank deposits - Capital inflows. It has been sup-

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# Brash and Hide Either Lying or Ignorant

National Party leader Don Brash and his crazed right-wing fellow-traveller Rodney Hide are either economic ignoramuses or deliberately mis-leading voters with their calls for immediate tax cuts paid for from the Government surplus.

Brash, with his time mis-managing New Zealand's monetary policy at the helm of the Reserve Bank behind him, must know better. Capitalist economists respond to an economy moving towards full employment by increasing interest rates. This slows growth and thereby maintains unemployment and keeps a downward pressure on wage levels and a 'disciplined' labour force (who can be easily replaced if necessary).

There's no doubt that the current Governor of the Reserve Bank Alan Bollard, although not given to quite the same outrageously outspoken right-wing rants as Brash was when he was at the tiller, would respond

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plemented by a steady diet of reducing the restrictions on foreign investment.

There has been practically no growth in the productive capacity of assets owned by New Zealanders for the past twenty years. Through the current account deficit, this measure of 'New Zealand' has borrowed all its recorded GDP growth. New Zealand has, in aggregate, produced nothing extra for decades. It has become a nation of takers instead of makers. The profligate lifestyles of the super-rich, and their appalling savings rates (even though they are the only New Zealanders who can afford to save), means that investment in New Zealand's productive capacity has been entirely funded by foreigners for nearly twenty-years.

The GDP figures mask the ghastly truth that most New Zealanders have gone steadily backwards over the years. The truth most people have long known but not been able to put their finger on. The truth many people have had to go further into debt to buy the consumer goods they need.

## THE BUDGET HOAX

The strategy is to keep core expenses around 32% of GDP by 2007/08 to maintain 'structural operating surpluses of around 3% of GDP'.

This means there can be very little increase in government core spending in real terms over the immediate time horizon. Even at GDP growth of 3% per year (the average expected over 2004/2005/2006), the tax on that growth is just 1% of GDP, which

accordingly. Given the current state of the New Zealand economy, cuts in taxes would undoubtedly be followed by an increase in interest rates and only those without debt would end up any better off.

Tax-cuts would disproportionately benefit high income earners and increases in interest rates would disproportionately disadvantage young working families. So despite his rhetoric it's clear whose interest Brash serves.

It's very clear that the way to improve workers' wage packets in New Zealand is to improve wages. It's also very clear that it is the policies of successive governments that have held down wages - with virtually no wage growth over the decade from the introduction of the Employment Contracts Act to 2001. In contrast Australia, where New Zealand workers are now rushing

is not enough to keep pace with population growth.

## THE PEOPLE GET POORER

The Government's own reports show a decrease in core spending from 32.4% of GDP in the June 03 year to 30.6% in June year 04 and 30.8% in June year 05, rising to 31.5% in 2006 and 31.6% from 2007 on.

The Government has decreased funding in GDP terms.

## THE CURRENT ACCOUNT DEFICIT

The strategy paper and executive summary are dishonest in failing to disclose the achilles heel of the New Zealand economy. By 2007, New Zealand's accumulated current account deficit will exceed \$100b. In March 2003 the accumulated deficit was already 64% of GDP making New Zealand one of the most indebted countries in the world.

The budget does nothing to address the foreign debt which has masked the country's failure to produce more goods and services. The current account deficit will continue to expand, leaving the nation exposed to the vagaries and risks of exchange rates and burdening the next generation with ever increasing foreign debt and more and more debt servicing.

## GOVERNMENT DEBT

The government's claim that reduced government debt will reduce debt-servicing costs

to take advantage of higher wage rates, had regular annual increases ahead of both inflation and national income over the period - so an increased portion of the national wealth was owned by workers.

The difference? National awards, regular increases in the minimum wage and a much slower re-orientation of the national economy towards domination by foreign capital.

The Howard Government of course has national awards, minimum employment standards, and destroying workers' rights in Australia in his sights, so Australian workers have a fight to maintain the conditions that have led to their advantage over New Zealand contemporaries. As we join in solidarity with them we can learn much from each other's struggles and each other's histories.

is untrue in the wider sense. What's important is the total debt (public and private) not just the public debt. Under the present privatised money system total debt must expand to avoid deflation. If the Government reduces its debt, then private debt has to increase. Private borrowing is much more expensive than Government borrowing. That makes Government debt more appropriate for the Government to use than private debt obtained indirectly through taxes.

The strategy paper claims reducing government debt now will enable it to increase debt again later to pay for Superannuation. The Government's bizarre strategy is to squeeze the economy, preventing growth, so there is less income to distribute later. Then, having destroyed the growth that could help pay for Superannuation it will resort to borrowing again - or cut spending in the face of an entirely predicable and constructed 'crisis'.

## WHAT IS THE ANSWER?

There are no ready-made solutions to the problems faced by social-democrats in managing capitalism. The economic burdens of the system will become more, not less, crushing for ordinary workers, in Aotearoa and globally. The search for a rational, sustainable society offers no alternative but socialism—i.e., the new society that will emerge from the struggle to replace this one. It is of an old idea, but one that refuses to die and that is now taking on new revolutionary forms. Understanding the limitations of capitalism is only the first step; the second has to take us beyond it.

# Big Budget Beneficiary: Business

## EXTRA MONEY FOR HEALTH ILLUSORY

Virtually all the 'additional' spending announced in the Budget had been previously announced and previously committed.

Most obviously, the Government failed to honour the commitment made by Prime Minister, Helen Clark, in this year's opening statement to Parliament to make aged-care funding a "top priority" this year, according to the country's largest health sector union, NZNO.

Almost half of the \$71 million promised this year would be needed to make up the funding shortfall that occurred when district health boards took over funding of aged-care services from the Ministry of Health last year.

According to NZNO spokesperson Laila Harre: "The rest of the money will be needed to cover inflation and the growth in demand for aged-care services. That leaves almost nothing for pay increases for nurses and caregivers and for the essential training and staffing needs acknowledged by the Government to improve quality in the sector. The chronic undervaluing of nurses and caregivers in residential aged-care facilities will continue, despite the acknowledgement by everyone that their pay is so low, in comparison to nurses and caregivers working in public hospitals, as to be insulting."

"Every single person who has looked at this problem has come away appalled at the plight of caregivers who work for an average of \$10.80 an hour doing a complex job and who earn little or nothing in extra pay to recognise formal qualifications or night and weekend hours of work."

The carers, and the cared for, will continue to suffer because the Government has failed to deliver any real funding increase to the aged-care sector in this Budget.

## EDUCATION THE BIG LOSER IN 2005 BUDGET

The small spending increases on education mean it is the big loser in the 2005 budget.

So thin is education spending that the most interesting point about the government's many media releases on budget education initiatives is their emphasis

on past spending rather than spending from the 2005 budget.

Government spending initiatives in education are being made on political grounds rather than being designed to solve educational problems.

Because there is no pressure from National to spend more on public education the government cynically continues to underfund public education and spend money elsewhere where it perceives a threat from National Party policy.

## SPECIFIC EDUCATION SPENDING INCREASES: EARLY CHILDHOOD

Like the 2004 budget this area appears to be the best serviced area of education. At this stage however it appears the big winners will be the private sector early childhood centres as opposed to community provided centres.

## SCHOOLS

420 teachers spread over 2600 schools amounts to just 1/7 of a teacher per school – and only after 4 years!

The \$77.8 million increase in operations funding appears to be over 4 years which would equate to less than 2% per year over this time – less than even the rate of inflation. Additional funding for ICT in schools will help offset the derisory increase in school operations funding however.

## TERTIARY EDUCATION

The lowest point in education is the failure to address the crippling levels of student debt and the increasing costs of tertiary education. There are some tinkering improvements such as in the eligibility criteria for student allowances and some "bonded merit scholarships" (\$13 million) which are apparently focused on those from predominantly high income communities.

Overall there is no change to the policy of placing the burden of spending for the baby boomer generation on the shoulders of their children and grandchildren.

Yet even the increased funding for universities is tied to courses that can be identified as being of benefit to business - commodifiable research, science and technology courses that are closely related to business needs.

Not satisfied with the Fourth Labour Government's gutting of trades training and forcing the cost of apprenticeships from businesses to individual students the government wants to transfer the rest of the tertiary sector into the hands of business too.

## SUMMARY

This is a cynical election year budget – designed to shift Labour further into National Party territory rather than assert the right of all New Zealanders to high quality education.

It appears clear also that public education suffers in this budget in having the Minister of Education also being an Associate Minister of Finance.

## HANDOUTS TO BUSINESS

While desperately needed social spending is restricted there continues to be plenty of money to be handed out to business. The Clark regime continues to spend millions to suck up to big foreign capitalists, begging them to allocate some of their fortunes in New Zealand.

The big news of this budget was a billion dollars of tax cuts to businesses. Like the tax cuts that Brash and Hide call for (see article on page 2), these will be over-whelmingly consumed by big capitalists, despite the claims that they are targeted at medium-sized capitalists. The immediate impact of tax-cuts for business is a fall in profitability, as business-owners can make as much money in their hands from a smaller surplus. As many local businesses are owner-operated this means that the owner doesn't need to work so hard - it seldom translates into a smaller surplus-value being extracted from the workers!

# Remembering Labour's History

To coincide with the Labour Party conference in Wellington this year, Wellington student activist Nick Kelly gave a speech on the history of the Parliamentary Labour Party.

In the most recent Parliamentary elections Struggle's line has been that the best strategic position for revolutionaries to take has been to support the election of a Labour Government so that its class perspective can be exposed through its actions. Under MMP a Labour Government supported by parties to its left will more obviously achieve this objective. It is clear that a large number of workers, and certainly the majority of organised labour, support the Parliamentary Labour Party. Exposing the Labour Party through its actions will serve to break these historic ties.

Some other groups claim that Labour is a better option than other parties, or that we need to consolidate support behind Labour in order to prevent other, more oppressive parties coming to power. NZ First leader Winston Peters' recent attacks on Asian immigration, in particular the Iraqi community, is raised as a reason for supporting the Parliamentary Labour Party.

However, as Nick exposed in his speech:

## **"WHY LABOUR ISN'T FOR WORKERS:"**

"I'll begin this talk by quoting the myth believed by various other leftists. When we were organising for the protest outside the Labour Party election year congress, an activist from Socialist Worker (the remains of the old CPNZ) claimed that we "shouldn't be attacking Labour because it would alienate workers". Implicit in this statement is the mistaken belief that a) Labour is a Party which the majority or a considerably section of the working class actively support, b) that somehow Labour is a lesser evil to other forces in NZ politics such as National, Destiny church or the National Front or c) that the Labour Party is something we should unite with or at times even support against com-

mon enemies."

