

Capitalism Sucks Our Blood and Kills Us

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The media echoed a report published by OXFAM coinciding with the meeting of economic and political elites in Davos, where it is said that:

... "Only 8 people (8 men actually) already have the same wealth as 3.6 billion people, the poorest half of humanity. The super-concentration of wealth is still unstoppable. Economic growth is only benefiting those who have more. The rest, the vast majority of citizens around the world and especially the poorest sectors, are being left out of the revival of the economy. "

And the report adds:

"The big multinationals and the billionaires, who are meeting at the World Economic Forum in Davos these days, play a crucial role in this crisis of inequality. These "super rich" use an intricate network of tax havens to avoid paying their taxes, devalue their workers' wages and the prices paid to producers and invest less and less in their companies. They also use their money and influence to skew laws and policies to their favor. There is a huge gap between the super rich and the rest of humanity that is plunging millions of people into poverty, fracturing our societies and weakening democracy. More and more people live with more fear and less hope. (<https://www.oxfam.org/en/informes/una-economy-for-99>).

A report titled "Financial Flows and Tax Havens: A Combination to Limit the Lives of Billions of People" was published in December 2016 by the United States-based Global Financial Integrity (GFI), the Centre for Applied Research of the Norwegian School of Economics and a team of experts from Brazil, India and Nigeria, which states that poor countries are net creditors of rich countries since 1980, for the balance has been unfavourable to them for 16 trillion Dollars (<http://www.gfintegrity.org/press-release/new-report-on-unrecorded-capital-flight-finds-developing-countries-are-net-creditors-to-the-rest-of-the-world/>).

The English newspaper, The Guardian, on January 14, 2017, commented on this report under the suggestive title: "Aid in Reverse, How Poor Countries Develop Rich Countries" (<https://www.theguardian.com/global-development-professionals-network/2017/jan/14/aid-in-reverse-how-poor-countries-develop-rich-countries>). In the Guardian article you can read: *We have long been told a compelling story about the relationship between rich countries and poor countries. The story holds that the rich nations of the OECD give generously of their wealth to the poorer nations of the global south, to help them eradicate poverty and push them up the development ladder. Yes, during colonialism western powers may have enriched themselves by extracting resources and slave labour from their colonies – but that's all in the past. These days, they give more than \$125bn (£102bn) in aid each year – solid evidence of their benevolent goodwill.*

This story is so widely propagated by the aid industry and the governments of the rich world that we have come to take it for granted. But it may not be as simple as it appears. *The US-based Global Financial Integrity (GFI) and the Centre for Applied Research at the Norwegian School of Economics recently published some fascinating data. They tallied up all of*

the financial resources that get transferred between rich countries and poor countries each year: not just aid, foreign investment and trade flows (as previous studies have done) but also non-financial transfers such as debt cancellation, unrequited transfers like workers' remittances, and unrecorded capital flight (more of this later). As far as I am aware, it is the most comprehensive assessment of resource transfers ever undertaken.

What they discovered is that the flow of money from rich countries to poor countries pales in comparison to the flow that runs in the other direction. In 2012, the last year of recorded data, developing countries received a total of \$1.3tn, including all aid, investment, and income from abroad. But that same year some \$3.3tn flowed out of them. In other words, developing countries sent \$2tn more to the rest of the world than they received. (End of quote from The Guardian).

An important part of this transfer of resources from poor countries to rich countries (in the hundreds of millions of dollars per year) accounts for unequal exchange (cheap raw materials from poor countries for technologies and processed products from rich countries) and by the payment of interest and amortisation of the external debt. The origin of a part of that debt is totally or partially illegal: some loans were fictitious and only served to disguise irregular financial manoeuvres made jointly between the creditor banks and the alleged debtors. These fictitious private debts and other real debts ended up being nationalised through various mechanisms (exchange insurance, etc.). That is to say that different schemes that allowed the enrichment of a few, ended up becoming a public debt that has to be paid by the people with their work. Interest rates were also established, well above the international financial market rate: while the long-term effective interest rate in six industrialised countries was, on average, in the 1985-1989 period, at 4.35%; the rate of effective interest on the external debt paid on average by six debtor countries in the period 1980-1985; was 16.8% (UNDP). And when the debtors began to be in default, the interest owed was accumulated to the capital, so that creditors began charging interest on the interest.

From an economic and financial point of view, if an actuarial study were carried out discounting the fictitious debts, usurious interests, interests of interests, disproportionate expenses and commissions and capital flight, it would be concluded that the debt has been fully paid, and we would probably see that the alleged debtors are actually creditors.¹

A paradigmatic case is that of Greece. In that country an enormous external debt was piled up due to bad management, payment of very high interest on the debts and a disproportionate purchases of armaments. Greece ranked fifth in the world among buyers of conventional weapons in the period 2005-2009. Thirty-one percent of these weapons were purchased from Germany, 24% from the United States and 24% from France, now its main creditors. Mario Draghi, President of the European Central Bank, was Vice-President for Europe of Goldman Sachs International and as such worked to hide part of the debt of Greece. The "troika" (European Union, European Central Bank and International Monetary Fund) imposes on Greece financially and socially asphyxiating "conditions" to pay the debt consisting of privatising the national patrimony, freezing, and in many cases, cutting wages and pensions and generally considerably reducing social spending. The result is that now Greece exhibits one of the highest poverty and unemployment rates in Europe.

These data on the growing inequality between rich and poor countries caused by the negative balance for the latter in the reciprocal exchange of resources is one of the most conspicuous features of the monstrous and growing social inequality prevalent in today's world. The other feature is the inequality between people, illustrated spectacularly in OXFAM's report quoted above: *Just eight men already have the same wealth as 3,6 billion people, the poorest half of humanity.*

Although these data are already quite indicative of the current panorama of society, it is worthwhile to go into some details to show the dominant tendencies in order to anticipate or foreshadow the future of Mankind if such trends persist.

In the Preface of the International Labour Organisation's paper World Wage Report 2014/2015 – Wages and income inequality (http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_324678.pdf) one can read: *... global wage growth in recent years was driven by emerging economies and developing economies, where real wages have been increasing since 2007, albeit wage growth has slowed in 2013*

¹ See: Alejandro Teitelbaum What is the external debt?, 2001, (http://www.avizora.com/temasquequeman/deuda_externa/textos/0016_que_es_deuda_externa.htm); Gladys Cecilia Hernández Pedraza, Evolution of the global external debt, May 2013. (<http://www.cadtm.org/Evolucion-de-la-devida-externa>).

compared to 2012. In developed economies, overall, wages remained stagnant in 2012 and 2013, and in several countries remained below their level in 2007 ... In the current climate, where the global economy is in danger of falling back into a trap of low growth, higher wage growth would be desirable in countries whose wages in the past lagged behind growth in Productivity ... In many countries the distribution of wages and paid employment has been a fundamental determinant of recent trends in inequality. ... The wage disparity between women and men, and between nationals and migrants, is still important The report also shows that lower income groups are heavily dependent on social transfers or income from self-employment. In fact, in most countries, income sources are more diverse at the upper and lower ends than at the middle of the household income distribution, where households rely to a greater extent on wages. This illustrates the importance of achieving coherence between wage policies and social protection, together with the creation of paid employment, to reduce inequality.

