

A stylized world map composed of a grid of dots in various shades of gray, with several dots highlighted in red. The map is centered behind the title and subtitle.

# The Future We the People Need

Voices from New Social Movements in North Africa,  
Middle East, Europe & North America

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- The outcome document from the 2012 UN Conference on Sustainable Development, Rio+20—entitled »The Future We Want«—does not go nearly far enough to articulate what the vast majority of people around the world need, facing a future constrained by income and wealth inequalities, volatile and fragile financial and economic systems, resource depletion, global warming, and other planetary boundaries.
- This publication highlights the perspectives of new social, trade union, and protest movements in regions that have experienced great social upheaval due to recent crises—North Africa and the Middle East, Europe, and North America. These movements have challenged the unequal state of the world and the lack of accountability of governments in Egypt, Tunisia, Israel, Greece, Spain, Ireland, the US, Canada and Mexico. They have managed to change the political discourse in ways formerly considered impossible.
- With contributions from 20 authors, this publication poses a number of urgent questions:
  - How can new social movements convert more of their alternative ideas into practical policy?
  - Will governments and political parties be able to adapt fast enough to tackle peoples' needs?
  - Can there be reinvention of the global governance system to enable more democratic, global multilateral cooperation?





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## Preface: »The Future We the People Need«

*Werner Puschra*

*Executive Director, FES New York*

What started as a local phenomenon, the self-immolation of a Tunisian street trader in a small village protesting ill treatment by local authorities, soon spread to other countries around the world and awakened a new social movement. This new social movement is overwhelmingly young and takes a fresh look at their future and the future of their countries and the planet. Through their actions they have discovered the power to start a transformative process to change established political, economic, social and cultural structures and institutions to make them more responsive to their plights.

We do not know yet what the outcome will be, but a process has begun in which more and more people can freely analyze, develop and express their needs and interests to make use of their newly-gained power. This in itself has already transformed peoples' lives and changed the political discourse around the world.

New social movements have challenged the unequal state of the world and targeted the high and increasing inequalities within and between societies and countries for direct action. They have also addressed a lack of governmental accountability and are creating new spaces for political analysis, debate, mobilization and engagement through the use of social media. They are forging social networks that reach far beyond their friends, neighbors and families and creating a safe space to discuss controversial topics, form new alliances, and challenge governments. In this way they contribute to help give more people a voice and to create and recreate democracy.

Besides expressing their frustration with governments that do not deliver, they equally express their frustration with markets, which exercise more and more control over people and governments, in the interest of only a few. One of their main concerns with markets and governments alike is jobs, decent jobs.<sup>1</sup> The global financial and economic crisis led to high unemployment, especially among youth, which is threatening the future of young

people around the world. Unemployment is still increasing, and more and more young women and men are pushed out of the labor market. As the *World Development Report 2012* makes clear, over the next 15 years an additional 600 million new jobs will be needed to absorb population growth.

Jobs certainly improve the material wellbeing of people, as long as they are decent jobs, but it is often overlooked that jobs also have a societal function. They support social cohesion and a more peaceful management of conflicts among different groups. They also enable the integration of minorities and their rights and make it easier to accept diversity.

Despite all the advances of new social movements to change the political discourse, many challenges remain:

- How can new social movements convert more of their alternative ideas into practical policy?
- Will governments and political parties be able to adapt fast enough to tackle the needs of the people?
- Will these processes also lead to a reinvention of the global governance system in order to create an enabling environment for a more democratic and representative global multilateral cooperation?

The new social movements do not pretend to have the answers to all these problems. But they offer a new perspective and new ways to get to answers through more real participation and communication. This publication presents 20 contributions from social movements, NGOs, trade unions and scholars from North Africa and the Middle East, Europe, and North America. They represent a broad spectrum of opinions and experiences from different political, economic, social and cultural backgrounds. But all of them are highlighting the need for change and the need for governments and political parties to take a more responsive attitude to the people's needs.

1. Employment in conditions of freedom, equity, human security and dignity.



With this publication we want to broaden the debate around the future the people want *and need*. We want to bring these views as inputs into discussions at the UN and Bretton Woods Institutions about new development paradigms and the formulation of the Sustainable Development Goals. We also want to encourage dialogue between new social movements and traditional actors for social justice, like trade unions, progressive political parties and NGOs.

*Werner Puschra*  
*Executive Director*  
*Friedrich-Ebert-Stiftung New York Office*



## Introduction: »Time to Press the Reset Button on Representative Democracy? (Or do we need a whole new operating system?)«

Sara Burke

Senior Policy Analyst, Friedrich-Ebert-Stiftung

When 25 year-old Tunisian street vendor Mohamed Bouazizi set himself on fire on 17 December 2010 to protest the harassment and humiliation inflicted upon him by local government officials, who could have foreseen the explosion of social protest across North Africa and the Middle East in the weeks and months that followed? The ensuing events in 2011 toppled governments in Tunisia, Egypt, Yemen and Libya, launched major protests in Algeria, Iraq, Jordan, Kuwait, Morocco, Oman and Israel, set off demonstrations in Lebanon, Mauritania, Saudi Arabia, Sudan and the Western Sahara, and sparked civil uprisings in Bahrain and Syria that have continued and escalated until today. These events mark an international—if not necessarily a global—turning point, a crisis of social justice intensified by the financial crisis of 2007-08 as well as the contractionary effects of austerity policies adopted by a number of governments in response to crisis-produced revenue shortfalls.

This set of economic and political circumstances has fueled social movements and waves of protest not only in North Africa and the Middle East, but also throughout Europe and North America, where fiscal austerity was compounded by a dramatic failure of accountability on the part of governments and the financial sector, whose leaders failed to grasp the injustice of saving banks at the expense of people and the overall health of the global economic system. In all crisis countries the social fabric was torn by rising income and group inequalities, with high youth unemployment and a lack of opportunities to engage in society. In North Africa and the Middle East this was compounded by decades of state and police corruption and violence. In Europe and North America, dissatisfaction with the state of representative democracy was a main catalyst for new social movements—from the *Indignados*<sup>1</sup> in Spain and Portugal, to *oi Plateies* (»the Squares«) in Greece, Occupy Wall Street in the United States (US), the *casseroles*<sup>2</sup> movement in the French Ca-

nadian province of Quebec, and the *Yo Soy 132* movement in Mexico.

The inspiration for this publication came from remarks made by Sharan Burrow, General Secretary of the International Trade Union Confederation (ITUC). She was on a panel at the United Nations (UN) Conference on Sustainable Development held in Rio de Janeiro in June 2012 (Rio+20) and had come to Rio directly from the G20 summit in Los Cabos, Mexico. She told the Rio audience that ITUC prepared for both G20 and Rio+20 by conducting a global opinion poll. Its results paint a grim picture of the state of representative democracy: only 13 per cent of those polled said they thought voters have any real influence on the economic decisions of government.

In Rio, the UN system began discussing a sustainable development framework and the need to agree on a new set of development goals by 2015 to replace the expiring Millennium Development Goals. The result was a negotiated outcome document entitled, *The Future We Want*. It has many sharp critics—from people like Sharan Burrow to those in social movements contributing to this publication, *The Future We the People Need*. Rio's outcome does not go nearly far enough to articulate what the vast majority of people around the world really do need, facing as we do a future constrained by income and wealth inequalities, volatile and fragile financial and economic systems, resource depletion, global warming, and other planetary boundaries.

The objective of this publication is twofold. One goal is to highlight the perspectives of social, trade union, and protest movements in regions that have experienced great social upheaval due to the recent crises—North Africa and the Middle East, Europe, and North America. The idea is not to look back at the protests in order to analyze their causes, but to critically and constructively examine creative proposals, projects and campaigns that

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1. The »Indignants«

2. The »casseroles« movement arose in response to the Quebec provincial government's introduction of Bill 78, a law introduced to suppress

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student protests over tuition fee increases. The movement's name refers to the banging of pots and pans (casseroles) as part of the protest.

have emerged from them. By inviting activists and their allies to write about where new movements have made progress—and where not—as well as how to critically assess strategy and next steps, the Friedrich-Ebert-Stiftung New York office prepares to bring their views as inputs into official UN discussions of new development paradigms and to help articulate for policymakers how *we the people's* needs can and must inform the next generation of development goals.

The second goal is to encourage critical dialogue in the spirit of solidarity between those active in social movements in Egypt, Tunisia, Israel, Ireland, Greece, Spain, the US, Mexico and Canada—the countries represented here, as well as between new social movements and traditional actors for social justice, such as trade unions, NGOs and progressive political parties. For this, contributions were solicited from two authors in each country represented, one, an activist in a social movement, and the other, an ally or constructive critic from a think tank, academia, or journalism. The result is a collection of 20 remarkable articles that mostly follow this idea.

## Egypt

The collection begins with a contribution from a young Egyptian policy analyst in international development, Ahmed Abou Hussein, who is also an activist in the revolution. His involvement with *ThawraStats* («*thawra*» means «revolution» in Arabic), an initiative to create a people's think tank for the revolution, is based upon a collective of professional researchers linked to citizens' groups in cities throughout Egypt. Their model of work utilized networked activists in local communities to poll their own residents on issues of concern to the revolution. In the summer of 2011 they were even able to publish the results of their polling in the US news outlets *Newsweek* and *The Daily Beast*.<sup>3</sup>

Unfortunately such independent research—banned under President Mubarak—remains unauthorized and underground under President Morsi as well. Critics of Egypt's new Constitution, which was approved by a December 2012 national referendum in which less than 35% of citizens voted, worry that it does not embody reforms

essential to decentralize the government, thereby breaking the power of the executive to appoint (corrupt) local authorities by making those authorities electable and accountable.<sup>4</sup> This political climate of ongoing struggle for power, coupled with an ongoing failure of local authorities to provide basic services such as garbage pickup and disposal, has created anxiety in the general population, according to Abou Hussein, and a worry among youth that the direction the revolution will ultimately take is still unknown.

In discussions during the editing process, Abou Hussein also spoke about a changing dynamic of leadership in Egypt from the perspective of youth. »The older generation thinks youth are wasting their time on social networks,« he says. »The older generations want their hierarchies. They have been quietly in the opposition for years, and now that Mubarak is gone they see their time to lead. The only problem is: those they want to lead—the youth—don't want to be led by them. We have our own issues. We want to lead ourselves. And our way is more horizontal.«

This introduction lingers on the first article in the publication because it heralded themes—a frustration with local government for failing to deliver basic services, an alienation from or lack of faith in official political processes and actors, a belief that youth movements are sowing seeds of a more direct kind of democracy—that would emerge from other authors as well.

Laila Iskandar, an Egyptian development consultant who has worked for many years with Cairo's informal sector of slum-dwelling garbage collectors and recyclers known as the *Zabbaleen*, offers a sharp indictment of ineffective authorities and an equally biting critique of the idea that globalisation and its multinationals can be counted on help economies deliver services more efficiently. In the transcript of her interview with editor Sara Burke, which is Iskandar's contribution to this publication, she tells how the *Zabbaleen* went into *Tahrir* Square to collect the mountain of garbage that had accumulated.

3. <http://www.thedailybeast.com/newsweek/2011/07/24/egypt-s-an-gry-electorate.html>

4. For example, International IDEA (Institute for Democracy and Electoral Assistance), an intergovernmental organisation headquartered in Stockholm, Sweden, with regional offices around the world, which holds observer status in the UN General Assembly. IDEA tracked initial drafts of the Constitution and highlighted problems such as the lack of provision for decentralizing the government. See <http://www.idea.int/wana/the-new-egyptian-constitution-an-initial-assessment-of-its-merits-and-flaws.cfm>.



»After Mubarak stepped down, they said ›Ok, now you can send your trucks in.« They had already tried to get the municipality and foreign companies to come in and pick up the black bags, but nobody would go in. We used money from the Gates foundation to hire trucks, and we went in and picked up 35 tons.«<sup>5</sup>

Iskandar also praised the new climate created by the revolution for making what seemed like a years-long, impossible effort to create a garbage collectors syndicate a reality, although she acknowledged that not all independent labour organisations in Egypt have been recognized, particularly the large and militant unions such as that of the textile workers.

## Tunisia

In Tunisia the role played by trade unions in the revolution, particularly the *Union Générale Tunisienne du Travail* (General Tunisian Labour Union; UGTT), was central and decisive, according to Hèla Yousfi, a sociologist at Paris Dauphine University. Yousfi's article explores the complex relationship between UGTT and the state, a close bond in place since the country's independence movement—not the case for other Arab unions. This is in part because the UGTT is »more than a trade union«, more like a cornerstone of Tunisian political life. UGTT's exceptionalism comes from what Yousfi argues is a bifurcated structure, with one section always submitting to the ruling power and likely to support almost a full integration into the state machinery, and the other section strongly resisting that power, especially in times of crisis, and therefore giving the union its decisive political direction. In the revolution against Ben Ali's regime, the second section, which sided with the broad social movement against the government, won out.

UGTT Executive Research Director, Mohamed Mongi Amami, writes about UGTT's primary challenge with the Islamist *Ennahdha* party now in the new government's leadership: How to determine partners in struggle?

»The political experience of many democratic states has demonstrated that compromise is difficult among secular parties. The task is even harder when one is a

religious party, with Islamist reference, and the others are secular or modernist. The case is no longer a matter of opposite political tendencies, but rather of opposite spheres or civilisation frameworks... The question nowadays in Tunisia is to determine whether an Islamist party... could successfully compromise with the other secular parties, social groups, and civil society.«

He concludes with a call for an open political process, urging all stakeholders in Tunisia to »reconcile the irreconcilable«.

## Israel

An irreconcilable issue in Israel since the wave of citizen protests ended in the summer of 2011 is whether the protest movement was a success or a failure. The contributions from Israel are from a regular series, the *Israel Debates*, organized by the Friedrich-Ebert-Stiftung Tel Aviv office, and present the analyses of two leading participants in the inner-Israeli debate: Joseph Zeira—who headed the economic team of the social protest movement's »commission of experts« set up in opposition to the commission designated by Prime Minister Netanyahu—and *Haaretz*' senior economics editor, Nehemia Shtrasler, who is known in Israel as a vehement advocate of a liberal economic system.

Zeira looks at Israel's economic data for the past decade and sees a situation in which economic growth did not benefit workers at all, but mainly stayed in the hands of the very rich. He details a sharp rise in income inequality in Israel over the past 30 years, on top of a political system in which people feel more and more alienated, with austerity policies enacted without public debate and then justified as economic necessities. He concludes that as long as the erosion of public services, rising inequality, stagnating wages and lack of public debate on economic issues persists, the outbreak of new protests is only a matter of time.

Shtrasler, on the other hand, thinks the protest movement achieved a lot—a backing down of the government on proposed lowering of corporate taxes and a »rich tax« on people earning more than 800,000 shekels a year. This is much more than its most radical activists have concluded the protest achieved, and much less

5. This is the first of several direct quotes in the introduction from the publication's articles. In each case, the quote is to be found within article contributed by the referenced author to this publication.

than could have been achieved, according to Shtrasler, if the protests had been more politically astute about the capture of national housing and defense policy by the ultra-Orthodox and the settlers, areas in which the protests won no gains, despite the fact that its spark came from a young woman who set up a tent on a main boulevard in Tel Aviv to protest the high cost of housing and poor prospects for young people.

## Greece

Frustration at the erosion of public services, high unemployment and closed political processes has also generated citizens' and youth movements in Europe, where social protest has been the response to austerity, particularly in debt ravaged, austerity-torn Greece. In April 2010 Greek government debt was downgraded to junk status, a fact that generated such fear among investors that Greece would default on its debts that the Eurozone and International Monetary Fund stepped in with the first of many proposed bailout packages. Bailouts attempts have stumbled on over the months and subsequent years, amidst electoral dysfunction and massive protests, as social conditions in Greece continued to deteriorate. Theodora Oikonomedes, a blogger and activist in Greek social movements, writes about how—amidst general alienation from these political processes—the *Plateies* movement took the Greek population by surprise just over a year after the initial protests, with one that:

»... did not confirm to the usual ritual of Greek protests. There was no strike, the banners with the traditional slogans were missing, and the protest had not been called by labour unions, but by a Facebook page of anonymous ›Indignant Citizens‹. In a country where almost every component of civil society—newspapers, labour unions, even non-governmental organisations (NGOs)—are affiliated with a political party, this was a first.«

Oikonomedes recounts how large and passionate assemblies of ›Indignant Citizens‹ blazed in Syntagma Square for weeks but ultimately broke up and spread like small sparks out into the population, giving birth to many small ›social-solidarity initiatives, which transcend ideological divisions and differences‹. Recent citizens' movements have rejected the usual political approach in favor of a social-solidarity approach, because they have learned by

experience it makes them less vulnerable to fragmentation by outside forces, such as the police or the neofascists, and it allows them to practice small acts of mutual aid rather than trying to change the world.

Nick Malkoutzis, Deputy Editor of the English-language edition of *Kathimerini Newspaper*, asks why it took until the crisis for an ›independent, functioning civil society‹ to emerge in Greece. Under pressure from the ›Troika‹ (the European Union, International Monetary Fund and European Central Bank) to enact austerity, coupled with the failure Greece's government to find solutions, people have completely lost confidence in political institutions. This has tested core beliefs about how Greek society works, since for decades political parties and their allied unions and professional groups have been the way supporters got privileges and security.

Now that government money has dried up, and the flow of favors from political parties has dwindled, Malkoutzis thinks the breaking of old political bonds has opened the way for an independent civil society to emerge. A citizens campaign against opaque government redistricting to benefit gold mine owners in the Skouries forest is becoming the ›test case‹ for social movements in Greece and the one that ›sets the standard in terms of organisation, persistence, innovative techniques, and the ability to have an impact on major issues.«

## Spain

Mutual aid and social-solidarity also emerge from the Spanish M15 movement as a response to alienation from official political processes and actors. Writer and M15 activist Guillermo Zapata Romero, one of the founders of *Patio Maravillas*, an occupied space and social center in Madrid, writes of the years of growing disillusionment with official politics among Spanish youth.

»The Socialist Party's 2004 victory was received with euphoria by both old-party militants and the massive number of young first-time voters, who greeted the president at his first public office appearance with the heart-felt appeal, ›Don't fail us‹. But Zapatero<sup>6</sup> did fail them.«

6. Socialist Prime Minister of Spain from 2004-2011.

His Socialist Party was elected with a mandate to revive Spain's social democracy, but once the crisis broke, they cut the very social services they once promoted.

Spanish political scientist *Íñigo Errejón Galván* describes a disintegration of social norms in Spain that sounds a lot like Greece, with community life unraveling after decades in the embrace of labor unions tied to political parties. Instead, M15 rejected professional activism and party politics, as newly politicised ordinary citizens held general assemblies for over a month in occupied *Puerta del Sol* to debate their future and Spain's. Then as quickly as it had come, the convergence agreed to disband, and people went back to their neighborhoods. What remains, says Zapata, is less a »movement«, than a »climate«, a proliferating network of people and solidarity initiatives, around health care, education, public services and foreclosures.

## Ireland

Protest against austerity in Ireland, according to Sheila Killian, a tax specialist from the University of Limerick, and Nessa Ní Chasaide, Co-ordinator of Debt and Development Coalition Ireland—who conceived their articles to be complementary and wrote in consultation with each other—exists but is suppressed by the extreme capture of tax policy by multinational and financial interests. The consequence, when Ireland's housing bubble burst in 2008, is that the Irish government acted quickly and without public debate. It justified this haste with threats that Irish and European banks would have collapsed if not bailed out, leading to social and economic anarchy. The bailout of Anglo Irish Bank, a major lender during the construction boom, left Irish taxpayers with a debt that few really understand.

The greatest challenge for Ireland's debt campaigners is educating people about how debt works. Many blame themselves for taking on high levels of debt even while acknowledging the role of poor financial regulation and reckless lending in the crisis. Debt and Development says the years of campaigning against unjust debts in the Global South have taught them how to fight the unjust socialisation of Irish bank debt now. One of the main lessons learned from these debt campaigns is that »creditors commit a hostile act when they make an odi-

ous loan«. Identifying who is responsible for creating the crisis is the first step toward its socially just resolution.

## United States

Debt refusal and more—to *strike debt*—is the subject of articles contributed by New York University professor of social and cultural analysis, Andrew Ross, and UN sovereign debt expert Barry Herman. An offshoot of Occupy Wall Street, »Strike Debt« was started by a core of activists working on student debt. By the summer of 2012, they were holding weekly »debtors assemblies« in parks throughout New York City.

Strike Debt's first project, the »Debt Resisters' Operations Manual« (DROM), is a downloadable book filled with practical advice for all sorts of US debtors on how to resist their debt burdens. Carried out in the spirit of mutual aid, the DROM encourages collective debt resistance as a means to rectify societal inequalities perpetuated by a debt economy. The second project, a webcast telethon called the »Rolling Jubilee«, raised US 500,000 dollars that organizers then used to purchase US 10 million dollars of distressed medical debt and simply abolish it. Tear it up. Strike debt.

As an educational tool, the Rolling Jubilee demonstrated how debt could be abolished, not by asking forgiveness, but by a bold rejection of guilt and simultaneous act of mutual aid and solidarity. Strike Debt and its allies, as Ross writes, »believe the struggle over debt is one of the front line conflicts of our times, and that the new version of the American Dream will be to live free of debt.« On the other hand, Barry Herman, who came of age politically in the 1960s, asks whether Strike Debt is capable of bringing progressive change to the United States.

The universities, churches and unions that were familiar agents of struggle for social justice in the 1960s are potential allies, but for years they have not proven capable of identifying urgent issues that resonate nationally. Strike Debt has put forward a candidate problem—debt—but Herman worries that Strike Debt's overall perspective, that most debt is illegitimate and should therefore be resisted, is too radical. Given recent political stalemates in the US Congress over the debt ceiling and raising taxes, the potential for meaningful government reform in the present climate, even with churches, unions and universi-

ties in league, is pretty slim. Perhaps that is why Strike Debt—like the Occupy movement generally—is not placing its hopes in pressuring elected officials. It believes they are simply not in a position presently to address people's needs.

## Canada

Representative democracy's failure to meet people's needs is a theme that resonates both north and south of the US borders. Trish Hennessy, Director of the Canadian Centre for Policy Alternatives Income Inequality Project, writes that only 55 per cent of Canadians are satisfied with their democracy. She expresses a concern that Canadians—like their neighbors in the US—have developed a »dangerous habit of electing into power governments that loathe the idea of government and public service.« To make matters worse, there is now a crackdown on NGOs that spend more than ten per cent of their time on political activities, and many have now had their status revoked. Another disturbing trend is the discouragement of »evidence-based« research and decision making, particularly with regard to climate change, as corporate stakeholders with private agendas capture the policy debates.

Austerity has consolidated a policy and business climate in Canada that rejects a multi-stakeholder perspective, according to Sam Vrankulj, principal researcher and author of a 2009-2012 Canadian Auto Workers study of union-supported adjustment programs to aid dislocated workers. Together with union activist Janet Dassinger, he drew upon extensive qualitative and quantitative tracking of dislocated workers and union adjustment programs in Ontario for the study, which they summarize in their article. They found that the limitations of the programs related to a global—and not only Canadian—unemployment crisis that is irreconcilable without a multilateral commitment to creating jobs. »In the absence of deeper, structural solutions,« they conclude, »the prospects for dislocated workers remain bleak.«

## Mexico

The capture of political processes by private interests and subsequent failure of representative democracy to meet people's needs is the strong message coming from Mex-

ico, where sociologists Jorge Cadena-Roa and Daniela Serrano-Campos describe a corrupt media in collusion with powerful politicians and business. Scandal erupted from an unexpected quarter during the 2012 presidential campaign when PRI<sup>7</sup> candidate Enrique Peña Nieto, former Governor of Mexico State and media favorite, made a campaign stop at an elite private university. Peña Nieto expected a friendly reception, but students organized to protest the violent suppression of a small peasant demonstration while he was Governor. Peña Nieto accused protesters of being impersonators planted by his political rivals. In response, 131 students made a video in which each student stated his or her name and showed their university ID. This viral video is the origin of the »Yo Soy 132« movement, which spread quickly and widely throughout Mexico to challenge the media domination of the electoral process and the failure of Mexico's representative democracy as a whole. *Yo Soy 132* may not have derailed Peña Nieto's ultimate election, but it brought a citizen's challenge to Mexico's powerful private interests, as well as its powerful institutional and political actors.

Rodrigo Serrano<sup>8</sup> was a student at the notorious *Universidad Iberoamericana Ciudad de México* visited by Peña Nieto that day. He participated in the protests and helped make the video leading to *Yo Soy 132*. Serrano testifies to the widespread feeling among youth that representative democracy has failed them.

»We, the young people brought up in the age of the Internet and social networks, cannot find resonance in the hierarchical model that rules society today; representative democracy becomes meaningless when each citizen can be self-represented and when the distance between representatives and citizens—which could be non-existent—is insurmountable.«

Serrano imagines a transition in the West from representative democracy to participatory democracy and a renewal of the social contract in Mexico through the writing a new Constitution—via crowdsourcing.<sup>9</sup> Clearly he and other authors in this publication believe it is past time to press the reset button on representative democ-

7. Partido Revolucionario Institucional (Institutional Revolutionary Party).

8. No relation to Daniela Serrano-Campos.

9. Crowdsourced problems are sent out via an open call for solutions in which the undertaking of the task and its rewards is intended to be benefit all involved.



racy. Even in a place like Egypt, which was a far cry from any kind of democracy under Mubarak, the aspiration, especially for secular youth, is not just for better governance and wider representation, but for universal direct democracy.

Those who hold this aspiration are ready to organize themselves to build new democratic structures from scratch, if necessary. Even reformists express concern for the state of representative democracy and a desire to learn from the new social movements. For those who see a potential for coalitions with social movements to help exert pressure on elected officials for social change, there is a problem: the perspective of activists who are convinced their elected officials are unequipped to meet people's needs must be honestly addressed. So too must the challenge raised by Mohamed Mongi Amami to create an open political process, even and especially among those with divergent world views, in order to »reconcile the irreconcilable«.

## International

Sam Vrankulj would perhaps remind us that—as with Canada's unemployment crisis—some problems are »irreconcilable without a multilateral commitment«.

One group that has taken this multilateral dimension to heart in its national campaign is National Nurses United (NNU), whose Executive Director RoseAnn DeMoro describes what happened when nurses saw the impact of budget cuts, austerity measures, unemployment, foreclosures, medical debt and malnutrition on their patients, while the Wall Street financiers who caused their suffering and created financial risk for the rest of the world were bailed out and rewarded with bonuses.

»In the nursing process, nurses assess a patient and develop a care plan. To heal the US and global economy, the care plan called for revenue, hundreds of billions of dollars, and in this case, restitution from those who held the money and had created the problem in the first place.«

The mechanism NNU decided upon was a so-called »Robin Hood Tax«, a small tax on the trading of bonds, stocks, currencies, derivatives and other financial instruments that economists project could raise up to US 350

billion dollars in tax revenue per year in the US alone. NNU and its international partners in the Robin Hood coalition—including Oxfam, 350.org, Stamp Out Poverty, ActionAid, Friends of the Earth and a host of unions from around the world—agitate regularly at intergovernmental gatherings—the G20, G8, NATO, UN Conferences and others—with the message to international finance that it's time to pay up for a host of global and national social problems caused or made worse by an unfair economic and financial system.

Claire Courteille, Director of the International Trade Union's Equality Department, offers the vision of »a new distribution of income and power« worldwide. Her article was also the ITUC's contribution to the UN system's 2012 thematic consultations on inequality, part of a system-wide review of the Millennium Development Goals and consideration of future Sustainable Development Goals. As with the global crisis of unemployment, she cautions that we need a better policy framework relating to the structural causes of poverty as well, especially universal social protection to ensure healthcare and basic income needs for all, and »decent work«. But more than anything, Courteille asserts, what is needed is a

»redistribution of power and opportunities is required to break the cycle of poverty and inequality... The post-2015 Development Agenda must focus on the dynamics of power that lead to inequality and ensure democratic ownership of the relevant policies.«

In conclusion, this publication explores a crisis of representative democracy. The contributions by activists and analysts from Egypt, Tunisia, Israel, Greece, Spain, Ireland, the US, Canada and Mexico reveal an endemic and urgent problem for which the »reset button« alone may be too little too late. The future *we the people* need may well require a whole new operating system.



## TRANSITION IN NORTH AFRICA AND THE MIDDLE EAST—EGYPT

»The Thawra<sup>1</sup> and Our Duty to Invest in Youth«*Ahmed Abou Hussein**MPPA, Policy Analyst and Commentator on the Middle East*

»The revolution for them (the Egyptian revolutionary youth) is a process that did not end—and it seems that they do not want it to end.«

*Dr. Essam El Erian*

This autumn 2012 Tweet by one of the Muslim Brotherhood leadership—critical of the role played by grassroots youth organisations to mobilise demonstrations of discontent with the state of political discourse—also sheds light on the role of spontaneous protest in the Egyptian revolution. The revolution began, not under the umbrella of a specific political power or with a specific political orientation, but to the contrary, one found groups from all over the political spectrum, as well as those with no political orientation at all, mainly youth.

This complex political environment makes it difficult to predict the future of the revolution, although some analysts have rushed to the conclusion that the Arab Spring in Egypt has resolved into an Islamic state. The revolution was sparked by the Egyptian youth, who before the revolution were described as an apathetic generation, indulged by a consumption-based lifestyle and neglectful of the needs of their country. The revolution redefined Egyptian youth, presenting them to themselves and the world as a robust force to be reckoned with. However, once the Egyptian people realised the youth of the revolution were unorganised and inexperienced, unlike other political forces such as the Muslim Brotherhood and the Salafis, the idea took hold that the future of this revolution is opaque.

After former President Hosni Mubarak resigned, a power vacuum hit the Egyptian political context that was filled initially by Mubarak's generals, the Supreme Council for Armed Forces (SCAF). Many of the Egyptian people trusted SCAF and believed that it could deliver Egypt from its crisis. However, this notion was resisted by participants in the revolution, especially the youth, who could not trust anyone associated with Mubarak's regime. The problem with confronting Mubarak's power was their

unorganised front. The grassroots youth organisations, such as the 6th of April Movement, that led the opposition against Mubarak's regime beginning in 2008, were not strong enough to fill the power vacuum or challenge the military's rule.

The first few months after Mubarak's resignation were chaotic. Sectarian violence reached its zenith. Churches were burnt. Muslims and Christians fought, and the world's media covered it all. Corruption escalated, especially at the local level, as there was no supervision by government agencies. The lack of supervision showed itself in random ways, from a lack of police, security, and garbage collection, to developers' and speculators' wanton violation of urban-planning laws. Egypt suddenly became a horrific country to live in. The dream of a revolutionary Egypt that captivated the popular imagination from the first occupation of Tahrir Square on 25 January 2011 until Mubarak stepped down on 11 February, simply vanished. Afterward, Egypt was held hostage to its fears and lack of vision and insight, which was very evident through Egyptian leaders' behaviour the continuous changes in government. For more than two years now, Egypt has been through serious polarisation and lack of security, which characterised this phase with uncertainty.

This phase of uncertainty, and later on the introduction of violence between the different factions of the Egyptian society, led to the foundation of several youth organisations seeking alternatives. These various organisations were not necessarily connected to each other, but they shared common objectives and similar philosophies, which are articulated in the revolution's motto: »Bread, Liberty, Social Justice and Human Dignity«. They focused on promoting civilian rule, in which military rule and religion-based rule were demonised, and they called for a modernised state.

These groups vary in structure and formation. Some are based on a specific demand such as the »No to Military Trials« group, which emerged after excessive usage of military trials against Egyptian civilians. Other groups have too many objectives, which make them lose track of

1. »Thawra means »revolution« in Arabic.



their priorities, like the *Misrona* (Our Egypt) movement, which represented itself as a unifying platform for all revolutionaries. Many grassroots organisations appeared in the Egyptian post-revolutionary context. It is impossible to list them all here. Instead, this article focuses on three young grassroots organisations that emerged as a result of the revolution and have been working on implementing its ideals and objectives. These organisations are *Ma7liat*, *Salafyo Costa*, and *ThawraStats*. They are the embodiment of civil society (especially youth) taking matters into their own hands to substitute the role of the state, especially localities' failure in providing services and preserving communities.

## Ma7liat

*Ma7liat* (which means »localities«) is a grassroots organisation founded by young revolutionaries who aspire to shift the revolution to Egyptian localities by reforming local authorities in Egypt. Egypt is a centralised state with 27 administrative governorates. Each governorate has a governor who is appointed by the President. Inside each governorate there are provinces, cities; districts and villages, in which all of its executive seats are appointed, not elected. Local authorities are the extended arms of the central government and are exposed to minimal popular supervision. This supervision is conducted by elected local popular councils, whom have minimal powers, and most of them were the regime's men. Local administration in Egypt is notoriously corrupt. Even though Egypt is a very centralised country, local administrations play a vital role in the delivery of public services from the centre to the municipalities. Corruption is an endemic feature of local administrations. The reasons are essentially threefold:

1. The monopoly of the local administrative system by the National Democratic Party (NDP), the party of Mubarak's annulled regime, created unprecedented corruption and nepotism in Egypt both nationally and locally. However, currently the local executives are subjected to no oversight since all local popular councils were annulled and were not replaced until now.
2. The lack of democracy in Egypt in general and at the local level in particular meant that neither the opposition parties nor ordinary citizens had

powers of oversight regarding the actions of the local administrations.

3. The complexity of the system due to the intricacy and rigidity of the law<sup>2</sup> organising local administration in Egypt obscured the local governance structures. This was an outcome of changes to the law in the early 1980s under Mubarak to create a more centralised regime than was previously instituted under Anwar El Sadat.<sup>3</sup>

In 2011, a young man named Mostafa Shouman, along with other Egyptian activists, decided that they must do something about local administration corruption and the excessively centralised governance of Egypt, so they founded *Ma7liat*. Like many burgeoning grassroots movements, *Ma7liat* is unofficial: this means it is restricted by Egypt's tight control over civil society. Egyptian civil-society organisations are governed by a rigid law.<sup>4</sup> This is how the International Program of Charity Commission describes the situation in Egypt:

»Registration is obligatory; but informal (unregistered) associations are prohibited. The grounds for denial of registration are vague, inviting the exercise of excessive government discretion. Requirements relating to the General Assembly meetings require the Government to be notified in advance and for a Ministry representative to be present. Grounds for dissolution are also unclear, inviting the exercise of excessive government discretion. Sanctions for legal violations include imprisonment«.<sup>5</sup>

*Ma7liat* organised three campaigns to achieve its goals of decentralisation and local administrative reform. The first was to go deep into Egypt to give the movement roots among Egyptian governorates. The second was to go viral on social media via YouTube, Facebook, Twitter, and blogs—some of the same platforms used as a springboard for the Egyptian revolution. The third campaign

2. Law no. 43, 1979

3. Sadat wanted localities in Egypt to be governed locally. That is why he initially dubbed Law no. 43, 1979 as the »local governance« law. Later, Mubarak changed it to become the »local administration« law. The change of title gave a green light to change the substance of the law and to impose obstacles to decentralisation and democratisation at the local level.

4. Law No. 84 for 2002 and the Executive Statute on Law 84 of 2002 (Ministry of Insurance and Social Affairs Decree No. 178 of 2002)

5. See report: [http://www.ngoregnet.org/country\\_information\\_by\\_region/Middle\\_East\\_and\\_North\\_Africa/Egypt.asp](http://www.ngoregnet.org/country_information_by_region/Middle_East_and_North_Africa/Egypt.asp)



combined a direct approach with officials with a strategy of social media and ordinary media tools to pressure them. Many social movements new or old avoid dealing directly with the government as much as they can, but *Ma7liat* is different. Shouman and his colleagues attend almost every conference, workshop, and seminar on decentralisation and local administrative reform in Egypt to make sure that their voices are heard by officials, members of academia, international organisations, and the press. These conferences are organised or co-organised by the government and/or international organisations. However, this does not stop them from using other actions. Shouman has an excellent network of journalist and bloggers, who help him protest decisions made by the government that jeopardise his goals. He also adopts the power of social media and protesting, if needed.

## Salafyo Costa

Sectarianism is one of the most dangerous tendencies that the regime embedded in Egyptian society, where illiteracy and poor education are common. The revolution offered an important response to this unfortunate legacy in the form of another unofficial and unregistered, web-based grassroots movement in Egypt: *Salafyo Costa*. The name is a play on the multinational coffee brand, Costa Coffee, which was started in London 40 years ago and is second only to Starbucks in its global reach. Apparently some in Egyptian society found it incongruous that the religiously conservative Salafis would also want to drink lattes in a hip coffee shop like Costa Coffee. A group of Salafi and Christian youth together challenged these religious stereotypes on the initial Facebook page with a Costa Coffee logo in which three coffee beans are replaced by the head of a bearded Salafi man.

This strange combination of Salafis and Christians working together via humour drew applause from Egyptians who believe in unity, but it also drew condemnation, especially from conservative religious groups. The Salafi youth, especially, were seen by other Salafis as trying to change Islam into a softer religion. Sometime after its formation, the group was joined by liberals, leftists, and nationalists becoming—in the words of one of its leaders—«A mini-Tahrir Square». According to *Salafyo Costa* co-founder Mohammed Tolba, there are now thousands of supporters for *Salafyo Costa*, but only 140 people in the administrative structure. Of these, 25 per

cent are Christians, 35 per cent are Salafis, and the rest are Egyptians from different political and ideological backgrounds.

*Salafyo Costa* is one of Egypt's grassroots success stories. The movement has gained a lot of popularity in Egypt, and its founders, such as Tolba, are regular guests on popular social and political television shows, where they are generally perceived as fair and funny. *Salafyo Costa's* Facebook page has almost 150,000 followers, and the video viewership is more than 200,000. The group aspires to:

1. Remain non-partisan, including all shades of Egyptian society, and aiming to spread awareness among Egyptians;
2. Conduct awareness campaigns that touch on different aspects of the Egyptian people, including their health, education, and cultural awareness;
3. Organise charity activities that help Egyptians elevate their standard of living.

Tahrir Square, for those who participated in the revolution, symbolises how Egyptian society should be. Tolba emphasised that before the revolution he would avoid passing by a church for fear he would be arrested. As a Salafi he was well acquainted with the possibility that one of his friends could simply disappear. He reflected in agony that before the revolution, «The state security arrested Ahmed (a friend) without having permission from a judge, and Ahmed suddenly disappeared. His crime was being a Salafi».

«What did you do?» I asked. He said, «Nothing, I deleted his number and tried to forget; it was impossible to save him». Tolba and his wife, like many Salafis, were subjected to overt discrimination and human-rights violations prior to the revolution. *Salafyo Costas* understands the meaning of persecution and prejudice. They don't want to see their fellow Egyptians (regardless of religion or political affiliation) subjected to the same oppression, but they have found a way to combat social divisions with humour. *Salafyo Costa* aspires to horizontal leadership, a »flat organisation«, but with a committee of five called the *Horas Al 'Aqeeda* (Protectors of the Creed), who represent different factions within Egypt and guide *Salafyo Costa's* decision-making. The *Horas* experience

in their own deliberations the credo that though they cannot adopt different beliefs, they must tolerate them. In addition to the *Horas*, there are also committees that work on projects focusing on human rights and citizens' welfare.

## ThawraStats

Since the resignation of Mubarak, the country has been captivated by opaqueness, a lack of vision for where the revolution is going. Political parties were formed, but they fixated on ideological battles and largely ignored the pragmatic policies that ordinary citizens require. The third group this article examines, the now defunct *Thawra-Stats*, was conceived as a think tank but with grassroots in each governorate to act as its local polling stations and dissemination centres. It had two working groups. The first, comprised of a few professionals, were responsible for conducting studies, analysing data, and designing policies. The second, comprised of local activists, was responsible for collecting primary data and helping to disseminate the ideas and policy proposals generated by the think tank. The group was also unofficial and unregistered. It never aspired to be an ordinary think tank, but rather to provide pragmatic policies inspired by the principles of the revolution. In other words, *ThawraStats* aspired to be the revolution's think tank.

## An Assessment:

### Ma7aliat

*Ma7aliat* emerged because of the local administration crisis in Egypt. It had four main objectives:

1. Create legislation that can ensure good governance at the local level and the implementation of a system of checks and balances. Legislation should enforce the restructuring of local administrations with the guidance of professional and academic experts.
2. Create public awareness about the importance of localities in Egypt and that reforming it will combat corruption and provide better services and representation to the Egyptian people.

3. Prepare 5,000 Egyptian youth with the knowledge and skills they need to run for local elections and to help shape Egypt's governance

4. Create a public centre to monitor and evaluate the progress of the Egyptian officials at the local level.

These objectives are subject to time and circumstance. *Ma7aliat* has already successfully reached out to policy-makers, and they have delivered their perspectives to the government, the Parliament, and the Constitutional Assembly. However, to their disappointment, the Ministry of Local Development declined to work with them. They are now starting a campaign that calls for the resignation of the minister. *Ma7aliat* was able to build a relationship with the Local Administration Committee at the Egyptian parliament, but the parliament was disbanded by the Egyptian constitutional court in 2012, and their work with the MPs is now suspended until the election of a new Parliament.

More significantly, the recommendations to the Constitutional Assembly were ignored. The draft constitution that was published for the public discarded many of *Ma7aliat* recommendations; however, this still could change, especially with the media attacking the constitution for lacking necessary clauses, including the reform of localities. Even though there have been many setbacks, *Ma7aliat* has been able to win the trust and confidence of consultancy projects such as the Egyptian Decentralisation Initiative (EDI), which was funded by the United States' Agency for International Development. *Ma7aliat* is an active partner with projects like EDI and CARE<sup>6</sup>, who work on local administrative reform and decentralisation in Egypt. This strategic alliance may help *Ma7aliat* achieve their goals and will definitely aid organisations like EDI in implementing their objectives.

*Ma7aliat* conducted several seminars, produced videos, and used other tools in order to make more people aware of its mission and objectives. The Facebook page<sup>7</sup>, Twitter account<sup>8</sup> and YouTube<sup>9</sup> channel have thousands of followers. However, with the scarcity of resources, espe-

6. A high-profile humanitarian organization working on issues of global poverty.

7. <https://www.facebook.com/ma7aliat?fref=ts>

8. <https://twitter.com/Ma7aliat>

9. <http://www.youtube.com/user/ma7aliat>

cially financial, it becomes very difficult for them to reach out to larger numbers. Currently they are working on preparing the Egyptian youth for the localities elections; however, since the electoral process is still quite opaque<sup>10</sup> they have not achieved significant success.

### Salafyo Costa

According to Tolba and other *Salafyo Costa* members, the organisation has always been under pressure to join one of the political factions. However, they always rejected this idea. *Salafyo Costa* takes pride in its independence and in being one of the very few organisations that includes all shades of the Egyptian social and political spectrum, an objective the group considers necessary to its mission.

*Salafyo Costa* organises and participates in social events on an almost weekly basis. It has become a vital part of Egyptian culture. Since its foundation in 2011, *Salafyo Costa* has been represented in more than 100 conferences, workshops, and TV shows. It also has its own TV show on *El Shabab* (The Youth) channel. The group is very active in Egyptian governorates and—unlike many youth projects—their reach is not confined to the Egyptian capital. The first video, »Where is my ear?« received more than 80,000 YouTube views and was covered by many networks including *Al Jazeera*. The video calls on Egyptian society to reject stereotypes and to listen to »the other« instead of blindly judging them. The second video, »Where is my shop?« had more than 200,000 views and received more coverage from mainstream media than the first. The video is about a Salafi, a liberal, a Christian, and a leftist who inherit the same shop, and even though they have their differences, they work together to get the shop working. This video symbolises Egypt and *Salafyo Costa's* message that the only way to rebuild Egypt is for all factions to work together.

The organisation in general seems to be successful and lately they have decided to start a »green party«. They do not see it as an environmentalist party, but rather a »clean party« in which it will practice clean politics and apply pressure for green/clean politics in Egypt.

However, they do not aspire to power, a proclamation they repeatedly state. The party aspires to be a pressuring tool in Egyptian politics rather than to participate directly in governance. They also hope to inspire other political powers to learn from *Salafyo Costa's* experience trying to integrate all factions of the society.

*Salafyo Costa*, however, is overloading itself with many projects and aspirations that exceed its initial objectives. The group's financial resources depend on its members' contributions; however, these resources will not be enough to sustain all of its endeavours.

### ThawraStats

*ThawraStats* is a classic case of dreams being crushed by reality. The project met a major setback, which forced them to suspend their work. There are two major obstacles facing the project. The first is the rigidity of the laws, which did not change even after the revolution. The second is the lack of funds. The project was able to turn a lot of attention towards its work especially in polling Egyptians' opinions. They were even able to conduct a joint poll of Egyptian voters in collaboration with *Newsweek* magazine and *The Daily Beast*<sup>11</sup>, a web-based news outlet in the US. The group was also able to bring high-caliber party members to formulate the revolutionary charter. The most notable contributors were the late Prof. Samer Soliman of the Egyptian Social Democrat Party and Dr. Mohamed Morsi from the Freedom and Justice Party, who later became the first-elected president of Egypt.

This charter embodies the principles of the revolution. Political parties—from the far right to the far left—signed the agreement. The group was also able to conduct four major polling studies and disseminate their results to different stakeholders. However, the lack of finances and revolutionary spirit crippled the project and eventually led to its recent suspension until further notice. The group became overwhelmed with financial responsibilities. Most of the people who were taking part in the group were volunteers—revolutionary ones. However, with time the revolutionary spirit started to drain and there was a need to have paid employees, which was excessive for the group. The project was choked by the regulatory

10. There was still no constitution agreed to upon the completion of this article (12 December 2012) and even following the adoption of the constitution on 26 December 2012, much remains unclear regarding the powers of local authorities and the traditional centralised government.

11. <http://www.thedailybeast.com/newsweek/2011/07/24/egypt-s-an-gry-electorate.html>

policies and the impossibility of remaining non-partisan while lacking the essential financial resources.

## Conclusion

New grassroots movements in Egypt are part of the organic evolution of the Egyptian revolution. These organisations are dominated by youth because Egypt's population has a huge boom coming of age now. These youths might be inexperienced but they are ready for the challenge, and Egypt needs to change. With fewer opportunities available through state institutions, the future of Egypt relies on these groups. However, in order for them to flourish and help in constructing Egypt's future, they need to be empowered, well-financed, and liberated from the bureaucracy of the past.

They also need to focus their efforts and learn the importance of specialisation. It is very hard for self-funding grassroots organisations in Egypt to tackle several subjects at once without a specific focus, from human rights to democracy and governance, especially with the lack of necessary resources. Egyptian laws must become more flexible to make room for such important grassroots organisations to exist. Without suitable laws, the availability of funds and the support of national and international communities, these youth-based efforts will cease to exist and the political and social arena will be left to traditional institutions and political parties.

Multilateral organisations such as the United Nations have a vital role to play. The international norms that these organisations can facilitate in addition to providing technical assistance and international experiences can serve to enhance these legal circumstances. It is also important for international organisations to organise conferences and technical workshops on how to sustain these youth organisations and to help evolve their capacities and capabilities. They can also provide the venue in which youth organisations from around the world can meet regularly to share experiences and aid each other in achieving their goals. The Egyptian future demanded by the people is based on freedom, social justice, and human dignity. The only way to achieve it is through the youth who initially inspired this dream. Therefore, it is a duty to invest in those youth.

## TRANSITION IN NORTH AFRICA AND THE MIDDLE EAST—EGYPT

## »The Revolution, Cairo's Garbage Collectors, and Their New Syndicate«

Laila Iskandar

Chairperson, CID Consulting

**Who are the »Zabbaleen«?<sup>1</sup>**

The *Zabbaleen* are originally rural-to-urban migrants from the South of Egypt, who came to the city in the late 1940s and 1950s in search of their fortune because they had suffered a severe drought and they needed to find a way to earn a living.

As with all rural-to-urban migrations, they established their first relationships in the teahouses, the coffeehouses, of Cairo. There they met with another group of people who had come before them from the oases of Egypt and who had begun collecting paper from households because they saw profits to be made in the public bath and cooking of fava beans markets for paper. Both needed hot water all day at regular temperatures. These people from the oases, called *Wahis*, had already gained acceptance to peoples' homes and knowledge of the streets, as well as a way of organising door-to-door collection.

When they met with these others who had just arrived from upper Egypt, they began to feel they could subcontract, or hire them. So the *Wahis* allowed them to take over door-to-door collection, and what they agreed to was, »we get the paper, and you get anything else that comes out.« They also facilitated for these people from the South to buy donkey carts, and help them either rent land or squat on land at the edge of the city. So there was an important role that these oasis people played in handing over non-paper garbage to the *Zabbaleen* and facilitating their entry into the city.

**Can you tell me more about how the *Zabbaleen* do the kind of recycling work that they do and what is unique or innovative about their methods?**

First of all, the most unique and innovative thing is that they have managed to secure access to people's homes and to provide the residents of a growing megalopolis

like Cairo door-to-door, daily collection of household waste, with contracts. They were contracted by the municipalities.

For all of the other Third World waste-pickers or rag-pickers or whatever name they are called by, securing a contract and accessing people in their homes is what they are currently fighting for now. Our *Zabbaleen* secured it in the 1950s, and they're fighting tooth and nail to keep it. The multinationals are trying to supplant them. They have managed to break their access to contracts. Now they are trying to break their access to people's homes. They have not succeeded to do that because—well, door-to-door service has become a luxury all over the world, in an apartment building in a city of 17 million, nobody else has such a service. Because we serve upper income people as well as lower middle class, the service is popular, and people like it because they are not paying for its true cost, sometimes not paying at all.

***I understand the key is that the *Zabbaleen* use pigs to sort organic from inorganic waste. Could you address that aspect of their method and also what has happened since the swine flu outbreak in 2009 that resulted in the majority of their pigs being killed?***

The waste of Cairo is at least 50 per cent organic (the rest is inorganic waste). So half the waste was going to the pigs of Cairo, who were digesting the organic part. And the meat that came from these pigs was sold to pork processing companies and factories and then sold in the market. It was a major source of income for the *Zabbaleen*. That went out the window when they culled the pigs. That's one loss.

The other is that the organic manure that was produced by the pigs was considered a very important source of compost, or soil conditioner, particularly for farmers who grow fruit. This necessary resource for farmers had not been well accounted for. Nobody really saw the value of it except the *Zabbaleen*. So those two things went out the window.

1. The following interview was conducted between FES Senior Policy Analyst Sara Burke and Laila Iskandar on 3 January 2013.

The third is that now there was no place of economic merit to send the organic waste. The *Zabbaleen* continue to do door-to-door collection, but unburden themselves of the organic part before they go back home because it would mean transporting a useless commodity. They have to sort the waste in the city before they go home, whereas previously, they used to do it at home. So they began sorting it either on their trucks or on the sidewalk, and that rendered the city dirtier. People began blaming the *Zabbaleen* for leaving the organic waste behind and sorting it in the city instead of taking it back to their own neighbourhoods. But nobody had ever calculated the cost of the loss of income or the cost of the transport.

The system has never ever been costed right or paid for right.

***What has been the role of multinationals in waste disposal and recycling in Egypt, and with the Zabbaleen?***

The *Zabbaleen* were licensed by the government in 1984. They were informal, family-owned businesses up until that time, for 30-35 years at least, since they arrived in Cairo. Then in 1984 the government said, »Now, you have to account for the trash you collect, and we will allow you to collect money for it«—although they had been doing it informally—«and for the privilege of that you now have to pay the government an administration fee.« So they split whatever they were allowed to collect from residents between the government and the Wahis, the guys who first mediated for them to enter the trade, and they were left with peanuts.

This continued for many years until about 2000. Then people in the delta began burning their rice husks left over from the rice harvest. That created a billowing, white, heavy cloud of smoke over Cairo because the city is located in a depression, or bowl, and the wind blows from north to south. For the entire two months that harvesting/husk burning was going on, and when it came into Cairo and settled, we suffocated. It mixed with black smoke that was emanating from government-run, poorly managed dumpsites.

As with all things, the first people to be blamed are the poor. The *Zabbaleen* were blamed for that smoke, and the government reacted by saying, »We need to modernise our methods. It is the backwards methods of the

*Zabbaleen* that are causing the smoke.« When in fact, the *Zabbaleen* never burned waste. They recovered, or recycled, 80 per cent of it.

At that point they said, »Let's bring in the multinationals, the modern technology of the West«. They had already done that in Alexandria in 2000: a French company named Onyx came in. Then they did Cairo in 2003: we had one Italian and two Spanish companies. Then they did Giza, and we had another Italian company.

This situation is what we have had up until today, but now companies are in arbitration because the system has gone bad—it's not functioning. Cairo is dirtier than ever, and the *Zabbaleen* continue to seek their fortune in collecting whatever good stuff they can to recycle. But they're not primarily collectors. The only reason they go out to collect is because they're planning to recycle. And of course the unique thing is that as recyclers, they were able to directly access people's homes.

***And as recyclers they have also had quite a victory in the last year have they not?***

Yes, we created the Syndicate.