"...Labour has had a long history of undermining or actively attacking the working class movement in New Zealand, and continued this shameful history in the last 5 years of Labour-led government."

"The NZ Labour Party as it is today was formed in 1916. This was three years after the defeat of the waterfront strike in 1913. The NZ Labour Party was formed during World War I, where the second international, particularly the German Social democrats had betrayed the socialist movement has supported the inter-imperialist rivalry that was WWI. In its original constitution the NZ Labour party had the objective: 'the socialisation of the means of production, distribution and exchange'. However they saw that this fundamental change could come through parliamentary change, so from its outset Labour was bourgeois-reformist and had strong links with international reformist parties who'd already betrayed the workers movement."

"It didn't take long for Labour to show its true colours once it was in parliament. In 1920 the Massey government extended what has been termed a 'White New Zealand' policy in their immigration legislation. The legislation was supported by Reform and Liberal parties, but also by the Labour Party. Rather than taking a principled internationalist stand against the racist and xenophobic policies of the NZ state, Labour argued for a more extreme form of restrictions on Asian immigration and a 'White New Zealand' policy. Michael J Savage in the parliamentary debates of the 1920s argued that education tests needed to be made more severe. He also claimed that "the more educated section" of Chinese and Indians agreed that measures needed to be taken "to prevent the indiscriminate influx of Asiatics to this country." When accused by members of Liberal or Reform of being soft on Asian migration Labour MP Dan Sullivan argued:

"Labour party is just as keen as any

member of this House, or as any person or party in the country, to maintain racial purity here in New Zealand. There can be no question at all about that. . . I desire to say further, in connection with the discussion, that the Labour party are wholly in accord with the desire to reduce Asian immigration to this country; we are satisfied that there is too much of it already."

"If anything in the debate on immigration in the 1920's Labour supported even tighter controls on Asian immigration than the Massy government."

"In 1947 the objective of 'the socialisation of the means of production, distribution and exchange' was dropped. By comparison the British Labour Party didn't drop this from their constitution until 1994 when Tony Blair took the leadership, though like most leftist rhetoric or objectives from the Labour Party this was not taken seriously by the party leadership."

## **NO SURPRISE**

No surprises then, given this analysis Nick Kelly has provided of the history of the Parliamentary Labour Party. In the face of seeming support from the electorate for Peters and Brash's attacks on migrants, the Labour-led Government has itself adopted racist anti-immigration policies and rhetoric.

Dividing worker against worker serves the interests of the ruling class. A workers' party seeks to explain this and seek working class unity on the basis of class, against the capitalists that steal our labour power day after day. Labour's history in contrast, and its current activities, expose it as a party for the bosses.

# Oil-for-Food Scandal? Galloway Opens Door to Expose US Crimes

By Tony Murphy for Workers' World

British Member of Parliament George Galloway's stinging anti-war testimony before a U.S. Senate committee in Washington May 17 electrified progressives. Galloway stunned the U.S. media—which are unaccustomed to seeing anyone, and certainly not members of the timid Democratic Party “opposition” to the Bush administration, match the right wing blow for blow.

The Senate committee, chaired by Republican ideologue Sen. Norm Coleman of Minnesota, is part of a Bush administration campaign targeting British, French and Russian politicians as people to whom Saddam Hussein supposedly “allocated oil” for “political favors.” It is a witch hunt designed to discredit opposition to the war as the United States becomes increasingly embroiled in Iraq and isolated in the world.

Behind the committee's bogus allegations is the long war U.S. corporate interests have waged in order to seize Iraqi oil. The devastated state of Iraq today is not only due to the aftermath of 2003's shock-and-awe campaign. It's the result of decades of U.S. intervention, war and CIA operations against the Iraqi people. It's long past time for the United States to get out.

Before 2003, more than a million Iraqis had already been killed by U.S.-imposed sanctions. After Washington's 1991 bombing campaign against Iraq—which wiped out its electrical grid and water-purification system, as well as schools, roads, hospitals and bridges—the United States used the United Nations to prevent Iraq from rebuilding. It accomplished this by preventing it from selling oil, virtually its only commodity, or from buying anything on the world market.

The previously wiped-out diseases typhoid and cholera made a stunning comeback among Iraqi children, because water was contaminated and hospitals were deprived of medicine by sanctions. By 1996, UN agencies reported that over half a million Iraqis had died.

The 2001 declassification of 1991 Defense Intelligence Agency documents showed that the Pentagon's conscious goal was to cause widespread illness throughout the Iraqi population, through water-borne disease. “Conditions are favorable for communicable disease outbreaks, particularly in major urban areas affected by coalition

bombing,” is a chillingly typical quote.

This genocidal campaign, waged to get control of Iraq's oil resources, is the true crime behind the oil-for-food “scandal” now making headlines.

## WASHINGTON'S OIL GRAB

In 1996, world outcry against the sanctions—overseen and renewed every three months by the Clinton administration—became so great that the United States set up the “oil-for-food” program. Now instead of an outright embargo, Washington arranged for UN officials to monitor the sale of Iraqi oil, specify how much Iraq could sell, and repeatedly use the specter of “weapons of mass destruction” to veto Iraqi attempts to buy equipment on the world market.

It wasn't a humanitarian program. It was outrageous harassment, an attempt to take over Iraq's economy. It certainly had nothing to do with helping the Iraqi people, who continued to die at the rate of thousands every month.

Naturally the Iraqi government did everything it could—politically, legally and otherwise—to get around the sanctions.

In the late 1990s, Galloway mounted a campaign called the Mariam Appeal, designed to both publicize the crime of sanctions and raise money for Iraq. He was ousted from Tony Blair's Labor Party in 2003 for inviting British soldiers to disobey illegal orders. He now represents the anti-war Respect Party.

In 2003, the British Daily Telegraph and the U.S. Christian Science Monitor said documents had been uncovered in Iraq showing that Galloway was being bribed by Saddam Hussein to oppose sanctions by receiving “oil vouchers.” Galloway successfully sued the Telegraph over this story, winning a 150,000-pound award and proving that the “documents” were forgeries.

The Christian Science Monitor attempted to avoid the same fate by formally apologizing to Galloway—who sued them anyway and won an undisclosed settlement.

The corporate media coverage of his Senate testimony captured his articulate defiance—but all left out the part of his statement that was most damaging to the frame-up. Almost universally, the bourgeois media wrapped up coverage of Galloway's testimony by focusing on the fact that he wouldn't impli-

cate a Jordanian business executive who helped him with the Mariam Appeal.

## DEMONIZATION OF IRAQI LEADERS

In addition to infiltrating Iraq's economy, the oil-for-food program was a public-relations ploy. It was designed to make it look like Iraqi people were starving because Saddam Hussein was taking money from the “humanitarian” program.

This line falls apart when you remember that it wasn't until 1996—six years after sanctions were imposed—that the United States allowed a crack in the UN's total blockade of commerce in and out of Iraq. That crack, the oil-for-food program, was structured top to bottom by U.S. strategists themselves, who would have organized, overseen and overlooked any skimming of money from oil sales.

Because of the Saddam-is-Hitler campaign, anyone could be forgiven for thinking that Iraq was under sanctions because of tyrant Saddam Hussein.

But sanctions were part of the “Desert Storm” war strategy—the 1991 invasion of Iraq by the United States started supposedly because of Iraq's invasion of Kuwait. Israel invaded Lebanon with U.S. equipment, but President George H.W. Bush declared that Iraq's invasion of Kuwait was “naked aggression,” and launched a blistering air war, which crippled Iraq's electrical grid within 48 hours and lasted another 40 days.

The first President Bush's first act after the Aug. 2, 1990, Iraqi invasion of Kuwait was to sign an executive order, dated the same day, freezing Iraq's assets in the United States. Within two months, he had coerced the UN into imposing an economic blockade on Iraq. By December 1990, babies were already dying in Iraqi hospitals from lack of medicine that had recently been plentiful. (“The Fire This Time,” Ramsey Clark, 1992)

One Pentagon planner quoted in a June 1991 Washington Post article put it bluntly: “People say, ‘You didn't recognize that it was going to have an effect on water and sewage.’ Well, what were we trying to do with sanctions—help out the Iraqi people? No. What we were doing with the attacks on the infrastructure was to accelerate the effect of sanctions.”

# Roger Award 2004

## The Worst Transnational Corporation in Aotearoa in 2004

### WINNER: TELECOM

There were seven finalists for the Roger Award for the worst transnational corporation operating in Aotearoa/New Zealand in 2004. The finalists in alphabetical order were: Contact Energy, Ernslaw One, McDonalds, Mitsubishi, Telecom, Toll Holdings and Westpac. The judges (John Minto, Maire Leadbeater, Alister Barry, Edwina Hughes) considered the activities of these seven corporations against the criteria for the award which cover areas such as unemployment, abuse of workers, profiteering, political interference, cultural imperialism, and negative impacts on tangata whenua, women, and the environment.

The judges believed that each of the finalists exhibits policies and practices which are well outside the behaviour our community has a right to expect from any company operating in New Zealand. Unfortunately, as with past years, it was a particularly strong field of candidates and it is unfortunate also perhaps that there can be only one winner! In their own unique ways each of the finalists deserves the denunciation of the community.

### GOVERNMENT PROTECTION

In reading through the evidence against each company however, what struck the judges was not just the nastiness of the companies' practices but the lack of government action to curb their worst excesses. It seemed clear that if we were to have a government focused on the protection of people and the environment, rather than on protecting corporate profit making then there may be no need for the Roger Award.

For this reason the judges would like to issue a special award to the government. This award is entitled the "Special Roger Award for Protection of Profit and Privilege" and is awarded to the Prime Minister on behalf of the government.

### 4TH PLACE - MCDONALDS

The judges were appalled at the extent to which McDonalds fits the Roger Award categories. McDonalds involves:

- high stress, low pay, low security employment
- serious political interference through its advertorial funding of dentistry in poorer communities – the Far North

– and its insidious placement of food outlets in hospitals. This demonstrates an unhealthy political influence with area health boards etc

- environmental damage – through production of massive amounts of unrecyclable wrappings and the resultant littering
- "cultural imperialism" through their efforts to destroy small food businesses and food diversity. They exhibit a "US-centred-ness" in their operational practices rather than acting like a New Zealand enterprise
- high fat and high sugar foods impacting on community health in negative ways – in relation to low income communities particularly. This company has rightly become an international symbol of low quality, large volume fast food and its multi-million dollar campaigns – paid for by its customers – to buy its way into community favour.

