

facts for working people

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Building a Democratic Socialist Alternative to the Dictatorship of Capitalism

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ffwf editorial

There has been much in the media about rising prices at the pump, but very little explanation as to why gas prices have rocketed. At a recent meeting of the Carpenters Union in Northern California many members thanked a brother for his socialist explanation. Below is a similar analysis by an LMV sister from the Nurses' Union.

Why Gas Prices Went Up

Working people are getting squeezed on all sides. We face foreclosures on our homes, rising food prices, unemployment, huge health care costs and declining social support. Can we afford to drive to work or heat our homes? Vacations from working longer hours are getting cut because of the cost of gas.

Why are gas and oil prices so high? Who and what is to blame?

Supply and Demand?

Many working people assume that increasing demand coupled with a decrease in the flow of oil from OPEC and other oil producing countries is to blame for the rise in oil prices. From \$103 per barrel in February 2008, oil has neared \$150 per barrel and over \$4 a gallon at the pump.

Demand for oil increases steadily in China's rapidly growing economy, but Anatole Keletsky of the London Times wrote, "the oil markets didn't suddenly discover China's oil demand nine months ago so this cannot explain the doubling of prices since last August."

Some blame oil producing countries for deliberately decreasing oil production and stockpiling oil to keep prices and profits high. A report from the US Senate Permanent Subcommittee on Investigations in June 2006, in response to last year's smaller increase in oil and petroleum product prices stated "while global demand for oil has been increasing – global oil supplies have increased by an even greater amount. As a result global inventories have increased as well. Accordingly factors other than basic supply and demand must be examined."

Certainly the profit-mad big oil companies are constantly looking for ways to increase profits. By limiting oil exploration, cutting back on refinery activity up to and including buying back shares, there is no doubt that huge oil companies like Exxon, BP and Mobil are a part of the problem. But these efforts on the part of Big Oil to manipulate the price of oil and gas are far from recent. They have been going on for decades and simply cannot account for the recent massive hike in oil and gas prices.

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What Indymac Bank got : Federal Bailout for Shareholders

\$15 Billion

What We Got : Available Public Funds for Schools, Healthcare, Housing



The following is an eyewitness report by an LA mother who went to her branch of Indymac Bank on July 14th to try and get her savings out.

At the Indymac in Pasadena people were lined up around the corner. For six hours we had to stand and wait for our money. We were treated like criminals! The intimidating presence of the police was all around. People didn't realize the Federal Government only insures \$100,000 dollars. People who've managed to save a little money over \$100,000 in retirement, 401k or savings are only guaranteed \$100,000, with the bank keeping the rest. Still many people were told of "bank errors", "computer glitches" and couldn't get the total amount out of their savings.

Because we were forced to wait outside in the 98-degree heat people began to collapse, suffering heat stroke. The bank finally began to issue appointments for people to come back in one or two days. This "gesture" from Indymac bank and the government was meant to shame us as working people. They wanted us to feel embarrassed to line up and collect our savings. They wanted us to suffer the heat and stand face to face with the cops to collect our money. The bank acted like they had to be afraid for their safety. Like if things get out of hand they might have to shoot someone.

The bankers and the others, whose double-dealing caused this mortgage meltdown are not suffering. People who want their life savings and retirements, they are. People who need money to live on and want peace of mind are. Indymac could have organized things better instead of people stressing in 98-degrees. People passed out from heat stroke and someone else had a heart attack.

Your Foreclosure or Eviction:

★ 5 Things to Save Your Home ★



1. Stay in your home: once you leave, you've lost. A verbal eviction is not legal. Find out if you have eviction protection laws in your city.
2. Organize – Safety in Numbers: Gather friends, neighbors and other tenants or subprime victims to resist your eviction.
3. Direct Action: Make your eviction public. Picket your landlord's home or your mortgage company. Demand your bank renegotiate the loan.
4. Get Political: Fight for legislation to regulate the banks and make them pay for this crisis. Fight for eviction protections and rent control. All the big banks should become publicly-owned and democratically run.
5. Contact Campaign for Renters Rights at 510.595.5545 for support, suggestions and help organizing.

www.laborsmilitantvoice.com (510) 595-4676

Why Gas Prices Went Up_(continued)

The Real Culprit

The real cause of rising gas and oil is not market fundamentals like supply and demand and the various profit manipulations of Big Oil. "It is the role of speculators that is currently adding up to \$60-70 to the price of oil per barrel." (Seattle Times 6.24.08).

There is an estimated \$90 trillion in capital funds world-wide. (One trillion dollars is one million, million dollars.) These vast sums of capital are in the hands of speculators who are desperate to find somewhere to invest and increase their funds. But there is more than sufficient productive capacity world-wide in terms of factories and productive forces. So what do they do? They seek out non-productive areas to put these funds. That is they speculate. This is what has been going on.

