

# Uruguay-PCR-U Report

Report to the participating parties and organizations of the International Seminar for the 100th Anniversary of the October Revolution, held in Gelsenkirchen, Germany, on October 27, 28 and 29, 2017, organized by ICOR and CIPOML.

## THE ECONOMIC SITUATION

The recent official reports on data for the second quarter of 2017 indicate that there has been a change in relation to the situation in 2015 and 2016, with GDP growth of 0.4% and 1.5%, respectively, reflecting a large drop in relation to average growth rates since 2004-2014 above 5%, and the existence of a recession in the key sectors of the economy. Situation that accompanied the economic crisis at a regional level with very important recessive processes in Brazil, Argentina and Venezuela, due to the great fall of international prices of raw materials, as a consequence of the international capitalist-imperialist economic crisis.

Data for the second quarter of 2017, up from the same quarter of the previous year, show that GDP increases, which occurred in the last quarter of 2016, by 3.4% and in the first quarter of this year of 4.3%. In the last 12 months, to August, GDP growth was 2.9% and is expected to be around 3% by the end of 2017.

According to data from the BCU, "the main component of demand that explained the expansion of the second quarter of the year was private consumption, which had a rate of 4.4% increase over the same period last year. This is an acceleration compared to 4.1% at the beginning of the year.

Meanwhile, exports grew 9.3%, also with an acceleration compared to the first quarter. This performance was offset by a drop of 19.1% in investment, mainly due to a reduction in half (-51.8%) of fixed capital formation in the public sector.

Among the sectors of activity, the greatest growth occurred in the transport, storage and communications sector (9.4%), but also the trade performed very well, with a variation of 7.2% in production compared to the same last year. Meanwhile, the agricultural expanded 4.9%.

On the other hand, the industry had a fall of 6.4% - mainly explained by the stoppage of the La Teja refinery resulting from a maintenance shutdown - and construction fell 5.5%, after a single quarter of start-up expansion of the year."

### **"The industry is growing but still in trouble"**

This is how the growth in the manufacturing industry characterized the economists Bafico and Michelin, in a note of the newspaper El País, of 21/8. In it, they say that it is "a lukewarm recovery by specific impulses" and that "manufacturing industry indicators show that in the first half of the year a recovery in activity level and an improvement in expectations were consolidated, but with between sectors of activity. Even when looking at a nine-year perspective it is observed that there is a structural change in process. We are going towards the predominance of sectors that are intensive in natural resources and increasingly with less labor content and more capital. "They also note that total hours worked have fallen by 20% since 2012.

"If we exclude from the index of physical volume of production produced by the INE (National Institute of Statistics) the sectors of fuel refinery and pulp manufacturing, we can see that the year ended in June 2017 is 1.8% above what was observed a year ago. After

six quarters of negative changes, in the last three were observed increases that made the trend change. "In this growth of the manufacturing industry, the "food and beverage" branch is decisive and it "five sectors: the refrigerators, the rice mills, the dairy, the brewery and non-alcoholic beverages".

### **Closing of companies and increase of the unemployment**

According to figures from the Commercial Defense League published by the Observer newspaper, from January to August 15, 73 companies competed, while in all of 2016 they were 76. Some of them continued to operate but others closed.

The companies presented were from the agroindustrial sector, wineries, vineyards, Uruguayan, Cereoil, Molinos Dolores and Florida; cellular import companies, travel agencies, construction companies, a transport company, a metallurgical company, Varela College, Fotomartín, Raincoop, La Spezia, Cambio Nelson. In addition to the closure of FRIPUR the country's main fishery with 960 workers in the street and FANAPEL the main paper mill, with more than 300 workers on the street.

Minister Astori in a recent report said "to be concerned about the loss of 40,000 jobs in the last 2 years," are surely more and the economic policy that he has been leading the economic team of successive FA governments since the 2005 is responsible for this, since it is at the service of the great middle bourgeoisie, large landowners and imperialism, and tends to liquidate small and medium-sized national production, more labor-intensive.

### **Wages, Retirement and Unemployment**

The pseudo-progress government of the Frente Amplio says that in its 12 years there was a 55% increase in salaries, and it speaks of great improvements in pensions and pensions. What it does not say is that it assumes in 2005, after the crisis of 1998-2002, where wages had fallen about 40%. Then the loss was recovered in a surprising way, despite the jump in GDP, took 10 years and cost great struggles and sacrifices to the workers, were not granted, were uprooted.

We reached the current situation where, with an economically active population of 1,786,000, and with a recognized unemployment rate of 7.8% but which is actually much more, by the calculation system, most workers earn less than \$ 20,000 ( U \$ S 700) and the majority of retirees are below \$ 12,000 (US \$ 410) with a Family Basket of \$ 74,000 (U \$ S 2,500). This is more serious in the Interior of the country, for women and for young people.