### 3RD PLACE - ERNSLAW ONE

Ernslaw One has forestry and milling operations in New Zealand. It scored highly on abuse of workers, environmental damage and cultural imperialism. This company is an offshoot of the gargantuan Asian logging company Rimbunan Hijau, owned by the Tiong family of Malaysia. Rimbunan Hijau is well known throughout Asia for its abuse of sustainable logging practices and massive environmental damage. Ernslaw One's clear felling practices here are entirely in keeping with their overseas activities.

Here in New Zealand Ernslaw One is having a big impact on workers – Maori on the East Coast especially – with thousands of job losses projected. These East Coast forestry workers have managed to stave off massive jobs cuts – one third of the workforce was to be scrapped - in the short term by a campaign of united action in the face of this ruthless multinational.

Ernslaw One also scored highly for its impact on health and safety of the public - based on their proposal for a saw milling complex near Whangapoua Harbour. Waste discharges from large saw milling operations are generally harmful to public health.

It is difficult to separate its impact here

from its impact on Papua New Guinea and all the other countries where it is active. The judges expressed their support for the PNG communities and Greenpeace campaign against Rimbunan Hijau.

Throughout Asia Rimbunan Hijau is associated with illegal logging and theft of natural resources. To its credit the New Zealand Timber Importers Association expelled Lumberbank – a wholly owned subsidiary of Ernslaw One – from the NZTIA for breaking rules concerning importing illegal timber into New Zealand.

### RUNNER-UP - CONTACT

The runner up to the Roger Award winner for 2004 is Contact Energy. Contact was nominated for its vociferous opposition to the Kyoto Treaty (formerly the Kyoto protocol) - a treaty important to life on the planet. The judges were convinced on the evidence that Contact has run an ideological campaign against Kyoto and the use of renewable energy sources. For example they have spent some \$2million running a crusade to convince the public that coal-fired power stations are the only option for a secure future energy supply. This is in sharp contrast to its lack of investment in education on the impact of coal-fired electricity generation. Their aim is to control the direction and define the terms of the national debate over sustainable uses of energy.

It has demonstrated strong lobbying power with the government and has consistently dictated to the Taranaki Regional Council what it expects from what should be a responsible community watchdog.

Contact was also in the news in 2004 for the lies it told customers about the need for price rises for electricity. No less than 8,250 customers were involved! It blamed increases in electricity prices on increased charges from the lines companies when in fact the line charges had decreased. This resulted in a prosecution under the Fair Trading Act and a settlement award made against Contact.

The evidence viewed by the judges also exposes Contact as responsible for environmental damage and wilful negligence regarding health and safety of the community. These conclusions came from the

impact of Contact's existing operations on the Waikato river, its apparent lack of concern about how its newly converted oil-fired power station will impact on the health of nearby New Plymouth residents, as well as the global impact of its CO2 emissions.

The judges were not convinced of Contact's claims of no responsibility for the land subsidences occurring around the Wairakei area and were alarmed at its plans to increase geothermal extraction.

**WINNER - TELECOM**

The massive profit figures which this company posts year by year are a national scandal.

Last year this company made another massive profit which amounts to \$188 for every man, woman and child living in New Zealand. This is staggering. The \$750 million involved should be in the community coffers but instead is in the back pockets and under the control of wealthy foreign and local shareholders.

Telecom is given free rein by the government to set their own operating rules and pricing structure as an effective monopoly over much of New Zealand's telecommu-

nications industry. Because of their dominance of the New Zealand sharemarket the government kow-tows to them as if their economic health rests the economic health of the sharemarket!

This is a company whose name is a byword for the failure of privatisation. It is the largest community parasite in New Zealand and its stifling, negative impact cannot be underestimated.

Despite the massive profits the true community colour of Telecom comes through with its impact on low income communities. For example it refuses to reduce charges for not-for-profit organisations - including those with charitable status. This has a negative impact on all community groups such as those working with youth, Maori and women.

Their real "community concern" is emphasised with a quick look at their "mefirst" sponsorship criteria.

Last year the Roger judges gave a "Special Award for Monopoly Profiteering" to Telecom. In making the award the judges commented - "Factors in this award include their monopoly of telephone lines; outrageous charges to competitors

to interconnect; exorbitant charges to rural customers; a 15% hike in line rentals; misleading advertising to lure customers from competitors; boosting non-regulated wiring maintenance costs as part of residential bills; bringing the billing cycle forward a week; and disconnecting 8000 customers without warning at the very end of 2002"

The same practices outlined a year ago were also evident throughout 2004. The company's fleecing of New Zealanders stands in sharp contrast to the obscene salary of \$2.82 million paid to CEO Theresa Gattung. She now receives weekly earnings of \$53,270 - earning more in a single week than the average New Zealand earns in an entire year.

Telecom has betrayed the trust and hopes placed in it to run our telephone and telecommunications systems. It is a New Zealand made disaster rather than an imported one and has been allowed to run unchecked for 15 years. This is a friendless, rapacious company with well established and unmediated parasitical practices.

Telecom is a worthy winner of the Roger Award for 2004.

# Anderton Stoops to New Low

*The following letter was forwarded to Struggle by a reader:*

Every year the organisers (and sometimes the judges) of the annual Roger Award for the Worst Transnational Corporation Operating in Aotearoa/New Zealand get approached before, during or after (or all three) the selection of the winner(s) by Corporate Communications Managers or PR firms, wanting to know why their employer is a finalist, trying to persuade us not to pick their employer as a finalist, or expressing outrage and issuing threats after the event. Contact Energy and Westpac maintained this noble tradition for the 2004 Roger Award (won by Telecom; you can read the Judges' Report at [www.cafca.org.nz](http://www.cafca.org.nz), follow the Roger Links).

But this time there was a new and unique component. We got our first ever approach from a politician, writing in support of one of the placegetters (Malaysian forestry TNC, Ernslaw One, which came third). Not just any old obscure backbencher, either. Our correspondent was none other than Jim Anderton, who wrote in his triple capacity as Minister, MP and Leader of the Progressives. '... You should issue a public withdrawal of your unsustainable allegations against a company which is actually doing a

good job for New Zealand workers'.

There's nothing 'unsustainable' and they're not 'allegations'. The people leading the Environment Court case against Ernslaw's plans for a sawmill at Whangapoua in the Coromandel have already been in touch pointing out the mistakes in Jim's May 12 letter.

This would just mark another chapter in the sad decline of Jim Anderton, not worthy of comment, if it wasn't for a startling coincidence that I happened to notice when I read Jim's letter alongside the Gisborne Herald story (May 3, 'Attack on Ernslaw One "grossly unfair"') quoting the company's managing director, Thomas Song. It was then that I realised that, in places, Song and Anderton, were word for word.

Song: 'Information relating to the proposed Coromandel mill was also incorrect. This was now subject of an appeal in the Environment Court. The company was not using chemicals, and having the mill inside a forest meant there would be less visible impact and fewer logging trucks on main roads...'

Anderton: '...Your information realting to

the mill at Whangapoua is also incorrect. There is currently an appeal before the Environment Court relating to this operation, but for the record, the company is not using chemicals as alleged, and having the mill inside the forest means that the environmental impact has been significantly reduced with less visible impact and fewer logging trucks on main public roads...'

Our advice to Jim is, get a new letter writer. Or should that be, Songwriter?

And, "for the record", the Coromandel campaigners confirm that the company has applied to use highly toxic fungicides; the mill will not be situated in the forest but on a farm bought for the purpose; the mill will increase traffic on the Whangapoua hill road, which has no passing bays, by seven times; and will cause such vibrations at the Te Rerenga School that the only solution suggested by the Thames Coromandel District Council is to shift the school.

All in all, it sounds like another win-win, Jim. For Ernslaw One, that is. Pity that you couldn't leave them to do their own dirty work.

*Murray Horton  
Secretary/Organiser*

# Why Asians Fear US-Japanese Militarism

By Fred Goldstein

Published Apr 14, 2005 11:30 PM

A steadily ascending campaign of provocations by the increasingly outspoken militarist wing of the Japanese capitalist ruling class has raised political tensions to the boiling point in East Asia and touched off a storm of anti-Japanese demonstrations in China and South Korea.

At the instigation and with the encouragement of its overlords in Washington, a revived Japanese imperialism has moved to shed its so-called "pacifist" camouflage and bared its teeth in brazen defiance of the peoples of the region it once conquered and enslaved.

The immediate event which touched off the wave of mass demonstrations was the approval by the Japanese government of revised textbooks which removed references to the wars of conquest and the atrocities committed by Japanese imperialism during the period of 1895 to 1945.

The Japanese Embassy in Beijing was stoned and Japanese stores were attacked when thousands came out at a government-approved demonstration on April 9. The demonstrations spread to more Chinese cities the next day, "with a crowd of 10,000 chanting anti-Japanese slogans in Shenzhen. Earlier in the day another 10,000 demonstrators surrounded the Japanese consulate in Guangzhou." (Los Angeles Times, April 11)

## TEXTBOOK WRITTEN BY MILITARISTS

The Chinese ambassador in Tokyo, Wang Yi, was summoned to the Japanese foreign ministry by Foreign Minister Nobutaka Mashimura, who asked for an apology and restitution for damages. Wang said that the Chinese government did not endorse the violence, but refused to apologize and would not shake hands with Mashimura. Wang was quoted as saying that "the Japanese side must earnestly and properly treat major issues that relate to Chinese people's feelings, such as the history of invasion against China."

In fact, the word "invasion" was not mentioned in the revised history textbooks approved by the Japanese Education Ministry on April 5.

Japan invaded and occupied Korea in 1910 and held that country until 1945. The Japanese militarist regime in 1931 invaded Chinese territory and seized what was then called Manchuria. Japan then steadily expanded its invasion and occupation to the entire Chinese mainland, and remained until the end of World War II in 1945.

The current Japanese government of Prime Minister Junichiro Koizumi has refused to disavow the textbook revisions, which removed all references to "comfort women," a term for women forced to become sex slaves for the Japanese military during the occupations. It is estimated that up to 200,000 women suffered this fate during the Japanese occupation of China and Korea.

All references were removed to the infamous "rape of Nanking" in 1937, in which up to 300,000 Chinese were systematically slaughtered by Japanese imperial troops when the emperor Hirohito ordered everyone in what was then the Chinese capital city to be killed.

All references to the forced labor of millions of Chinese and Koreans was omitted as well.

## CHINESE REGARD INVASION AS HOLOCAUST

A glimpse of some of the atrocities in Nanking was given in a Dec. 17, 1937, dispatch to the New York Times.