After the sub-prime mortgage collapse and subsequent global credit crunch, banks, pension funds and private hedge funds, aggressively went on the hunt for new profits. They channeled vast amounts of money into oil futures. In 2006 the US Senate in a report on "The Role of Market Speculation in Rising Oil and Gas Prices" stated "over the last few years large financial institutions, hedge funds, pension funds and other investment funds have been pouring billions of dollars into the energy commodities markets: perhaps as much as \$60 billion in the regulated US oil futures market alone - to try to take advantage of price changes or hedge against them." Having lost what may soon amount to \$1 trillion through the collapse of the sub-prime mortgage market, speculators, who basically betted on the ability of homeowners to make their mortgage payments or default, needed to quickly find a way to rake in profits elsewhere. Speculative investing in oil escalated in the race to make up for massive profit losses.

Similar speculative investment in food commodities such as rice and soy is behind the real cause of rising food prices, which has led to global food riots and starvation in many poor countries. Again, gambling on a huge scale, speculators buy future oil shares, putting only a small amount of actual money down, in the hope that by the time the sale is completed the price of oil will have risen, raking in huge profits for investors.

This inflationary aspect of financial speculation ensures rising profits for shareholders. They bet that oil prices rise in the short term, even over a period as short as 30 days. They then sell shares to stockholders based not on real but on potential increases in oil prices. Every minute somewhere in the world oil is bought and sold at prices much higher than actual value at the time. This in turn drives up the price of oil. With no regard to the effects such greedy speculation has on the entire economy, on jobs, on the ability of "fuel poor" working people to then pay their mortgage, buy food or various other consumer goods, this blind activity of the market, based strictly on short-term profit for investors, has a devastating effect on the incomes of working people.

The real cause of rising gas and oil prices, of foreclosures on our homes and of rising food prices, lies in the very nature of the capitalist market system. The role of finance capital and credit combined with speculation in futures where paper transactions, unhinged from actual economic activity of supply and demand and productive investment, is primarily to increase profits for investors as quickly as possible. These

speculative transactions blindly serve only one short-term goal: quick and easy profit for shareholders.

There can never be any stability for working people under such a system. Speculators do not produce or use the commodities they purchase on paper. It is just the constant movement (buying and selling) of shares, based on future not actual prices. This unproductive activity is designed to keep oil prices high and to show profit on shareholders portfolios. Just as with rising food prices when food staples like rice, corn and soy are transformed on a massive scale into commodities bought and sold not for human use but for profit, so it is with oil speculation.

A similar process led to the sub-prime bubble created when mortgages were offered to workers at low rates initially and when mortgage rates went up homeowners had their homes taken away through foreclosure. Sub-prime mortgages are bundled up and sold on the stock market in packages. Speculators then trade and bet on the ability of people to make their mortgage payments. This enabled house prices to keep rising, until interest rates increased slightly and hundreds of thousands were unable to make their mortgage payments. As the bottom fell out of the sub-prime mortgage market and the housing bubble burst speculative finance capital moved aggressively into commodities markets.

**Speculative Volume in Commodities
(mostly oil)
New York Mercantile Exchange
2003 \$13 billion
2008 \$260 billion**

What Future For Working People?

Many predict oil prices may go to over US\$200 a barrel. This will lead to further economic catastrophe for working people. There will be an increase in poverty and starvation in poor countries where already over 40 percent of the population suffer from some degree of malnutrition. More working people in the developed capitalist countries

in North America and Europe will become "fuel poor" - unable to pay their rent and mortgages and feed their families as they need to pay to heat their homes and drive to work.

Even on from a capitalist perspective, speculation-driven high gas and oil prices coupled with rising food prices hurt real economic growth. The economies and working people in the poorest countries will suffer the most. Already crushed by massive debt to the World



Spain: national Truck Drivers' strike against rising Diesel prices

Bank and the IMF they will experience continued inflation and the cost of everything will rise. In order to accommodate, governments will draw money out of whatever social infrastructure exists, which will in turn further increase the suffering of workers and the poor.

In a destructive cycle farmers reliant on oil and gas to run their farm machinery and fertilizers will be forced to cut food production, increasing again the price of food worldwide. Working people in developed countries, forced to spend more on food, gas and oil will be forced to decrease spending on other consumer goods. This combined with the credit crunch and the lack of available credit will further depress the economy. Our overall standard of living will decrease as workers pay the price.

This is happening now. Capitalism has brought the world economy into a terrible mess. It is the system that has to be ended.