***Under Mubarak and apparently also now, under President Morsi and the new Constitution, the restrictions on informal and unregistered organisations remain very tight. How did the formalisation of the Syndicate, which is formally called the Syndicate for Workers in the Cleansing and Beautification Sector, come about? What were the struggles involved in forming it?***

Actually, there were minimal struggles because we started the process after the revolution. This is one of the wonderful things that the revolution has done. Egypt is now able to have independent labor syndicates, and we are one of them. The government is still not recognising all of them, but we are successfully registered, since we are not one of the »threatening« ones like the textile syndicate, and others. Still, we haven't done anything yet, because we are busy expanding the membership, but we have registered and are an official syndicate.

***One of President Morsi's top five priorities to tackle in his first 100 days of office was Cairo's garbage problem, via the so-called »Clean Home-***



**land« initiative. All the news reports I read, as well Cairo residents like yourself to whom I've spoken recently, say this is not working out at all. Given the pre-existing contracts the government has with multinationals, which I understand largely expire in 2015, will the Syndicate now compete with them for these contracts?**

The Syndicate cannot sign a contract with the Governorate Cleansing Authorities or municipalities for the provision of cleansing services and is not seeking to. The syndicate advocates for the rights of its constituents. In 2009 I personally wrote a proposal, and I was looking for an NGO to incubate it—that's what we do at CID, we first do the tough stuff that NGOs cannot do, but we always incubate and then let the community run the project.

I approached several NGOs, but the only one that was willing to do it was Spirit of Youth<sup>2</sup>. The grant for this came from the Bill and Melinda Gates Foundation, and it has five tracks:

1. To formalise the people who are collecting into companies.
2. To formalise the workshops, which were all noncompliant environmentally and even in zoning.
3. Spreading awareness of the two-bin source-segregation system (wet and dry) over the entire city, going door to door and school to school.
4. To support any livelihood projects we were undertaking by expanding them. We already had a recycling school, and we wanted to expand it. And we had already set up through CID an electronic waste recycling, so we added those.
5. The last one was to form the Syndicate.

We wrote up these five components, and it was a miracle: in two weeks the Gates Foundation approved the proposal, and we have been working on it through Spirit of Youth for two and a half years. Now we have registered

2. The Association Spirit of Youth for Environmental Services was registered in Cairo on 6/7/2004 under # 5676 as a developmental NGO in the field of environment, health and development in various fields in the Cairo governorate, specifically in the garbage collectors' area. All members of the NGO originate from families of garbage collectors who have taken the initiative to improve and develop their ancestor's trade.

forty companies. We have formed the Syndicate. We are working in 12 neighbourhoods to do public awareness. We have the dossiers of 30 recycling workshops ready to go with registration, but the current law penalises people with taxation so we are waiting for a new Parliament in March 2013, and meanwhile the school and the e-waste recycling are operating.

**You have mentioned it was fortuitous that the process of forming the Syndicate happened after the revolution began, which facilitated the process greatly.**

All the colleagues and friends that I had consulted prior to the formation of the Syndicate thought I was mad to try. They said, »No way can you do this.« I said, »Who knows? The world changes.« And what do you know? A couple of months later we have a revolution!

**How does the story of the Zabbaleen fit in with the evolving revolution? Would you tell the story of the garbage collectors in Tahrir Square?**

Yes, I would tell that story!

We were divided. »Do we go into the Square or not?« Some people didn't want to go into the Square. Other people did. So those of us that were brave enough said, »Hey, come on! Tahrir Square is a peaceful, lovely place.« In the crowd in the Square there was a group of young people who had organised themselves to be in charge of cleanliness. They had kept the square spotlessly clean, but they were beginning to pile up bags of garbage in the corners of Tahrir Square, so they called me up and said, »Can you come and do something about this?«

I said, »Yes, but can I bring my Source-Segregation Awareness Team with two containers? Let's take advantage of one million people here.«

»Sure, why not?« So while the revolution was still ongoing, during the 18 days, we gained entrance from the Army people who were controlling the entrance and exit, and we went into the Square. And for a whole week, we would leave the containers and go back the next day and *find them still there!* Can you imagine?

After Mubarak stepped down, they said, »Ok, now you can send your trucks in.« They had already tried to get

the municipality and foreign companies to come in and pick up the black bags, but nobody would go in. We used the money from the Gates Foundation to hire trucks, and we went in and picked up 35 tons. We are the only people who have a record of how much the revolution produced in trash!

***In the course of correspondence with other contributors to this publication—whether from Greece, Mexico, Egypt, or elsewhere—I have learned that there is such inaction and unaccountability of local authorities, in so many places, to deliver people’s basic needs, such as collecting garbage and ensuring a safe living environment—that I am discovering this has been a major factor in the generation of new social movements and in creating more space for groups of citizens that had formerly been shut out of the political process. Egypt has for decades been highly centralised, a country in which local authorities are appointed not elected, and furthermore once appointed, they lack real power and are notoriously corrupt. In fact have you not argued that in Egypt the private sector is—in most people’s minds—synonymous with corruption?***

Absolutely!

***How do you evaluate the prospects for Zabbaleen under the new constitution? How far does it go in decentralising the government and democratising the local authorities?***

There is a move to decentralisation, and if it happens, we will have a chance to have small contracts, but it is not a guarantee. Because it doesn’t matter whether you are centralised or decentralised, the issue—as you so rightly put it—is corruption. So if you have a corrupt, decentralised system, it’s not going to work better. So until and unless the government does something serious about corruption, neither us nor the Indians nor the Chileans nor anyone is going anywhere with that.

But what we are trying to do now is to seek small contracts—that is the decentralised approach—from areas where there are no multinationals. So we look at the map, and we actively go and talk to municipalities and say, »Look the situation is so bad, you must recognise it is bad, and we are willing to help you. This is what we can offer: we have trucks. We have personnel. We

have know-how. We have a livelihood that is linked to regular collection, so you know we are going to show up. And we cost ›so much,« which is always lower than the multinationals. »In the current situation are you allowed to contract?« Since we started the discussion, we have so far landed four contracts.

***I have one last question, which has to do with the state of the life for the Zabbaleen today. How are they living now, what are their living conditions? And is the outlook for their neighbourhoods on the outskirts of Cairo changing for the better?***

The neighbourhoods where they live and sort for recycling got cleaner when the pigs got killed, I must say. So while their livelihoods went bad, when there are no more pigs, it did get cleaner. But as far as being pushed out of their access to the waste, it’s getting worse because now more and more informal companies are coming in and pirating the materials. Some of them are NGOs that claim to be selling the materials to give charity to orphans. Others are yuppie kids from Tahrir Square, even, who are collecting cans via the internet. Others are striking deals with supermarkets. It’s getting harder. They are being slowly squeezed out.

However, we’re counting on the fact that the only people who can do door to door collection for a city this size is them. So if we’re ever going to win, it’s going to be on that count. Will it happen? I don’t know. The living conditions in the slums where they live I don’t expect will get better because I know the Ministry of Housing very well. I attend many of their meetings after the revolution. And in all of the meetings we have attended there, there is no talk whatsoever about slum upgrading.





## TRANSITION IN NORTH AFRICA AND THE MIDDLE EAST—TUNISIA

## »UGTT at the Heart of a Troubled Political Transition«

*Hèla Yousfi*

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One of the peculiar aspects of the Tunisian revolution is that the events that have led to the fall of the Ben Ali regime, in all the towns, started from the General Tunisian Labour Union (UGTT) offices. Its leaders mobilised from the beginning of the uprising on 17 December 2011 at Sidi Bouzid, gave protesters open access to the union offices and helped them carry their voice to international media. They organised rallies, marches, and regional strikes in various governorates. The pressure they exercised led the executive board of the union to call for a national strike on 14 January 2011 ending with Ben Ali's departure. It is worth noting that UGTT is the only intermediate structure of the country which, despite several shortcomings, such as the centralisation of decision making power or the low representation of women in some sectors or regions, played a decisive role in the protests that have led to the fall of the dictator and the subsequent advent of the constituent assembly.

This paper aims at shedding light on the complex role played by UGTT in the Tunisian revolution and more generally in the current transformation in the Tunisian political sphere. It aims at restoring the central position occupied by UGTT in the protest and revolutionary dynamics including the ambiguity of its role as link between the social movement, the government, and political parties. This role had generated a heated debate between those who thought that UGTT mobilisation was salutary, those who required that it be limited to its labour role, and those who simply called for its dissolution, assimilating it to the former ruling party, the Democratic Constitutional Rally (RCD). The paper raises two central questions: what type of interaction did UGTT historically have with the social movement, and what impact did it have on the popular uprising of 17 December 2010? What new challenges must UGTT face in the new political picture?

### UGTT, the Social Movement and Power: Overview of an Ambivalent Relationship

With 500,000 members, UGTT is the first national organisation in the country. It is also the only organisation

to gather various political orientations, different regions, and members belonging to different social classes. More than a trade union, UGTT is rather a political organisation where social claims have historically been closely linked to political and national claims. It was founded in 1946 by Farhat Hached following a break with the France-based *Confederation Generale du Travail* (CGT). It is a cornerstone of the Tunisian national movement during colonisation and has always played a central role in Tunisian political life. UGTT leaders had joined the nationalist movement embodied by Bourguiba and have actively participated in the struggle for independence. Once he was in power, Bourguiba tried to use UGTT prestige to establish his domination.

This had led to a complex relationship between UGTT and the Tunisian State. However, and unlike other Arab unions, which are totally integrated in the machinery of State authority, UGTT remains an exception because of a peculiar combination of two positions it has succeeded to maintain: submission to the ruling power, likely to go almost as far as full integration in the State machinery and embodied by the union bureaucracy on the one hand; and a tendency to resist the ruling power, on another hand, especially in times of crisis. The latter tendency controls a few federations such as those of education or of postal services and telecommunications as well as some regional and local unions. Despite some ambivalence that the union bureaucracy has maintained with the single party, the various Tunisian social movements have always been structurally and politically supported by UGTT. In 1978 and 1984, the union was at the heart of social unrest resisting liberal reforms and privatisation projects.

Indeed Ahmed Ben Salah's (former UGTT Secretary) socialist model in the 1960s was discarded in the early 1970s in favour of a project of openness to the outside and to foreign investment. The latter implemented by the Nouria government, which breaks entirely with the options of the 1960s, and with the privileges granted to the domestic market in favour of a special status granted to international markets. Tunisia also opened to

foreign investment. Hence, the new model of exporting development initiated a real economic transformation. But these modernisation years reached their first crisis as early as the late 1970s. First, on a political level, the rise of contestation among large segments of young people attracted by left ideological values. In addition, several unions launched sector-based strikes allowing UGTT to become a major player in the struggle for social demands and more union freedom.

The revolt of 26 January 1978 was the first bloodshed in the face-to-face opposing social protesters to the authoritarian regime. It started a period of fierce repression of trade unions and social protest. These repression years were also those of a strong labour movement mobilisation and resistance. UGTT was then beheaded with many of its leaders thrown in jail. During the early 1980s, with Reagan's and Thatcher's liberal offensive, labour movements around the world experienced defeat. In Tunisia, as well as in Third World countries, financial institutions have urged for liberalisation and integration in the international market. The authorities had to decrease consumption, devalue the dinar, and raise interest rates. In December 1983, the revolt of the poor broke out from south to north burning down everything on its way.

Again, UGTT was at the heart of the revolt, divided into two sections: one calling for moderation, and a more radical one supporting the labour movement and the dispossessed. It is also the time when Islamism emerged as a strong movement of protest. Since 1987, Tunisia has adopted a structural adjustment programme with a total liberalisation of the economy, which had been only half liberalised after the departure of Ben Salah. Macroeconomic measures were put in place: liberalising most prices, reforming semipublic companies and privatising some, liberalising the financial sector, liberalising imports, enacting laws regulating competition, etc. The presence of the State remained strong in infrastructure, industry and banking, and the State maintained an important economic weight owing to its substantial role in the field of public investments.

The new development model enjoyed a few years of glory during the 1990s. It succeeded to boost the economy and ensure a relatively high growth rate above world and regional averages, which was later praised as »the Tunisian economic miracle«. It is only in 1989 that UGTT acquires an executive management close to the Ben Ali

government. Unionism had tremendously suffered from Ben Ali. According to a UGTT executive, »Union activity was impeded by the ruling regime especially through privatisation programmes. Reinforcing the private sector structurally meant weakening union activity.« According to another union member, »UGTT has always played a major role and occupied an important position in historical turning points; it has always been present at the heart of meaningful periods in history; we can go as far back as the war of independence during which the historic Farhat Hached<sup>1</sup> paid the highest price as he was assassinated.«

At the time of the construction of the State there was unity between UGTT and the ruling party in the first constituent assembly and in the drafting of the constitution. It was an important historical point in time and as far as the construction of the State. UGTT was even, at the time, almost emptied of its leaders who had all become ministers, mayors, and governors. There was a time when it was alienated from the power. Then later, under Nour's liberalism, the need was felt to establish a contract-based relationship with the authorities and to undertake negotiations and social dialogue. It then acted as the main partner with the authorities: it has been among the founders of the new era of the 1970s. But it was again subdued, destroyed, and domesticated. With the advent of 7 November, the ruling power aimed at alienating UGTT, and in order to achieve that goal, it carried out very few favourable concessions.

However, some trade union sectors such as education, the Postal, Telegraph and Telephone Services, health, as well as some regional sections, have remained centres of protest against the ruling regime. This division between the executive level of the trade union and some of its local and regional branches—which had become bastions for leftist and Arab nationalist political trends that had no freedom of political expression—has led analysts to refer to »two UGTTs«. In consequence, and as demonstrated by Sadri Khiari, issues of social and economic policy have never been the main cause of dispute between the executive level of the trade union and the authorities. Those issues have always been conveniently used in order to both neutralise the independent trade union bodies and exert pressure aiming at redefining union status within the political system. It is then important to shift

1. Tunisian trade union leader and leader in the war of independence from France, Farhat Hached was assassinated in 1952, four years before Tunisian independence in 1956.

the dividing line from socio-economic issues to important political matters, which concern the very foundations of the State, and uncover the little significance of the social question. Hence, despite a complex relationship with the ruling regime, UGTT has paradoxically served to legitimate the successive waves when the choice was made of economic liberalisation.

## UGTT: Refuge for the Popular Uprisings Leading to the Fall of the Dictator<sup>2</sup>

Ironically, it is mainly the social question and the socio-economic demands that have together put in question the image of the »Tunisian miracle« and brought down the regime. Regions of the south and central west of the country have suffered from the unequal regional development reflected in massive unemployment, precarious work conditions, and lack of infrastructure. In early 2008, supported by immigrant associations in France, the revolt of the Gafsa mining region and the town of Redeyef, further south, emphasised the seriousness of the situation. More recently, in the summer of 2010, young protesters in Ben Guerdane in the southeast of Tunisia clashed with the police.

UGTT then started experiencing its early internal divisions. Some of its national unions—education, Postal Services, health—as well as local and regional leftist sections were tempted to join the protest; while the executive managers, close to the regime, considered a mediating role, at best. These protest movements were strongly repressed by the Ben Ali regime. The revolutionary process initiated on 17 December 2010, following the immolation of a young unemployed graduate in the town of Sidi Bouzid, was much inspired by the 2008 social movement at Redeyef. Union members were determined not to commit the same mistakes. The union's role in organising the protest in Sidi Bouzid as well as in the surrounding regions, proved fundamental.<sup>3</sup> The local sections of UGTT both organised and ensured

sustainability—union members coordinated with young people and progressively adopted a strategy of political confrontation with the regime. It went beyond the single social issue: »We immediately called the population to consider the action not as suicide but rather as a political assassination with Bouazizi to be perceived as a victim of the system«, reports a union member at Sidi Bouzid. The trade union dynamics initiated at Sidi Bouzid spread to the region and affected the whole region of the Centre. Union members activated their contacts in the entire region, at Regueb, Menzel Bouzaiane, all the way to Sfax and Bizerte »to mitigate the pressure«: »When we discovered that repression focused on Sidi Bouzid and that additional forces were moved from Tunis to help, we decided to create multiple fronts and organised riots in other regions«, says a union militant from Sfax. The mobilisation episode around Redeyef in 2008, and the struggle with the political power were used by all union members as an important lesson to better face the 2010 regime. Repression and especially the massacres in Tala and Kasserine tremendously hardened the movement.

The gathering of UGTT as the central trade union proved decisive in the uprising. It was a late turn. The early statements of the UGTT executive board attempt to place the trade union in a mediating position, calling the State to »release those who were arrested« and to »adopt immediate measures in order to put in practice all the statements made concerning the employment of youth«. The UGTT Deputy Secretary General explains the point when the union tipped over: »At first we just stood there listening to protesters and claiming their release. But following the repression at Kasserine, we broke away from the social partnership frame of mind and clearly moved to the political level, calling for overthrowing the government«. On 14 January, the day Ben Ali left to Saudi Arabia, »it was a general strike called upon by UGTT. The matter no longer concerned just Sidi Bouzid or Kasserine, but the whole country, including the capital. The general strike meant surrounding the presidential palace at Carthage«. <sup>4</sup> One of the members of the Executive board gives the following summary of UGTT mobilisation: »This Intifada lacked a central brain but there were local leaders everywhere, and most of them were union members. Sometimes, we organised our own riots, other times we joined the movements in process and added a political

2. Quotations are drawn from interviews carried out in a field survey that was conducted between January 2011 and May 2012. This research will be the subject of a book : *L'UGTT au cœur de la révolution tunisienne* (UGTT at the heart of the Tunisian revolution) ; Ed Mohamed Ali Hammami (forthcoming, December 2012).

3. Choukri Hmed, Réseaux dormants, contingence et structures, Genèses de la révolution tunisienne, Revue française de science politiques, vol.62 n°5- 6, 2012.

4. Interview conducted by Crisis Group of a UGTT union member of Postal Services; Tunis, 18 February 2011

note and imposed catch phrases that raised the question of the State and not only the social issue«.

More generally, unlike the proponents of a Facebook revolution theory, union members see the revolution as the result of a long struggle, the reactivation of the collective memory of organising around major historical moments such as 26 January 1978 or Redeyef 2008. These have served as an inspiring source of support leading to union member strategies in the popular uprisings of December 2010. The latter have also been greatly determined by the specific way in which the organisation has operated over history; with a distribution of roles among a »reformist« faction likely to compromise with the government, and a radical group aware that with sufficient pressure, the central union will eventually give in to popular demands. After Ben Ali left the country, UGTT continued to play a central role both as a key element in the committees for the protection of the revolution and as source of support to the two sit-ins at Kasbah, in January and February 2011, which led to the fall of both Ghanouchi's transition governments and to the advent of elections for the constituent assembly.

## UGTT: A Powerful Balance?

The long history of a complex relationship between UGTT and the ruling party is at the heart of the present battle opposing Ennahdha<sup>5</sup> and UGTT for six months. The Ennahdha-UGTT face-off started on 25 February 2012, with a riot that gathered around 5,000 people in the Tunisian capital. Responding to UGTT call, participants denounced the dumping of waste carried out, according to them, by militants of the ruling party, in front of various offices of the central union. These attacks by the Islamist movement, they said, were initiated following the social movement of »municipal employees«, one of the poorest categories in the country. »They try to silence us in order to enjoy the freedom to decide alone and shape our destiny. They want to set fear in our hearts so that we are unable to make claims or defend our rights; but we shall not give in and we shall not submit«, said Mr. Houcine Abassi, UGTT Secretary General. As to Mr. Noureddine Arbaoui, member of the Executive board of

Ennahdha, UGTT is subject to manipulation by forces of the old regime, determined to hamper government action.

This confrontation reached its climax on 01 May 2012 at the uprising, which recalled the social and economic issues of the revolution. The main motto, »Employment, Freedom, Dignity« was drowned in a cacophony orchestrated on one side by the Ennahdha supporters who chanted »With our soul, with our blood, we shall defend you, O Government« and by their enemies on the other side who retorted, »Let the government of shame fall!« According to Mr. Sami Souihli, secretary general of the doctors' union, these attacks were not the first of their kind: »The anti-UGTT campaign was not started by Ennahdha. The union has been the target of criticism by the transition governments put in place after Ben Ali's departure; it was repeatedly blamed for the economic crisis and the prevailing anarchy. They want to bend UGTT, because it is the only organised counter-power.«

More than mere disagreements on solutions to be brought to social and economic demands, this face-off is rather a political struggle. On one side, strengthened by its electoral legitimacy, Ennahdha aims at taking a firm seat in the political landscape, which is to be secured through negotiating a power-sharing relation with UGTT. The statements of the various leaders of Ennahdha on UGTT testify to an organic vision of society with no room for social conflict, nor any class struggle. That is why the head of the government, Mohamed Jbali, stated recently in a TV-broadcasted address on 28 May 2012 on the non-progress of negotiations in the public administration: »we told UGTT that we must each keep to our position and task. This escalation must cease. The government is not the enemy of workers and civil servants. We do not believe in the theory of the class struggle; the unemployed are our children. We do not expect any negotiations or pressure. What they try to achieve is to bend the government; we interpret their social statements as political statements; they wish to block us! But electoral and popular legitimacy are the strength of this government. We shall not give in.«

Isn't Ennahdha acting the same way the Democratic Constitutional Rally (RCD), the former ruling party, used to by perceiving UGTT as an institution that needs to be placed under trusteeship to prevent it from gaining independence? There is currently a powerful wave of new member

5. Ennahdha won the last elections of the constituent assembly of 23 October 2011 with 37 per cent of the votes and forms, along with CPR (Congress for the Republic) and FDL (Forum for Labour, democracy and freedoms, the Troika at the present government.

registration, especially in the private sector. Some activists believe that it is an attempt by Ennahdha to infiltrate UGTT. As to UGTT, strengthened by its new executive board—elected at the Tabarka Congress in December 2011 with the victory of the consensus list of the left—it means to assert its political autonomy loudly. Tension is particularly strong between the two protagonists; so much so that UGTT decided to challenge the weakness of the opposition parties, the degradation of the economic and security issues in the country and to engage «on the side of civil society and the Tunisian people, whatever its diversity, to endorse the cause of the working masses but also and especially to protect the Republic and its institutions»<sup>6</sup>.

The central union mobilised to defend individual liberties and denounce all forms of violence committed by Salafist groups in instances where the police sometimes take precedence over social mobilisation. Recalling the historical legitimacy of the organisation, UGTT leaders assert that if the Union is concerned with workers' rights, in times of crisis, it does not escape endorsing a political role. This is how Samir Cheffi, UGTT Deputy Secretary, replies to the above quoted address of the Head of the government: «we are a large national organisation with a history of participation in the national and social struggle. UGTT can by no means acknowledge this kind of statement. This is interference. We are in full control of our mission ever since 1946 and we shall not relinquish our national and social mission.»

Moreover, the alliances that developed around UGTT during this episode reveal the bipolarity of the Tunisian political scene. The political opposition seeks refuge in UGTT. Liberal groupings such as Progressive Democratic Party (PDP), Afeq, or else a coalition around former Prime Minister Beji Caid Essebsi; the very people who had formerly accused UGTT of causing anarchy in the country are now side by side with parties of the left such as Watad or POCT (Tunisian Communist Labour Party) to offer their support to UGTT in its confrontation with Ennahdha. This reversal of roles is combined with usual arguments. Among those siding with the government, the typical argument is «UGTT will be manipulated and used by the union bureaucracy for purely partisan ends; it had better keep to its union role». Among those who support UGTT the argument is: «UGTT must stay away

from political power and actively intervene in political life rather as counter-power».

## The Significance of the Social Issue in the Political Struggle Surrounding UGTT


If the social and economic demands are often highlighted by UGTT, they have been historically subordinated to its quest for political autonomy *vis-à-vis* the ruling power and to negotiate its role in the political field.<sup>7</sup> It is true that UGTT mobilised to defend the rights of municipality employees and to claim wage increases and it has indeed made some achievements; for example ending interims in some sectors. But the organisation offers no socio-economic plan to guide the country out of the crisis. In fact, no economic or social alternative is offered to oppose Ennahdha's neoliberal agenda.<sup>8</sup> Political-party alliances around UGTT are not determined by these issues, but rather by political strategies influencing the government through UGTT. The new alliances around UGTT between the liberals and some groups of the left to face Ennahdha then took another aspect. Mohamed Kammoun, a unionist teacher, expresses the tension between the need to protect the organisation against Ennahdha's urge to dominate, and the necessity to remain a true source of a different economic and social vision: «As grassroots union members, we are weary of the struggle. It used to be against RCD, now it is against Ennahdha. We had rather deal with our internal problems and difficulties like the need to restructure, to bring economic solutions, offer alternatives, etc. We feel trapped between Ennahdha and a centrist political front around UGTT, which could even include followers of Béji Caid Essebsi; and no time is left for us to propose alternative paths».

More generally, the regular pace of attacks against UGTT raises the issue of where political elites, of all persuasions, stand with regard to social and economic problems. Besides the failure to achieve a break with the old practice of the former regime in dismissing social movements as criminal, there is real difficulty, especially for groups of the left to go beyond statements of principles and integrate social and economic issues at the heart of the proposed political agendas. The current sclerosis in the

7. Sadri Khiari, Tunisia: *le délitement de la cité : coercition, consentement, résistance*, Karthala éditions 2003.

8. In this regard, the absence of any debate on the finance law seems quite revealing.

6. Declaration of 29 April 2012 on the official website : [www.ugtt.org.tn](http://www.ugtt.org.tn)



media and political debate around a matrix opposing »Islamists« to »democrats« shifts the dividing line from the socio-economic issues to the political and to power conquest, and weakens the social struggle. The recently formed popular front around the leading figure, Hama Hammemi, leader of the party of Tunisian workers, attempts to fill that void with the motto: »Neither Jbali nor Essebsi, our revolution is that of the humble«.

This turbulent political transition involves a ruling party willing to maintain the same neoliberal political and economic system that governed Tunisia for more than half a century and a weak opposition seeking an identity and having difficulty thriving outside UGTT. UGTT may indeed serve as an intermediate structure to represent the already organised social categories, but what about the marginalised such as the unemployed or the powerless and the voiceless? In view of the alarming deterioration of the economic situation in Tunisia, anger is again rising and social movements are again raging in most areas of the country. The controversy over the risk of privatising public companies in some sectors, like water, electricity, the media etc., are not likely to mitigate the tension. In a political landscape marked by intense controversy over the date of 23 October 2012 as the end of legal constitutional status of State institutions, Houcine Abassi, UGTT secretary general, reasserts on 19 October 2012 in an address on Alchourouq, the priority of the political agenda, insisting on the coming elections, as the major concern of the organisation. Hence, the relevance of the central question : as a source of balance in the country, as unionists like describing it, will UGTT succeed to move away from short-term political considerations and articulate political and national demands with a true alternative social and economic agenda worthy of a revolution whose central claim was »employment, freedom, national dignity?«



## TRANSITION IN NORTH AFRICA AND THE MIDDLE EAST—TUNISIA

## »Reconciling the Irreconcilable«

*Mohamed Mongi Amami**Executive Research Director, Tunisian General Labour Union (UGTT)*

Unionism, we understand, could not have reached its present level of fast development in this country without losing some of the specific features it has in the West and adjusting to the country's needs and expectations. Unions in Tunisia, at least those created following the 16 November 1932 decree by no means reflect the class struggle. They rather reflect workers' and employers' need to unite in order to succeed in defending themselves against evils to which they are equally subjected and against foreign competition, which crushing them indistinctly.

*Habib Bourguiba**l'Action Tunisienne No. 102-1936*

If all agree in Tunisia now that no political movement or party can boast of any leadership role in the Tunisian Revolution, referred to as the revolution for »dignity«, many acknowledge the essential role played by the General Tunisian Labour Union (UGTT) in bringing down the regime of the dictator Ben Ali, the embodiment of injustice and corruption.

This article aims at presenting in a first introductory part the factors, which allowed this organisation to occupy its present position as well as the background, which led to the uprising of 17 December 2010 (A). In a second part, it will attempt to shed light on UGTT participation in the process leading to the uprising and on the role it played in supporting and coaching the outraged population (17 December 2010 to 14 January 2011) (B). The third part will be devoted to UGTT contribution in preparing the elections of the National Constituent Assembly (ANC) (14 January 2011 to 23 October 2011). The fourth part will deal with the central union's standpoint regarding the democratic transition and political reform (23 October 2011 to 16 October 2012).

## Historical Overview: UGTT Status in the Tunisian Society

Since the beginning of the last century, it appears that political life was shaped by a concealed two-pole system with two national popular structures which dominated the political scene: on one hand the liberation movement, the Destour (the Constitution), then the Néo-Destour, and on another the Tunisian labour union movement (the General Confederation of Tunisian Workers, CGTT) of Mohamed Ali El Hammi (1924-1925) and Belgacem Gnaoui (1936) then UGTT of Farhat Hached (1946).

The latter, which was founded as an independent movement, was also established within a political perspective and formed an alliance with the national movement during the struggle against the French protectorate, sharing even its action in times of repression.

Despite the predominance of consultation and dialogue during the national liberation struggle, their mutual support did not exclude the emergence of disagreements and even tension or conflict at the foundation of the post-independence State when it was time to define the social and economic policies. Alliance, coexistence, and sometimes conflict defined the relationship between the two national organisations according to the circumstances, which highlighted convergence or divergence of views depending on the current priorities.

It is worth recalling; however, that after decolonisation and at the end of the Ben Ali regime, UGTT remained true to its values of liberty, justice, and equality, and sided with Bourguiba in the conflict opposing it to the second historical leader of the liberation movement, Salah Ben Youssef, who found support among the Tunisian bourgeois class, the religious conservative leaders of the Zitouna, and the large landowners. The challenge concerned the societal model, the status of the Tunisian State, women's status, education policy, and social and economic rights.

With such rich and militant experience in the national movement, UGTT was led to actively take part in the construction phase of the modern and independent State. Its presence was crucial in the first Constituent Assembly. It has ceaselessly endeavoured to give the Constitution of the first Republic a clear social and modernist dimension.

In addition, owing to its status in the political and social national sphere, to its historical legitimacy, and to a well-established popular reputation, UGTT succeeded in the course of time to dominate the national territory in a way similar to that of the »Party-State«.

Despite all attempts to subdue it and to control some of its leaders, which has attracted some criticism both from inside and from outside, UGTT represented a real counter-power since independence and continues to be the first mass organisation and the first organised body in the country. Its capacity to mobilise and the wide support it enjoys continue to be larger than those of any opposition party despite the present competition with General Confederation of Tunisian Workers (CGTT) and *the Union des travailleurs tunisiens* (UTT) two post-revolution unions.

## The Pre-Revolution Context

In the opinion of all observers, the popular uprising, which started on 17 December 2010 and ended on 14 January 2011 with the fall of Ben Ali, happened against a background of social inequalities and acute disparities in unbearable proportions, which had over the years generated among Tunisians—particularly among the impoverished population of the inner regions and among the hundreds of thousands of unemployed youth—feelings of frustration, injustice, humiliation, and indignation.

In 2008, popular anger was expressed in the protests, which occurred in the mining area of Gafsa in the south of the country. Confrontations took place for more than six months. People demanded the right to work, and to have a decent life with dignity. Hundreds of protesters were arrested, tortured, or imprisoned. Some were killed in clashes with the police or risking their lives in the illegal crossings towards the northern shore of the Mediterranean.

These inequalities and disparities were outlined in UGTT publications, especially in those dealing with regional development policy in the northwest (le Kef) and central west (Sidi Bouzid-Gafsa and Kasserine). Most of these publications date back to 2010, shortly before the outbreak of the December 2010 insurrection. The development model so far adopted and the regional policies were denounced for having caused regional unbalances and as well as tension and social unrest. Aware of the risk that the persistence of such imbalances may create, UGTT has alerted the authorities to the seriousness of the situation in the inner regions and to the impact of the imbalance on the relatively prosperous coastal areas, as a result of rural exodus and the degradation of the quality of life and work conditions. Copies of these field surveys were sent to all the members of government and official bodies in the country in order to raise their awareness to the degree of seriousness and the need to take urgent and appropriate measures.

## UGTT Joins the Revolt

The revolt, which started at Sidi Bouzid, at the centre of the country, was at first social and economic, against unemployment, poverty, precariousness, and marginalisation. A young fruit and vegetable street vendor set himself on fire in the town centre on 17 December 2010, after his goods were confiscated by local authorities. He is one of hundreds of thousands of young people who earn their living through informal trade. He died on 3 January at the Ben Arous Centre of Traumatology of severe burns in the Greater Tunis.

A series of demonstrations, sit-ins, and strikes set the town of Sidi Bouzid ablaze and extended in a few days to the whole country despite the fierce and bloody repression. »When Bouazizi set himself on fire, our first reaction was to gather in front of UGTT building«, said a young protester from Sidi Bouzid, »We were joined by unionists, and we met every day at UGTT to organise the protest. All demonstrations started from UGTT office....« Similar statements were made everywhere else in the country.

Because they were well-trained for union struggle, experienced in organising strikes and mass riots, and fond of the values of liberty and justice, UGTT unionists contributed with the necessary added value of support and coaching to ensure that the revolted population, at Sidi



Bouzid at first and later throughout the country, did not feel isolated.

The central union dealt at once with indignation caused by police repression, made pressure for the release of those arrested and whose number kept increasing, claimed the right to employment and to local and regional development. The union organised general strikes, the most important of which on 13 January 2011 by the Sfax regional labour union, then the one in front of UGTT headquarters in Tunis, in response to the request of the Tunis regional labour union. The central union gradually rallied the demands of the angered population. Grassroots and leadership were growing more and more radical and gradually endorsing a political stance.

## UGTT and the Reconstruction of the New Political and Societal Landscape

In the face of the vacancy caused after President Ben Ali's escape, Fouad Mbazza, president of the National Assembly became interim President of the Republic on 16 January 2011. Mohamed Ghanouchi remained Prime Minister and formed a new government mainly composed of members of the Constitutional Democratic Rally, the former ruling party. Two legally recognised opposition parties, Ettajdid and the Popular Democratic Party (centre-left), are part of it.

Events, from then on, took a dramatic turn. The police deserted the streets and the regime militias terrorised, pillaged, destroyed, and assaulted the population who began organising their self-defence. Neighbourhood committees were quickly formed and defence groups took position in rural areas. As far as the political opposition, 10 Arab nationalist and leftist organisations created the 14 January Front. At the same time, a »liberation caravan« started from the central region (Sidi Bouzid-Menzel Bouzayen and Regueb) towards the capital to demand the departure of all RCD figures of the government, in addition to their resignation, announced the day before, from the Party-State. Other groups of protesters from other regions joined them. They all camped in front of the seat of government at *Place de la Kasbah*.

UGTT reacted very quickly by gathering the main actors of the political opposition and civil society. The Bar As-

sociation and the Tunisian League of Human Rights were part of this initiative.

On 25 January 2011, a first meeting of 25 organisations of civil society was held at the headquarters of the Trade Union of Arab Maghreb workers (USTMA). The next day, on the 26th, opposition parties, the legal and the illegal, including the *Ennahdha* movement (Islamist), *Ettakatol*, *Ettajdid*, the *Parti démocrate progressiste* (PDP) (centre left) and the Front of 14 January (extreme left and Arab nationalists), met in the same office. UGTT Secretary General Abdessalem Jrad chaired both meetings.

Both meetings lead to the creation of a council to protect the revolution in charge of implementing legal and political reforms, and of preparing the elections of a national constituent assembly in charge of preparing the new constitution of the country. The council to protect the revolution gathered political leaders, representatives of civil society, union leaders, and representatives of the regions having taken part in the revolution. Its role also consisted of supervising the democratic transition process in the country.

As a consequence, the demands of UGTT under grassroots pressure and calls from the revolutionary forces camping at Kasbah in front of the seat of government, openly took a political turn.

On the basis of its national administrative mission, UGTT decided to withdraw its three representatives at the first Ghanouchi government. It joined protesters' claims at Kasbah in Tunis and in Sfax for a constituent assembly rather than presidential elections and for the departure of all the members of government who belonged to the deposed regime, with no exception. On 27 January 2011, the Prime Minister of Ben Ali's government resigned and is replaced by Beji Caid Essebsi. He organised the elections of the constituent assembly, first planned for 24 July, then deferred to 23 October 2011. He established the High Committee for the achievement of the goals of the revolution, mainly responsible for organising elections.

## UGTT, A Disturbing Power

ANC elections on 23 October 2011, recognised as the first democratic election in Tunisia take place according to a proportional representation system in one ballot. The Islamist *Ennahdha* party obtained the majority of the seats out of a total of 217. Following the adoption of the law on the provisional organisation of public authorities, the General Secretary of *Ennahdha*, Hamadi Jbeli, was appointed Chief of Government and formed a coalition government with the parties of *Ettakatol* and *Congrès pour la République*. The coalition immediately consecrated the election of Mustapha Ben Jaafar, Secretary General of *Ettakatol*, to ANC presidency, and Moncef Marzouki, *Secretary General of Congrès pour la République*, to the position of President of the Republic.

Shortly after, the tripartite coalition was accused of breaching political ethics and confiscating the objectives of the revolution. The *Ennahdha* party was accused of using double standards and suspected of paving the way for a new dictatorship in Tunisia. The fierce determination of both parties, *Ennahdha* and the *Congrès pour la République*, against the central union -UGTT- was highly instructive to justify these suspicions.

Campaigns against UGTT did not begin with *Ennahdha* but had started earlier, with the Ghannouchi and Essebsi governments through disparagement campaigns, which UGTT was subjected to immediately after 14 January 2011, when hundreds of thousands of workers, men and women with precarious conditions, mobilised to demand a regularised status and the right to decent work. Entire regions of the inner parts of the country claimed immediate fulfillment of their right to development and employment. These mobilisations were met with favourable support from the central union and from its men and women activists.

It is worth recalling also the *Jerad Dégage* campaign (Jerad get out) aiming at blurring two issues; on the one hand, the issue of leaders whose political practice may not be always perfect; and the status of a historical organisation which, though not a political party, has certainly played an essential role in the fall of the former regime, the dismantling of its institutions, and the creation of the necessary conditions for a consensual transition. These campaigns blamed UGTT for the economic crisis and the anarchic situation in the country while the

corrupt and smugglers of all types used to and continue now to hold sway in total impunity a few months after the *Troika* government had taken power. The *Ennahdha* party was officially blamed by UGTT national executive board for the incident of domestic waste dumping in front of its buildings and for the looting and arson of its offices on 20 and 21 February 2012. These frequent and regular UGTT attacks and their coinciding with the legitimate strikes of municipal workers lead to raise social and economic questions in a more significant way. Through UGTT, it is the social movement in the whole country that is targeted, as it highlights, one year after the fall of Ben Ali, the inability of the provisional *Troika* government to meet the demands, which had initiated the revolution process in December 2010.

## UGTT: A Constitution Project with a Plan for a National Dialogue:

The video of *Ennahdha* party leader, Rached Ghannouchi, released Wednesday 10 October 2012 and relayed like wildfire in all media, generated great controversy and raised interrogations, doubts, and fears. The messages conveyed sent chills to all those who had ceaselessly struggled to promote Tunisia's transition to democracy, advocated for strengthening the foundations of the civil state and asserting the principles of citizenship, rights, and liberty. A few days before, on 14 September, the limits and risks in the detrimental statement from the leader of a major political party, the one with the ruling majority, had already been demonstrated when Salafists showed their true intentions and their capacity for harm. They are evidenced by the disastrous consequences of the attacks of the United States' Embassy in Tunis, which have discredited Tunisia, altered its world image, and created doubts among foreign traders and investors.

The fact of blaming the army, security forces, law, the media, public administration, unions and others, of condemning all as strongholds of secularism, leaves one speechless over the society model being designed and established in the country.

In this prevailing haziness there may still be a ray of hope. The UGTT plan aiming to defuse the real threats weighing on Tunisia, has generated a kind of shock wave among the political class owing both to its constitution project, which it presented and defended in the constituent as-

sembly, among political parties and civil society players, and to its call for a national dialogue leading to a consensus over the fundamental choices and the priorities of the transition phase.

The idea of designing a constitution project is in line with the duty of participating actively and effectively in improving a system that will govern the Tunisian society politically, economically, socially, and culturally, and in shaping a societal model likely to run the country.

The objective of the initiative is to keep up the debate over the various chapters and provisions of the new constitution and especially to implement a vision where social dimensions and workers' interests, men and women, are taken into account, and where UGTT activists may identify reference points in their actions to support the transition phase that Tunisians are now experiencing.

Secondly, the UGTT call for a national dialogue is part of the legitimacy crisis that the country is facing. It does not focus exclusively on the performance of the constituent assembly and that of its peripheral institutions, namely the government and the presidency of the republic, but also on the society model they try to establish and the doubtful way they run the country.

UGTT initiative began on 16 October and continued for a month with the simultaneous organisation of six or seven thematic conferences, which should be concluded with a national pact, was boycotted by *Ennahdha* and the *Congrès pour la République* (CPR), two parties of the *Troika*; which by no means made it less successful, according to participants. Still, there are reservations concerning its usefulness knowing that it stopped short in its potential recommendations by the statement made on 13 October by the *Troika*. The agreement announced some issues including the adoption of a semi-presidential system, a date for elections, the setting up of a higher independent committee for elections and the activation of Article 116 to set up a higher committee to regulate the audiovisual sector. But what these pessimists fail to mention is that this initiative compelled the *Troika* to publish a road map even if it not did include all the issues of the debate. And this is where UGTT initiative will certainly have a role to play. It is even expected that *Ennahdha* and CPR will end up taking part in these conferences for the consensus, which will close the debate on the usefulness of UGTT initiative.


## Conclusion: How to Reconcile the Irreconcilable?

The political experience of many democratic states has demonstrated that compromise is difficult among secular parties. The task is even harder when one is a religious party, with Islamist reference, and the others are secular or modernist. The case is no longer a matter of opposite political tendencies, (like liberals versus conservatives in England, Christian democrats versus social democrats in Germany, socialists, centrists, communists, and ecologists in France, republicans versus democrats in the US), but rather of opposite spheres or civilisation frameworks. Islamists refer to the city of God, to the Koran, the shari'ah, tradition, the community (the tribe); secular parties refer to the city of men, democracy, citizenship, individual, and collective liberties, progress, reason, and the latter is the very essence of free and true unionism. Is it possible to politically conciliate these two trends, known as irreconcilable as they grow in two opposite spheres? Does their conciliation involve the discovery of common principles or the merging of one into the other?

The question nowadays in Tunisia is to determine whether an Islamist party—which has gained legitimacy when it won the majority at the elections of the constituent assembly, was excluded from the political scene and persecuted under Bourguiba and Ben Ali, has a religious base but also claims a modern Islam, and displays belief in democracy—could successfully compromise with the other secular parties, social groups, and civil society?

The obstinacy of *Ennahdha* in refusing any transaction or concession, especially with regard to violence whose last victim is no other than Lotfi Nakdh, Nida Tounes representative in the region of Tataouine (southern Tunisia) and with regard to Salafist fanaticism being carried out in total impunity against artists, in places of worship, diplomatic representations, but also with regard to the independent committee for the elections or the status of the press.

*Ennahdha*, which is certainly not seeking to work alone, is again put to the test today for the creation of a broader compromise. UGTT initiatives attempt to provide answers to questions such as whether to unite with all or with only a few, whether to seek consensus only with the most representative or with those who aren't but share allegiance. Answers will be brought on the basis of a



national dialogue that has an impact in the society, a strong revolutionary legitimacy, and especially that is not directly involved in the race for power. The UGTT initiative came in time to defuse a persistent tension and a crisis, which keeps causing escalation, polemics, and resistance to change. Because it rejects exclusion and bias, UGTT insists that its initiative is open to all the stakeholders.

It believes that in this historical moment, and in front of the numerous challenges, it is the duty of all to overcome the political, social, and ideological differences. All must gather around the same table to assess the extent of the problems and the assets, to set a priority order of tasks, to agree on the necessary conditions to restore trust in State institutions and in the future of the country, and to strengthen the necessary social cohesion on which a democratic and citizen second Republic is likely to rest.

This is the role of UGTT, which is why it is so popular and so firmly anchored in the Tunisian society.



## TRANSITION IN NORTH AFRICA AND THE MIDDLE EAST—ISRAEL

## »The Israeli Social Protests and the Economy«

*Joseph Zeira*

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## 1. Introduction

The summer of 2011 saw an eruption of a vast protest movement in Israel. It began with a few small protests on price increases of dairy products. Then a young woman by the name of Daphni Leef started a Facebook group around the issue of high rental rates in Tel Aviv, which hurt mainly young people. On 14 July 2011 she built a tent on Rothschild Boulevard, in the centre of the city and close to the country's financial centre. From then on the protest spread fast. Within a few days there were hundreds of tents on the Boulevard, and thousands throughout the country, in almost every town. Within a week they staged a demonstration of close to 50,000 people. The initial specific slogans on cost of living and housing were soon replaced by wider and much more general slogans like »The People Demand Social Justice«, »Here Comes the Welfare State«, »The Response to Privatisation is Revolution«, and »Ties between Capital with Government Are Criminal«. There were daily demonstrations on various topics, like education, cost of childcare, high prices, land reform, and more. At the same time protesters also staged general demonstrations with growing numbers. By the end of July, there were already nearly 170,000; by August there were 300,000, mainly in Tel Aviv; a week later there were hundreds of thousands in the periphery alone, and by 3 September there were over 400,000 demonstrators throughout the country. What led to this outburst of protest and what made it so large? How did the government react to the protests? Will the protests return after their sharp collapse in 2012?

## 2. The Economic and Social Roots of the Protests

A brief look at the economic data can be quite revealing about the sources of the protests. In the 20 years that preceded it, from the early 1990s to the present, the Israeli economy and society went through huge changes. Inequality increased significantly, real wages were stagnant despite the high economic growth, and the public

services supplied by the government have been reduced drastically. These developments made life for the lower and middle classes much harder, and especially for the young, who were the main to feel the brunt of these developments.

We turn next to a detailed description of this process. Diagram 1 presents the inequality in Israel and in some countries (from the data set of Picketty and Saez) in 1970 and Diagram 2 presents the inequality measures for 2010. Inequality in these diagrams is measured by the share of income earned by the top 1 per cent of the population. In 1970, Israel has been among the more equal countries and the share of income of its top percentile was 7 per cent. In 2010, this top one per cent was earning 16 per cent of total income and Israel is now at the top of the unequal countries, third only to the United States (US) and to Argentina. This reveals a sharp rise in inequality, both relative to the past and relative to other countries.

There are many reasons why inequality in Israel increased so much, and we will discuss some of these below, but one of the main reasons lies in the labour market, where wages did not fully catch up with the growing output. This has been especially true since the end of the 1990s. The economy grew since then at a high rate, more than 13 per cent of real gross domestic product (GDP) per worker and even more in the private sector. Despite this high rate of growth the real wage has stagnated during this period. This is shown in Diagram 3, which describes the output per worker in the private sector by the blue line and the real wage in that sector by the red line. Clearly output per worker grew by more than 20 per cent since 1999 while wages remained at approximately the same level.

This finding is very surprising. It shows that in the last decade economic growth did not benefit workers at all in Israel and it stayed mainly at the hands of the very rich. The stagnation of real wages also stands in sharp contrast with the prediction of economic theory. How can it be explained? There are a number of possible ex-



Diagram 1: Inequality in 1970

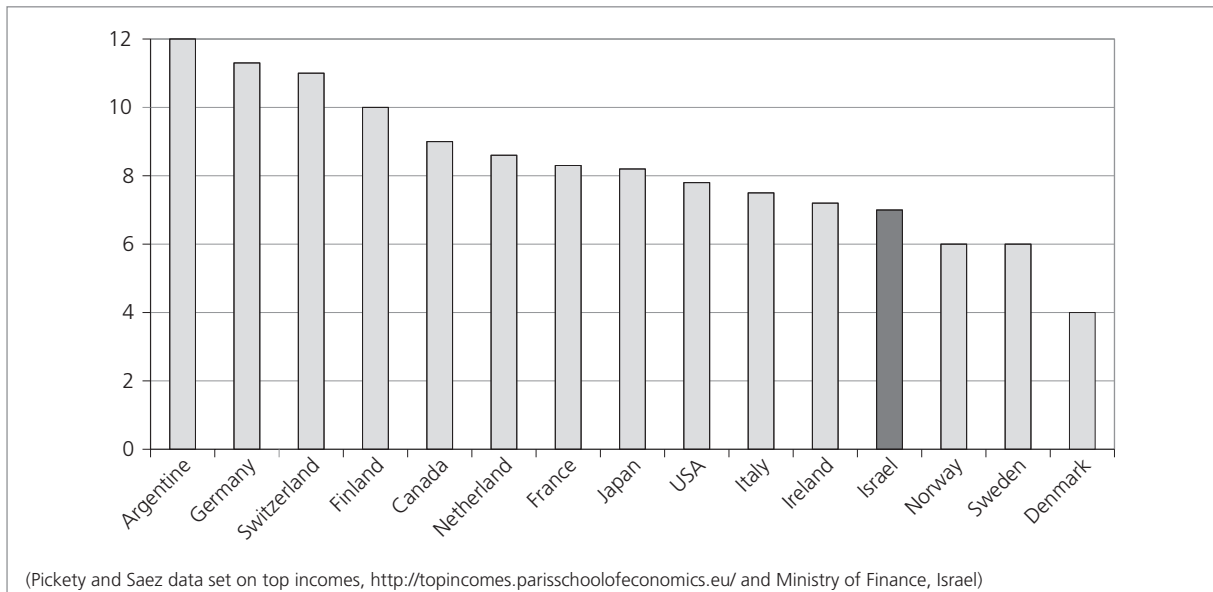
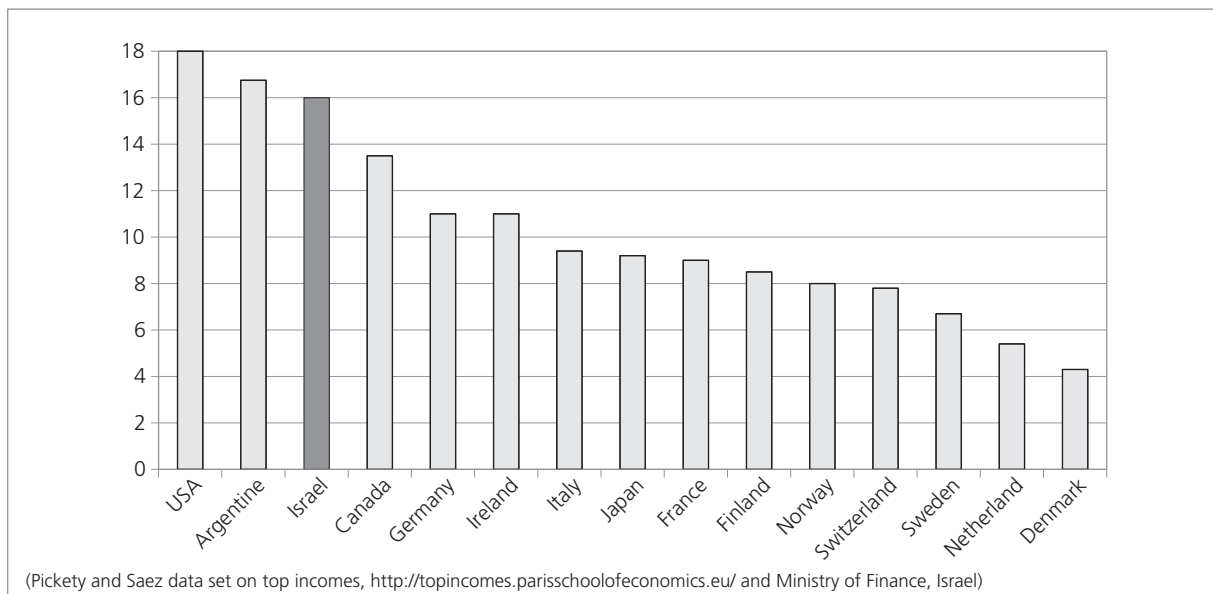


Diagram 2: Inequality in 2010



planations. First the wide wave of privatisation of public services (outsourcing) has shifted many jobs from the public sector to manpower companies, who pay much less. Second, the government allowed more foreigners to come and work, mainly in construction and agriculture. That also pushes wages down. Third, minimum wage is not seriously enforced and many workers get lower wages. Fourth, the government is restricting in many

ways the ability of workers to unionise, which further reduces their ability to protect their wages.