After referring to "wholesale atrocities and vandalism," the Times correspondent continued: "The killing of civilians was wide spread. Foreigners who traveled widely through the city Wednesday found civilian dead on every street. Some of the victims were aged men, women and children. ... Many victims were bayoneted and some of the wounds were barbarously cruel.

"The Japanese looting amounted almost to plundering of the entire city. Nearly every building was entered by Japanese soldiers, often under the eyes of their officers, and the men took whatever they wanted. The Japanese soldiers often impressed Chinese to carry their loot. ...

"Thousands of prisoners were executed by the Japanese. Most of the Chinese

soldiers who had been interned in the safety zone were shot in masses. ... A favorite method of execution was to herd groups of a dozen men at entrances of a dugout and to shoot them so the bodies toppled inside."

This massacre went on for days and similar crimes were committed as the Japanese imperial army advanced deeper into China. It is understandable that the Chinese regard this invasion as their holocaust.

It has been an added source of outrage that Koizumi has gone to the Yasukuni shrine, a military burial ground that contains the remains of 14 condemned war criminals, to pay tribute. Furthermore, there is a move afoot to turn the emperor's birthday, which was changed to Green Day, back into an imperial commemoration.

Previous Japanese governments have been more conciliatory about acknowledging Japan's war crimes and previous textbooks have had references to them. But the Japanese Society for the History Textbook Reform, with right-wing nationalist and militarist politics, began revising the textbooks in 2001. The new revision goes further in obliterating references to Japanese war crimes and takes a new aggressive stance.

The largest newspaper in Japan, Yomiuri Shimbun, has applauded the textbook changes and declared that the "publishers had good reason to remove the references" to "comfort women." (International Herald Tribune, April 7)

The weekly magazine Guoji Shengqu Daobao, published by Xinhua News Agency of China, ran an article accusing Mitsubishi Motors, Ajinomoto Co., Hino Motors Ltd., Isuzu Motors, Chugai Pharmaceutical and Asahi Breweries, among others, of being supporters of the new textbooks.

But the demonstrations are about more than textbooks and more than history alone. It is about the present and the future plans of Japanese and U.S. imperialism in the region. The textbooks reflect a new aggressive posture by Tokyo, which is taking advantage of the fact that Washington is playing the Japan card against the People's Republic of China.

**TAIWAN AND THE ANTI-CHINA ALLIANCE**

On Feb. 19, Secretary of State Condo leezza Rice and Secretary of Defense Donald Rumsfeld met with their Japanese counterparts to renew U.S.-Japanese military ties. For the first time the two imperialist powers included the security of Taiwan as "a common strategic objective." According to the Feb. 21 Washington Post: "In addition, the U.S.-Japanese statement drew attention to China's rapid military modernization program, calling it a matter of concern. ..."

This aggressively challenging statement represents a sharp departure for the Japanese government, which has up until now avoided taking a position on the military defense of Taiwan.

The island of Taiwan was part of China for centuries before a rising Japanese imperialism, in its first major colonial war—the so-called Sino-Japanese War of 1895—annexed Taiwan and made it a prefecture of Japan. The fact that Taiwan was part of China was recognized by all the imperialist powers after World War II, when it was returned to China.

Only after the U.S.-supported counter-revolutionary armies of Jiang Jieshi (Chiang Kai-shek) retreated in defeat to the island in 1949 did Washington make Taiwan, then called Formosa, into a U.S. protectorate and a base from which to threaten the newly formed People's Republic. In fact, Washington demanded that its puppet government in Taiwan be diplomatically recognized as "China." It forced the UN Security Council to give China's seat to the Jiang clique instead of to the one-fourth of the human race represented by the Chinese socialist government. This arrangement lasted until 1971.

The current demonstrations in China are also aimed at blocking Japanese membership in the United Nations Security Council. To that extent they are also directed against the U.S.

Condoleezza Rice, speaking at Sophia University in Tokyo on March 19 in her first visit to Asia as secretary of state, declared that "the United States unambiguously supports a permanent seat for Japan on the United Nations Security Council."

Rice demanded that China pressure North Korea to reenter six-party talks on its future. She spoke of U.S. "concern" about a "Chinese military buildup" and said that the best way to deal with this "is to keep strong alliances and make certain that America's military forces are second

to none."

Rice added, "On both the regional and global levels, the U.S.-Japanese alliance is modernizing, most recently through our agreement on Common Strategic Objectives."

After talking about how the U.S. military will keep forces in the Pacific second to none, she then vowed to uphold the Taiwan Relations Act, which declares U.S. intention to defend Taiwan militarily and told the Chinese to restrict themselves to peaceful means.

Japan has the second-largest navy in the Pacific, after the U.S. Its so-called Self Defense Force has a military budget larger than England's. It is ordering new helicopter aircraft carriers and is working on a joint missile-defense system with the Pentagon. And there is a movement afoot to revise the famous Article 9 of the Japanese Constitution which forbids Japan from settling international disputes by force.

For the secretary of state of U.S. imperialism to go to Tokyo, the seat of Japanese imperialism, and brazenly bask in a new military alliance while lecturing the government of one-fifth of humanity on how to conduct its affairs is the height of imperialist arrogance. It took the greatest anti-colonial revolution in history, the Chinese socialist revolution of 1949, to gain independence from the two imperialist powers that have now formally moved to "contain" China.

After dropping the atomic bomb on Hiroshima and Nagasaki in 1945, incinerating hundreds of thousands of Japanese civilians, Washington rapidly moved to revive Japanese imperialism as a base to contain the Chinese Revolution and to threaten the Soviet Union in the east. Japan, with all its U.S. military bases, was known as a virtual "U.S. aircraft carrier" in the Pacific.

Since the collapse of the USSR, China has emerged as a growing power that is challenging the U.S. and Japan economically in Asia, Latin America and Africa. It has signed major pacts with Brazil and Venezuela. It is becoming a dominant force among the Asia Pacific Economic Cooperation (APEC) countries. It has assisted the Sudan, Zimbabwe, Kenya and Rwanda and is modernizing its navy and military to meet the growing threat of U.S. and Japanese imperialism.

**DESPITE IRAQ, BUSH LOOKS EAST**

In addition, China has just signed an

historic agreement to settle its border dispute with India and an accompanying set of pacts on trade. If this new partnership can sustain itself, it will defeat a 40-year campaign by the U.S. to manipulate India against China and set the two most populous former colonial peoples against each other. This would be a major blow to U.S. imperialist geo-strategic policy.

When the Bush administration first came into office, it turned its aggressive intentions to the East and to China. It embarked on setting up a Theater Missile Defense System encompassing South Korea, Japan and Taiwan. It equipped Taiwan with advance missile destroyers. It carried out provocative spy flights into Chinese airspace and created an international crisis.

It was after Sept. 11, 2001, that Washington had to shift its attention to the Middle East and seized the opportunity to try to reconquer that oil-rich and geostrategic region, where three continents converge.

While trying to manage the crisis in Iraq, Bush, Cheney, Rumsfeld and Rice are now also returning to their original aggressive orientation towards China, which has grown more urgent in light of world economic tensions: the crisis of declining U.S. exports, the loss of markets to China, China's growing political influence and the implications of all this for U.S. capitalism as a whole.

The Middle East, while certainly a vitally strategic region of the world, is too limited an arena for the adventurist, expansionist militarists in the Pentagon and on Wall Street. While they hope to reap vast oil profits there and get great military and economic leverage, the gigantic productive forces of U.S. high-tech capitalism require a much larger arena.

This is why the growing threats to China and North Korea must be taken seriously. This is why the drive to the East is so fraught with danger and why the anti-war movement must carefully watch U.S.-Japanese provocations in the Pacific and be ready to expand the anti-militarist, anti-imperialist struggle.

# CTU Visits China

## Interview with Robert Reid of the Clothing Workers' Union

A delegation from the New Zealand Council of Trade Unions visited the Peoples Republic of China at the invitation of the All China Federation of Trade unions in April of this year. Struggle interviewed Robert Reid from the Clothing Workers Union who was a member of this delegation.

**Struggle:** Who was on the delegation?

**RR:** The President of the Council of Trade Unions, Ross Wilson, Vice President, Helen Kelly, Rosalie Webster from the Engineers Union (EPMU) and myself from the Clothing Union (CLAW).

**Struggle:** What was the purpose of the delegation?

**RR:** From the NZCTU side, the main reason to go was to hold discussions with the Chinese Unions regarding the proposed NZ China Free Trade Agreement. From the Chinese side, they wanted to re-build the relationship with the NZCTU that was strained last year when the Chinese Government postponed an international trade union seminar in Beijing and cancelled the visa of NZCTU President Ross Wilson, who was on his way to attend the seminar.

**Struggle:** What was the programme of the visit?

**RR:** We spent one day in Hong Kong talking to Hong Kong unions and other groups who undertake worker rights activities inside China. We then went to Beijing for four days where we met with senior leaders of the ACFTU, representatives from the International Committee of the Chinese Communist Party, the NZ Embassy, and a NZ investment firm operating in China. We were also taken to Rewi Alley's House and shown the Forbidden City and the Great Wall. We were in Shanghai for just two days and met with the Shanghai Municipal Trade Union Council and visited a NZ owned leather tannery and a local textile plant.

**Struggle:** Why did you visit the groups and unions in Hong Kong who take a very anti-China position?

**RR:** First the Hong Kong Council of Trade Unions is a fraternal union of the NZCTU being a fellow member of the International Confederation of Trade Unions (ICTU) so it is right and proper that we should meet them while in Hong Kong. Although we may not agree with all of the HKCTU's views on China, the HKCTU has a very good record of organising workers in Hong Kong before and after hand over to China. Second, the ICTU has a very ambivalent attitude to China and the Chinese trade unions. As someone described it; in relation to China, the ICTU has still not realised that the cold war is over. The ICTU does not support contact with the "official" Chinese trade unions calling them Government and Party controlled. However it is finding that many of its affiliates are wanting to build relations with the "official" Chinese trade unions for no other reason than China is now such an important economy in the world and the ACFTU is the biggest trade union in the world. This being the case, the ICTU now recommends that any unions that go to China meet with the Hong Kong unions and labour groups before going into China.

**Struggle:** So were these Hong Kong meetings useful?

**RR:** Yes very. It is always good to look at things from a number of different points of view. The former Chinese leader Mao Zedong placed great emphasis on looking at things all sidedly. We had useful discussions with the HKCTU about China including the effect of low cost Chinese manufacture on workers in Hong Kong. Our most interesting discussion was with the Chinese "dissident" Han Dongfang. Han was a worker activist and protester at the time of the Tiananmen Square uprising in 1989. He was arrested and jailed in China but then was allowed to leave the country on medical grounds. After his health improved he tried to return to China but was deported to Hong Kong where he has been working ever since, as a Chinese labour rights activist.

