

## **Banking Transaction Tax: A Plan to Wipe Out the Weaker Sections**

**- Piyush Pant**

As the General Election approaches India, a tax-bomb has been dropped. Dropping of the bomb has not been done by a politician or a political party but someone who excels in commodifying yoga and pranayam. This bomb is called the 'Bank Transaction Tax (BTT)'. The most vocal proponent of this Tax is Yoga Guru Baba Ramdev. Though the idea was generated from a Pune-based think-tank and non-governmental organization called Arthkranti, which focuses on socio-economic issues. Later the BTT issue entered mainstream public discourse when BJP's prime ministerial candidate Narendra Modi called for a complete tax reforms. It is to be noted that Baba Ram Dev has proposed a tax on all bank transactions, pleading that such a tax will eliminate "black money". Money is called "black" only when the taxes are not paid. It is said that under a transaction tax regime, the evasion is technologically impossible as the bank will be responsible for the collection and payment of taxes electronically. It is also said that BTT will be a simple tax with miniscule collection cost, no filing of tax returns and least possibility for evasion. It is argued that with the implementation of this tax proposal, India will get rid of all the complicated taxes it currently has. Currently, there are 32 taxes levied by the Central, state and local authorities.

The Business Transaction Tax proposal envisages complete withdrawal of current tax system including income tax, sales tax and excise duty. Only customs duty or import duty will stay. Transaction tax will be levied every time money is remitted or withdrawn from a bank account. There will also be withdrawal of high denomination currency to check black economy and problem of fake currency. Cash transactions will not attract any tax, but it will be limited to possibly Rupees 2,000. Revenue generated through transaction tax will be distributed in a fixed proportion among the central, state, local governments and the banks. For example, as Atul Deshmukh of Arth Kranti says- If the rate is 2 per cent, the proportions would be 0.7 per cent, 0.6 per cent, 0.35 per cent and 0.35 per cent for Center, the state government, the local authorities and banks respectively. It is also said that the share of banks can help them reduce the rate of interest on loans and will also help them bear tax on loan repayments.

Before looking at the proposal critically, let us explore the hidden agenda or the forces behind the sudden emergence of the proposal for Banking Transaction Tax. While keeping in mind the argument put forward by some critics that beneficiaries of this single tax regime will largely be the middle and the rich class, we should also take note of the World Bank report issued in November 2013 wherein it is said that India's corporate tax rates are among highest globally. The report says that Tax rates for companies in India are among the highest in the world and the number of payments are also more than the global average, putting the country at a low 158th rank on the 'Paying Taxes 2014' list. According to the report, the total tax rate in India can be as high as 62.8 per cent, there are as many as 33 payments under the head of profit, labour and other taxes, and the time taken to comply with taxation requirements could be as much as 243 hours.

Earlier The Paying Taxes 2011: The Global Picture study released by the World Bank, International Finance Corporation, and Pricewaterhouse Coopers showed that several US trading partners reformed their tax structures between 2009 and 2010: Canada, China and the Netherlands, for example, simplified their tax compliance procedures. The Netherlands made value added tax (VAT)

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fillings a quarterly event and simplified profit tax calculations. Canada reduced its labour taxes and mandatory contributions, extended the two-year write-off for investments, and followed through on commitments to reduce the federal corporate income tax rate to 15 per cent and average combined federal and provincial tax rate to 25 per cent by 2012. Many smaller countries like Indonesia, Taiwan, Panama and Brunei also cut their corporate tax rates in 2009 and 2010, though the bigger trading partner US has been lagging behind the rest of the world in reforming its tax code and cutting corporate taxes.

In April 2012, International trade groups representing more than 250,000 companies told Prime Minister Manmohan Singh in a letter that his government's new retrospective tax proposals have led foreign businesses to reconsider their investments in the country. It is to be remembered that Union Budget of 2012-2013 had outlined a proposal to enable the tax authorities to make retroactive claims on overseas corporate deals and bring in new anti-avoidance measures. The groups said in the March 29th missive to Singh- "The sudden and unprecedented move (on tax) ... has undermined confidence in the policies of the Government of India towards foreign investment and taxation and has called into question the very rule of law, due process, and fair treatment in India."

It is well known that corporate sector in India has always complained about the multiple levels of taxation in India and have always been resisting the increase in the corporate tax rate. Traders and corporate are always fearful of tax raids by IT and ST authorities as well political vendetta. Corporates hide their surplus in tax havens of the world. There is also the middle class who claims that it is burdened with more and more taxes as they are honest and don't want to be labeled as dishonest. It is being said that this class would be greatly relieved with the introduction of the BTT. The Confederation of All India Traders (CAIT) has also endorsed the idea of levy of Banking Transaction Tax in lieu of VAT, Service tax, Excise, Income tax and other taxes.

The BTT, however, makes no difference between the rich and the poor. Everyone, in whose bank account inflows or outflows the money, will be charged a 2 per cent tax on this amount. A businessman earning Rs. 1lakh a day or a peon, who earns same amount in a year, will have to pay the same tax rate. It will certainly bring hardship to the common man. For the person getting fat salary, a tax of 2 per cent will be far less than the slab of income-tax currently charged but for a person getting lower salary (say below Rs.10,000) even 2 per cent cut will be a substantial amount, particularly when currently he does not come under the income tax bracket. Similar would be the fate of those taking a loan from bank or receiving money from a relative or a

friend through bank. Fate of the people from economically weaker sections, who are being paid government subsidy that goes directly to their bank accounts under various government schemes, will be even worse. Even senior citizens who get meager amount as pension and are not under the income-tax net will also be burdened with the BTT. The buck does not stop here. If you are economically slightly better placed and pay EMI on a home loan or on your child's school fee, the concerned bank or school may want to pass on the 2 per cent tax back to you. You might have to pay this tax, which would ultimately push up the cost of the loan taken and your child's education expense.

On the contrary, in some countries such as Argentina, Brazil, Bolivia, Colombia, Peru and Venezuela the BTT has been used as an emergency measure to overcome the economic crisis. Moreover, this tax was charged on withdrawals only, that too only ranging from 0.02 per cent to 2 per cent. Moreover, this tax was only for a limited period. It was also not considered as a replacement for the income tax. Even Brazil had withdrawn this tax within two years. India had also introduced 0.1 per cent cash transaction tax on cash withdrawals from current account in 2005 but it could not fetch more than Rs. 600 crores annually. So the tax was dropped in the year 2009. If BTT is introduced by the new government after the General elections, it would also likely to meet the same fate because the proposed banking transaction tax has been kept just 2 per cent whereas the ratio of our current tax to GDP is 12 per cent. It means that the 2 per cent BTT will generate the amount of revenue being currently earned by the government only when the velocity of the money will be at least 6 or we can say that the money will have to be rotated 6 times annually. The real situation is that most businesses are forced to extend credit ranging from 60 to 120 days, and their rotation is not more than 2.5 in a year. Similarly in the field of agriculture at the most only two crops are generated in a year that means the agriculture earnings can be taxed only 2 times in a year. This shows that the expectation of 6 times rotation of money is unrealistic. Another fall out will be that in the light of the realities of the money-rotation ratio, the tax rate will be pushed up to 6 per cent which will lead to levying 6 per cent tax on investing the savings, 6 per cent interest on transfer of money from parents to children, 6 per cent tax on transfer from savings accounts to fixed deposit accounts which will become meaningless since a six monthly fixed deposit will fetch interest not even sufficient to pay the transaction tax. As a result bank deposits will start thinning down, people will be forced to go for long term transactions. This will affect their liquidity position, ultimately leading to massive public unrest.



## America's Secret War in 134 Countries

*By: Nick Turse*

They operate in the green glow of night vision in Southwest Asia and stalk through the jungles of South America. They snatch men from their homes in the Maghreb and shoot it out with heavily armed militants in the Horn of Africa. They feel the salty spray while skimming over the tops of waves from the turquoise Caribbean to the deep blue Pacific. They conduct missions in the oppressive heat of Middle Eastern deserts and the deep freeze of Scandinavia. All over the planet, the Obama administration is waging a secret war whose full extent has never been fully revealed -- until now.

Since September 11, 2001, U.S. Special Operations forces have grown in every conceivable way, from their numbers to their budget. Most telling, however, has been the exponential rise in special operations deployments globally. This presence -- now, in nearly 70% of the world's nations -- provides new evidence of the size and scope of a secret war being waged from Latin America to the backlands of Afghanistan, from training missions with African allies to information operations launched in cyberspace.

In the waning days of the Bush presidency, Special Operations forces were reportedly deployed in about 60 countries around the world. By 2010, that number had swelled to 75, according to Karen DeYoung and Greg Jaffe of the Washington Post. In 2011, Special Operations Command (SOCOM) spokesman Colonel Tim Nye told TomDispatch that the total would reach 120. Today, that figure has risen higher still.

In 2013, elite U.S. forces were deployed in 134 countries around the globe, according to Major Matthew Robert Bockholt of SOCOM Public Affairs. This 123% increase during the Obama years demonstrates how, in addition to conventional wars and a CIA drone campaign, public diplomacy and extensive electronic spying, the U.S. has engaged in still another significant and growing form of overseas power projection. Conducted largely in the shadows by America's most elite troops, the vast majority of these missions take place far from prying eyes, media scrutiny, or any type of outside oversight, increasing the chances of unforeseen blowback and catastrophic consequences.

### **Growth Industry**

Formally established in 1987, Special Operations Command has grown steadily in the post-9/11 era. SOCOM is reportedly on track to reach 72,000 personnel in 2014, up from 33,000 in 2001. Funding for the command has also jumped exponentially as its baseline budget, \$2.3 billion in 2001, hit \$6.9 billion in 2013 (\$10.4 billion, if you add in supplemental

funding). Personnel deployments abroad have skyrocketed, too, from 4,900 "man-years" in 2001 to 11,500 in 2013.

A recent investigation by TomDispatch, using open source government documents and news releases as well as press reports, found evidence that U.S. Special Operations forces were deployed in or involved with the militaries of 106 nations around the world in 2012-2013. For more than a month during the preparation of that article, however, SOCOM failed to provide accurate statistics on the total number of countries to which special operators -- Green Berets and Rangers, Navy SEALs and Delta Force commandos, specialized helicopter crews, boat teams, and civil affairs personnel -- were deployed. "We don't just keep it on hand," SOCOM's Bockholt explained in a telephone interview once the article had been filed. "We have to go searching through stuff. It takes a long time to do that." Hours later, just prior to publication, he provided an answer to a question I first asked in November of last year. "SOF [Special Operations forces] were deployed to 134 countries" during fiscal year 2013, Bockholt explained in an email.

### **Globalized Special Ops**

Last year, Special Operations Command chief Admiral William McRaven explained his vision for special ops globalization. In a statement to the House Armed Services Committee, he said:

"USSOCOM is enhancing its global network of SOF to support our interagency and international partners in order to gain expanded situational awareness of emerging threats and opportunities. The network enables small, persistent presence in critical locations, and facilitates engagement where necessary or appropriate..."

While that "presence" may be small, the reach and influence of those Special Operations forces are another matter. The 12% jump in national deployments -- from 120 to 134 -- during McRaven's tenure reflects his desire to put boots on the ground just about everywhere on Earth. SOCOM will not name the nations involved, citing host nation sensitivities and the safety of American personnel, but the deployments we do know about shed at least some light on the full range of missions being carried out by America's secret military.

Last April and May, for instance, Special Ops personnel took part in training exercises in Djibouti, Malawi, and the Seychelles Islands in the Indian Ocean. In June, U.S. Navy SEALs joined Iraqi, Jordanian, Lebanese, and other allied Mideast forces

for irregular warfare simulations in Aqaba, Jordan. The next month, Green Berets traveled to Trinidad and Tobago to carry out small unit tactical exercises with local forces. In August, Green Berets conducted explosives training with Honduran sailors. In September, according to media reports, U.S. Special Operations forces joined elite troops from the 10 member countries of the Association of Southeast Asian Nations -- Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar (Burma), and Cambodia -- as well as their counterparts from Australia, New Zealand, Japan, South Korea, China, India, and Russia for a US-Indonesian joint-funded counterterrorism exercise held at a training center in Sentul, West Java.