In other words, the economic and social gap between the poor and the rich, in each country and on a world scale, is constantly increasing. Statistics show that the nominal income of wage earners (which is usually found in official statistics, instead of real wages, in order to give a distorted view of the reality of the facts) remains stable and in some cases increases or slightly decreases for brief periods. Yet real wages, in purchasing power terms, have declined unabatedly for many years, whilst the real income of the richest in goods, profits, income and financial capital, has increased steadily and at an accelerated rate. Furthermore, the increase in unemployment leads to the consequent drastic reduction of the income of those affected by it. Let us see some cases by way of example.

United States

An incisive article (Income, poverty and inequality in the United States: the latest data- <http://www.fronterad.com/?q=bitacoracristinavallejo/incomes-poverty-andinequality-in-states-united-last-data>) reports that between 1999 and 2014 the incomes of the poorest 10% fell by 16.5% and those of the richest 10% grew by 2.8%. The article also contains other very illustrative data on the distribution of income and trends in this area, of which we will cite a few. The households of the lowest quintile, that is, 20% of the population with the lowest income, earned an income of \$ 21,432, or less, compared to \$ 112,263 or more, for the richest 20%. And the richest 5% had an annual income of \$ 206,568 or more. In 2014, the official poverty rate was 14,8%. That same year there were 46,7 million poor people and the poverty rate was 2,3 percentage points higher than in 2007, the year before the start of the Great Recession.

In 2010 we wrote in *The Armour of Capitalism*, Editorial Icaria. January 2010, pp. 62-66): ... "Obama's plan for the United States, which he presented at the end of March 2009², was to rescue (buying from banks with dollars at 0% – 0,25% interest) the so-called "toxic assets"; that is the financial products devalued by the crisis: an operation for which a trillion dollars is allocated. The rescue of the toxic assets is made with public resources of the Treasury and the Federal Reserve and with the guarantee of the Federal Deposits Insurance Corporation (FDIC). The toxic assets rescued were to be auctioned in the financial market according to the following scheme: A toxic asset goes to auction for \$ 100 and is bought by the best private bidder at \$ 84, who is betting on a future increase of that asset. The FDIC guarantees 72 of the \$ 84 and the remaining \$ 12, six of which are covered by the Treasury and six by the investor. Thus if the asset gains in value in the future the profits are for the private investor, otherwise the losses are for the FDIC and for the Treasury, that is for taxpayers. The justification is that re-floating investment capital revives the real economy; a false premise because banks do not resume lending or lend at expensive rates and have recently increased the price of their services and loan commissions. In other words, the plan was to revive financial speculation, always for the benefit of speculators. The ordinary citizen is now paying for the ongoing crisis and will continue to pay to re-float the investment capital. In Obama's plan there is no trace of financial markets controls. When Bob Schieffer, a television journalist, asked Larry Summers, Obama's chief economic adviser, if he knew what the banks would do with the money received from the state, he replied: "Not really, but do not worry, finance professionals know what they do ". (Le Figaro, France, Crisis: Why the American strategy is imprecise, 24/3/09).

² Obama presented his plan flanked by Treasury Secretary Tim Geithner, who was chairman of the Federal Reserve Bank of New York during the George W. Bush era and Ben Bernanke, chairman of the Federal Reserve, a position he was appointed to by Bush in 2005. Earlier, Bernanke had been Bush's chief economic adviser (President of the White House Economic Council). Lawrence (Larry) Summers, Obama's senior economic adviser, former Goldman Sachs chief, and of the speculative financial fund D.E.Shaw, received a generous multi-million dollar compensation. Summers gained notoriety when, as a World Bank economist in the 1990s, said that relocating polluting industries to poor countries was of "unstoppable" economic logic. As Secretary of the Treasury of Clinton, he systematically torpedoed all attempts to regulate the derivatives financial market.

Note: When Trump suppresses the apparent control over financial markets established by Obama, all he does is get rid of the ruse that pretended to hide the true realm reality of the omnipotent financial capital.

On June 17, 2009 Obama announced the modalities of a plan to regulate Financial markets. The financial press, such as The Economist and the Financial Times, were skeptical. Already the Corporate Auditing Accountability Act passed in 2002 proved in fact to be totally ineffective. In Obama's plan, the Federal Reserve (Fed) is directly responsible for the big banks called "too big to fail". In other words, the Fed (formed by the big banks, as will be covered later) control themselves and for their own benefit. Obama's plan and Obama's and Bush's preceding financial capital rescues add up to at least a two-trillion dollar bailout. Obama's plan and the decisions made by the G20 make it possible to foresee a deepening economic crisis and / or its increasingly frequent repetition and the likelihood of strong inflation with recession (stagflation), with the serious social consequences that are already known.

When we wrote these lines [2009] we saw the first results of the "anti-crisis" policies of the elites: speculative financial capital not only begins to recover but already announces spectacular and unprecedented benefits. In early August 2009, Paribas Bank of France announced a quarterly profit of 1,6 billion euros and a provision of 1 billion to pay its traders. Barclays of London also announced in August a half-yearly profit of 2,2 billion euros. Goldman Sachs, who in 2008 asked for and obtained \$ 10 billion in federal aid (which it has already paid off) announced on July 14, 2009 a net profit of \$ 3,44 billion in the second quarter of the year, which represents an increase of 65% compared to the same period of the previous year and was the best quarter in its 140 years of existence. Additionally, it put aside a provision of 6 billion dollars for commissions and bonuses for its employees. Goldman Sachs gained dearly from the collapse of its competitor Lehman Brothers, which George W. Bush and his Treasury Secretary Paulson (former president of Goldman Sachs) did not want to bail out. Instead Bush saved the American International Group (AIG), whose parent entity is Goldman Sachs, with a \$ 12,9 billion injection. Its bankruptcy would have cost \$ 20 billion to Goldman Sachs. According to the American newspaper The Nation, AIG would not reimburse the state for \$ 12,9 billion. Goldman Sachs was directly represented on the New York Federal Reserve Board by Stephen Friedman until his resignation in May 2009. But the financial holding company does not run the risk of losing its preferential treatment and being unprotected: William Dudley who since January 2009 succeeded Timothy Geithner as chairman of the Federal Reserve Bank of New York, worked for Goldman Sachs until 2007. Warren Buffet, who has the second biggest fortune in the world, and who evidently knows which number to bet, invested five billion dollars from his personal coffers in September 2008 in Goldman Sachs. J.P. Morgan (who has as its representative on the board of the Federal Reserve Bank of New York James Dimon) also announced on July 15, 2009 a net profit in the second quarter of \$ 2,7 billion, a 36% increase. Timothy Geithner, Obama's Treasury Secretary, questioned by reporters as he passed through Paris on July 15 on the excellent results of Goldman Sachs and J.P. Morgan said there is "a very encouraging improvement in confidence in the overall stability of the financial system. Markets start to work better. " And on the remuneration of the leaders (who are usually exorbitant) declared: "We want to make sure that the remunerations reward the good performances". Henri Guaino, special adviser to Sarkozy, expressed a different opinion: "It is an absolute scandal. It is shameful. Goldman Sachs Bank is largely responsible for what has happened, like many other establishments of the same kind. Seeing it now flooded with dollars and bonuses is really scandalous. Goldman Sachs would not exist if the American taxpayer had not bailed it out."³ Geithner explained his ideas in a report published in the French newspaper Le Monde on July 18, 2009. He said that the time had not come to revive the US economy; he invited the citizens of his country to "save more" and added that "the dollar will remain the world's reserve currency." That is, he outlined the contours of a policy designed to ensure the hegemony of financial capital in the US economy and to preserve such hegemony worldwide through the dollar as the world's reserve currency.

