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Alexander Cockburn and Jeffrey St. Clair

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Our Little Secrets

FRANCO'S SPAIN REVISITED

By ALEXANDER COCKBURN

In our March 1-15 issue, Agustin Velloso commented on Vicente Navarro's advisory to a young flamenco player wanting to combat nostalgia among his contemporaries about the supposed atmosphere of public safety in the Franco's years and their claims "about how much safer the streets were when Franco was around." Navarro described in some detail the cruelties and terrors of that time, not least in the biography of his own family, as Franco's Inquisition hunted down all dissenters and all those deemed sympathetic to the Republican cause.

Velloso's rejoinder about Navarro's evocation of tyranny, cruelty and fear in the Franco's years argued that "safety in general was greater (except in the post-war years) on condition you were apolitical or pro-Franco".

Here is Navarro's response:

"Agustin Velloso's letter translates an idealized vision of Spain under the fascist dictatorship that is common in conservative circles. It is plain untruth that under Franco you could live with your salary modestly but unmolested. Franco's regime was a class dictatorship against the popular classes and very much against the working class of Spain. The working and living conditions of most Spanish workers, including rural workers, were atrocious. Famine was common and tuberculosis rates were the highest in Europe. It was not until the 60s that the GNP per capita caught up with the equivalent figure of the prewar period. In the cities, unemployment was very high and the salaries of the employed were very low, again, the lowest by far of Europe. Occupational and environmental legislation to protect workers and the environment were was

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Where Is It Going?

The Decline of the Dollar

By ROBERT POLLIN

There are two mutually contradictory and flawed positions among the US left on the dollar's decline. One is that the dollar's fall is a domestic plus because it helps US exporters, and thus US workers, in export industries. The other position holds that the US economy is on the verge of bankruptcy because we rely on foreigners lending us money. There is some truth in both positions, but since they are mutually contradictory, obviously much more needs to be said. And neither of these positions recognizes the other salient point that, if the dollar's fall is good for US workers, it is bad for European workers, South African workers etc. Here Robert Pollin, author of *Contours of Descent*, a savage assessment of Clintonomics, marks out the ground and a departure point for the left. AC / JSC

Between January 2002 and December 2004, the dollar fell by 34 per cent relative to the euro, and 22 per cent relative to the Japanese yen. The prospect is for the dollar to keep declining at least through 2005, with the only question as to the dollar's trajectory itself being how far down will it go and how quickly it will get there. But this only brings us to the much more difficult question: is the dollar's decline good news or bad news? Figuring this out can get very challenging, especially because answers don't break down neatly along well-defined political lines.

U.S. exporting firms – especially manufacturers – are cheering the dollar's decline, since a cheaper dollar makes them more competitive in global markets. For example, the price of a U.S.-made Ford Taurus falls in terms of euros or yen when they are sold in Europe or Japan, even while their price in terms of dollars – and thus the dollar-denominated profits of Ford Motor Company – stays the same. The increased export competitiveness of Ford also then means more jobs for U.S. autoworkers.

But this same effect is making it harder for other countries to sell in the

U.S. The President of the European Central Bank has called the effects of the falling dollar "brutal" for the European economies, which have been barely growing this year. Unemployment in Germany, France and Italy, the three largest economies operating under the so-called "eurozone" averaged nine per cent in 2004.

The effects are even more severely felt in developing countries such as South Africa, Brazil, and Indonesia that are trying to sell in U.S. markets, since their success in selling exports to the U.S. is a major factor determining how quickly these economies can reduce poverty and increase opportunities for decent work. And even in the U.S. itself, where export-oriented businesses are clearly benefiting, the overall effects are not so straightforward. *Money* magazine warned its readers last February that if the dollar keeps falling rapidly, "you could face sky-high mortgage rates and a declining cost of living. In other words, ugly all around."

To sort through these issues, we need to begin by considering the relationship between the declining dollar and the U.S. economy's "twin deficits": first, our fiscal deficit, the fact that the U.S. govern-

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non-existent. When contaminating industries (such as asbestos) were prohibited in the U.S.A., or in Europe they moved en bloc to apartheid South Africa and Franco's Spain. Whose safety is Mr. Velloso making reference to?"

Looking again at Agustin's note, I think he was talking more about rural, peasant Spain than anything else. From my own experience growing up just outside the town of Youghal in rural Catholic Ireland, under the substantive dictatorship of the Catholic hierarchy in the 1950s, you would probably get the same reaction as Velloso's from many Irish people. In those days, elderly farmers and their wives weren't tortured and killed by young thugs looking for cash in their mattresses, and northside Dublin certainly wasn't as dangerous as it is today. On the other hand, though there were no firing squads and torturers, the Hierarchy held public morals and supposedly private morals in medieval intolerance. Single mothers had to flee to London or Boston, along with 100,000 Irish people a year emigrating for lack of work. And later, when the pharmaceutical factories quit an America they deemed to be under Nader's jackboot, they flocked partly to Ringaskiddy, on the estuary of the Lee, which flows through the city of Cork.