In October, elite U.S. troops carried out commando raids in Libya and Somalia, kidnapping a terror suspect in the former nation while SEALs killed at least one militant in the latter before being driven off under fire. In November, Special Ops troops conducted humanitarian operations in the Philippines to aid survivors of Typhoon Haiyan. The next month, members of the 352nd Special Operations Group conducted a training exercise involving approximately 130 airmen and six aircraft at an airbase in England and Navy SEALs were wounded while undertaking an evacuation mission in South Sudan. Green Berets then rang in the new year with a January 1st combat mission alongside elite Afghan troops in Bahlozi village in Kandahar province.

Deployments in 134 countries, however, turn out not to be expansive enough for SOCOM. In November 2013, the command announced that it was seeking to identify industry partners who could, under SOCOM's Trans Regional Web Initiative, potentially "develop new websites tailored to foreign audiences." These would join an existing global network of 10 propaganda websites, run by various combatant commands and made to look like legitimate news outlets, including CentralAsiaOnline.com, Sabahi which targets the Horn of Africa; an effort aimed at the Middle East known as Al-Shorfa.com; and another targeting Latin America called Infosurhoy.com.

SOCOM's push into cyberspace is mirrored by a concerted effort of the command to embed itself ever more deeply inside the Beltway. "I have folks in every agency here in Washington, D.C. -- from the CIA, to the FBI, to the National Security Agency, to the National Geospatial Agency, to the Defense Intelligence Agency," SOCOM chief Admiral McRaven said during a panel discussion at Washington's Wilson Center last year. Speaking at the Ronald Reagan Library in November, he put the number of departments and agencies where SOCOM is now entrenched at 38.

### **134 Chances for Blowback**

Although elected in 2008 by many who saw him as an antiwar candidate, President Obama has proved to be a decidedly hawkish commander-in-chief whose policies have already produced notable instances of what in CIA trade-speak has long been called blowback. While the Obama administration oversaw a U.S. withdrawal from Iraq (negotiated by his predecessor), as well as a drawdown of U.S. forces in Afghanistan (after a major military surge in that country), the president has presided over a ramping up of the U.S. military presence in Africa, a reinvigoration of efforts in Latin America, and tough talk about a rebalancing or "pivot to Asia" (even if it has amounted to little as of yet).

The White House has also overseen an exponential expansion of America's drone war. While President Bush launched 51 such strikes, President Obama has presided over 330, according to research by the London-based Bureau of Investigative Journalism. Last year, alone, the U.S. also engaged in combat operations in Afghanistan, Libya, Pakistan, Somalia, and Yemen. Recent revelations from National Security Agency whistleblower Edward Snowden have demonstrated the tremendous breadth and global reach of U.S. electronic surveillance during the Obama years. And deep in the shadows, Special Operations forces are now annually deployed to more than double the number of nations as at the end of Bush's tenure.

In recent years, however, the unintended consequences of U.S. military operations have helped to sow outrage and discontent, setting whole regions aflame. More than 10 years after America's "mission accomplished" moment, seven years after its much vaunted surge, the Iraq that America helped make is in flames. A country with no al-Qaeda presence before the U.S. invasion and a government opposed to America's enemies in Tehran now has a central government aligned with Iran and two cities flying al-Qaeda flags.

A more recent U.S. military intervention to aid the ouster of Libyan dictator Muammar Qaddafi helped send neighboring Mali, a U.S.-supported bulwark against regional terrorism, into a downward spiral, saw a coup there carried out by a U.S.-trained officer, ultimately led to a bloody terror attack on an Algerian gas plant, and helped to unleash nothing short of a terror diaspora in the region.

And today South Sudan -- a nation the U.S. shepherded into being, has supported economically and militarily (despite its reliance on child soldiers), and has used as a hush-hush base for Special Operations forces -- is being torn apart by violence

and sliding toward civil war.

The Obama presidency has seen the U.S. military's elite tactical forces increasingly used in an attempt to achieve strategic goals. But with Special Operations missions kept under tight wraps, Americans have little understanding of where their troops are deployed, what exactly they are doing, or what the consequences might be down the road. As retired Army Colonel Andrew Bacevich, professor of history and international relations at Boston University, has noted, the utilization of Special Operations forces during the Obama years has decreased military accountability, strengthened the "imperial presidency," and set the stage for a war without end. "In short," he wrote at TomDispatch, "handing war to the special operators severs an already too tenuous link between war and politics; it becomes war for its own sake."

Secret ops by secret forces have a nasty tendency to produce unintended, unforeseen, and completely disastrous consequences. New Yorkers will remember well the end result of clandestine U.S. support for Islamic militants against the Soviet Union in Afghanistan during the 1980s: 9/11. Strangely enough,

those at the other primary attack site that day, the Pentagon, seem not to have learned the obvious lessons from this lethal blowback. Even today in Afghanistan and Pakistan, more than 12 years after the U.S. invaded the former and almost 10 years after it began conducting covert attacks in the latter, the U.S. is still dealing with that Cold War-era fallout: with, for instance, CIA drones conducting missile strikes against an organization (the Haqqani network) that, in the 1980s, the Agency supplied with missiles. Without a clear picture of where the military's covert forces are operating and what they are doing, Americans may not even recognize the consequences of and blowback from our expanding secret wars as they wash over the world. But if history is any guide, they will be felt -- from Southwest Asia to the Mahgreb, the Middle East to Central Africa, and, perhaps eventually, in the United States as well.

In his blueprint for the future, SOCOM 2020, Admiral McRaven has touted the globalization of U.S. special ops as a means to "project power, promote stability, and prevent conflict." Last year, SOCOM may have done just the opposite in 134 places.

*(Courtesy: Counter Currents.org)*



## **Will the Global War on Terror Ever End?**

*By Jeremy Scahill*

On January 21, 2013, Barack Obama was inaugurated for his second term as president of the United States. Just as he had promised when he began his first campaign for president six years earlier, he pledged again to turn the page on history and take U.S. foreign policy in a different direction. "A decade of war is now ending," Obama declared. "We, the people, still believe that enduring security and lasting peace do not require perpetual war."

Much of the media focus that day was on the new hairstyle of First Lady Michelle Obama, who appeared on the dais sporting freshly trimmed bangs, and on the celebrities in attendance, including hip-hop mogul Jay-Z and his wife, Beyoncé, who performed the national anthem. But the day Obama was sworn in, a U.S. drone strike hit Yemen. It was the third such attack in that country in as many days. Despite the rhetoric from the president on the Capitol steps, there was abundant evidence that he would continue to preside over a country that is in a state of perpetual war.

In the year leading up to the inauguration, more people had been killed in U.S. drone strikes across the globe than were imprisoned at Guantánamo. As Obama was sworn in for his second term, his counterterrorism

team was finishing up the task of systematizing the kill list, including developing rules for when U.S. citizens could be targeted. Admiral William McRaven had been promoted to the commander of the United States Special Operations Command (SOCOM), and his Special Ops forces were operating in more than 100 countries across the globe.

After General David Petraeus's career was brought to a halt as a result of an extramarital affair, President Obama tapped John Brennan to replace him as director of the CIA, thus ensuring that the Agency would be headed by a seminal figure in the expansion and running of the kill program. After four years as Obama's senior counterterrorism adviser, Brennan had become known in some circles as the "assassination czar" for his role in U.S. drone strikes and other targeted killing operations.

When Obama had tried to put Brennan at the helm of the Agency at the beginning of his first term, the nomination was scuttled by controversy over Brennan's role in the Bush-era detainee program. By the time President Obama began his second term in office, Brennan had created a "playbook" for crossing names off the kill list. "Targeted killing is now so routine that the Obama administration has spent

much of the past year codifying and streamlining the processes that sustain it,” noted the Washington Post. Brennan played a key role in the evolution of targeted killing by “seeking to codify the administration’s approach to generating capture/kill lists, part of a broader effort to guide future administrations through the counterterrorism processes that Obama has embraced,” the paper added. “The system functions like a funnel, starting with input from half a dozen agencies and narrowing through layers of review until proposed revisions are laid on Brennan’s desk, and subsequently presented to the president.”

Obama’s counterterrorism team had developed what was referred to as the “Disposition Matrix,” a database full of information on suspected terrorists and militants that would provide options for killing or capturing targets. Senior administration officials predicted that the targeted killing program would persist for “at least another decade.” During his first term in office, the Washington Post concluded, “Obama has institutionalized the highly classified practice of targeted killing, transforming ad-hoc elements into a counterterrorism infrastructure capable of sustaining a seemingly permanent war.”

#### **Redefining “Imminent Threat”**

In early 2013, a Department of Justice “white paper” surfaced that laid out the “Lawfulness of a Lethal Operation Directed Against a U.S. Citizen.” The government lawyers who wrote the 16-page document asserted that the government need not possess specific intelligence indicating that an American citizen is actively engaged in a particular or active terror plot in order to be cleared for targeted killing. Instead, the paper argued that a determination from a “well-informed high level administration official” that a target represents an “imminent threat” to the United States is a sufficient basis to order the killing of an American citizen. But the Justice Department’s lawyers sought to alter the definition of “imminent,” advocating what they called a “broader concept of imminence.”

They wrote, “The condition that an operational leader present an ‘imminent’ threat of violent attack against the United States does not require the United States to have clear evidence that a specific attack on U.S. persons will take place in the immediate future.” The government lawyers argued that waiting for a targeted killing of a suspect “until preparations for an attack are concluded, would not allow the United States sufficient time to defend itself.” They asserted that such an operation constitutes “a lawful killing in self-defense” and is “not an assassination.”

Jameel Jaffer of the ACLU called the white paper a

“chilling document,” saying that “it argues that the government has the right to carry out the extrajudicial killing of an American citizen.” Jaffer added, “This power is going to be available to the next administration and the one after that, and it’s going to be available in every future conflict, not just the conflict against al-Qaeda. And according to the [Obama] administration, the power is available all over the world, not just on geographically cabined battlefields. So it really is a sweeping proposition.”

In October 2002, as the Bush administration prepared to invade Iraq, Barack Obama gave the first major speech of his national political career. The then-state senator came out forcefully against going to war in Iraq, but he began his speech with a clarification. “Although this has been billed as an anti-war rally, I stand before you as someone who is not opposed to war in all circumstances... I don’t oppose all wars.” Obama declared, “What I am opposed to is a dumb war. What I am opposed to is a rash war.” During his first campaign for president, Obama had blasted the Bush administration for fighting the wrong war - Iraq -- and repeatedly criticized his opponent, Senator John McCain, for not articulating how he would take the fight to Osama bin Laden and al-Qaeda.

As his first term in office wound down, the overwhelming majority of U.S. military forces had been withdrawn from Iraq and plans for a similar drawdown in Afghanistan in 2014 were being openly discussed. The administration had succeeded in convincing the American public that Obama was waging a smarter war than his predecessor. As he ran for reelection, Obama was asked about charges from his Republican opponents that his foreign policy was based on appeasement. “Ask Osama bin Laden and the 22 out of 30 top al-Qaeda leaders who have been taken off the field whether I engage in appeasement,” Obama replied. “Or whoever is left out there, ask them about that.”

As the war on terror entered a second decade, the fantasy of a clean war took hold. It was a myth fostered by the Obama administration, and it found a ready audience. All polls indicated that Americans were tired of large military deployments in Iraq and Afghanistan and the mounting U.S. troop casualties that came with them. A 2012 poll found that 83% of Americans supported Obama’s drone program, with 77% of self-identified liberal Democrats supporting such strikes. The Washington Post–ABC News poll determined that support for drone strikes declined “only somewhat” in cases where a U.S. citizen was the target.