Bush-Pelosi "Stimulus"

How people spent their
Federal Stimulus checks:

26% paid off debt
24% saved it
21% spent it on
living expenses
11% had fun



BOSS TALK



During the housing boom, Sub-prime mortgage brokers created their own in-house language for the loans that generated them huge fees. According to former White House insider, Kevin Phillips, these are the 3 most common ones: the no income, no job, no assets loan was deemed the "ninja loan." The "liar loan" was one where they knew the borrower was desperately stretching the truth and probably would likely lose their house. And the most cynical was the "neutron loan" named after the neutron bomb, which destroys people within their homes but leaves the home standing, allowing the house to be re-sold to their next victim.

Our "Budget Crisis" and Theirs



Will Bill Gates be firing some of his home's 300 staff?

The recession is affecting everyone. Layoffs, foreclosures and rising prices are forcing everyone to cut back, even America's new multi-millionaire class. While we put \$20 in the tank instead of filling it up, or weigh up whether we pay our health insurance bill or rent, these are the top 5 budget dilemmas facing America's top 1%, according to our reporter in the Hamptons:

5. Spend \$50 million on running for political Office or pay someone else the cash to run
4. Have fleet of 50 cars hand-washed bi-weekly or weekly
3. Join private golf & ski club for \$250,000 p.a. or just buy the resort for \$400 million
2. Build 100-seat private cinema on yacht or in villa
1. Fill \$47 million private Gulfstream (jet) with leaded or unleaded

A Working People's Political Party If not now, when?

We are heading for the November Presidential Elections in the usual style. Big business' mass news media tell us there are only two candidates running for President: Obama and McCain. This is not true. Only those candidates that can be relied upon to protect the corporations' interests are given coverage.

This censorship does not end there. The corporate media disguises the fact that Obama and McCain are both candidates of the corporations, both bribed and controlled by the lobbyists and both in support of the US corporations' military power being used overseas to control and exploit other countries.

These two candidates come out of big business' Republican and Democratic Parties. The fact that the trade union bureaucracy, without consulting their members, gives hundreds of millions of dollars to the Democrats does not change anything. The Democrats are just as much a party of the corporations as the Republicans.

The biggest problem for working people in this country is that we do not have a Party of our own. We do not have a workers' party. What would a workers' party look like? How would it develop?

Firstly, no trade union money should go to the Democrats. This vast amount of money should go to a massive campaign to explain that the bosses have two parties and that the working class needs its own.

Every trade union local could hold meetings and set up a political committee. Every working class neighborhood could be campaigned in with a view to set up a workers' party committee. These could be linked to form a workers' party local in every area of the country. Locals could also be set up in the schools and colleges, linking with these locals.

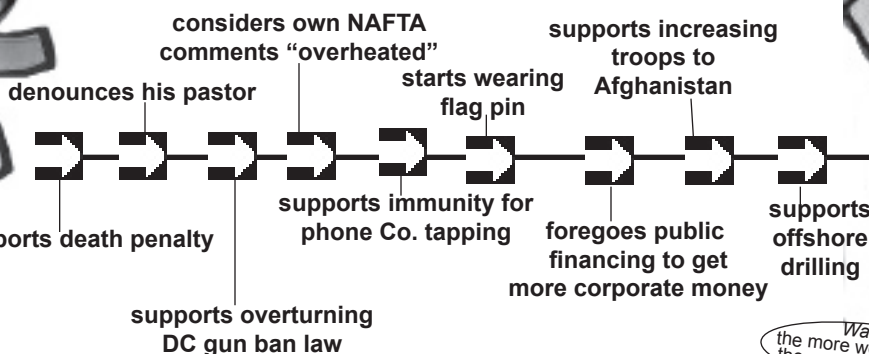
This network of working class people, throughout the entire country, could then go to work. Any job that was threatened, any wage that was attacked, any house threatened with foreclosure, this mass workers' party network could take direct action to prevent this. At the same time this network could take direct action to win a \$15.00 minimum wage for all or a \$5.00 an hour increase whichever was the greater, free health care for all and free education for all. This would transform politics and consciousness in this country.

that was then ...

Policies at the Starting Gate:

- Opposes Death Penalty
- Supports Troops Out
- Opposes Offshore Drilling
- Sympathises with Rev.Wright
- Will talk to Iran without preconditions
- Opposes Phone Co. tappers' Immunity
- Refuses to wear flag pin
- Supports DC gun ban law
- Supports opting out of NAFTA
- Accepts Public Financing restrictions

The Evolution of a Candidate



Wait,
the more we give him,
the worse he gets!

team
work

union



As Union Donations Increase
Obama moves further right



In the last month the following unions pledged their members' dues:
SEIU \$75m, AFSCME \$50m, Change to Win \$300m, AFL-CIO \$53.4m

Fighting the Clock

Paying for the Bosses' Luxury Lifestyle

Due to the current economy many workers have experienced price increases to their health plans. Mauricio De la Torre has been working at Professional Produce, a fruits and vegetables warehouse as a truck driver for 22 years. Recently, workers were informed of a new healthcare plan where co-payments and medicine would cost more.