It can be concluded that in the United States: 1) the general trend is that the gap between rich and poor continues to deepen; and 2) in times of crisis, the rich get rich and the poor get poorer. If one examines the situation in other countries in different regions of the world –even in those with "progressive" governments– one can conclude that these two "laws" of contemporary capitalism have universal validity.

³ Diarios Le Monde (15/7/09), Le Figaro (16/7/09), L'Humanité (16/7/09), Agencia Reuters (15/7/09) y Revista Le Point (17/7/09).

Germany

Nearly half of German workers with a "minijob" earned a wage last year below the minimum wage stipulated by law in the country, according to a study by the Institute for Economic and Social Research (WSI) of the Hans Böckler Foundation of the Confederation Of Trade Unions (DGB). According to the published data, almost 50 percent of these low-paid employees received a lower wage than the minimum of € 8.5 per hour (\$ 9) gross established by the legislation. In addition, one in five earned less than 5.5 euros per hour, the report said. The WSI study also notes that there were "numerous violations by employers", albeit it highlights that the salary situation of workers with a "minijob" improved "partially." Thus, a year earlier, in 2014, the percentage of people who had this type of work and charged less than the minimum wage amounted to 60 percent. The "minijobs" were introduced into the German labour market in 2003. People who have a "minijob" earn a maximum of 450 euros per month and are exempt from paying social contributions. This formula gives rise to controversy in Germany because, although on the one hand it favours the entry into the labour market of people like students or retirees who want to increase their income, it also favours the precarisation, since the minijobbers do not contribute to social security and have no access to certain benefits, such as retirement. They are also a frequent target of criticism by unions, who understand that many employers take advantage of such contracts to lower labour costs and require the employee to work for many hours for only 450 euros.

The minimum wage was only introduced in Germany in 2014 and came into force in 2015 as one of the main demands of the Social Democratic Party (SPD) to sign the government pact with the Christian Democratic Union (CDU) of Angela Merkel. The initial amount was 8,5 euros per hour and then was increased to 8,84 euros per hour. (<http://canarias-semanal.org/not/19767/minijobs-trabajo-basura-y-superexplotacion-laboral-en-alemania/>). However, a gross wage of 9,30 puts the worker in a precarious situation; a situation in which 24,3 of Germany's employed workers are. In addition to the "minijob", there are other types of precarious work contracts such as "midijob", temporary, contract service, part-time tax, etc. (See: "The fracture sociale in Allemagne? A catastrophe dont on parle trop peu" (<https://www.mediapart.fr/journal/international/110217/la-fracture-sociale-en-allemande-une-catastrophe-dont-parle-trop-peu>)). We must add the exploitation in Germany of migrant workers coming from other European Union countries and from beyond, whether from other European countries or coming from other continents.

There is a European Union Directive of 1996, amended in 2014, on workers displaced within the European Union. A supplementary directive was being considered in 2016. Workers are displaced when they provide cross-border services in the single market of the European Union. A 'displaced worker' is employed in an EU Member State, but has been temporarily sent by his employer to another Member State to perform his work. Between 2010 and 2014, the number of displaced workers increased by almost 45%. By 2014, approximately 1,9 million European workers were displaced to other Member States. The displacement of workers is particularly prevalent in the construction sector, in the manufacturing industry and in service sectors such as personal services (education, health and social services) and business services (administrative, professional and financial services). According to the European directives, displaced workers must receive the same wage as local workers.

But even if the directives are honoured (which does not always happen) the labour costs of the displaced worker are lower because the social charges of the same are those that govern in their country of origin, which are generally much smaller. For example, while in France the employer's share of the social security contributions represent just over 40% of the gross wage, in Romania the same charges represent 25%. So a French employer who hires a Romanian worker under the EU directives saves 15% of social charges. It should be added that until 2015 the minimum wage did not exist in Germany and displaced workers from Poland and other Eastern countries received wages of misery.

Finally, a good part of the displaced workers are not reported and continue to receive wages below the legal minimum wage. Migrant workers from Africa and the Middle East experience even worse luck, for they are not protected by European directives and are systematically overexploited. This is happening across Europe, not just in Germany, but also in Spain, Italy and other countries, albeit the overexploitation of immigrants (legal and illegal) is virtually a universal phenomenon. The exploitation of migrant workers in Europe does not take place only in Germany, but in several other countries on the continent, albeit the exploitation of immigrants (legal and illegal) is virtually universal phenomenon.

In 2005 (during a Social-Democratic government) Hartz IV, the "Fourth law of labour market modernisation", entered into force in Germany, which meant a frontal assault on the hitherto existing unemployment subsidy and which led to its merger with the Social Assistance entity. This eliminated its nature and enhanced the precariousness of employment.

(See: http://www.lesechos.fr/02/02/2015/LesEchos/21868-053-ECH_hartz-iv--la-clef-controversee-du-miracle-allemand.htm#5S31IDTEFPBqhuoD.99) For work performed at their living quarters migrants usually earn a wage of 1.05 euros per hour. Yet this amount of remuneration is not limited to migrants but also applies, under certain conditions, to nationals. It is called "ein euro jobs", paid to those who already receive a public subsidy and perform work of general interest. It seems inspired by the Minimum Employment Plan (PEM) of the Pinochet dictatorship in Chile.⁴

Overexploitation of migrant workers in Germany has other features. For example, in the construction sector, companies "outsource" their labour pool by subcontracting to ghost companies. That is, they only exist to supply foreign workers who earn wages below the minimum wage, according to Frank Schmidt-Hullman, responsible for the issue of migrant workers in the German construction trade union (IG-Bau). These "ghost" companies, Schmidt-Hullman goes on to explain, often pay the workers some months of wages, then stop paying them and the workers continue to work in the hope of getting paid at the end of the work. Another type of abuse by Germany's construction companies is to employ migrant workers as 'independent', who are thus not entitled to the minimum wage or social security. (<https://www.equaltimes.org/exploitation-de-travailleurs#.WK2H5jvhA2w>).