President Obama and his advisers seldom mentioned the drone program publicly. In fact, the first known

confirmation of the use of armed drones by the president came several years into Obama's first term. It was not in the form of a legal brief or a press conference, but rather on a Google+ "Hangout" as the president took questions from the public. Obama was asked about his use of drones. "I want to make sure that people understand actually drones have not caused a huge number of civilian casualties," Obama said. "For the most part, they have been very precise, precision strikes against al-Qaeda and their affiliates. And we are very careful in terms of how it's been applied."

He rejected what he called the "perception" that "we're just sending in a whole bunch of strikes willy-nilly" and asserted that "this is a targeted, focused effort at people who are on a list of active terrorists, who are trying to go in and harm Americans, hit American facilities, American bases, and so on." Obama added: "It is important for everybody to understand that this thing is kept on a very tight leash. It's not a bunch of folks in a room somewhere just making decisions. And it is also part and parcel of our overall authority when it comes to battling al-Qaeda. It is not something that's being used beyond that."

Michael Boyle, a former adviser in the Obama campaign's counterterrorism experts group and a professor at LaSalle University, said that one of the reasons the administration was "so successful in spinning the number of civilian casualties" was the use of signature strikes and other systems for categorizing military-aged males as legitimate targets, even if their specific identities were unknown. "The result of the 'guilt by association' approach has been a gradual loosening of the standards by which the U.S. selects targets for drone strikes," Boyle charged. "The consequences can be seen in the targeting of mosques or funeral processions that kill non-combatants and tear at the social fabric of the regions where they occur." No one, he added, "really knows the number of deaths caused by drones in these distant, sometimes ungoverned, lands."

Using drones, cruise missiles, and Special Ops raids, the United States has embarked on a mission to kill its way to victory. The war on terror, launched under a Republican administration, was ultimately legitimized and expanded by a popular Democratic president. Although Barack Obama's ascent to the most powerful office on Earth was the result of myriad factors, it was largely due to the desire of millions of Americans to shift course from the excesses of the Bush era.

Had John McCain won the election, it is difficult to

imagine such widespread support, particularly among liberal Democrats, for some of the very counterterrorism policies that Obama implemented. As individuals, we must all ask whether we would support the same policies -- the expansion of drone strikes, the empowerment of Joint Special Operations Command (JSOC), the use of the State Secrets Privilege, the use of indefinite detention, the denial of habeas corpus rights, the targeting of U.S. citizens without charge or trial -- if the commander in chief was not our candidate of choice.

But beyond the partisan lens, the policies implemented by the Obama administration will have far-reaching consequences. Future U.S. presidents -- Republican or Democratic -- will inherit a streamlined process for assassinating enemies of America, perceived or real. They will inherit an executive branch with sweeping powers, rationalized under the banner of national security.

### **Assassinating Enemies**

In 2012, a former constitutional law professor was asked about the U.S. drone and targeted killing program. "It's very important for the president and the entire culture of our national security team to continually ask tough questions about 'Are we doing the right thing? Are we abiding by the rule of law? Are we abiding by due process?'" he responded, warning that it was important for the United States to "avoid any kind of slippery slope into a place where we're not being true to who we are."

### **That former law professor was Barack Obama**

The creation of the kill list and the expansion of drone strikes "represents a betrayal of President Obama's promise to make counterterrorism policies consistent with the U.S. constitution," charged Boyle. Obama, he added, "has routinized and normalized extrajudicial killing from the Oval Office, taking advantage of America's temporary advantage in drone technology to wage a series of shadow wars in Afghanistan, Pakistan, Yemen, and Somalia. Without the scrutiny of the legislature and the courts, and outside the public eye, Obama is authorizing murder on a weekly basis, with a discussion of the guilt or innocence of candidates for the 'kill list' being resolved in secret." Boyle warned:

"Once Obama leaves office, there is nothing stopping the next president from launching his own drone strikes, perhaps against a different and more controversial array of targets. The infrastructure and processes of vetting the 'kill list' will remain in place for the next president, who may be less mindful of moral and legal implications of this action than Obama supposedly is."

In late 2012, the ACLU and the New York Times sought information on the legal rationale for the kill program, specifically the strikes that had killed three U.S. citizens -- among them 16-year-old Abdulrahman Awlaki. In January 2013, a federal judge ruled on the request. In her decision, Judge Colleen McMahon appeared frustrated with the White House's lack of transparency, writing that the Freedom of Information Act (FOIA) requests raised "serious issues about the limits on the power of the Executive Branch under the Constitution and laws of the United States, and about whether we are indeed a nation of laws, not of men."

She charged that the Obama administration "has engaged in public discussion of the legality of targeted killing, even of citizens, but in cryptic and imprecise ways, generally without citing to any statute or court decision that justifies its conclusions." She added, "More fulsome disclosure of the legal reasoning on which the administration relies to justify the targeted killing of individuals, including United States citizens, far from any recognizable 'hot' field of battle, would allow for intelligent discussion and assessment of a tactic that (like torture before it) remains hotly debated. It might also help the public understand the scope of the ill-defined yet vast and seemingly ever-growing exercise."

Ultimately, Judge McMahon blocked the release of the documents. Citing her legal concerns about the state of transparency with regard to the kill program, she wrote:

"This Court is constrained by law, and under the law, I can only conclude that the Government has not violated FOIA by refusing to turn over the documents sought in the FOIA requests, and so cannot be compelled by this court of law to explain in detail the reasons why its actions do not violate the Constitution and laws of the United States. The Alice-in-Wonderland nature of this pronouncement is not lost on me; but after careful and extensive consideration, I find myself stuck in a paradoxical situation in which I cannot solve a problem because of contradictory constraints and rules -- a veritable Catch-22. I can find no way around the thicket of laws and precedents that effectively allow the Executive Branch of our Government to proclaim as perfectly lawful certain actions that seem on their face incompatible with our Constitution and laws, while keeping the reasons for their conclusion a secret."

### **How to Make Enemies and Not Influence People**

It is not just the precedents set during the Obama era that will reverberate into the future, but also the lethal operations themselves. No one can scientifically

predict the future consequences of drone strikes, cruise missile attacks, and night raids. But from my experience in several undeclared war zones across the globe, it seems clear that the United States is helping to breed a new generation of enemies in Somalia, Yemen, Pakistan, Afghanistan, and throughout the Muslim world.

Those whose loved ones were killed in drone strikes or cruise missile attacks or night raids will have a legitimate score to settle. In an October 2003 memo, written less than a year into the U.S. occupation of Iraq, Donald Rumsfeld framed the issue of whether the United States was "winning or losing the global war on terror" through one question: "Are we capturing, killing, or deterring and dissuading more terrorists every day than the madrassas and the radical clerics are recruiting, training, and deploying against us?"

More than a decade after 9/11, that question should be updated. At the end of the day, U.S. policymakers and the general public must all confront a more uncomfortable question: Are our own actions, carried out in the name of national security, making us less safe or more safe? Are they eliminating more enemies than they are inspiring? Boyle put it mildly when he observed that the kill program's "adverse strategic effects... have not been properly weighed against the tactical gains associated with killing terrorists."

In November 2012, President Obama remarked that "there's no country on Earth that would tolerate missiles raining down on its citizens from outside its borders." He made the statement in defense of Israel's attack on Gaza, which was launched in the name of protecting itself from Hamas missile attacks. "We are fully supportive of Israel's right to defend itself from missiles landing on people's homes and workplaces and potentially killing civilians," Obama continued. "And we will continue to support Israel's right to defend itself." How would people living in areas of Yemen, Somalia, or Pakistan that have been regularly targeted by U.S. drones or missile strikes view that statement?

Toward the end of President Obama's first term in office, the Pentagon's general counsel, Jeh Johnson, gave a major lecture at the Oxford Union in England. "If I had to summarize my job in one sentence: it is to ensure that everything our military and our Defense Department do is consistent with U.S. and international law," Johnson said. "This includes the prior legal review of every military operation that the Secretary of Defense and the President must approve."

As Johnson spoke, the British government was facing

serious questions about its involvement in U.S. drone strikes. A legal case brought in the United Kingdom by the British son of a tribal leader killed in Pakistan alleged that British officials had served as “secondary parties to murder” by providing intelligence to the United States that allegedly led to the 2011 strike. A U.N. commission was preparing to launch an investigation into the expanding kill program, and new legal challenges were making their way through the U.S. court system. In his speech, Johnson presented the U.S. defense of its controversial counterterror policies:

“Some legal scholars and commentators in our country brand the detention by the military of members of al-Qaeda as ‘indefinite detention without charges.’ Some refer to targeted lethal force against known, identified individual members of al-Qaeda as ‘extrajudicial killing.’

“Viewed within the context of law enforcement or criminal justice, where no person is sentenced to death or prison without an indictment, an arraignment, and a trial before an impartial judge or jury, these characterizations might be understandable.

“Viewed within the context of conventional armed conflict -- as they should be -- capture, detention, and lethal force are traditional practices as old as armies.”

### **The Era of the Dirty War on Terror**

In the end, the Obama administration’s defense of its expanding global wars boiled down to the assertion that it was in fact at war; that the authorities granted by the Congress to the Bush administration after 9/11 to pursue those responsible for the attacks justified the Obama administration’s ongoing strikes against “suspected militants” across the globe -- some of whom were toddlers when the Twin Towers crumbled to the ground -- more than a decade later.

The end result of the policies initiated under President Bush and continued and expanded under his Democratic successor was to bring the world to the dawn of a new age, the era of the Dirty War on Terror. As Boyle, the former Obama campaign counterterrorism adviser, asserted in early 2013, the U.S. drone program was “encouraging a new arms race for drones that will empower current and future rivals and lay the foundations for an international system that is increasingly violent.”

Today, decisions on who should live or die in the name

of protecting America’s national security are made in secret, laws are interpreted by the president and his advisers behind closed doors, and no target is off-limits, including U.S. citizens. But the decisions made in Washington have implications far beyond their impact on the democratic system of checks and balances in the United States.

In January 2013, Ben Emmerson, the U.N. special rapporteur on counterterrorism and human rights, announced his investigation into drone strikes and targeted killing by the United States. In a statement launching the probe, he characterized the U.S. defense of its use of drones and targeted killings in other countries as “Western democracies... engaged in a global [war] against a stateless enemy, without geographical boundaries to the theatre of conflict, and without limit of time.” This position, he concluded, “is heavily disputed by most States, and by the majority of international lawyers outside the United States of America.”

At his inauguration in January 2013, Obama employed the rhetoric of internationalism. “We will defend our people and uphold our values through strength of arms and rule of law. We will show the courage to try and resolve our differences with other nations peacefully -- not because we are naive about the dangers we face, but because engagement can more durably lift suspicion and fear,” the president declared. “America will remain the anchor of strong alliances in every corner of the globe; and we will renew those institutions that extend our capacity to manage crisis abroad, for no one has a greater stake in a peaceful world than its most powerful nation.”

Yet, as Obama embarked on his second term in office, the United States was once again at odds with the rest of the world on one of the central components of its foreign policy. The drone strike in Yemen the day Obama was sworn in served as a potent symbol of a reality that had been clearly established during his first four years in office: U.S. unilateralism and exceptionalism were not only bipartisan principles in Washington, but a permanent American institution. As large-scale military deployments wound down, the United States had simultaneously escalated its use of drones, cruise missiles, and Special Ops raids in an unprecedented number of countries. The war on terror had become a self-fulfilling prophecy.

The question all Americans must ask themselves lingers painfully: How does a war like this ever end?



## Capitalist Breakdown is Intensifying

*By: Nick Beams*

The year 2013 has ended with no indication that, more than five years after the deepest financial crisis since the 1930s, the world economy is anywhere nearer to returning to what was once considered “normal” economic growth. Rather than an upturn taking shape, warnings of “secular stagnation”—characterised by permanent low growth, recession, falling investment, ever-lower real wages and persistently high unemployment—are proliferating.