The workers discussed the plan collectively and told the employer they wouldn't sign up. Mr. De la Torre said "they just want us to pay a higher price while they continue to buy their luxurious cars." Mr. De la Torre has a family of three and is paying \$75 per week for his healthcare.

After two weeks the bosses implemented the plan anyways. Their weekly payment went from \$75 to \$175 per week! When the workers found out they were really angry. How can anyone be able to afford such high prices? But because they're non-union they were afraid to speak up and get fired. Many of the workers had to drop the plan and only get coverage for themselves. We need to unionize our jobs because we have more worker rights, will be able to fight without fearing for our jobs and can stop the employers abuse of the workers! The bosses are on the offensive and we must defend and demand higher wages and job security.

Coming Soon

Tenant Victory in Los Angeles

Campaign for Renters Rights



Eat the Rich



Millions of South African Workers joined the General Strike against layoffs and price hikes on August 6th, 2008. One worker carried a sign, "Eat the Rich" conveying the anger at high-priced food while the rich get richer. The capitalist finance organization, the World Bank, has identified "33 countries where high food prices have already generated civil unrest."

Back Door Draft for War?

81,000

The number of US troops that have served their time and been refused the right leave the military, through the Government's Stop-Loss policy.

CONTACT US NOW

erin@bringdownbush.org

Oakland, Alameda (510) 595-4676

Chicago, Columbus (773) 913-8068

Toronto (416) 323-0620

Los Angeles, San Diego (310) 404-6729

Federal Government Bailout Application			FB-1 Form 2008
a Company name & Address or Swiss Bank Account Number	b Total number of minimum wage employees	c Industry: check one <input type="checkbox"/> finance <input type="checkbox"/> oil <input type="checkbox"/> defense contracting <input type="checkbox"/> other	d Total Assets (less than \$1 million, skip to K1)
e Friends in High Places (FIHP)	f1 Iraq Construction Expenses	g Total number of oil wells	h Reasons for Federal Bailout Money (optional)
FIHP 2. Former Presidents (if more than one, attach)	f2 Afghanistan Construction Expenses	j Voluntary contribution to fund to eliminate welfare for single mothers	K1 If assets less than \$1m: 1. You do not qualify for bailout
FIHP 3. Congress	f3 Home Construction Expenses	c Contribution to Democratic or Republican Party	2 Name of person who gave you this application
FIHP 4. Overseas Dictators, name and country	f4 Number of Executive's children serving in Iraq (if less than 1 skip to K1)	c Must have at least 2: <input type="checkbox"/> Hooves <input type="checkbox"/> Tail and/or Horn <input type="checkbox"/> Pitchfork	3 Address of person who gave you this application 4 Who do you think you're messing with

In Memory of George Carlin and Bernie Mac

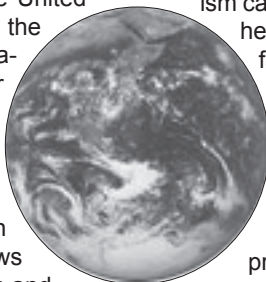
Why we're against Capitalism

We are against capitalism because it does not work. More than half the world's population are in want or outright starving. The United Nations Development Program estimates that everybody in the world could have access to basic social services, clean water, food, housing, health care, education, for \$80 billion per year. The seven richest people in the world have \$1.54 trillion between them. Capitalism cannot transfer the tiny fraction of the wealth of its richest few that would be necessary to provide everybody with the necessities.

But it is not only a question of taking the ill-gotten wealth of the billionaires. It is having a system which allows the working people of the world to have access to ownership and control over capital, machinery, land, water, energy and power so that we

can plan production and plan distribution throughout the world. Capitalism cannot allow this. As the Argentinean worker said last year when he and his fellow workers had occupied and were running their factory: "They are terrified of us because we are showing we can run the factory and because we can run the factory this shows we could run the country".

Capitalism does not work. Capitalism is destroying our planet. We are for a new system where working class people work together and use the resources of the world collectively to create a sustainable economy and where what is produced is equitably distributed. This is a democratic socialist system. This is what we are fighting for. Contact us and we can work together.



www.labormilitantvoice.org

www.myspace.com/lmvprofile