CounterPuncher Alya Rea who grew up in Russia in Brezhnev's years remarks that

in the 1980s the concept of safety could be interpreted on more than one level. "For common people such as myself who were removed from politics, life in the 1980s was as safe as it could possibly be. Without any reservations, people could go outside in the middle of the night and have no fear of being robbed or stabbed. My personal experience of living in the former Soviet Union can be easily compared to one of growing up in a greenhouse environment, which provided favorable conditions for physical and intellectual nourishment. However, anybody who ventured – either purposefully or inadvertently – to impugn the Communist Party's divinity, was harshly punished for his or her sacrilege. As a result, such 'unfortunate' individuals were ostracized and sent either to the mental asylum, prison, or out of the country. Of course, these facts were not publicized but rather hidden from the public eye in order not to spoil the iridescent picture of socialistic well-being."

As to the sense of international safety, Alya adds that there was no fear of any foreign invasion, as was the case with the U.S.A. during the Cold War. She was greatly surprised to find out that children in the U.S.A. were taught to crawl under their desks in schools across the country, to hide from a nuclear attack, "I am thankful for having had the opportunity to grow up in a country where the paranoid politics of fear were not imposed on its collectivity, as it seems happened before and is still happening in the United States of America nowadays."

Incidentally, we're very grateful to Vicente for his justly savage valedictory for Pope John Paul II, a hugely popular dispatch on the CounterPunch website amid the Pontiff's interment. . Our favorite moment (second-hand) during those rites? The devout Catholic mother of a CounterPuncher, as she watched on tv the phalanx of cardinals, resplendent in their red robes, the massed dignitaries, the vast crowds, the vistas contrived to focus the world's eyes on the transfer of one man's body to the mighty sepulcher of his predecessors, murmured raptly, : "So, so simple. Just as he would have wanted it."

NO BID, NO SWEAT BY JEFFREY ST. CLAIR

During the 2004 presidential campaign, the no-bid contracts to rebuild Iraq's oil infrastructure awarded to Dick Cheney's old firm Halliburton seemed to be a more con-

tentious issue than the war. Halliburton's \$2.3 billion contract was certainly a sweet deal, made even riper by the fact that Cheney continues to receive millions in deferred compensation from the company he once commanded. But Halliburton's Iraq deal, excoriated by the Democrats and the mainstream press, is a pittance compared to the loot that is being doled out every day in no-bid contracts by the Pentagon.

In the last six years, the Pentagon has outsourced more than \$900 billion worth of work to corporations through arms contracts. Of that total, more than \$360 billion – or roughly 45 percent – were handed out in no-bid deals.

Most of this loot was awarded to the nation's five biggest contractors: Lockheed got \$94 billion, Boeing \$82 billion, Raytheon \$40 billion, Northrop Grumman and General Dynamics about \$34 billion each. These five companies got \$283 billion in no-bid deals. This figure represents a third of all defense contracts and 15 per cent of all defense spending.

No-bid contract; risk-free profits. Lockheed, the Pentagon's largest contractor, pulled in more than 70 per cent of its war-based courtesy of no-bid contracts. This figure doesn't include the billions Lockheed gets in from joint-venture deals with the Pentagon, such as its work on the Joint Strike Fighter or Missile Defense. General Dynamics also received more than half of its Pentagon revenue on no-bid contracts.

A spokesman for Lockheed defended the move toward no-bid contracting by saying that it's simply a more efficient way of doing business. "It's not cost-effective for the Defense Department to develop a second source of production," explained Thomas Greer, a Lockheed executive.

At the very time the Pentagon increased the number of no-bid deals, it started to dump its own auditors overseeing compliance with the contracts by the weapons companies. The Pentagon is now outsourcing oversight and monitoring to private accounting firms, such as Booze, Allen Hamilton and Jefferson Solutions. Most of the contracts to monitor the performance of no-bid — contractors were themselves awarded through no-bid — deals. Final scrutiny is probably outsourced to Bangalore, which itself is outsourcing to Eastern Europe. From NATO to ex-Warsaw Pact – in two easy leaps.

The 70 top Pentagon contractors channeled about \$500,000 to the Bush reelection campaign, more than the companies gave to any other politician in the last decade. CP

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