But the middle and the lower classes suffered not only from stagnating income, but also from an erosion of the services they used to receive from the state, mainly education, health, housing and welfare. If we measure the expenditures on these services as percentages of GDP, as is common, we find that since the mid 1990s these



Diagram 3: Real Output per Worker and Real Wages in the Private Sector

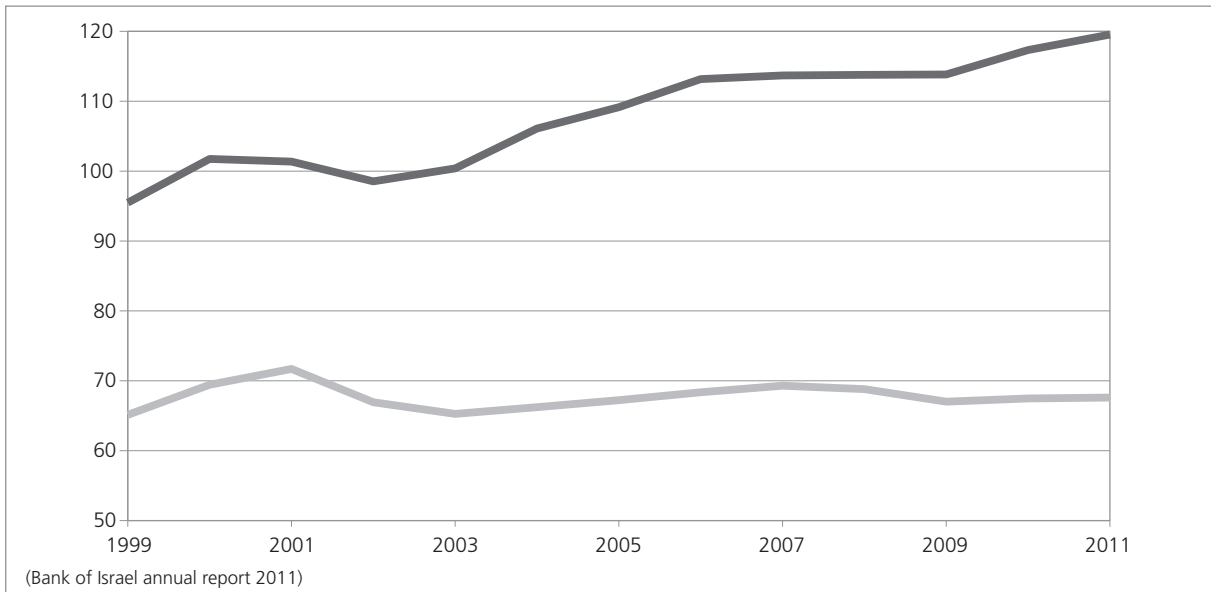
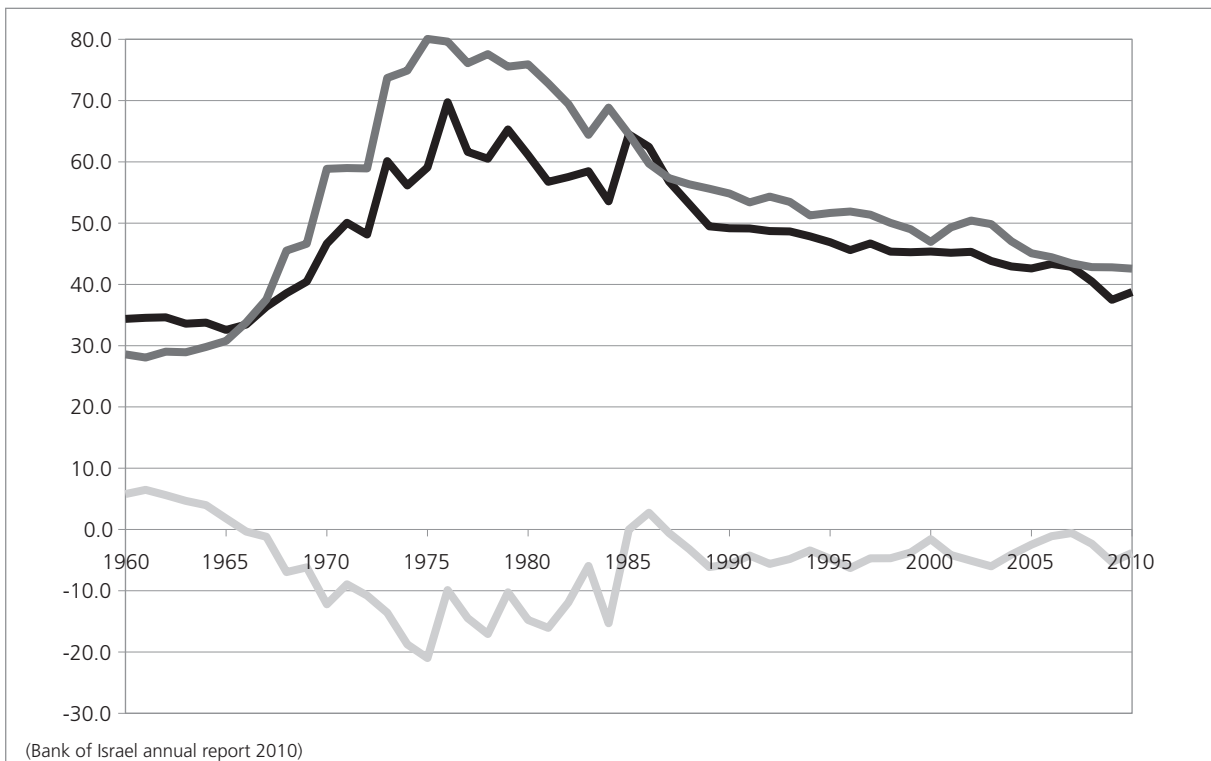


Diagram 4: Fiscal Policy in Israel: 1960–2010



expenditures declined significantly. Public expenditures on education went down from 8 per cent of GDP to 7 per cent of GDP in 2010, and that during a rise in the demand for education, implied by the introduction of

colleges to Israel. The public contribution to health, in addition to what is paid by the health tax, went down from 3.8 per cent of GDP to 2.6 per cent. And the public support to housing, mostly of poor and young Israelis,



went down most drastically, from 1.5 per cent of GDP to 0.5 per cent of GDP. No wonder the initial protest was on housing. The government has not built new public housing for a long time. The welfare expenditures were reduced drastically as well, especially after 2003. Child allowances, Old Age allowances, Pension Funds support, unemployment insurance, and more were all cut significantly. This also worried the young, fearing the possibility that they might have to support their parents at old age by much more than they expected.

What caused this erosion of public services? Diagram 4 shows that this trend was a pure ideological decision and was not a result of any economic need, as stated by many politicians. Diagram 4 describes the history of the Israeli fiscal policy since 1960. The blue line represents public expenditures (of all the public sector) as a share of GDP. The black line represents public income, mainly taxes, and the red line is the difference between the two, namely the surplus or the deficit (if negative). The diagram reveals an extraordinary fiscal history. Since 1967, expenditures increased immensely and reached a level of 75 per cent of GDP. This rise was triggered by the rise in defence costs due to the intensification of the Israeli-Arab conflict. Public income increased as well, but by less, and hence the deficit increased to an average of 15 per cent of GDP during that period. The resulting high debt increased interest payments and that further increased public expenditures. In 1985, the economy was stabilised. Public expenditures went down during the late 1980s, and the crucial reduction was that of defence costs. Hence, the major event that enabled the stabilisation was the Peace Agreement with Egypt, finalised in the early 1980s, which eliminated the risk of large conventional wars.

After the stabilisation, public expenditures reached a level of 52 per cent of GDP in the early 1990s, which is common in Western Europe and the deficit became quite small. But the government kept reducing its expenditures, which reached 42 per cent of GDP at 2010. Such a reduction was not required for fiscal consolidation as the deficit was quite low since the early 1990s. Actually during this whole period public income was falling as well. This means that the reduction of expenditures was used not to reduce the deficit, but to reduce taxes. The taxes reduced were mainly direct taxes and they benefited

mainly people with high incomes.<sup>1</sup> Hence, the erosion of public services was a result of a concerted effort by all the governments since the 1990s to privatise the economy and reduce the involvement of government.

The reason why this decline in public expenditures since the 1990s is so important becomes clear when we examine Diagram 5. This diagram presents an international comparison, which shows how public expenditures affect inequality. The diagram presents the OECD countries in the mid-2000s. On the horizontal axis I plot public expenditures as share of GDP. On the vertical axis I plot the GINI coefficient of the country, which is a measure of inequality, which goes from 0 in case of full equality, to 1 in case of full inequality (one person has all the income in the country). The diagram clearly shows that there is a strong and statistically significant negative relation between public expenditures and inequality. A reduction of 10 per cent of public expenditures relative to GDP, as done in Israel since mid-1990s, raises the GINI coefficient by five points, which is very high and is actually most of the rise in inequality in Israel during these years.

It is important to add here that these economic and social changes created such an outcry in Israel not only because they hurt most of the population, and not only because most Israelis prefer more equality and solidarity, but also because people felt the change was not publicly discussed and kind of sneaked in behind their backs. There are two main reasons for this feeling. One is that most of public attention in Israel during these years was given to Israeli-Palestinian issues and almost none to economic and social issues. The second reason is that the leading parties in Israel, Likud, Labor, and Kadima, all shared the same socio-economic views and they led very similar policies when in power. Hence, the anger was not only at the change itself, but at the undemocratic way it was implemented—with almost no public debate.

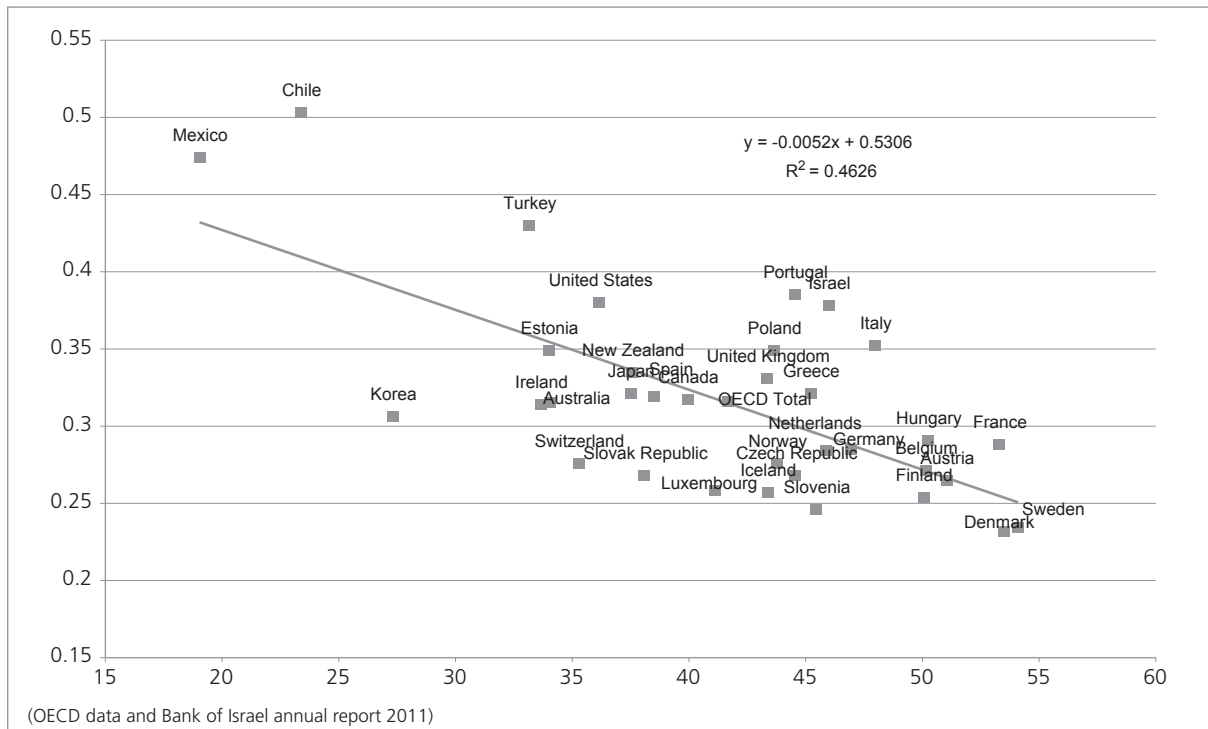
### 3. The Reaction of the Government

The government was very surprised by the protests. The protesters called for a deep and radical change in the economic doctrine that was in power for a long time.

1. Half of wage earners in Israel are below the tax floor, so they don't pay income tax at all. Hence, all reductions of income tax did not benefit them at all. Actually they benefited people with higher income, and also firm owners, as corporate tax was reduced as well.



Diagram 5: Public Expenditures (% of GDP) and GINI in OECD Countries



And the increasing number of the protesters meant that they could no longer be ignored. Initially, the government tried to divide and rule by appealing separately to the student unions, who joined the protest early on, or by talking once about giving priorities to the low-income class and another time to the middle class. Such maneuvers did not seem to stop the flood. Then the government resorted to another solution, which was to appoint a committee of experts to recommend a set of policies to deal with the protesters' demands. The Prime Minister nominated Professor Manuel Trajtenberg, chair of the Planning and Budgeting Committee of the Council for Higher Education, which is a governmental public institution, to head up committee. Like Trajtenberg, most of the committee members were from the government, from the Finance Ministry, the Bank of Israel, the National Insurance Institute (Social Security), the Prime Minister's Office, and more. The committee deliberated for a month and then came with a set of recommendations.

It is important to understand that appointing a committee of experts, mainly from the public sector, limited the committee significantly from the very beginning. Experts cannot offer large changes in policy. They can suggest at most improvements within the current policy frame-

work. It is important to understand that the government could have appointed a public committee, like the Katz committee in the mid-1970s, following the protests of the Israeli Black Panthers. That public committee indeed recommended significant changes in the Israeli welfare system. By appointing a committee of experts and not a public committee, the government indicated that it does not intend to change its policies significantly. This became especially clear when the committee declared that it will fully adhere to the fiscal »Expenditure Rule«. This fiscal rule, which has operated since 2003, specifies by how much the public expenditure can increase every year. Although the rule went through some changes over time, it always implied that public expenditures should rise by less than GDP. In other words, this rule was a major tool in the ongoing reduction of public expenditures relative to GDP. By adhering to this rule the Trajtenberg Committee basically agreed not to change economic policy significantly.

Indeed, the recommendations of the Trajtenberg Committee follow the »Expenditure Rule« by the word. They call for some increase of public services, mainly extending public education from age four to age three, but call for cuts in the defence budget in order to finance these

additional costs. The report also calls for a change in the mix of taxation, namely some minor increases in income tax on high income, a one-per cent increase in corporate tax, and some increase in capital income taxation. But the return from these increases in taxation should be directed to reduce tariffs on various imported goods, mainly food, in order to reduce the cost of living. The report therefore sharply separates between changes in public expenditures and changes in public income due to the expenditure rule. As a result, the changes in public expenditures were quite small, being limited by the reduction of defence costs. The most radical proposal of the committee was to stop the future plan of tax reduction by the government. This plan was issued by the Prime Minister but for many years the Ministry of Finance and the Bank of Israel objected, worrying that it might be fiscally unsustainable. The Trajtenberg Committee seemed like a good opportunity to stop this tax-reduction plan. The Trajtenberg Committee also advocated various micro measures to spur investment in housing in various regions in the country, but did not offer a significant increase of housing budget.

In the end the government did not reduce defence costs and it even increased them. The only addition to public services was the extension of public education to age 3, which has not been fully implemented yet.<sup>2</sup> The income tax was raised but the tariffs were not reduced because—since then the economic situation has worsened, and the government needs these taxes to reduce its increasing deficit. After more than a year, it seems that the impact of the Trajtenberg Committee has been quite small.

#### 4. The Proposals of the Protest Experts

A few days after the declaration of the government on the nomination of the Trajtenberg Committee some of the leaders of the protest movement met with a large group of people (mainly university professors) from many areas of expertise, most of them known to be on the left side of the political spectrum. A few days after that meeting the expert teams started to work on their reports. The teams covered many areas: the economy, education, housing, employment, welfare, law, and more. The teams worked in a very different way than the Tra-

jtenberg Committee. Their mandate was much wider. It was to suggest how to retreat from the ruling neoliberal policies and how to begin to implement a welfare state in Israel. I headed the economic team, so what follows reflects mostly its own proposals. One of the main goals of the economic team was to show that a change in the economic and social policies is feasible, that it will not hurt the economy, will not jeopardise economic stability, and will not lower the rate of economic growth, as many critiques of the protest movement claimed.

The members of the economic team were both university professors and practicing economists: Lea Ahdut, Meir Amir, Arie Arnon, Petachia Bar-Shavit, Tamar Ben-Yoseph, Matan Gilat, Sharon Haddad, Roy Mimran, Arik Sherman, Boaz Sofer, Avia Spivak, Joseph Zeira, and Anna Zapesochini.

Our economic proposals were in four main areas: budget or fiscal policy, the labour market, competition in product markets to lower cost of living, and democratisation of the socio-economic debate. All proposals dealt mainly with the next three years and aimed at showing how the socio-economic policies can begin to change. We therefore called our report: »Change of Direction«. I list below our main recommendations:

1. We suggested that within three years public expenditures should increase by 2.5 per cent of GDP. This amounts to 20 billion NIS in prices of 2010. This is clearly less than the total reduction of public expenditures in the recent decades, but we wanted to introduce the change moderately. The way these 20 billion NIS were divided between education, health, housing, and welfare reflected the recommendations of the other teams. These additional expenditures should be financed by raising direct taxes, mainly on high incomes. The tax changes were raising the marginal income tax on income above 10,000 US dollars a month, raising the capital income tax from 20 to 30 per cent, raising the corporate tax from 24 to 31 per cent, and eliminating various loopholes in this tax. According to our calculations, these changes should raise public income by 20 billion NIS, so that all expenditures will be tax-financed. We also suggested a one-time investment in public housing that would be financed by debt. Such an investment, conducted within three years, could raise public debt by only 2 per cent, which is not problematic being issued only once. The team insisted on tax finance not only due to a commitment to fiscal sta-

2. This extension passed as a law already in 1983. Its implementation was delayed since then by the Ministry of Finance, in its annual »Law of Arrangements.«

bility, but also because we believe that additional public services can be sustainable in the long run only if they are tax financed, which reflects a public commitment to finance them.

2. The team has viewed the labour market as a major source of the widening gaps in the Israeli society, especially the stagnation of wages in the recent decade, as explained above. Hence, we proposed a labour market reform, with the following main elements:

- a) Reverse the shift to manpower companies in the public sector and return to direct employment.
- b) Enforce minimum wage by recruiting more supervisors.
- c) Index minimum wages to the average labour productivity.
- d) Expand rights of labour unions.
- e) Equate labour rights of foreign workers with those of domestic workers and reduce imports of labour.
- f) Remove labour market barriers faced by Israeli Arabs, mainly due to discrimination and mainly in the public sector.
- g) Remove labour market barriers faced by ultra-Orthodox Jews, mainly due to the need to stay many years in a Yeshiva in order to avoid military service.

3. Reducing the cost of living has been a major issue in the media discussion of the protest movement. Although we strongly believed that the level of wages was more important, we proposed some measures that could reduce prices especially in markets with monopoly power. We suggested to expand the use of price controls to more markets and to create public non-profit enterprises in some areas in order to increase competition and lower prices.

4. One of the main sources of public anger was that policies changed without a serious public debate, and this change was presented as an economic necessity, required by the experts, and not as a political choice. Hence, we

strongly believe that the decision on economic policy should be returned to the public. We suggest two first moves in this direction. The first is to cancel the »Expenditure Rule«. By dictating *a priori* what the size of public expenditure will be, it blocks any serious public discussion on this important socio-economic variable. The second move is to cancel the »Law of Arrangements«. This law accompanies the annual budget and it involves hundreds of various structural changes, mostly privatisations. It is not thoroughly discussed in the Knesset and the package is voted as a single law. This has been one of the main tools in the privatisation of public services in Israel over the last two decades.

In addition to these proposals, the report of the economic team discussed thoroughly the effect of the public sector on the economy. Many critics of the protest movement claimed that a welfare state requires high taxation, and that reduces economic efficiency and might hurt economic growth. We presented an opposite economic view. Even if higher taxes reduce efficiency this is only part of what happens in the economy. When taxes are directed to increase public services they reduce some market failures in the areas of education, health, housing, and welfare. As a result, the overall effect of the welfare state on output is not clear and seems to be insignificant. Indeed, our report shows that this is also the case empirically. The experience of the OECD countries shows that despite the various social policy and great diversity in size of public involvement across these countries, they are quite similar in the levels and rates of growth of output. Furthermore, the Israeli experience supplies another striking example that the size of public involvement does not have a significant effect on output. Since 1973 Israel GDP per capita has grown at a rather stable rate of 1.8 per cent annually. During this period the share of public expenditures in GDP was close to 80 per cent in the first years and then went down all the way to 42 per cent. This reduction did not affect the trend of economic growth at all. Hence, the decision on the size of public expenditures and on public services is not a technical economic issue but a political decision. It should reflect the public preferences on inequality, as demonstrated in Diagram 5.



## 5. What Lies Ahead?

In the last three decades the world experienced a retreat from the welfare state that was built during the 20th century and especially after WWII. This retreat has many reasons, among them the oil shocks of the 1970s, the collapse of the Soviet Union, the expansion of suburbs, and more. This process has not been uniform, and it was stronger in the US and UK, and much weaker in Scandinavian countries. The retreat from the welfare state has many social and economic outcomes, which are not yet fully understood today. But it becomes increasingly clear that this neoliberal wave leads to greater dissatisfaction and deep anger among growing numbers of people around the world. This anger led —among many things—to a global movement of protests. It first appeared in the Arab countries and then spread to other areas. In Israel the protest movement was extremely wide but also very short-lived. A full analysis of the Israeli protest movement, its dynamics, and its leadership is clearly beyond the scope of this article, and is also not my area of expertise. But one thing can clearly be said. The background to the protests, the erosion of public services, the rise of inequality, the stagnation of wages, the lack of true public discussion of economic issues—all these have not yet changed. And the deep anger is still there. Hence, a new outbreak of protests is only a matter of time.



## TRANSITION IN NORTH AFRICA AND THE MIDDLE EAST—ISRAEL

»Where is Che Guevara When You Need Him?  
The Social Protest Movement in Israel between Civil Awakening  
and Political Changes«*Nehemia Shtrasler**Senior Economics Editor, Haaretz Newspaper*

What has the social protest achieved? Nothing. So they set up some tents on Rothschild Boulevard in the summer of 2011. They also had some large public gatherings, even the Trajtenberg Committee. So what? Nothing has moved an inch. Nothing has changed. What was in the past is what will be in the future. There is no social justice. The state has abandoned its citizens. There is no decrease in the cost of living. Even the heavy burden on the middle class has not changed.

We have heard these claims so many times from some of the protest leaders, commentators, and ordinary citizens that we have started to believe them, even though it is far from the truth—light years from the truth.

The social protest movement in Israel erupted on 14 July 2011, when a young woman named Daphne Leef went to Rothschild Boulevard and set up a small tent to protest the outrageous prices of Tel Aviv rentals. From a small tent sprung a tremendous, unprecedented protest movement that shook up the government.

Prime Minister Benjamin Netanyahu was not indifferent to the protest. He feared it because it was directed against his economic policy. He understood that the more the protest would be allowed to grow, the greater effect it would have on the ballot box. Therefore, Netanyahu tried to intercept it at the very beginning. He assembled the student leadership and made several promises to them regarding housing issues. When that didn't work he established the Trajtenberg Committee<sup>1</sup> on 10 August, in an attempt to take some wind out of the protest's sails.

As opposed to most governmental committees that work slowly and over a protracted time period, the Trajtenberg

Committee struggled with the problems while working quickly and efficiently. They submitted recommendations in record-breaking time—by 26 September 2012. These recommendations addressed four main issues: taxation, education, cost of living and housing.

The greatest changeover took place with regards to taxation. Netanyahu really changed his spots when he agreed to raise taxes—something he normally opposes. In fact, Netanyahu is known for his staunch belief in lowering taxes as a way to encourage growth and employment, and he even had a structured plan to continue to lower taxes on companies and individuals. Instead, we received a 180-degree change: an increase in income tax on the top decile (10 per cent) of the population, the imposition of a »rich person's tax« on incomes of over 800,000 a year, a raise of the corporate income tax as well as capital gain tax on the stock market. If people would have told me this would happen a minute before it happened, I would have thought they were pulling my leg.

In order to help young couples »make ends meet«, the government now gives working men with children under the age of 3, two tax credit points for each child. This improves the net income of young working couples—who were the heart of the protest.

In the field of education it was decided to provide free compulsory education from the age of 3, and study frameworks in the afternoon hours for children ages 3 through 9 who live in the periphery. Here, too, we see an improvement in the circumstances of families with young children who, as aforesaid, were the heart of the protest.

The committee's third issue was the cost of living, a painful, intractable problem. The problem of high prices exploded back in January 2011 when scores of demonstrators (in effect, drivers) demonstrated on the roads against the rise in the price of fuel. There, too, an achievement was scored, showing that the government

1. The Trajtenberg Committee, headed by economics professor Manuel Trajtenberg, chairman of the Higher Education Planning and Budget Committee of the Council for Higher Education in Israel, who was tasked with leading a committee to negotiate with the protesters and to recommend economic measures to overcome the crisis.

does listen: a rise in the excise tax on fuel was cancelled, and afterwards the marketing profit-margin of the gas stations was lowered.

Later on, the cottage cheese protest erupted (in June 2011) over the exorbitant cost of cottage cheese and other food prices that are, indeed, relatively higher in Israel than in Europe and the United States (US). Here, too, some success was achieved when Tnuva, followed by Strauss and Tara, were forced to lower their prices on cottage cheese and other products. These were two »promos« that presaged the social protest storm that erupted on 14 July—symbolically, the anniversary of the French Revolution.

The protest movement had some success regarding lowering the cost of living. The Trajtenberg Committee recommended the lowering of import duties in order to increase competition and reduce prices, and the Finance Ministry began the process. Import duties on industrial products and textiles are to be gradually lowered over five years until there will be zero taxes on these products in January 2017.

However, the situation is much more complicated with regards to the food industry. The import duties on fresh food products such as beef, chicken, and fish were only slightly lowered, so that even after the reduction it was not worthwhile to import them to Israel.

The import duties on hard cheeses were reduced, but not the taxes on milk, soft cheeses, cream, and butter. The duties on edible oil and cans of tuna were planned to be lowered somewhat, but governmental orders regarding them were not implemented because the government caved in to the pressures of the agricultural and food manufacturer lobbies.

There is a structured plan for the gradual lowering of duties on processed foods—such as juices, frankfurters, jams, and spices—but the reduction is only partial and will extend over three years. Furthermore, trade barriers that prevent competition from imports have not yet been removed. Some examples of these barriers include trade levies, the control held by the Office of Standards and Regulations over the regulatory process, and the bureaucratic regulation of the Ministry of Health and the Ministry of Agriculture.

The bottom-line results are clear: protective tariffs on food products and trade barriers are still too high. Thus, there are almost no competitive imports of food products. Therefore, the prices of food products did not drop; instead, they remain too high. Yet it should be noted that without the social protest and without the Trajtenberg Committee, even the little that was accomplished would have never come to pass.

## The Ultra-Orthodox Won the Housing Jackpot

Regarding housing, the protesters have not scored any achievements. The ones who hit the jackpot were the ultra-Orthodox, who did not at all participate in the protest. Minister of Construction and Housing Ariel Attias<sup>2</sup> managed to distort the Trajtenberg Committee recommendations by invalidating the eligibility regulation of »utilising one's full earning power«. Instead, he replaced it with the strange criteria of »seniority in years of marriage«, thus favouring ultra-Orthodox couples who marry at an early age. The result is that the ultra-Orthodox continue to receive most of the subsidised apartments. This is now happening, for example, in the new community *Harish*.

It should also be noted that the Israel Land Administration (ILA) has not inundated the country with land for building, and the reform to expedite the process of licencing and construction has not been carried out. Thus the prices for apartments for members of the hard-working secular middle class that pay taxes and serve in the Israeli Defense Forces (IDF)—have not dropped at all. This subject continues to burn below the surface.

## Change in the Parallelogram of Forces

But this is not the whole story. The most important gain of the protest was a shift in public awareness. Suddenly, the middle class realised that it could stop being the sacrificial lamb led to slaughter with its eyes closed, without even having the right to protest. Suddenly it became clear that the middle class has a great deal of power—as soon as it unites, protests, and demonstrates. It is a fact that

2. Attias is Israel's Minister of Housing and Construction. He is a member of *Shas*, an ultra-orthodox, religious political party founded in 1984.



the country's alarmed leadership listened, even changed things. Suddenly, citizens are not content with their »day of the voter« every four years, but can wield their influence even during a term of office.

The protest attained more social justice for members of the secular middle class, and even changed the deployment of political forces.

Until the social protest, the political agenda had been determined by the »usual« pressure groups: the ultra-Orthodox, the settlers, the agriculturists, the large employee committees, the *Histadrut*<sup>3</sup>, and the industrialists. They would make their appearances in the Knesset and the media to receive budgetary allocations. They were the privileged ones.

After the protest, a shift took place in the political paralogram of forces. Suddenly, the middle class became a new pressure group that Knesset members must take into account when they make legislative changes, so as not to get beaten up by the secular middle class on the voter's day of judgement. This is a revolutionary political change. While the essence of politics is a two-pronged struggle over the taxation system and the distribution of budgets, the protest movement led to greater power in the hands of the public at the expense of »Jerusalem«. In other words: from now on, decisions are not only made in Jerusalem, the government and the Knesset. From now on there is a new player in the field, a player that must be taken into consideration: the secular middle class.

This significant change that affects all acts of the government is evident in the recommendations of the »centralisation committee« to act against the great conglomerates and commercial pyramids. The change was also evident in the struggle for the rights of contractor workers who succeeded in improving their wages and terms of employment. Finally, the large demonstrations for »sharing the burden equally«—in other words, drafting ultra-Orthodox men to the IDF, or at least to national service—are also offshoots of the social-protest movement. Now, the government can no longer afford to sweep this issue under the rug.

3. *Histadrut* is the name for the »General Federation of Laborers in the Land of Israel«, Israel's organization of trade unions, which was established in 1920 during the British Mandate for Palestine.

## We are Neither Switzerland nor Sweden

But if so many improvements were implemented, how is it that so many people, including some of the protest leaders, continue to say »nothing was achieved«? Where does this great disappointment stem from?

It stems from the fact that some of the protestors did not just want to make a few improvements. Instead, they wanted to change our entire socio-economic system from the very foundation. They wanted Che Guevara to rise from his grave to carry out a neosocialist revolution that would eliminate today's neoliberal system, as they derisively call our current socio-economic system. But Netanyahu does not believe in neosocialism and Manuel Trajtenberg is not interested in assuming the mantle of Che Guevara, even though he is of South American extraction.

Trajtenberg believes in the market economy, competition, unrestricted imports, and privatisation. Simultaneously, however, he strongly feels that changes and adjustments must be introduced to the existing system in order to narrow the gaps between rich and poor, and to improve the circumstances of citizens who work hard to earn their livelihood but still cannot make ends meet.

The revolutionary sector of the protest-movement wanted the current regime to fall and be replaced by a neosocialist regime that would nationalise everything that had been privatised, would block imports, take action against the wealthy sector, and transfer all the power to the government that knows better than its citizens what to do with the money (so they think). These protestors long for the economic system that went bankrupt in Eastern Europe. Today, only a few »happy« and »wealthy« socialist countries still exist with amazing standards of living—such as Venezuela, Cuba, and North Korea.

They believe that the state knows how to best manage the economy; therefore, they oppose privatisation. They do not understand that a state does not know how to run businesses and, therefore, it is best to leave management to the private sector. The state should content itself with drafting regulatory rules and effectively supervising their enforcement. Protest leaders want to increase the proportion of the state in the national product, and decrease the private sector's percentage—even though this is a proven recipe for poverty and unemployment. They

want the state budget to be much bigger than it is now, and impose more taxes on the public to finance it.

There are even those among the protest leaders who have no compunctions about pushing for an increase in spending without raising taxes, in other words—increasing the deficit as much as they please. They are not moved by the collective plights of European countries that increased their expenses and deficits and are now in deep trouble, facing acute crises. These include Greece, Spain, France, Italy, Portugal, and Ireland. Yes, they want to increase all the budgets, except for that of the defence budget. They want the state to spend more on education, housing, transportation, health, welfare, and employment without understanding that that would lead to collapse, as in Greece.

In order to exemplify a very small portion of the demands, I will cite here several clauses (out of dozens) of things that they feel the State ought to do: provide affordable public housing to all those who cannot afford to buy an apartment on the open market; subsidise mortgages; give them state guarantees; provide free education to each citizen from the moment of birth; lower the number of children in the classroom to 21 (the accepted number in Europe); increase the police and firefighting forces; lengthen maternity leave to half a year; increase the number of vacation days a year by law. In short, a true cornucopia of benefits, subsidies, and allowances—à la Greece. That is wonderful. I also want all those goodies, but I understand that it is an impossible dream for a country as small as ours, a country groaning under the burden of large problems.

Israel has major defence problems that no European country shares. We have old debts for which we pay a rate of interest twice as high as paid by OECD countries. We have very large populations that almost do not work: ultra-Orthodox men and Arab women. We provide tax benefits to those willing to invest in the periphery. Therefore, it will take a very long time until we become like Switzerland or Sweden, and until we'll be able to give our citizens what they have. Our standard of living ranks only 22nd place in the world, after most of the countries from Western Europe. That may be disappointing, but it is the truth.

## They Continue to Take Us for a Ride

The Israeli public doesn't like being swindled. They don't like being taken for suckers. Therefore, there is still much anger over several problems that the social protest did not solve and that continue to remain at the top of the socio-economic agenda list. Let's take, for example, the great tycoons who borrowed billions of shekels from the public via the pension funds, and used the money to acquire large companies. They built magnificent pyramids from these companies and, due to their great power, they managed to extract top prices from the public, and the profits flowed. But then circumstances changed: the world economic crisis appeared, and they were in trouble. In this situation, instead of paying back their debts to the last shekel, they gave their debts a »haircut« (a partial default on bond debt) so that the public and the banks received only a portion of their money.

A debt settlement such as this can happen because people can make mistakes in business and fail. But it is inconceivable, on the one hand, to take the large sums of money borrowed from the public and gamble it on dangerous investments, then milk the company for exorbitant dividends, conduct transactions with interested parties, and continue to live an ostentatious lifestyle even after the concern can no longer return its debts. No one should be allowed to build tremendous private homes, fly in private planes, and celebrate at grandiose weddings before paying back their debts. The two cannot go together. This reality turns us all into total suckers. It is also the exact opposite of a free market, in which a large number of companies compete for the pocket of the consumer. An open economy is opposed to pyramids, tycoons, cartels, monopolies. It fights all those who are connected to the governmental pipeline and enjoy excessive trade protectionism that prevents free, fair competition. There is nothing more infuriating than the fantastic salaries withdrawn by controlling shareholders and high-level directors in those giant companies. In the »good« years they withdrew salaries of four-, five-, and even six-million shekel a year. But when it became clear that they failed, and the »bad« years come with their losses, they do not return even one shekel to the kitty. This is an infuriating ruse at the expense of the public stockholders. And it is also the opposite of a free-market economy.

But it is not only the tycoons and high-level managers who have made fools of us. The large employee committees that control the governmental monopolies, also milk us mercilessly. They, too, have turned us into complete suckers.

I am referring to the following entities: the Israel Electric Corporation, the Ashdod and Haifa ports, the airfields authority, the large banks, the defence industries, and the Israel Railway. These are all marked by inefficiency, surplus of manpower, inflated salaries, and total job tenure and job security. As a result, the public is forced to pay higher taxes and higher prices for all the products. They are no less problematic than the tycoons.

The protest failed on this point: it did not rise against the great employee committees or against the *Histadrut* that supports them. The protest people did not want to understand that these employee committees are part of the »privileged« group. They are part of those who receive too much at the expense of the secular middle class. Even the problem of contractor workers stems from the employee committees. As soon as it becomes impossible to fire a worker in the Ashdod port, in the Israel Electric Corporation, or a governmental ministry, the employer has no choice but to import a contract worker—because anyone else he brings into the company will never leave it, even if it becomes clear that he is totally unsuitable for the position.

The protest also failed with regards to the ultra-Orthodox population. It did not condemn the situation in which ultra-Orthodox males spend their time in Torah schools and do not work. It did not raise a hue and cry against the billions they receive in the form of a strange assortment of government allowances and apartments for sharply discounted rates. Meanwhile, secular young couples cannot even afford to rent apartments.

The social protest movement wanted to include everyone in its bear hug, including the ultra-Orthodox and settlers who receive giant budgets. It wanted to be loved by everyone, thus it kept its mouth shut regarding these two privileged groups. It also said nothing about the peace process that doesn't exist, something that necessitates ever-increasing additions to the defence budget. They did not understand that it is impossible to be nice to everyone. The sources of funding are limited and there is a fight over every shekel. If someone receives more,

that means that the secular middle class that carries the burden receives less. Elementary, my dear Watson.

The protest also didn't say a word against the blatant tax discrimination in favour of the large export companies such as Teva, Yishkar, Israel Chemicals, Intel and Check Point. They enjoy ridiculously low corporate income tax rates of only 6 to 12 per cents, while the government raises taxes on the entire public.

## Have We Become like Sodom and Gomorrah?

One of the harshest criticisms of the social-protest people is that our economy is ruled by a cruel, dog-eat-dog capitalistic system that makes the rich richer, and the poor—poorer. It is not a welfare state, it lacks social justice, and the state has abandoned its citizens—so they say. Is our situation so severe? Do we really live in Sodom and Gomorrah?

In our search for an answer, let us examine the major instrument through which socio-economic policy is conducted—the state budget. The budget in 2012 was 366 billion shekels<sup>4</sup>. If we deduct from this sum the debt payments, we are left with 285 billion: this is the sum available to the government to finance its expenses. This is a great deal of money if we add the budgets of the local authorities and the health funds (that is the definition of the expenditures of the broad government) we reach 390 billion shekel, constituting 43 per cent of gross national product (GNP). This is a very respectable chunk of money. While there are countries that spend more than that—such as France, Sweden, and Denmark—there are also countries that spend much less than that, such as Switzerland, Australia, and South Korea.

Contrary to quotes from several protest leaders, the state budget has grown at a very rapid pace in recent years. In 2011, it rose by 2.7 per cent in real terms; in 2012, it rose again by 2.7 per cent, and in 2013 by 3.0 per cent. This constitutes nominal increases of 15, 13, and 20 billion shekels respectively—enormous sums. Thus our problem is not the magnitude of public spending, and not even its rate of growth. The problem is the inefficiency of the

4. One shekel is approximately equivalent to 0.26 US dollars, as of January 2013.

public sector that provides low-quality services to the public. In addition, the fact is that not the entire 43 per cent of the GNP goes to social services, welfare, education, and infrastructure budgets.

We have a giant defence budget (60.5 billion shekel) that constitutes about 6 per cent of the gross national product (GNP), and we also have weighty past debts forcing us to pay high interest rates; this comes to about 4 per cent of the GNP (38.6 billion shekel). In other words, only 33 per cent of the GNP remains to fund social services, welfare, education, and infrastructure expenses. And that is rather low. Therefore, when we compare our social welfare budget to those of European countries, we come out short. After all, they are richer than us with higher GNPs, and they don't have a weighty defence millstone around their necks and no heavy interest payments to make. So why are we surprised that they are able to invest more than we are in students, senior citizens, disabled, and unemployed persons?

Nevertheless, it is not true that we lack a social welfare net. We do have one, and it is quite comprehensive. The state, despite its limitations and difficulties, spends huge sums on social services. It spends 36.3 billion shekel a year on education, transfers 7.5 billion to the universities, and provides free, state-sponsored education from age 3 through high school. We have few elitist private schools. The universities are public and tuition is low. Tuition is subsidised by about 80 per cent of its real cost, so that anyone who wants (and qualifies) can acquire an academic education.

There have also been improvements in direct aid to society's weaker elements. The National Insurance Institute distributes allowances to senior citizens, widows, widowers and orphans, mothers and children. It also pays allowances toward nursing care, disability payments, work injuries, unemployment payments, and income support. There are few nations in the world that have such a developed social welfare system as Israel.

We also have one of the leading health systems in the world, which provides good medical care to the entire population, whether or not you have paid your health tax and no matter how many children you have. Hundreds of thousands of citizens are privileged to receive advanced medical care, even though they pay only token fees. Numerous delegations from countries much richer than

Israel come here to study our egalitarian health system. So perhaps the state has not abandoned its citizens, after all?

## Progressive Funding

Where does the money come from to cover the budgetary expenses of 285 billion shekels? Mainly from taxes. Therefore it is important to check whether Israel's tax system is progressive. It turns out that it is. Israel's income tax is the most progressive in the Western world. The five lowest deciles provide 3 per cent of the total revenue, the three middle deciles provide 15 per cent, and the two top deciles—that is, the richest families—provide 82 per cent of the income-tax revenue. Even if we add to the pot the indirect taxes headed by value added tax (VAT), the overall picture of revenue from taxes remains very progressive. To make it absolutely clear: The rich underwrite the poor, and that's the way it should be.

So perhaps, when all is said and done, we are not living in Sodom and Gomorrah, but in a country with a free-market economy that is also a welfare state?

## Election Issues Are No Longer Only Political-Military

At the beginning of October 2012, Prime Minister Benjamin Netanyahu announced that he was bringing the elections forward to January 2013. The social protest was one of the reasons for this. In fact, one can view elections as the »mother of all protests«. The nation will have its say at the ballot box, where it will be decided which socio-economic policy is more appropriate for the present time. Netanyahu did not pass the 2013 budget in the Knesset (he couldn't have passed it, even if he had wanted to do so)—because the budget contains sharp, painful cutbacks in social welfare funding. Therefore Netanyahu preferred to conduct elections earlier, and then pass the painful budget with its unpopular cutbacks that run contrary to the spirit of the protest. In any event, the social protest will have great effect on the content of the election campaign. This is because the protest succeeded in moving the parallelogram of forces between the government and the public, to the benefit of the public.

The voice of the silent majority will be heard this time. The lethargic secular majority has awoken due to the protest and its voice will be heard in the election campaign on all the socio-economic issues on the public agenda. The wide public now understands that there is a very strong and clear relationship between: the government's budget, taxes and subsidies *vis-à-vis* the citizens' quality of life and personal bank accounts.

Pioneer Daphne Leef has, meanwhile, established a company for the benefit of the public and that sells stocks to the public. Youths and adults in their workplaces are organising themselves in the *Histadrut* and establishing employee committees. Itzik Shmuli, a student leader who took an active part in the protest, is creating a »social settlement« in Lod. And *Knesset* members are much more sensitive these days to social-welfare demands coming from the public, both with regards to pricing as well as to workers' rights.

However, the change in the atmosphere has turned the country's wealthy people into scapegoats. Entrepreneurs who do well have become negative figures and objects of criticism; hatred toward the rich is growing. A negative atmosphere has emerged against successful businessmen and against private ownership. »Privatisation« has become a dirty word. All this is likely to dampen the desires of those who want to do business in Israel, thus harming growth and employment—and that is not only bad, it is also dangerous. Instead of hearing about business successes, we read more and more stories about exploitation and oppression of workers. The traditional economists avoid making public appearances and talking to the media; they have been replaced by academic sociologists, political scientists, and educators.

Yet it is important to emphasise that the country's socio-economic framework has not changed following the protest. Israel, a country with a free-market economy, is also a welfare state. We have not been transformed into a neosocialistic regime, in which the state determines almost everything. But if the economic regime has not changed, the political map has moved. The Labor Party has strengthened; it gained the most from the social protest. We see this in the rise in the number of mandates given to the Labor Party in public opinion polls.

A superficial look at the quantity of demonstrations and protests in 2012 may mislead us into thinking that the

social protest movement has weakened, even disappeared. But that is inaccurate. Throughout the past year, Netanyahu succeeded in diverting public attention from internal issues to the Iranian nuclear conundrum. Clearly, when faced with a burning issue like Iran that involves real danger to life, social-justice demonstrations pale in importance. Later on, when it became clear that the elections would be moved up, it became uncomfortable to continue mass protests against the government. A young *Likudnik* will not demonstrate with a young Laborite against the government on the issue of the housing shortage (for example), when elections are already visible on the horizon. Therefore, the protest was exchanged for the »mother of all protests«: elections. The upcoming<sup>5</sup> elections are anticipated to be particularly stormy, with considerable participation of the public and high voter turnout. It has become clear that even politicians in their ivory towers are very sensitive to what the public has to say, with each candidate presenting not only their political-military road map, but also their socio-economic credo and where they fall on social justice, equal sharing of the load, the welfare state, poor versus rich, the size of the budget, level of the deficit, taxation level, duty-free imports, the market economy, privatisation, free competition, growth, and unemployment.

The early elections are revolving not only around the political-military issue, and the debate deals not only with the relationship with the US president, the (non-existent) negotiations with the Palestinians, and the Iranian nuclear issue. This time, socio-economic issues are playing a considerable role.

5. This article was written in late 2012, in anticipation of the 22 January 2013 early elections for the *Knesset*.



## SOCIAL PROTEST IN EUROPE—GREECE

## »»The Squares« Movement: Combining Protest and Solidarity«

*Theodora Oikonomides*

*Teacher and activist in Greek social solidarity movements*

On 25 May 2011, *Syntagma* Square in Athens filled with tens of thousands of people who were protesting the austerity policies enforced by the government of George Papandreou for more than a year. This was obviously not the first protest organised in *Syntagma*, which lies across the street from the Greek parliament and has been for decades the destination of every major march in Athens. Nor was it the first anti-austerity protest in Greece's current economic and financial crisis: the first such mass protest, held during a general strike on 05 May 2010, notoriously ended with several buildings being set on fire, including a branch of the Marfin Bank near *Syntagma*, where three people died from asphyxiation. But 25 May 2011 was different because it did not conform to the usual ritual of Greek protests. There was no strike, the banners with the traditional slogans were missing, and the protest had not been called by labour unions, but by a Facebook page of anonymous »Indignant Citizens«. In a country where almost every component of civil society—newspapers<sup>1</sup>, labour unions<sup>2</sup>, even non-governmental organisations (NGOs)—are affiliated with a political party, this was a first.

The origins of the Indignant Movement in Greece, which is more commonly known in Greek as *to Kinima ton Plateion*, »the Movement of the Squares«, or more simply *oi Plateies*, »the Squares«, are deeply linked with the *Indignados* protest movement in Spain, which began on 15 May 2011, when thousands of citizens took to the squares of major cities to protest austerity policies in their

countries. According to Ypopto Mousi and Ailatank<sup>3</sup>, two protesters who were involved in the Squares' Movement since its very beginning and wished to be referred to by their nicknames, it all started in Athens when a group of Spanish students in Greece decided to support the protest movement in their home country and staged a sit-in in front of their embassy at the foot of the Acropolis.<sup>4</sup> They drew giant boards with chalk on the pavement and played Monopoly, mimicking the way bankers play with countries. They staged mock funerals of European countries. They held an assembly every day to decide what they would do next. For Greek citizens, to whom protests meant marching through Athens at the call of labour unions, this was unheard of. As Ypopto Mousi put it, »the police itself was flabbergasted«.

After a few days, Greeks started joining the Spanish sit-in. There was a buzz on social media and a first camp map was circulated; a call for a protest in *Syntagma* was posted and attracted little to no response, but the assembly grew and moved to Thiseio, further down the road, reaching 100 people by 22 May. An embryo of a camp was established, complete with tents and live stream. The first teams were getting organised. Another Facebook page (which later faded away) called again for a protest in *Syntagma*. On 25 May, the Thiseio assembly decided to move to *Syntagma*. What they found there was unexpected. As Ailatank put it: »*Syntagma* was packed with people. I came out of the metro and started crying. I couldn't even walk across and had to go back through the metro corridors to reach the people I was due to meet«.

By 27 May, the *Syntagma* protest camp was set up. The Thiseio teams developed to deal with sanitation and food; collect and organise materials; provide secretariat

1. Notable examples of newspapers affiliated with, or even directly owned by, political parties include some of the highest-circulation dailies, such as *Ta Nea*, *To Vima* and *To Ethnos* (Pan-Hellenic Socialist Movement - PASOK), *Kathimerini* (New Democracy), *I Avgi* (Synaspismos/SYRIZA) and *Rizospastis* (Communist Party of Greece). The newspaper *Eleftherotypia*, which was considered to be independent, filed for bankruptcy in December 2011. The recently established *Efimerida ton Syntakton* (*Editors' Newspaper*), which was first circulated on 05 November 2012, prides itself on being owned by its editors (hence its name); therefore, securing its independence.

2. Membership in labour unions, especially at a senior level, is often considered as a stepping stone to a political career. The most characteristic example is Christos Protopappas, who was the chairman of General Confederation of Greek Workers from 1993 to 1996, was elected an MP on the PASOK ticket in 1996 and went on to become the Minister of Press and Media in 2001-2004.

3. Interview with the author, 23 November 2012.

4. The claim repeated by various Greek media that Greeks were piqued by the Spanish slogan »Sssssh, don't make noise, you might wake up the Greeks« and chose to stage demonstrations of their own in order not to be outdone have been proven to be patently false. Such a banner was indeed displayed in Spain on 21 May 2011, but it was during a basketball game between Barcelona and Malaga, during which fans of the latter sought to remind the Barcelona players of their repeated defeats against the Greek team *Panathinaikos*.



services; technical, multimedia, and communications support; discuss arts, direct democracy, gender, security, and more. A daily popular assembly took decisions for the development of the movement. Ypopto Mousi and Ailatank remember highly emotional moments in the first weeks, where »people were passing by and leaving something, even small things, a couple of euros, saying ›this is all I have‹». The owner of the French restaurant *Chez Lucien* brought hot meals to the camp every evening. Protests gathered every day, especially on Sundays, when *Syntagma* was full to the brim and the crowd was overflowing in the side streets. Representatives of organised labour and political parties who came to distribute leaflets were politely—and sometimes not so politely—asked to go away.

By mid-June, the camp had taken its final form, with the service teams gathered in the middle of the square, surrounded by various left-wing, anarchist, and anti-authoritarian groups, while the sidewalk across the street from parliament hosted more conservative, nationalist, and occasionally xenophobic groups. The cohabitation was not always easy. For example, on 15 July, a banner reading »Yes to jobs for our children—No to jobs for foreigners« was hung in front of Parliament. Blogger Pitsirikos<sup>5</sup> recounted a rather tense discussion among protesters, which resulted in the banner being taken down. It turned out that the group who had set up the banner were »autonomous nationalists«, a little-known fraction of anti-authoritarians, which emerged from the December 2008 riots.

Most Greek media, and in particular neoliberal commentators such as Paschos Mandravelis, were—and still are—extremely critical of the Squares, describing them as an offence to democracy and even resorting to defamatory practices. They ignored the various activities taking place and the diversity of participants and focused on the most aggressive slogans, the *mountzes*<sup>6</sup> thrown at Parliament and the mock gallows set up by protesters. To this day, Mandravelis insists that *Syntagma* is responsible for the rise of the neo-Nazi party Golden Dawn—even though Golden Dawn was notably absent from the *Syntagma* camp.

The camp also had to face constant harassment from the Greek police, most notably during three mass demonstrations against the vote of the second Greek bailout plan on 15, 28, and 29 June 2011. News reports said that on 29 June alone, the police used 2,860 tear-gas canisters to disperse protesters in downtown Athens, and several hundreds of people had to be transferred to hospital with blunt injuries and breathing problems. The Greek police, and the relevant minister, constantly and consistently denied reports of police brutality and blamed the violence on the protesters. But demonstration days were not the only occasions where the police sought to remove the sit-in. The police entered the square at various hours of the day and night, and the *Syntagma* teams, each time, faithfully rebuilt the camp.

The camp was finally removed, not by the riot police, but by the Athens municipality in the wee hours of Saturday, 30 July. By then, many Athenians had left the city for holiday, but most importantly, participation in the protest movement had faded away. As Ypopto Mousi put it, »What the riot police hadn't managed to do in broad daylight, the mayor succeeded in doing in the wee hours of a summer morning, because no one was there to support the camp«. Ypopto Mousi and Ailatank put forward various explanations for the fall in participation. One important parameter was the unconventional practices of direct democracy for the Greek public. According to Ailatank: »We are talking here of a crowd of people who were absent from the political system for decades, who voted once every four years with no other form of participation, of a people who have no political foundations, who were taught to be dependent on political parties. Oftentimes for me, *Syntagma* was an exercise in listening without getting angry. Most of people who were there did not want to acknowledge that they also share responsibility; however small, in the current situation.« Both Ailatank and Ypopto Mousi highlight the fact that the protests were, to a large extent, a venting process, which the movement never managed to overcome. Meanwhile, direct democracy became a political dogma, leading many people to withdraw from the assembly. Ypopto Mousi said: »The direct democracy team was supposed to prepare texts for the assembly (to set an agenda for plenary discussions), but instead prepared texts and talked about them to the people who were assembled. The team was dominating the assembly instead of supporting it. When that happened we started

5. <http://pitsirikos.net/2011/07/%CF%84%CE%BF-%CF%80%CE%B1%CE%BD%CF%8C/>

6. *Mountza* is an offensive gesture consisting of showing someone the open palm of your hand. It is the Greek equivalent of giving someone the middle finger.

essentially reproducing the system, and that drove people away».

A key issue, which led to the disintegration of the Squares, was the assemblies never managed to articulate a clear set of specific political demands. Protesters were angry with the situation, rejected the political system, and didn't want any more austerity, but they failed to agree on what they wanted instead. The diversity of protesters, which was initially perceived as a welcome factor in that it superseded political and ideological divisions, led in the end to fragmentation. When the summer was over, a few faltering attempts were made to revive the citizen movement in *Syntagma*, but didn't gain ground. The divisions of the movement remained; however, and combined with the increased social tensions, took an explosive turn on 20 October 2011, where a mass protest in *Syntagma* dissolved in clashes that had not started between protesters and the riot police, but between different groups of protesters, namely the communist-affiliated labour union PAME and other groups including anarchists, anti-authoritarians and the »I Won't Pay« movement. The vulnerability of protests to assaults by the riot police due to this fragmentation, which existed even in *Syntagma's* heyday, was particularly obvious on that day, as the police waited for the situation to get out of control and then aggressively dispersed the whole demonstration with extensive use of tear gas, resulting in the death from a heart attack of a 53-year-old construction worker from PAME. Since then, protests reverted to a ritual of unions calling for a strike, organising a march, and being dispersed violently by the riot police.