The past 12 months have seen a series of unprecedented monetary policies, most notably the money-printing “quantitative easing” (QE) programs of both the US Federal Reserve and the Bank of Japan, in which trillions of dollars have been provided virtually free of charge to the major banks and financial institutions.

The Fed alone has expanded its balance sheet by more than \$1 trillion this year, taking its asset holdings to more than four times what they were at the start of the financial crisis in 2008. The Bank of Japan, in charge of monetary policy in the world’s third largest economy, is committed to doubling the money supply in that country.

Both these programs have been implemented with the claim that they are aimed at stimulating the economy. But the only beneficiaries have been the major banks and financial speculators. While the US economy has grown at an average rate of just 2.3 percent since the recession officially ended in June 2009—compared to a 4.1 percent average for the first four years of other expansions since World War II—the stock market has ended the year at or near record highs. This growth of financial parasitism is reflected in the doubling of the wealth of the world’s global billionaires since 2009.

The flood of money being provided to financial markets as a result of the actions by the Fed and other central banks is laying the foundations for another financial crash even more serious than that of 2008. Bloomberg, for example, has reported that the amount of risky junk-rated loans increased to \$693 billion this year, a new record, exceeding the level of \$593 billion reached in 2008.

Those predicting an “upturn” in the US economy for 2014 will no doubt point out that the official jobless rate has been falling in the recent period. Such prognoses ignore the fact that most of the new jobs are at significantly lower wage rates—the halving of the wages of new-hires at auto plants under the Obama administration’s 2009 restructuring program set the benchmark in this regard—and that much of

the “improvement” is due to increasing numbers of people dropping out of the workforce. Over the past 43 months, more people have left the US labour market than have entered it.

The “quantitative easing” program initiated by the Abe government and the Bank of Japan earlier this year provided an initial boost to the Japanese economy, but the effects are starting to wear off. Last week, the government forecast that real gross domestic product for the fiscal year starting next March would be only 1.4 percent, down from an estimated 2.6 percent for the current year.

It is a measure of the underlying stagnation of the Japanese economy that a report which indicated that real wages had not fallen for the past month, after 17 consecutive monthly declines, was regarded as “good news.”

One of the key indicators of the underlying breakdown of the global capitalist economy is the growing divergence between the accumulation of profits and the level of investment—the central driving force for the expansion of the real economy.

It has been estimated that global corporations are sitting on cash holdings of around \$4 trillion—half of which is in the US—because there are so few profitable outlets for new investment. Rather than employing profits to finance expansion of production, companies are increasingly using their cash holdings to finance share buybacks in order to boost equity values, thereby providing financial profits to the hedge funds, banks and investment houses which are the major shareholders of large corporations. This is being accompanied by a major “restructuring”, such as in the global auto industry, leading to the closure of factories and other facilities, some of which have been operating since the early 1950s.

The social effects of “restructuring” are most graphically illustrated in the euro zone, where investment levels are down by as much as 30 percent on pre-2008 levels. Combined with the impact of the austerity programs being implemented by all governments in accordance with the dictates of the banks, the restructuring is bringing social devastation.

A study by the International Red Cross published in October stated that Europe was sinking into a protracted period of poverty, mass unemployment, social exclusion, increased inequality and collective despair as a result of the austerity agenda. “The long-term consequences of this crisis have yet to surface,” the report noted. “The problems caused will be felt for decades even if the economy turns for the better

in the near future.”

In the aftermath of the eruption of the global financial crisis, the claim was put forward that China, as well as other “emerging markets”, would be able to decouple from the major economies and provide a new base for global expansion.

That assertion has been well and truly shattered in the past 12 months. An economic conference convened by Chinese authorities in December 2013 warned that the world’s second largest economy was facing downward pressure. Chinese industries confronted serious overcapacity and large debts, particularly those held by local governments, threatening financial stability, the conference concluded.

Reactions in the middle of 2013 to the prospects of a “taper” in the Fed’s QE program underscored that, far from decoupling, “emerging markets” are

extremely vulnerable to highly volatile capital movements. Turkey, India and Indonesia, to name just some of the most prominent economies, experienced major financial outflows in response to an increase in US interest rates, bringing warnings of a repeat of the Asian financial crisis of 1997–98, only this time on a wider scale, with far-reaching consequences for the stability of the global financial system as a whole.

All of these tendencies are set to deepen in 2014, ruling out the prospect of any recovery in the global economy. The ruling classes have no solution to the crisis other than the impoverishment of the working class and increased repression. The working class the world over must take stock of the situation and use the coming year to develop its own political initiatives based on an international socialist program to confront the ongoing capitalist breakdown.

*(Courtesy: WSWS.org)*



The number of billionaires in China, measured in US dollars, rose sharply in 2013, hitting a new record of 315 individuals, according to the country’s Hurun Rich List 2013, published on September 11, 2013. This is up from 251 last year; and zero as little as a decade ago. China is now second in the world only to the United States, which has 442 billionaires.

The staggering growth in the number and net worth of these ultra-wealthy individuals testifies to the widening social divide between rich and poor, which is dramatically heightening social tensions in China. Their existence underlines the falsity of the Chinese Communist Party’s (CCP) claims to represent socialism.

The top five on the Rich List saw their wealth double in just one year. The cut-off to make the list of the 1,000 richest is up 12 percent from a year ago, at a record high of \$US325 million. This is more than three times the 2008 level. The cut-off to make it to the top 50 has risen 500-fold in the past 15 years, and 17-fold in the past decade.

This tiny layer rests on a somewhat wider base of 64,500 “merely” super-rich multimillionaires—defined as individuals with personal wealth of 100 million yuan, equivalent to \$16 million—and 1.05 million individuals worth 10 million yuan, or \$1.6 million.

The Hurun report points out two noteworthy aspects of this wealth accumulation. First, real estate speculation is now the key source of fortunes, overtaking manufacturing for the first time. Second,

## **Staggering Growth of Billionaires in China**

*By: John Watanabe*

the political integration of this layer into the ruling CCP and state apparatus is well advanced, with Hurun Research estimating that a quarter of the Rich List 2013 are members of the Communist Party.

One in four on the Rich List made their fortunes in real estate. Embodying this shift from manufacturing is the number one on the list, Wang Jianlin. He heads Dalian Wanda Group, a real estate conglomerate described by Hurun as “one of the biggest landlords in the world, with 17 million square meters budgeted to be under management by the end of 2013.” Wang’s wealth more than doubled in one year, to an estimated \$22 billion.

The Wanda Group acquired American movie theater chain AMC Theatres last year for \$2.6 billion and became the world’s largest cinema operator. It also purchased British luxury yacht maker Sunseeker and announced a \$1 billion investment in a London hotel and luxury apartment complex.

The turn to financial speculation, mainly in real estate, is bound up with wider processes. Chinese manufacturing for export has taken a hit since the global financial crisis of 2008, with its main markets in the US, Europe and Japan either in recession, or registering little growth.

At the same time, the Beijing regime pumped money into the economy through a huge 2008-09 stimulus package, a major proportion of which ended up in property speculation. This sent prices soaring and inflated the fortunes of the richest market players, as

reflected in the Rich List. At the same time, as many observers warn, the property bubble has destabilised the financial system, and made property unaffordable for most people.

The Hurun reports that 153 of the top 1,000 richest people were delegates to either the 12th National Peoples Congress (NPC) or Chinese Peoples Political Consultative Conference. Seven were members of the NPC Standing Committee, up from four in 2012. This makes China's NPC by far the world's richest parliament, ahead of the US Congress.

The total number of billionaires and their connection to the ruling party is seriously understated in the Hurun list, which deliberately leaves out the "red aristocracy," i.e., the offspring of the top CCP leaders.

Hurun's founder, British accountant Rupert Hoogewerf, used to work on the Forbes rich lists. He admitted a couple of years ago that if the "invisible billionaires" were included, the total number could double to 600. Hoogewerf knew it was too politically sensitive to include their names. That would confirm what is widely believed among working people—that the upper echelon of CCP is completely integrated into the new bourgeoisie.

Taiwan's Want China Times web site has a "China's Red Nobility" category that details the fortunes of the

children of senior CCP figures. Former president Jiang Zemin's elder son, Jiang Mingheng, for instance, founded China Netcom, "the largest asset controlled by a Chinese 'princeling'—the children of powerful party officials—at net worth of 166.6 million yuan (\$26.4 million). Jiang also serves as chairman of Shanghai Alliance Investment, a company that has invested in Shanghai Automotive Industry, Shanghai Airport Group, Phoenix Satellite TV and other firms."

The yawning gap between the ultra-rich elite and hundreds of millions of workers and rural poor is straining class relations. One incident is illustrative. Zong Qinghou, chairman of food and beverage giant Hangzhou Wahaha Group and second on the Rich List, with \$18.7 billion, up 48 percent from 2012, was attacked by an unemployed worker on September 13.

According to the Xinhua newsagency, a 49-year-old migrant worker surnamed Yang sought out Zong near his home after watching a television program about the billionaire's assistance to migrant workers. He asked Zong for a job. Apparently, Yang attacked and injured Zong when the request was refused.

The incident has led to media forecasts that the next growth industry in China will be private security, as the ultra-wealthy hire guards to protect themselves and their vast wealth.

*(Courtesy: WSWS.org)*



## **Africa's New Struggle Against Financial Imperialism**

*By: Garikai Chengu*

One hundred years ago, the European colonists conquered and plundered Africa because they had far superior technology. To this very day, European nations continue to plunder Africa because they possess advanced weapons. This time the weapon of choice in the re-conquest of Africa is financial warfare; it is no longer military force. The end result is the same: Western corporations profit, whilst Africa remains underdeveloped and over-exploited.

Financial imperialism is the system through which a dictatorship of Western capital exercises authoritarian control over African economies in order to perpetuate the exploitation of Africa, for the benefit of the West's capitalist class.

Africa is a paradox that underscores the ongoing power of financial imperialism. She is spectacularly rich, yet the natural capital that is extracted from above and below her children's feet continues to enrich, not Africans, but the people who facilitate Africa's impoverishment: Western capitalists.

Financial imperialism is widening the gap between the white bourgeois, who are a handful of North Atlantic elites, and everybody else.

Western "human rights organizations" replaced yesterday's missionaries, who demonise and undermine independent-minded African governments. White minority governments, which ran dictatorships in African capitals, have now given way to white dictatorships directed from European capitals.

European nations use debt as a weapon against Africa. Debt exploits Africa by ensuring that funds are diverted from local developmental investment strategies towards interest payments into imperialist banks.

Debt thereby creates a form of Financial Low Intensity Conflict (FLIC), a new kind of warfare, far better adapted to the twenty-first century than "primitive" forms of warfare like invasion and occupation.

These more "primitive" techniques are reserved for certain African leaders who refuse to plunge their people into debt for the benefit of foreign capital. Leaders who have been assassinated by European powers for resisting Financial Low Intensity Conflict include Muammar Gaddafi, Patrice Lumumba and Thomas Sankara, to name but a few. "Debt is a

cleverly managed re-conquest of Africa", remarked Thomas Sankara, just months before his assassination. What, after all, is the objective of war? War is an act of violence whose goal is to force the adversary to do one's will. Debt provides a powerful lever for forcing the third-world "adversary" to submit to the will of the Western creditors.

Africa spends more on debt interest payments to creditors in Europe than it does on investing in education and healthcare. In short, if the West cancelled African debt, European nations and the United Nations wouldn't need to provide aid for African schooling and medicine.

The West's tactic is to use the International Monetary Fund and the World Bank to load African economies, governments, companies and families with debt, siphon off their income as debt interest payments and then foreclose when African debtors lack the means to pay. Indebting African governments gives creditors a lever to pry away land, public infrastructure, and other property in the public domain. Indebting African companies enables creditors to seize employee pension savings.