France

Precarious contracts of less than one month continue to increase: 1 million and a half in 2000 and 4 million in 2016, albeit most are contract renewals with the same worker: a worker who lives every end of the month with the anguish of not getting a contract renewal. Only a fifth of these contracts are converted into contracts for an indefinite period (Le Figaro Economie, 01/27/2017). The publicly-traded companies shared dividends with shareholders in 2016 for 56 billion euros, 13 billion more than in 2015. In contrast, they used only half of that amount in productive investments. Purchasing power has remained more or less stable in recent years due to social aid, not due to the increase in nominal wages, which have remained stagnant. The share of social benefits of total disposable income of wage earners, which in the 1950s was around 15%, in 2013 exceeded 34,5%. This means that, on average, one-third of the income of wage-earners in France comes from the contributions of the workers themselves, contributions from employers and the state budget, i.e: from taxpayers in all categories.

In other words, large corporations make huge profits by exploiting their workers;⁵ the State, on one hand, uses public money to subsidise firms⁶ and, on the other hand, to compensate with social benefits the low wages they pay. Corporations and their shareholders accumulate profits in three ways: exploiting workers in the productive process, receiving state subsidies and paying low wages that are partially offset by social benefits. What do they do with those huge profits? They keep half to speculate (that is to say, to seek more profits without going through the productive process) and to live lavishly and squander to the point of obscenity, whilst only the other half is used in productive investments. The scarcity in productive investment is due to the stagnation of the purchasing power of the majority of the population, which in turn causes a reduction of the potential market for goods and services. Capital owners counteract the loss of profits provoked by the drop in demand by redirecting a good part of their profits towards financial

4 See: Naciones Unidas. Informe del Consejo Económico y Social. Protección de los derechos humanos en Chile. 1979. Párrafos 305-307 (repository.un.org/bitstream/handle/11176/140709/A_34_583-ES.pdf?sequence=1...)

5 Namely, exploitation consists of people with their work –manual or intellectual, in which they use their physical energy, their intelligence, their knowledge and skills– produce goods and services (manufactured items, works in agriculture and livestock, extracts minerals, transports people and goods on trains, ships and airplanes, educates and teaches, provides medical or paramedical services, disseminates information (or misinformation), performs artistic performances, investigates theoretical and / or applied science, writes novels or essays, etc. Everything reaches directly or indirectly the final consumer as goods for which the latter pays a price. This price represents the value created by the worker plus the value (also created by human labor) of the raw materials used, the amortisation of the machinery and the buildings where the work is done, etc. From this price (money) a minimum part returns to the worker in the form of wages or other form of remuneration and most to the capitalist in the form of profit. That gain is the part of the value created by the worker and not paid back. That is the general rule in the capitalist system, in which goods and services go to the market for sale, that is, to exchange them for money. Thus it requires to be measured with the common denominator of all commodities: the human labour necessary to produce them. At the end of the cycle (the sale or realisation of) the goods will be transformed into money, which is the general equivalent of all the goods. Most of this "general equivalent" that represents the value of human labor will fall into the pockets of capitalists in the form of bank accounts, stocks, speculative financial products, or will end up in tax havens.

However, there are few exceptions in which the worker is paid well above the value he actually created, as is the case of some especially-skilled athletes, very popular artists, etc. These high remunerations are explained due to the wide mass media coverage of the artists and athletes performance, which generate huge profits for show business, sports promoters, advertising agencies, etc.

The work performed at home is also value-creating work, for caring for children, preparing food, cleaning ... But as it is not transformed directly into merchandise it lacks a price and is not remunerated. Yet it should have a price because it is time for work and plays a fundamental role in the reproduction of the labor force, which in the capitalist system is a commodity. The worker reproduces his workforce in the short term by feeding, sleeping, resting and leisure if he/she has time and money and reproduces it in the long term in the person of his children, to whom he/she has to feed, care and ensure a minimum of schooling that allows them to access a job.

6 The "Pact of responsibility" between the "socialist" government (left government, as the media calls it, cultivating a gross and, at this point, unsustainable misunderstanding) and business. Forty billion annually given to companies in exchange for the creation of one million jobs. Companies pocketed the gift but only created about one hundred thousand jobs. (See: Pacte de responsabilité: sans les emplois, faut-il verser les 7 derniers milliards aux patrons? (<http://www.marianne.net/pacte-responsabilite-les-emplois-faut-il-verser-les-7-derniers-milliards-aux-patrons-100239520.html>)).

speculation. And to complete the stripping of society, they evade the payment of taxes in different ways: illegal (fraud and evasion) and legal (optimisation) for an annual amount between 60 and 80 billion euros (<http://www.economie.gouv.fr/facileco/evasion-fraude-optimisation-fiscale>).

These practices of the great capitalists in France are not a "French exception" for, with some nuances, they are the same in all countries of the world. In July 2016, the French Government imposed a non-vote on Parliament, under the procedure of art. 49-3 of the Constitution, a labor law (El Khomri law) similar to the Spanish law, called the "Workers' Statute Act, consolidated text of 2015", which we shall see later. Also introduced –as in Spanish law– the so-called "inversion of the hierarchy of norms". That is, the prevalence of a business agreement on the sectorial agreement. Company agreements can be 'defensive' or 'offensive'. They are "defensive" when a company goes bad and then the agreement can contemplate the reduction of wages, the increase of the working day, the dismissal of personnel, etc. And they are "offensive" when a company has good prospects of conquering new markets and to increase its competitiveness can agree with its workers to the same measures as in the "defensive" agreements. And workers generally accept, subjected to blackmail of dismissal or relocation of the company.

Spain

The personal assets of the 200 wealthiest people in Spain grow by 31,4 billion, source: El Mundo. Monday 6 February 2017. The 11th edition of "The 200 wealthiest in Spain" offers quite a clear conclusion: for wealthy Spaniards the crisis was behind, way back. In just two years, their joint assets have grown by 60 billion euros –more than half of them just in 2016– to a total of 237,15 billion. It should be added that in 2007 this equity was 178 billion, and in 2008 it had fallen to 108 billion with the crisis. That is, it took eight years for the wealthiest ones to recover quite well from the crisis and to double their assets.

According to the National Institute of Statistics (INE), the average gross annual salary in Spain in 2014 was 22.858 euros per person, 0.7% more than the previous year and 4.4% higher than the figure for 2008. At the same time, the median wage –that is, the point where half of the wage earners earn more and the other half earn less– was around 16.500 euros. According to INE data, real wages fell by 1,5% in the three years from 2011 to 2014. However, such waning has been clearly poorly distributed to the detriment of workers who earn less: whilst for the top 10% of wage earners real wages increased 0,7% in the three years –and 10,4% in the previous three years– for the bottom 10% of wage earners, the accumulated loss of purchasing power since the beginning of the crisis has been of an overwhelming 27,6%. *The wage reduction is more intense where less qualified workers are concentrated*, says Carlos Martin in a recent report. *It is where the unemployed reserve army exerts more pressure and where the protection capacity of unions is lower.* (See: Wages have lost almost 10% of purchasing power with the crisis http://economia.elpais.com/economia/2016/11/18/actualidad/1479466426_164468.html).