Despite its shortcomings, the Squares' Movement gave birth to a variety of social solidarity initiatives, which transcend ideological divisions and differences, and reinforced existing citizen-led initiatives. Two such examples are Radiobubble, a web radio and online community, and Tutorpool, an online platform, which aims at providing free private tuition to schoolchildren whose families cannot afford the unavoidable after-school *frontistiria*<sup>7</sup>.

7. The deficiencies of the Greek public education system are such that for decades, families have been registering their children in *frontistiria*, meaning privately run institutions, which offer after-school classes to complement public school. Younger children usually attend *frontistiria* only for foreign languages, but as they reach the higher grades of secondary school, they will start attending classes on a wide range of topics, essentially going to school for a second time in the same day. In 2009, colleagues told me that they were spending up to 1200 Euros per month for private tuition for their children who were enrolled in the last grade of secondary school.

These initiatives differ from protest movements inasmuch as they are managed by a small group of people, have specific goals, and are oriented towards service delivery rather than »changing the world«. Furthermore, they are not managed or influenced by the establishment (political parties, labour unions, etc.). Of notable exception are initiatives run by the neo-Nazi party Golden Dawn, whose goal is clearly and explicitly to gain votes and social influence.<sup>8</sup>

Radiobubble<sup>9</sup> was established in 2007 by a group of people who sought to develop a web radio station where they would be free to choose the music they would play without interference from record companies and without having to mention and thank a corporate sponsor. Based on the logic of user-generated content, the Radiobubble site currently includes seven sections within which volunteers, together with the wider Greek web community, monitor the Greek blogosphere, upload shows and podcasts, follow trends and developments in music, and organise events at the Radiobubble café-bar, which hosts the radio station.

The activity that witnessed a major boost during the Squares' Movement is the Radiobubble news service, which relies on a community of Twitter users tweeting with the hashtag #rbnews. The Radiobubble team, together with the wider community, developed a set of guidelines and a code of conduct for citizen journalists in the age of the Internet.<sup>10</sup> Radiobubble regularly calls upon Twitter users to provide eyewitness information on current developments through the hashtag, and a team of volunteers works in shifts to cross-check information and upload it to the news.radiobubble.gr web page. In the time of rapid developments that Greece is going through, curation of news through the hashtag has proven to be an invaluable tool. A foreign journalist

8. Golden Dawn has claimed many times to have established various services, such as a blood bank, a medical association called »Doctors with Borders«, soup kitchens etc., which all aim at serving Greeks only. Whether these various services are operational, and to what extent, is questionable. At a press conference of the »One against Racism« network on 23 October 2012, medical doctors reported that the blood bank claim was merely a photo op, as no Greek medical association had accepted to discriminate blood donors on the basis of ethnicity. Similarly, investigative journalist Dimitris Psarras found that the widely circulated report of Golden Dawn members escorting elderly people to the bank to protect them from being mugged was a hoax: The woman pictured in the report is none other than the mother of Alexandros Plomaritis, who ran for Parliament on the Golden Dawn ticket in 2012.

9. [www.radiobubble.gr](http://www.radiobubble.gr)

10. <http://news.radiobubble.gr/p/blog-post.html#english>

based in Athens told me once: »In a demonstration, the BBC will have one, maybe two correspondents out there in the streets. Radiobubble has 500«.

The wide participation of the Greek Twittersphere enabled Radiobubble since the start of the Squares' Movement to report in real time on developments in various parts of the country—and to report developments that were under-reported or ignored by the mainstream Greek media, such as police brutality against demonstrators or attacks on migrants by Golden Dawn. For example, one of the first large-scale assaults on migrants by members of Golden Dawn in the Athens metro on 29 May 2012 was reported on #rbnews by Twitter user @mikementos, and confirmed within minutes by various other tweets, enabling Radiobubble to cross-check the information and upload an update to the site. At the same time, Radiobubble developed an English-language news service, which is by now a rather well-established source of news about Greece, to the point where, on 17 and 18 June 2012, *The Guardian* newspaper chose to embed the Radiobubble newsfeed on its live blog page for the Greek elections.

Despite its many weaknesses, most notably the fact that it relies on volunteers who are occasionally, if not regularly, overwhelmed by their regular jobs, Radiobubble's strength in providing reliable news is the fact that it brought together a group of like-minded people with a specific goal. »Like-minded« in this case does not mean people who share similar political opinions—the Radiobubble news team covers a wide scope of political affiliations, while the opinions of the community using the hashtag #rbnews are extremely diverse, but people who share a common goal: to provide independent, crowdsourced news.

The same can be said of Tutorpool.<sup>11</sup> On 12 December 2011, a group of individuals who met through activism during the Squares' Movement discussed on Twitter the need for free tutoring of schoolchildren due to the fact that many families can no longer afford *frontistiria*. The hashtag #tutorpool was launched for people to declare their availability to volunteer or to state their need for support. The response was so overwhelming that a Google map was set up to register volunteers and students, garnering 21,000 views in four days. The distance

11. [www.tutorpool.gr](http://www.tutorpool.gr) [www.tutorpool.gr](http://www.tutorpool.gr)

learning network Smart Academy<sup>12</sup> offered its digital classes for free, and more volunteers from the Diaspora came in. Tutorpool got its own Twitter account and Facebook page, and in the end its own website, which was set up by volunteers who had previously been active in the *Syntagma* multimedia team. The web platform matches volunteer teachers with families on the basis of need and geographical proximity. As of November 2012, Tutorpool brought together more than 800 teachers who were offering various courses to more than 600 families with a presence in every prefecture of Greece.<sup>13</sup>

Radiobubble and Tutorpool are part of a plethora of volunteer initiatives that all follow the same pattern: they are fiercely independent from party politics, they do not have an ideological line other than claiming essential human rights, and they aim at providing necessary services in the context of the crisis. Furthermore, they are mostly groups of citizens operating outside the institutional framework and are not registered as businesses or NGOs. Many of these initiatives originated in or were reinforced by the Squares' Movement, even though the initiatives themselves were not connected to organising or supporting protests. As one of the Tutorpool founders, Silia Vitoratou, once said: »*Syntagma* was like a fire of dry wood, it burnt high and bright and then died away. But it spread left and right—hundreds of little flames—and these are still going«.

A remarkable example of a campaign that successfully combines a protest movement with a solidarity initiative can be seen in the citizen-led response to the fast-tracking of a large-scale ore mining in northeastern *Halkidiki*, Central Macedonia. *Halkidiki's* mineral wealth, which was already exploited under Alexander the Great, is such that the cluster of villages in the mining area came to be known as *Siderocausia* (»the metal-burners«) in the Byzantine era and *Mademochoria* (»the mining villages«) from the Ottoman period to this day. Because of the small scale of mining activities in the pre-industrial era, they coexisted with other forms of economic activity without causing any major damage to the environment. This changed; however, in the 20th Century when

12. [www.smartacademy.edu.au](http://www.smartacademy.edu.au)

13. In order to protect personal information Tutorpool does not keep records of individual students once they have been matched with a volunteer teacher, making it impossible to identify the exact number of direct beneficiaries. The figures above are the number of teachers and families who registered on the site.

Greek businessman Prodromos Bodosakis-Athanasiadis took over the mines to extract their main by-product, brimstone, for his Chemical Products and Fertilizers Company. After the Bodosakis industrial group fell apart in the late 1980s, the mining rights were transferred to the Canadian company TVX Gold, which sought to expand activities to such a scale that irreparable damage would be caused to the region's environment through the exploitation and processing of gold and copper.

From 1997 to 2003, the residents of the tiny village of Olympiada in northeastern *Halkidiki*, where the company was planning to build an ore-processing factory, engaged in an everyday struggle against TVX—a struggle which the rest of Greece barely heard about, but was so intense that Olympiada was subjected to nine days of martial law in 1997. With the introduction of the Kapodistrias Plan, which reorganised the country's administrative divisions in 1998, Olympiada found itself in the municipality of Stagira-Akanthos, and other villages joined the struggle. After years of daily demonstrations on the village squares, TVX gave up on the mining project and filed for bankruptcy.

But the struggle of the people of northeastern *Halkidiki* did not end with this victory. As the government sought to find a new buyer for the mines, the entire *Mademochoria* region was rezoned as an ore-mining area. The mining rights were ceded to the newly founded company Hellas Gold, five per cent of which is owned by Greek business magnate Bobolas's Aktor and 95 per cent by the Canadian company Eldorado Gold, with a mandate to exploit all mining opportunities in the area and an initial focus on the Skouries forest in the Kakavos Mountain. The *Kallikratis* Plan<sup>14</sup> then came along to reorganise administrative boundaries once again in 2011 and merged the three *Mademochoria* municipalities of Stagira-Akanthos, Panagia, and Arnaia into a single entity, the Aritotelis municipality, which conveniently includes the whole mining zone. This gerrymandering; however, backfired on proponents of mining in national and local government as well as the company itself<sup>15</sup> as

14. Both administrative reform plans, Kapodistrias and Kallikratis, were designed and implemented with a view to simplify the bureaucracy and reduce operational costs in local government. See: <http://www.greekembassy.org/embassy/Content/en/Article.aspx?office=3&folder=1030&article=25071>

15. In 2003, as TVX Gold went bankrupt, the mines were purchased by the Greek State for the sum of 11 million Euros and sold within a few hours to Hellas Gold for, again, 11 million Euros. Hellas Gold had been established just days earlier by one of Bobolas's business partners with a

it enabled local communities to network and take their struggle to a new level.

A multilayered conflict thus developed between local residents and Hellas Gold, due both to the corrupt way in which the mining rights were ceded to the company as well as the anticipated impact of the project. While Hellas Gold insists that ore mining will benefit the region through the creation of up to 1,500 direct jobs and 4,000 indirect jobs, local residents argue that the project will result in extensive damage to the environment, including depletion of freshwater resources, deforestation, and soil, freshwater, seawater, and atmosphere contamination. This is supported by extensive research from the Aristotle University of Thessaloniki and other higher education institutions. The impact of such environmental degradation would be incalculable in a region whose economy is based on farming, animal husbandry, fisheries, and tourism. Furthermore, legislation pertaining to ore mining in Greece grants priority to mining over any other economic activity in areas designated as mining zones. The concession contract between the State and Hellas Gold also specifies that the State will not collect royalties from the mining rights it ceded, meaning that national revenue generated from the mines will be virtually nil.

Well before Radiobubble and Tutorpool, opponents of ore mining in *Halkidiki* had been organising outside the institutional framework. Residents of the local villages established »struggle committees«, which operate informally but efficiently, organising protests, setting up information sessions, engaging in public advocacy with neighbouring municipalities as well as regional and national authorities, requesting scientific support from higher education institutions and research centres, and making use of every possible legal recourse against the company. This grassroots approach is most symbolically represented in their fundraising mechanism: a carton box acting as a piggy bank, which moves from house to house, with every family offering within its means a contribution to the struggle. The protests, which currently focus on saving the Skouries forest, remind one both of village feasts and school trips, with thousands of local residents walking up the mountain, followed by pickup trucks carrying water and sandwiches. However, those

capital of only 60,000 Euros. The most conservative estimate for the value of ore in the Kakavos Mountain is 12 billion Euros. The deputy Minister of Finance who oversaw the transaction in 2003 is none other than the current mayor of the Aristotelis municipality, Christos Pachtas.

who cannot participate in the mountain protests, such as the elderly, will come *en masse* to the courthouse in the regional capital Polygyros when cases related to the mining project are being judged.

The local residents defined their struggle as social rather than political and set aside their political and ideological differences to pursue the ultimate goal of protecting the social fabric of their region from the consequences of uncontrolled, neoliberal industrialisation. They also decided to accept support from political movements provided that they would join them in solidarity without seeking to promote a political agenda. Their only demands are to halt the expansion of the mining project and allow the development of other economic activities in the region, including rehabilitation of environmental damage caused by mining in the past. Here again, Greek mainstream media mostly ignored the subject, until a few large demonstrations, where once again, extreme police brutality was reported, forced them to address the issue—mainly to promote the government line that this mining project qualifies as a productive investment for the benefit of the country and to accuse protesters of being anarchists or leftists who oppose any foreign investment. They failed to note that recent demonstrations included officials not only from left-wing parties such as SYRIZA, ANTARSYA, and the Anti-Authoritarian Movement, but also officials from the Greens and the right-wing party Independent Greeks.

The struggle of the committees' success in publicising the situation in Halkidiki was not only due to the involvement of political actors, but also to networking with other solidarity movements. They made the most of their previous experience, where they had conducted the struggle virtually alone, and organised joint protests and shared expertise with the residents of Kilkis and Thrace, where similar ore-mining projects are under development, and even with residents of Romania and Bulgaria. They also engaged with alternative media in order to »get the news out there«. For example, the demonstration held in Skouries on 09 September 2012, was able to gain substantial media coverage due to the presence of a few foreign journalists, but also of citizen journalists from Radiobubble, OmniaTV, and Alterthess, who created such a buzz on social media that it could not be ignored. In this sense, the *Halkidiki* anti-mining movement, while being a continuous process that developed over more than a

decade, benefitted immensely from the citizen-led initiatives born from the Squares.

The combination in *Halkidiki* of clear demands, a social rather than political approach, effective local organisation and fundraising mechanisms, community mobilisation at all levels and systematic networking with other communities and relevant initiatives, made the movement less vulnerable to fragmentation, despite violent repression of protests by the police and heightened tensions within the local community between opponents of mining and Hellas Gold employees who fear losing their jobs. While the residents of *Halkidiki* still have a long way to go in order to win their case, their model of organisation can be seen as a blueprint for protest and solidarity movements in Greece: it enables them to take on the entire establishment, from client-list structures of government to business interests oriented solely towards profit to a sorely inadequate system of mainstream media, by making the most of mutually beneficial interaction with other initiatives. In turn, it would have much to gain from adopting and adapting some of the methods and processes developed in *Halkidiki*.



## SOCIAL PROTEST IN EUROPE—GREECE

## »The Debt Crisis in Greece: Birth of a New Civil Society?«

*Nick Malkoutzis*

*Deputy Editor, English-language edition of Kathimerini Newspaper*

The economic crisis, triggered by Greece's spiraling public debt and deficit in late 2009, has had a profound effect on virtually all aspects of Greek public life. It is bringing about rapid and deep political and social changes that are likely to alter the way Greece functions. The emergence of new social movements and the varied impact that they are having on this process are one of the most interesting aspects of development over the last three years.

Any appreciation of what part social movements are playing in the fallout from the Greek crisis has to start with two elements before one can assess these forces themselves. First, the impact that the economic depression is having on the country must be taken into account. Secondly, some thought should be given to the reasons for the overwhelming absence of an independent, functioning civil society in Greece until the crisis struck.

The crisis, and the gradual assessment of the factors that led to it, are changing the way Greeks see their country, their politicians, the people around them and themselves. There are both positive and negative implications in this apparent awakening. While some Greeks are confronting the past, others are simply seeking confrontation. The latter is causing significant friction between some sectors of society and has—in an alarmingly high number of cases—led to the scapegoating of society's most vulnerable members, particularly immigrants.

»The crisis has acted as a catalyst, polarising existing behaviours,« says Diomidis Spinellis, a professor in the Department of Management Science and Technology of the Athens University of Economics and Business, who has recently helped set up an anti-corruption movement called *Teleia kai Pavla* (Full Stop). »This means that some people are indeed becoming active in social movements, whereas others are retreating and trying to preserve what they can.«

»Whether the end result is positive or negative is a story that is still being written. On the negative side, we see radical movements rising, which is worrying, but we see

many more social movements becoming more active,« adds Spinellis.

The crisis struck after a period of unprecedented prosperity and stability for Greeks, which came largely as a result of their country's burgeoning relationship with the European Union (EU). It has prompted Greeks to now look for a new settlement between society and the country's political system, institutions, and even the EU. Most Greeks were comfortable with the status quo that existed before 2009: a combination of generous public spending and cheap credit papered over the cracks in the country's political and socioeconomic systems.

This status quo has been shaken vigorously by events over the last three years and for Greeks to come to terms with this at the same time as contending with the practical difficulties created by the collapse of the Greek economy is a monumental challenge. The depth of the recession in Greece, which is now one of the biggest ever seen in a developed country, means that it is impossible to see events in the country through any other prism than the crisis.

## The Impact of the Crisis

Greece finds itself poised to complete its fifth year of recession, having lost more than a fifth of its gross domestic product (GDP) since it peaked in 2008. Statistics published in November suggested that the economy would shrink by more than the predicted 6.5 per cent this year. It is forecast to contract by another 4.5 per cent next year, although many economists see this as an optimistic scenario. Unemployment exceeded 25 per cent in September and reached 58 per cent for Greeks under the age of 25.

As a result of the austerity programmes implemented since May 2010, the minimum wage has been slashed 22 per cent, civil servants pay by over 20 per cent, pensions by almost 40 per cent, and unit labour costs have fallen more than 10 per cent. In the meantime, income



tax, value added tax, and property tax have all risen substantially. The cost of basic goods has not fallen and some, such as fuel and heating oil, have skyrocketed. The slashing of the primary deficit, from 10.4 per cent of GDP in 2009 to about 1.5 per cent at the end of this year, is the largest fiscal consolidation programme undertaken by any OECD country in the last few decades.

The prosperity that Greeks associated with their country's membership in the Eurozone is now a distant concept. The sense of stability that was the overriding feature of Greece's participation in the EU since 1981 has also disappeared. Since late 2009, Greeks have lived with the kind of uncertainty and threat of imminent disaster that had disappeared from daily life after the fall of the seven-year military dictatorship in 1974.

However, the constant speculation about Greece's future in the Eurozone, the regular friction with its *Troika* of lenders (the European Commission, the European Central Bank, and the International Monetary Fund), the deteriorating economic situation and the failure of the Greek government and its partners to devise a comprehensive solution to the crisis has shattered people's confidence in institutions and the political system.

The EU's »Eurobarometer« survey in May 2012 indicated that Greeks were most pessimistic about the current state and future of their country: 100 per cent said the economy is in bad shape, while 77 per cent said things would get worse. The OECD economic survey for Greece in 2011 found that only 44 per cent of Greeks said they trust their political institutions, much lower than the OECD average of 56 per cent.

The crisis has tested to the breaking point Greeks' belief in a number of things they held to be true. On a domestic level, it has led them to question their politicians and parties. For the last few decades, political parties—particularly the two that governed Greece since 1974, conservative New Democracy and socialist PASOK—have been at the centre of everyday life. They were the vehicles through which jobs, influence, and wealth were often obtained. Voters and politicians established the exchange of favours as one of the *modus operandi* of the Greek state. Support of a particular party could be enough to secure a place in the civil service, a public sector contract, or some kind of special treatment. This created a tremendously imbalanced society, where those who took part

in this horse-trading were able to generate wealth and wield influence at the expense of others. It also resulted in cliques, be they labour unions, businessmen, or professional groups, fiercely guarding the privileges they had built up. Corrupt networks involving politicians, parties, the media, big business, and sometimes smaller business went unchallenged because those further down the ladder could also benefit from the sense of impunity that had been created by not declaring their income, building illegal homes, ignoring laws, and other such practices.

The key element in upholding this perverse social contract was money. Now that public funds have dried up, Greek governments and political parties are no longer able to be generous to their friends in the way they were just a few years ago. The lack of liquidity has led the machinery to seize up in this imbalanced society. This has caused many Greeks to begin questioning the unsustainable way in which the country operated. For some, the response has been to withdraw their support from New Democracy and PASOK, as was evident in this summer's two general elections, when the two parties—which had usually garnered about 80 per cent of the vote at the polls over the last 30 years—struggled to surpass a combined total of 40 per cent.

## Breaking the Political Bonds

This re-evaluation of peoples' relationships with their politicians and parties is fundamental to the emergence of truly independent, and potentially influential, civil society and social movements. The sociopolitical system developed in post-dictatorship Greece put the party at the centre of public life. It pervaded all aspects of society and influenced many movements—from student groups to labour unions—that purported to challenge the so-called establishment.

Over the last few decades, the party supplanted the family as the most significant unit in society. In fact, these two elements played a significant and, in many ways, highly damaging role in the lead up to this crisis.

The idea of looking after family members, even if at the expense of society, contributed to a whole host of problems, such as the lack of meritocracy in the public sector, corruption, and tax evasion, which exacerbated Greece's weaknesses. Philosopher Stelios Ramfos is one of those



who identify the family as a great obstacle to progress in Greece.

»In our society, time is a closed concept; it is founded on a great historical past and is perennially based on the idea of a family that is willing to accept reality only to the extent that it presents itself as a familiar whole, in the form of an endless repetition of past experiences,« Ramfos said in a speech this year. »Our tendency, the key problem of our culture is that it needs to do away with the transforming time. Societies that resist their modernisation are societies that transform time into space.«

These regressive family values were transposed to political parties over the last few decades. Allegiances to brothers and cousins became allegiances to party colleagues and officials. Like the family, the party stood above society in terms of importance. It granted impunity if it was in the party's, although not the country's, interests. This had a tremendously damaging effect on Greece's economy and society. It fostered special interest groups, usually clustered around particular professions, and a resistance to change. The absence of a questioning, independent media only added to this pattern of interdependency and stunted the growth of a critical civil society.

»Despite the rising number of social movements today, we are still way off other societies where the volunteerism and social movements are a lot more visible and active,« says Spinellis. »The reason behind the absence of a civil society in Greece comes down to an absence of trust between individuals. It is sadly evident through objective measurements and is something we see in our everyday lives and reflects itself in the way the government works.

»For instance, many government practices start from the premise that the citizen will try to cheat the government. Citizens, in turn, see they are not trusted and behave accordingly. This vicious circle results in fraud, lost productivity due to bureaucracy, and in the end whole areas of government and society not functioning as they should.«

The two elections over the summer (a second was held in June after May's vote proved inconclusive) underlined the fact that traditional allegiances are crumbling. PASOK, the dominant centre-left party of the last three decades, saw its support plummet from 44 to just 12 per cent, while the other main player in Greek politics, conservative New Democracy, struggled to garner 29 per cent.

In contrast, leftist SYRIZA saw its share of the vote soar to almost 27 per cent from less than 5 per cent three years earlier on the back of its campaign to fight austerity and the political and business elites. This summer also witnessed the arrival of neofascist Golden Dawn on the political scene, as it increased its support from just 0.3 per cent in 2009 to almost 7 per cent.

While New Democracy, PASOK, and a third party, Democratic Left, combined forces to create a governing coalition, the way voter support has shifted over the last few years suggest a political transition is taking place. But changing voting habits are only one part of the transformation. Other significant factors include whether Greeks are breaking the strong (family-like) bonds they had with their parties and what new outlets for social expression are being sought.

## The Emergence of a Civil Society?

It should be noted that until recently, Greeks had few avenues to express themselves or to have a positive impact on society other than the ones offered by their political parties. Non-governmental organisations (NGOs) were usually reliant on public funding and, in many cases, a source of waste and politically related corruption. Labour unions, on the other hand, were highly politicised and the protests they organised often reflected narrow interests. It is indicative of the divisive nature of these movements that even until today, they protest in separate blocks at anti-austerity demonstrations, with the Communist Party-affiliated PAME union even going as far as organising protests at different times and in different locations to the others.

Moving from this model of social expression to one that involves independent movements will be a slow process. There is simply no tradition in Greece of such organisations and of people's involvement in such groups. The *European Social Survey* in 2008 found that just 4 per cent of Greeks questioned had worked in a non-political organisation or association in the previous 12 months. The OECD average was 13.3 per cent and in countries like Sweden, Norway, the Netherlands, and Germany the figure exceeded 25 per cent.

However, there have been signs over the last couple of years that Greeks are becoming more active in this respect.

The first signs of social movements emerging to reject the tendency to rely on political parties for action came during the last decade when several groups began to tackle environmental and urban-planning matters. A significant moment for the development of these groups came in August 2007, when a group of 10,000 Athenians, dressed mostly in black, protested in front of Parliament following a series of destructive wildfires that claimed the lives of almost 70 people. Although the size of the demonstration was not that noteworthy, the way it had been organised was. The protest had no political backing and was arranged by bloggers. It was the first major demonstration of a political nature in Greece that had been organised this way.

*Syntagma* Square, the site where this protest took place, has become a crisis landmark over the few years, hosting both peaceful and more eventful anti-austerity protests. It was also the site, where for more than two months in the summer of 2011, the *Aganaktizmenoi* (indignant protesters) demonstrated every day against the austerity measures adopted by the government as part of Greece's EU-IMF bailout package.

In many ways, the Athens indignant demos were the continuation of the 2007 fires protest. They were not organised or motivated by a particular party and the Internet and social media played a significant role in bringing people to *Syntagma* to protest. However, the *Aganaktizmenoi* took things a step further by creating a platform, a modern-day Ancient Agora, as some people described it, where people could express their views. The forums each evening, where participants were given a microphone and a few minutes to share their thoughts, had never been seen before in Greece. For many, it symbolised an awakening of civil society in the country, as people were able to stand side-by-side regardless of their political persuasions and engage in discussion about the country's worst crisis in decades.

The indignant protests drew crowds as big as 100,000 people on some days but ultimately petered out, leaving a few dozen diehards who camped at *Syntagma* until a nighttime police operation removed them. The summer of 2011 is likely to be a reference point for social

movements in Greece but it also highlighted some of the challenges these groups must overcome if they are to have an impact. As the weeks went by and the number of protesters dwindled, it became clear that the *Aganaktizmenoi's* decentralised decision-making procedure and lack of specific goals would lead to their movement's momentum dying out.

This proved to be the case but others have shown that with better organisation and a clear purpose, there is room for social movements to make their mark in Greece.

## Social Movements for the Crisis Era

In the years leading up to the economic crisis, environmental issues provided fertile ground for the emergence of social movements. Perhaps the most significant of the movements that have sprung up over the last few years is *Atenistas*, a group that initially formed to protect and improve public spaces in Athens and was born out of the indifference of local authorities and central government to tackle these problems.

With its regular interventions and growing membership (it claims around 50,000 members) *Atenistas* provided a blueprint for social movements in Greece in the crisis era. It is not aligned with any political party, it promotes greater social responsibility, holds regular events, and is supremely organised. Unlike other similar groups that emerged, *Atenistas* is focused on completing projects rather than making one-off interventions, which is significant in its ability to show that it is having an impact and convincing those who doubt the potential for non-politically aligned movements to make a difference. The success of their effort is evident in the fact that other »-istas« movements have sprung up in various parts of Greece with the aim of bringing citizens together to improve their urban environments.

Over the last few years, Greece has also seen the emergence of other groups that aim to reclaim public space, such as cyclists who ride in large groups in Athens on Friday evening to attract motorists' attention. However, the most dominant environmental issue of recent years has been the attempt to prevent gold mining in the Skouries area of *Halkidiki*, northern Greece. Since 2011, residents, environmentalists, and a range of activists have been involved in constant battle with local authorities and Hel-

lenic Gold, a subsidiary of Canadian firm Eldorado Gold. The effort to obstruct the project, which protesters say will be an environmental disaster for the area, has been well-organised. Apart from the legal campaign taking place to block the scheme, activists have also used social media particularly effectively to convey information and views in the absence any great media interest in developments.

The Internet campaign has been matched by a physical presence, with protesters often taking their cause to the Skouries forest, where there have been clashes with private security staff and riot police. While some political groups, SYRIZA in particular, have supported the protests, the movement against the gold mine has managed to avoid being associated with specific parties. Its evolution will in many ways be a test case for social movements in Greece as it has the potential to set the standard in terms of organisation, persistence, innovative techniques, and the ability to have an impact on major issues.

The onset of the crisis, however, has also prompted groups to take into account the effects the recession is having on people, not just public spaces. This November, for instance, Atenistas began collecting clothing and blankets for homeless and poor Athenians.

Reacting to the social impact of the crisis has been another source of inspiration for new social movements. A nonprofit initiative *Boroume* («We Can») was established in January 2012 by Xenia Papastavrou, Alexandros Theodoridis, and Alexia Moatsou in order to coordinate the daily donation of surplus food from a variety of sources to orphanages, soup kitchens, nursing homes, and other welfare institutions.

More than 500 people signed up as volunteers with *Boroume* and a host of bakeries, restaurants, hotels, and catering companies agreed to supply food for its deliveries, which now take in more than 400 institutions.

This pooling of resources is not limited to soup kitchens, though. Another admirable addition to the social movements emerging from this crisis is Tutorpool, which recognises that many Greek families do not have the funds to pay for their children's extracurricular classes. Instead, it brings together teachers—even those who do not live in Greece—who are willing to provide their services for free. Lessons take place via Skype, as well as in person.

»Tutorpool began with a single Tweet last December,« wrote *The Guardian's* Jon Henley in a March report about the group. »Silia Vitoratou, a statistician, began tutoring a couple of children in her neighbourhood for free whose parents were in difficulties. She tweeted her frustration about how unjust it was that some children were now losing out, and about how satisfying it felt to have helped out.«

It is a feature of this crisis that Tutorpool is far from the only social movement to be born out of one person's actions. Angered that she had to pay a bribe (known in Greek as a *fakelaki*, or small envelope) at a public hospital so doctors would look after her 90-year-old grandfather, Kristina Tremonti turned to crowdsourcing<sup>1</sup> to challenge corruption.

»Feeling powerless in the face of an illegal system so well-established, I felt the urgency for change and to give a voice to all those who had felt just as victimised as my grandfather,« she wrote in an op-ed in *The Guardian* in November. »Hence, the birth of [www.edosafakelaki.org](http://www.edosafakelaki.org), a crowdsourcing platform created to tackle corruption in Greece by harnessing the collective energy of its citizens. People can now report anonymously on the nature, value, and location of corrupt transactions across the country. By reducing this complex social problem into comprehensible public data we can identify the trends of this activity and use it to argue for increased accountability of public services.«

A sign that the crisis is having an effect on Greeks' social conscience is that the causes of this economic demise, not only its aftermath is prompting action. Withdrawing their support from the parties that ruled Greece for the last 38 years, and which bear a large share of the responsibility for the country's current state, is one way for Greeks to show their exasperation. But addressing the role that ordinary citizens have also played in the demise indicates a will among at least a section of the population to seek solutions rather than just scapegoats.

In a similar vein to [www.edosafakelaki.org](http://www.edosafakelaki.org), Diomidis Spinellis has created with the help of a number of volunteers *Teleia kai Pavla*<sup>2</sup>. The website allows visitors to

1. To obtain (information or input into a particular task or project) by enlisting the services of a number of people, either paid or unpaid, typically via the Internet

2. [www.teleikaipavla.gr](http://www.teleikaipavla.gr)

register instances of civil servants or organisations asking for bribes. It gives people the chance to give details about the cases of corruption, including who demanded the bribe and how much was paid. Visitors are also given the opportunity of recording their refusal to pay bribes or the commendable behaviour of a civil servant.

»Our first objective is to name and shame organisations that have large levels of corruption by collecting stories from the public, cataloguing them, and publishing statistics,« says Spinellis. »Furthermore, through this movement, we hope to make the issue of corruption wider known and to engage citizens to fight against it.«

*Teleia kai Pavla* does not aim to stop just at naming and shaming, according to Spinellis, who says the data gathered by the initiative will be used to take direct action against offending institutions. »Once we have enough statistics to show the worst organisations, we hope to motivate citizens to perhaps picket outside those organisations, demanding that those who manage them put their house in order,« he says.

»We also collect information about organisations that do their job well. It's worthwhile to seek out the people that do their job right.«

It is worth pointing out that Spinellis's initiative was prompted by deep frustration with the state's inability to root out what he regarded as corruption. In 2011, he quit his position as general secretary of information systems at the Finance Ministry over the failure to pursue fines on gas stations. Spinellis was later sued by the tax inspectors' union for claiming in a public presentation that there was an established system of bribery among collectors. *Teleia kai Pavla* was the result of his fourth attempt to set up such a site and followed a speech he gave at a *TEDx Academy* event in Athens, after which a number of volunteers came forward to help him with the project.

The emergence of regular debating platforms, such as *TEDx* and discussions organised by Intelligence Squared, is also a new phenomenon for Greece and further indication of a greater desire for citizens to exchange views in a productive environment.

However, civilised debate is far removed from the actions of Golden Dawn, the neo-Nazi party that has seen its sup-

port increase rapidly over the last few months and which poses a threat to social stability. Rather than follow the traditional path of Greek political parties, Golden Dawn has chosen to adopt the tactics of a social movement.

Targeting run-down areas of Athens and other cities with a concentration of immigrants, Golden Dawn has extended practical help to Greeks such as escorting elderly people when they go shopping and handing out free food. The party also offers to help Greeks find jobs, which it secures by threatening employers who hire immigrants instead of local workers. Golden Dawn members have also replaced the police in some cases, acting as vigilantes who exact revenge on immigrants. Greek Parliament voted in November to lift the immunity of three Golden Dawn MPs who were part of groups that attacked migrants at open-air markets.

The rise of this extremist party, and the decision of some of its opponents to confront it on the streets even if this leads to violence, underlines that while the Greek crisis has produced plenty of positive developments in terms of social movements, the terrible state of its economy and the fragile state of its society means that darker forces are also at work, and that a smooth progression for its civil society cannot be taken for granted. So far there has been no concerted reaction to Golden Dawn's actions, save for a few small-scale anti-fascist or anti-racism protests.

The absence of a substantial and coordinated campaign to counter the prejudice and aggression of Golden Dawn underlines that the process of Greek society gaining an independent conscience and finding a way to express it is still in its infancy. The Greek crisis has undoubtedly acted as a catalyst in the emergence of social movements, some of which are having an impressive impact, but it is clear that there is still a lot of ground to be covered in terms of Greece having an organised, active, and alert civil society.



## SOCIAL PROTEST IN EUROPE—SPAIN

## »The Future is in the Making: A Year-and-a-Half After 15 May«

*Guillermo Zapata Romero**Writer and member of Patio Maravillas; M15 activist*

## 1. In the Shadows

*»Ahora que estamos en pie,  
Y nada nos puede detener  
Es importante saber  
Como hemos tejido esta red«*

*Now that we've taken a stand  
no one can stop us  
It's important to recount  
how we've built this network*

—Fundación Robo<sup>1</sup>

*»Ahora que estamos en pie«  
(Now that we've taken a stand)*

The eruption of the M15<sup>2</sup> movement was so fierce and overwhelming, so spontaneous and liberating, that it eclipsed almost every form of political action that had preceded it. Although these characteristics make it difficult to trace the lines of reasoning behind it and the processes that led up to it, it's nevertheless essential to study a number of them in order to understand what the movement is all about.

A. The Vacuum: The M15 movement grew out of a vacuum. From 2009 to 2011 there was no organised reaction to the crisis in Spain. What were then referred to as »social movements« were so mired in their own mechanics that even if they had been able to intuit that something was in the air or could possibly develop, they would not have been capable of predicting its form and nature, and even less equipped to organise such an undertaking or chart its course.

It is impossible to understand the movement that emerged on 15 May 2011 without taking this vacuum

into account, for it is only from this perspective that one can grasp what makes it unique.

This void was the result of a failure to move beyond a political vision that no longer squared with reality. »Left« and »right« had become little more than slogans bandied about in a game of political poker that no longer moved society forward and whose players were incapable of coping with the situation it now faced. Those enmeshed in this outdated paradigm were blind to a mounting political polarisation as it was taking unprecedented forms that at first glance appeared to be non-political.

B. Citizen politics: Four precedents provide insight into this process of politicisation: the mobilisations against the war in Iraq, the *Nunca Más* (Never Again) movement, the mobilisations that occurred in the wake of the 11 March 2004 terrorist attacks, and the *V de Vivienda*<sup>3</sup> movement.

The mobilisations organised against the war in Iraq in 2003 were the largest civil society actions carried out prior to 15 May, although the right- and left-wing political ideologies played a role.<sup>4</sup> They also shared some characteristics of movements that would emerge later on, most notably: that unorganised elements of civil society played the leading roles, that the discourse of the protests was based more on common sense (war is unjust and intolerable) than along ideological lines (condemnations of imperialism or arguments about the control of energy sources), and that they involved periodic massive occupations of public spaces.

The *Nunca Más* movement bore more similarities to public actions that would be carried out in the future. In 2002 an oil tanker called the *Prestige* suffered a rupture off the coast of Galicia that caused extensive ecological damage to that region's coastline. In the wake of the government's botched attempt to cover up the incident

1. *Fundación Robo* is a coalition of musicians who have composed music that expresses the sentiments of the M15 and other contemporary social movements in Spain. Samples of their music can be found at: <http://es-unrobo.bandcamp.com/>

2. The mass, street protests started on 15 May 2011 with an initial mobilization in over 50 Spanish cities.

3. *V de Vivienda* is an activist movement that exposes the speculation and unfair practices at the heart of the housing crisis in Spain and seeks solutions.

4. The conservative *Partido Popular* (Popular Party, or People's Party) was the party in power at the time.

and its subsequent mismanagement of the disaster, thousands of citizens from every part of Spain took it upon themselves to pitch in to clean up the affected coastline. This was done by volunteers with no partisan or political agenda whose main intention was to stave off an ecological disaster rather than criticise specific political players—a matter of people spontaneously banding together on their own to solve a problem without top-down organisation.

Another example is the public reaction to the 11 March 2004 terrorist attacks in Madrid, which the conservative government tried erroneously to attribute to the militant wing of the Basque separatist movement. Public outrage spontaneously led to the mobilisation of everyday citizens who used text messages to coordinate actions and demand that the truth of the matter be publically known. As it took place on a »day of reflection« prior to the general elections, this mobilisation constituted a highly emotional, collective act of civil disobedience during which thousands of people surrounded *Partido Popular* (PP) offices located throughout the country and demanded explanations. An interesting characteristic this action shares with the M15 movement is its element of collective catharsis—in this case, a strong desire to bond with others in public in common rejection of a government cover-up, racist innuendos, anti-Arab sentiments, etc., that generated a feeling of unity, which in turn overcame personal political sympathies. As in the aftermath of the *Prestige*, when volunteer networks formed without regard to individual ideologies, the tragedy in Madrid brought people together.

There are even more parallels between the *V de Vivienda* movement and the M15 movement, the first of which was its common-sense agenda, centred on the right to decent, affordable housing. Secondly, both movements emerged during the Zapatero administration. Thirdly, both are grassroots movements organised spontaneously through online forums with no fixed leadership and reliant on a variety of individuals to temporarily assume specific responsibilities and later cede protagonism to others. They also share a philosophical element not associated with traditional political activism: the notion that civil disobedience is a legitimate expression of citizenship.

To those of us with »pre-M15« experience, civil disobedience, action, and conflict were all questions of separation and fighting against the system. However, these move-

ments have framed it as reasonable action that is an integral aspect of citizenship. Viewed from this perspective, civil disobedience is more a matter of civic ethics than a violation of public order.

C. Disaffection: Citizen politics was played out as periodic groundswells of civic action, but it also functioned as a cathartic reaction to an atmosphere of mounting disaffection and alienation. The Socialist Party's 2004 victory was received with euphoria by both old-party militants and the massive number of young first-time voters, who greeted the president at his first public office appearance with the heart-felt appeal, »Don't fail us«.

But Zapatero did fail them. The Socialist Party came to power with the obligation to contribute to the renovation of the European Social Democratic movement, which was falling into a state of chronic stagnation and was in need of fresh ideas. However, some of the party's »new blood«—precisely the group that had entered politics with the intention of renovating the party and who spoke of new social programmes and modernisation—began to take quite another tack in 2010 and 2011 when it came down to handling the crisis and began to cut the social services they had once championed.

By mid-2009 the media had invented a *sobriquet* for the focus of disaffection: the »NEET« generation (short for »not in education, employment or training«), which seemed to infer that young people were solely to blame for their personal situation, and by extension, the situation in general. The government-sponsored television channels produced one reality show after another that conveyed the message: »being under 25 is a problem«.

The generation comprised of people between the ages of 25 and 40 felt completely invisible. Their existence was virtually unrecognised in every sphere of public life. Nevertheless, the majority of the people who mobilised on 15 May belonged to this age group. If they were so invisible, then how did they organise themselves so well?

D. Networks: To start, a few statistics. According to a 2007 report, Spaniards are responsible for more works licenced through Creative Commons<sup>5</sup> than Americans.

5. Creative Commons ([creativecommons.org](http://creativecommons.org)) is a nonprofit organisation that enables the sharing and use of creative and knowledge-produced products through free legal tools, including copyright licences that provide a simple, standardised way to permit the sharing and use of creative



Like various countries in North Europe, Spain is an ever-expanding experimental technology laboratory—that includes a robust community of hackers and groups of specialists in areas such as law and communication—that is establishing its legitimacy. This highly specific knowledge base and manner of doing things were heavily socialised between 2009 and 2011. The resulting countrywide pool of technological know-how was ironically an inadvertent outcome of institutional blindness and a policy pursued by former Spanish Minister of Culture, Ángeles González Sinde.

The Sinde Law was promoted as a means of controlling illegal digital downloads and halting the wide-scale distribution of entertainment material via P2P<sup>6</sup> networks. Citizen backlash to this law has constituted one of the most intense and complex political interventions in recent years. The following three highlights provide an idea of its scope and success:

1. Using an application called X-mailer, activists sent a massive onslaught of email messages to every MP in the Spanish Parliament. The campaign functioned so well that the batteries of every MP's mobile phone were drained for several consecutive days.
2. An electronic *Manual of Disobedience to the Sinde Law* was published to incite violation of the proposed law. At this writing, a Google search for this term received more than 56,000 hits.
3. Although this legislation was approved two years ago, no one has ever tried to apply it.

Many of those who took part in the mobilisations against the Sinde Law stayed active during the following election season, appealing to citizens not to cast their votes for the parties responsible for approving the legislation. The *No Les Votes* (Don't Vote for Them) campaign was the first public outcry against the bipartisan power-sharing arrangement that stifles Spanish politic life—a key issue addressed by the M15 movement.

work on conditions of the author's or artist's choice, from the default of »all rights reserved« to »some rights reserved«.

6. Peer-to-peer

## 2. Democracia Real YA and the Road to 15 May

*Oye, tú, quítate tanto miedo  
Si, total, al final, somos gemelos  
Y, si no, te caerás  
Y no quiero*

*Listen, get over your fear,  
in the end we're all brothers  
or you're in for a fall  
and I don't want that.*

—Fundación Robo

»Disonancia Cognitiva« (*Cognitive Dissonance*)

*Democracia Real YA* (Real Democracy Now) was the »space« that called for the mobilisation that occurred on 15 May 2001. I use the word space because it seems inappropriate to me to define it using »initiative«, »group«, »collective«, or any other word in common parlance.

The political DNA of *Democracia Real YA* is a magnificent synthesis of a number of characteristics that had surfaced in precedents to the M15 manifestations. The entire mobilisation campaign was organised through Facebook and other online discussion groups. The process was very inclusive and a broad consensus was reached regarding a few basic aspects of the plan to be carried out. The same method was used to develop slogans to be used throughout the mobilisation such as »We are not goods in the hands of politicians and bankers«. The majority of the individuals involved in the organisation of the event had no prior activist experience.

*Democracia Real YA's* name and logo were vaguely reminiscent of *V de Vivienda*; they were intentionally ambiguous and rendered in colours and fonts that were different from those already used by other groups that had been mobilising in reaction to the economic crisis. To start with, it anchored the root of the crisis in the word »democracy«. Although it focused more on communicating the people's desire to participate than on the actual causes of the crisis, it nonetheless pointed the finger at those responsible—politicians and bankers.

The intertwining of strong and weak narratives also broke with traditional political dichotomies: rather than proposing a standoff between opposing parties, it played



a game of addition. The intention was not so much to strike out at the powerful as it was to isolate them and to build bonds with average people rather than with those who pulled the strings. The strategy was to generate sympathy and friendship, and not to give undue importance to the enemy, while at the same time sending out a constant call for responsibility at the highest levels.

The process unfolded autonomously during a complete media blackout. Even the day of the manifestation, after thousands of people had taken to the streets all over Spain, no news was broadcast about what had taken place. Far from being a problem, the blackout steered anyone interested in knowing more about the mobilisation to its online networks where they learned how to navigate its channels of communication. The majority of people who answered the call for mobilisation (70 per cent) had found out about it via Facebook or Twitter. The crisis of 15 May was a crisis of many dimensions, and implicated journalism as well.

Since its inception, the M15 movement has demonstrated an unprecedented and spectacular ability to tell its own story. The media has had to follow from a distance, an important issue because it has spawned an entirely new semantic field.

The autonomous growth of the movement flowed out of »copyleft«<sup>7</sup> mentality; the nodes of the *Democracia Real YA* network expanded exponentially through a process of source identification and reproduction. There were very few rules people had to comply with to belong to any one these nodes: an open-source logo, a citizen brand.

Some describe the 15 May 2011 mobilisation as a »reasonable response« to the public plundering initiated by the Socialist government, but I believe that it had wider ramifications. One must study how the movement was organised to grasp the real dimensions of its potential. Nothing necessarily guarantees that resistance to plunder will be commensurate with the level of plundering being committed. No movement can get off the ground without organisation...but if its organisational methods break

7. »Copyleft« contains the normal copyright statement, asserting ownership and identification of the author. However, it then gives away some other rights implicit in the normal copyright: not only is one free to redistribute this work, but one is also free to change the work. However, one cannot claim to have written the original work, nor can one claim that these changes were created by someone else. Finally, all derivative works must also be placed under these terms.

traditional moulds and reflect how social bonds are really forged today, a game-changing situation can develop.

Based on a textbook conflict scenario, what happened on the day of 15 May was impossible...but even more impossible was what occurred the night that followed.

### 3. The Encampments

*Y en la plaza ya no se cabía de tantas personas que habían.*

*Llegaban hasta la avenida, llenaban las calles vecinas, las ramblas y las barriadas.*

*Y al fin llego la policía... ¿Y usted por qué se manifiesta?*

*Estamos aquí apretujao celebrando por todo lo alto que tenemos amigos y que estamos unidos.*

*There was no longer room for everybody in the square.*

*People got as far the main avenue and then they filled up the surrounding streets, boulevards and neighbourhoods.*

*The police finally showed up and asked why we were demonstrating.*

*We told them »We're packed together here to celebrate the fact that we've got friends and we're united.«*

—Fundacion Robo  
»Teófilo Garrido«

An observer schooled in the old ways of understanding such things would have jumped to the conclusion that after witnessing the resounding success of the M15 mobilisation, the core crew of *Democracia Real YA* decided to stake out a campsite in a public square with a view to expanding the confrontation. That was not the case. The people who camped out in the *Puerta del Sol* on the night of 15 May might have participated in the mobilisation, but they weren't the ones who had organised it.

I refer to *Democracia Real YA* as a space (as I will when referring to the M15 movement going forward) because it best describes its conceptual *modus operandi*—what allowed it to open a physical space for public activism instead of merely channelling collective angst towards a fixed objective. It provided a framework for things to



happen. It organised a space for something totally unforeseeable...and the unforeseeable actually occurred.

The encampments were maintained for over a month. It would take far more than a single article to thoroughly explain the complexity of what occurred there, but it's worth mentioning a few characteristics they all had in common.

### A. Repression and Participation

The Socialist government ordered security forces to storm the first encampment and evict the protestors there, a reaction most likely based on a misguided perception that it was only a fleeting gesture of a small group of people. However, the encampment existed on two planes; in addition to its physical presence in the square, via a virtual presence maintained through Twitter (@acampadasol) and Facebook (*Acampada Sol*) thousands of people elsewhere knew what was happening there. The next day, 10 times more activists than had been originally evicted retook the square and set up a camp with a more sophisticated infrastructure. The government reaction to dissent continues to be one of repression and reprisal, even though this strategy only fans the fires of protest. One of the movement's slogans sums up the situation: »Fear has changed sides.«

A few days later, in broad daylight, the Catalanian government ordered security forces into the encampment set up in Barcelona's *Plaza Catalunya* to »restore public order«. The brutal tactics used by the police in evacuating the square provoked widespread public outcry. Nevertheless, the experience of having faced a police charge gave many of us a new sense of confidence and served as a valuable lesson for activities carried out the following year such as the encirclement of the Catalanian Parliament building and anti-eviction actions.

### B. Replication and Interconnection

Encampments could proliferate according to *Democracy Real YA* principles; they were copyleft prototypes that others could freely replicate, and that is exactly what happened. Camps that shared a common *modus operandus* cropped up everywhere without any need of a formal consensus. Their decision-making processes, way

of organising assemblies, public gestures, working methods, etc., all meshed perfectly. They quickly developed a shared culture, the central axis of which was the network itself; although individual nodes were geographically dispersed and isolated, when viewed as a network they were actually united parts of an organic whole.

From that point on the mobilisation within the network had achieved an optimal rate of replication with only a minimal need for formal coordination.

### C. The Ability to Cover Daily Needs

The encampments were not just places for people to hang out. Working groups devoted to innumerable topics were organised, and most sites provided first-aid services, childcare, and cultural activities. At its peak, the library in the *Puerta del Sol*<sup>8</sup> contained more than a thousand books. The maintenance of common spaces, the creation of interior »streets«, and groups of mediators entrusted with conflict resolution were all geared towards the same objective: demonstrating that an encampment could be run like a small-scale city.

The encampments functioned on the basis of mutual cooperation, and everybody who passed through them contributed by doing what they did best. Some had experience in moderating assemblies; others knew how to use and maintain sound-system equipment. The encampment itself was not created as a platform for political demands. In reality, the encampment asked for nothing. There was never a set programme or a list of demands. It did not seek to communicate with those in power. Its only reason for being was to express its strength, and generate a new space for political discourse and grow.

### D. Disidentification

The encampments all had one or more communication units that dealt with the media, but in general they followed a strategy of »disidentification«. The movement has always evaded identities that outsiders have attempted to impose on it. As the multifaceted child of a

8. *Puerta del Sol*, the site of the M15 movement's large encampment, is Madrid's most famous and most central square. Originally it was the site of one of the city's gates, which faced the east and was decorated with an image of the sun.

culture of appropriation and remix, the volume of slogans and images it produces is impossible to quantify.

Slogans have included statements such as »We're not politically left or right«, »We're those on the bottom going after those at the top«, »We're not anti-system, the system is anti-us«, »We need a band, not a bandleader«, »We were the children of submission, but we won't be the parents of conformism« and »Madrid without Fear«.

The movement is neither utopian nor alternative; it has never made affirmations such as »Another world is possible« or chased after dreams of a brighter tomorrow. It has faced the world as it is with a readiness to defend it or build it anew from the bottom up, if necessary.

#### E. Unity

If interconnectivity and communication provided the movement's backbone at the network level, on the local level, the watchword was »unity«. Total consensus was required to strike a camp, a policy that was, on occasion, taken to extremes. Two or three dissenting opinions among an assembly of more than 2,000 people could mean that no decision was taken. Although this made the decision-making process difficult, the logic behind it, which I believe was driven by two principle factors, is interesting. Firstly, the very idea of declaring the experience officially over and returning to a prior state of normality produced a high level of angst within the movement. In hindsight, this was broadly justified. The M15 experience has been so singular and cathartic that for many it has become the new reality, and there is literally no going back to things as they were before. The second—and most important factor—was the need to bring unity to the decision-making processes in a context in which any decision appeared to imply the threat of rupture. It was a stress test upon which the solidification of the social bonds being forged depended.

The resolution to disband the encampments before any risk of internal burnout or external force could become an overriding factor was the best option possible, as it permitted the movement to proliferate in a myriad of other forms going forward.

#### F. The Explosion

When the decision finally came to strike the main encampments, in addition to the working groups and general assembly pertaining to the *Puerta del Sol*, hundreds (if not thousands) of parallel initiatives had already emerged, from neighbourhood campaigns to halt the evictions of families embroiled in mortgage foreclosures, and other small local encampments based on the M15 model to cultural and communications initiatives and other small groups and associations.

This proliferation of initiatives is only one example of the numerous profound changes wrought by the movement on a national scale. Although the encampments and the physical infrastructure used in the initial phase of the movement have been dismantled, the network infrastructure, referred to by collaborators as »the climate« continues to be fully operational.

#### 4. Tides of Protest (Las Mareas)

*Los cajeros de Ikea son de clase media.  
En los H&M solo hay clase media.  
Las medias jornadas son de clase media.  
En la cola del paro solo hay clase media.*

*The checkout clerks in Ikea are middle class.  
Everyone who works at H&M is middle class too.  
The middle class makes do with 20-hour a week jobs.  
The unemployment lines are made up of middle class people as well.*

—Fundación Robo  
»La Clase media, ¿dónde está?«  
(What happened to the working class?)

This situation largely explains the extensive mobilisations of public servants that have taken place over the last year-and-a-half.

These tides of protest sprang from the public activism carried out in Spain's city squares. Far from being isolated incidents, they are living proof of a process of social change that operates by its own rules, a new culture that is re-politicising and transforming society. We know this because although many of the people who make up

these new human waves of dissent were not present in the *Puerta del Sol*, these movements are organising along very similar lines.