In the past Han Dongfang has been call-

ing for the formation of autonomous unions in China outside of the ACFTU. He has therefore strongly opposed international unions having any contact or relations with the ACFTU. In recent times Han has changed his emphasis significantly. He sees the new labour laws in China as good on paper but not being implemented. He no longer calls for the establishment of autonomous unions in China, but is urging Chinese workers to establish unions under the new laws and affiliate these to the "official" union centre, the ACFTU. He talks of Chinese workers "taking back their union movement". Han therefore no longer campaigns for "freedom of association" in China in terms of China allowing alternative trade union centres but campaigns for the practical organising of workers and assisting Chinese workers with their legal rights so they can improve their situation.

**Struggle:** So how did this view compare to the view of the ACFTU leaders in Beijing?

**RR:** That is a most interesting point. Although the Hong Kong groups and the ACFTU are at loggerheads, they probably have a closer understanding today than at any time over the last 16 years. In all of our discussions in China the ACFTU officials also placed huge emphasis on the need to promote worker rights, the need to make sure the new labour and trade union laws are implemented and the need for unions to organise workers in the new private sector companies that are rapidly proliferating.

**Struggle:** So what form did your discussions with the ACFTU take place?

**RR:** Our major discussions were at the level of Vice Chairman and General Secretary of the ACFTU. The Chairman of the ACFTU, Wang Zhaoguo hosted us at a banquet in the Great Hall of the People. Chairman Wang is also a Vice-Chairman of the Standing Committee of the National Peoples Congress and a member of the Political Bureau of the Communist Party of China. He is therefore very influential in Government, Party and Union affairs. The New

Zealand Ambassador also attended this banquet.

**Struggle:** And what were the main issues for discussion?

**RR:** The ACFTU were very keen to brief us on the Chinese economy, the work of the ACFTU and international trade union relations. We were keen to learn these things, to brief the Chinese side on the NZ economy and trade union movement and to open discussions between the two trade union centres on the likely impacts of the proposed NZ – China Free Trade Agreement.

The greatest impression that any discussion on China leaves is the size of the country and the size of the problems that the country is trying to address. At one stage NZCTU Vice-President, Helen Kelly, asked “don’t you have any numbers less than a million?”

China is a country of 1.3 billion or 1,300 million people. We were told that over the last 25 years it has averaged a growth rate of 9.4%. However even this growth and the plans to quadruple GDP to USD 4 trillion per year over the next 20 years will still leave China as a developing country. Creating jobs for the new entrants into the workforce and for those workers laid off from the old state owned enterprises was the key issue for the ACFTU. Last year 9.8 million jobs were created but there are still 24 million workers unemployed in the urban areas. It is also estimated that over the next few years a further 100 million farmers will be looking for urban jobs.

**Struggle:** So what role does the ACFTU play in this situation?

**RR:** The ACFTU is proud of the relationship that it has with the Communist Party of China. They reject the criticism of this from the west. “Every trade union in the world has a party behind it” they told us, “but only a few admit it”. The ACFTU sees its role of supporting a growing economy to provide work for the Chinese population and protecting rights of workers in China. The ACFTU has 130 million members. Last year it aimed to recruit 6.6 million workers into the union. It achieved recruitment of 13.5 million new members. The ACFTU has been very active in drafting and promoting the new labour and trade union laws at the level of the National Peoples Congress and Provincial level. The ACFTU is also concerned that these laws are not operating consistently across the country. They told us that there is much violation of these laws by private companies. The ACFTU is an active promoter of Occupational Health and Safety and are especially concerned at the large number of accidents and deaths in the mining sector. Finally the ACFTU runs many training and worker assistance programmes for unemployed workers across the country. The ACFTU leadership is genuinely hurt by some of the attacks made on it by some unions in the west. They told us, “some trade unions in some developed countries are always giving orders to developing countries and do not see the achievements that have been made. We say to them, if you are doing a good job we can learn from you, but

if you have less than 10% unionisation, what can we learn?”.

**Struggle:** What is the Chinese unions’ greatest challenge?

**RR:** I think it is organising in the private sector. Since the Chinese Government has allowed capitalism or the market economy to operate in the manufacturing and service sectors, the ACFTU has the added challenge of organising workers in enterprises where the owners are antagonistic to trade unions. While we were in China the story of Wal Mart was very much a discussion point. Wal Mart is a US owned retail company that is completely antagonistic to trade unions. It does not allow unionisation in any of its plants in the United States. It recently closed down a plant in Canada on the sole basis that a union had been formed. Yet the US Government and unions lecture China on freedom of association! A number of Chinese provincial Governments are now refusing to let Wal Mart operate in their provinces unless it agrees to recognise a union. An agreement had just been made in Shanghai to do this a few days before we arrived.

**Struggle:** So what were your impressions of the factories that you visited.

**RR:** We were not shown, nor did we expect to be shown the worst factories in China. China is still a third world country and there is plenty evidence that sweatshops and poor working conditions exist. However we were impressed that the Chinese Government, Communist Party and Trade Union movement are

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## INTERVIEW

working hard to try and create jobs and raise the wages and living standards of Chinese workers.

However after visiting the two factories in Shanghai we were completely depressed. Not because of the bad working conditions but the very opposite. Working conditions in the tannery and textile mill that we visited were far better than in New Zealand. Of course the wages were much lower but they had been increasing by 13% per year over the last five years. The depressing thing was that the machinery and technology were all state of the art from Germany and Italy and left NZ for dead.

Our NZ Government is telling us that we cannot compete with China at the "low end" but that we must be high skill, innovative, high tech. But China is there already. It has already beaten us. NZ economic development policies are going to have to be much smarter than they are at the moment.

**Struggle:** So what is your attitude to the NZ – China Free Trade Agreement as a result of your visit.

**RR:** It is obvious that the NZ Government is hell bent on securing a

Free Trade Agreement with China. In fact it is hell bent on securing a free trade agreement with any country in the world. NZ trade policy comes from an extreme free market ideology that is a carry over from the years of Rogernomics and Ruthenasia (and back to where Don Brash wants to take us). The main forces pushing the free trade agreements are finance and agricultural capital. Finance capital is transnational anyway and simply wants to pull down any barriers that prevent its unquenchable lust for greater profits. Agricultural capital, especially through companies such as Fonterra want to break down all barriers to the export of their products and are prepared for our trade negotiators to give away whatever it takes (including thousands of NZ manufacturing jobs) in order to get a deal.

I am very worried about the proposed Free Trade Agreement with China because there is no corresponding industry and economic development planning going on in NZ to deal with the potential downsides of such a deal. But we can't blame China for that. As we have discussed China has huge problems of its own that it has to overcome. If we get a bad deal then it is the NZ Government and our trade negotiators that should be

held accountable.

Both before and after our delegation the NZCTU has been raising our concerns with the government and with the trade negotiators. We are still unhappy but feel that our message is starting to be listened to.

Interestingly when we discussed these issues with our Chinese counterparts, they thought NZ would be stupid (as they would) to move to free trade on everything overnight.

So it looks like the so-called Free Trade Agreement will go ahead. But it may be more a Trade Agreement than a free trade agreement. This is what the union movement will be pushing for. And didn't Mao Zedong also advise us to try and "turn a bad thing into a good thing"!

# Green Party MP's Misguided Protest

*(contributed)*

Green Party co-leader Rod Donald's apparently individual protest against senior Chinese politician Mr Wu Bangguo, Chairman of the Standing Committee of China's National People's Congress, is part of a large orchestrated campaign by the United States against China's 1949 revolution, albeit this is probably not known by Rod Donald himself.

We all know that Taiwan became the base of the reformation of fascist forces in the so-called 'Anti-Communist League', but Taiwan's rulers are not the U.S. government's sole surrogate warriors against China. The U.S. government did not (and does not) want to pitch its anti-China propaganda solely to conservatives, but to liberals as well. Few have served that role better or more willingly than the Dalai Lama, whose personal claim to be a pacifist and solely interested in defending his people (Tibetans) is taken at face value and repeated loudly by many liberals – by Richard Gere for example.

Prior to 1959, Tibet was a feudal theocracy lorded over by the Dalai Lama – the same one whose chants for the press

include his strident denials of any interest in politics or posts.

As an article in August 16, 1999 Newsweek, 'CIA - A Secret War on the Roof of the World' explained:

'In 1958, the Dalai Lama was a 23-year-old god-king on the verge of losing his realm. The Chinese communists were closing in, and Tibet's spiritual leader was desperate. That's when he first heard that the Central Intelligence Agency was stepping up its activities in his domain. ...

'By the mid-'60s, the Tibet operation was costing Washington \$1.7 million a year, according to intelligence documents. That included \$500,000 to support 2,100 guerrillas based in Nepal and \$180,000 worth of "subsidy to the Dalai Lama."

Although \$180,000 doesn't seem like all that much in today's dollars, the CIA's payment to the Dalai Lama was greater than the combined annual income of 1,000 typical Tibetans.

The CIA eventually stopped funding this project - not because the Dalai Lama objected, but for the same reasons (and

in the same way) that the CIA 'stopped' direct funding of the Bay of Pigs 'fighters' – the CIA saw that the expenditure no longer yielded any 'bang' for the bucks.

When confronted with evidence that his guerrillas were funded through the CIA, the Dalai Lama stated his brother had kept the operation secret from him. Reagan's I-was-out-of-the-loop excuse during Contra-Gate testimony involved not only perjury, but plagiarism!

Any calls for the U.S. government to 'pressure' China to change its policies are reactionary to the core. Washington (which feigns concern' about national rights as it provides bullets and bull\*\*\* to attack the rights of Palestinians) and its allies are the #1 enemy of the rights of ALL victims of discrimination and national oppression – including Tibetans. Despite the crocodile tears shed by the Dalai Lama for 'his' people, the U.S. (and the Dalai Lama's) anti-China campaign is NOT a campaign to 'introduce' or restore 'democracy' or national rights – it is part and parcel of a propaganda campaign by those who wish to restore capitalism (and the 'influence' of Wall Street and Washington) in China.

# US Continues to Interfere in Venezuela's Politics

With the failure of its three previous attempts since 2002 to topple the Bolivarian Revolution of President Hugo Chávez in Venezuela, Washington has recently announced a new "containment" strategy for crippling the democratically elected and socialist-oriented government of Latin America's leading oil power.