The wage gap between men and women in Spain –another way of strengthening capitalist exploitation worldwide– is of 64,8%. It is the percentage of the average male wage that the women earn in Spain. One of the most important factors in the size of this wage gap is the fact that, while only 7% of men work part-time, that figure rises to 25% among women. This means that while only 7,8% of male employees earn the equivalent of less than an inter-professional minimum wage, that figure rises to 18,6% among women. (http://economia.elpais.com/economia/2017/01/13/actualidad/1484320336_978741.html). Flexibility at work allows entrepreneurs to shed their older employees and hire instead younger workers who are paid lower wages. If the drop in average wages of part-time workers has been 6,5%, for those who have been in the company for less than a year this has been 11,3%. Things do not improve for full-time positions: wages for newcomers have dropped by an average of 5,3%, although overall wages have increased by 6%.

Another way of keeping wages low is to allow agreements to be made per individual company, thereby weakening the bargaining power of workers when exercised through sector-by-sector discussions, or by enforcing agreements in a company that negatively affect wages and working conditions of the sectorial agreement. «Divide to reign» is the motto of the bosses. (See Law on the Statute of Workers, consolidated text of 2015, especially article 82, paragraph 3 on the power to modify the agreement of the sector of activity in a company.) <https://www.boe.es/buscar/act.php?Id=BOE-A-2015-11430>).

The "progressive" governments of Iberian America

In countries where there are (or were) governments regarded as progressive, negative long-term trends in income distribution are the same as in rich countries. In each case, these trends have followed a different rhythm, depending on two fundamental factors: 1) the existence, in some cases, of the political will of the respective governments to carry out some economic and social changes in favour of the most impoverished and, in other cases, the predominance of a cocktail of clientelism and corruption, and (2) the power of popular struggles, which has not been decisive in consolidating and deepening the changes for different reasons: government repression⁷ and the inability of popular sectors to unite and organise independently around a project of radical changes. However, in these countries, despite the differences, there is a common denominator: governments have not touched structures of capitalist production, which engender not only different degrees of poverty and deep social inequalities but also of all the evils (ecological, political, cultural, educational, health, etc.) that afflict contemporary society.

Put differently, "progressivism" in its different variants can generate relatively short periods of improvement in the living conditions of the poorest, but, as it does not aim to change capitalist production relations, it is doomed either to undertake the Countdown and / or to cede—in one way or another—government management to core and hardline ultraliberal elites. There is, in fact, a distribution of roles between progressive and ultraliberal, according to economic climate and circumstances, all at the service of the dominant capitalist system. Let us look at only three cases, for it would be too extensive to refer to others such as Brazil⁸, Venezuela⁹, Nicaragua¹⁰, and some others, for regardless of their own peculiarities they all meet the general characteristics of progressivism. Some call it "left populism".

Argentina

According to an article published in the newspaper La Nación, based on INDEC data <http://www.lanacion.com.ar/1762788-equality-social-distribution-del-ingreso-sin-mejoras-desde-2011>, if one considers the total monthly earned income of Argentinian households, 10% of the population takes a third of those resources. At the poorest extreme, more than 60% of the population accounts for another third of the earned income. The difference between what reaches the most and the least favoured is today 20 times. The data, drawn from INDEC's report for third quarter 2014, refers to the sum of labour and all other income. The gap between the richest and the poorest 10% has been significantly reduced compared to that recorded after the severe social and economic crisis of the beginning of the century, but it is almost equal to that of four years prior, whilst other indicators of inequality are even more unfavourable relative to some historical values. In 2011, an improving trend in income distribution that took place in the preceding years was stalled, not just in Argentina, but also in Iberian America as a whole. In Argentina's case, a positive redistribution was

7 A paradigmatic case of the contradiction between the discourse and the facts characteristic of "progressive" populism. GENEVA (30 December, 2016) - A group of United Nations human rights experts criticised the repressive measures of the Government of Ecuador to stifle civil society following the issuance of a closure order from an NGO that supports environmental and indigenous rights. On 18 December, Acción Ecológica called for a Peace and Truth Commission to investigate attacks against indigenous and environmental rights. Two days later, the Ministry of the Environment initiated the dissolution process, giving the group 24 hours to respond and ten days to present defence tests. The measure against Acción Ecológica comes in the midst of a conflict with the indigenous Shuar people who try to stop the mining activities in what they consider their lands. The defence group, which vocally supported indigenous protesters, is the latest in a series of government-affected organisations. The group of independent experts called on the Ecuadorian authorities to revoke the decision and reform the legislation it is using to dissolve the groups. UN experts have already criticised the government for dissolving groups like Pachamama and the National Union of Educators, and for also trying to close the NGO Fundamedios in the last three years. "It seems that the government of Ecuador is systematically dissolving organisations when they become too vocal or defy official orthodoxy," they said. "This strategy of stifling civil society has been implemented through two decrees – 16 and 739– that give authorities powers to unilaterally dissolve any type of organisation." "The direct consequences are the progressive silencing of any group that challenges or offers alternative ideas to the government's ideas, and therefore reduces the visibility of the situation of vulnerable and marginalised people," they indicated. "It is ironic," added the experts, "that the same government in Ecuador that is leading the positive international effort to make companies accountable through a binding treaty is reducing the space for local groups asking the government to be accountable". "This last measure once again violates international human rights standards, including the legitimate exercise of freedom of association," according to the experts. "It shows a systematic disregard for the repeated calls of the international community to put an end to repressive measures against human rights groups." "Dissolving groups is the most severe type of restriction on freedom of association," they stressed. Experts called on the government to ensure that all members of groups, particularly those who defend human rights, can fully exercise their rights to freedom of expression, association and peaceful assembly, including their ability to criticise government policies and practices. The Special Rapporteurs of the UN renewed an offer of technical assistance to the Ecuadorian Government to reform the existing restrictive legislation. (*) The experts: Mr. Maina Kiai, Special Rapporteur on the right to freedom of peaceful assembly and association; Mr. David Kaye, Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression; Mr. Michel Forst, Special Rapporteur on the situation of human rights defenders; Mr. John H. Knox, Special Rapporteur on the question of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment; And Ms. Victoria Lucia Tauli-Corpuz, Special Rapporteur on the rights of indigenous peoples.

8 See: <http://subversiones.org/archivos/122156>; <http://www.librerred.net/?p=43979>

9 Manuel Sutherland, El desastre monetario en Venezuela, billetes de Bs. 100, inflación y una alternativa. Centro de Investigación y Formación Obrera (CIFO) <https://alemCIFO.wordpress.com/2017/02/22/el-desastre-monetario-en-venezuela-billetes-de-bs-100-inflacion-y-una-alternativa/> ; Véase, de Alejandro Teitelbaum, La situación actual del movimiento obrero en Venezuela- <http://www.argenpress.info/2014/03/la-situacion-actual-del-movimiento.html>.