The history of debt is 4,000 years old. From 2,000 BC to the time of Jesus, it was normal for all of the countries in the world to periodically cancel the debts when they became too large to pay.

This was easy to do in a society where most debts were owed to the State. Nowadays, African debt is controlled by a Western dictatorship of private capital, led by a consortium of imperialist banks that prefer profit to debt forgiveness. After all, profit is indifferent to human suffering.

Debt is not the only way in which the West keeps Africa underdeveloped and de-industrialised. In fact, it is not even the primary weapon. The main weapon in the West's arsenal of financial imperialism is the promotion of neoliberal economic policies through Western institutions, like the IMF and World Bank, as well as through local puppet neo-liberal political parties.

Neo-liberalism is unquestionably the greatest cancer spreading across the African continent. Neo-liberalism is the promotion of a combination of counter-developmental economic policies, such as privatization, austerity and structural adjustment that put the interests of foreign capital over local labour. Through debt and neo-liberalism, the IMF and World Bank exert de-facto control over the economies of many African States. The World Bank and IMF control most African currencies, determine macro-economic policy, and national budgets. The indebted African State is thus left with just its judicial functions and above all, the maintenance of internal public order.

This is one crucial state function the Western creditors want nothing to do with.

As Ghana's founding father, Kwame Nkrumah pointed out, the essence of financial imperialism is that "the State which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside."

Corruption is often considered to be one of the greatest diseases plaguing Africa. Truth is, corruption and financial imperialism go hand in hand: corruption is the basis on which the comprador bourgeoisie can arise, prepared to sell the rights of their people to imperialism, provided they receive their cut. In short, financial imperialism fuels corruption just as much as corruption fuels financial imperialism.

In Africa, poverty and underdevelopment are the symptoms; debt and neo liberalism are the cancer. The cure is a long-sustained dose of industrialisation through mineral refinement and a robust, look-East policy.

China has recently announced that it will provide Africa with loans of a staggering \$1 trillion for infrastructure and development over the next twelve years. In contrast, last year, the World Bank's spending on Africa was just \$5.6 billion.

Africa is China's success story: whereas, the Americans bring drones and economic destabilisation to Africa, the Chinese bring roads, bridges and dams. Financial imperialism has meant that as with tobacco, diamonds, cocoa and oil, Africa exports its precious resources to the West, only to buy them back at a premium. This is one of Africa's greatest problems and biggest opportunities. The solution to this problem is simple: Africa must not only control its raw materials but also build the refinement capacity to make them into finished products.

Mineral refinement is the much-needed bridge between poverty and industrialisation, and therefore, it will transform Africa into a developed continent.

Africa's current era of imposed financial imperialism is the final, and perhaps, the worst stage of imperialism. It is the worst stage because, for those who practice it, it means power without responsibility, and for those who suffer from it, it means exploitation without justice. It is the final stage because overthrowing the subtle, yet devastating, Western imposed dictatorship of capital will be the last step before Africa can become a first world power.

Africa's struggle against financial imperialism is not aimed at excluding the capital of the developed world from operating in less-developed countries. It is aimed at preventing the financial power of the rich countries being used in such a way as to impoverish the less-developed. For, when all is said and done, this above all else is our generation's struggle.

*(Courtesy: Counter Corrents.org)*

## **New Evidence that US Invasion has Produced Epidemic of Birth Defects in Iraq**

*By: Fred Mazelis*

A new study confirms, not for the first time, the horrific price paid by the Iraqi people for the US-led invasion of their country in 2003, and the 2004 bombing campaign and assaults on the city of Fallujah in particular.

Eight years after the attacks on Fallujah, a majority-Sunni city about 40 miles west of Baghdad where the resistance to the invasion had been tenacious, the consequences of this collective punishment, illegal under international law, are continuing to unfold.

A study published in the *Bulletin of Environmental Contamination and Toxicology* focuses on an extraordinary epidemic of congenital birth defects in Iraqi cities over the past decade, particularly in Fallujah and in the southern city of Basra, assaulted by British troops in 2003.

This study has been released only one month before a broader survey is due to be released by the World Health Organization (WHO). The WHO report has looked at nine areas in Iraq and is also expected to show increases in birth defects.

As summarized in the British newspaper *The Independent*, the first study, entitled “Metal Contamination and the Epidemic of Congenital Birth Defects in Iraqi Cities” and published online on September 16, pinpoints statistics for Fallujah and Basra that add up to a public health crisis that is as serious as any other around the world.

More than 50 percent of all births surveyed in Fallujah were born with a birth defect between 2007 and 2010, the newspaper explains. In the 1990s, Fallujah had a birth defect rate of 2 percent. This rose to about 10 percent in the early years of the twenty-first century, and then exploded in the years following the siege of Fallujah in 2004.

The data on miscarriages was also significant. Before the 2004 attacks on Fallujah, both in April and in November-December of that year, about 10 percent of pregnancies ended in miscarriage. This rose to a rate of 45 percent in the two years after the bombings. It fell as the most drastic attacks subsided, but the rate still remained high, at one in six pregnancies.

In Basra, attacked by British troops as part of the US-led invasion, the data is also compelling. Al Basrah Maternity Hospital recorded birth defects in just 1.3 out of 1,000 babies born a decade before the 2003 assault. This had risen to 20 out of 1,000, a 17-fold increase that is very likely attributable to the decade-long US-led sanctions campaign. In the past seven years, the rate of birth defects has risen another 60 percent, to 37 out of 1,000 births.

One of the authors of the article, Mozghan Savabieasfahani, an environmental toxicologist at the University of Michigan’s School of Public Health, spoke

to *The Independent* about the study’s significance. The birth defects are almost certainly related to metal exposure as a result of bombs and bullets used over the past two decades. Levels of lead were five times higher in the hair of children with birth defects in Fallujah than in other children, and mercury levels were six times higher.

Dr. Savabieasfahani said there is a “footprint of metal in the population” and there is “compelling evidence linking the staggering increases in Iraqi birth defects to neuro-toxic metal contamination following the repeated bombardments of Iraqi cities.”

“In utero exposure to pollutants can drastically change the outcome of an otherwise normal pregnancy,” the doctor continued. “The metal levels we see in the Fallujah children with birth defects clearly indicates that metals were involved in the manifestation of birth defects in these children. The massive and repeated bombardment of these cities is clearly implicated here.” She added that the data was like an underestimate, since parents often hide children with birth defects.

A professor of environmental toxicology at Leeds University in Britain, Alastair Hay, told *The Independent* that the figures in the study were “absolutely extraordinary” and that “people here would be worried if there was a five or 10 percent increase [in birth defects]. Professor Hay said that another factor, in addition to the increase in metal exposure, was “the extreme stress people are under in that period; we know this can cause major physiological changes.”

Official spokesmen for both the US Defense Department and the British government responded to the latest findings with statements that add up to little more than evasion and double talk. The Pentagon claimed, “We are not aware of any official reports indicating an increase in birth defects in Al Basrah or Fallujah that may be related to exposure to the metals contained in munitions used by the US or coalition partners. We always take very seriously public health concerns about any population living in a combat theatre.”

The ongoing studies on public health show the limits of the “shock and awe” campaign trumpeted by the Bush administration and continued with less fanfare by its successor. The military supremacy of American imperialism cannot resolve its growing crisis. It is deployed in a desperate struggle for oil and other natural resources, as well as geopolitical advantage against its rivals. While the political establishment seeks to forget the Iraqi adventure and the liberal wing of this establishment credits Obama with extricating the US from that country, the legacy of the war crimes committed under both parties continues to be exposed, even as new wars and new crimes are being prepared.

## **In Bangladesh Poor People are Selling Organs to Pay Microcredit Debts**

A BBC report said in Bangladesh poor people are selling their organs as a last resort to repay their microcredit debts.

The report said:

“Kalai, like many other villages in Bangladesh, appears a rural idyll at first sight. But several villagers here have resorted to selling organs to pay back microcredit loans that were meant to lift them out of poverty. Journalist Sophie Cousins reports on an alarming consequence of the microfinance revolution.

“Green rice paddies surround the dusty, narrow road to the heart of Kalai, a village six hours north of Dhaka, in Bangladesh's Jotpurhat district. Children play naked, hanging off stringy bits of bamboo that hold up the makeshift hut they live in.

“They, like millions of other rural Bangladeshis, grow up facing a life of hardship. In an attempt to alleviate poverty, countless numbers take on debt with microcredit lenders, only to find themselves in a difficult situation when they are unable to repay the loan.

“Some have even turned to selling their organs as a last resort to repay the loans and escape the vicious cycle of poverty.

“The idea of selling organs is not new and those in poverty throughout South Asia have resorted to it for years. But what is less known, is that more people are turning to the trade because of feeling under pressure to pay back microcredit lenders.

“These lenders were originally set up to help lift people out of poverty by offering small loans to people who do not qualify for traditional banking credit, to encourage entrepreneurship and empower women.”

With a sub-heading “Selling a kidney” the report said:

“Mohammad Akhtar Alam, 33, bears a 15-inch scar on his stomach where he had a kidney removed. The organ removal - which is illegal in Bangladesh unless the organ is being given to a spouse or family member - combined with the inadequate post-operative care he received, has left him partially paralysed, with only one eye working and unable to do any heavy lifting.

To earn money, he runs a small shop in the village that sells rice, flour and the occasional sweet treat.

“A couple of years ago Mr Alam's income from driving a van was not enough to make the weekly loan repayments he was required to make from up to eight different non-governmental organisations (NGOs) which lend microcredit.

““One day [a man] rode in my van and asked me why I was doing this’, he recalls.

““I told him that I was very poor and that I had loans from seven or eight NGOs. I owed about 100,000 taka [\$1,442; £900] and I could not return the money to the NGOs. I used to try and sell furniture and things for cooking to try to repay the money.’

“Mr Alam had got caught in a web of loans in which he first borrowed money from one NGO and, when he was unable to pay it off, he borrowed from other NGOs.

“His passenger worked as a middleman between organ seller and recipient and persuaded him to sell a kidney, promising 400,000 taka (\$6,360; £4,000).

“Seventeen days later, Mr Alam says he returned home from a private hospital in Dhaka, barely alive and carrying only a fraction of the money he was promised.

““I agreed to sell my kidney because I couldn't return the money to the NGOs. As we are poor and helpless, that is why we are bound to do this. I regret it,” he says.”

The BBC report presented the following photograph of Mr Mohammad Akhtar Alam with the caption:

Mohammad Akhtar Alam got caught in a web of loans

The report said:

“Mohammad Moqarram Hossen, also from Kalai, is another victim.

““I took the decision to return the money I borrowed from NGOs’, he says as he reveals the scar he has been left following an operation in India to remove his kidney.

“The doctor told me there was no risk but now I can't do any heavy work. I can't work.””

The BBC report presented the following photograph with the caption:

Mohammad Moqarram Hossen had a kidney removed and says he can no longer do heavy work

With a sub-heading “How many loans?” the report added:

“Microcredit, hailed as a saviour for millions, aims to break the cycle of poverty by stimulating income-generating activities through providing collateral-free loans.

“In an attempt to alleviate poverty, millions of Bangladeshi villagers take out micro-credit loans

But its repayment structure and the apparent inability of microfinance institutions to determine whether borrowers have multiple loans with other institutions rarely come under scrutiny.

“Consequently, it can create a vicious cycle in which

borrowers borrow money from other NGOs to repay existing loans, leaving many unable to repay and some to take extreme measures such as selling organs to make repayments.

“Professor Monir Moniruzzaman from the Department of Anthropology at Michigan State University has been researching the organ trade in Bangladesh for 12 years and says some people feel they are left with no choice but to sell a body part.

“A lot of people's debt from NGOs has spiralled out of control. Because they cannot repay the loans, there is only one way for people to get out and that is to sell their kidney’, he says.