In April 2002 the Venezuelan people rose up and reversed a U.S. supported military coup against Chávez, who had been elected president in 1998 and then again under a new more democratic constitution in 2000. In winter 2002–03 Chávez's government overcame with popular backing an oil industry shut-down and general lockout to which Washington had given its blessing. And in August 2004 the Venezuelan poor mobilized to deliver Chávez a resounding victory in a recall referendum in which Washington had done everything it could to bolster the opposition.

Unable to instigate another coup because of the military's allegiance to the Chávez government, and prevented from introducing a full economic blockade by the fact that Venezuela supplies 15 percent of U.S. oil imports, the Bush administration's current options for destabilizing the Venezuelan revolution are limited. It has therefore turned to declaring Venezuela a military threat to the hemisphere and hence to the security of the United States. By calling its new policy one of "containing" Venezuela, it seeks to justify a more nakedly imperialist policy of regime change, building the case for U.S. military intervention if necessary in order to secure U.S. hemispheric dominance.

The lead role in articulating this new more aggressive posture has been taken by Roger Pardo-Mauer, deputy assistant secretary for western hemisphere affairs in the defense department, and a former state department representative to the Nicaraguan Contra terrorists, who with U.S. backing helped bring down the democratically elected Sandinista government in Nicaragua by 1990. In an interview with the Financial Times (March 13, 2004) Pardo-Mauer hypocritically stated that Chávez has adopted a "hyena strategy" in Latin America and is guilty of "downright subversion." Venezuela



is accused of supporting insurgents in Colombia, Bolivia, and Peru. Venezuela is also being criticized by the Bush administration and the corporate media for threatening to cut off the supply of Venezuelan oil to the United States if force is used in any way against it, and for working at building a global alliance against what Chávez calls "the imperialist power of the United States."

But the strongest U.S. criticisms are aimed at recent defense purchases by Venezuela, which has acquired 100,000 Kalshnikov rifles from Russia and military aircraft from Brazil. It is also seeking to obtain radar equipment from China. In a trip to Brazil in March, U.S. Defense Secretary Donald Rumsfeld stated (as reported by Richard Benedetto in USA Today, April 1, 2005) "that he 'could not imagine' what Venezuela, with an army of 34,000, was going to do with 100,000 assault rifles." The insinuation is that Venezuela means to use these Russian rifles to arm revolutionary movements in other countries. Yet, given that Venezuela is being directly threatened by the largest and most aggressive military power on earth, it has every reason to want to purchase weapons with which to arm its population for a guerrilla-based struggle against a potential invading force—something that should not surprise Rumsfeld at all.

Still, it appears that the new containment policy is already bearing fruit. In a climate of intense U.S. pressure on Argentina regarding Chávez, the Argentinean minister of defense José Pampuro recently suggested that Venezuela's arms purchas-

es could touch off an arms race in the region (Jonah Gindin, Venezuelanalysis.com, April 1, 2005).

What has really drawn Washington's ire, however, lies elsewhere: in the acceleration of the revolutionary process in Venezuela since the failed U.S.-supported coup of three years ago. Chávez now speaks openly of the need for "inventing the socialism of the 21st century." Worse still from a U.S. ruling class standpoint, the Bolivarian Revolution in Venezuela is seeking to show the rest of the world the way forward, by introducing a revolutionary democratic strategy geared to the real needs of the population. At the same time Venezuela is attempting to break out of the U.S. economic orbit by working on diversifying the markets for its oil, signing energy deals with France, India, and China—in a move that is viewed as deeply threatening to U.S. oil interests. Venezuela is also seeking a stronger economic coalition among Latin American countries, and is actively promoting a global alliance against U.S. imperialism. No wonder that U.S. Secretary of State Condoleezza Rice has declared Venezuela a "negative force in the region" and Otto Reich, former assistant secretary of state in the first Bush administration, has declared the Venezuela-Cuba connection the "Axis of Evil: Western Hemisphere Style."

For the peace movement in the United States and throughout the world there can be only one response to current U.S. attempts to corner and then move in for the kill on its revolutionary Latin American neighbor: Hands Off Venezuela!

# China Sees Latin America as Taking a Left Turn

Xu Shicheng writing for official Chinese publication Beijing Review describes the election of 'Tabare Vazquez of Uruguay's Broad Front-Progressive Encounter Coalition' as 'the latest winner in an ongoing political shift toward the left in Latin America.'

The article is not only a useful review of developments in Latin America, it also reflects a developing trend in Chinese foreign policy, towards developing a broad 'unity' with parties in particular 'ruling parties' that could be identified as 'leftist'

The article noted that 'Vazquez stressed equality, freedom, human rights and friendship, and pledged to give his nation a thorough facelift that will focus on production and development. According to a two-year emergency plan, the Vazquez government will annually budget \$100 million to address the food, health and educational needs of the nation's 200,000 households living in poverty.'

'Regarding international diplomacy, the new president, who is firmly against foreign intervention, put forth the principles of independence, justice, peace and self-determination that will guide his administration. Three hours after his inauguration, Vazquez fully resumed Uruguay-Cuba diplomatic relations by signing a framework agreement on trade with the Caribbean country. He also signed an agreement to enhance economic and trade integration with Brazil, Argentine and Venezuela, whose leaders were present at his inauguration.'

According to the Chinese media, Brazilian President 'Lula' predicted that leftist parties would assume power in the majority of Latin American countries within six to eight years. Beijing Review claimed that 'Lula's prediction has become partially true. He was sworn in as Brazil's president on January 1, 2003. Hugo Chavez, candidate of the Movement of the Fifth Republic Party, began his tenure as Venezuelan president in February 1999. Despite strong challenges, he won a recall referendum last August that will allow him to remain in power until early 2007. In Ecuador, Lucio Gutierrez of the Patriotic Society January 21 was sworn in as president on January 15, 2003. (The Ecuadorean president was removed from office by congress for dereliction of duty in April.) In addition, Chilean

President Ricardo Lagos, from the Party for Democracy, and Argentinean President Nestor Kirchner, from the Justicialista (Peronist) Party, who both took office in 2003, are also labeled as center-left politicians by some observers.'

The article continues: 'Many experts on Latin American affairs agree that the inauguration of the Broad Front government in Uruguay can be seen as a symbol of the consistent strengthening of left-leaning governments in Latin America in recent years and a good example of how they have come to assume power peacefully through democratic elections.'

'In other Latin American countries, leftist parties are also playing an important role in state affairs as the dominant party or as the major opposition party. For example, the Nicaragua Sandinista National Liberation Front, Mexico's Democratic Revolution Party, Salvador's Farabundo Marti National Liberation Front, Bolivia's Movement Toward Socialism and the National Revolutionary Union of Guatemala have all become the second or third largest party in their respective countries. In Mexico, Colombia and Salvador, mayors of their state capitals are currently leftist politicians. The Nicaragua Sandinista National Liberation Front won a landslide victory in the country's local elections last November.'

## 'FUTURE PROSPECTS'

The Chinese journalist continues, 'In the last decade of the 20th century, Latin American leaders experimented with neoliberalism as the solution to the problems of poverty, unemployment and underdevelopment. Supported by the International Monetary Fund, the World Bank and the U.S. Treasury Department, neoliberal economic policies are supposed to promote free trade through the reduction of tariffs, the elimination of subsidies, public spending cuts, privatization of state assets and the devaluation of currencies. However, growing evidence has shown that the prescription has failed to revitalize Latin American economies. The per-capita gross domestic product of Latin American countries plummeted from 1998 to 2003, creating another losing streak for the region after the "lost decade" of the 1980s. Though the regional economy saw a rebound last year, such prominent problems as wealth disparity, distribution inequality and social

polarization have remained.'

'Some Western observers conceded that it was public discontent and disillusionment with the neoliberal policies that have given birth to the leftward-leaning governments in Brazil and Argentine. The defeat of Venezuelan opposition forces to challenge President Chavez, some believe, has demonstrated support and confidence in left-thinking leaders.'

'In the meantime, a sweeping worldwide anti-globalization campaign that particularly targets Western dominance, as well as the strong critiques of the U.S.-based economic theories practiced in Latin American countries, have added to the influence of leftist parties.'

'First of all, Latin American leftist parties as a whole stand firmly against neoliberal economic policy and globalization, as well as the establishment of an American free trade area. They have also opposed the U.S. invasion of Iraq, U.S. sanctions against Cuba and the U.S. military presence in Colombia, which they blame for only serving to destabilize the country. They promote a fight against government corruption and for a restoration of public interests.'

'To maintain social stability, almost all leftist governments of Latin American countries have continued existing neoliberal policies, while paying more attention to poverty alleviation and the eradication of social inequalities. In diplomatic relations, they have distanced from the United States and instead are more enthusiastic to develop relations among Latin American countries, and with the European Union and Asia-Pacific countries.'

Beijing Review noted however that the 'leftist' governments of Latin American countries will inevitably face a series of internal and external challenges;

'including a mountain of foreign debt, poverty, social polarization, different approval ratings at home and potentially contentious relations with the United States. They are very likely to suffer some setbacks. In addition, their attitudes also vary toward the establishment of a free trade area, the World Bank and the International Monetary Fund. In this sense, it is still too early to predict the trend of a further political shift leftward in Latin America.'

# Despite Crackdown on Opposition Nepal King Faces Growing Revolution

By David Hoskins

King Gyanendra of Nepal has announced the lifting of a state of emergency he imposed on the country at the beginning of February, but many repressive measures remain in force in the impoverished Himalayan kingdom.

Following the emergency declaration, Nepal's government was dismissed and all civil liberties were suspended as the Royal Army occupied cities and towns and enforced strict curfews.

At the time he enacted his royal coup, Gyanendra indicated he would give himself 100 days to contain the revolutionary process led by the Communist Party of Nepal (Maoist) and destroy the fighting capacity of the New People's Army.

Gyanendra's one-man rule made it hard for the governments of the U.S., India and Britain to continue their open support for his regime. So he declared that the 100 days had been successful and that the revolutionary forces were significantly diminished. He also wants to give the appearance that civil



liberties and freedom for opposition parties have been restored, so the three governments can justify the resumption of military aid the monarch needs to fight the popular insurgency.

It appears that Gyanendra was wrong on both counts. Armed action continues



against government dissenters. Military units and armed police continue to be mobilized against protesters and opposition party leaders. The offices of the youth wing of the legally recognized United Marxist-Leninist Party continue to be forcibly occupied and the Royal Army recently fired on crowds of student protesters. Additionally, high-level officials from the parliamentary parties remain under indefinite detention and there is continued police harassment of the king's political opponents. (BBC News, April 30)

Nevertheless, the U.S. and India are expected to resume military aid to the king's beleaguered regime. There is little doubt that this aid is much needed to prop up the royal government after its expenditure of a great amount of military power failed to destroy the revolution.