Alejandro Teitelbaum, La política petrolera del gobierno de Venezuela a la luz del conflicto con Exxon Mobil. 2008. <http://www.rebelion.org/noticia.php?id=65313>

10 <http://www.nicaraguahoy.info/la-verdad-sobre-los-salarios/>; <http://www.ipsnoticias.net/2017/02/una-campesina-hace-frente-al-presidente-de-nicaragua/>; <http://vientosur.info/spip.php?article12244>

encouraged, after the crisis, by the resumption of wage bargaining, job creation and the reorientation and expansion of social plans with money transfers.

In a study published in April 2015 by the CGT Regional Venado Tuerto (The distribution of wealth in Argentina in the last 60 years) we can read:

« Wage bargaining in Argentina is a struggle that, in real terms, seeks to increase the participation of wage earners in Argentina's Gross Domestic Product. Since the famous "fifty / fifty", when in 1954, during the presidency of J.D. Perón, workers took a 50,84% of GDP share, the workers' share has been plundered due to the appropriation of income by the other producers of GDP: the landholders and the equity capital holders. As it is known, INDEC was placed under independent scrutiny in 2008 and has stopped assessing the national accounts, thus there are no official sources that can determine the current workers' share of income ».

In the study of the CGT, a table shows the share of income of wage earners between 1950 and 2013. Its highest peak is in 1954 with 50,84%. It remains, but for a few years, above 40% up to 1976. During the military dictatorship it abruptly drops to 22,56% in 1982. Then it slowly recovers until 2001 (29,28%) and collapses brutally in the following years to a mere 21% in 2003-2004. In the following years it begins a slow recovery, which accelerates between 2008 and 2011 to 36,03% in the latter year, to the drop again beginning in 2012.

In the newspaper Página 12 of 28 December, 2008 an article was published with an interview with the authors of the study that served as the basis for the later work of the CGT de Venado Tuerto, with the title: Sixty years on the slide (<https://www.pagina12.com.ar/diario/elpais/1-117406-2008-12-28.html>). The 12 years of "progressive" government (in its variant of clientelism and corruption) ended in Argentina in December 2015 when it lost the elections against pure and hardline ultraliberalism. Since then, the social gap has been greatly accelerated with the brutal fall in the purchasing power of wage earners and the rise in unemployment. In other words, despite the ups and downs, the general tendency of the workers' share in Argentina's national income is descending, as it does across the whole world.

Bolivia

The Government and the Central Obrera Boliviana agreed on 2 May, 2016 to a raise of the national minimum wage of 9%, from Bs 1,656 to Bs 1,805 (\$ 238 to \$ 259); and a 6% increase in the basic wage; increases that the government validated by decree. This increase does not apply to civil servants who receive high remunerations. "Among the austerity policies we decided that public servants earning more than 15,000 Bolivians (\$ 2,155) there will be no salary increase for this year, as a contribution to the welfare of the national economy," President Evo Morales expressed during the celebration of Labour Day. This benchmark is used for the calculation of various labour benefits. Due to the country's less favourable economic situation resulting from the decrease in international prices of commodities, particularly petroleum, these increases are lower than those granted in recent years (www.eltelegrafo.com.ec/noticias/mundo/9/morales-decreta-aumento-salarial-del-6-que-no-aplicara-a-las-autoridades).

A study by the Center for Studies on Labour and Agrarian Development (CEDLA) shows that in seven years (2006-2012) wages grew by only 10,21%, whilst gross Domestic Product (GDP) grew 33,35%. This "denotes an increase in the exploitation of workers who, with a virtually frozen wage, produced a greater quantity of goods", during this period. Bruno Rojas, an economic analyst at CEDLA, explained that to date wage growth is only nominal and not real. "Real wages are established and assessed vis-à-vis the cost of living, depending on the family basket of goods and the variance in prices,". He added that this indicator did not change more than 10%, despite a wage growth of 200% since 2006. "Disregarding the presumed statistical manipulation of the official price index, real wages would have remained almost unchanged over the last even years, for the real annual increase would have been 1.5%." https://www.eldia.com.bo/index.php?cat=1&pla=3&id_articulo=139885

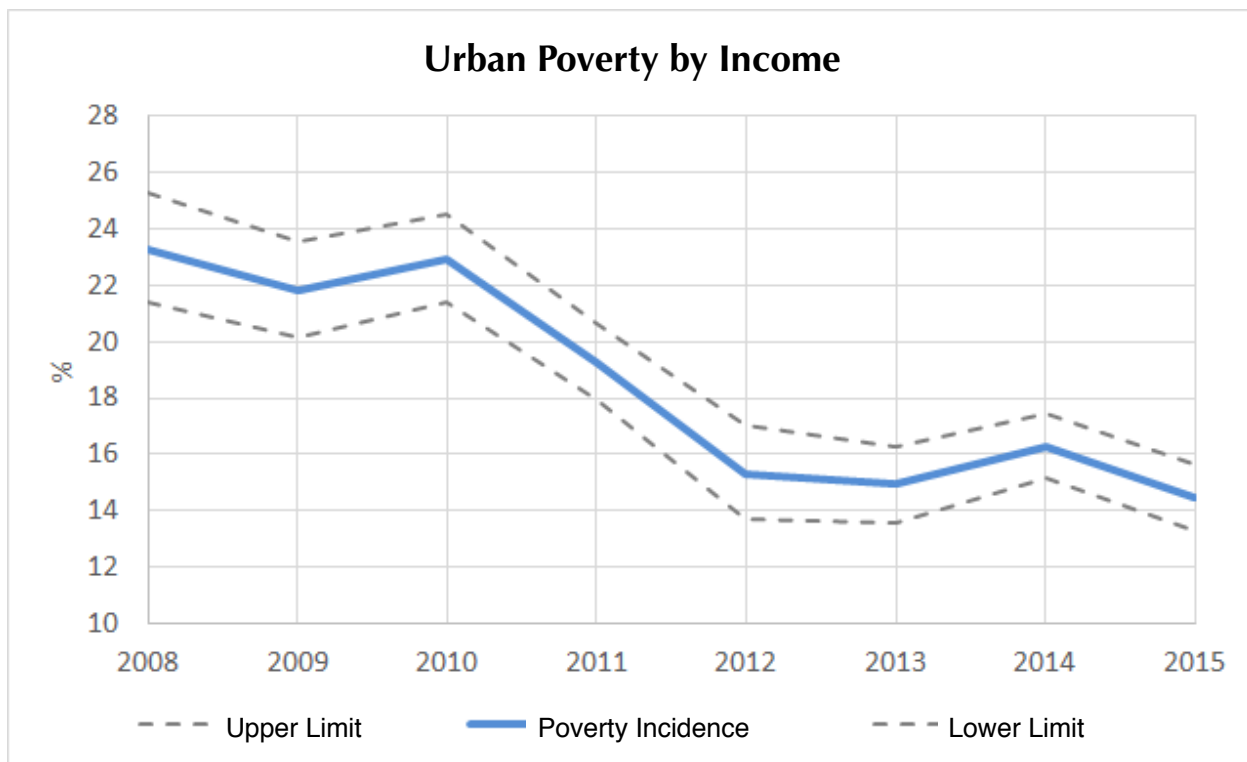
Ecuador

«Since 2007, the gap between household income¹¹ and the basic food basket¹² steadily narrowed. This trend already began in previous years as a rebound effect after the severe economic crisis entering the new century, which was exacerbated by the imposition of the replacement of the national currency by the U.S. dollar. It should be noted that under President Correa's administration, efforts to raise wages made real household income greater than the cost of the basic basket. This income is assessed annually, which is increased only at the beginning of the year, when basic remunerations are fixed».