“His research into Bangladesh's organ trade reveals that of the 33 kidney sellers he interviewed, some had sold their organs due to feeling under pressure to repay loans.

“He alleges that NGO officials, from organisations such as Grameen Bank and BRAC, among others, pressure people into repaying loans by sitting all day long at the defaulter's house, verbal harassment and threatening to file a police case.

“One of the sellers mentioned that he left his village for about a year for not being able to face the NGO officials’, Professor Moniruzzaman says.

“The social and economic pressures from NGOs [were] unbearable so he decided to sell his kidney to pay off his loan.”

The report presented Grameen Bank version. It said: “Grameen Bank denies harassment or applying any such pressure. It points out that it has never lodged a case against a borrower for failing to pay a loan.

“Our approach does not require that’, Mohammed Shahjahan, the bank's acting managing director, told the BBC. He says that because Grameen does not impose any penalty for failure to repay debts and because borrowers are free to reschedule their loans at any point there is no pressure.

“Most borrowers have savings in their accounts more than or equivalent to at least 75% of their loan amount. As a result they are not in a 'distress' situation at any point for payment of their instalments,’ he says.”

Presenting BRAC version the BBC report said:

“And Mohammad Ariful Hoq, an analyst at BRAC, one of the largest development organisations in the world, says repayments for their clients are "not a very big issue" - their interest rate is 27%; Grameen's maximum interest rate is 20%.

“BRAC denies pressuring borrowers or that there could be any link between microcredit and organ trafficking.

“In our work that doesn't happen because we don't create any extra pressure on our borrowers’, Mr Hoq

says.

“Throughout the microfinance sector, interest is calculated on the declining balance - which means that rather than charging interest on the original loan amount it is charged only on the amount of money that remains in the borrower's hands as the loan is repaid.

“Mr Hoq does admit that one-third of their 4.3 million borrowers have multiple loans: "You'll find people who are taking three loans from different organisations. There is a 30% overlap for micro-finance institutes in Bangladesh.”

However he says there is no systematic way to check if borrowers have loans with other institutions so lenders are unable to determine a borrower's risk or their level of debt. BRAC says that one method they use is to knock on a neighbour's door and ask them about their friend's economic situation. Grameen Bank says that it also has checks to see if borrowers have multiple loans.

“But analysts maintain that in practice such checks are very difficult to carry out and it is far from certain that banks are always able to get an accurate assessment of a borrower's credit history.”

Under sub-heading “Liver removed” the report said:

“And recent research says the industry's loan repayment structure combined with the infrequent incomes of rural Bangladeshis can cause problems.

“The Institute of Developing Economies in Japan showed that some households were taking risky measures such as selling assets and borrowing from loan sharks in order to maintain a clean record of repayment to be assured future access to microcredit.

“Research from one body which loans money to microcredit agencies in Bangladesh found in studies between 2006-2007 that only 7% of micro-borrowers were able to rise about the poverty line.

“Nevertheless, a study earlier this year by the World Bank found that the benefits of borrowing outweighed the accumulated debt. And the Microcredit Summit Campaign believes microcredit lifted 10 million Bangladeshis out of poverty between 1990 and 2008.

“But as the demand for human organs continues to facilitate an illegal black market in Bangladesh, members of poor rural communities will continue to be lured by false promises of a better life.”

The report also presented the following case:

“Mohammad Mehedi Hasan, 24, from Molamgari village, not far from Kalai, didn't know what a liver was when he was manipulated into believing that removing part of it for 700,000 taka (\$9,690; £6,000) would be a ‘noble act’ that would save the life of a Singaporean man.

“‘I have been left without knowing how much of my liver was taken out’, he says as he explains how he was transported to Dhaka for an underground operation at a private clinic.

“‘After the operation I raced home and after two days I got the news that the patient had died.

“‘I thought that I would be OK after I had part of my liver removed but sometimes I have pain in my chest and I have to urinate more than 50 or 60 times a day.’

“‘Mr Hasan received 150,000 taka (\$2,046; £1,280) and says he was forced to sell his family home.’”

Citing Prof Moniruzzaman the report said:

“‘[T]he implications of organ trafficking are devastating.

“‘There is no safeguard as to where the organs are coming from and how safe they are, and on the other hand, the seller's health deteriorates after the operation. That has a huge impact on their earning capacity because they cannot go back to their old physically demanding jobs.’

“‘There is no doubt that microcredit has empowered millions around the world.

But as the polarisation between rich and poor increases, experts say those most impoverished will take on more debt - sometimes resorting to measures as desperate as selling their organs.

The men of Kalai wish they had known better.”

Citing Microcredit Summit Campaign the report presented the following facts:

As of December 2011, more than 34 million Bangladeshis had accessed microcredit since 1997, when it began collecting data.

Of those 34 million, more than 26 million live under the poverty line - on less than \$1.25 a day

There are currently 20.65 million borrowers in Bangladesh.

It is estimated the sector constitutes around 3% of GDP.

An analysis, along with the report, by Sabir Mustafa, Editor, BBC Bangla said: “‘Micro credit presents a curious dilemma for Bangladesh.’”

It said:

“‘Its supporters point out that, in addition to the big players such as Grameen Bank, BRAC and ASA, nearly 700 smaller non-governmental organisations are engaged in micro finance activities across Bangladesh. ... These organisations employ well over 100,000 people.’”

It said:

“‘In theory, these loans are expected to provide rural families with some seed capital to start and sustain small businesses, thus giving them money to spend

which would help stimulate the rural economy. But critics say, in reality the small amounts of loans are not always used to invest in income-generating activities. They are often too small to create any serious capital base, and can force borrowers into a cycle of debt.

They borrow more as soon as they have paid off one loan, and often they borrow from a second or third lender to pay off earlier loans.

“‘It is not uncommon to find people who have borrowed for more than a decade without being able to break out of the cycle. There are widespread allegations that borrowers are often harassed and shamed. Stories of households selling off stuff to keep up with payment [are] not uncommon. Lenders however, deny they put undue pressure on borrowers.’”

Organ trafficking in Bangladesh

The report also presented the following facts on kidney transplants, which began in Bangladesh in 1982 and the organ trafficking industry is understood to have begun shortly afterwards.

In 1999 the Bangladeshi Parliament passed the Organ Transplant Act, which banned the trade in body parts and advertising for organ sellers.

Under the law, transplants are legal only between relatives and husband and wife.

However, the black market continues to thrive through the work of brokers who track down sellers and recipients.

Operations are thought to occur in private hospitals in Bangladesh where doctors turn a blind eye, or in countries such as India and Singapore, where healthcare is better. The brokers organise fake passports and forged legal documents to pretend the donor and recipient are relatives. Many hospitals have now introduced DNA tests.

While kidneys have largely been favoured, there is now a market for liver and corneas. Experts say an average price for a kidney on the black market is \$1,500 and part of a liver, \$4,000.

Microcredit 'death trap' for Bangladesh's poor

About three years ago BBC also presented an almost similar report [2].

The report by James Melik, Reporter, Business Daily, BBC World Service said:

“‘Some argue that people can quickly sink into a cycle of debt, with many lenders charging exorbitant rates of interest.

“‘Dr Qazi Kholikuzzaman Ahmad, chairman of PKSF, a body that monitors microfinance, describes microcredit as a ‘death trap’ for the poor.

“‘Interest on repayments begin at around 15%, but it is a flat rate and can soon rise to anything between 40% and 100%’, Dr Ahmad says.’”

The report said:

“Repayments are generally due on loans from the first week after they are taken out, which does not give the borrower enough time to establish any form of income-earning enterprise.

To cover those first payments, people often resort to taking out a further loan from a different company.”

It added:

“Villagers are sending their children to work to help them make the repayments.

“But when they are still unable to pay enough, the debt collectors insist that they sell their cattle, chickens and other household items.

Selling agricultural land is also considered as a last desperate option.

“Villagers complain of harassment from the debt collectors and there have been allegations of physical assaults.

“Because field officers are judged on repayment rates, they sometimes use coercive and even violent tactics to collect instalments on the microcredit loans.

“Many villagers finally turn to local usurers - the very

people whom Professor Yunus tried put out of business when he made his first loan of \$27 (£17) to a group of families in a village in 1976.

“Professor Yunus and his Grameen Bank were awarded the Nobel Peace Prize in 2006 for his pioneering work in microfinance and he refers to many of the institutions which have followed his example as ‘the new loan sharks’.

The BBC report said:

“After the floods in Bangladesh, the district administrations requested microfinance organisations to stop collecting instalments for the time being.

“But that call has gone unheeded.

“Dr Ahmad is dismayed.

““There are some agencies which even take their payments from relief material’, he says.”

The condition and consequence of microcredit debtors have been analyzed in the book *Micro Credit: Myth Manufactures*, unveiling appropriation of surplus value and an icon [3] published in 2007 from Dhaka. The analysis is similar to other findings, which are increasingly coming out.

*(Courtesy: Countercurrents.org)*



## A New Growth Consensus?

*By: C. P. Chandrasekhar*

A series of apparently contradictory trends and measures points to a dangerous new consensus on the functional role of banks in India. To start with, in his first monetary policy review after assuming office, Reserve Bank of India (RBI) governor Raghuram Rajan decided to run with the hares and hunt with the hounds. While he disappointed those who were expecting a cut in interest rates, he chose to hike the repo rate, or the rate at which banks borrow from the RBI against government securities as collateral, arguing that the battle against inflation had not been won.

On the other hand, in what appeared a minor concession to those arguing that easy and inexpensive liquidity was needed to boost demand and flagging growth, he chose to lower the interest rate on the Reserve Bank of India’s marginal standing facility (MSF), established in 2011, under which banks can borrow funds at a rate linked to but set higher than the repo. Originally the MSF rate had been set at 100 basis point or 1 percentage point higher than the repo rate. This differential was hiked by a further 2 percentage points to 10.25 per cent in July 2013 in a move that seemed motivated by the need to curb speculation on the rupee. The September 2013 Mid Quarter Review of Monetary Policy partially reversed that hike by reducing the differential between the MSF rate and repo rate by 75 basis points (bps) to 9.5 per cent. The consequent ability of the banks to

obtain funds at a lower cost without collateral was seen as a measure aimed at boosting banking sector liquidity.

Thus, there appeared to be two contradictory planks to RBI policy. Keep interest rates high to curb excess borrowing in order to curb demand and fight inflation. Ease liquidity conditions so that banks can lend to genuine borrowers who would, however, have to bear the burden that a higher interest rate implied. Not surprisingly industry was not too impressed since higher borrowing costs would deter those who were planning to borrow to buy their much-desired house, automobile or consumer durable. On the other hand, the purpose of the higher base rate to combat inflation by curbing demand and debt-financed speculation seen as pushing up both commodity and asset prices appeared to be defeated. Demand would increase as a result of new debt. And those expecting higher returns such as speculators in commodity, real estate and stock markets would be willing to bear the higher interest costs.

Barely a month after this initial contradictory foray by the new governor, a set of developments that followed meetings between the Finance Minister and the RBI Governor pointed to a method behind this confusion. In early October, the RBI strengthened its liquidity enhancement measures aimed at increasing bank access to lower cost funds by: (i) further reducing the MSF rate by 50 bps to 9 per cent; (ii) conducting open

market operations (OMOs) involving the purchase of government securities to the tune of Rs 9,974 crore to inject liquidity into the system; and (iii) providing “additional liquidity through term repos of 7- and 14-day tenors for a notified amount equivalent to 0.25 per cent of net demand and time liabilities (NDTL) of the banking system”. Clearly, the RBI’s decision to maintain high interest rates is not aimed at curbing credit and liquidity in the system.