U.S. Assistant Secretary of State for South Asia Christina Rocca paid King Gyanendra and other government officials a visit in early May. Rocca's visit was viewed by regional analysts as a sign that Washington is interested in expediting the resumption of arms shipments in order to fight the insurgency. (Nepal News, May 09)

Rocca spoke openly about the Maoist revolution, intimating that a people's republic in Nepal would be viewed by the Bush administration as a threat to U.S. hegemony in the region. She also spoke highly of Gyanendra's decision to rescind the emergency declaration and encouraged the king and the parliamentary parties to unite to defeat the revolutionary movement.

The monarchy's contention that it has contained and diminished the armed strength of the revolutionary forces also appears to

be false. According to the revolutionary forces, dozens of police and army troops were killed in fierce fighting both during and after the state of emergency. On May 10 several hundred Maoist revolutionaries launched simultaneous armed attacks on three joint security bases at Bandipur, Chorhawa and Mirchaiya. All three bases are along the east-west highway that links the rest of the country to the capital of Katmandu. (Nepal News, May 10)

This is backed up by BBC accounts of the situation in the country.

Even during the state of emergency, the Maoists demonstrated their strength in defiance of the virtual military lockdown by calling general strikes in certain regions and closing down all private schools outside of Katmandu. In April the All Nepal National Free Student's Union (Revolutionary) successfully closed thousands of private schools for several weeks. It was protesting the lack of quality public education and the high cost of private education that prevented poor workers and peasants from attending school. The ANNFSU-R is the student wing of the Communist Party of Nepal (Maoist). The CPN(M) and its affiliated organizations appear to be operating at full capacity, despite months of state terrorism. This places King Gyanendra in the awkward situation of either admitting that his military has greatly inflated the number of casualties it claims to have inflicted on the revolutionary forces, or admitting that the size of the revolutionary forces and their support among the masses is stronger than even many of the Maoists' sympathizers have suspected.

# Convention Exposed and Challenged to Front on Issues Affecting Women

The first national Women's Convention in thirty years was held in Wellington over Queen's Birthday weekend. This was marketed as an opportunity for women and the feminist movement to assess their achievements and plan for the future. However, the organizers priced the event well beyond the means of working class women.

For a woman to attend, she had to pay a registration fee of \$337.50. While this price tag might seem little more than 'pin money' to some, it is nearly two weeks worth of the mean woman's income in New Zealand. "Don't be shy" though, informed the convention's website, the organizers have generously established a poor fund for those earning less than \$30,000, which working class women can appeal to for exemption from fees and travel costs.

This attitude to working class women's participation made a mockery out of the convention's proffered themes: "Changing Faces" and "Changing Workplaces". Convention chair Hon Margaret Shield's "Welcome Message" further reinforces this sort of soup kitchen-style democracy, ridiculing any real integration of the issues salient to working class New Zealand.

Shield stated that she is "full of admiration at the way so many women have grasped the opportunities that are now available", and points out that the intention of the convention is to come up with recommendations that can be actioned. Half-a-dozen 'monitors' (including the likes of Telecom CEO Theresa Gattung) have been appointed to "report back on your celebrations, concerns and action plans". No prizes for guessing what sort of issues are likely to feature high on their agenda.

The stage was set, then, for plenty of pats on the back and champagne, as the cover girls of bourgeois feminism congratulated one another on having 'made it'. What's fairly unlikely is that these women, enjoying entertainment options including a convention dinner (an additional \$51) would give more than cursory consideration to the inter-

ests of the women getting paid \$9.50 an hour to sweep up their discarded chicken bones.

The national Women's Convention claimed to represent all women in New Zealand. But the high costs imposed on attendees and the way in which it has been organized means that it's really only representative of a privileged few who have the financial and time resources to participate in this elitist event. Unfortunately, it seems that this convention is yet another example of the hefty price to pay for so-called 'feminism'.

Instead a group of women met in response outside the convention, also in Wellington, to discuss their concerns about the United Women's Convention.

The meeting resolved to circulate a leaflet inside the convention pointing out that it did not represent the reality of women's lives in New Zealand and noting out that only 550 women are attending the convention, far fewer than the 2,000 expected.

Women at the alternative meeting said that the organisation of the convention had actively excluded many women, by ignoring their requests to present workshops, and failing to reply to letters and emails.

They identified issues that were relevant to women's lives and that urgently need to be addressed and resolved to take these issues into the convention to prevent them from being ignored completely. These issues included the status of unpaid work, discrimination, poverty and violence.

"Women's work in the home and community is not valued, we are told that we only contribute to society by being in paid employment" said Jasmine Freemantle, one of the organisers of the meeting.

"Women are still fighting to access good health care, education and welfare services. These issues are particularly impor-

tant for rural and low-income women," said Nikki Burrows, another of the meeting's organisers.

Those attending both meetings were outraged that the Convention did not address the concerns women had about the discrimination they faced in their lives. Women still felt discriminated against on the basis of their race, sexuality, ability, class and work-status. The commodification of women's bodies and the sexualisation of children were other concerns raised.

These issues need to be prioritised in government policy, and given more resources to make real changes to women's lives. The women meeting outside the Convention challenged it through a leaflet to address these issues.

.....  
When something claims to represent 'women', feminists should ask: "which women?" Women who can afford \$200 for a conference, and \$50 for a conference dinner, or the women cleaning the toilets in which that dinner will be later deposited? New Zealand's best-paid women, or workers on minimum wage?

Women like Theresa Gattung, Rosanne Meo and Mai Chen, who spoke at the convention, are not to aspire to. They are simply standing on the top of a very large pile of women who suffer as part of the patriarchal system, a system these 'leaders' don't challenge, but one they have simply made their own.

Feminism and feminists have made huge gains for women, which should be celebrated, but we need to be wary of any claims this Convention might make to speak on behalf of all women.

# Castro Strikes a Nerve

By Jill Soffiyah Elijah, Deputy Dean Harvard Law School.

In April 2005 the international community began to take a closer look at the United States justice system as its government attempted to explain and or deny the presence of admitted terrorist, Luis Posada Carriles. As news stories sprouted from even mainstream media calling for the extradition of Posada to Venezuela, a country with which the U.S. has had a longstanding extradition treaty, Washington went into a frenzy.

After some false starts concerning what it was going to do about Posada, Washington "defended" its position by hurling barbs at Cuban President Fidel Castro about the political asylum granted to Assata Shakur by the Cuban government. President Castro retorted that Ms. Shakur had not received justice in the United States and that she, like many other political prisoners, had been persecuted and denied a fair trial.

By aiming the spotlight on the criminal justice system in the United States, President Castro exposed a tender nerve for Washington. My more than 20 years as a criminal defense lawyer and professor of criminal defense advocacy confirm the widely known assessment that every aspect of the criminal justice system is ripe for criticism and laden with hypocrisy.

The United States incarcerates more people per capita than any other developed nation on earth. The population of the United States comprises 5% of the world's population but its incarcerated population is equal to more than 25% of the world's prisoners.

According to the Bureau of Justice Statistics, based on current rates of first incarceration, an estimated 32% of black males will enter state or federal prison during their lifetime, compared to 17% of Hispanic males and 5.9% of white males. In other words, one third of black men can expect to be incarcerated during their life times if they live in the United States.

Incarceration in the U.S. is a growing industry. In 2001, an estimated 2.7% of adults in the U.S. had served time in prison, up from 1.8% in 1991 and 1.3%

in 1974. The BJS reports that as of December 31, 2001, there were an estimated 5.6 million adults who had ever served time in state or federal prison, including 4.3 million former prisoners and 1.3 million adults in prison.

At every stage of the criminal justice system in the U.S., blacks, Latinos, Chicanos and other people of color and the poor are disproportionately impacted. Decisions by law enforcement personnel concerning who to stop, who to arrest and how to charge, are all infused with racial bias. Decisions regarding indictments, plea offers and requests for enhanced sentences and the death penalty, are similarly guided by considerations of race and class.

Sentencing decisions regarding probation and incarceration reflect the same racial overtones as the earlier stages of the system. The racist practices of prosecutors was so prevalent that in 1986 the United States Supreme Court finally outlawed the practice of routinely removing blacks from the jury in *Batson v. Kentucky* (476 U.S. 79). Prior to 1986, the courts routinely ignored the practice. Following *Batson*, prosecutors simply offered pre-textual reasons for their racist challenges to potential jurors and the courts turned a blind eye.

Prisoners in the U.S. are systematically incarcerated hundreds, and in many instances thousands, of miles away from their families and loved ones. Family contact is discouraged and thwarted. Frequently family members travel hundreds of miles to visit their loved one and they are denied entry on minor technicalities.

U.S. prison officials regularly create obstacles when attorneys seek to visit their clients. Memos authorizing the visit mysteriously disappear on the day the attorney arrives for the visit. Use of private attorney-client conference rooms is denied. Visits are inexplicably cut short and routinely monitored by video camera and roaming guards.

Similar tactics are often employed against political defendants during pre-trial proceedings. The cases of both Assata Shakur and the Cuban 5 are reflective of the unconstitutional obstacles created to interfere in trial preparation. Shakur's lawyer, Evelyn Williams,

had to obtain a court order to get access to her client. Lawyers for the Cuban 5 were limited to brief designated time periods when they were allowed to meet with their clients prior to trial.

Such interferences compromise the ability of the defendants and their counsel to develop trial strategy, prepare testimony and make crucial decisions about witnesses and evidence. In the case of the Cuban 5, independent polls showed that it would be impossible for them to get a fair trial in Miami. Despite this objective evidence, the judge denied the defendants' motion for a change of venue, even to Fort Lauderdale, just 30 miles away.

Assata Shakur's requests for a change of venue were initially denied and then finally granted with a move to Morris County, one of the richest and most conservative overwhelmingly white counties in the state of New Jersey. Further, the hysterical pretrial publicity assisted in creating an atmosphere that guaranteed the defendants would not get a fair trial.

Last month President Fidel Castro delivered a calculated series of public addresses that have been heard around the world, including in the United States. The arduous campaign to obtain justice for the Cuban 5 and to expose the hypocrisy of the criminal justice system has been the backdrop to these presentations.