»Activist tides« coalesce around specific issues (green for education, white for health, etc.) and although they involve issues key to each sector—for example, ethics in the case of civil servants—they go far beyond the traditional bounds of labour protest and union action. Their discourse speaks directly of the community dimensions of employment and defends the idea that decent living conditions are inextricably linked to professional performance. There is a strong element of community solidarity in this new form of protest: in some places, »green tide« parents keep their children out of school to show support for striking teachers, and in others, teachers, parents, and students occupy educational facilities together to make joint demands.

Activism related to health care has been as strong or stronger than that centred on educational issues. Entire sectors of society with little or no prior interest in political engagement, and many others with direct links to the party in power, are now participating in open assemblies or using social networks following the example provided by the M15 movement—not a surprising development as one of the priorities of those in charge of communications for the original encampments was to train members of smaller groups to organise and carry out their own communications as well as teach others in an open-ended process of knowledge transfer. Protests maintained for weeks by medical staff of public hospitals have received key neighbourhood support.

Public servants also carried out massive protests throughout June and July 2012, cutting traffic on major thoroughfares. Various groups carried out their own protest marches in city centres without any formal convocation by a labour union or other authority. Hundreds of firefighters and policemen protested in front of the headquarters of the ruling party in Madrid in a mobilisation that was organised in less than 24 hours via Wassup, a popular social-networking site, and another spontaneous action launched through Twitter gathered 20,000 protesters who followed a route past both the headquarters of the PP and the *Partido Socialista Obrero Español*<sup>9</sup> (PSOE) to the Spanish Parliament building. Sensing that

the time was right for a large-scale effort, the country's major labour unions called for a 19 July demonstration that turned out to be one of the most important in the country's history.

The goal of a subsequent general strike held on 14 November was not so much to shut down production as to demonstrate civil disobedience and to have a symbolic impact on public transport and commerce.

## 5. Stop Evictions. Platform for Those Affected by Mortgage Crisis 15MPaRato

*Y al avanzar vi una señal  
que decía »propiedad privada«  
pero al otro lado no ponía nada  
Y ese lado es de los dos*

*As I went walking, I saw a sign there,  
And on the sign it said »Private Property«,  
But on the back side it didn't say nothing,  
That side was made for you and me.*

—Fundació Robo  
»Esta Tierra es tu tierra«  
(*This Land is Your Land*, by Woody Guthrie)

It is impossible to grasp the full significance of the M15 movement without considering the anti-eviction mobilisations and networks it has organised, as these are actions that have brought it in direct contact with average citizens. *La Plataforma de Afectados/as por las hipotecas*<sup>10</sup> (PAH) has created a »Stop Evictions« network, by which people can keep informed about pending evictions in their neighbourhoods. This system alerts neighbours whenever an eviction is imminent, giving them time to form human barricades around the property in question, prevent the eviction from proceeding, and help negotiate extensions or fairer terms for the mortgage holder. By current Spanish law, foreclosure of a mortgage and repossession of a property by the lender does not release a homeowner from responsibility for the pending balance of the mortgage. Due to the crisis, thousands of Spaniards have lost their homes but continue to owe mortgage payments for a property the bank has long

9. The Spanish Socialist Workers' Party

10. Platform of Citizens Affected by the Mortgage Crisis

since repossessed. Various citizens' movements are fighting this abuse.

Anti-eviction activism creates strong bonds between neighbours and strengthens the organisational dynamics of the groups devoted to this work. Families rescued from eviction often get involved with the network.

PAH has also gathered more than 600,000 signatures in support of a change in the current law that would guarantee the right of *dación en pago*—the cancellation of pending mortgage debt upon the bank's repossession of a property.

The *15mPaRato* project, launched by housing activists, communications professionals, lawyers and hackers, constitutes the first citizen initiative to bring those responsible for the current economic crisis to justice. As its name indicates, this initiative is focused on Rodrigo Rato, former Managing Director of the International Monetary Fund<sup>11</sup> and Spanish Minister of the Economy during the administration of José María Aznar.<sup>12</sup> Rato was later appointed president of *Bankia*, a new entity created through the merger of various savings banks, including *Caja Madrid* following a bailout of the financial sector in 2008. His mission was to put the institution on a solid footing, but several months after his appointment, *Bankia* abruptly confessed to holding a stock of toxic real-estate assets, so enormous that the revelation rocked the entire Spanish economy. Although the bank had been unable to offload the housing units it had in the portfolio, it had maintained them empty and with artificially inflated valuations as it pressed on with its daily rounds of foreclosures.

The *15MPaRato* organisers launched a crowd funding campaign to cover its legal expenses that generated 15,000 Euros in contributions in only 24 hours. Rato made his first appearance before a Spanish court on 20 December 2012.

11. Rato served as IMF Managing Director from 2004-2007.

12. Prime Minister from 1996-2004 and a leader in the *Partido Popular*

## 6. Surrounding the Congress

*Y si esto no es el fin,  
si esto no es un final, entonces  
es la bomba que va a estallar.  
Es una bomba y va a estallar.*

*And if this isn't the end,  
if it isn't the ending,  
then it's a bomb ready to go off.  
It's a bomb, and it's going to explode.*


—Fundación Robo  
»Cómo hacer Crac«  
(How to crash it [the system])

Hundreds of thousands of people all over Spain joined together to mark the first anniversary of the M15 demonstrations. Nevertheless, public capacity to bring the political crisis to a definitive head has waned. The mobilisation was an effective exercise in establishing majority public opinion, but the PP's absolute political majority made it easy for the current government to ignore popular dissent.

Was it time to call off the M15 movement? Was the open political process that emerged just over a year ago already history? Only weeks after the mobilisations of 15 May, civil servants launched their own demonstrations on 19 June. While the movement itself remained pertinent, it seems that its repertory of activist strategies had quickly been codified. It was time for a reformulation; the next phase would directly target the Congress of Deputies.<sup>13</sup>

On 25 September, tens of thousands of citizens encircled the Spanish Parliament building. The government reacted with a brutal police action that made news around the world. The crowd fended off repeated attempts to disband the protestors, and during the following days the building was encircled three more times. While protesters in Madrid surrounded the buildings where important governmental bodies were in session, similar actions were taking place at schools and hospitals throughout the country. This new formula has been put into practice all over the country—a positive action in defence of the common good.

13. The lower house of the *Cortes Generales*, Spain's legislative branch of government.



The mobilisations that encircled the Parliament building marked the implementation of new tactics and raised new issues. Firstly, they formalised a public desire for a new constitutional process. The outcome of which must be nothing less than a new constitution that guarantees human rights and prevents the plundering of public resources that by right are the collective heritage of the country's citizens. This was natural outgrowth of the call for the dissolution of the current government issued from the encampments and through the movement's networks. But a new concern arises along with these aspirations, a preoccupation related to the inherent nature of institutional power. How can a new Constitution be coaxed into being without the implication of the very government institutions that have been part of the problems that must be solved? Will it be as possible to transform these institutions as it was to transform public squares, streets, and social networks? How can activists ramp up the movement's activities going forward? Where should the organising impetus come from? How can the movement defend itself against the government's position that dissent is equivalent to a violation of public order? How can we manage to organise people for an effort on this scale?

These are the questions that we must debate and respond to during the coming year. The principles and methods have now been established and the code developed. The task ahead is to update the software as required to successfully meet the challenges of the present context.





## SOCIAL PROTEST IN EUROPE—SPAIN

»The People United Will Never be Defeated:  
The M15 Movement and the Political Crisis in Spain«*Íñigo Errejón Galván**Professor of Politics and Sociology, Complutense University of Madrid*1. The Emergence and Evolution of  
the M15 Movement: An Overview

The phenomenon that has quickly become known around the world as the »M15« or *indignados* movement grew out of mounting public opinion that the complaints, demands, and aspirations of Spanish society had not been, nor would be, satisfactorily addressed through the country's traditional political framework. It emerged as a collective call for an alternative discourse on a number of pressing social problems. By proposing plausible solutions, identifying victims, and naming those responsible for present circumstances, the M15 movement has not only politicised these problems, but also reframed them in a way that makes it possible to question, debate, and address them. It has challenged the prevailing political consensus, which had hitherto been to conveniently hide structural problems under the proverbial carpet or to classify them in line with the technocratic, post-political ideology increasingly embraced by all political parties as being apolitical, technical questions that were strictly the concern of technical experts. Thanks to the M15 movement, many social problems such as unemployment, economic precarity, and the loss of family homes due to foreclosure that were previously categorised as personal misfortunes have been repositioned as issues of collective concern and placed in the forefront of the national agenda. It has also provided a sorely needed public platform for debating and addressing a wide range of problems that threaten the very underpinnings of Spanish democracy, such as the ambivalence of politicians towards the aspirations of their constituents, widespread political and financial corruption, the undue influence of the banking sector over political parties, the dismantling of the social welfare system (beginning with health services and education, but also extending to pensions, cultural offerings and research, as well as development programmes), the lack of a coherent national water policy, and the endangerment of the traditional Mediterranean concept of public space.

The M15 movement is based on the principles of nonviolent civil disobedience, lateral organisational structures, direct participation, inclusivity, and mutual tolerance of the widest possible cross-section of ideologies. Participation is not contingent on prior commitment to any particular political dogma. These characteristics have undoubtedly contributed to its widespread popularity. According to reliable public opinion polls, the movement has always been viewed favourably by 60 to 70 per cent of Spanish society, and it enjoys the support of constituents of both of Spain's major political parties.

Beyond its ability to organise and grow at the grassroots level, the movement is remarkable for having transformed the silent frustration and rage of millions of ordinary citizens into a powerful collective condemnation of the political and financial status quo that instantly struck a chord throughout much of Spanish society. Its message has changed the cultural and political landscape of Spain and made the movement a force that no politician or government entity can afford to ignore. The discourse launched by the M15 movement quickly found an eager audience as it offered a common-sense alternative approach to understanding and dealing with pressing social problems that was in tune with rising public sentiment against the political and economic hegemony of a powerful elite. From the beginning, the movement generated a discourse that questioned and analysed the rhetoric that has long underpinned political legitimacy in Spain—terms such as »future«, »democracy«, and appeals to »the common man«, »the citizenry«, and »the nation's youth«—and revealed them to be strategems used to prop up a status quo that benefits a favoured few at the expense of the rest of society. Fuelled by a growing »democratic disenchantment« and mounting social privations, the M15 movement was public evidence of a breach between average citizens and the leaders of the country's main political parties, which were increasingly perceived as a cast unto themselves that acted against the interests of the public at large.

The methods of intervention adopted by the M15 movement, as well as its original discourse and language of dissent, have marked the beginning of a new era of collective action in Spanish politics—perhaps the most important since the country's transition from dictatorship to constitutional monarchy. The M15 movement has become an integral part of labour protests and strikes (which to date have involved teachers, transport workers, civil servants, and even miners) and is also aligned with student initiatives and the efforts of cash-strapped homeowners who are fighting to stave off foreclosure. Numerous protests that have fallen within the scope of the movement's interests and objectives have adopted »M15 style«. The most recent took place on 25 September and 27 October 2012, when thousands of citizens formed human chains around the national Parliament building in Madrid to express their rejection of austerity measures implemented to service the national debt and to voice their demands for the dissolution of the current Parliament in exchange for fresh elections and a new constitutional process. Although these demonstrations received widespread international attention, the government has maintained its hardline stance; in accusing the protests of an attempted *coup d'état*, it has only further undermined its legitimacy in the eyes of a public that increasingly links government cutbacks to a downward economic spiral that is seriously undercutting the standard of living of the vast majority of Spanish citizens.

## 2. The Impact of the M15 Movement on Spanish Politics

Many voters stayed away from the polls or cast blank votes during local elections held shortly after the first M15 actions. The ruling Spanish Socialist Party (PSOE) took a heavy beating and its rival, the conservative *Partido Popular* (PP), won an overwhelming majority. Except in autonomous communities<sup>1</sup> where centre-periphery tensions fueled by nationalist aspirations constitute yet another level of political cleavage, this scenario was repeated in regional elections held several months later.

1. Autonomous communities are the result of a first-level political and administrative division of Spain created by the 1978 Constitution to guarantee the autonomy of the nationalities and regions. Spain has a unique framework of territorial administration called *Estado de las autonomías* (state of autonomies).

The movement significantly damaged the credibility of President Rodríguez Zapatero and the Socialist party in that it had provided a platform for progressive political backlash in response to the PSOE's 2010 retreat from a tepid civil rights agenda and its adoption of orthodox neoliberal methods in the face of the gathering economic storm. For this constituency, Zapatero's decision to bail out private banks with public funds and socialise the swollen public debt by cutting social welfare systems and passing the burden of hardship to the country's wage-earners constituted the straw that broke the camel's back. Caught between public outcry and pressures exerted by other European leaders, the European Union (EU), and the European Central Bank (ECB), the Zapatero administration sank into a state of paralysis, caving into demands from all sides and paving the way for a resounding conservative victory in the next general elections.

Two examples—one merely anecdotal, but the other of crucial importance—illustrate how the Socialist government progressively gave way to the demands of conservative forces. Although appointed by a Socialist government ostensibly defending itself from attacks by the political right and the press alike, the official government delegate in Madrid, as head of the security forces in that autonomous community, gave orders for a no-holds-barred police crackdown on secularist demonstrations organised to protest the enormous public expenses related to Pope Benedict XVI's visit to the city in July 2011, although it was patently clear that the massive mobilisation of the country's most conservative elements for this visit was part of a strategy designed to weaken the Zapatero administration.

Barely a month later, when the majority of Spaniards were on holiday and the possibility of public debate would be limited, the PSOE and the PP signed a pact to modify the country's 1978 Constitution so as to legally guarantee budgetary stability, placing the service of the Spain's external debt above any consideration of its social welfare system. This agreement effectively closed the doors to any departure from the orthodox neoliberal road map set out by the EU and the ECB for the containment and repayment of public debt created by the socialisation of private sector liabilities, prevented the implementation of counter-cycle economic policies, and severely restricted the means by which any future administration could hope to secure political and social stability, and satisfy the most pressing needs of the growing numbers of Spanish

citizens falling below the poverty line. The signatories to the pact had crossed a political rubicon, and in doing so severely reduced the pluralism of Spanish politics and enmeshed it in the downward spiral of austerity and debt. Consciously or unconsciously, the Socialist Party accepted its role as the subordinate partner of the newly imposed neoliberal enterprise, adopting a social agenda more or less tolerable to the opposition but spurned by its traditional constituency, which it has yet to woo back to the fold.

The general elections of 20 November 2011 confirmed a shift in public opinion: support for the PSOE plunged to unprecedentedly low levels and although the PP was unable to pick up disaffected voters (and, in fact, registered half a million votes less than in the previous general elections), the dramatic collapse of the Social Party left it with an absolute parliamentary majority. Bipartisan forces, in the forefront *Izquierda Unida*—a coalition of the left wing of the Socialist Party and members of the Communist Party—followed by *Unión Progreso y Democracia*—a party that supports the concept of a centralised national state and claims to offer an alternative to »politics as usual«, both improved their political positions, although they pose no threat to the overwhelming majority enjoyed by the PP. Regional nationalist parties, particularly in Catalonia and the Basque Country, also scored gains, reflecting heightened separatist tensions in these parts of Spain. In these elections and elections elsewhere, one out of three voters cast their ballots in favour of the PP. Nevertheless, the conservative party's victory at the polls cannot be interpreted as a majority mandate for its policies, as can be clearly observed from the social resistance to its implementation of tough austerity measures

President Mariano Rajoy came to power without ever having articulated a clear platform. On the campaign trail, he had simply capitalised on the mounting cataclysm facing the Socialist Party. This was a conscious tactic adopted in the knowledge that as president he would have precious little margin to negotiate with the »Troika«—the alliance of neoliberal authorities that monitored compliance with austerity measures comprised of the European Central Bank (ECB), the International Monetary Fund (IMF), and the European Commission (EC)—whose main opposition came in the form of civil protests against mortgage foreclosures and privatisations, salary reductions, and other measures that threatened to impoverish broad sections of Spanish society.

Since the PP's assumption of power, key ministerial positions have been assigned to scions of the country's financial elite and right-wing hardliners, who have lost no time in mounting purely ideological attacks against a political and social coexistence forged during the Spanish transition. The austerity measures now under way in Spain are not only designed to drastically reduce government social spending but also to alter the political and social frameworks that have served the country for the past three decades.

### 3. The »Top-down Revolution« or the »Oligarchisation« of the Political System

The Constitution of 1978 established democratic rule and has provided stability for almost 30 years—except in the case of unresolved issues related to the plurinational nature of the Spanish state—because it was not only an accord between members of the country's elite but also a historic compromise that enfranchised a broad cross-section of Spanish society capable of generating strong consensus. It integrated the country's subaltern classes by offering a role in the political process to their main union organisations and political parties, which despite the lingering political dominance of sectors favoured under the Franco dictatorship, achieved high levels of political representation and a solid position in civil society. Salaried workers could base their constitutional loyalty on the more or less successful efforts of leftist parties to protect their interests, and a fragile welfare state that offered a certain level of social stability began to evolve during this period. However, this southern European version of social welfare was not underpinned by a progressive rate of taxation or even a productive economic model but rather, the windfalls provided by tourism and construction booms or European compensation funds intended to offset the deterioration of the country's industrial fabric. This triangular bonanza was supplemented by the rapid dividends perceived through the privatisation of Spain's principle public sector companies and the easy profits these newly privatised enterprises reaped in the unregulated markets of Latin America during the 1990s. Meanwhile, the fabric of community life, especially for those who had formerly been active in labour movements, began to unravel. Although community identities remained strong in regions where nationalist sentiments ran high and where working-class activism was professionalised through institutionalised organisations,

a culture of political apathy, de-conflictualisation, and individual cynicism took root. This cultural substratum would later be decisive in the eventual emergence of new forms of social protest.

This is the house of cards that is now tumbling down under the double impact of a sudden economic crisis and a slower but progressively mounting political crisis, which together have plunged the country into a state of organic crisis. Expectations for the future have diminished especially for the country's youth, who are acutely aware that they will never enjoy the same standard of living, rights, or social protection their parents have enjoyed or be able to take for granted the will to maintain a mutual coexistence, model of development, or consensus needed to hold a political community together. At the same time, the territorial model of the Spanish state, the geographic distribution of political power, and the agreements that have underpinned it have also been stretched to the limit, and the role of the monarchy within a constitutional framework is also being questioned at a moment when various members of the royal family have been implicated in cases of corruption. The crisis has widened the fissures in a sociopolitical configuration that was already showing visible signs of stress.

The aggressive reforms introduced by the PSOE, now being radically implemented by the PP, constitute a political offensive against a nation-state model that has been considered sacrosanct for the last three decades and a de facto alteration of the Constitution. The public sector is being dismantled, citizens are being deprived of their social rights, and the unions' pivotal roles as social mediators and the Fordist working conditions they have defended are being systematically eliminated—all of which reduces political pluralism and binds national (and popular) sovereignty to the constraints of the national debt.

The political system forged during the Spanish transition and supported by practically all of the nation's political and labour movements is now suffering a profound transformation, which in geopolitical terms could relegate the country's workforce to a peripheral position within the international ranks of European labour. In social terms, this presupposes a bottom-up redistribution of income, a reduction in disposable household incomes, and the accelerated impoverishment of the country's lower and middle classes. In political terms, it implies an

oligarchisation of democracy in Spain: the hegemony of financial elites over representative bodies, the restriction of civil rights, the conversion of the democratic process into a competition between barely distinguishable political cartels, and the limitation of popular participation and social mediation in the political process.

The *Partido Popular*, Spain's well-consolidated stratum of conservative society, the majority of the country's mass-media corporations, the Catholic Church, and the business community are the driving forces behind this transformation. The Socialist Party seems to accept its loss of protagonism and its demotion to a subordinate role in the political process, vainly offering itself as a guarantee of stability via bipartisan agreements that the right has no need of at the present time while suffering a catastrophic loss of public credibility, constituents, and votes for having left »its« electorate bereft of political references and leadership. The main Spanish labour unions, which by and large represent the eldest segment of the country's workforce and preside over a bankrupt Fordist system of industrial relations, try their best to demonstrate their power to mobilise workers in a gambit to hold onto their roles as political power brokers. The consolidation of other leftist political formations that have not adopted the creed of austerity and debt service has not been swift enough for them to serve as a counterweight to the rapid decline of the PSOE or the growing social malaise, and those in autonomous communities with strong nationalist identities are busy sparring with their right-wing counterparts over local issues. None of them has yet developed the narrative or the political base necessary to present itself as a force to be reckoned with politically or to offer a credible plan for the country (or countries, such as the eventual case may be).

#### 4. Latin Americanisation and Opportunities for Political Change

The situation in which Spain and other countries of Southern Europe find themselves is in many ways analogous to the crises that occurred throughout much of Latin America from the late 1990s to the early 21st century in the sense that they are suffering an accelerated loss of political and economic sovereignty, higher indexes of external debt and poverty, acute social fragmentation and destructurisation, and profound democratic crises that have undermined the effectiveness of traditional

political leadership. These conditions have provoked a groundswell of popular frustration and disaffection that conventional political forces have been unable to capitalise upon and that have therefore become the territory of »outsiders«, or those who can claim to be. Within this context, democracy, sovereignty, and debt are the strands that tie the Gordian knot of the current political crisis.

However useful this analogy may be, it's important to recognise four significant differences between the situation of Latin America during the period in question and that of Spain today. Firstly, the Spanish state is a solid entity that continues to conduct its social relations and administer its territory and population effectively. As it also enjoys a monopoly on the use of force, a government collapse, or the evolution of the present social malaise into an insurrectionary fervour is currently out of the question. Secondly, even in times of crisis the standard of living in the Global North is significantly higher than in the Global South; despite the deterioration of their economic circumstances, these impoverished populations still have something to lose—a factor that curbs the urge to protest. Nor has social fragmentation in Spain reached the levels provoked by the neoliberal reforms carried out in Latin and Central American countries in the 1990s. Thirdly, Spain's membership in the European Union and NATO will have a bearing on any postures regional governments contemplating secession might assume regarding austerity and debt reduction commitments, and situates the country's domestic affairs within a wider European (or at least southern European) context. Lastly, contrary to the situation in Latin American countries, both historical factors and present conditions make it difficult for any forces of change to forge a hegemonic Spanish national identity, and create a cultural and political narrative that would link the best interests of the »homeland« with those of subaltern group—a reality that drives home the challenge of exerting top-down ideological and moral leadership.

The above considerations notwithstanding, it is clear that the situation in Spain—which in the opinion of this author has reached a state of organic crisis—is not only severe, but indicates the country is also vulnerable to political change.

As the M15 movement emerged, it created an incipient political identity centred around the idea of »ordinary

citizens«. Although this has been expressed in a variety of ways, the term most commonly employed in its public protests, slogans, and literature has been *el pueblo* (the people). Nevertheless, the terminology around which this identity has coalesced is less important than the discourse the movement has generated, which has ranged from the identification of the worst of the »social ills« challenging today's society and the assertion that these are neither inevitable nor necessary but rather the result of an inherently unjust scheme of things to the articulation and delimitation of boundaries that facilitate the symbolic division of the political arena into the ruling classes on one side and the »99%«, the »underdogs«, or simply »the people« on the other, the latter of which are terms that transcend prior political or ideological divisions and have been adopted not out of a feeling of contempt for these distinctions, but of a desire for a new alignment of loyalties. The word *regime* has surfaced often in recent discourse, as well, conveying a conviction that the established order is an inherently closed, ideologically homogenous, and only minimally democratic club of insiders that seeks to stifle dissent within its boundaries and banishes any discrepancy with the official line to the peripheries of power—making it the responsibility of *the people*, who are cast in the role of outsiders.

Under these circumstances, the movement could alter the correlation of forces and build majorities capable of bringing about political change. However, in order to do so, the vague notions of »us« generated in opposition to »them« must gel and be made manifest in shared symbols, leadership, political and electoral mechanisms, and a common political vision, whose composite value would lie not so much in how they were defined as in their power to rally support. This supposes a crucial step in the political process, which by its very nature would be fundamental and innovative: the constitution of a *people* not necessarily on the basis of any particular shared objective conditions but rather, driven by a common consciousness and a will to be self-governing (a proposition that can never be assumed lightly). Such an undertaking always implies an act of division, a redrawing of boundaries, a joint postulation made in the name of a sovereign whole. The radical framing of »we the people« is a proclamation of self-constitution made by a polity that aspires to self-government—diffuse in form and statistically immeasurable and undefinable until it has been established and consolidated—but nevertheless embodying a universal legitimacy. This is the thrust of all

political change that goes beyond the mere rotation of political parties: the removal of heads of state from their positions of power for their failure to uphold the present will of the governed. It is no coincidence that the opening salvo of the movement's rhetoric was the emphatic accusation »They don't represent us!«

For the moment, the movement finds itself on a shifting and uneven political terrain. The political and social crises continue to deepen. The PSOE remains in a state of disarray, which means that the PP's strategy going forward will be centred on maintaining the political upper hand. This implies turning a deaf ear to popular protest: a situation that could either trigger, or discourage, future mobilisation. The grinding austerity measures being implemented have intensified economic hardships and driven the working and middle classes to the brink of desperation. Suicide and emigration rates have soared—the alternative being a grim resignation that could easily evolve into social fascism that pits those on the next to the last rung of the social ladder against others one step below them. Furthermore, the increasing intolerance of law enforcement officers during protests and the increasingly stiffer legal consequences of participating in them have raised the stakes of collective action and threaten to heighten social tensions even further.

Perhaps the most striking aspect of the current situation is the collapse of any illusions there might have been that things could improve in the near future. Those who obediently tow the line have ever fewer reasons to believe that their present loyalty to the system will improve their lot in life at some point in the midterm future. On the other side of the coin, those that run the system are finding it more difficult to claim that their policies are for the common good and to maintain the public's passive consent for their actions. The *Troika* appears to be keeping the government on a very short leash that leaves very little margin for social concertation. In view of this fact, Rajoy appears to have assumed that an accelerated implementation of austerity measures and the use of shock tactics to quash social resistance are the only means at hand to prove that he still has the muscle to comply with creditors' demands and escape the perception that he has outlived his usefulness to the EU's *Troika*.

Although things may change, there are reasons to believe that the spiral of debt and austerity will deepen social fractures, setting the the stage for an intensification of a

political conflict that at present is more often played out in the streets than in the halls of government. The M15 movement has paved the way for the emergence of a new, collective will to combat the present shift towards political oligarchy, which could give rise to an initiative with the potential to grow, achieve greater consensus, and eventually assume political power in the name of those who have suffered most from the neoliberal management of the crisis and re-channel the flow of collective resources from the service of the external debt to the social needs of the people. Everything seems to point to a campaign for a new, yet undefined »constitutional process« that would guarantee a political framework that offers more than a periodic shuffling of leadership between traditional elites, which implies a democratic recasting of the social contract. Although there is yet no consensus within the movement that this is inevitable, it is one of the possibilities looming on a rapidly evolving horizon—a fascinating prospect, were it not so fraught with the drama of the unknown.



## SOCIAL PROTEST IN EUROPE—IRELAND

## »Irish Tax Policy and Policy Capture«

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## Introduction

This chapter accompanies Nessa Ní Chasaide's piece on the Irish debt crisis, and looks at the development of Ireland's corporation tax policy to establish its impact on the responses to that crisis of both the government and the people of Ireland. I describe in some detail how Ireland's economy became one driven by tax-based foreign direct investment (FDI). This is given considerable space, as it is not a story that has been related in context and detail before. Next, I briefly describe the impact of this policy, and its possible links to policy capture. I raise the question: to what extent has Ireland's policy of tax competition contributed to the fallout from the financial crisis?

## Evolution of Ireland's Corporation Tax Policy

## Context

Ireland's Corporation Tax policy and indeed the Irish economic boom that was once known as the »Celtic Tiger« are best understood by tracking back several decades. For perhaps 30 years from the drawing up of the Irish constitution in 1932, the economic policies pursued by Ireland were inward-looking and tended towards protectionism. Tariffs were put in place during what became known as the economic war with the United Kingdom (UK). The Control of Manufactures Acts of 1932 and 1934 required at least 51 per cent of all Irish manufacturing plants to be held in Irish hands. This essentially prohibited foreign ownership of Irish manufacturing industry, and deterred any FDI from the young state.

This policy reversed rapidly to a policy of embracing free trade under the leadership of Sean Lemass in the late 1950s, in what was perhaps the most significant change in industrial policy in the history of the country. The Control of Manufactures Acts were repealed in 1957, and by then, Ireland had already founded the Industrial Development Authority (IDA) in 1949 with the specific brief of attracting FDI into the country. In 1970, the IDA was established as a separate state agency outside of

the civil service and operating independently. The agency quickly moved to open offices in California and Japan. This was groundbreaking for such agencies at the time, and is an indicator of the importance attached by the Irish government to the attraction of FDI.

At this time, Ireland was very much in need of foreign investment because indigenous industry was virtually non-existent. In part, this was due to centuries of colonial rule from the UK. The 1800 Act of Union, for example, brought the few domestic industries that were beginning to thrive, such as the glass industry, into open competition with companies benefiting from the industrial revolution that was taking place in other countries. Through the 1800s, a series of famines devastated the Irish population, meaning that people were literally struggling to survive and there was no scope for the development of an entrepreneurial middle class. This brought Ireland into the 20th century in a very underdeveloped state as far as industry went, with massive unemployment and emigration remaining constant features of life through the 1930s, 1940s, and 1950s. Add to this a peripheral island location and a lack of natural minerals and other resources, and it is understandable, given the historical roots of some of the problems, that protectionism was initially seen as the only way to shelter native industry. It is also understandable that once industrial development began to arrive from the US and elsewhere, it was hailed as an economic miracle, and prioritised by government.

## The Role of Tax

From the very beginning, taxation was a key part of the Irish package to attract investment from overseas. Export Sales Relief (ESR) was introduced in 1956, and completely exempted companies from all corporate taxes in Ireland to the extent that the goods they sold were manufactured in Ireland and then exported from the country. »Export« has an obvious and clear meaning. »Manufacture«, on the other hand, was not defined by legislation, leaving it up to case law and appeals to determine its meaning



for the purpose of the Irish tax system. As noted on the history page of the Irish Revenue website:

*»The definition of manufactured gave much food for thought. Whether day-old chicks, whiskey blending, mink pelts or ships' repairs came within the scope of ESR were among the brain teasers for Inspectors of Taxes«.<sup>1</sup>*

While ESR was open both to multinational and domestic firms, the relief was overwhelmingly used by foreign multinationals, which were in a far better position to export given the precarious state of domestic industry at the time. As such, it acted as an incentive not only to manufacture and export, but also to locate in Ireland, and became a key draw for FDI.

Another early tax measure was the extension of Shannon relief to companies operating in a customs free zone around Shannon Airport in the West of the country. Companies that were licenced to operate in the Free Zone, like those availing of ESR, granted total exemption from Income Tax and Corporation Profits Tax for profits coming from trades carried on within the Free Zone. Furthermore, raw materials could be imported and finished products exported without incurring any customs duty or taxes as long as they did not enter the home market. This was the first such Free Zone in the world, which was set up to encourage manufacturing operations and drew a great deal of investment into the region.

By definition, companies locating in Shannon were not interested in selling into the Irish market. As such, the tax and customs rules accruing under their Shannon licences were clearly key to their decision to locate in Ireland.

Still, emigration and unemployment continued throughout the 1960s. Ireland joined the European Union, then the European Economic Community (EEC), in 1973, bringing the scrutiny of our EEC partners to bear on our use of tax to attract foreign investment. In particular, at the time we joined the EEC, there was a ban on any state support for intra-community exports. The ESR rules were a clear challenge to this rule, and as part of our accession negotiations, it was agreed that ESR would be phased out. Essentially, it was completely phased out from 1990, and from 1981, it was backfilled with a more general 10

per cent tax rate of corporation tax on all goods manufactured in the country, whether exported or not. The Irish market is small, so the bulk of goods manufactured here were exported during the period. However, because »manufacturing relief«, as it was known did not specifically target exports, it did not fall foul of the EEC rules.

Manufacturing relief applied to reduce the tax rate on profits to 10 per cent in the ratio of manufacturing sales to total sales. Since the relief has wider application than the original ESR rules, there was immediate and wide take-up of the new provisions. Corporation tax rates on non-manufacturing profits ran from 40 to 50 per cents through the 1980s, so the manufacturing relief was very desirable, and both companies and tax advisors took care to avail of it if possible. Manufacturing was still not defined in legislation, and a series of increasingly imaginative tax cases established the general principles, which came to define a manufacturing process. Broadly, manufacturing was held to have occurred if an irreversible process operated on raw materials to produce a commercially different product. Interestingly, these precedents did not speak to the nature of the manufacturing process. There was no significance attached, for example, to an industrial process, to technology, or to labour-intensity.

As a result, focusing only on irreversible processes that produced commercially different end products, case law during this period found a wide range of activities to constitute a manufacturing process. These included the cloning of plants, the production of computer parts in a way that might more generally be described as assembly, blast freezing, cold storage, and most famously, the artificial ripening of bananas, which were imported green into the state. The surreal idea of bananas being manufactured in Ireland is symbolic of the aggressive nature of tax planning around the new rules.

A second key aspect of manufacturing relief was the way it applied to profits, but was calculated in proportion to sales. So, if a company sold, for example, a mix of manufactured and assembled goods, then the amount of profit subject to the lower rate was determined not by the profits deriving from each line of goods but from the top-line sales. This created an incentive for companies to price their manufactured goods at a premium in order to shelter more of their profits from the headline domestic rate of 40 to 50 per cent. By 1996, the amount of tax

1. <http://www.revenue.ie/en/about/history/1950-1958.html>

relieved under this provision was greater than the total amount of corporation tax actually collected.

In April 1990, the Shannon relief was phased out and qualifying companies were taxed at the rate of 10 per cent. Many companies, which previously availed of the Shannon exemption, moved to the 10 per cent manufacturing relief. In 1987, a new International Financial Services Centre (IFSC) was established in Dublin, and a similar rate of 10 per cent was introduced to apply to firms establishing operations there. Initially, the rules applying to the IFSC mirrored those in the Shannon Free Zone insofar as the low rate applied to profits relating to overseas transactions, rather than domestic business. Additional incentives for companies to locate in the IFSC at the beginning included double-rent allowances, a tax exemption for some collective investment funds, and an absence of withholding taxes on interest payments. The IFSC thrived. Its industry-specific focus and Dublin location made it far more successful than the Shannon Free Zone. By the mid-1990s, it had attracted investment from all over Europe, and considerable disquiet was being expressed at EU level about the low rate on offer to companies in Ireland operating within certain sectors. This was led in particular by Germany, which had lost a great deal of domestic revenue to some German entities operating in the IFSC, and by the UK, which was openly sceptical about manufacturing relief.

Manufacturing relief was set to expire at the end of 2010, while the special rate of corporation tax applying to the IFSC was slated to end in 2005. It was always going to be a challenge for Ireland to renew manufacturing relief in the face of opposition from the EU. The relief was in any case unsustainable, falling foul of both the Organisation for Economic Co-operation and Development (OECD) 1998 publication *Guidelines on Harmful Preferential Tax Regimes*, and a 1997 *EU Code of Conduct on Business Taxation*, which Ireland itself had helped to draft. The critical point was that the low tax rate applied only to the target group of manufacturing companies, mostly multinationals, and that a higher »domestic« rate of 32 per cent applied to the rest of the businesses within the economy. Similar difficulties are attached to the IFSC provisions.

This was a serious problem for Ireland. Breach of these rules could have led to Ireland being branded a tax haven. The impact of such a designation would have centred on

Ireland's network of double-tax treaties, which by then was very extensive. These tax treaties are intended for use by taxpayers, including corporate taxpayers, to eliminate double taxation. They are generally considered critical to the attractiveness of a location for FDI. They set out the rules for multinationals operating in more than one country in terms of which state has primary or secondary taxing rights. If a country is regarded internationally as a tax haven, it is more difficult for it to sustain such mainstream tax treaties, and in general industry is less motivated to locate there.

Ireland was reluctant to raise the rate of tax significantly, fearful that it would cause the investment so painstakingly built up over the previous decades to leave. At the same time, the prospect of being labelled a tax haven and losing access to the essential tax treaties was an equally grim one. The final Irish response was not to directly address the low rate of corporation tax but rather to examine the rules and see how they might be navigated. In particular, the question of the application of the low rate to a defined group of companies within the state was seen as key to opposition to the tax policies, and as a vital part of the definition of harmful tax competition and the designation of a tax haven. Rather than raising manufacturing tax rates to the headline trading profits rate, which at the time was 32 per cent, Ireland decided to sidestep the rule on applying its low rate to a small group of companies. The government decided to marginally increase the tax rate on manufacturing profits from 10 to 12.5 per cent, but crucially to apply it to the trading income of all firms, regardless of the nature of trading profits. It then presented this move as a convergence of all of the corporation tax rates in the country to a new, low rate of 12.5 per cent.

It was agreed with the EU that the 10 per cent rates applying to manufacturing and the IFSC would not be renewed. Instead, the main rate of corporation tax fell in stages from 1999, reaching the current level of 12.5 per cent in 2003. While some passive investment income in most firms is taxed at 25 per cent, the rate of 12.5 per cent has applied since 2003 to trading income in all companies operating within the state.

## Economic impact of the policy

Insofar as it was designed to attract FDI into Ireland, the policy was remarkably successful for a number of years. Information technology companies, along with pharmaceutical firms were a particular target of the IDA seeking investment. By 2005, Ireland was the largest exporter of software in the world; not per capita, but in absolute terms. Seven of the world's top 10 global ICT companies had bases in Ireland, and two-thirds of all workers in this sector were employed by overseas firms. The country enjoyed almost full employment, net immigration, and the sort of spectacular economic success that could not have been imagined in the 1980s. Confidence was at an all-time high. Some commentators even took the view that the »Celtic Tiger« boom economy, as it had by then been named was not in fact a boom but simply the correction of decades of underperformance. There was no debate, however, about the driver of this success. FDI, mainly from the US, had driven Ireland's exports and employment levels to record highs, with spin-offs for local industry along both the direct and indirect supply chains of multinational firms. Ireland was successful because of multinational investment, and the multinational investment was here because of the low corporate tax rate.

Obviously many non-tax factors also contributed to Ireland's attractiveness as an investment location, particularly for US firms. Ireland had a large, highly skilled workforce, a good education system, and used the English language. It was a member of the EU, which meant that any goods produced there could be freely marketed throughout the region. Cultural differences between Ireland and the US were minimal and manageable, and the time difference was less than that applying in most of the EU. Nonetheless, although it was *sotto voce* at the time, most firms are now far more open about the fact that their decision to locate in Ireland was largely driven by the low tax rate, and crucially, its combination with an extensive network of double-tax treaties.

Certainly the domestic industry sector was also responsible for part of the »Celtic Tiger« boom. It seems clear, however, that most of the economic growth was driven by multinationals. Again using the Internet Technology (IT) industry as an example, there were some 900 software firms in Ireland at the end of 2003 of which almost 85 per cent were indigenous Irish firms. The related exports totaled almost 14 billion Euros in the year. Irish

firms accounted for less than 8 per cent of that figure, and only 9 per cent of the total tax revenue generated in the year. Clearly, the economic book and in particular the level of exports from Ireland, was and continues to be heavily dependent on the performance of Irish-located multinational firms.

Even following the economic crash, multinational firms remain central to Ireland's economy. More than half of the world's top financial services companies have establishments in the IFSC, for example. Ireland's headline gross domestic product (GDP) is dominated by the exports of multinational firms, prompting widespread concern about the use of aggressive transfer pricing by some firms in the pharmaceutical and IT industries to shift profits into Ireland in order to reduce their worldwide tax liability. As set out in Nessa Ní Chasaide's accompanying article, the people of Ireland are suffering a devastating set of austerity measures, while the country's GDP remains relatively buoyant. The export figures do not translate well into the welfare of Ireland's people.

The concern about transfer pricing is gathering momentum. Having set out to attract multinational investment using the tax system as a key attractor, Ireland has drawn in investment that is tax-centred, creating a kind of self-fulfilling prophecy around the importance and impact of the low corporation tax rate.

## The Idea of Policy Capture

Aside from economics, what has been the impact of these decades of focusing our fiscal policy on the quest for FDI? Does it change a government, or a set of politicians, to focus so overwhelmingly on the tax treatment of one narrowly defined set of companies?

In *Driving the Getaway Car? Ireland, Taxation and Development*,<sup>2</sup> I set out some of the academic literature on how a taxation system might influence the relationship between governments and their people. The idea, essentially, is that taxes are a form of bargain between the government and the taxpayers. As the government taxes different categories of people or businesses, not only does the government get the resources it needs to govern, but the population reclaims some power from

2. Available for download at [www.debtireland.org](http://www.debtireland.org)

government. When governments need acceptance from the population as a whole for taxes they want to impose, this makes them more accountable to that population. It also gives the population more of a stake in government, and more moral power in how the revenue is spent.

In general, studies find that there is a predictable relationship between the policies implemented by governments and the sector of the population on which they depend on for their tax revenue. If most taxation is drawn from high earners, then policies around issues like property rights tend to favour that income group. Similarly, if most tax is paid by low-income groups, the government is likely to implement more pro-poor measures. The implication is that the tax system itself influences the accountability of government to different sectors of the population.

Some more light can be shed on this idea by considering a more widely understood phenomenon in Southern countries known as the »Resource Curse«. Broadly, this derives from the observation that many countries, particularly in central and southern Africa have extremely valuable natural resources, which are generating great wealth, little of which translates to environmental safeguards or social protection for the population of those countries. The »Resource Curse« is a form of shorthand for the perverse relationship between the people's welfare and the natural wealth of the land. As such, it can refer to a degradation of the environment, an increase in inequality, and/or a general lack of accountability on the part of the government to its people. A similar though smaller effect can sometimes arise from undue dependence on foreign aid. For example, one widespread review<sup>3</sup> of the literature focussing on sub-Saharan Africa finds that those countries which raise most of their revenue from overseas aid become, over time, »less accountable to their citizens and under less pressure to maintain popular legitimacy.«

Perhaps both the »Resource Curse« and the impact of foreign aid are forms of unconscious policy-capture on the part of the governments concerned. As a country grows more and more dependent on one source of revenue, be it mining or aid, the government becomes less and less dependent on, and so accountable to the people

of the country. Instead, it focusses on meeting the needs of the sector or group which is essentially supporting its ability to remain in power.

If this logic can also be applied to a relentless single-minded policy of using tax to attract FDI, the implications for Ireland are obvious and worrying. For the past five decades, the economic growth of the country has been predicated on investment from overseas, mainly the US. For most governments regardless of their political makeup, their ability to deliver on their social contract with the electorate has been seen as utterly dependent on the maintenance of FDI in the country. This has gone on for more than half of the history of the state. For any politicians under the age of 70, this has been the case for all of their adult lives. It is quite likely in these circumstances that a certain amount of policy capture, conscious or otherwise, applies to Ireland's relationship with foreign companies, and the central importance attached to our openness to foreign markets. A perceived overwhelming need to cater for the needs of foreign businesses has become ingrained in Irish political life.

## Conclusion

Nessa Ní Chasaide's article in this volume points out that the actions taken by the Irish government in the immediate wake of the financial crisis were devastating to the people of the country, and were not properly explained by the government at the time. Would Ireland have been more accountable to its people in that crisis if it had not been socialised into a belief that FDI and foreign markets were the most important thing?

Certainly the headline tax rate of 12.5 per cent has assumed totemic significance in Ireland across the political spectrum. In the 2007 general election, only one political party, *Sinn Féin*, proposed raising the rate to a modest 17.5 per cent. Since then they have reversed this policy, and there is now complete political unanimity around the commitment to maintaining the rate. This widespread support also extends to the general population. Despite the austerity referred to in Nessa Ní Chasaide's accompanying article on the debt crisis, Ireland has not seen the same levels of mass protest as have characterised. For example, Greek opposition to cuts and tax increases on the more vulnerable sectors of society. As well as the government having a form of unconscious policy capture,

3. Moss, Todd, Pettersson, Gunilla and Van de Walle, Nicolas (2006). An Aid-Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa. Mario Einaudi Center for International Studies Working Paper No. 11-05.

perhaps the people of Ireland have a residual belief that we are completely dependent on foreign investment, and by extension on the whims of capital markets for our ongoing well-being.

In November 2010, Michael Noonan, now Minister for Finance, brought a motion to the Dáil (Irish Parliament) proposing: »That Dáil Éireann confirm its commitment to the maintenance of the 12.5 per cent rate of corporation tax as an indispensable tool for growth, job creation and economic recovery«.

The context was a period of uncertainty following the IMF/EU/ECB intervention in Ireland's economic affairs, and a concern that the IMF in particular might seek to impose a change in the rate of corporation tax. In the course of the subsequent parliamentary debate<sup>4</sup>, the 12.5 per cent corporation tax rate was variously described as »a cornerstone of our economic development«, »a symbol for jobs, growth and secure employment«, »probably our only hope of recovery in the context of repaying the kind of debt that now hangs around our necks«, »our salient competitive advantage«, »a key economic driver in Ireland's recovery« and »an absolute red line in terms of any discussions that have taken place«. Support for the motion came from all parties regardless of political or economic ideology.

Since the economy assumed primary importance in political discourse in Ireland, the 12.5 per cent tax rate has become a symbol of Irish identity more potent and more fiercely defended than any flag. The austerity that has been imposed on the country has been severe, but has not at the time of writing included a wealth tax, a value-based property tax, or a higher rate of tax on high incomes, amid concern that such measures might cause a flight from the country of »job creators«. In general, any measures that might adversely impact on foreign enterprises located here are not widely debated.

The impact of these pro-business tax measures on successive government's accountability to its people and on the willingness of politicians to make choices that are not dominated by market impacts is worthy of close scrutiny. Their impact on the Irish people's belief in their own independence from the international financial system may be more short-lived in the current crisis, and perhaps this will be even more interesting to examine.

4. See <http://debates.oireachtas.ie/dail/2010/11/23/00019.asp>

## SOCIAL PROTEST IN EUROPE—IRELAND

## »The Battle for Debt Justice«

*Nessa Ní Chasaide**Coordinator, Debt and Development Coalition, Ireland*

## Introduction

This article seeks to outline the devastating impact of Ireland's banking debt crisis and its impact on Ireland's people. The article seeks to complement that of Dr. Sheila Killian in this volume. It critiques the Irish government's response to the crisis and argues that while the response of the people has been fragmented, public opposition to payment of Ireland's illegitimate debts is significant and necessary.

## Ireland's Sovereign Debt Crisis

Ireland is in the midst of a catastrophic sovereign debt crisis. Its government is dependent on external European Union (EU) and International Monetary Fund (IMF) loans to fund its banks and other budgetary obligations. The debt crisis is as a result of the Irish government guaranteeing the deposits and senior private bondholder debt of Ireland's major banks because it feared the banks could not repay their debts. Socialising the bank debt made the people of Ireland responsible for repaying bank debt for years to come. Thus far, 64 billion Euros of public money has been injected into Irish banks by the state. The Irish organisation Think Tank for Action on Social Change (TASC) points out this is 40 per cent of Ireland's gross domestic product (GDP) and the largest »bailout« in European history since World War II. The widespread feeling of outrage resulting from public funds being used to repay reckless private investors is deepened by the way in which this was done by the previous Irish government—through Ireland becoming financially dependent on the »Troika« of external lenders (the European Central Bank or ECB, IMF, and three EU member states) combined with taking 20.7 billion Euros from the Irish Pension Reserve Fund, a fund intended to protect people in their older age.

Ireland's overall sovereign debt is now one of the highest in the world, standing at a debt-to-GDP ratio of 121 per cent (192 billion Euros), over twice what is viewed as sustainable by EU rules. The 192 billion Euros includes

about two thirds of a total bank debt of 64 billion Euros, which is committed to directly bailing out banks. Ireland's debt-to-GNP<sup>1</sup> ratio (a more accurate reflection of the Irish economy) is forecast to be 147 per cent. Worse again, these figures do not count the contingent debt liabilities which the government may have to cover under guarantees extended to both bank bonds and deposits. This debt burden is alongside a large budgetary deficit of approximately 8.3 per cent of GDP (13.1 billion Euros) in 2012, nearly three times the EU deficit limit.

As people in Ireland brace themselves for a sixth year of recession, the government has indicated that it intends to reduce the deficit by cutting 3.5 billion Euros from the 2013 national budget through austerity measures and tax increases. The social cost of the government's austerity approach is extreme, clearly hitting the most vulnerable people in the country the hardest. The trade union think tank, Nevin Economic Research Institute (NERI), describes people as struggling under the »triple burden« of unemployment, unsustainable personal debt and contracting income. This is underpinned by social welfare cuts, reduced working hours and direct pay cuts. The most vulnerable groups being hit are children, one-parent families (most of which are headed by women), people with disabilities, unemployed people, and people dependent on pensions and other fixed incomes. Unemployment has reached nearly 15 per cent, up from 2.5 per cent in 2001. Youth unemployment is almost 30 per cent. This would be much higher except for mass emigration due to lack of job opportunities, estimated at a loss of an estimated 40,000 people per year. The Irish League of Credit Unions has indicated that 20 per cent of adults have less than 20 Euros left at the end of the month after paying essential bills and costs. This increases to 45 per cent when referring to those who have less than 100 Euros left. Added to this, one in 10 people suffered from food poverty in 2010 and a staggering 23 per cent of people were experiencing two or more types of poverty in the same year.

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1. Gross National Product



The macroeconomic impact of this is a stagnating economy with indications that there is little basis to expect improvement in the short to medium term. This is because loans from banks to small and medium businesses have dried up and there are no effective government stimulus plans in place for the economy. With consumer spending consistently contracting, Ireland is likely facing into another decade of high unemployment.

## Roots of the Debt Crisis

How did Ireland's »Celtic Tiger« turn so viciously on its own people? Ask anyone on Irish streets what caused the debt crisis and you will be told about successive irresponsible Irish governments supporting »light touch« regulation of financial institutions; the failure of accounting and legal institutions to oversee the banks, and government self-interested promotion of the construction and housing bubbles. Some people also engage in high levels of self-blame, pointing to themselves and others for taking 100 per cent mortgages on massively inflated houses prices and taking up offers of increased personal credit that they are now struggling to repay. From a campaigning perspective, these views go to the heart of the debt justice debate. This is because identifying where responsibilities lie for creating the crisis helps to identify who should pay for its enormous costs.

## A Myriad of Failures

External, independent observers of the Irish banking collapse point to failures in oversight by the directors of the banks, the Financial Regulator, the Irish Central Bank, and the previous Irish government, especially by the Department of Finance. The *Independent Commission of Investigation into the Banking Sector in Ireland* termed public authorities as »enablers« in creating the crisis and external auditing companies as »silent observers« to the banking disaster. The Commission also highlighted the dangerous international erosion of credit standards, and a herd mentality between international and local financial and public institutions and groupthink within them, reinforced by a widespread international faith in the efficiency of financial markets. Specifically, the Commission pointed to the low credit standards adopted in Ireland and internationally and the »speculative mania« in Ireland in the property market where »even obvious warn-

ing signs went unheeded in the belief that the world had changed and that a stable economy was somehow automatically guaranteed«.

## The Results of the Recklessness

The results have been disastrous. As mentioned, 64 billion Euros of public money has been committed to the banks. Most of this has already been paid into the banks and used to keep the banks open and to repay private bondholder debt. 30.1 billion Euros of this will cover the infamous Anglo Irish Bank debt—Ireland's most reckless and now defunct zombie bank. This is a major focus for activists: while this money has been committed by government through the issuance of promissory notes (or IOUs), it has not yet been fully paid out. The next tranche payment is due 31 March 2013 worth 3.1 billion Euros—equal to the cost of running the country's entire primary school system for one year.

In addition, there are further contingent liabilities of potential further bad bank debts meaning that Ireland's sovereign debt liabilities are not actually known and could balloon even further.<sup>2</sup>

The decisions that led to the socialisation of private bank debt, and the social impacts thereof have raised serious questions regarding the justice or legitimacy of Ireland's debt repayments. From a justice perspective, the key question that arises is how responsibilities for dealing with this unjust debt could or should be shared fairly.

## Fighting Back? Irish Civil Society

A phrase that stung many activists in Ireland in 2010 was that seen on a protest placard in Greece, »We are Greek, not Irish«. It presumably meant that while Greeks were fighting in the streets against illegitimate debt payments and searing austerity measures, people in Ireland were accepting their situation or »taking it lying down«. Though this is not an accurate analysis of the Irish situation, it's not a surprising one, given the lack of high-profile mass mobilisation on Irish streets coupled with the

2. An Audit of Irish debt covering the period up till March 2011 found that Ireland's contingent debt was more than three times the amount of direct government debt, Killian, Garvey & Shaw, *An Audit of Irish Debt*, March 2011



public-relations machine of the Irish government presenting Ireland as the »best behaved« borrower in Europe.

The response to the crisis has indeed been fragmented. However, it is crucial to note that community-based protests against austerity measures are happening on an ongoing basis around the country. In towns and cities, protests have taken place against public service cuts, especially in relation to health and education cuts, child benefit, and lone parent support cuts. Perhaps most notable were the protests by people with disabilities who forced the government to roll back proposed cuts to funding personal assistant care. There is also a nationwide campaign against the newly introduced flat household tax with thousands of people boycotting the payment.