These “accommodative” initiatives on the part of the RBI were matched by another unusual measure: this time on the part of the Finance Ministry. In early October the government announced that it would infuse capital into public sector banks in excess of the Rs. 14,000 crore provided for in the Budget, with the specific intent of enabling “them to lend to borrowers in selected sectors such as two-wheelers, consumer durables, etc at lower rates in order to stimulate demand.” Clearly, measures aimed at augmenting liquidity and enhancing the banking system’s capacity to create credit is being viewed as the solution to the growth slowdown. Debt financed private consumption is being seen as the appropriate stimulus for growth. Since the banking system would in principle be able to create credit that is a multiple of the sums infused by the government, every rupee spent from the government’s budget could in principle generate demand that is much larger if banks “pushed” loans.

Hence, as a follow up to its enhanced capital infusion announcement the Finance Ministry has reportedly asked the banks to (i) specify by how much they would be willing to reduce the interest rates at which they lend for purchases of commodities such as two-wheelers and consumer durables; and (ii) agree to enhance lending to the chosen sectors by at least ten times the capital infused, with periodic reporting on retail lending volumes to satisfy the government. The argument seems to be that, since the government is infusing low or near-zero cost capital into the banking system, the latter should in turn provide cheaper loans in areas identified by the government.

The message is clear. Capital infusion is being seen not just as a means of recapitalising the banking system that has been recording increases in non-performing assets, but also as a means of providing an interest rate subsidy or subvention to boost demand in particular sectors. A government that limits spending for the poor because of the need to curb the fiscal deficit, is willing to subsidise a consumption spurge by the “middle class” by taking over the private sector’s task of boosting sales with cheap credit in times of slack demand. A combination of liquidity infusion and interest rate reduction realised through administrative fiat that serves as the means to stimulate growth seems to be the strategy on which there is a new consensus between the RBI and the Finance Ministry. This is not the lever to a reliance on monetary and banking policy. The use

of capital infusion as an additional device implies that the strategy has a fiscal component as well. But, for any given increase in the fiscal deficit, the demand generated in the first round can be much larger.

For such a strategy to be successful, the banks would have to draw into the universe of borrowers a larger number of individuals than it was willing to accommodate in the past. Reducing interest rates would partly help by serving as a teaser. But some dilution of norms with regard to assessment of creditworthiness may also be necessary to hike buyer numbers in the selected sectors. Further, once the process begins, if the government is not to appear partial in the favours it dispenses, requests from other sectors for such demand-stimulating support would have to be accepted. It did not need the subprime disaster in the US to persuade anyone that this method of spurring growth is built on a debt bubble that is fragile. As RBI Deputy Governor K. C. Chakrabarty is reported to have said after the measure was announced: “It is not a very prudent measure to increase consumption by lowering interest rates. If the rate goes up it will become NPA.”

This strategy is, however, not new. With neoliberal fiscal reform requiring forbearance with respect to taxation and “fiscal consolidation” in the form of deficit reduction at levels of debt that are arbitrary and wildly different across countries, the role of tax or debt-financed public expenditure as a stimulus to growth has significantly declined. The pressure not to resort to the fiscal route to spur growth is immense. But claims that the “animal spirits” unleashed by reform would spur sustained growth have not been realised either. Thus many countries, including India, have come to rely on debt-financed private consumption, facilitated by an easy monetary and liberal banking policy, as the principal stimulus to growth. A consequence is that growth rides on a bubble blown by debt and is therefore fragile and ephemeral.

In India, the pursuit of this strategy is reflected in three trends. The first is a sharp rise in the ratio of scheduled bank credit to GDP from around 20 per cent to more than 50 per cent during the years of high growth after 2000. The second is a significant increase in the share of retail lending in total scheduled commercial bank lending, with lending for individual housing investments, automobile purchases, purchases of consumer durables, credit card expenditures and education. The third is enhanced bank lending to infrastructure, with the ratio of such lending to total lending to industry rising sharply, despite the obvious maturity mismatches involved in using the money of depositors to fund bulky, illiquid loans to a few infrastructural projects. All of these can increase bank fragility.

The role of the government in driving these trends is clear from the fact that they apply more to public sector banks than to either domestic or foreign private banks, with a few exceptions. But that has in the past been

associated with a conflict between the central bank and the Finance Ministry. The RBI has made inflation its principal concern and relied heavily on interest rate increases and monetary restrictions to combat inflation. The government on the other hand has demanded an easy monetary policy with low interest rates as the means to stimulate growth. The RBI has opposed this not only because of its focus on inflation, but also because of the implications that trajectory could have for non-performing loans in and the stability of the banking sector. This has often meant a subtle but noticeable standoff between these two arms of state.

This points to the new consensus suggested by the contrary policy developments of recent times. While the RBI is sticking with its policy of keeping interest rates high, it seems to be going along with the idea of (i) infusing liquidity into the system; (ii) persuading banks to use that additional liquidity to lend to selected sectors to stimulate demand and drive growth; and (iii) allow the government to use capital infusion as a device to get banks to reduce interest rates in order to induce consumers into borrowing (especially in the “festival season” when the pressure to spend is high). In the process the RBI seems to be ignoring the potential increase in bank fragility, which it should be concerned about. Not surprisingly, Governor Rajan had to defend the measures by saying that the MSF rate cut combined with recapitalisation would spur “certain kinds of investments”, though he grudgingly admitted, “indirectly some consumption will also get financed.”

However, it should matter to the RBI that the cheaper liquidity released through this process would undermine the use of a high repo rate to address inflation, if that were possible at all. Perhaps Rajan’s commitment to high interest rates is motivated by some other factor. One possibility is the need to keep domestic financial markets attractive to foreign investors and lenders, so as to attract capital, easily finance the current account deficit and stabilise the rupee. That too smacks of short-termism.

So what exactly is going on? What explains this extraordinary deterioration in one of the more obvious indicators of the economic empowerment of women in India?

Much of the decline in work participation has been among self-employed workers, including (but not only) those involved in agriculture. The growing mechanisation of agriculture has played a role in reducing demand for women’s work. In addition, the change in ecology has led to a decline in many rural activities earlier performed by women, such as the collection of minor forest produce, while other changes (such as the growing difficulties of collecting fuel wood and water) have increased the time that has to be devoted to unpaid labour.

Indeed, the time that has to be allocated to unpaid labour - in the form of not just various economic but unrecognized activities like provisioning essential items for household consumption but also the care economy generally - is likely to be an important reason for the withdrawal of women from the labour force. It is clear that in addition to broader socio-economic processes, state action has a critical role to play in changing this.

Social perceptions about women and their capacities are also important factors. It is ironic but true that as some activities become less arduous and physically taxing (in agriculture and construction for example, where machines take over some of the more difficult tasks) women are replaced by male workers. But there is really no physical reason why women should be less able than men to drive tractors and harvester-threshers or operate construction machines. Rather, it reflects the persistence of what should be archaic attitudes towards women and the work they are fit to perform.

These point to why women workers could be withdrawn from the labour force as household incomes increase even in relatively poor families. In rural India wages for casual work have increased significantly in the recent periods. This in turn can be the result of many factors, in which the role of the MNREGA in stabilizing the rural wage floor and providing a better bargaining situation for rural workers are probably also worth nothing. However, one unfortunate consequence of this could well be that less women are available for outside household work - in a peculiar form of backward bending labour supply curve for households that is the outcome patriarchy!

Of course, India is a country of vast dimensions and enormous variation, so it is probably wrong to analyse trends from an All India perspective when there are likely to be significant differences across states. Indeed, how significant these are, with female WPRs varying from a low of 5.3 per cent in rural Bihar to a high of 52.4 per cent in rural Himachal Pradesh.

However, what is striking is not just the variation across states but also how widespread has been the decline in women’s work force participation. The north-eastern states of Tripura and Sikkim are the only ones that shows a substantial improvement in women’s work participation in both rural and urban areas from 2004-05 to 2011-12. There were minor increases in West Bengal and rural Himachal Pradesh. Everywhere else, the same depressing tendency that marks the All India pattern is evident, even in states that earlier showed much higher proportions of female workers.

Obviously the weight of patriarchy rests heavy not just on India society but also on the Indian economy, involving a huge waste of human potential that the society can ill afford.

*(Courtesy: The Business Line)*

## India's Judiciary Acts on the Agenda of the Capitalists'

*By: Deepal Jayasekera and Arun Kumar*

Rajendra Pathak, the lawyer leading the legal defence of the 148 Maruti Suzuki India (MSI) workers who face frame-up charges of murder and other grave crimes, recently spoke with the World Socialist Web Site about their case.

The workers, whose trial began late last year, have been languishing in jail for almost 18 months. Arrested by police on the basis of lists of "suspects" supplied by MSI management, they include the entire leadership of the Maruti Suzuki Workers Union (MSWU) and many of its most active members. The MSWU was formed in opposition to a government-supported, company-stooge union so as to challenge the sweatshop conditions at MSI's Manesar, Haryana car assembly plant.

Haryana's Congress Party-led state government and India's largest automaker seized on a July 18, 2012 company-instigated altercation that led to the death of MSI Human Resources Manager Awanish Kumar Dev to launch their legal vendetta against the MSWU militants and to purge the Manesar plant of more than 2,000 other workers deemed insufficiently pliant.

Maruti Suzuki has since sped up production at its Manesar assembly plant. The government, for its part, deploys dozens of police inside the plant each workday, to intimidate the workforce and demonstrate to all employers in what has emerged as one of India's leading auto-manufacturing centers its readiness to enforce their brutal, cheap-labor work regimes.

In a wide ranging interview, Rajendra Pathak discussed the conditions facing the jailed workers, his efforts to expose the torture to which they were subjected in the first days of their imprisonment, the lies on which the frame-up charges are based, the class bias of India's judiciary, and the failure of the Stalinist Communist Party of India (Marxist) to come to the Maruti Suzuki workers' defence.

All 148 jailed workers, explained Advocate Pathak, face murder charges under section 120 (B) of the Indian penal code, i.e. criminal conspiracy. Eight of the workers, all of them MSWU officers, have been directly charged with killing Dev; the others are accused of complicity in or association with the murder. In addition, the workers face numerous other serious criminal charges, from riot, to assault, to causing damage to property.

If convicted of these frame-up charges, the workers would be liable to harsh penalties. "Murder convictions may result in life imprisonment," said Pathak. "The

penalties for other charges vary from prison terms of 5-7 years to 20 or 30 years. However, for causing simple injury, the sentence is 3-6 months."

For both legal and political reasons, Pathak ruled out the possibility of the courts imposing the death sentence. India's Supreme Court, said Pathak, has stipulated that capital punishment should be imposed only in the "rarest of rare cases."

Pathak explained that in August 2012 he filed a complaint against MSI management in relation to the murder of the MSI manager Dev, alleging that the company, acting through the company-deployed "bouncers" who instigated the July 18th altercation, murdered Dev. It will be heard in February, after a long delay of one-and-a-half years.

A key component of the complaint is evidence showing that the victimized MSI workers had no reason to harm Dev, while management did.

Dev had shown sympathy for the workers and even assisted them in registering the MSWU with the state Labour Department. As a result, other members of management staff became hostile to him.

"We have meticulously drafted our case against the police's," said Advocate Pathak. "Meticulously we got the evidence against them: how [MSI manager Dev] was killed and why he was killed, a motive for it. In such murder cases, mens rea, i.e. criminal mind is important. Unless you have criminal mind you would not commit a crime. We will prove in our case, there was no mens rea [among the workers] for killing Mr. Awanish Dev."

Pathak cited an Indian legal precedent to justify his motion for the courts to give his complaint against MSI management equal weight to the charges the police have filed against the jailed workers. "Justice Sathasivam of Tamil Nadu once delivered a judgment: 'If two different versions are advanced about one crime, both versions have to be recorded as criminal cases.' Management are saying the workers murdered Dev this way, while we are saying they have murdered him that way. As Justice Sathasivam said, the police should record both versions, arrest both parties, put them behind the bars and start both prosecutions, two trials."

Pathak said he was hopeful that "ultimately we will be able to nail the truth."