«The best thing would be for a household income to exceed the costs of the basic basket, an objective not reached until now, even though the gap has tended to narrow, especially since 2007. For the month of December 2011, there is a deficit between household income and the cost of the basic basket of goods of 14,75%. In other words, families are short by \$ 94,2 to cover the basic food basket.» http://www.flacsoandes.edu.ec/web/imagesFTP/1335194287.Analisis_de_Coyuntura_Capitulo_4_Salarios_e_Inflacion_2011.pdf

See also: <http://www.elcomercio.com/actualidad/salariobasicounificado-salariominimo-ecuador-inflacion.html> and <http://www.eluniverso.com/noticias/2015/12/22/nota/5311638/salario-subio-339-menor-porcentaje-ultimos-10-anos>

"Urban Poverty ... The following chart shows the evolution of urban poverty by income in June of each year:



»As can be seen, the incidence of people living in poverty has remained statistically at the same levels for the past three years. Apparently, this barrier is difficult to overcome.

¹¹ The family income is the sum of the basic salary, \$ 240 for 2010, plus the benefits of law (thirteenth and fourteenth, divided for 12 months) \$ 40, for a family, considering 1.6 recipients, \$ 448.

¹² The baskets refer to a household with 4 members, they are constituted by about 75 articles, out of 299 that make up the Consumer Price Index (CPI). The family basket was constituted in 1982, while the vital basket was constituted in January 2007, for October 2010 represents a cost of \$ 540.1 and \$ 386.3 respectively.

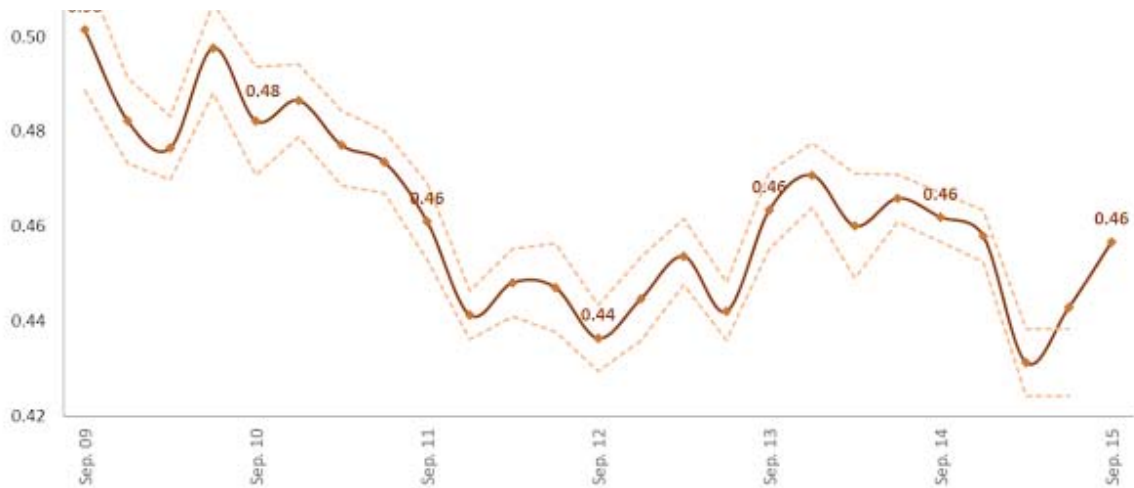
»Inequality. In addition to poverty, another of the government's fronts of struggle has been the reduction of inequality in income distribution. Here it also appears that the government is facing a wall that does not allow it to improve the Gini Index that follows:



Urban Gini Index

The Gini Index as a measure of economic inequality, shows that at the national level, in September 2015, inequality sustained itself vis-à-vis September 2014, with a recorded index of 0,46.

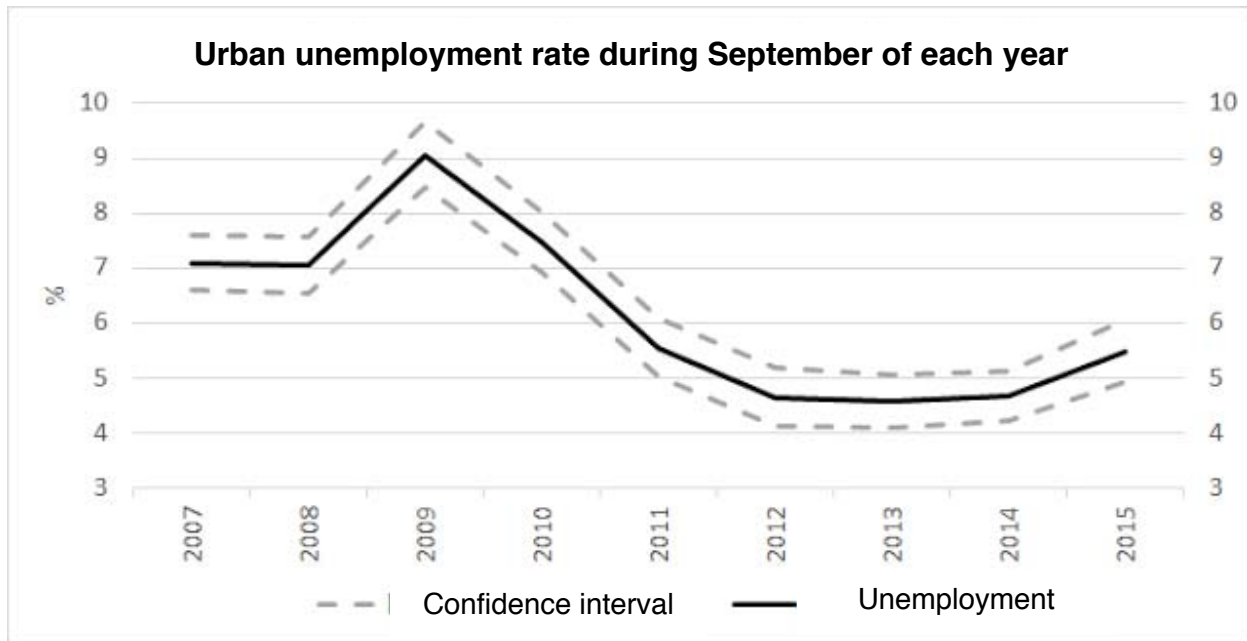
(sept 2009 – Sept. 2015)



Fuente: ENEMDU

"The higher the Gini Index, the more uneven the income distribution. As one can see, between 2009 and 2011 the index dropped, which means an improvement in the distribution of income. However, since 2012 the index grew, in particular in the third quarter of this year compared to the first two, to levels similar to those of 2013 and 2014, which are higher than the minimum reached in 2012 » ...