Although intrinsically linked to the debt problem, these campaigns are largely focused on austerity measures. Some of the non-party political groups campaigning against the debt are Debt Justice Action (discussed further below) and notably the members of the Ballyhea and Charleville communities in County Cork who march consistently each Sunday morning down their main street in opposition to paying unjust bank debts (at time of writing they were in their 88th week of marching).<sup>3</sup>

The protest has been fragmented because the large scale potential mobilising machines of protest in Ireland are either divided, such as the trade union movement, or as in the case of community organisations, largely focusing on opposing the severe austerity cuts, which are putting huge increased pressures on their services. In addition to the structural problems within »organised« civil society, it's clear that a key reason for lack of mass protest is the lack of information on the debt. At the time of the Irish bank guarantees in 2008 and 2009 and Ireland subsequently entering the EU-IMF lending agreement in 2010, the people did not know to whom, or why, we were paying such enormous debts. The reasons for the bank guarantees were not framed by the government in terms of options, but rather in scaremongering language, warning citizens that Irish and European banks would collapse if we didn't fund them, leading to social and economic anarchy. The resulting complex relationship

3. It should be noted that some trade unions are actively opposing illegitimate debts such as UNITE trade union. Various opposition political party led campaigns are also running including those of the People before Profit Alliance and Sinn Féin.

between Ireland's general sovereign debt and the banking debt was not explained to the people. This panicked message disempowered the people and blocked urgently needed public education and debate on our options.

This reflects a problem proposed by Dr. Killian in her article in this volume—that of a high level of policy capture at play within the Irish state. The Irish government did not have the competence, or courage, to examine alternative possibilities, such as non-payment of reckless private investor debt. Rather, it has followed what can only be viewed as instructions from powerful European member states and the European Central Bank, the status of which are outlined further in the concluding section.

## Political Organising: Learning from Countries of the Global South

Due to the fragmented nature of the popular campaigning response to the crisis, an unusual coalition of civil society organisations have formed against the debt. Debt Justice Action, formed in January 2011, is an alliance between global justice organisations, community groups, faith-based groups, academics, and some trade unions.<sup>4</sup> It is notable and interesting that much of the analysis of this grouping has been drawn from lessons from people's experience of living with unjust debts in Africa, Asia and Latin America. Due to the lack of experience of Irish campaigners in responding to sovereign debt crises, we looked to learning from movements in locations where such struggles have been ongoing for decades. Three clear concepts were borrowed from debt justice campaigns in the Global South and applied to popular organising in Ireland: debt audits, illegitimate debts, and co-responsibility in creating debt crises.

## Debt Audits

Debt audits are used by activists in the Global South to inform people about the scale and nature of their country's debts, which are often not transparently publicised. Debt audits also function as a building block to popular discussion about the legitimacy of certain debts and whether they should be repaid. Audits have been carried out by citizens groups in countries of the Global South, such as

4. [www.notourdebt.ie](http://www.notourdebt.ie)

the Philippines, Brazil, and elsewhere. They are usually citizen initiatives—although one borrowing government-led debt audit has been carried out by the government of Ecuador. Ecuador is a historic case as it is the first »government« in the Global South to establish a national debt audit commission to examine the country's debts contracted between the period 1976-2006.<sup>5</sup> Interestingly, the audit examined the scale of Ecuador's debt but also its political nature, such as the social impact of loans to Ecuador during that period. Ricardo Patiño, former Economy and Finance Minister in Ecuador and key backer of the independent audit, outlined the audit's intended wide-ranging nature:

»[The audit] will consider all relevant legal, political and economic factors, which have led to the accumulation of illegitimate debt in this country. The audit commission must also consider social and environmental damages to the local populations caused by debt. Debts which are found to be illegitimate must not be paid. Debts which are legitimate must be reimbursed.«

The Ecuadorian audit report details a litany of lending failures and exploitative loan contracts. After the audit, the Ecuadorian government refused to repay two global bonds worth about US\$30 million, not because of an inability to repay, but because the government believed they were illegitimate and should not be repaid. In 2012, Norway further promoted the debt audit concept by announcing an independent audit of all debts owed to it by countries of the Global South focusing on loans extended by its export credit agency to Southern nations.

Inspired by these examples, Debt and Development Coalition Ireland, Action from Ireland (Afri), and the trade union UNITE commissioned an independent audit of Ireland's debts as a first step toward supporting people in Ireland to understand the scale and nature of Ireland's national debt. Working with a team of researchers from the University of Limerick, Dr. Killian outlined the various facets of Ireland's sovereign debt, explaining the link between bank debts and the state.<sup>6</sup> From a campaigning perspective, the Irish debt audit was very valuable for four reasons.

1. It provided clear evidence from independent researchers that the Irish debt crisis was caused by the socialisation of commercial banking debt.
2. The audit outlined the various facets of Ireland's complex sovereign debt and explained the link between banking debt and the citizens.
3. It highlighted that while much of Ireland's debt results from debt owed to private bondholders, it is not possible to identify whom the private bondholders are.
4. Finally, and practically, it brought together locally- and globally-focused justice groups to work together on an Irish economic issue. This prepared the ground for a broad set of campaigners to begin questioning the legitimacy of the banking debt—another concept drawn from Global South campaigners.

## The (il)Legitimacy of Debt

Campaigning against illegitimate debt has been ongoing in countries of the Global South for decades. By 2011, as a result of sustained campaigning around the world, US\$122 billion of Global South debt was cancelled through multilateral agreements. By agreeing to some debt cancellation, lenders were making a historic public acknowledgement that it is possible to achieve a multilateral agreement to cancel debts. Lenders acknowledged that much of the Southern debts were not payable. However, lenders failed to address the fact that lenders and borrowers had ever acted irresponsibly, and regularly in a knowingly exploitative manner.<sup>7</sup> The global debt justice movement therefore worked to incorporate the concept of illegitimate debt into debt justice campaigning.

The illegitimate debt concept builds on the idea of »odious debts« developed by early 20th century Russian law professor, Alexander Sack. Sack applied the argument to despotic regimes, and to loans that do not serve the people paying for them. Sack proposed four key points relating to odious loan contracts.

5. *Comisión Para La Auditoría Integral Del Crédito Público*, 2008

6. The audit report can be found here: [http://www.debtireland.org/download/pdf/audit\\_of\\_irish\\_debt6.pdf](http://www.debtireland.org/download/pdf/audit_of_irish_debt6.pdf)

7. The debt cancellation agreements also came with severe policy conditions attached to them further discussed in Jubilee Debt Campaign, *Cut the Strings*, 2006, <http://www.jubileedebtcampaign.org.uk/Cut-3720the3720Strings3721+2289.twl>

1. A condition of legality of a loan is that »it is employed for the needs and in the interests of the state.«
2. Odious debts are the responsibility of an (odious) regime and are not owed by successors.
3. Debts can be considered odious if they are used for personal rather than state purposes.
4. Creditors commit a hostile act when they make an odious loan.

The concept of »illegitimate debt« or »unjust debt« further developed the odious debt argument to apply to situations beyond despotic scenarios. The illegitimate debt concept captures a range of moral problems that have resulted from various types of irresponsible loans. The concept has been formulated drawing upon evidence-based experience of the large variety of recorded circumstances that have created failed loans. This evidence has revealed circumstances including: loans given to repressive regimes and/or to known corrupt officials, loans extended for dubious purposes and/or obviously useless projects, loans for damaging or overpriced projects, or those granted on unacceptable terms and conditions. A review by the European Network on Debt and Development of concrete cases of illegitimate debts extended »for development purposes« to Southern countries by the governments of Canada, France, Germany, Japan, Italy, the United Kingdom, and the United States found that government lenders are far from selfless. Their research found that:

»In many cases, these governments lent money to regimes they knew to be corrupt or repressive in order to buy political allegiance, or they were loans designed to help rich country companies do business abroad and development was never their original purpose. In still other cases, loans were provided at exorbitant interest rates. Under the current system, these debts must always be repaid and there is no consideration of whether these loans were responsibly extended by creditors or the funds responsibly used by debtors... In national law... it is the responsibility of the creditor to exercise »due diligence« when he/she extends a loan to an individual (for example a bank must ensure that the client has a sound business plan or sufficient income with which to repay the loan).«

## Co-Responsibility

The global debt justice movement has sought to bring the illegitimate debt concept into public use. However, governments, unsurprisingly, have been reticent to use it. This is with the exception of the United Nations (UN) and the government of Norway who have given a nod in its direction by introducing the term »co-responsibility« of lenders in creating bad debts. This is a critical development, because in sovereign debt crises no international legal mechanism exists to deal with unpayable or illegitimate sovereign debts. Lenders currently function as judge and jury on debt repayment negotiations. Lenders argue that debts should always be repaid without any shared responsibility when they prove difficult to pay or when the loan had a negative social impact. A notable exception to this trend was when the government of Norway cancelled some 80 million US dollars worth of debt owed to Norway by five Southern countries as a result of a Norwegian Ship Export Campaign (1976-80). The Norwegian government declared its »shared responsibility« in creating a »development policy failure« in 2006 and called for the establishment of a UN taskforce on illegitimate debts.

This has led to deepening discussions at the UN on the problem of illegitimate debt. As a result, the United Nations Conference on Trade and Development (UNCTAD) has initiated a programme called *Responsible, Sovereign Lending and Borrowing*, which includes as a core part of its objectives, the development of guidelines and criteria for assessing the legitimacy of both past and future sovereign debts. In December 2011, the UN Annual Resolution indicated that »creditors and borrowers should share responsibility for the creation of unsustainable debt situations« in Southern countries.

Drawing on this useful set of concepts Debt justice Action outlined the illegitimacy of the Anglo Irish Bank debt and the need for co-responsibility among those that brought the bank to its knees.

## The Case of Anglo

Anglo Irish Bank, nationalised and merged with Irish Nationwide Building Society has been renamed the Irish Bank Resolution Corporation (IBRC). All deposits have been transferred to other banks and the bank is now be-

ing wound down. All that remains is for the government to seek to recoup outstanding debts and to repay Anglo's huge debt to the Irish Central Bank worth 30.1 billion Euros, with interest that rises to 47.9 billion Euros. This debt is Emergency Liquidity Assistance given by the Irish Central Bank to Anglo in order to stabilise the bank and repay its private bondholder debt. To assure the ECB of the repayments, the Irish government issued »promissory notes« (essentially IOUs), which are being paid out in tranches until 2031.

Anglo is the poster child for reckless banking. Anglo's ultra-competitive approach to gaining borrowing customers resulted in massive over exposure to the construction sector. Anglo staff experienced pressure to expand their lending portfolios and gained high rewards for doing so. There is currently a state-led criminal investigation into Anglo's financial management, progressing, it has to be said, at a glacial pace. Very serious ethical questions have been raised about what has been termed »balance sheet management« where the bank is alleged to have transferred short-term funds overnight from another financial institution the day before its financial statements were released in order to appear to be in good financial shape. In addition, in order to reduce its exposure to its largest investor, Sean Quinn, the bank offered to sell off much of Mr. Quinn's stake through a questionable process to some of its more prominent customers. The Commission of Investigation into the banking sector indicated:

»Contrary to public perception at the time, lending at Anglo and INBS had proceeded with insufficient checks and balances during the period. Relationship lending, high-growth strategies and rapid credit decisions meant that their balance sheets increased as the projects of preferred customers grew. Traditional risk evaluation procedures and risk mitigants were not implemented in practice. Additionally, these banks were very dependent on wholesale funding due to their rapid asset growth and a lack of sufficient growth in customer deposits. As wholesale funding tends to be much more volatile than customer deposits, they were particularly vulnerable to any doubts regarding their own solvency or that of their borrowers.... Governance at these banks also fell short of best practice. While procedures and processes in Anglo existed on paper, in certain cases they were not properly implemented or followed in practice. It appears that, at

least in the latter years, only a handful of management was aware of all activities of the bank.«

The financial Regulator complained to Anglo but took no action. The people of Ireland were left to pick up the bill.

## Unjust Power in Europe

Like many Southern nations, and alongside the other highly indebted borrowing countries of Europe, Ireland should have its illegitimate debts recognised. In the case of Anglo Irish Bank debt, the 30.1 billion Euro debt should be suspended immediately with a view to being written off by the Irish Central Bank.

The Irish government approach has been to insist that it is negotiating intensively with European governments for a »deal on the debt«. It claimed victory in June 2012 when Ireland was mentioned in the opening paragraph of a short statement by the European Council issued in the wake of the Spanish »bailout«. This was widely interpreted in Ireland as an indication that the legacy element of Ireland's debt, which related directly to the banks would be covered by the European Stability Mechanism (ESM). In October 2012, Chancellor Angela Merkel ruled this out unambiguously, and again, frantic efforts were made to produce a joint statement from her and the Irish *Taoiseach* (Prime Minister) to the effect that Ireland was »a special case« for consideration. At the time of writing, *Taoiseach* Enda Kenny indicated that bank debt would not be discussed further in Europe until 2013, meaning that the government is likely to issue a devastating budget for 2013 with no further clarity on whether the next Anglo Irish Bank debt payment of 3.1 billion Euros will be paid in March 2013 and reinforcing an assumption that the publicly funded payments from Irish banks to private bondholders will continue.<sup>8</sup> The power dynamic within Europe now sadly mirrors the historic global power dynamics between countries of the Global South and Northern-dominated lending institutions. The »powerless« Irish government is being bullied by »powerful« European members states and the ECB to repay its »debt obligations«, and in the process is utterly failing to stand up for its people.

8. See <http://bondwatchireland.blogspot.ie> for the schedule of bank bond payments

## Possibilities

As impatience and anger grow, there is a feeling that the battle is just beginning. On 13 November 2012, the well-known Irish columnist Fintan O' Toole wrote in *The Irish Times*:

»If you talk to people around the country, as I've been doing in recent weeks, you get the sense that the raw anger of two years ago has been replaced by a sense of powerlessness. But ›powerlessness‹ is not quite an adequate word—it implies a passivity and resignation that are not really there. This is not the apathy of those who have simply given up. It is the restless, frustrated powerlessness of a caged animal pacing the floor and glaring through the iron bars. People are desperate, but desperate to do something. This is the question again and again: what can we do?«

In activist and community-based circles, greater links are being forged between groups opposing austerity and those opposing the illegitimate debt. For example, at an analytical level, a plethora of concrete proposals are being pushed by progressive groups on alternative budgets, showing how impoverished people can be protected by introducing progressive tax policies and how the economy can be kick-started by stimulus and growth measures. These proposals strongly highlight the lack of sustainability of the debt.<sup>9</sup> At the level of popular mobilisation, it is clear that individuals and organised political groupings that have been inactive up until now on the debt are beginning to shift toward supporting grassroots mobilisation. For example, at the time of writing, key figures in the trade union movement were beginning to state publicly that the austerity approach is failing and there is little value in continuing dialogical engagement with the external lenders.

In the 19th Century African-American slave Frederick Douglass said, »Power concedes nothing without a demand. It never has and it never will«. This could not be more relevant to the Irish situation today. The just solution to the Irish crisis is for our government to demand cancellations of illegitimate debts and immediately suspend the Anglo Irish Bank payments. To use Dr. Killian's analogy, the Irish government is truly »captured« by the

power brokers of the European debt crisis. As it is looking more and more likely that the Irish government will not successfully negotiate a debt write-down, we, the people, must demand and insist that it does.

9. See for example, TASC: *Closing the Gap, TASC Proposals for an Equitable Budget* October 2012, Social Justice Ireland, *Budget Choices*, October 2012, UNITE, *People's Budget*, October 2012



## AWAKENING IN NORTH AMERICA—UNITED STATES

## »Political Awakening in North America?«

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Periodically, the spirit and the impulse of »awakenings« in the United States have been religious and evangelical in nature. A series of »Great Awakenings« from the early 18th Century sparked successive waves of revivalist zeal. Each spread far beyond Protestant elites to populations newly energised by some version of the social gospel or by a reform movement: abolition, temperance, suffragism, religious freedom. The most recent evangelical revival, from the 1970s, which gave rise to the Christian right, has had a formidable impact on the shape of American politics. The secular counterpart to these ardent revivals has been most visible in the form of populist movements, first in the late 19th Century, and again in the Popular Front from the mid-1930s.

The prairie-fire momentum of Occupy Wall Street (OWS) in its heyday was an open invitation to commentators looking to proclaim another people's awakening.<sup>1</sup> In the wake of the financial crash of 2008, popular protest fomented elsewhere—in the Arab Spring and the anti-precarity agitation all across Europe—but the American populace appeared to be in a deep slumber, as if a spell had been cast by the necromantic bankers who had seized control over Washington policymakers. Occupy's exuberant outbreak, taking its cue from the »Wisconsin uprising« in the spring of 2011, and the Spanish summer of the *indignados*, was the long-awaited response to the financial crash three years earlier. Its leading slogan—»We Are the 99%«—was a direct expression of populist sentiment, summoning up the broadest of coalitions in its assault against the centres of financial power.

Indeed, the first time I heard the chant of »We Are the 99%«, I had a flashback to a story I had heard about William Jennings Bryan, the god of Midwestern populism. Bryan, going into the hard-fought presidential election of 1895 with a full head of steam, was invited to talk to students at Yale. His audience was hostile, and at one point, he scornfully declared that »ninety-nine out of every hun-

dred of them were »children of the idle rich«. At which point, the crowd started chanting »Ninety-nine! Ninety-nine! Ninety-nine!« and he was forced to leave the stage. Bryan was surely wrong to describe their parents as the »idle rich«. Many of them had been energetically engaged in class warfare of their own for some time. Much of their wealth flowed from active manipulation of the credit extended to the debt-burdened farmers on whose behalf Bryan inveighed so vociferously against the gold standard he proclaimed was about to »crucify mankind on a cross of gold«. Family farmers in their frontier sod houses, tenant sharecroppers in the South, and artisans looking to reclaim their self-mastery were all drowning in the sea of debt created by the citadels of finance in the East.

Bryan lost the election, but the populist upheaval he led was clearly defined by the spirit of debt resistance. The Gilded Age saw levels of income inequality unparalleled until the last decade or so. Is it any surprise then that Occupy, and its Strike Debt offshoot in particular, has been propelled, once again, by the great injustice of populations delivered into servitude by the lords of credit? Will the renewed attention to the burden of indebtedness blossom into a coalition of class fractions, with anything like the wide appeal that 19th Century Populism generated?

The Progressive movement, which co-opted the energy of the Populists, was born along by elites, like Theodore Roosevelt, who saw that reforms were needed if the power of financial capitalism was to survive intact. As Don Fabrizio, the Sicilian aristocrat in *The Leopard*, laconically put it: »If we want things to stay as they are, things will have to change«. Today's counterpart is the celebrity investor, Warren Buffett, who openly acknowledges that the 1 per cent has been successfully waging class warfare for some time, and that plutocrats like him should be paying more of their share of wealth in taxes. Indeed, Buffet, in his 2004 annual report to Berkshire Hathaway's shareholders, warned that the US was becoming more of

1. Todd Gitlin was only the most prominent of those who placed Occupy within the lineage of US Great Awakenings, in *Occupy Nation: The Roots, the Spirit, and the Promise of Occupy Wall Street* (New York: HarperCollins, 2012)



a »sharecropper society« than an »ownership society«.<sup>2</sup> Buffet's position, which could be described as »speaking truth from power«, is a familiar structural response to economic populism, and his proposed solution—tax increases for the super-rich—takes the form of a minimal concession: we will pay more taxes but only as long as you don't tamper with the system by which we lay our hands on the wealth in the first place.

Few economists would dispute Buffet's admission this system of wealth accumulation has served his class very handily. Analysts who have investigated Occupy's claims about the 1 per cent have concluded that, of all the factors responsible for the upward redistribution of wealth, financial manipulation of debt ranks very high.<sup>3</sup> But the imposition of debt is not just a mode of wealth accumulation. It is also a form of discipline and social control with acute political consequences. This was most notable in the case of the International Monetary Fund »debt trap« visited upon so many postcolonial countries as part of Cold War client diplomacy. In the global North, debt has been institutionalised for so long as a »good« consumer asset that we forget how homeownership was promoted as an explicitly anti-socialist policy in the US in the 1920s. Subsequently, the long-term mortgage loan became the basis of anti-communist citizenship. William Levitt, the master merchant builder, pronounced, »No man can be a homeowner and a Communist«. In the postwar decades, a first-class citizen was someone who had entered into a long-term relationship of debt with a bank (a circumscribed ethnic population, given that most people of colour were denied access to mortgage loans). Over time, the threat of a ruined credit score effectively limited the political agility of our »nation of homeowners«.

Each slump in the housing market serves up a dose of discipline to the little people who believe they can successfully break into the speculation game so long monopolised by financial elites. But the most recent crash in 2008 revealed a much deeper crisis of household debt—a calamitous nexus of interconnected liabilities, stemming from the inability to make payments on several fronts, from health-care bills, student loans, and consumer

credit. Seventy-six per cent of American households are now in serious debt—one in seven are being pursued by debt collectors. Nor are those without personal-loan agreements off the hook. Municipal debt has been structured in such a way that its costs are now routinely passed on to the most vulnerable populations in form of public employee wage cuts, slashed services, and regressive taxation.<sup>4</sup> In towns across the country, predatory Wall Street lending practices are producing, albeit on a small scale, the kind of austerity policies visited on electorates in Southern Europe, and global South populations before them under the regime of »structural adjustment«.

Because of its possessive reliance on the almighty dollar, American government debt bears little resemblance to the sovereign debts of the Eurozone countries that are being held in the grip of austerity. Nor does household debt bear any resemblance to public debt. Nonetheless, the claim that ordinary people have somehow been living beyond their means was cynically marshalled in the recent imbroglio over raising the »debt ceiling« on Capitol Hill in order to introduce deficit-reduction measures that pass on the mounting costs of wars, regressive tax cuts, corporate welfare, bank bailouts, and ill-guided monetary speculation.

In the years since the financial crash, the disparity between the generosity shown to Wall Street (more than three trillion dollars of public money spent already, with an additional 12.2 trillion dollars committed by the US government) and the conspicuous lack of relief for household debtors has made it quite clear whose debts are expected to be honoured and whose are not. Occupy's debt-resistance activists were able to draw on a profoundly felt sense of injustice when we began our work in the Fall of 2011. In the absence of any relief, we judged that the conditions would likely ripen for a full-blown debtors movement.

## Debt-Financed Education

If such a movement emerges in the years to come, the student debt crisis and the activist response will prove to have been a key trigger. Even in the immediate pre-recessionary years, when debt was still considered a wor-

2. Chris Noon, »Berkshire Hathaway CEO Blasts Sharecropper's Society«, *Forbes Magazine* (07 March 2005)

3. Emmanuel Saez, »Striking It Richer: The Evolution of Top Incomes in the United States (updated with 2009 and 2010 estimates)« (02 March 2012) accessible at <http://elsa.berkeley.edu/~saez/saez-USstopincomes-2010.pdf>

4. Ann Larson, »Cities in the Red: Austerity Hits America«, *Dissent* (16 November 2012)

thy asset and employment a plausible prospect, it was easy to see that the mounting student debt burden was a formidable obstacle to any smooth passage for students into the upper strata of middle-class economic life. When the aggregate burden surpassed consumer debt in 2011, and then reached the one trillion dollar threshold a year later, alarmist talk about the student debt bubble became a regular feature in the business media.

From the outset, Occupy locations around the country filled with harrowing public testimony about the agonies and tribulations of student debtors. Many found solace in pungent slogans like »Banks Got Bailed Out, We Got Sold Out!« Tumblr and other websites swelled with the stories of others who felt too constrained by guilt to stand up in the face-to-face agora of Occupy. This public ritual was a way of exorcising the shame that privately afflicts debtors, and defaulters especially. The act of casting aside the shame and humiliation that accompanies indebtedness (especially acute for borrowers aspiring to enter the middle class) was an important kind of »coming out« for debtors, and it has been a powerful, affective component of the political moment. The alternative—suffering the consequences of debt and default in private—is a thinly documented trail of tears, leading to depression, divorce, and suicide forever increasing numbers. By 2012, the average student debt was more than US 27,000 dollars, having doubled since 2007. Defaults had also doubled in that same period. Of those who graduated in 2005, 41 per cent are either delinquent or in default.

As a college professor, I had known for several years that my paycheck depends on my students going deeply into debt, often for decades to come. But like my colleagues, I chose not to dwell on it, a decision that seemed justifiable given that faculty salaries have been stagnant as a whole for some time now. We are hardly to blame for skyrocketing college costs. Yet, knowing that my students were trading a large chunk of their future wages for the right to walk into my classroom, did I have additional moral duties toward my students? Did I share any of the responsibility, or blame, for their decision to pile on loan after loan? Was I obliged to speak out against the profiteers who were plying them with high-interest credit?

Despite my own ambivalence (faculty have little to do with the fiscal affairs of their institutions) I felt compelled to respond. Last November, I helped to launch the Occupy

Student Debt Campaign (OSDC), which invited debtors to pledge to refuse payments after one million others had signed up. Millions are already defaulting in private, and so our pledge offered a more self-empowering way of taking action and focusing public attention on the issue. Attracting pledgers was not easy—the morality of paying back debts still runs very deep in our society—but I learned a lot about the psychology of debtors in the course of our campaign.

On one of my campus visits, a student told me how her father had been laid off, and the family had fallen behind in its mortgage payments. A co-signer of her loans, for which the family home was collateral, her father had also been using home equity loans to pay some of her college bills. That source of credit was now closed off, and the family's balance sheets were deep in negative territory. At the same time, her parents were landed with some of her grandmother's hospital bills. To bring relief to a household that had been hit by what she called »a perfect storm of debt«, she had considered dropping out. Instead, she had turned to her two credit cards as an alternate source for funding her degree, opening up yet another door for creditors to come knocking. Fading fast were the college dreams of her younger sister. Newly graduated from high school, she was about to join her mother on payroll at their local Wal-Mart Supercenter to help tide over the family.

This student's predicament was a lesson to me in the interdependency of debts, especially those related to the cost of maintaining basic social needs—in housing, health, and education. Foreclosing the future of young people is a callous act, and a self-destructive path for any society. But allowing Wall Street financiers to feed off their predicament is beyond any moral compass.

In contrast to reform initiatives calling for loan forgiveness (the guilt-laden term suggest the debtor has done something wrong), our OSDC campaign favoured a write-off of current student debt, in the jubilee tradition, whereby elites periodically forgive unsustainable debt burdens. But this single corrective act by itself won't alter the formula for the debt financing of education. So the campaign adopted some principles aimed at re-establishing an affordable education system. On a rough estimate, it would only take US 70 billion dollars of the federal budget to cover the tuition costs at every two- and four-year public college. This happens to be the sum

which the Pentagon wastes annually in »unaccountable spending«, according to a recent audit. That comparison alone shows just how skewed our national priorities have become since the era of the GI Bill, when the doors of higher learning were opened to working-class families. If the US is to have any kind of durable middle class in the 21st Century, then it will have to join the long list of countries—including China, Mexico, Brazil, France, Argentina, Germany—that manage to provide free public education at the tertiary level.

In addition, OSDC argued that education loans should be interest-free—no one should profit from them. So, too, all universities including private ones, which benefit from public largesse in all sorts of ways but not least through the federal loan programme, should adopt full fiscal transparency. Students and their families surely have a right to know how college administrators spend and allocate their tuition checks.

US campus activism against tuition hikes and indebtedness was sporadic but insistent in the year following the debut of OWS. The high-profile actions in North America occurred in Quebec, where the student movement won widespread public support in their ultimate victorious campaign to combat tuition increases. The Québécois symbol—a red square—and the accompanying slogan, *carrement dans le rouge* (squarely in the red), were quickly adopted by education debt resisters in the US. The Occupy group All in The Red, staged several marches and actions in New York City in solidarity with their counterparts in Montreal. In Mexico, the *Yo Soy 123* student movement mounted a powerful public protest against political corruption in the period before and after the general election, while Chilean students successfully sustained several months of strikes in opposition to top-down efforts to privatise higher education.

## Striking Debt

In June 2012, several Occupy groups (OCSD, Occupy Theory, and Occupy University) sympathetic to the student resisters, formed a new Strike Debt initiative<sup>5</sup>, aimed at building a debt resistance and liberation movement. The Quebécois red square was reinterpreted to signify the four corners of debt--education, health care, hous-

ing, and credit card—and a new slogan was rolled out: »You Are Not A Loan«. We held a series of »debtors' assemblies« every Sunday in New York City parks. Largely unstructured, these were open invitations to speak out. The crowds were small enough for public intimacy, and the atmosphere, while informal, was electrifying. It was heart-rending to hear speakers bear witness about how debt had blocked their aspirations and forced them into decisions they regretted. Many spoke of depression, some of divorce, while others described the kind of future—owning a home, having children—they believed was now hopelessly unattainable. Parents stood up to agonise about their responsibility, as co-signers, for the loans of their now unemployed offspring. A fellow activist reminded us of an even more harrowing predicament: she had contracted a life-threatening ailment, and the bitter prospect of dying young was sharpened by the knowledge that her low-income parents would inherit her debts. Another expressed shame of another kind: to discharge his debts quickly he had taken a job in the finance industry, but was sickened by the predatory nature of the loan making he was asked to work on.

Strike Debt quickly amassed a nucleus of committed activists, some of them from the drastically reduced OWS core. By 17 September (S17), Occupy's anniversary, the weekly Strike Debt assembly had emerged as one of the strongest OWS tendencies, with aspirations and a sense of momentum that did not rest on, or simply look back to, the achievements of the Zuccotti Park phase in New York. On S17, we launched our first public-service project, the Debt Resistor's Operations Manual (DROM), based on collective research conducted in the course of the summer. Written in plain English, it offers practical advice to debtors of all kinds about how to escape from beneath their debt burdens and evict the power of creditors from their lives. While it condones individual action, the DROM also encourages collective acts of debt resistance as the only way of rectifying the inequalities generated by the debt economy.

Conceived as an act of mutual aid, the DROM has circulated far and wide. A second, expanded edition is being produced, and it is being translated into other languages, and customised, in other countries, for economic landscapes that differ from that of the US. Making available this kind of advice is part of our commitment to public education about how the debt system functions. Wall Street's self-serving response to criticism is that the fi-

5. [www.strikedebt.org](http://www.strikedebt.org)

nance business is just too complicated for lay people to understand. Every public revelation about how the system is rigged helps to erode the powerful ideology that loans always have to be repaid. This belief—that loan repayment is a highly moral test of personal responsibility—is the glue that holds the financialised economy together.

Our second project, the Rolling Jubilee, offered a more innovative kind of public education. This campaign raised money to buy distressed debt for pennies on the dollar. Instead of collecting on the debt, as the collection agencies do, we abolished it, relieving debtors of all obligations. The Rolling Jubilee proved a phenomenal success, raising US 500,000 dollars in a matter of weeks. Given how cheaply debt is sold on the secondary market, that sum allows us to eliminate up to US 10 million dollars of debt. Debtors were elated when the first letters from Strike Debt began to arrive during the holiday season of 2012, informing them they no longer have to worry about medical bills they have been unable to pay. More generally, this »people's bailout« helped to expose the predatory nature of this murky marketplace. How many borrowers, hounded by collection agencies, knew how cheaply their harassers had bought out their loans? How many knew that original lenders get to »charge off« their defaulted accounts and take a tax break—another kind of bailout—before bundling them into portfolios for sale on this shadowy, secondary market?

More profoundly, our Rolling Jubilee team received tens of thousands of messages from people whose spirits were raised by this example of mutual aid in action. Their heartfelt messages reminded us that political change rests on emotional stirring among ordinary people, just as much as it is driven by debates among full-time progressives. The Rolling Jubilee was not designed as a feasible, long-term solution to the debt crisis in and of itself. Instead, it was a »bailout by the people, for the people« a chance to offer others support and solidarity where the government has failed them. Debt relief, by any means necessary, is a lifeline to desperately overburdened people.

Just before the launch of the Rolling Jubilee, other Occupy remnants sprang into gear to bring relief to the communities hardest hit by Hurricane Sandy. The spontaneous self-organisation of Occupy Sandy proved to be more rapid, flexible, and effective than anything provided

by government agencies. Not a few concluded that local, community-minded initiatives of this sort were the best expression of the Occupy ethos of mutual aid, and proof that the Zuccotti Park prototype could be spun out into a resilient outreach programme, far beyond the traditional OWS constituency. Strike Debt organisers played a leading role in setting up and running field operations, and our research report revealed how other sources of relief in the form of loans, offered through Federal Emergency Management Agency (FEMA) or from private banks, would drive the victims further into debt—a classic case of disaster capitalism in action. Models for debt-free reconstruction were floated at community meetings.

Both the Rolling Jubilee and Occupy Sandy generated immense goodwill, and their example sparked new ideas and action plans. Relationships were established with European anti-debt groups (Citizen Debt Audit Platform in Spain, and *Democratie Réelle Maintenant* in Paris) committed to fighting austerity policies or to conducting citizen audits of sovereign debt. Faith communities, in particular, responded with enthusiasm to the Rolling Jubilee, sensing an opportunity to revive the biblical tradition among their own congregants. Strike Debt chapters began to spring up in other cities (and in the United Kingdom), and the New York organisers set forth a long-term goal of building a »debtors union« with national, and even international scope.

## Reclaiming the Future We Need

There are many ways to »strike debt«: demanding all kinds of people's bailouts; collectively refusing to pay illegitimate loans; targeting and shutting down collections agencies or for-profit colleges; regulating loan speculators out of business; reinstating limits on usurious interest rates (which were struck down in the late 1970s); fighting for free education and health care; defending foreclosed homes, and more. But these »strikes« need to be accompanied by constructive alternatives. The result of debt cancellation, even on a mass scale, will be negligible unless it was coupled with a far deeper restructuring of our economic system around socially productive credit. That is the prize our eyes are on—an alternative economy, run for mutual benefit and not for profit.

Progressives don't always see why organising around debt should be a priority. After all, it is the Right that

traditionally harps on debt, and is currently using deficit reduction as an excuse to push through cuts to public goods provisions it has labelled as »entitlements«. Yet, to paraphrase Karl Marx, people do not get to choose the conditions under which they make history. Most of us are in hock because life-sustaining necessities are increasingly debt financed. Nor is debt resistance disconnected from more staple progressive concerns like campaigning for higher wages. There has always been a tight relationship between wages and debt—from the debt peons and debt slaves of antiquity to today's transnational migrants, toiling to work off their transit and recruitment fees. For most people today, debts are the wages of the future, and can even be seen as a form of wage theft. Moreover, given that predatory lending of all sorts—from sub-prime mortgages to payday loans—disproportionately affects low-income and people-of-colour communities, debt resistance naturally dovetails with broader struggles for racial equality and economic justice.

Strike Debt and our allies believe that the struggle over debt is one of the front line conflicts of our times, and that the new version of the American Dream will be to live free of debt. Initiatives like the Rolling Jubilee are a glimpse into that future, and are showing us—once again—that the first task of any political movement is to meet and touch people where they are. Through our work we have learned that the popular appetite for debt refusal exists, no less than the desire for an alternative economy. Indeed, debt refusal may be the only way of salvaging popular democracy. The historical record shows that oligarchies have developed out of democracies when the creditor class is allowed to dictate policy, creating the conditions for debt peonage and slavery.<sup>6</sup>

»Odious debt« is the legal term applied in the case of authoritarian rulers borrowing without citizen consent and for their personal benefit. But the scope of odious debt should surely be extended to individuals and households targeted by predatory lenders in unjust ways. In addition, when populations are compelled to privately debt-finance the provision of basic social goods, we might consider these to be »anti-social debts«, what the Chinese call the »three mountains« of education, housing, and health care, all weighing heavily on the shoulders of the people. Their explosive growth is more

and more perceived in Beijing as a threat to that country's stability. In the US, our inability to meet these costs has been turned into a source of lavish profit for the finance industry. Any representative government that permits banks to impose these harms on an unprotected populace has all but forfeited its democratic legitimacy.

When capitalism has exhausted its capacity for profit taking in the present, it circulates ever more paper claims on the future.<sup>7</sup> Financialisation is a way of appropriating our future time and labour far in advance of how and where we choose to conduct our lives. If we are to have the future we need (as the title of this volume urges) then we will first have to reclaim the future from the creditors.

6. Michael Hudson, »Debt and Democracy – Has the Link Been Broken?« accessible at <http://www.nakedcapitalism.com/2011/12/michael-hudson-debt-and-democracy-has-the-link-been-broken.html>

7. Richard Dienst, *The Bonds of Debt* (New York, Verso, 2009)



## AWAKENING IN NORTH AMERICA—UNITED STATES

## »Can »Strike Debt« Bring Progressive Change to the United States?«

Barry Herman

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»Strike Debt«<sup>1</sup> may or may not become a lasting US social movement. But it is an interesting urban grassroots initiative and it raises hopes for progressive politics in the United States (US).

In the spring of 2012 in New York City, an »affinity group« of the Occupy Wall Street movement formed itself as »Strike Debt«. Through the summer and fall, it marched or joined other marches in public spaces to challenge public apathy about how heavily indebted people struggle to survive. It expressed solidarity with striking students in Quebec by wearing their small red square patches of cloth. It met in the open—mostly sitting on the grass in a big circle outdoors in Washington Square Park—where curious passersby might listen in on the discussion. It welcomed to its meetings an independent filmmaker and a photographer who wanted to record the beginnings of a new people's movement. It produced Strike Debt buttons and discussed strategy, tactics and self-education, forming the »Extremely Boring Book Club« for interested volunteers.

Even more uniquely, it created innovative social mobilisation tools that could help at least some individuals reduce their debt burdens. This required intensive study and discussion over the summer within the group and with legal and financial experts who sympathised with the impossible financial situations into which millions of Americans had fallen. Realising the paucity of programmes to help people deal with those burdens and the lack of information about the limited options that did exist, Strike Debt wrote a book called *The Debt Resisters' Operations Manual*<sup>2</sup>. It is full of concrete, useful advice, such as what to do if you cannot meet your student debt repayment obligations but have not yet defaulted (p. 33). It also contains proposals that should be read as playful, as some of them are not legal, for example, how to defraud a so-called »payday lender« (p. 75), which seems to be offered in the same spirit as many other Occupy

actions that use wry humour and irony in the service of delegitimising the political and economic system.

Strike Debt also conceived a scheme to buy up defaulted medical debt at a deep discount in order to forgive it, and it undertook a fundraising effort to finance debt purchases that mobilised US\$500,000 dollars by the end of 2012. This was enough, Strike Debt claimed, to extinguish about US\$10 million dollars of personal financial obligations.<sup>3</sup> The ability of Strike Debt members to find allies to teach them about the system even in the gray areas of the financial sector is itself noteworthy. In this case, the scheme took advantage of a practice available to some types of creditors in the US in which they sell the financial contracts covering household debts they have been unable to collect. The contracts are bundled into packages that debt collection firms buy. The debt collectors then harass the debtors and use legal challenges to try to force them to pay at least some of the principal and interest owed. As the probability of collection is small, since the debtors have already defaulted, the creditors are said to sell the loans at about five cents on the dollar. Strike Debt learned it could buy packages of the debt, simply tear up the contracts, and notify the individual debtors that they had been relieved of their repayment obligations. Recalling the biblical reference of the Jubilee Campaign to cancel the sovereign debt of poor countries in the 1990s, the campaign is called »Rolling Jubilee«<sup>4</sup>.

The New York initiative struck a responsive chord around the US, and affiliates formed in San Francisco, Portland, Philadelphia, Detroit, Chicago, Salt Lake City, and Minneapolis, as well as in London; plus, Strike Debt allied with existing anti-debt groups in France and Spain. Seeing the possibility that the initiative could gain momentum as a national political movement, the New York group

1. <http://strikedebt.org/>.

2. <http://strikedebt.org/The-Debt-Resisters-Operations-Manual.pdf>.

3. <http://rollingjubilee.org/>.

4. The campaign currently focuses on medical debt, which is money owed to doctors and hospitals for services that are not covered by insurance. Almost 50 million Americans do not have insurance and the policies that many people have through their employers or personal purchases generally provide incomplete coverage of medical expenses.



drafted an organisers' manual.<sup>5</sup> It drew lessons for others from how the New York group had evolved and from its experiences in reaching out to other organisations and institutions, such as churches and the public at large.

I doubt that anyone in Strike Debt thinks its initiatives or similar isolated initiatives will themselves solve the over-indebtedness problem of households in the US. Any independent initiative, however clever and well-intentioned, will at best scratch the surface and underline that government action is needed, or that the government of capitalist America will never be a friend of an indebted low-income American. Gaining adherents to the latter view may be the intention of idealists in Strike Debt who seek to build a mass movement to create a mutually supportive and truly democratic post-capitalist economic and social system. It sounds to me like a great goal, except I will surely not live long enough to see it. However, even if that is the ultimate agenda of many Strike Debt activists, there is still a crying need for fruitful social agitation in order to ameliorate the patently clear abuses of the existing system. For this author, that is good enough.

## Household Debt and US Public Policy

Households in the United States are deeply in debt. As of the end of September 2012 (the most recent data available), household debt totaled US\$11.3 trillion dollars, of which about 1 trillion dollars was »delinquent« and 40 billion dollars of it overdue by at least 90 days (Federal Reserve Bank of New York, 2012). In the three-month period ending in September, »default« was added to the credit reports of 354,000 more Americans, while 242,000 more households were listed as in »foreclosure« on their homes.

In the United States, defaulting on mortgage debt that finances a house results in »foreclosure«, wherein the lender takes possession of the property. Defaulting on other personal debt leads to increasingly harassing creditor efforts to collect funds owed, including legal action.<sup>6</sup> However, insolvent persons can enter into court-supervised bankruptcy and be relieved of some of their

defaulted debt, but not all. For example, »student debt« incurred for educational purposes is not forgiven, nor are taxes owed. Also, bankruptcy can temporarily stop a foreclosure on one's home, although it does not discharge the obligation to repay. How much has to be paid to the mortgage holder and other creditors and on what schedule is determined by the court, as guided by the bankruptcy laws.

Commentators may express optimism that the numbers added to default and foreclosure lists are growing more slowly now than in the earlier years of the US financial crisis, but this is small encouragement to the millions already in debt distress. Indeed, as the US economy slowly climbs out of the depths of the »Great Recession«, one may see *increasing* numbers of US households filing for bankruptcy, as one must accumulate about US\$1,500 dollars just to cover the charges for filing with the court and associated expenses. Economist Jialan Wang argues that many of the poor have been too financially constrained to formally start the process.<sup>7</sup>

The greatest failure in the US policy response to the financial crisis has been just how little was done to ease the troubles of the over-indebted poor and middle class. The United States government spent many hundreds of billions of dollars to prevent the closure of certain »Too Big to Fail« financial firms while the Federal Reserve System (the US central bank) poured trillions of dollars of liquidity into US financial firms and markets. In contrast, federal legislation only created a few, minor but complex programmes to ease the cash flow of mortgage holders. In a study of these programmes that highlights the various political constraints in the aftermath of a financial crisis, economists Atif Mian, Amir Sufi and Francesco Trebbi have dubbed them »a miserable failure« owing to the lack of cooperation from the creditors.

Instead of policy-based reductions in debt burdens, the national household debt adjustment is largely taking place through personal defaults, foreclosures, and strenuous household »belt-tightening« efforts to reduce even essential expenditures. Besides the unnecessary social pain of pushing too much of the debt adjustment onto low-income households, the economy as a whole has paid the price for this lack of policy support of debtors.

5. Downloadable at <http://strikedebt.org/Strike-Debt-Organizing-Kit.pdf>.

6. Thus, numbers for in »default« and »foreclosure«, as in the credit reports cited above, are counted separately, although many households may be in both categories.

7. <http://www.voxeu.org/article/bankruptcy-costs-and-america-s-household-debt-crisis>



Even though banks and the financial system as a whole have been awash in cheap credit thanks to US policy, firms have held back on investing and rehiring workers. To do so they need to expect to sell what they would produce. »Underwater« debtors are not big spenders and overall low spending reduces employment opportunities, including for the debtors. Meanwhile, the financial wealth of the wealthy has largely recovered and incomes paid out of profits have continued to soar.

More concretely, according to the US Census Bureau<sup>8</sup> the richest fifth of US households took home 51 per cent of total household income in 2011 (the most recent data available), while the poorest fifth received only three per cent. The richest five per cent of households captured 22 per cent of total income. In fact, the income of the richest five per cent grew more than five per cent in 2011 (measured as »equivalence-adjusted« income), while it fell for the bottom 80 per cent of households. Forty-six million Americans were officially classified as poor in 2011, making them eligible to draw on the small social safety net that the US and state governments provide, supplemented by private charity, family support, and just plain suffering. Those 46 million people make up 15 per cent of the population of the richest country in the world.

The one new financial policy that holds some promise for the »99%« is the creation of the Consumer Financial Protection Bureau as part of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank). The Bureau is meant to restrict unfair, deceptive, and abusive financial practices such as ensnared many people in mortgages they could not afford. The financial industry fought its inclusion in the Dodd-Frank bill and opposition continued after passage. It thus took until January 2012 for a head of the new agency to be appointed so it could begin its work seriously. It nevertheless has embarked on some promising programmes. For example, in 2013 it will start monitoring debt collection agencies, including firms that contract to collect unpaid student debt.

The financial industry and its lobbyists can be expected to continue to oppose the new Bureau at every step of the way, as they also seek to dilute and eliminate the other reform initiatives that emerged in response to the financial crisis. In reality, those reforms are already quite weak and insufficient from both social and financial instability

angles (Herman, 2012). All such reform proposals have thus far been beaten back, even those that aimed to strengthen US capitalism. The Occupy Wall Street comment on US post-crisis policy making—»Banks got bailed out; we got sold out«—remains as pertinent as ever.

## Occupy Enters the National Conversation

Although Strike Debt is currently a rather small group of activists, it carries forward the spirit of Occupy Wall Street, whose impact has extended well beyond the number of people who participated in any of its »occupations« or marches in 2011-2012. Occupy's cry—»We are the 99%«—claimed that the country was being run by and for the 1%, and the country was ready to believe it. Indeed, it was well illustrated by US financial crisis policy. That is, while it was essential to flood the financial system with liquidity in 2008-2009 to prevent the speculative ventures designed by Wall Street from destroying basic financial services (what some call »boring banking«), there has been little sustained effort after 2009 to reign in the financial cowboys or separate them from any portion of their ill-gotten wealth. And while Wall Street executives make up only a modest portion of the 1%, the unleashing of restrictions on corporate funding of political campaigns by the US Supreme Court in its 2010 »Citizens United«<sup>9</sup> decision made undeniable the link between financial wealth and political influence.

This is not to say that Occupy, let alone Strike Debt, is universally well regarded in the United States. In 2011, the mostly heavy-handed municipal authorities, police, and their Wall Street allies seemed to react viscerally to what was, after all, a peacefully—if sometimes inconveniently—delivered message rejecting the status quo. There was never a threat of a revolutionary takeover of the government or actual harm to anyone.<sup>10</sup> Rather, Occupy Wall Street was the greatest mock challenge to authority since Abbie Hoffman inspired anti-war demonstrators

9. »Citizens United v. Federal Election Commission«, or legal number 558 U.S. 310 (2010), was a landmark United States Supreme Court case in which the Court held that the First Amendment prohibited the government from restricting independent political expenditures by corporations and unions.

10. Nevertheless, the Partnership for Civil Justice Fund learned from a Freedom of Information Act demand (<http://www.justiceonline.org/commentary/fbi-files-ows.html>) that the US Federal Bureau of Investigation built large confidential files of information about Occupy groups all across the country, even with the knowledge that Occupy neither sought nor condoned the use of violence.

8. <http://www.census.gov/prod/2012pubs/p60-243.pdf>

to gather in Washington and try to levitate the Pentagon in 1967. The so-called concern for public health and safety that was the reason given to oppose the occupations was hardly convincing. When in October the Mayor of New York City said he needed to close down the »unsanitary« encampment at Zuccotti Park, the occupiers and friends from around the city cleaned up the park until it sparkled and in record time; eviction from the park was postponed, albeit only until November 15.

Besides opposition by the 1% and its protectors, however, a broad swath of Americans has been skeptical of Occupy. The movement's willingness to openly challenge authority, even if in peaceful ways, seems to have had a negative impact. People who were at least partly open to the message could dismiss it because of how it was delivered. Even worse, people could misperceive what was actually happening in the streets and see violence when it does not exist. A personal anecdote illustrates this. The son of a friend, an ex-marine, father and small businessman, argued to his family that the security officer who sprayed a disabling pepper solution on a group of students who were sitting on a sidewalk as part of an Occupy demonstration at the University of California-Davis had every reason to fear that the demonstrators posed a violent threat. He strongly maintained his trust in authority and distrust of the demonstrators until his family made him watch a video of the incident, which had gone viral on the Internet. He had to admit there was no danger and he had misperceived the situation.<sup>11</sup>

In this kind of political environment, the decision of Strike Debt to develop new approaches to mobilisation besides marches and »occupations« is most compelling. Zuccotti Park is not Tahrir Square. The United States is not Egypt. However much Americans criticise their government, most consider it legitimate. Thus, even though people on the left have been Occupy's strongest supporters, the main focus of most leftists in the United States in 2012 was the November national elections. One organisation, Global Exchange, even sought to capitalise on the left's enthusiasm for Occupy by naming one of their campaigns »Occupy Our Elections«, aiming to counter corporate influence in the election, urging people to

»register your discontent and go vote about it«<sup>12</sup>. There are surely »Occupiers« who would not agree to work on an electoral campaign, but the movement is large and varied and there is no trademark protection to limit use of the word »Occupy«. Indeed, a recent effort, »Occupy Sandy«, was an important addition to the Occupy family, with a large participation by Strike Debt folks. It provided much-needed support very quickly and efficiently to people in the New York area devastated by Hurricane Sandy and was especially important for people in outlying areas who were not being reached by traditional, bureaucratically entangled, emergency services that had been overwhelmed by the storm.<sup>13</sup>

## The Progressive Policy Imperative

Occupy captured broad public attention, not only because its message resonated, but also because it provided a much-needed counterweight to the ultra-right wing and well-financed »Tea Party«. Occupy challenged the mainstream political conversation, which had come to be dominated by an increasingly unquestioned faith in »markets«. However, the Tea Party is only the most extreme manifestation of the right-wing ascendancy in US politics, which is usually traced to disappointments in the outcomes of government policies and programmes—some dating from the 1930s and some from the 1960s—that were meant to reduce poverty, promote individual liberty, and enhance the economic opportunities of discriminated groups, in particular, women and black Americans.

Perhaps politicians on the left in the United States promised too much and did not sufficiently promote their policies as innovations that should be modified as experience was gained. Perhaps the left did not sufficiently argue that even if some policies disappointed, others did exactly what they were expected to do. For example, Medicare, the federal health insurance for senior citizens, sharply reduced poverty among the elderly, a formerly large component of the US poor. Instead, rising amounts of public social spending—especially what Americans call »entitlements« and others call the »social protection floor«—became the scapegoat for deeper economic ills,

11. The offending security officer no longer works for the university, which agreed to pay US\$1 million dollars to settle a civil suit filed by the American Civil Liberties Union on behalf of the demonstrators (*Associated Press*, September 26, 2012).

12. <http://www.globalexchange.org/blogs/peopletopeople/2012/05/08/in-2012-elect-democracy/>.

13. <http://interoccupy.net/occupysandy/>.

such as stagnating real wages. The deep structure of the US economy was shifting—paralleled by different shifts elsewhere (Lim Mah-Hui and Khor, 2011; Wolff, 2012).

The right-wing attack on government successfully undermined political ability to respond to what is often phrased as the »challenges« of globalisation, but is actually more about missing *opportunities* presented by an evolving global economy. The United States has needed to restructure its economy according to its changing comparative advantage and innovation possibilities, rather than depress wages and workers' rights. Over the past two decades, the right wing also made the US stand on the sidelines in international debates on mitigating global warming and now Americans are unprepared to face its already devastating consequences from storms, draughts, and overall rising temperatures. The right's attack on government has even held back spending on what every economics textbook classifies as public responsibilities, i.e., essential physical infrastructure and services, such as education and basic research. The reality is that the »1%« has been undermining the very source of its own wealth, which is high and growing productivity in sustainable economic activities. The 1% has been capturing an increasing share of the value of the productivity gains, but that strategy cannot last forever. This is plain arithmetic.

In this regard, as well as in regard to the social programmes, the solution is not less government and lower taxes, as the Tea Party and its allies demand, but rather better and fairer government financed through adequate and equitable taxation. This embodies a progressive reform agenda, not necessarily Occupy's or Strike Debt's agenda, but an agenda that a progressive movement might bring out of the closet. But first we need a movement.

### Is Strike Debt the Beginning of a Progressive Movement?

This author's political views were forged in the 1960s when churches, organised labour, and university students joined together in the United States to struggle for civil rights. The movement had to overcome violent opposition—especially in the southern states—and generalised racism across the country. There was also opposition from churches, labour, and university students. The

country was quite divided. However, the majority came to embrace the rightness of the cause and the government effectively ended legal and institutionalised racism in the United States (which is not to say that racism itself has been eliminated). That coalition of progressive forces no longer exists, but it must be recreated if progressive reform is to happen.