"But it will not be an easy job. We are fighting the capitalist world. They are united to put a number of

workers behind bars for about 20 years. For that they will do any damn thing, even bribe the judges.”

In this regard, Pathak said that the courts’ repeated refusal to grant the workers bail was significant. In India, bail applications are determined on a case-by-case basis. “Sometimes suspects do not get bail for years. This is mostly for heinous crimes. But for a case like that of the Maruti Suzuki workers, [rejection of bail after more than a year in jail] is uncommon.”

Advocate Pathak underlined the importance of the fact that all 18 persons on the prosecution’s list of witnesses are from management: “No worker will give [false] testimonies against their fellow workers. They would rather leave their job than do that.”

In reply to a question about the condition of the jailed workers and the impact of their imprisonment on their families, Pathak said: “Many of the workers are sick. Some are suffering from TB. Some are suffering from other ailments. My applications for bail on medical grounds have been rejected by the courts time and again. The jail authorities have claimed that they can provide treatment in jail. But practically, the treatment that is required, is not available in jail. So their lives are in danger.

“Their families are also suffering. They are not getting food to eat. No money for clothes and medication. Their children are not going to school. It is pathetic.”

At Pathak’s urging, thirteen of the jailed workers made complaints last March to the Haryana Director General of the Police and Gurgaon Police Commissioner detailing the torture to which they were subjected when they were taken into custody in July-August 2012—including limb-stretching and submersion in water. Pathak has also filed a contempt of court motion against the police for their “deliberate delaying of proper medical examinations” of the tortured workers. Explained Pathak, “Although medical examinations were conducted on jailed workers in the presence of defence lawyers on September 21, 2012, by that time most physical evidence of the torture had faded away.”

However, he has yet to file a court complaint about the torture because the MSWU Provisional Committee, formed by MSI Manesar workers after the jailing of the entire MSWU leadership, is fearful of police reprisals: “They fear that they will be tortured by the police when they start their pada

yathra [long march] from Kaithal through Gurgaon to Delhi on January 15, 2014” to demand the release of the jailed workers and the rehiring of all the other victimized workers.

Pathak said he is trying to convince the MSWU Provisional Committee to reconsider, explaining to them, “The police are not going to spare you. They will do whatever told to do by their political bosses. They are not going to hear me and you. They are going to hear the Chief Minister.”

Asked by the WSWS to comment on the declaration of a Haryana High Court judge, that he wouldn’t grant bail to the jailed workers because he wanted to send a positive message to foreign investors “who are likely not to invest money in India for fear of labour unrest,” Pathak said, “The judges are acting like touts of the capitalists. High Court judges are political appointees. You can become a judge through underhanded methods if you are having political backing, even though you are not competent.

“The judiciary acts on the agenda of capitalists. Judiciary will give the message: Yes, we are with you. We will give you the judgment you want. Whether the government is led by Modi [prime ministerial candidate of the official opposition Bharatiya Janatha Party (BJP)] or Manmohan Singh [the current prime minister] the courts are with them.”

Advocate Pathak is a member of the Communist Party of India (Marxist), but said he plans to resign. “The CPM is pro-Congress. It is the B-team of Congress. Unfortunately I am in that party. It is better than [the ruling] Congress and BJP [Bharatiya Janatha Party]. But it is not what it should be. The CPM has done nothing for the working class. They [CPM-led Left Front] could have brought changes to labor laws in favor of the working class when they were having 62 MPs [from 2004 to 2009].

“The CPM is not offering anything to Maruti Suzuki workers and not doing practically anything to defend them.”

Pathak continued, “The Maruti workers’ fight will last for months and years to come. This case will not come to a conclusion immediately. Politically, nothing will change whoever comes to power. This country needs a revolution like Egypt. The leadership must come from working class. The peasantry will follow.”

*(Courtesy: WSWS.org)*



### **Stand in solidarity with the workers who are on strike for 41 days at the Daikin plant in Neemrana**

846 workers of Daikin plant in Neemrana, Rajasthan are on strike for last 41 days asserting their right to form union and demanding the reinstatement of 125 fellow workers who have been terminated by the management for being part of the process of union formation. Daikin Air-conditioning India Pvt. Ltd., a 100% Japanese owned enterprise, is a part of Daikin Industries Ltd, world's no. 1 Air-conditioner manufacturing company with 60 production base units and 182 consolidated subsidiaries worldwide. The Neemrana plant is the sole production unit of Daikin in India. It is located over 40 acre area beside National Highway-8, in the 'Japanese Park' of RIICO Industrial Complex in Neemrana at distance of 25-30 km from IMT Bawal and 97 km from Gurgaon. The plant was established in 2008 and the production started in 2009. Current annual production capacity of this unit is 20000 VRV (Variable Refrigerant Volume) units and 1800 chiller units with an annual net sale of Daikin in Indian market being Rs. 1200 crores, whereas the current global net sales is 15,234 million USD. Compared to this heavy profile of the company The working condition is too oppressive with heavy workload and the precarious rights and facilities given to the workers which has been made the precondition for foreign investment in the 'Japanese Park' in this new and fast developing industrial belt. Permanent workers presently get Rs. 7200 in hand, whereas trainees get Rs. 4700. There is no Dearness allowance, bonus given to the workers is also shown as part of their salary.

When the workers realized that without collective struggle the situation would not change, they came together and decided to form their union. They took the signatures of 116 workers and applied for union registration on 6th May 2013 through AITUC. When the management came to know about the process of union formation, they started to pressurize the workers who signed earlier for union registration to give a written statement declaring that they did not support any union in the plant. When the workers did not agree, the management started terminating workers, both permanent and trainee, without any show-cause or enquiry from 21 June, 2013. The workers got the registration of the union, "Daikin Air-conditioning Kamgaar Union", on 31 July, 2013. At that very night 42 workers were terminated. On 2nd August, workers submitted their demand notice demanding 75% salary hike, DA, residential allowances, medical facilities, conveyance facilities, better canteen

facilities, bonus etc. Among the 39 demands that they made, two of them were the demands to abolish contract system and to make the contract workers permanent and the facilities of maternity leave and crèche for female workers. The management responded to these demand by terminating more workers and in this process altogether 125 workers were terminated till 8th October. The workers declared strike from 21st October, 2013 demanding the reinstatement of all terminated workers and a settlement of their just demands. In response, company management suspended another 56 workers accusing that they were involved in the destruction of company properties during the period of strike. However, the management were forced to participate in a tripartite negotiation 9th November in the presence of DLC, Alwar and ALC, Jaipur.

The workers turned down the management's proposal when it was said that 89 workers among 125 would remain terminated and the remaining would face domestic enquiry under suspension. On 14th November in another round of tripartite meeting the management initially proposed that 50% of the total terminated and suspended workers would be taken back and the remaining workers would face enquiry, but they did not mention any concrete time frame when the remaining workers would be taken back. Thereafter few more negotiations took place but ended without any concrete outcome. Workers were firm on their position that as no terminated or suspended worker did any wrong, there was no right of the management to punish them. The brave workers are in sit-in demonstration 100 metre away from the company gate for last 41 days. The workers also reached to the nearby villages for support and many from the villages around came in support of the workers in a solidarity meeting held on 26th November. One crucial aspect of this struggle is the continuous assertion of unity of contract, trainee and permanent workers vis-à-vis the management and local administration. Manohar, a worker leader and the President of the Daikin Air-conditioning Kamgaar Union, said in a strong voice, "Against the attack of the management, our strength is our organization and unity. We are also trying to reach to the other unions and workers of Gurgaon-Manesar-Dharuhera-Bawal-Neemrana industrial belt and we already got some supports. Whatever happens, we will continue our struggle for our just demands."

Neemrana-Bhiwadi industrial area is a part of DMIC (Delhi Mumbai Industrial Corridor), which is till date the biggest project for the manufacturing sector with a mega plan to develop and connect industrial regions

from Delhi-NCR to Mumbai via Haryana, Rajasthan, Uttar Pradesh, Madhya Pradesh and Gujarat. It is supposed to cover 60% of Haryana, 58% of Rajasthan and 62% of Gujarat. For this project land acquisition is going on, that has resulted farmers' protests in recent days in many places in Gujarat, Rajasthan and Haryana. And, the industrial development is taking place exploiting the precariousness of workers. In the Neemrana belt now about 50 companies have production unit and this number is supposed to reach 250 in near future including two production units of Hero Motocorp, most of which is supposed to be foreign investment. The recent ongoing strike of struggling Daikin workers has exploded that myth of development most forcefully in the newly developing Neemrana industrial belt. Recently in this belt, workers of Toyoda Minda, a vendor of Maruti Suzuki, were on strike for proper settlement, but then the movement was crushed. In another company, Liberty Hardware, the workers were successful to form their union. But when the owner of the company changed, the new owner refused to acknowledge the union and forced the worker leaders to get transferred to a leather material production unit of the same owner. A dharna of the protesting workers is going on before the company gate. In Ruchi Beer, the workers could form their union, but they are facing attacks from management as the settlement process is being hindered. In this context, the struggle of Daikin workers can prove to be influential for the future of workers' rights and unity in the Neemrana belt, like the struggle of Maruti workers in 2000 in Gurgaon belt and like the Honda workers' strike in 2005 in Manesar belt.

Immediately reinstate all the terminated and suspended workers of Daikin unconditionally!

Immediately implement the just demands of Daikin workers!

End the regime of exploitation-oppression of workers in Gurgaon-Manesar-Dharuhera-Bawal-Neemrana-Bhiwadi in the name of development!

### **Maruti Workers' Protest Continues**

Gurgaon: To renew our demand for the release of the 148 arrested workers who are in jail for more than 17 months without bail, to press the reinstatement of illegally terminated 2300 workers, we sat on a day-long mass hunger strike in front of the Gurgaon DC Office and District Court. The dharna organized by

Maruti Suzuki Workers Union, Manesar saw hundreds of terminated workers and families of arrested workers sit on hunger strike from 12noon of 20th December till the afternoon of 21st December.

On 17th December 2013, after a year in jail, Com. Iman Khan has been released on bail, given the complete lack of evidence except a statement written under police torture. He was only arrested as he was a leading member of the Provisional Working Committee, MSWU which is leading the Maruti workers struggle. But 148 workers still continue to languish in jail without bail. We demand the immediate release of all arrested workers. We will continue to wage our struggle against exploitation by the company and state repression which justifies it.

We were joined these two days in our dharna and mass hunger-strike by workers and trade unions from across Gurgaon-Manesar which attests to the fact that our struggle is a living struggle which connects to similar regime of exploitation and repression that is going on in the entire industrial belt. We were enthused by the participation of workers and union representatives from Suzuki Motorcycle Employees Union, Suzuki Powertrain India Employees Union, Maruti Udyog Kamgar Union, RICO Employees Union Dharuhera, FCC Rico Employees Union, Honda Employees Union, Haryana Roadways Workers Union, Subros Employees Union, Munjal Kiriu Employees Union, Omax Auto Employees Union Dharuhera, Mitsubishi Electronic Automotive Employees Union, Baxter Employees Union, Workers Unions from Hema Engineering, Endurance, Lumax, P.N. Writer, YKK, Nerolac, Perfetti, Senior India, Munjal Showa, Roop Rubber, Indo Autotech, Talbros, Hi-lex, Satyam Auto, Autofit Dharuhera, RDC, Minda Auto, Javarian Auto Workers Union, BM Workers Union, AG Industries Karamchari Union Manesar. WE were also joined by central trade unions, workers and mass organizations like AITUC, CITU, HMS, AIUTUC, Inqlabi Mazdoor Kendra and Krantikari Naujawan Sabha.

We submitted a memorandum of demands to the Gurgaon District administration, and have decided to go on a Padayatra from January 15th to 31st from Kaithal to Delhi and take our struggle across the state of Haryana through Gurgaon to Delhi to renew our struggle for justice and appeal to all to join us.

*If Undelivered, please return to:*

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