President Castro's expose of the system rings so very true to the millions of Americans who have been incarcerated in the United States and the more than 100 political prisoners who are currently held in its prisons. The millions who have had their lives interrupted by the criminal "justice" system know that fairness is usually an illusion discussed widely in classrooms but not mentioned in courtrooms. They know it's unjust. Castro's pronouncements bear witness to the fact that "justice" in the United States, isn't justice at all.

# US Economy: Stagnation and Lies Behind Privatisation Plans

David Wyss, chief economist for Standard & Poor's, recently opened an article, "Good, Gloomy or Grim in 2005?," with the words: "Growth tops the wish list [for the U.S. economy], but even recession wouldn't be all that bad, given that recovery always follows. The big fear? Stagnation" (Business Week Online, January 10, 2005).

Stagnation is usually understood as a long period of slow growth, weak employment, and weak investment. Stagnation represents the underlying economic trend in which the normal business cycle ups and downs occur. It does not lead automatically to its own reversal, and can linger on endlessly—no wonder it constitutes, according to Wyss, "the scariest scenario."

But if the specter of stagnation is haunting the U.S. and world economy this is downplayed in the Bush administration's own assessment in the 2005 Economic Report of the President. The introduction proclaims that "the United States is enjoying a robust economic expansion." Nevertheless, economic growth of 3.3 percent, only a little above the average annual rate for the last thirty-five years, is projected by the administration for the rest of the decade. Indeed, if the 2.8 percent growth rate for the years 2000–04 is combined with the administration's own projections for the next five years the annual growth rate for the 2000–09 decade would be 3.1 percent, slightly below the average for the last three decades and far worse than the 1960s. Recent economic history and the administration projections therefore point to the likelihood of continuing slow growth in the years ahead.

At the root of this problem is the effective banning of price competition in the more mature, consolidated industries. Prices as a whole tend to go only one way—up. This means that competition is not eliminated but channeled into areas such as cost-saving innovations and marketing. Increases in productivity do not generally lead to lower prices or increased real wages, instead they end up feeding the surplus in the hands of corporations and the wealthy. The result of all of this, however, is to create overaccumulation and a shortage of effective demand in the economy as a whole.



Capital's response to these exigencies has been threefold: (1) a stepped-up class war; (2) an attempt to increase the size and activity of the pump (but, consistent with the class war from above in terms that primarily serve capital); and (3) a growth of imperialism (including economic globalization) and war.

All three methods of confronting the crisis have been used by the Bush White House, which has gone further than any other administration in promoting the class war; has pumped up the economy in every way it can that it is consistent with direct adherence to ruling-class interests; and has launched a global war to back up an imperialist strategy of world domination.

It is a sign of capital's strength that Social Security has been chosen as the first target of a renewed offensive in the battle to eliminate all New Deal and 1960s era social programs. Social Security has thus far been largely impregnable since its own regressive payroll tax gives workers the sense that their Social Security benefits are owed to them. The plan for partial privatization of Social Security through the creation of private accounts, which would be based on carve-outs from the Social Security payroll taxes and would require benefits cuts in turn, is a Trojan horse introduced by the Bush White House as a device for destroying Social Security from within. But in order to frighten the public it was necessary to claim that Social Security was facing a severe crisis, making it untenable in the long-run.

It is now considered common knowledge that the Social Security trust fund will no longer be able to meet its total obligations by 2042. However, this "fact" is based on long-run forecasting by the Social Security Administration claiming that the average annual rate growth of the economy will drop precipitously from 3 percent in 2005–10 to an abysmal 1.8 percent in 2015–80. The 1.8 percent growth forecasted here is lower than the growth rate in any two decades of U.S. history, including the Great Depression.

With economic growth rates only a little above this, Social Security would not be in any peril and would have the funds to cover its beneficiaries indefinitely. More telling, however, is the fact that if stagnation as deep as the 1920s and 1930s were actually to extend out for decades U.S. capitalism as a whole would be in serious jeopardy and the class struggle enormously intensified. Social Security, which could still cover three-quarters of its benefits in that situation, would be the least of the problems of the system.

Those who claim that Social Security can be partially privatized through the creation of individual private accounts and that those accounts will then earn high rates of return are shuffling two different sets of books. High rates of return on the stock market are extremely unlikely in a severely stagnating economy. "If economic growth is slow enough that we've got a problem with Social Security, then we are also going to have problems with the stock market. It's as simple as that," according to Douglas Fore, director of investment analytics for TIAA-CREF Investment Management Group (Washington Post, February 9, 2005).

What is the answer? There are no ready-made solutions to the problems raised here. The economic burdens of the system are likely to become more not less crushing for the ordinary populace, nationally and globally. In the search for a rational, sustainable society there is no alternative but socialism—i.e., the struggle for a democratic, egalitarian order. It is of an old idea, but one that refuses to die and that is now taking on new revolutionary forms. Understanding the limitations of capitalism is only the first step; the second has to take us beyond it.

# Faced with Scylla-Charybdis Choice British Voters 'Punished' Blair Over Iraq War

By Deirdre Griswold

The world had a chance to see the deep contradictions in Western capitalist democracy with the recent British elections. Yes, the electors “punished” Prime Minister Tony Blair by costing his Labor Party parliamentary seats. There is even talk that Blair may have to step down as party leader. His successor, the present Chancellor of the Exchequer Gordon Brown—roughly the U.S. equivalent of Treasury secretary—has already been chosen, it seems.

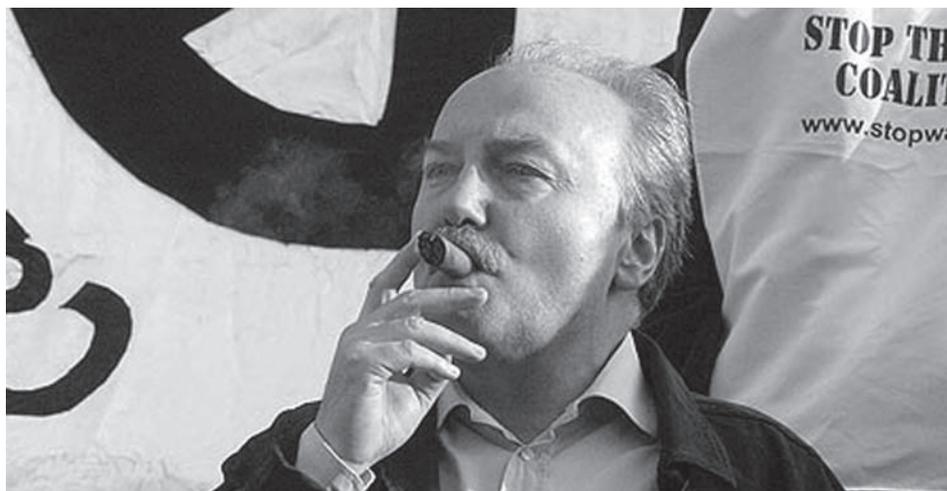
But the punishment is light, indeed, for the monstrous crimes of Blair and the rest of the British imperialist government. Blair is hated by the British working class for his servile support of George W. Bush and the U.S. wars and occupations in Iraq and Afghanistan. Huge demonstrations even before the war on Iraq started showed how much the people were against these imperialist adventures.

Since then, perhaps 100,000 Iraqis have died. Almost 1,700 young worker-soldiers from the U.S. and Britain—the only other significant partner of the U.S. in the ludicrously labeled “coalition of the willing”—have also perished in Iraq, according to official sources.

Iraq’s modern infrastructure has been destroyed. Its once admirable health system, schools, industries and culture have been set back to the days before its revolutionary independence struggle. An ugly anti-Muslim chauvinism has been unleashed, culminating in barbaric acts of torture and humiliation by both U.S. and British soldiers.

Revulsion over all this resulted in sharp opposition to Blair and his ministers wherever they campaigned.

As much as the multinational working class in Britain rejected the war, however, they found it very difficult to get what they wanted at the polls. They want to restore the social programs that the Conservatives took an ax to, beginning with the Tory government of Margaret Thatcher in the 1980s. In particular, they



want their nationalized medical system and retirement plan restored to health. So, despite the war, they elected the Labor Party to office once again, but with a much reduced plurality.

The dilemma they faced was: how can you get what you want at the ballot box when the party that claims to be for social welfare and greater equality is also the party that is waging a cruel war?

The voters faced a Scylla-Charybdis choice. The snobbish Conservatives hammered away at Blair for lying to the people about Iraq, but everyone knew they would also hammer away at social programs. And they made no promise to bring the troops home.

Blair and Company tried to steer the discussion away from the war and talk about how they would improve housing, health and so on.

Britain’s third party, the Liberal Democrats, just hoped people would be so fed up with both Labor and the Tories that they’d go for the fuzzy middle ground. They didn’t.

One interesting race was in London’s East End, where George Galloway, running on the newly created Respect Party ticket, defeated the pro-Blair candidate in a working-class district that normally is a shoo-in for the Labor Party.

Galloway had been an early and strong opponent of the war. He was expelled from the Labour Party in October 2003 after what he termed a “kangaroo court” of the party found him guilty of inciting Arabs to attack British troops, urging British troops to defy orders, congratulating a Socialist Alliance anti-war candidate who defeated Labour in a local election, and threatening to run against Labour himself.

After his expulsion, Galloway had told BBC, “The Labour Party will rue the day they took this step. ... With every bone in my body, I will fight to hold to account a lying, dishonest Prime Minister.”

And so he did.

Britain’s Labor Party has been part of the imperialist political establishment for many, many years, even though it has maintained a weak social democratic stance on domestic social policy. During the Vietnam War, Prime Minister Harold Wilson, also of the Labor Party, shamelessly capitulated to economic and political pressure from Lyndon Johnson and endorsed that dirty war in exchange for massive loans.

The working class, now infused and invigorated with many people of color from Britain’s former colonies, has spoken, but it has not won any real victory. That can only come in the streets and in the class struggle.

# Strive to Unite!

## Ka Kohi Te Toe Ka Whai Te Marama Tanga

*(through the sharing of knowledge, enlightenment will follow)*

Struggle is published quarterly representing the viewpoint of the Organisation for Marxist Unity. Struggle aims to provide a Marxist analysis of class struggle, politics and economy of Aotearoa/New Zealand.

The immediate task is to encourage working people and all possible forces to unite in a Patriotic and Democratic United Front led by the working class to remove the stranglehold of foreign monopoly capitalists and their local agents, by establishing a People's Democratic State System. This stage of the advance to Socialism is determined by the objectively exist-

ing class contradictions, classes and laws of social development. The more comprehensive the competition of this stage, the more favourable will be the situation for the further advance to a socialist society.

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*Published by Struggle Publications, ISSN 07 10-7623.*

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