The United States remains a church-going, mostly Christian country, but its religion has changed. Overall, there is more emphasis on the individual and less on community, even to the extent of preaching the »prosperity gospel« in mega-churches.<sup>14</sup> The days are long over when, as in 1968 in Catonsville, Maryland, religious Catholics (including priests) protested the Vietnam War by publicly burning the government records they stole on the availability of young men to serve in the army. A retired Protestant theologian who works with the progressive World Council of Churches told this author recently that she needs to be circumspect with her family about that work as they think the WCC is »communist«. Liberation theology still exists, but very much at the margins of American society.

Organised labour is also a less effective voice for progressive change than it was in the 1960s. One third of US wage and salary workers were union members in 1960. Only 11 per cent are now.<sup>15</sup> Today, organised labour is fighting right-wing efforts to undo union protections at state levels, such as the requirement recently overturned in Michigan that workers protected by unions pay dues to the union. Certainly, there are progressive leaders of American unions and an inherent appreciation by unionised workers of the power of collective action for progressive ends. And certainly, unions can still turn out large numbers of people to demonstrate for progressive causes and to lobby politicians. However, the unions do not carry the same moral authority that they once did in the country.

The universities are also different now than they were in the 1960s. Students bear more of the cost of their education through high tuition and depend much more on debt to pay for it. Young faculty, too, are less secure in

14. According to journalist and author Hanna Rosin, tens of millions of American Christians believe that »Jesus blesses believers with riches« (<http://www.theatlantic.com/magazine/archive/2009/12/did-christianity-cause-the-crash/307764/>).

15. Data as compiled by the Organisation for Economic Co-operation and Development (<http://stats.oecd.org/>).

their march towards tenure and are especially pressured to keep their noses glued to their research agendas. Fighting for progressive change at universities is more risky than it was 50 years ago.

And yet, one senses that universities, churches, and unions could again embody forces for progressive change. What's missing is intense focus on a concrete problem that captures national sympathy and incites a sense of urgency. Strike Debt has put forward a candidate issue, namely that the economic system systematically entices people into too much debt, which then strangles them economically. Could this launch a national progressive movement?

Strike Debt is building on Occupy Wall Street's innovations, openness and aim to build a mass movement, which says perhaps the answer is yes. However, Strike Debt is explicitly building a movement to create an idealistic, decentralised society of mutual aid and direct democracy, and this may ultimately not be compatible with an effective movement for political change in the United States. Occupy did not draw a line around the views of its organisers and distinguish »us« from »them«, which a more homogeneous Strike Debt might be in danger of doing. Therein lies the challenge.

Occupy Wall Street introduced an attractive process for mobilising a diverse mixture of disaffected people, providing a forum for hearing their views and outlets for expressing their opposition. Strike Debt impressively uses Occupy's process of »horizontal democracy« for its internal workings. Even more impressive is the energy people bring to its projects and the commitment to the group. The »mic checks«, special hand signals and other aspects of consensus-based decision making in a large group—originally made essential by the prohibition of loudspeakers at Zuccotti Park—has become a kind of shared language and symbol of membership. Like a fraternity's secret handshake, it might increasingly distinguish insiders who share Strike Debt's goals and principles from outsiders who may not.

While Strike Debt views have always been stated in its literature, members further formalised them in a set of »Principles of Solidarity« adopted at its 6 January 2013 General Assembly. Their overall claim is that »most debt is illegitimate and unjust« and should be resisted. The Principles seem to stake out a position that most Ameri-

cans will not accept. Yes, many people are forced into debt by their circumstances but much borrowing is for fully legitimate and beneficial reasons. How many people, after all, can buy a home only after accumulating the full purchase price and thus avoid taking a mortgage? Why should they avoid a mortgage if they can plan and budget accordingly? The same applies to leasing an automobile versus paying for it outright with cash. In how many municipalities would residents agree to pay the full cost of a bridge or sewerage system through one year's taxes rather than borrow the funds and charge taxpayers enough over the life of the system to cover its costs, including paying bondholders? And when a country enters into economic recession and national tax revenues fall while expenses rise, as for unemployment insurance, it is just and proper for the government to borrow the money to meet its expenses (albeit running surpluses in later years of strong growth) rather than balance the budget year in and year out. The latter would require precisely the »austerity« Strike Debt claims it opposes in the last sentence of the Principles. Debt per se is not »an instrument of exploitation and political domination.« Abuse of debt certainly is.

Thus far, the Strike Debt projects, as described at the beginning of this article, show that Strike Debt knows it has to address people's actual thoughts and fears, which are far from the group's foundational project. While perusal of the documents of the projects clearly shows that Strike Debt does not hide its basic perspective and agenda—indeed, the projects are used as recruiting tools—it does not insist on them either. Nevertheless, it is not clear how much Strike Debt would wish to forgo promoting its more idealistic ambitions in order to build broad coalitions around specific reform proposals. Earlier, in 2011, Occupy Wall Street members rejected collaboration with MoveOn, which was accused of being a »pawn« of the Democratic Party and as seeking to impose its own agenda.<sup>16</sup> What risks would Strike Debt take in 2013?

Potential allies on the left in churches, unions, and the universities would not likely share the deeper Strike

16. As per statement by David DeGraw cited by Washington's Blog, October 14, 2011 (<http://www.washingtonsblog.com/2011/10/move-on-tries-to-take-over-occupy-wall-street-protests.html>); see also the Occupy Wall Street Forum Post of October 16, 2011, »Formally Demand that MoveOn.Org Leave« and 156 comments at <http://occupywallst.org/forum/formally-demand-that-moveonorg-leave/>. MoveOn responded on its website with »Frequently Asked Questions about MoveOn and Occupy Wall Street (<http://occupywallst.org/forum/formally-demand-that-moveonorg-leave/>).

Debt agenda, but their support seems essential for any reform victories. Strike Debt and Occupy could catalyse a movement of mass pressure for specific reforms that would improve the well-being of hundreds of millions of Americans. This would draw attention to the ideals of Strike Debt and could help build its movement. But Strike Debt would also risk leaving that agenda behind, in essence, being co-opted. Strike Debt could well fail at its most ambitious goal, but in the process it could help bring about a lot of good.

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## AWAKENING IN NORTH AMERICA—CANADA

## »Canada: Democracy in Drift?«

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Every November 11 is Remembrance Day in Canada.

It's a day when Canadians pause to reflect on the wartime sacrifice of their armed forces. When I was growing up in the 1970s, the Remembrance Day tradition fostered deep respect for democracy as much as it instilled an appreciation for how readily democracy can slip from one's grasp. I grew up under the gravity of maxims like »people died for our right to vote«. It wasn't a hollow declaration. Many could name uncles who hadn't returned from Dieppe. Voting was widely considered a duty, not an option. It seemed engrained in the Canadian psyche.

Nothing made me feel more adult than turning 18 and casting my first vote in a federal election. It was 1984 and I voted along with three-quarters of my fellow Canadians. During my second federal election as a voter, in 1988, Canadians were embroiled in a spirited debate over whether to embrace a free trade deal with America (the opponents lost that battle). Those were the days of Royal Commissions, »white papers«, and lengthy public hearings over controversial issues. It all seemed as natural as a fish swimming in water, but many of these practices have disappeared from the Canadian public purview.

Over the course of my adult life, we've changed as a country, and our democracy has changed along with it. Canadians are registering a growing dissatisfaction: A poll from the non-profit organisation Samara indicates only 55 per cent of Canadians are satisfied with their own democracy—that's 20 per cent lower than it was in 2004. Canadians also no longer regard the right to vote in quite the same way. In fact, according to the Canadian social research organisation Environics Institute, 40 per cent of Canadians consider voting a »choice« not a »duty«. Since 1984, voter turnout for federal elections has sunk, steady as a rock cast into the deep blue sea. It sunk to an all-time low of 58.8 per cent of the population in 2008, locking Parliament into a minority government holding pattern that was as politically dramatic as it was destabilising. It unfolded during an economically precarious period: the global economic meltdown was ruthlessly claiming financial casualties and no one seemed immune.

In 2011, federal voter turnout inched up a notch, to 61.1 per cent, during one of the most dramatic election campaigns in Canadian history. It came to be characterised by an »orange wave« of support for Canada's social democratic party (whose party colours are orange) in a province that had never before gone New Democratic Party (NDP). The orange wave resulted in the rise of that party's status to official opposition. That election led pollster Darrel Bricker to conclude »a shift in the tectonics of Canadian politics« is underway, with the emergence of »new fault lines« of support among Canada's political parties. The Liberal Party, having long billed itself as Canada's »natural governing party«, suddenly slipped into survival mode and is now in search of its fourth federal leader since former Prime Minister Jean Chretien stepped down in December 2003. The NDP's fortunes have improved but the new leadership is yet untested in a federal election. Meanwhile, the country's sitting Prime Minister secured a majority government in that election with only 39.6 per cent of the popular vote, reminding Canadians of the inherent weakness of a first-past-the-post system that falls prey to vote splitting.

By-elections have been producing even more dismal results. Case in point: In Calgary Centre's 26 November 2012 by-election, only 29.4 per cent of the population turned out to vote. Add vote splitting to the mix and the prospect of a diverse offering of political options so vital to democratic elections becomes reframed as a problem among progressive Canadians desperate to dislodge the extreme right-wing chokehold on political discourse. In Calgary, long a hotbed of right-wing politics, the post-election debate has settled on the reality that a Conservative candidate secured the seat despite the fact that 63 per cent of those who voted cast a ballot for a non-Conservative choice.

Over the years, progressives struggling to effectively counter the ongoing neoliberal political offensive have promoted the idea of »strategic voting«, interpreted in real life as casting a vote for the »lesser evil«. In Canada, the shorthand is ABC: Anything But Conservative. Strategic voting, however, has not prevented an onslaught



of right-wing electoral victories in Canada. Electoral »cooperation« among political parties is the latest point of discussion among progressives fed up with right-wing governance. Cooperation would mean non-Conservative political parties would agree to withhold candidates in strategic ridings in order to avoid splitting the centre-left—interpreted in real life as forcing Liberal and NDP candidates to decide which one holds the progressive flag in any given election while suggesting the upstart Green Party take a back seat.

Unfortunately, both strategic voting and cooperation fail to resolve Canadians' deepening detachment from partisan politics. Both options are premised on the notion that there are only two choices in a democracy: the right or the left. In reality, only a minority of Canadians is heavily ideological. Most are situated somewhere in between the two extremes. As National Post columnist Andrew Coyne writes: »A great many voters, particularly in the Liberal Party, but also among the Greens and NDP, do not regard themselves as being on the left. Whatever it is that causes them to vote for these parties, it does not fit into such crude ideological pigeonholes«.

Strategic voting and cooperation represent forms of influencing a political system in ways that aren't actually game changing. Neither solution addresses the stubborn problem of low voter turnout. The idea of deeper democratic reform through the adaptation of a proportional representation model gets tossed about in certain circles but has yet to spark the public imagination. In Australia, mandatory voting has made a difference in electoral engagement and could potentially be a portal into a different conversation with Canadians about the vibrancy of their own democracy, but it's a proposal that would be considered radical in the court of public opinion today.

Meanwhile, a toxic environment is developing on Parliament Hill, with more cynical, hyperpartisan political discourse and a heightened use of American-style, negative political attack ads designed to quickly neutralise opponents. Ongoing fallout from the 2011 federal election compounds the challenges facing Canada's democracy. Elections Canada, that public institution entrusted with protecting the integrity of Canadian elections, is investigating the alleged use of voter suppression techniques, including the discovery of election day robocalls designed to send Canadians to fake voting locations during the 2011 federal election. Combine these trends and the

question of tectonic shift turns into the more troubling prospect of a democracy in drift.

While there was widespread public outrage over the Prime Minister's use of Parliamentary privilege to prorogue (shut down) the legislature in order to save his political party from near collapse in 2008, it didn't appear to cost him at the ballot box. More recently, in Fall 2012, the Premier of Ontario's embattled Liberal minority government invoked the same survival tactic, shutting down the legislature for several months in order to step down as leader and allow his party time to select its replacement. Prorogation, a previously obscure term in Canadian popular culture, was never meant to be used as a tool for political self-preservation when »besieged by scandal«, as Andrew Coyne puts it, but it's certainly how Canadians are coming to know it in this day and age.

Federally, there is an unprecedented degree of centralised control over decision-making within the Prime Minister's office, which has also severely restricted mainstream media access to elected officials and public servants. Seasoned journalist and author Lawrence Martin has written a book detailing the expansion of executive control under Prime Minister Stephen Harper. Martin calls it the »politics of control«. This is occurring within the context of a diminishing pool of journalists due to an existential crisis within Canada's newspaper industry. The news hole is shrinking, there is a steep decline in investigative and enterprising reporting, and powerful interests are exercising greater control over the news agenda. The Prime Minister's former director of communications now helps run Canada's QMI news service and Sun News Network, widely considered the Canadian equivalent of the extreme right-wing Fox News Network in the United States.

Increasingly in Canada at multiple jurisdictional levels, dissent is not tolerated and opponents are subject to merciless browbeating—and not just on Sun News Network. Opposition to the recent wave of austerity budgets has been trivialised by elected officials as »left-wing« rants or, as Canadian hockey personality Don Cherry likes to call progressives, »pinko kooks«. Disagreeing with government in Canada today can get you branded. There have been repeated political character assassinations of public watchdog officials attempting to hold government to account, casting a chill among Canada's public servants. A chill is also creeping into charitable organisations, now under greater scrutiny by the Canada Revenue Agency

after the federal government mandated a crackdown on charities deemed to be devoting more than 10 per cent of their time on »political activities«. Several charities have already had their charitable status revoked, compelling internationally renowned environmentalist David Suzuki to step down from the board of his own foundation in order to protect it from being silenced for political reasons, writing: »I am keenly aware that some governments, industries and special interest groups are working hard to silence us. They use threats to the Foundation's charitable status in attempts to mute its powerful voice on issues that matter deeply to you and many other Canadians«.

Increasingly in Canada, evidence-based decision-making is discouraged and evidence-based research is dismissed as self-interested. In 2010, the federal government cancelled the country's mandatory long-form Census, viewed as the most reliable, extensive measure of Canadian life. The Census is now voluntary, opening it to widespread concerns about data reliability. Government muzzling of scientists (Monro, 2012), especially those speaking bluntly about the threat of climate change, reinforces the perception of heavy-handed political tactics to suppress alternative points of view. Widely respected journalist, pollster and pundit Allan Gregg has called it an »assault on reason«. He writes: »I have spent my entire professional life as a researcher, dedicated to understanding the relationship between cause and effect. And I have to tell you, I've begun to see some troubling trends. It seems as though our government's use of evidence and facts as the basis of policy is declining, and in their place, dogma, whim and political expediency are on the rise. And even more troubling ... Canadians seem to be buying it«.

Journalist and pundit Andrew Coyne calls Canada's parliamentary government an increasingly »ceremonial body« in form, but not in substance. He writes: »Now all of this would be alarming enough, if our legislatures were in robust good health to begin with. But then, if they were in good health—if the executive branch of government were truly accountable to the legislative, and the legislative properly mindful of its oversight role—none of this would be happening. In truth, parliamentary government in Canada has been in decline for many years, and at an accelerating pace; as each new power is eroded or prerogative overridden, a precedent is established and a defence is removed, to the point that, well, what point have we reached«?

Provincially, there are similarly disturbing developments. Faced with mass student strikes and street riots in protest of an attempt to substantially raise Quebec's historically low university tuition fees in Spring 2012, then Premier Jean Charest brought down a law severely limiting the right to protest in that province. The Canadian Civil Liberties Association criticised the legislation because it »drastically limits freedom of expression, association and peaceful assembly« (Toronto Star, 2012). The legislation sparked even more controversy than the proposed tuition increase. Montrealers engaged in creative protests, such as les casseroles, where citizens of all ages clanged pots and pans in the streets and wore a red square cloth on their lapel in solidarity. There was so much social unrest it cost the Quebec Premier his job in a snap election in September 2012.

Meanwhile, political parties in three provinces—Alberta, Saskatchewan and Ontario—have promoted anti-union rhetoric and promised American-style right-to-work legislation that would undo the unwritten social contract Canadian workers struck in the post-war era while this country was busy building its middle class. In Ontario, the provincial government tabled legislation that would rescind public sector unions' right to a fair collective bargaining process, compounding the political assault on Canada's labour movement. A heated showdown between teachers, school workers, and the provincial government in Fall 2012 and early Winter 2013 overshadowed all other legislative activity in Ontario.

There is a heightened use of inflammatory, anti-union political rhetoric by many of Canada's elected officials, with governments quick to implement back-to-work legislation when unions exercise their right to strike, such as the federal government's decision to prevent both postal workers and flight attendants from striking. As Gary Corbett, president of the Professional Institute of the Public Service of Canada said: »The Conservatives have fired one »anti-union« shot after another« (McLean, 2012). The assault on unionised workers began in earnest 01 January 2012, with the lockout of unionised Electro-Motive/Caterpillar workers in London, Ontario who refused to accept the company's demand to cut their pay in half. The actions of the company yielded solidarity protests in the tens of thousands in Ontario. The multinational company Caterpillar eventually shut down the London plant, throwing all of those workers out of a job and demarcating 2012 as a year of deep labour unrest in this country.

There was no federal or provincial government public intervention to help reach a more satisfying conclusion.

The assault on workers' rights hasn't only come from the private sector. A combination of austerity budgets at every jurisdictional level in Canada, especially as federal and provincial governments grapple with recession-induced deficits, has been used as political cover to diminish hard-won workers' rights to form a union, bargain collectively, secure benefits and pay increases, and go on strike when the situation merits. The narrative around unions in Canada pits public sector workers against private sector workers, unionised workers against non-unionised workers, and older workers against younger workers. It has fomented an era of social unrest, bringing into question the resilience of a labour movement that was essential to the creation of Canada's middle class. Without organised labour, the very survival of a middle class society is at stake. Instead of standing up to protect the rights of workers, many of Canada's elected officials give lip service to »working families« while pursuing a corporatised policy agenda of small government, fewer public services, fewer corporate and environmental regulations, and fewer worker protections.

Canadians are developing a dangerous habit of electing into power governments that loathe the idea of government and public service. Many of Canada's governments are focused on tax cuts, spending cuts, and deregulation while neglecting aging, crumbling infrastructure, diminished public services, and substantial social and environmental issues such as worsening income inequality and climate change. There is little public debate about these issues despite their threat to Canadians' way of life.

Municipally, in Canada's largest city, Toronto radio listeners are regularly told during a weekly talk show hosted by Mayor Rob Ford and his brother, City Councilor Doug Ford—both millionaires due to family wealth—not to trust the media, not to trust their colleagues on city council, not to trust unions, and not to trust the public system; only to trust the Ford brothers. The mayor has just been subject to a legal decision that could remove him from office for being found in conflict of interest, putting his political future into question. Regardless of his personal fortunes, a narrative that is anti-government, anti-collective action, anti-public service has bitterly divided Toronto residents—many of whom find themselves

fighting to prevent cuts to public transit, public libraries, and other municipal public services.

While such rhetoric fires up the hard-core base of Canada's right-wing—a minority of the population—it also turns off a growing number of Canadians. Public opinion polls hint at anomie, social unrest, and instability resulting from a breakdown of standards and values. An Environics Institute survey finds only 16 per cent of Canadians expressed trust in Prime Minister Stephen Harper, placing him near the bottom among leaders in the Americas. Only 17 per cent of Canadians trust their federal parliament, only 10 per cent trust political parties and only six per cent trust that other pillar of democracy, the mass media (Leblanc, 2012).

Even a former Conservative Prime Minister has expressed concern. Joe Clark, not one for political grandstanding, recently told a Postmedia reporter: »I think the greatest threat to Canada is not some disease that will come, not some attack that will come. But we will just grow sufficiently indifferent that instead of finding national reasons to come together, to be our best, to be excited about our whole country, we sort of slip off into our gated communities and stay there and watch the world go by. And it will then go by us with a rapidity, and we'll be sitting there wondering what happened«.

Not all Canadians are watching impassively. Some are expressing outrage. Others are engaging in new forms of activism. In June of 2011, a young page stood in Canada's Senate chambers holding a sign that simply stated »Stop Harper«. She was immediately ejected from the chambers and fired from her job as page, but her act of defiance made Brigitte DePape a national icon among progressives frustrated by the antics of this federal government. Doctors in Canada have been staging protests to urge the federal government to reconsider its decision to stop funding public health care services for refugees. Archivists have protested federal government cuts to historical archives and museums. Canadian scientists, in an unprecedented move, have protested federal government cuts to research, calling it the »death of evidence«. At Toronto's City Hall, more citizens have been engaged in the public committee process as they advocate for community services. One of Canada's most respected authors, Margaret Atwood, has even joined in, sparking a Twitter protest after the Ford brothers attempted to shut down public libraries in Toronto. Nationally, a group

of young activists formed LeadNow.ca to rally Canadians to engage in innovative actions and social media campaigns in protest of government spending cuts, dubious trade deals, and other emerging assaults on public services. They're helping Canadians imagine a better world and they're giving them the means to actively engage in that vision. In British Columbia, several thousand citizens have protested the Northern Gateway pipeline project in a growing movement to reject the development of Alberta's tar sands due to concerns about environmental degradation and Aboriginal peoples' traditional land claims. In fact, the tar sands are increasingly becoming a symbol of what's not right with the corporatisation of Canada's democracy.

Income inequality is another sign of a system that's losing its balance. When Occupy Wall Street renewed focus on the need for public policy that works in the interest of the majority of citizens—the now iconic »99%«—Occupy protests sprung up in cities throughout Canada. Public opinion research by EKOS in 2012 indicates the message behind Occupy struck a chord with Canadians at a time when income inequality is steadily getting worse. Pollster Frank Graves writes: »Decision-makers and budget planners should be aware of something new on the minds of Canadians: Income inequality. The issue has vaulted from relative obscurity to a pinnacle position in Canadians' hierarchy of economic and social concerns«.

Economically speaking, Canada is enjoying the status of one of the most solid democracies in the OECD. We are given credit for having withstood the global economic meltdown better than most, due in no small part to the strength of our regulated financial sector. But gross domestic product (GDP) growth is a limited means of measuring success. It is income inequality and record-high household debt that remain the sleeper story. After decades of enjoying economic growth in tandem with an improved standard of living that enshrined shared prosperity, fairness and equality as fundamental Canadian values, Canada faces a new threat. As has been widely documented by the Canadian Centre for Policy Alternatives, Statistics Canada, the Conference Board of Canada, the Broadbent Institute and others, income inequality is rising in Canada. It is mimicking many of the extreme features in American society, such as a meteoric rise of the richest one per cent at the expense of the rest of us. Income inequality is showing no sign of abating

and threatens to reverse gains painstakingly earned over the course of several lifetimes.

Pressures on Canada's middle class—only in its third generation—are mounting, exacerbated by several disturbing trends. A globalised economy threatens to displace the promise of income mobility within Canada and replace it with a highly concentrated and mobile corporate community that no longer feels bound by a sense of social responsibility to its host community, let alone to the workers whose efforts contribute to corporate profits. Post-recession, governments have held up public sector workers as targets—many of whom earn middle incomes and are fast becoming the last symbol of a stable middle class that, through negotiated rights, had obtained job security and hoped it would take them into their golden years. A steady decline in unionised work combined with a rise in contract, temporary, lower paying jobs with no benefits, pensions or job security has led to a quietly anxious resignation in Canada that no one will have a job for life. Squeezed by the stagnation of average wages, Canada's middle class is proving it cannot sustain itself without high levels of debt and, eventually, without serious government intervention.

Whereas previous historic challenges to our economic and social stability resulted in stronger federal government leadership to create a more equal and just society, the opposite seems to be true of today. Governments at all jurisdictional levels have abandoned the project of reducing income equality, exposing Canadians to a greater degree of economic risk and volatility. For Canada's Gen Y—those aged 18 to 30—work life is more precarious. The proportion of employees under 30 working in non-permanent jobs nearly doubled between 1997 and 2011. A substantial number of young Canadians have also been sidelined during a period of tepid economic growth post-recession. Youth unemployment in Canada is twice the rate of unemployment for the rest of Canadians.

For the first time since the Second World War, Canadians are beginning to seriously question whether their children and grandchildren will enjoy the same opportunities and standard of living as their parents' generation. Pollster Frank Graves warns that Canadians' »long-term view of the future is unremittingly grim....To make matters worse, next generations are losing faith not just in the economy, but also in public institutions and democracy.

There is a sense that the political order and government favour the old over the young. Once such a vicious circle of despair takes hold, it may well be part of a self-fulfilling prophecy. Now may be the time to confront the reality of a new generational tension rooted in a belief of the end of progress«.

Ed Broadbent, who led the NDP in the 1970s and is considered one of Canada's most respected elders, was born in the middle of the Great Depression. He talks of »two Canadas« — one that emerged from the dual trauma of the Great Depression and the Second World War committed to strong federal leadership to mitigate inequalities; the other Canada appears to be in the midst of abandoning the goal without any public deliberation. The Canada Broadbent grew up in put a premium on ensuring everyone did better, not just an elite few. Broadbent's two Canadas illustrate a shift in priorities: Broadbent's Canada relied on an active federal government presence to counter the harshness of an unregulated market. Broadbent worries the Canada he inherited is becoming eclipsed by a new Canada—one that is more divided; one that reveres the cult of the individual over the security of the majority; one that threatens to unravel the hard-won legal, economic, social and political gains those who came before us achieved in a spirit of fairness, pragmatism, optimism, cooperation, negotiation, and social responsibility.

Global economics and domestic politics are teaching us that the project of reducing income inequality, much like the project of protecting the strength of our social safety net and the vibrancy of our democracy, cannot be maintained by flipping on the autopilot switch. It is fragile and must be vigilantly defended from attack. It is ours to feed, to prune, to nurture. Neglect is the enemy of any democracy.

Canada had never reached the zenith of equality in its multiple dimensions, but as the country grew to host a broad and diverse middle class, it had gotten closer to the promise of equality. Many of the rights Canadians enjoy today resulted from years of public dissent, agitation, and a re-imagining of what could be. By working together, toward a common cause, Canadians welcomed an unprecedented era of economic and income growth, catapulting what was once a struggling and divided British colony into one of the richest nations on the planet. But the prospect of sustained income inequality under-

mines the ability to maintain the high standard of living to which Canadians have become accustomed. And the lack of government responsiveness to this threat brings into sharp relief the fine line between a democracy and a plutocracy—the exercise of rule and power by the many, for the many or the exercise of rule and power by the wealthy, for the wealthy.

The signs of deepening social unrest over these worrisome trends are an indication that Canadians haven't given up on their democracy just yet. Canadians from all walks of life are speaking out against injustices. Young Canadians, especially, are creating new forms of collaborative and cooperative communication to seek common cause and ensure their voices are heard. They are inheriting some of the greatest challenges of our times—income inequality, the corporatisation of the public agenda, and economic pursuit at the price of anything, even hastening climate change. And they're engaging in more than just »clicktivism«, though it, too, exists. Today's young Canadians are promoting new ways of thinking and doing. A growing number of them are putting the health of the planet ahead of the insatiable drive for corporate profits.

As former clerk to Canada's Privy Council, Alex Himelfarb, writes: »Increasingly those who want more, who want to take their future back, are looking outside of conventional politics for expressions of the democratic spirit: to their communities, or global causes, or to the streets. It was striking how many of the participants in the Occupy movement and the Quebec student protests found a new solidarity in their activism. Through action together these young people are taking a shot at rebuilding civil society and rediscovering the common good«.

Canada's democracy is still alive, but it is not all that well. There is hope. It comes in the form of collective action, and such actions are mounting by the day.

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## AWAKENING IN NORTH AMERICA—CANADA

## »Dislocated Worker Adjustment Programmes: Time for Another Look«

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This brief will explain the economic and social context in which union »adjustment« programmes to assist dislocated workers emerged, discuss the current strengths and limits of these programmes in responding to the crisis of unemployment, and suggest both economic and social policies and practices that can more successfully improve outcomes for dislocated workers, particularly those with added disadvantages such as age, race, gender, and limited literacy and language skills. While this brief is informed by academic literature and government documents, it also draws heavily upon the authors' extensive qualitative and quantitative tracking of dislocated workers and union adjustment programmes in Ontario between 2009 and 2012.

## Introduction

Programmes to assist dislocated workers first emerged across North America during the 1980s as response to trade liberalisation and corporate retrenchment, a period we suggest was the »first wave« of deindustrialisation and primarily affecting workers with lower levels of education, few transferable skills, and greater difficulty accessing social and educational services.

Early programmes were generally workplace-based, jointly coordinated by unions and employers to deliver a constellation of services aimed at enhancing employability and supporting workers seeking re-employment. Typically these services were offered in job action centres established after a factory closure or mass layoff. Action centres were built on a model of workplace peer support that was responsive to worker needs, encouraged engagement with available supports and services, and eased worker anxiety during a difficult period of transition. This model remains intact in Ontario with funding from the provincial government ministry responsible for training, colleges, and universities. Known colloquially as »adjustment«, our focus is on adjustment programmes that are delivered with strong union support.

When a mass layoff or closure occurs in Ontario today, companies and unions, either together or singly, may enter into contractual agreements with the province to establish workplace or community action centres for dislocated workers. In response to worsening economic conditions in recent years, added emphasis has been placed on vocational training such as English as a Second Language and computer literacy since it is widely understood that those lacking in basic skills have added disadvantages re-entering the labour market. Over time, union supported adjustment programmes have become viewed by the state as important part of the broader employment service delivery network, a first step to successfully accessing external employment services and retraining programmes.

It should be noted that while unions are largely dependent on government funding for adjustment programmes, they also contribute substantial resources toward job action centres, and have developed a sophisticated political, policy and programme response to issues affecting jobless workers. This is a clear and positive indication of a long-term, high-level commitment by unions to their laid-off members.

This multifaceted response on the part of unions representing workers in the manufacturing sector is a highly necessary one. Leading labour economist Andrew Jackson reports on the Progressive Economics Forum (March, 2012) that an initial loss of 300,000 manufacturing jobs associated with Canada's first wave of deindustrialisation in the late 1980s was offset by increases in manufacturing employment related to a lower Canadian dollar during the mid-1990s. However, Canadian manufacturing employment has fallen by approximately 505,000 jobs from 2000-2012, representing almost 23 per cent of all manufacturing jobs suggesting a second wave of deindustrialisation is now occurring.

## The Case for Union Supported Adjustment Programmes

Adjustment programmes that are supported by unions appear to have a myriad of complex and sometimes contradictory advantages. For employers and the state, union supported adjustment programmes are viewed as instrumental in diffusing the tensions and uncertainties faced by workers during layoffs and closures, and provide a range of supports at a comparatively low cost (i.e. short term, volunteer or low-paid peer helpers, donated or located infrastructure costs). While unions representing counselors and educators working in Ontario's broader public sector have made legitimate claims that these programmes represent a form of contracting out of public sector work, unions are prepared to access available funds in order to assist their dislocated members. In fact, there is significant support for delivering adjustment programmes among industrial unions.

Quantitative and qualitative data gathered by the authors indicate that action centre intervention on behalf of workers, and the peer helper model through which many services are provided are an especially valued form of support and solidarity. Workers frequently describe the experience of unemployment as traumatic, particularly the loss of the work family, with one observer comparing the job action centre as a place of »trriage« and »emergency care« in which workers become equipped to access the broader »health-care system« of employment counselling and training programmes. Union-supported programmes are also a crucial source of information for dislocated workers, and help to demystify and improve access to otherwise confusing vocational counselling and training programmes, thus improving employment outcomes. This unique combination of social solidarity, practical resources, enhanced access, and opportunities for personal development has also been linked to improved physical and psychological well-being.

### Data Sources

This brief is based on extensive academic literature on labour market policy, case studies of plant closures, and Canadian government policy documents related to worker dislocation. It also draws on the authors' direct experience in the field of union adjustment, interviews of union representatives and government officials, and

extensive quantitative and qualitative data collected through interviews and survey questionnaires of several hundred dislocated workers between 2009-12.

In 2009, the Canadian Auto Workers Union (CAW) launched a longitudinal tracking study assessing the experiences of 260 laid-off workers utilising three CAW job action centres. The centres serviced approximately 3,000 laid-off auto industry workers in three southern Ontario communities. Workers participated in two interviews and completed survey questionnaires spread over a two-year period.

Tracking study findings have been reinforced by ongoing doctoral research involving three case studies of union supported action centres in the manufacturing and forestry sectors across Ontario, and includes in depth interviews with union officials, government representatives and peer helpers, and extensive field observation of action centres.

In both studies, workers represent a cross-section of age, skill, sex, race, ethnicity, and educational attainment characteristic of factories spread across Ontario's industrial heartland. Prior to layoff they were employed in stable and relatively secure full-time unionised jobs obtained at a time when factory work was more easily found. The challenges faced by these workers in finding new jobs are typical of most dislocated manufacturing workers across Ontario. Searching for work or enrolling in a training programme to upgrade skills were unfamiliar experiences fraught with fear and uncertainty, especially in communities ravaged by deindustrialisation and prolonged recessions. For most, successful adjustment requires acquisition of new skills to enter sectors of the economy and employment relationships radically different from those in which they had worked before their layoffs.

### Key Findings:

1. Action Centres played a crucial role in providing workers with essential support in the early stages of job loss. High levels of contact and utilisation of services reflected workers' strong motivation to take advantage of supports available to them. These supports enhanced job search skills, and provided workers with the confidence and tools to successfully enroll and complete advanced

job retraining programmes. High service and support utilisation also reflects the recognition among workers that successful adjustment required the acquisition of new skills to enable a transition into new careers.

2. All workers can benefit from supports as they move through the adjustment process. However, findings also strongly suggested that some workers require a more comprehensive range of supports and services to become re-employed. Older workers, immigrants, racialised workers, women, and those with lower levels of education and basic skills, which we refer to hereafter as disadvantaged, reported a significantly higher reliance on action centre supports to prepare them to search for work or enroll in job retraining programmes. Action centre coordinated strategic partnerships with not-for-profit service providers on behalf of workers disadvantaged by complex basic skills needs and labour market discrimination resulted in better training opportunities and job outcomes than expected.

3. A majority of workers reported finding some employment after their initial layoff, however most reported hourly wages and incomes had decreased significantly. Few reported earning benefits in their current employment. Most new jobs offered no dental, drug, vision, and pension benefits.

4. Overall re-employment outcomes tended to be poor with many workers reporting extended periods of unemployment and loss of income since their initial layoff. Many also reported multiple short-term jobs with few obtaining full-time permanent employment. A significant number of workers reported at least some employment through temporary employment agencies and other forms of precarious employment, and associated these jobs with poor working conditions, wages at or near minimum wage, and a high degree of employment and income insecurity.

5. Impacts related to job loss transcended financial matters and included consequences on health and general well-being including overall health, stress, deteriorating family relations, sleep disorder, and feelings of depression related to layoff, suggesting strong links between income and employment insecurity, low income, and lack of benefits with poorer health and well-being. Disadvantaged workers reported significantly higher incidence of

negative health and well-being outcomes associated with their job loss.

6. Action centre interventions made a significant difference to workers in navigating the adjustment process. Workers who reported frequent contact and utilisation of action centre services were more likely to report a more positive adjustment experience, and less severe affects to their health and well-being. These positive outcomes were particularly pronounced for disadvantaged workers.

Overall, our combined research confirms the positive role union supported action centres played in supporting laid off members through the adjustment process, and that action centre supports complement rather than duplicate comparable programmes and services in the not-for-profit and private sectors.

## The Challenges

Although it is clear that those with an interest in assisting dislocated workers value union supported adjustment programmes, it is important to evaluate adjustment within a broader analytical framework. Adjustment programmes are not simply another well-intentioned example of the union tradition of mutual aid. They also reflect a much deeper, systemic shift in labour market and social policy that prioritises individual responsibility rather than structural state responses to unemployment. In the post-war era, Canada's approach to labour market policy is generally considered to be based on Keynesian measures to sustain full employment, stimulate job creation, and provide comparatively generous income support as a counter-cyclical measure to maintain stable consumer spending. A marked shift occurred after 1980 when neoliberal policies became the dominant approach to eliminate inflation, debt, and deficits, to reduce social spending, and to create programmes to increase human capital, personal responsibility, and labour market flexibility. As federal policymakers argued at the time, the intent of government support should be to provide workers with a »trampoline« rather than a »safety net« when losing employment. In the past four decades, individuals instead of labour markets have increasingly become the focus of a set of deeply enmeshed neoliberal labour market and social welfare policies. Indeed, these early policies have been given renewed legitimacy and intensity by

state austerity programmes currently being implemented in response to the 2009 global economic crisis.

Within this latest economic crisis, the stubborn emphasis on solutions rooted in individual responsibility is highly problematic and should be scrutinised on both a policy and programme level. Unemployment is a global crisis that cannot be solved solely through labour market strategies that fetishise the development of human capital. The International Labour Organisation (ILO) reports in *Global Employment Trends, 2012* that approximately 200 million are unemployed worldwide, and the outlook for improvement remains bleak. Adjusted to include discouraged job seekers, those who involuntarily retired, and a percentage of those who want but cannot find full-time work, the actual unemployment rate in Canada is thought to be slightly more than 11 per cent. At the same time, ongoing austerity measures continue to further erode income and other support programmes when they are needed most by growing numbers of dislocated workers. Recent changes to Canada's employment insurance programme are widely regarded as measures to reduce eligibility, heighten surveillance, and otherwise coerce recipients into taking lower-wage, more precarious forms of work.

Neoliberal, austerity-driven social policy has also resulted in programme cuts and restructuring in the public and not-for-profit sector. In fact, some union representatives fear funding for adjustment programmes will soon be cut entirely, leaving their laid-off members to navigate a confusing and far less responsive patchwork of employment services without adequate support. Those unions who do continue to receive funding report that there are increasing pressures (similar to those faced by other not-for-profit providers) to meet narrow performance outcomes, and seek efficiencies through reduced spending and greater voluntarism. Union representatives report these pressures distort the purpose and programme offerings of the Job Action Centre, and reinforce the view expressed by Canadian federal Finance Minister Jim Flaherty that »any job is a good job«.

Another problem is adjustment programme funding has largely excluded non-manufacturing workers. Industrial workers continue to be, the focus of adjustment programmes while other workers receive far fewer supports. While there have been major job losses in the hospitality, health care, retail, and public service, funding for un-

ion supported adjustment programmes in these sectors has been largely *ad hoc* rather than institutional. The recent closure of a chain of more than 200 Canadian department stores affecting 27,000 retail workers is not an uncommon example of a major, non-industrial dislocation where no adjustment programmes have been established.

Current job retraining programmes for dislocated workers must be improved to provide far greater access to a wide range of educational opportunities from remedial to advanced and formal certification for job skills. Under existing programmes, workers report they must find their way through the »eye of a needle« to be considered eligible for training programmes that have also been criticised for promoting short-term, vocational training in low-wage, entry-level occupations.

In summary, the global crisis of unemployment places severe limits on the ability of unions to successfully assist their dislocated members. Adjustment programmes, while providing important supports, are constrained by the level and requirements of government programmes that focus on individual rather than structural solutions to joblessness. No matter how well equipped in job search skills, or how successfully retrained, the dislocated worker cannot find a job that does not exist. There are few enhanced supports for disadvantaged workers beyond what the advocacy action centres provide. In the absence of an overarching economic and social policy that promotes full employment and sustained economic growth, the prospects for dislocated and other unemployed or underemployed workers will continue to be poor.

## Recommendations

It is crucial to locate the following recommendations within a broader, overarching framework for economic growth through the creation of well-paying, stable, unionised employment. Although research findings demonstrate the value and crucial importance of union supported adjustment programmes to dislocated workers, we also recognise there are limits to this approach within a neoliberal, austerity-driven economic context. Indeed, even the limited efficacy of earlier adjustment programmes has been substantially eroded by the continuing decline of manufacturing jobs. During the 1980s

and 1990s, successful adjustment programme outcomes were more likely related to the availability of other manufacturing jobs than any other factor. With the continued decline in manufacturing sector employment, these former approaches can no longer be considered adequate. A dislocated worker today must negotiate the transition not only *within* but *across* economic sectors thus requiring deeper and more comprehensive levels of job retraining and income support for longer periods of time. New, more creative solutions to adjustment are urgently needed to prevent the downward transition of dislocated workers from well-paying, secure manufacturing jobs to low-paid, precarious forms of work in other sectors.

### Income Support

As a 2006 coalition of business, labour, and social service leaders to modernise income security notes,

»Any proposals for reform must start from the perspective that multiple levers are required for a robust social safety net. Minimum wage, employment standards, employment insurance, income supplementation, social assistance, available and affordable housing and childcare, healthcare, and skills development and training programmes all have a role to play in enhancing and equalising labour market opportunity. Programmes that enhance the affordability of essential services such as housing, childcare, transportation, and other necessities of life are also critical.«<sup>1</sup>

While adopting this broad, overarching approach to income support is essential, immediate steps must be taken to ensure the financial security and personal dignity of dislocated workers. Adequate income support is crucial to maintaining the material, physical and mental well-being of workers and their families, and as our research participants have pointed out, is necessary before genuine attention can be focused on job search or retraining.

i. Progressive employment insurance (EI) reform is essential. Recent changes to Canada's EI programme must be reversed and instead requires greatly increased eligibility,

especially for part-time and other precariously employed workers; higher benefit rates; and longer term benefits, especially for those who are particularly disadvantaged, such as older workers and sole support parents. Coercive and repressive benefit control measures should be eliminated, and replaced with a renewed emphasis on publicly delivered employment-counselling programmes.

ii. Measures must be taken to increase the portability of private pension contributions and other employer-based entitlements between jobs. For those who chose or are forced into retirement, public pensions and other financial aid should be available at an earlier age. Recent changes in Canada to raise the age of eligibility age for Old Age Security should be immediately reversed.

iii. Monies owed to workers dislocated by bankruptcy must be paid in full, including severance and earned vacation pay. As unsecured creditors, workers often receive little or nothing that is owed to them through the receivership process. The current maximum government benefit for workers dislocated due to bankruptcy is approximately equivalent to four weeks of insurable earnings, to a maximum of 3,500 Canadian dollars. For long-tenured workers, this compensation is grossly inadequate. Governments must obligate employers to create a reserve fund for such a purpose.

iv. Improve income and other supports for injured and disabled workers. Many workers have serious health issues acquired in past jobs that can limit the type of work they can accept, but do not formally qualify for disability or compensation programmes. Eligibility for the latter programmes must be eased, or alternative supports provided.

### B) Training and Education

As noted, considerable emphasis in the last decade has been placed on training in the adjustment process. The Canadian public and dislocated workers in particular are continually exhorted to build human capital in order to successfully make the transition from industrial jobs that characterise the »old economy« to the knowledge-based jobs promised with the »new economy«. The concept of skills shortage and skills mismatch have so profoundly permeated policy discourse that there is little if any acknowledgement that there are too few jobs for those

1. Task Force on Modernizing Income Security for Working-Age Adults (MISWAA), 2006.

who want them, and the jobs that are available for most often represent a steep decline in wages, benefits, and security.

Though unions have been justifiably critical of training as a substitute for, rather than an enhancement to, economic growth and job creation, there has also been considerable policy work produced by the labour movement in defining and promoting quality training. Job retraining *can* make a significant difference to dislocated workers. Findings from the *CAW Tracking Study* demonstrate that those who receive appropriate retraining can overcome barriers to re-employment, and are more likely to secure better quality jobs.

For many dislocated workers, particularly those who face systemic barriers due to age, literacy, and English language skills, remedial skills are an essential foundation to vocational, trade, and advanced education. The current system of training for dislocated workers, which includes both income and other forms of support, is inadequate in terms of access, quality, and especially benefit level. For example, applicants for some programmes are partially ranked according to financial need, effectively eliminating access for higher-wage workers with severance packages. As one dislocated worker noted, »It seems like I am being penalised by the rules of a programme that my high wages and taxes have helped to pay for«.

Lastly, workplace training should be widely and continuously available, not only *after* a workplace layoff or closure but *before* a worker becomes unemployed. Internationally, Canada continues to rank poorly in terms of employer investment in training; therefore, placing workers in the position of having to acquire and upgrade skills during a period of intense financial and personal stress.

The following programmes must be widely and immediately available to workers when they become dislocated:

- i. Adequate income support is fundamental to any adult who wishes to undertake training and education. The current job retraining system requires intrusive means testing or is contingent on qualification for employment insurance benefits. Workers report this approach is frustrating, time-consuming, and designed to restrict access. Among successful applicants, income support levels and duration are far too low, and many related costs like childcare, books and supplies, and transportation are often only partially offset, if at all.
- ii. Remedial training, including language, literacy and basic computer skills training is key to enabling more advanced forms of job retraining and equalising labour market opportunity. Many dislocated workers are immigrants who are searching for re-employment in a more difficult labour market than the one in which they secured their first jobs when arriving in Canada. Many continue to be disadvantaged and face systemic discrimination based on poor English language skills. Remedial training must be available at no cost through public schools and colleges, and other not-for-profit service providers. Basic computer skills training, including word processing and internet skills, is also critical for dislocated workers who must learn to search for work and market themselves through online job search platforms.
- iii. Certification of firm specific skills, particularly trade certification, acquired by workers in previous jobs must be another priority. Many dislocated workers have spent years acquiring skills and on the job training that are often not recognised by prospective employers. For example, many workers dislocated from a recent high-profile diesel locomotive manufacturing plant closure in London, Ontario are highly skilled welders, yet do not possess a welding certification that is recognised beyond the firm in which they were once employed. Upgrading courses, test preparation, and other fees must be funded for dislocated workers wishing to obtain equivalency certification. Workers with foreign credentials should be supported in having skills obtained in their native countries formally recognised.
- iv. Job skills that are not part of a regulated trade but are highly developed should be recognised as an asset that can be built upon, and related training eligible for income and other support. Restricting access to training programmes for only those jobs, determined by what is currently in demand, effectively prohibits applicants who may be highly skilled but are deemed to possess skills required only in declining industries. Overall, funding based upon on future job growth is highly problematic. Growth projections are often imprecise, based on guesswork rather than reliable data, and fail to consider factors such as the security or quality of the jobs for which workers are training. Moreover, such restrictions can act as an incentive for private trainers to provide short-term,



low-quality training to meet funding criteria. For example, workers have told the authors that private trainers calibrate their tuition fees to the exact benefit level provided by dislocated worker training programmes. As one worker in Northern Ontario remarked, »You can teach a guy to drive a truck in a month. The other month is just filler to jack up the price. Why be trained to fix air brakes when it's illegal for a driver to even touch them in the first place?«

v. Workers who seek longer-term, more advanced levels of education including university degrees must also be supported financially and otherwise. Governments cannot make credible claims that workers be highly educated for emerging knowledge-based economies while denying access to higher education and promoting short-term, entry-level training.

vi. Enhanced supports for those disadvantaged by race, gender, or ability should be seen as measures to reduce systemic discrimination and increase access to better quality jobs. For example, research findings indicated a large number of sole support female parents view limited support for appropriate childcare and before- and after-school care as a barrier to job retraining. As long as women workers are the primary caregivers for dependent children, limiting access to quality childcare is a form of gender discrimination that must be seriously addressed in any training policy. Similarly, workers belonging to racialised groups—immigrants, older workers, those workers injured and disabled in previous jobs, youth, and those with literacy and other basic skills deficiencies—are over-represented in lower-paying, precarious jobs and require enhanced supports in order to transition into re-employment. Though this is well known and documented, few if any added supports beyond those negotiated by union action centres are available. Indeed, employment insurance recipients are treated as one undifferentiated mass with identical perceived opportunities and needs. Enhanced benefits and supports must be in place to ensure maximum access to well-paying, secure jobs for these workers.


#### D) A Holistic and Responsive System of Employment Counseling and Advocacy that Values Both Union-Supported Adjustment and Not-for-Profit Service Delivery:

Though unique in many ways, union supported adjustment programmes share many of the same values as progressive not-for-profit service providers and face similar pressures in responding to neoliberal imperatives of narrow performance outcomes, competition for resources, and vulnerability to funding cuts. These pressures increasingly constrain both unions and not-for-profit organisations in their ability to improve employability, and advocate for members and clients who continue to face systemic barriers despite the best possible employment counseling and retraining programmes. Rather than casting unions and not-for-profit service providers in the field of adjustment as competitors or examples of duplication, the state must recognise both as having legitimate, distinct, and highly complementary roles. Moreover, advocacy must be recognised as a legitimate activity and key strength for both, and supported within funding agreements rather than being forced »under the radar«. While recent restructuring of the employment service delivery network by the Ontario government claims to have produced a »one-stop« model of heightened client access, the pressures for organisations have intensified rather than diminished. To truly be effective, both unions and not-for-profit organisations must have access to stable funding and provided the autonomy to perform their historic role as advocates.

#### E) Genuine Consultation with Labour-Market Stakeholders

Narrowly focused, austerity-driven objectives dominate current government policy and programme development, and reflect the interests of employers who are demanding increased worker flexibility, lower wages and benefits, and union-free workplaces as the solutions to the global financial crisis. However, unions and other organisations representing equity seeking groups such as women, racialised workers, aboriginals and the disabled also have a crucial role to play in analysing and setting labour-market policy. The contribution of these groups to a wider, more socially just policy agenda is key.





Regrettably, the concept of stakeholder engagement and relations appears to have little value to governments across Canada. Labour market and social policy forums and research groups reflecting a broader, multi-stakeholder perspective have been reduced or eliminated, and there is often little or no consultation with these groups before introducing sweeping policy changes. While consultation is not a substitute for shared authority and decision-making, responding to union calls for high-level multi-stakeholder dialogue on the creation of policies aimed at a national jobs agenda is a necessary and vital first step in confronting the crisis of unemployment and poor quality jobs.

## Conclusion

While adjustment programmes are essential for the reasons described above, it is clear that the factors leading to successful re-employment extend far beyond counseling and training programmes, including union supported adjustment. The global crisis of unemployment cannot be solved without a commitment by all nations to job creation and overall economic growth. In the absence of deeper, structural solutions, the prospects for dislocated workers remain bleak.



## AWAKENING IN NORTH AMERICA—MEXICO

## »Yo Soy 132 and the Return of the PRI«

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The 2012 presidential race in Mexico seemed to hold no surprises for anybody. Well before the beginning of the campaigns, the Institutional Revolutionary Party (PRI) candidate, Enrique Peña Nieto, had a two-digit lead in the polls over the other candidates. Josefina Vázquez Mota, from the ruling National Action Party (PAN), was second, and Andrés Manuel López Obrador, from the left-wing Democratic Revolutionary Party (PRD), was lagging in third place. Vázquez Mota proved to be a poor candidate with an ineffective campaign, who paid the bill of two successive disappointing conservative governments that did nothing to fight public corruption and launched an ill-designed strategy to fight organised crime, which left a death toll of close to 60,000 violent deaths from 2006 to 2012. López Obrador was running for the Mexican presidency for the second time, but his democratic credentials were doubtful when he failed to accept a close defeat in the 2006 election, called for months-long protests against the electoral authorities, and later toured the country presenting himself as the »legitimate president«.

The presidential campaigns looked like the staging of a well-known play with a predictable outcome: the return to office of the PRI, the hegemonic party that ruled Mexico from 1929 to 2000 (Cadena-Roa 2003). Yet in the midst of a dull, formal democratic process, a vibrant student movement arose. In Latin America, student movements have historically been important because they can initiate waves of protest that trigger opportunities for other aggrieved groups.

The protest began in one of the most unlikely places, which caught the PRI candidate and his aides off guard. On 11 May, at the Universidad Iberoamericana<sup>1</sup> (UIA) students booed Peña Nieto, who was there to deliver a campaign speech. In the eyes of the students and many other citizens, he was responsible for human rights violations that state troopers committed against inhabitants of the village of Atenco, when Peña Nieto was governor of the state of Mexico. The students shouted »murderer«,

»coward«, and »Atenco has not been forgotten«. In response, Peña Nieto fled the campus. The incident was recorded on smartphones and posted on YouTube.

The UIA is a private university. In a highly unequal country like Mexico, where 46.4 per cent of the population lives below the poverty line, 10.4 per cent lives in extreme poverty<sup>2</sup>, and 39 per cent of those who go to college do not finish their studies<sup>3</sup>, to receive an undergraduate education is actually a privilege. The UIA students are not a random sample of Mexico's population or students, but nonetheless their protest found immediate resonance in most public and private universities in Mexico City and other major cities, revealing that their demands were shared by large sectors of the young and educated.

The UIA is a private university that is even more expensive than some US private colleges. One semester costs MX 80,000 pesos (more than US 6,000 dollars), while a five-year degree is more than MX 760,000 pesos (around US 60,000 dollars), just for the tuition and fees, not including room and board or other expenses. Only students from well-off families study in private universities in Mexico. The protests were showing that the young members of the privileged classes were unhappy with the prospect of the PRI coming back to power. If this privileged segment of the population was unhappy, what could be expected from the disadvantaged classes who would certainly have more pressing reasons and grievances to mobilise? The protests were not only symbolic; they were an early warning that dissatisfaction at the top could synchronise with dissatisfaction at the bottom on the eve of a general election. In a country where the transition from authoritarianism only came to fruition in 1997, (Labastida and López Leyva 2004) and democracy was finally managing to consolidate (Cadena-Roa and López Leyva 2011), these protests could hardly qualify as a minor issue. The protests were not just a matter of

1. Ibero American University

2. CONEVAL. [http://web.coneval.gob.mx/Informes/Interactivo/Medicion\\_pobreza\\_2010.pdf](http://web.coneval.gob.mx/Informes/Interactivo/Medicion_pobreza_2010.pdf)

3. OCDE. <http://www.oecd.org/centrodemexico/medios/41288187.pdf>

income or status. If the students who challenged the PRI so vehemently were to lean toward the left, they could influence undecided voters, and reintroduce uncertainty into the 2012 election. Even if they did not affect the outcome of that election, they would be an important factor in elections to come.