... "The urban unemployment rate in September has begun to show an increase over its similar rate a year ago. The chart below shows the evolution of this indicator:



The indicators of underemployment show that this has also increased with respect to previous years and is around 13%, a level similar to that of 2010. The adequate employment rate, on the other hand, has decreased with respect to September of 2014, from 58% to 54%, the latter level similar to that of the years 2011-2013. (<http://economiaenjeep.blogspot.fr/2015/12/como-termina-ecuador-el-2015-y-lo-que.html>).

It can be said that this panorama, with its specificities, is similar in the former "true socialist" countries that are already back in capitalism and in those that have embarked on the way back. See: Jacques Sapir «Réflexions sur la situation économique de la Russie» (<http://russeurope.hypotheses.org/5682>); "Cuba, the real wage of each day" (<http://m.kaosenlared.net/kaos-tv/64208-cuba-el-salario-real-de-cada-d%C3%ADa>); "The dilemma of the real wage in Cuba" (<https://jovencuba.com/2016/09/06/el-dilema-del-salario-en-cuba/>).

IN CONCLUSION

We wanted to give a brief overview of some aspects of the current system of domination, exploitation and alienation on a planetary scale and to show the paradox of a contemporary society in which scientific and technological progress is dazzling but where the minimum needs of a good part of the world's population remain unsatisfied and their legitimate material and spiritual aspirations are unattainable, while a tiny minority has confiscated power and accumulates wealth to obscenity.¹³ The present state of development of the productive forces could allow us to glimpse the threshold of society that Marx foresaw more than a century and a half ago: the human being freed from necessity, physical labour and alienated labour and having more free time devoted to his personal fulfilment.¹⁴ But the current trend is totally the opposite, and the political-economic elites, with their entourage of ideologues, economists, "political scientists" and other specialists¹⁵ present as inevitable the unjust, economically irrational and ecologically lethal social policies. Under the pretext of fighting the crisis and unemployment and "saving" social security, instead of reducing working time and increasing wages and pensions as a result of increased productivity, wages are frozen or lowered¹⁶, the working day is extended, "labour flexibility" is introduced (which it is sought to make it acceptable by using the neologism of "flexisecurity"), retirement age is increased, pensions reduced and time and amount of covered unemployment benefits is reduced. And, while budgets for weapons and wars of aggression are increased, taxes are reduced or limited to large profits (whose astronomical magnitude at the level of the richest elite escapes the common understanding), it is argued that there are no resources for public health, decent housing and education.¹⁷ But Marx's depiction of a free and human society is unfeasible within the capitalist system based on the increasing commercialisation and exploitation of the human being and of nature by a tiny minority of holders of the instruments and means of production, of change and of the power of decision-making.

The only alternative is for people to rid their brains of the spider webs of the dominant ideologies and cultures (including the "left" and right populisms) and try to become conscious about and understand in all its aspects the current system and its intrinsic injustice, inhumanity and irrationality. And that each individual becomes aware of the place they occupy in the system, which for the vast majority of human beings is as victim, although some have sufficient income (or the possibility of borrowing) to be part of the social strata alienated by consumerism.¹⁸ And understand that the solution is not individual, defending its consumer status or trying to achieve it (the mirage of "social mobility") but is collective, which consists in radically transforming the social system. Without a qualitative change in the level of consciousness and organisation of the oppressed and exploited majorities that reverses the –currently unfavourable– relationship of forces with the ruling classes, we should not exclude the hypothesis that the capitalist system with all its aberrations (economic, social, environmental, political and cultural) would lead humanity in the mid term to its extinction, preceded by a stage –which has already begun– of regression to barbarism.¹⁹

13 See also: Alejandro Teitelbaum, *Inside Capitalism*. (http://jussemper.org/Resources/Economic%20Data/Resources/ATeitelbaum_Inside_capitalism.pdf);

<http://www.alainet.org/es/active/53858>;

<http://omal.info/spip.php?article284>;

<http://x5-news.blogspot.fr/2012/04/argenpressinfo-envio-especial-el.html>

<http://orantiar.blogspot.fr/2012/04/salud.html>

<http://www.simpatizantesfmn.org/blog?p=13242>

14 Marx wrote in the *Grundrisse*: "Free development of individualities and therefore no reduction of the time of work necessary with a view to laying surplus labour, but in general the reduction of the necessary work of society to a minimum, which then corresponds to artistic training, scientific development, etc. of the individual thanks to the time that has become free and to the means created for all", and adds that the measure of value in communist society becomes, not the quantity of working time, but the quantity of free time: "It is no longer then, whatsoever, the time of work the measure of wealth, but the measure of disposable time". Carlos Marx, *Fundamental Elements for the Critique of Political Economy* (*Grundrisse*, 1857). [Contradiction between the basis of bourgeois production (measure of value) and its own development. *Machines*, etc.]. Siglo XXI Editores, 12th edition, 1989, volume 2, pp. 227 and ff.

15 "The tendency of economics and other social sciences to adapt to the needs and mentality of the wealthy members of the community has been sufficiently pointed out," John K. Galbraith, *Voyage dans le temps économique*, Editions du Seuil, Paris, October 1995, pp. 114 and 115.

16 See: Álvaro J. de Regil, *Living Wages in the Paradigm Transition – The Imperative Challenge of Transcending the Market* (http://jussemper.org/Resources/Corporate%20Activity/Resources/Living_Wages_in_the_Paradigm_Transition.pdf)

17 "I am convinced that some of the things that are urgently required in the practical field, such as a central control of investments and a different distribution of income, in order to provide a purchasing power that guarantees the outflow of the huge potential product ringed about by modern technology, it will also tend to produce a better kind of society ... productive technology has reached such a level of perfection that has made evident the flaws in the economic organisation that have always existed. John Maynard Keynes, *The Dilemma of Modern Socialism* (*Society for Socialist Inquiry*) (13 December, 1931 in *L'assurdità dei sacrifici*, Ed. Manifestolibri, Rome, June 1995).

18 ... "Like those fat oxen, blind, quiet, deaf, grazing under the sun wagging their tail." Nicolás Guillén, *The whole sound. Elegy to an alive soldier*.

19 See: François Chesnais, *Economic roots of current political tensions and discontent. Has capitalism met with insurmountable limits?* 2017 (<http://www.vientosur.info/spip.php?article12231>)

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