The PRI reacted badly to the protests because it does not know how to deal with independent groups. They know how to relate to clients and corporations, which are willing to exchange political support for handouts, but they are not used to dealing with independent citizens who cannot be co-opted. Thus, for the PRI, those who booed Peña Nieto out of the UIA and made him flee the campus were at first thought to be a small group of hecklers sent by political parties. How could they be common citizens exerting their political rights, voicing their concerns and grievances? In the PRI's view, these people had to be either manipulated or paid troublemakers. Most TV and newspaper coverage belittled the protest, but videos were already circulating on YouTube, so people could make up their own minds about their motives. Then, to denounce the media cover-up, on 14 May, 131 students posted a YouTube video proving that they were indeed students, not partisan imposters or troublemakers, by stating their names and showing their IDs.<sup>4</sup> Soon after, students from other private and public universities as well as citizens from all walks of life came out to support the movement and created the Twitter hashtag #YoSoy132 (I am number 132) in solidarity with the slandered students, in support of the protests against Peña Nieto, and accusing the top TV networks of colluding to ensure Peña Nieto's election.

TV influence in Mexico is extensive and ownership is concentrated in two networks that often try to influence national politics. Newspaper readership is small and the outreach of the Internet is still largely limited to the middle class. Polls indicate that nine per cent of Mexicans form their political views based on the Internet, compared with 39 per cent from television and 29 per cent from newspapers.<sup>5</sup> In 2008, Congress passed reforms to the electoral law in order to curb media influence on politics, but in particular the TV networks continued to

exert political influence by shaping people's preferences and making candidates.

The students denounced the undue influence that media monopolies have on public opinion as a problem affecting not only the impending election, but Mexican democracy as a whole. They argued that there was a pact between the media and the PRI candidate to exploit his image and promote his candidacy. This perception received support from *The Guardian* newspaper on 7 June that disclosed documents appearing to show that »Mexico's biggest television network sold prominent politicians favourable coverage in its flagship news and entertainment shows and used the same programmes to smear a popular left-wing leader«. These documents »coincide with the appearance of an energetic protest movement accusing the Televisa network of manipulating its coverage to favour the leading candidate, Enrique Peña Nieto«. <sup>6</sup> In Mexico there is no Ombudsman protecting the media audiences' rights and overseeing the quality and veracity of the information they provide.

In response, the TV networks started to cover the movement, which helped it spread well beyond Mexico City and promoted a sense of agency in the students, most of whom had never been involved in politics, and most of whom were going to vote for the first time in a presidential election. The candidates had two official televised debates. The student movement called for a presidential debate hosted by themselves. All the candidates attended except the PRI candidate, who claimed that—since the movement had declared itself anti-PRI and anti-Peña—there was no point in attending what seemed to be an ambush. The organisers left an empty chair to symbolise Peña Nieto neglecting to attend. The debate was transmitted on the Internet. Putting on a debate organised by the student movement was an important accomplishment.

The second concern that mobilised YoSoy132 was the imminent risk of a PRI comeback. They held the PRI to be a corrupt and authoritarian party that would regress Mexico to pre-democratic times, limiting citizens' rights, resorting to more repression and strong-arm tactics. Voting for the party in office, the PAN, was not an option: two consecutive six-year terms had been enough to show

4. <http://www.youtube.com/watch?v=nRDD-b0IHIs>

5. [http://consulta.mx/web/images/eleccionemexicopdf/16-Variables\\_mayo\\_3.pdf](http://consulta.mx/web/images/eleccionemexicopdf/16-Variables_mayo_3.pdf)

6. <http://www.guardian.co.uk/world/2012/jun/07/mexico-presidency-tv-dirty-tricks>

that the PAN was incapable of bringing solutions to grave social and political problems. However, in order to appear independent from the political parties, the movement did not openly support López Obrador, but declared itself to be both anti-PRI and anti-Peña. Thus, the movement indirectly brought support to López Obrador's campaign.

Since the movement did not resort to old leftist slogans, and never used a class perspective, communication and coordination quickly crossed university and state boundaries. The use of Twitter and Facebook made coordination easier, faster, and cheaper. People without access to these apps found out about the movement through radio, TV, and newspapers. The *YoSoy132* movement soon came out in large numbers from cyberspace and Tweets onto the streets, diverting public attention from the Movement for Peace with Justice and Dignity, which was the other large social movement at the time (Cadena-Roa 2012). Both *YoSoy132* and the Movement for Peace with Justice and Dignity were trying to limit arbitrariness and unresponsiveness in government, to assure the protection of civil, political, and human rights, to change the way state and civil society relate to each other in Mexico, and to construct new ways of building or reshaping the legitimacy of a democratic state.

The movement had a rapid growth. From one day to the next, its actions appeared on newspaper front pages and even in TV news. The civic movement had good reasons to protest, but resisted disrupting the city and disturbing the activities of fellow citizens. When they protested, they tried not to block streets or cause traffic jams. They marched on the sidewalks, held meetings in public squares, and used the media, Twitter, and Facebook intensively to spread their views and actions. *YoSoy132* is a good example of how a small group of media savvy people can make a big splash in cyberspace and then move onto the streets. But there is something else to this story.

Because protest politics is closely related to institutional politics, the student protests immediately caught the attention of the political parties, their campaign teams and partisans. In the emerging student movement, they saw an opportunity to reduce the odds of the PRI candidate winning the election, and helped as much as they could to disseminate information about its actions among citizens at large and within their own party lines (de Mauleón 2012). The movement was constituted by stu-

dents, both from private and public universities, but had no particular demands regarding education. Movements from private universities are rare. Most student movements emerge from public universities, often to resist fee and tuition hikes, cuts in public education funding, or to demand changes in scholarship and financing plans. That was the case in the 1999-2000 student movement in Mexico, the 2011-2012 student movement in Chile, the student protests in Montreal, Canada, and in Madrid and Valencia, Spain in 2011. The *YoSoy132* demands dealt instead with the improper media intervention that tried to surreptitiously influence the electorate's preferences. With this behaviour the broadcast media intended to become the main Elector, and turn into kingmakers. The danger was clear: non-elected and unresponsive bodies, monopolistic for-profit enterprises, with no concerns about the public good, had the intention to make the next president of Mexico. Therefore, given its member base, the movement can be considered a student movement, but if we focus on their demands, it is definitely a *citizen* movement for the consolidation, deepening, and improvement of Mexico's democracy. As with the transition from authoritarianism, social movements were demanding the enforcement of the rules of institutional politics through non-institutional means, through mobilisations and protests. This is the way protest usually pushes democratisation. Twelve years after the PRI was voted out of office, the benefits and limits of Mexican electoral democracy had been reached (Labastida y Leyva, 2004). *YoSoy132* attempted to jump-start the stalled democratisation process, which was in peril because of the return of the PRI and the improper political influence of the media monopolies.

This, then, is not the story of a grassroots movement emerging spontaneously from a void, moved only by the idealistic goals of young citizens trying to do something they believed in, resonating with the rest of the citizenry. The story includes the actions of other institutional and political actors that wanted to channel the anti-PRI and anti-Peña movement in their favour and derail the Peña Nieto presidential bid.

This was partly its strength, but also its weakness. After election-day, the movement began to lose political muscle because some of its supporters—the political parties, campaign teams, and partisans—decided there was no point in continuing to boost the movement, re-Tweet its messages, or add to the movement's mobilisations.

The newsworthy character of *YoSoy132* began to fade as soon as the electoral results were announced. At that point, the students were already showing signs of exhaustion from the thrill of mobilisation and the sudden attention they had received. After the election the movement began to erode. In Mexico, the organisation and oversight of federal elections lies on an autonomous public body, the Federal Elections Institute (IFE). The IFE's budget in year 2012 was 15,953.9 million pesos (some 1,329 million USD), one-third of which goes to the political parties to fund their electoral and regular activities.<sup>7</sup> Despite this huge amount, some candidates still cry fraud and their followers are in a mind-set to believe it.

Peña Nieto received 38.2 per cent of the vote, López Obrador finished second with 31.6 per cent and Vázquez Mota was pushed to third place with 25.39 per cent of the vote.<sup>8</sup> The 6.6 percentage points that separate Peña Nieto from López Obrador are about one-third of the gap existing between them when the campaigns started. Arguably, the closing of the gap was one of the consequences of the *YoSoy132* movement.

*YoSoy132* tried to remain independent from political actors. They represented a view from civil society that political parties had turned into office-seeking machines, distanced from citizens' needs and preferences. They denounced how candidates were built up by the media and sold to the public like any other consumer product. They denounced the way the PAN governments failed to solve Mexico's most salient problems, such as poverty, poor education, and human rights. *YoSoy132* represents a social intervention in public affairs from a non-governmental and non-partisan perspective.

The fact that the PRI won its way back to the presidential residence is not so much an indication that the electorate preferred the PRI, as it is a sign of being fed up with the PAN and distrusting López Obrador's democratic credentials. Probably the PRD would have done better with another candidate, such as the Mexico City Mayor, Marcelo Ebrard. It would be inaccurate to say that the PRI has made a comeback, because it never really went away for good. Despite losing the presidency of Mexico in 2000, the PRI kept a large share of seats in Congress

and continues to rule the majority of Mexico's states and municipalities. When the PRD cried fraud in the 2006 election, it refused to negotiate with the party in office, the PAN. So President Calderón had to rely on a third political force: the PRI. In exchange for its support, the PRI demanded and received the protection of important authoritarian and corrupted enclaves that allowed it to regain the presidency.

Winning the presidential election does not mean a regression to authoritarianism. The *YoSoy132* movement demonstrates that the PRI's comeback is not a return to previous non-democratic conditions. After the 2012 election, the PRD and its allies (*Partido del Trabajo* and *Movimiento Ciudadano*) are once again the second political force in the House of Representatives, and the PAN is second force in the Senate. Those who mobilised around *YoSoy132* have already constructed a network that could be mobilised should the opportunity arise again. Thus, the PRI may have returned to office, but not necessarily to power.

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## AWAKENING IN NORTH AMERICA—MEXICO

## »Yo Soy 132: Participatory Democracy and Youth Movements in Mexico«

*Rodrigo Serrano**Activist, Yo Soy 132 movement*

## Context

On 11 May 2012, presidential candidate Enrique Peña Nieto visited the Mexico City campus of the Universidad Iberoamericana<sup>1</sup> (UIA), a private Jesuit university commonly associated with rich and superficial youths who are unaware of the country's real problems. Peña Nieto was competing in the 2012 presidential election as the candidate of the Partido Revolucionario Institucional<sup>2</sup> (PRI). This is the party that ruled Mexico from the end of the Mexican Revolution until the year 2000, when they were voted out of power in the first democratic elections in modern Mexico.

According to surveys taken during the presidential campaign, Peña Nieto had a clear advantage in the presidential race. There are several reasons for this. For the previous six years, he had been governor of the State of Mexico and had become a media figure promoted by Televisa, a telecommunications consortium that controls 70 per cent of the country's open television channels—as well as the pay-television industry and the magazine publishing industry—and which has a strong presence in radio and show business and is making inroads into the mobile phone business. The overwhelming backing of Peña Nieto by Mexico's media establishment did more than merely hint at a lack of democratic discourse in the electoral process.

Because the PRI candidate believed he was stepping into a friendly environment, he showed up completely unprepared to be denounced. After all, what would privileged students ensured of steady jobs in their future have to protest? But the violent quelling of a small peasant protest in San Salvador Atenco that took place during his tenure as Governor of the State of Mexico, and the equally Draconian way his administration moved to repress the larger movement for the peasants' interests were not perspectives even these students could embrace. In the end, Peña Nieto's campaign stop was

a disaster. In addition to the protest itself, the campaign team made several political and logistical mistakes that amplified the protest and made it more notorious. In a campaign that until then had suffered no incidents, the protest of the »rich kids« had great repercussions both culturally and politically.

## Change of Paradigm and Participatory Democracy

Representative democracy, as we know it today, emerged in the 19th century in countries that had experienced an industrial revolution. Given the context in which it emerged—unprecedented production levels that led to an intense accumulation of wealth by the bourgeoisie, a population on average seven times smaller than it is now, with practically no communication technologies—industry responded by promoting democracy as the main model for Western governments. In turn, the model came to symbolise development and progress.

Today, communications have changed. The way citizens connect with each other has therefore, also changed. Social networks have allowed social dialogue to become more horizontal. It has endowed the public—rather than political or commercial actors—with the power to decide and comment on what is germane to their lives. The information that transcends is information that appeals to the ordinary individual. Social action, therefore, distances itself from traditionally politicised circles and goes directly from citizen to citizen.

Although only 16 per cent of the Mexican population has middle- or upper-class income levels, 90 per cent consider themselves middle class. This cognitive dissonance corresponds to an aspirational feeling in which the immediate reality is denied in order to construct a fantasy of well-being that aims to become a self-fulfilling prophecy. Therefore, social complaint is rejected by those who have the most to complain about, since the belief is that if you demand something, it is because you are lacking it, and

1. Ibero American University

2. Institutional Revolutionary Party



it is assumed that only the poor are lacking. If I do not want to be poor, I learn not to acknowledge what I lack.

According to classical Marxist theory, for a revolution to be functional, it is necessary that the proletariat have class consciousness, that they organise and wage a struggle against capital. But what happens in a society where an individual's place within the majority is more related to their being »cool« than to socioeconomic conditions? What happens when politicised groups perceive themselves as operators of the political elite and citizens, since citizenship is only defined through consumption?

Social movements of the 21st century have come to renew the concept of citizen participation. A social struggle today must compete to capture individual loyalty as a symbol alongside other ideologies and practices developed from a marketing perspective. Social movements today compete against commercials and logos, to win over a public that loves brands as if they were gods.

We, the young people brought up in the age of the Internet and social networks, cannot find resonance in the hierarchical model that rules society today; representative democracy becomes meaningless when each citizen can be self-represented and when the distance between representatives and citizens—which could be non-existent—is insurmountable. Powerful groups thus enjoy more wealth today than ever. A part of this wealth is invested in lobbyists, which increases the benefit to powerful groups, thus creating a vicious cycle as well as economic dependence between the »lobbies« and the legislative branch. In order to break this cycle, we have to broaden the decision-making foundations of democratic countries. In a perfect democracy, after a public debate, each citizen would have an informed opinion of what they want and could vote directly for or against the new legislation to be implemented. In order to reach this status, we require a neutral mass media devoted to disseminating timely information as well as quality universal education that prepares citizens to exercise their democratic rights.

The first step is to generate a new social consciousness that moves beyond socioeconomic labels and that includes everyone in the country. This step could be achieved through social networks, since they are tools that by means of algorithms detect coincidences between individuals and thus connect them, focusing on

what they share in common rather than on their differences.

Occupy, the *Indignados*, the demonstrations in Tahrir Square, and YoSoy132—all these movements are symptoms of a paradigm shift. They are expressions of a youth in search of a new form of political organisation that goes beyond the left- and right-wing schemes that dominated the 20th century. Since the fall of the Berlin Wall, which also collapsed revolutionary communism as an ideal alternative culture, youth movements have been in search of an ideology with which they can identify.

Social movements in Mexico might mobilise tens of thousands of people, who from the depths of their heart believe in the cause, but the vast majority of Mexican society is still enmeshed in passive conformism. Social change must not respond to only a single class, but also to those who fear social strife and characterise it as unworthy, the people who define themselves through objects and do not find inspiration in non-material ideals.

Besides, the fabric of society is undergoing profound decomposition. In Mexico, the war against organised crime, which has claimed around 80,000 lives in the past six years, is one symptom only. No points of agreement seem to exist among Mexicans. None of us agree about anything. None of us want to live in Mexico. None of us feel in communion with society. None of us treat our neighbours as ourselves. In Mexico, the horizontality of social networks must conceive a new social agreement created by all and therefore, adopted by all.

Youth movements must invent a fair society for the new century. It is not a question of denying any of the progressive traditions preceding us, but of knowing how to re-codify them in the prevailing language, the language spoken by society today: How can we achieve this? A method some students have found convincing in the past few months goes beyond electoral struggles and the country's traditional political dynamics, in which the State has created co-opting mechanisms that neutralise any threat to the status quo. A proposal has emerged to create a new constitution for Mexico in order to symbolically renew the social agreement. The Constitution is the means by which a country is constituted, embedding all the ideals that will eventually be defended. The current Mexican constitution is obsolete, not necessarily because of its contents, but because it does not represent the



vision of all Mexicans. In Mexico, we function through unwritten rules. How can the rule of law be respected when it has not been internalised, when it is only seen as a means of perpetuating power abuse?

The new communication technologies have changed the lens through which society sees itself. In the face of social networks, where each person is self-represented, the need to be represented by others has become obsolete. This paradigm shift must be reflected by the rule of law, which eventually will come to adopt these mechanisms through the weight of habit.

In order to reconstruct the country through a new social agreement, we need a new tool that can help materialise all these changes. The Mexican Constitution, as a document, has flaws. In any case, the document itself is of secondary importance, but rupturing a symbolic institution like the Mexican Constitution may shake collective consciousness to reinvent or create a new document that corresponds to current times. Such a dialogue could facilitate a new consensus regarding what it means to be Mexican. And a new sense of community may be constructed, a new reason to respect our neighbours, by identifying the coincidences we share in a country viciously divided between political parties and power groups, between social classes, clans, and criminals that negotiate with people's consciousness as if it were booty. This new document could spearhead an age of participation. We want people to commit to complying with the law, which they so far fail to do because they do not identify themselves with the law. They do not feel that these laws are favourable, but perceive them as an imposition. In order to generate laws that will be complied with, we need them to be easier to follow, easier to interpret in agreement with the *Zeitgeist* (the spirit of our times), which is why they must therefore be more general. And all parties interested in the emergence of a new Constitution must become involved. What was unimaginable 50 years ago has become possible thanks to a new means of communication. Through »crowd-sourcing« we will now be able to generate not only a new government, but also a new country.

The West must transition from representative democracy to participatory democracy. In this identity game, we still need to create the masks, the mores, and the concepts that will rule us in the next 100 years. Without a doubt, society in the 21st century will undergo one of the most powerful changes it has ever experienced. I deeply appreciate to be fortunate enough to bear witness and participate in this process.





## FROM THE NATIONAL TO THE INTERNATIONAL

## »From the Bedside to the Streets: Nurses Bring a Message of Healing to the Planet«

*RoseAnn DeMoro*

*Executive Director, National Nurses United; National Vice President, AFL-CIO*

When nurses from four continents gathered in Nice, France on the eve of the G20 Summit in November 2011—first to participate in a massive march convened by France's largest labour federation, then to press world leaders on a solution to the gravest global economic crisis in nearly a century with a Robin Hood Tax on Wall Street speculation to promote global economic recovery—it was a culmination of sorts, an odyssey of action and international solidarity whose beginnings could be traced to a quieter, more personal, more vulnerable place, hospital bed-sides across the United States (US).

In the darkest hours of the global recession then ripping through US cities and communities, and in the sombre settings of hospital rooms, registered nurses (RNs) begin experiencing an alarming, recurring phenomenon.

Patient after patient was presenting with declines in their health status that had a direct correlation with the economic crisis, reflected in lost jobs, low wages, home foreclosures, poor nutrition and outright hunger, and medical bills they could not begin to pay.

»Every day patients call me to say that are putting off a procedure, like a colonoscopy, because they cannot afford the co-pay,« Deborah Burger, RN, Co-President of National Nurses United (NNU) related. »People are working harder than ever, two or even three jobs to make ends meet. Often it's tied to a problem in the household or extended family—unemployment or sickness. Men in their 50s, engineers who were laid off and living in my community, have given up looking for work. There is nothing out there.«

In hospitals from coast to coast, nurses were suddenly caring for stress-induced heart ailments in younger patients, especially in men in their 40s; pancreatitis, typically an adult disease, was increasingly found in children due to high fat diets linked to low incomes. They found a range of »gut« disorders, such as colitis, increased obesity linked to poverty, manifold mental illnesses, including anxiety disorders in youth populations, higher asthma

rates, with emerging reports of deaths linked to delays induced by poverty or insurance denials.

»People are going without care at a time when stress-related illnesses are up,« noted Jean Ross, RN, NNU Co-President. »Mental illness is enormous and largely untreated. We see extreme angst in children—serious anxiety disorders. They are worried about whether mom and dad have jobs and they hear the talk about losing the house. Patients cannot afford to be out of work, so they are coming to work ill and with symptoms.«

The effects were hitting home for nurses personally as well. More RNs were becoming the sole source of support for their husbands, wives, parents, adult children, even extended family members.

»RNs are scared and nervous. Some are single moms, others have laid-off spouses, and their pay cheque is critical. Many work an extra shift or two to get by. Many of us have to put off retirement,« said NNU Co-President Karen Higgins, RN. »We are back involved in the lives of our parents because they are aging and vulnerable and do not have the resources to get by.«

Nurses' own livelihood was increasingly under assault. Rapacious hospital employers, many of them part of big corporate chains directly linked to the Wall Street financiers who had created the economic meltdown, were exploiting the recession by implementing layoffs or hiring freezes, demanding deep cuts in nurses' own health coverage and retirement plans, and sharply eroding workplace and professional practice standards that undermined nurses' ability to safely care for patients.

For National Nurses United, the US's largest union of RNs and an organisation for which direct action and public advocacy has been a guiding and founding principle, it was time to act.

In part, NNU's ability to respond was facilitated by the culture of nurses, especially unionised nurses who have

long had to challenge and fight their employers, their managers, and often doctors who increasingly have put private profit over the therapeutic care and recovery of patients.

Taking that patient advocacy to the public arena, NNU was powered by a staff leadership animated by an anti-neoliberal ideology, spirit of struggle, and vision of economic, social, and cultural change. Further, NNU was implicitly influenced by its unique status as a women's organisation, led by women workers and staff who emerged from the feminist and working-class movement that produced an organisation able to move with rare collective leadership and unity that is rare among predominantly male organisations.

The constellation of these factors produced a singular organisation. Vocal nurses at the bedside could slide over to become activists in public policy, ready to picket or strike their hospital, stand up before community forums or city council meetings, join or lead mass marches and rallies, and testify in legislative hearings.

## An Activated Nurse Membership

First, it meant demanding reform of a broken, dysfunctional, often callous healthcare system. NNU nurses were found in the forefront of the fight to publicly challenge hospitals that sacrificed patient safety for profits usually by cutting services deemed insufficient for generating excess revenues or redesigning care delivery on the basis of budget goals, not improved care.

They stood up to insurance giants who routinely rejected needed medical treatment on flimsy pretexts. They confronted legislators heavily swayed by healthcare industry lobbyists to oppose the erosion of public protections and demand genuine reforms, such as safe nurse-to-patient ratios, whistleblower protection for nurses or other healthcare workers who expose unsafe hospital or nursing home conditions, and limits on insurance abuses.

And NNU nurses campaigned tirelessly for comprehensive transformation of the US healthcare system, from an insurance, profit-based monstrosity to a more caring, humane national health system based on individual patient need, such as exists in most of the industrialised world, a project that remains unfinished.

Second, NNU nurses, again with the collective drive of their staff leadership, could make the connection between the ailments and health of their patients with the growing economic disparity and the erosion of the social safety net and civil society around them.

To that end, there is a rich history of social activism in nursing as well as feminism as proud forbearers. Women such as Lillian Wald (1867-1940), feminist, advocate of union and civil rights, suffragist, social worker, and registered nurse who once wrote, »The call to the nurse is not only for the bedside care of the sick, but to help in seeking out the deep-lying basic causes of illness and misery that in the future there may be less sickness to nurse and cure.«

With the US economy in full meltdown following the global financial crash, and nurses witnessing the collateral damage on their patients and their own families, the drive to act became a social and personal imperative.

NNU nurses were also inspired by the images of protest globally and at home, in Cairo's Tahrir Square, then on the snowy steps of the State Capitol in Madison, Wisconsin. As workers rallied day after day in Madison to resist the rollback of public employee collective bargaining rights, NNU members from Minnesota, Michigan, Illinois, California, and other states joined them.

But NNU members brought something else besides fresh troops. They came with a fighting spirit and a new message at the time when some thought the national rightwing and corporate interests financing and sponsoring the attack on Wisconsin workers could be appeased by more concessions. The notion, widely fanned by the right and much of the corporate media, and endorsed by far too many among liberal advocacy groups and the Democratic Party, put much of the blame for the fiscal crisis on public workers.

As John Nichols, Washington correspondent for *The Nation*, writes in *Uprising*,<sup>1</sup> the seminal account of the Wisconsin protests, NNU signs and messaging to focus on the corporate CEOs and Wall Street facilitated a »shift (in the debate) from cuts in public services and education

1. John Nichols. »Uprising. How Wisconsin Renewed the Politics of Protest, from Madison to Wall Street.« Nation Books, New York, 2012

to demands for fair taxes and the revenues necessary for services and schools.«

Widely circulated messaging from NNU, Nichols notes, encouraged those rallying in Madison and in other states to ask, »Who caused the economic crisis? Who is profiting in the recession? Who is not paying their fair share? Would pay and benefit concessions by public employees stop the demands? Will the right stop at curbing public workers rights? (and) Does everyone have a stake in this fight?«

## The Nurses Campaign to Heal America

As nurses saw the impact of budget cuts and austerity programmes reflected daily in the declining health of patients slammed by job loss, foreclosures, poor nutrition, and medical bankruptcy, while the Wall Street titans who caused the suffering were being rewarded with bailouts and bonuses, NNU advanced a different meme.

There are two Americas, we held, in a commentary.<sup>2</sup> »One where the wealthy get tax cuts extended and estate taxes removed, while working people see their retirement plans, health coverage, pay, and bargaining rights gutted. Where people who rob banks go to prison, but bankers who rob people get bonuses and bailouts.

»It wasn't public workers or high school students or single mothers on Medicaid who plundered public treasuries or caused the meltdown on Wall Street. Talk of shared sacrifice is hollow when all the blame and concessions are forced on working families and those who can afford it the least.

»Our challenge as a nation—the vast majority of Americans who built this country and strive to sustain it—is to transform the storyline of who is to blame for this crisis, and how to solve it. And to change, once and for all, our priorities to become a more just society.

»Nurses in particular know this well. Their voices are heard in every community, their social responsibility profound. Their refrain is »we brought you into the world,

now we are going to fight for you, for your quality of life, for your children, for our future.«

Everyone, not just the economic elite and the privileged, should enjoy the promise of the American dream. We found an appropriate model in the long-neglected vision of President Franklin Roosevelt's call for a second *Economic Bill of Rights*.

Just as unionised workers have a contract for a basic set of rights, all American families deserve a similar agreement in the richest nation to stop economic decline and protect American families. We called it a *Main Street Contract for the American People* or the *Nurses Campaign to Heal America*, saying everyone should be entitled to:

1. Jobs at living wages, with a new national policy based on reinvesting in America.
2. Equal access to quality public education.
3. Guaranteed healthcare with a single standard of care for all.
4. A secure retirement, with the ability to retire in dignity.
5. Good housing and protection from hunger.
6. A safe and healthy environment
7. A just taxation system where corporations and the wealthy pay their fair share.

Some of those themes, particularly the call for genuine reform of our healthcare system, by expanding and improving Medicare to cover everyone, were familiar ideas for the nurses. What was new was our venture into seemingly arcane tax policy.

The NNU concluded, creating a more just taxation system is inexorably linked to generating the revenues needed to repair the damage to Main Street communities and reversing decades of neoliberal policies and the distortion and inequities of priorities that are at the heart of the crisis experienced by patients in hospital beds, workers in towns like Madison, and an increasingly global community.

2. RoseAnn DeMoro. »Bargaining for the USA. Time for a Main Street Contract for the American People.« Huffington Post, March 10, 2011

## Enter the Robin Hood Tax

With de-industrialisation and a decline of manufacturing jobs, there has been a seismic shift in the US economy towards Wall Street and the banks. The finance sector now dominates all other sectors; by itself it accounts for nearly one-third of all US corporate profits. Since 2000, finance sector profits alone have exceeded 82 billion US dollars, more than the gross domestic product (GDP) of most of the world's nations.

In the US, 10 mega corporations account for 88 per cent of all revenue growth for S&P 500 biggest companies, nearly half of the 10 finance companies, led by Bank of America (BofA) (according to calculations by NNU's research firm, the Institute for Health and Socio Economic Policy). JP Morgan Chase, BofA, Wells Fargo and Citigroup issue half of all home mortgages and two-thirds of all credit cards. The top 10 banks sit on half of all bank deposits, more than 3.1 trillion US dollars.

From more than 9.7 trillion US dollars in mortgage debt to 1 trillion US dollars in student loan debt, to consumer debt, to financialisation of spending on equipment and software that has grown at a rate of 25 per cent while spending on workers has averaged just two per cent, it's not hard to see how the bankers won the depiction of »Too Big to Fail«.

When they did fail, largely through reckless gambling with people's pensions and homes, the banks and investment houses created a worldwide recession that continues for many people in big cities, small towns, and villages around the world. It is the same economic calamity driving down health standards for patients in US hospital beds.

The politicians did not hold the banks accountable. But activists around the world, including many who would later become immortalised in the Occupy Wall Street movement, did demand an accounting. So too did nurses, now used to battling with managers, insurance claim adjusters, and too often doctors to insist their patients get the care they need.

In the nursing process, nurses assess a patient and develop a care plan. To heal the US and global economy, the care plan called for revenue, hundreds of billions of

dollars, and in this case, restitution from those who held the money and had created the problem in the first place.

NNU also quickly learned they were not alone. Unions, labour federations, non-governmental organisations (NGOs), environmental, faith community, consumer, and healthcare activists in Europe and Africa, in Asia and South America, had long come to a similar conclusion with the call for a simple, yet powerful solution—the Robin Hood Tax. The Robin Hood Tax—alternately known as the »Tobin tax« or »financial transaction tax« (FTT) on the trading of stocks, bonds, derivatives, currencies, and other financial instruments—is an idea already in place now, or was recently put in place, in some 40 countries around the world. It is the focus of a worldwide campaign that is bringing the Robin Hood Tax to fruition across Europe.

A small tax that prominent economist Robert Pollin, Co-Director of the Political Economy Research Institute of the University of Massachusetts, Amherst, calculated could raise up to 350 billion US dollars every year in the United States alone as a key component for helping to build a sustainable full-employment economy.<sup>3</sup> That amount, deduced NNU's researchers at the Institute for Health & Socio-Economic Policy, could fund nine million additional jobs, save more than 1.7 million homes from foreclosure, fund food plans for 24 million families of four for a year, or lift all 3.8 million female headed households out of poverty for more than nine years, a good start on an economic bill of rights.

What NNU also quickly found was that the US version of the global campaign was largely dormant, but that nurses, building bridges with the international campaign and working with HIV/AIDS activists, proponents of climate-change action, unionists, faith-based organisations, and others, could revive the push in the richest country on earth as well, a country that had an FTT in place for half a century until the influence peddlers from Wall Street had it repealed.

What NNU brought to the revived campaign was an uncompromised spirit of activism and the courage to challenge anyone who stood in their way, born in the fires of years of patient advocacy, the lessons of union

3. Robert Pollin. »Back To Full Employment.« Boston Review, MIT Press, Cambridge, Mass., 2012.

organising and what California Gov. Jerry Brown once called »elegant militancy«, and the broad themes of the Nurses Campaign to Heal America.

## Actions from Wall Street to the World Stage

NNU initiated its US campaign in early June 2011 for the Robin Hood Tax by bringing 1,000 nurses—joined by labour and community activists—to Washington to picket the headquarters of the US Chamber of Commerce, Wall Street and corporate America's top lobbying arm, and the White House before sending scores of nurses attired in red scrubs through the halls of Congress to press the issue.

Some skeptical legislators and their staff were apparently not used to unflappable nurses. »You need to lower your expectations,« said a top staffer of one prominent Democratic Congress member, to which the nurse activist replied, »Would you like me to tell you that when I am prepping you for surgery?« In another office, a staffer asked his guests, »What do you nurses know about taxing Wall Street?« The quick reply, »I know I pay sales taxes on everything I buy, shouldn't the banks pay, too?«

Two weeks later, NNU brought 1,500 people to Wall Street for a march on the New York Stock Exchange, with an action that featured an ailing Statue of Liberty being aided and brought back to health by nurses. Some of the community activists participating in the rally would themselves pick up the mantle and achieve worldwide prominence three months later in New York's Zuccotti Park launching the movement that would be forever known as Occupy Wall Street.

Over the next two months, NNU members had fanned out across the country, holding soup kitchens, visiting state and county fairs, farmers' markets, Congressional town hall meetings getting scores of endorsement resolutions from unions, community groups, and legislative bodies. In early September 2011, 5,000 nurses and allies held sit-ins, street-theatre actions, mini clinics, soup kitchens, and other actions at 60 Congressional offices in 21 states calling on members of Congress to endorse the Wall Street tax.

The actions were drawing national media attention as well. »If you want to know just how bad things are for those hit hardest by the Great Recession, ask a nurse: they see more young men suffering heart attacks, more anxiety in children, and more ulcers and stomach illnesses in people of all ages,« wrote Katrina vanden Heuvel, editor of *The Nation* in a column for the *Washington Post*.<sup>4</sup> »Given this widespread hardship and pain, it makes sense that nurses who are on the front lines in our communities every day are leading an effort to hold Wall Street accountable for causing these economic troubles while raising hundreds of billions of dollars for vital human needs.«

On 3 November, NNU leaders, joined by nurses from Australia, Korea, and several European countries, held colorful actions promoting the Robin Hood Tax outside the meeting of G20 leaders in France. The events, initiated by Public Services International, which represents 20 million public service workers in 150 countries, the International Trade Union Confederation, and prominent global community groups and NGOs, including Oxfam and the World Wide Fund for Nature, featured an ailing figure representing the planet in a hospital bed attended by nurses, whose care plan, of course, was the Robin Hood Tax to heal global economies.

Concurrently, the same day, several thousand NNU nurses, joined by many union members and environmental and community allies, marched on the White House and Treasury Department in Washington with a special message for Treasury Secretary Timothy Geithner to stop lobbying European allies to oppose the tax—a message an irritated Geithner told labour leaders in France he had heard loud and clear.

As 2012 opened, NNU co-hosted a meeting in the Trade Union Congress Hall in London with representatives of 30 organisations from 10 countries to step up international actions for the Robin Hood Tax. Subsequent events included international days of actions targeting meetings of world leaders throughout 2012, such as a Robin Hood march in Rio de Janeiro, Brazil, intended to further spur the movement in the global South, outside a gathering of the UN Conference on Sustainable Development.

4. Katrina vanden Heuvel. »Nurses' prescription for healing our economy.« *Washington Post*, October 4, 2011.



The most prominent action, convened by NNU in Chicago in May on the eve of a NATO leaders meeting, featured a festive march and rally through downtown Chicago with 6,000 nurses, now festooned on with Robin Hood hats and masks, joined by international leaders from Europe, Central America, and Canada, and activists who came by bus from different Occupy Wall Street groups, from New York City to Portland, Oregon. Efforts by Chicago Mayor Rahm Emanuel, President Obama's former chief of staff, to block the NNU Robin Hood rally collapsed, bringing scorn for the mayor and heightened national publicity.

By now, NNU had helped convene a broad Robin Hood campaign across the US that was holding regular actions, including a big march in July 2012, at the apex of the International AIDS Conference in Washington, and introduction of a new, robust version of a Robin Hood Tax bill, H.R. 6411, the Inclusive Prosperity Act, authored by Congress member Keith Ellison.

As the year drew to a close, Robin Hood actions, from anti-austerity protests to a nude-in at the office of House Speaker John Boehner sponsored by AIDS activists, had become a regular occurrence. International linkages were stronger than ever.

An NNU resolution endorsing the Robin Hood Tax won enthusiastic approval at the November 2012 convention in Durban, South Africa of Public Services International attended by delegates representing 329 unions from 123 countries. The resolution entitled, *The Global Fight-Back Against Austerity*, said, »The Robin Hood Tax has the opportunity to turn the tide in a century whose first decade has witnessed an appalling assault on equality and community. The time for the financial sector to pay a fair sales tax on its trading is long past due.«

As we noted in a June commentary in the UK *Guardian*<sup>5</sup> on the eve of testimony to Congress by JPMorgan CEO Jamie Dimon, where he was greeted in the hallway by Robin Hood protesters, the Robin Hood campaign »has exploded across the world« with a common message: »It's time to pay up for the damage you have done to our communities and our nation.«

The bankers, the politicians, and the public have taken notice. Nurses, adapting all the experiences of years of collective action, collaborative disobedience to their employers, and the working class and feminist analysis and modalities of struggle, have charted a path that continues to blossom and grow.

5. RoseAnn DeMoro. »Why Jamie Dimon and his Wall Street buddies need to pay a Robin Hood tax.« *The Guardian*, June 19, 2012.

## FROM THE NATIONAL TO THE INTERNATIONAL

## »A New Distribution of Income and Power«

*Claire Courteille**Director, Equality Department, International Trade Union Confederation*

## Reducing Inequality

The Millennium Development Goals (MDG) have been able to mobilise the international community behind agreed goals and targets without giving much consideration to the enabling policy framework necessary to redress the structural causes of poverty. This policy vacuum has reinforced the dominant paradigm according to which economic growth is the sole instrument that can bring about development. Not only has the focus on GDP—and on higher GDP per capita - not led to sustainable development, it has also created huge wealth and income inequality both among and within countries.

Between the early 1990s and mid-2000s, the economy grew substantially, especially in emerging and developing countries, but the benefits of this expansionary period were unevenly shared. Overall, the most remarkable trend of that period has been an unprecedented widening of income inequality: at present the richest 1% of the world's population owns 40 per cent of global assets while the bottom half of the world's population owns just 1% of global wealth (UNRISD, 2012). In OECD countries, the Gini coefficient, a standard measure of income inequality that ranges from 0 (when everybody has identical incomes) to 1 (when all income goes to only one person) increased from an average of 0.29 in the mid-1980s to 0.316 by the late 2000s (OECD, 2011).

Wage inequality explains a big part of income inequality and it is striking to note that during the period 1990-2008 income distribution took place away from labour despite an increase in employment rates globally. In 51 out of 73 countries for which data was available, the ILO (2008a) found that over the past two decades the share of wages in total income declined. The largest decline took place in Latin America and the Caribbean (-13 percentage points), followed by Asia and the Pacific (-10 percentage points). In contrast, the share of profits in national income increased virtually everywhere. This indicates that the quality of the jobs created was not good enough to reduce income inequality, that wages remained at a low level and that labour market tenure

was weak. In fact, the majority of the jobs created during that period were short term, part-time, temporary, casual or informal. Today half of the world's workforce is in vulnerable employment, living in income insecurity.

Inequalities influence the transformation of economic progress into poverty reduction: Without undermining context-specific factors, the experience of the last 20 years shows that high levels of inequality limit the effectiveness of growth in reducing poverty while growing inequality increases poverty for a given level of growth (Fosu, 2011). Furthermore, several academic studies, including by the ILO, provided evidence that high levels of inequality tend to push large segments of the population into low-wage jobs, constricting domestic demand and hindering structural changes.

Outside the economic field, empirical evidence indicates that high levels of inequality create polarised societies associated with higher crime rates, lower life-expectancy, social tensions (especially in multi-national and multi-ethnic communities) and in the case of the poor countries malnutrition and an increased likelihood of children being taken out of school in order to work. Equally worrisome, inequality tends to trap younger generations into poverty as social mobility is limited.

To address and redress income inequality, the post-2015 Development Agenda must focus on employment and welfare. In particular it must address gender inequality in the labour market and social policies. Male and female labour must be properly valued and rewarded. This requires laws and policy to protect both formal and informal economy workers, to ensure compliance with anti-discrimination and minimum wage legislation and to secure effective and universal access to social protection. Giving visibility to the unpaid care work carried out by women would also give visibility to the constraints and discrimination they face and help formulate better gender sensitive policy.

*To measure progress on reducing inequalities, the following indicators can be considered at country level:*

1. Income inequality expressed by the ratio between the income of the top and bottom deciles
2. Share of wages and profits in national income
3. Gender-based wage gaps
4. Ratio between GDP growth and the increase in social transfers
5. Macro-economic aggregates on unpaid care work

### Decent Work's Contribution to the Reduction of Inequality

According to ILO figures, 17 per cent of all workers in developing countries earn less than 1.25 US dollars a day (UN, 2012). A shift in policy is needed to restore fairness, dignity and confidence in the lives of the growing number of working poor worldwide. Globalisation has eroded the ability of states to implement public policies that increase the income position of low-income groups. By the same token, the globalised economy has eroded workers' bargaining power through liberalisation and work informalisation. In order to effectively address economic and social inequality, the post-2015 development agenda must provide enhanced policy space for both governments and social partners to define and implement efficient employment and social transfer policies.

The new development agenda must give immediate priority to tackling the global jobs crisis. Unemployment not only pushes people below the poverty line, but also increases the economic and social inequality. Women are overrepresented among the unemployed: their employment-to-population ratio at the global level is 25 percentage points below men's (47.8 per cent vs. 72.6 per cent respectively) (UNTT, 2012a). International and national development strategies must facilitate the necessary economic transformation that will enable job creation. Employment targets should be included in the post-2015 Development Agenda. While taking full account of national specificity, all countries should be encouraged to assess the potential for job creation in 3 sectors in particular: the infrastructure sector (including

the construction of roads, bridges, railways, water supply and sanitation, waste management systems, electric power generation and transmission; telecommunications etc.); the care sector (child care facilities, homes for the elderly, care system for the sick etc.) and green sector including work in agriculture, manufacture or services that can preserve or restore environmental quality. Creating sustainable jobs requires specific public and private investment including in people's education and workers' skills. Social partners must be closely involved in the design and implementation of these strategies.

But new jobs will not necessarily contribute to improving people's livelihoods and to an equitable society, unless they are accompanied by adequate social policies that ensure that the jobs are decent and people have basic social security. Countries such as the USA, New Zealand, Chile and Jamaica, which have little labour regulation and weak social policies, suffer from high income inequality despite having relatively high employment rates (ILO, 2008b). The ILO Decent Work Agenda (DWA) offers a comprehensive policy framework for employment built around four strategic objectives: job creation, guaranteeing rights at work, extending social protection and promoting social dialogue. As a comprehensive set of policies, the DWA has proven to be an effective tool to reduce inequality and fight poverty. The ILO World of Work Report 2008, which focused on the issue of income inequality, shows that no matter the level of income, countries that have stronger labour market regulation and extensive social protection experience have lower income inequalities than those with little regulation and limited social protection (ILO, 2008b).

Another division that contributes to rising economic inequality is the wage and social income difference between those employed in the formal economy and those in casual, informal jobs. Both in developed and developing countries, wages in precarious and casual jobs are, in most cases, much lower than those for similar work performed within the framework of formal employment. What is more, workers in the informal economy often lack access to health care, retirement plans, maternity leave and other social transfers, keeping their social income much lower than their counterparts in the formal economy (UN, 2007).

As a matter of priority the post-2015 Development Agenda must focus on providing rights and protection

to the millions of informally employed workers. This includes the extension of labour laws to all sectors, the registration of informal workers, the enforcement of minimum wage and social security legislation and enhanced capacities for labour ministries and inspectorates.

Lessons from successful democracies indicate that rights must be institutionalised in order to reduce inequality. The post-2015 Development Agenda must include the respect for international human rights and labour standards. The ratification and implementation of the ILO core Conventions should be an integral part of any development agenda.

While women's care responsibilities condition their access to the labour market, public policies should aim to provide affordable and adequate care facilities. Regulating domestic work must be a priority given the high prevalence of working poor in that sector. The particular situation of women heads of household must not be overlooked. Proactive policies and sustained social communication are needed to influence social norms that perpetuate gender discrimination and exclusion. They should be complemented by comprehensive anti-discrimination laws and effective grievance mechanisms easily accessible to all. In addition to ILO core conventions No 100 and No 111 which focus on discrimination, the ratification of ILO Convention No. 183 on maternity protection, No. 156 on workers with family responsibilities and No. 189 on domestic workers are fundamental instruments to ensure gender equality in the world of work.

*To measure progress on the implementation of the decent work agenda, the following indicators can be considered:*

1. Employment rate
2. Job creation including in infrastructure, the care sector and green jobs
3. Share of people engaged in informal work relations among the active population
4. Investment in education and vocational training as a percentage of GDP
5. Ratification of ILO core and gender Conventions

## Minimum Wage and Collective Bargaining

The post-2015 Development Agenda must look at labour institutions including minimum wage, collective bargaining and trade union density, which all play a crucial role in reducing income inequality.

Collective bargaining affects both the level of wages and wage distribution. Extensive ILO research work (ILO, 2008a) shows that high union density, large coverage of collective bargaining and coordinated bargaining structures are directly associated with lower levels of wage inequality both overall and in the lower half of the wage distribution. A recent ITUC study (ITUC, 2012) covering 43 countries shows that the gender pay gap is smaller in those countries and sectors that have a strong union density and higher level of collective bargaining coverage. In fact, in their bargaining strategy, unions try to ensure that wage increases are in line with productivity gains. At the macro level, large collective bargaining coverage contributes to keeping wages connected to economic growth. The erosion of workers' bargaining rights over the last decades explains to a large extent the current divergence between productivity growth and wage increase for a majority of workers. This divergence between pay and productivity is indeed at the heart of the growth of income inequality.

Minimum wage has a direct impact on the wage distribution in the lower half of the labour market. During the period 2001-2007 (ILO, 2008a), the ILO reported real gains for those earning minimum wages in developing countries (+6.5 per cent on average). But when compared with GDP per capita, minimum wages have declined in developing countries during that same period. Again, this mainly reflects the fact that strong growth in average labour productivity did not fully translate into a corresponding increase in minimum wages at the lower end of the labour market. This phenomenon is one of the root causes of the widening of inequality in several developing countries. It is rather alarming that a considerable number of developing countries still have statutory minimum wages well below the international definition of poverty at 2 US dollars a day. The international community should reject simple stereotypes according to which an increase in minimum wage would be detrimental to employment creation. Recent studies, including by the ILO, show that—if set at a reasonable level—increases in minimum wage can lift workers out

of poverty and reduce the gender pay gap with little or no adverse impact on employment levels (Klaveren and Tijdens, 2011).

*To measure progress on reducing wage inequality, the following indicators can be considered:*

1. Statutory minimum wage above national and international poverty lines
2. Percentage of the workforce covered by minimum wage legislation
3. Convergence of productivity and wage increases
4. Gender-based pay gap
5. Trade union density

## Universal Social Protection

Ensuring that all those in need have access to health care and a basic level of income security should be the objective of any anti-poverty agenda. The urgent need for a universal social protection floor has been endorsed in several political fora including the G20 and the UN. The post-2015 Development Agenda must clearly focus on the realisation of a social protection floor in all countries.

The case for the universal Social Protection Floor as an effective mechanism for addressing poverty and inequality is well documented in the Social Protection Floor Advisory Group report chaired by Michelle Bachelet (ILO, 2011). In June 2012, a new ILO instrument on social protection floors was adopted (ILO Recommendation No. 202) which focuses on universal access to health care and income security for the unemployed, the elderly, the disabled, pregnant women and children.

The experience of emerging countries having implemented elements of a social protection floor is illustrative: the introduction of a social transfer system *Bolsa Familia* in Brazil contributed to the reduction of inequality by 20 to 25 per cent; in Mexico the *Oportunidades* has been responsible for a 21 per cent reduction in inequality; in South Africa non-contributory old-age pensions, disability and child support grants together lowered the Gini coefficient for that country by three per cent; the

Indian Mahatma Gandhi National Rural Employment Guarantee Act which aims at enhancing the livelihood security of the poor has achieved some success in poverty reduction and in empowering women both economically and socially (UNTT, 2012b). In addition to a well-documented positive impact on poverty reduction across borders, social transfers also help economies at all stages of their development rely on domestic demand. This is particularly important in the current context of global economic turmoil.

The mobilisation of domestic resources to finance social protection should be reflected in the post-2015 Development Agenda. This entails adequate fiscal reform, building tax administration capacities, and the eradication of tax fraud and evasion. Governments should seek to (re) establish the income redistribution function of their tax systems by introducing progressive regimes that require the highest tax contributions from capital gains and from the wealthy and provide tax relief for low income families and the poor.

However, for the poorest countries, international funding might be necessary to help them start implementing a social protection floor. The post-2015 Development Agenda must contemplate the creation of a global fund to finance social protection floors in the least developed countries.

*To measure progress on the implementation of universal social protection, the following indicators can be considered:*

1. Implementation of a universal social protection floor based on ILO Recommendation No. 202
2. Extension of social security provisions to men and women working in the informal economy
3. Ratification and implementation of ILO Convention No. 102 on social security
4. Spending on social protection as a percentage of GDP
5. Revenue raised through progressive tax collection as percentage of GDP
6. Creation of a global fund to help the poorest countries implement a social protection floor

## Distribution Of Power

Redistribution of power and opportunities is required to break the cycle of poverty and inequality. The forces driving this transformation are active citizens, vibrant civil societies including trade unions and effective states. Inequitable power relations exclude poor people from decision-making and prevent them from taking action. Empowerment of those living in poverty, especially women, is a critical driver for poverty and inequality reduction. Poor women and men need to collectively gain and exert influence over the political, economic and social processes that determine and, all too often, constrain their livelihood opportunities. The post-2015 Development Agenda must focus on the dynamics of power that lead to inequality and ensure democratic ownership of the relevant policies

Trade unions can play a critical role in changing the dominant structures of power. Their democratic legitimacy to interact with governments and employers' organisations and to hold them accountable must be recognised and respected. By organising workers, including the poorest and the most vulnerable such as those in the informal economy, unions can change power relationship and help gain rights and formalise work. Unions are at the interface of both income and power distribution.

Governments must provide the framework for trade unions and other social activists to fulfil their mission. They should ensure access to information and knowledge for all in order to overcome barriers to political and social participation. Last but not least, government must respect human rights, democratic principles and the rule of law as those are three necessary components to reduce poverty and inequality in a sustainable way.

*To measure progress on people's genuine participation, the following indicators can be considered:*

1. Respect for political and civil rights, including workers' rights
2. Active social dialogue and government's engagement with civil society organisations

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## IRELAND

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Nessa Ní Chasaide has been working in the global justice sector for over 10 years. Her involvement in global justice activism began as a student at University College Dublin (UCD). On leaving UCD she worked with *Trócaire* in Dublin and Kenya for over five years. Her work in Kenya caused her to shift her focus to the responsibilities of enriched countries to radically re-shape their relationships with the Global South. On her return to Ireland she completed a Masters in International Relations at Dublin City University. She has worked with Oxfam Ireland and *Dóchas*. She has been the Co-ordinator of the Debt and Development Coalition Ireland (DDCI) since August 2006, campaigning for an end to the financial exploitation of impoverished countries.

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Barry Herman is Visiting Senior Fellow in the Graduate Program in International Affairs at the New School University in New York. He retired in December 2005 after almost 30 years in the United Nations Secretariat, where he led a team undertaking research and supporting negotiations on international economic and financial issues. He has consulted on international financial issues for the UN, the Commonwealth Secretariat, the German Development Ministry and the World Council of Churches. From 2004 to 2009 he co-chaired the Task Force on Debt Restructuring and Sovereign Bankruptcy at the Initiative for Policy Dialogue at Columbia University. He also co-directed the New School and Carnegie Council for Ethics in International Affairs »Debt and Ethics« project. He is a founding member of the Advisory Board of Social Justice in Global Development ([socdevjustice.org](http://socdevjustice.org)), and from 2006 to 2011 he was a founding member of the Board of Directors of Global Integrity ([globalintegrity.org](http://globalintegrity.org)). He holds a PhD (Economics) from the University of Michigan and an MBA from the University of Chicago.

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## INTERNATIONAL

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RoseAnn DeMoro is Executive Director of National Nurses United, the largest organisation of nurses in the U.S. with more than 185,000 members. Under her stewardship, NNU has gained national renown as the premiere advocate for nurses, a champion for guaranteed healthcare for all, an outspoken critic of corporate medical care, and has organized thousands of nurses across the U.S. NNU is increasingly active in the international arena as well, working with global nurses and labor organisations on issues affecting working people, healthcare, and professional nursing practice. DeMoro also serves as executive director of the California Nurses Association, which is well known for winning enactment of landmark patient care reforms, and leading a successful campaign to challenge one of the world's most famous politicians, former California Gov. Arnold Schwarzenegger.

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Claire Courteille joined the International Trade Union Confederation (ITUC) in 2005 as a senior advisor before becoming director of the Equality Department covering issues such as inequality/inequity, social protection, gender, migration. From 2000 to 2005, she was an advisor to the Netherlands Trade Union Confederation (FNV) and a member of the Dutch Economic and Social Committee. From 1992 to 2000 she worked abroad for different international organisations including the United Nations High Commissioner for Refugees (UNHCR). Claire graduated in 1992 at the Sorbonne University of Paris in international economics and in 1996 she obtained a MSc. in Development Studies at the London School of Economics (LSE).









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