### **Gross Public Debt - Fiscal Deficit - PBI – Inflation**

The Frente Amplio assumed in 2005 with a gross public debt with interests of about US \$ 19.000 million, which today is around US \$ 50,000 million and reaches 2053.

The annualized fiscal deficit is 3.6% of a GDP of US \$ 55,290 million, which had reached 4% at the end of 2016. The weight of debt payments in this deficit is very large, last year paid interest and amortization of 3.3% of GDP.

Inflation has slowed, by official figures is, annualized to August, by 5.5%. Although there is a certain slowdown, inflation calculations have been maneuvered to cover up the true inflation of basket prices and rates for workers' wages.

**Budget of the State 2016** -U \$ S 14,196 million

**Tax exemptions for foreign investments and free zones** - US \$ 1926 million-2016, 15%

of the State Budget.

**Capital Income** -2016-US \$ 13.8 billion

**Exports of goods** - including Free Zones - totaled US \$ 8,301 million in 2016, marking an annual reduction of 7.3% compared to 2015.

Main products exported: Beef 17% -Cellulose 15% -Soja 10% -Lacteos 7% -Roak 5%.

Main Destinations: China 22% -Brazil 16% -Low 7% -US 6% -Argentina 5%

**Imports of goods** - excluding oil and oil products - reached US \$ 7.387 billion in 2016, 13.6% lower than the year-on-year comparison. The main imported goods - vehicles, inputs for windmills and clothing - suffered retraction of the order 20%, 30%, and 10%, respectively.

According to projections of Uruguay XXI, exports of goods would increase approximately 6% in 2017.

The main countries of origin of imports are: China, Brazil, Argentina and the USA.

## **THE POLITICAL SITUATION**

The 3rd government of the Frente Amplio is underway, under the presidency of Tabaré Vázquez. The FA is a front hegemonizado by diverse sectors socialdemócratas: PS, FLS of the minister Astori, the own Tabarecismo and other smaller sectors; social populist MPP of former President Mujica, who has more than a third of the votes and the seats; and of the revisionist PCU, which has little electoral and parliamentary weight but a majority in the executive of the PIT-CNT workers' center (main social support of the government) and in other social sectors, and inside the Frente Amplio.

This government carries out a pro-imperialist policy, servile to the international financial capital and the monopolies, of the intermediate big bourgeoisie and the great land- owner, fundamentally under the direction of the minister of economy Astori and its equipment. In essence, he is a continuist of the policy pursued by the governments of the traditional right, the Colorado Party and the National Party.

The different opportunist sectors fight for their positions, ministries, public companies, parliament, etc., make their political and electoral game from there, have their contradictions but finally they discipline to that policy that has assured them the continuity until now, with the approval of the organisms credit and rating agencies, which then favor loans and investments.

This 3rd FA government was faced with a change in the economic situation as a result of falling international commodity prices and a 2-year decline in economic growth and recession in key sectors. This has led to the application of a Fiscal Adjustment, with lower social investments and lower salaries, and three Tariffs, to try to contain the Fiscal Deficit that reached 4% and the indebtedness that passes 60% of GDP, on the verge of losing the investor grade.

The government, recognizing the economic uncertainty and the regional and national crisis, could not present as a rule, the national budget for 5 years, first unpublished was for 2 years 2015-16 and this year they did it for only one year.

This situation has further tightened the contradictions of the government with the working class and the small and medium producers of the countryside, industry and commerce.

## **The workers' and popular struggle**

Particularly the working class has been involved in major struggles, general and partial strikes, large mobilizations of teachers and education workers, by wages and 6% of GDP as an investment for education, major mobilizations and struggles of workers in public enterprises against privatizations and outsourcing, for wages and against the reduction of investments and the workforce.

There were also significant struggles of workers in the private sector, in general, when wage council rounds were held, due to wages and working conditions, as well as to the permanent closure of factories and companies, which increased daily, against union persecution, etc.

These struggles have paved the way for most of the leadership of the PIT-CNT, the workers' center, where the revisionist PCU and the social-democratic sectors carry much weight. In the heat of the struggles there has also been a growth of the various class groups, and within the Corriente Sindical Clasista, where our party participates, which has made it possible to defeat opportunism on several occasions and to achieve important measures of struggle like the 24/7 general strike.

They are more active and have participated in important struggles for the budget for public education, university students and also secondary school, where the most combative sectors also grow.

This year particularly the Women's Movement has taken a very big leap, with a march of March 8th of 300,000 people in Montevideo and acts in 22 cities in the interior. There was a very important participation of 100 Uruguayan female comrades from different groups at the 31st Encuentro de Mujeres Argentinas last year, and the first meeting of Uruguayan Women, on the 3rd and 5th of November, comes very strongly.

The Workshop for the Liberation of Celtic Woman Gómez, where our comrades are fighting, has participated actively and in a wide frame of alliances in the direction of this movement.

There were also some struggles in the rural sectors, particularly the small and medium-sized dairy farmer who managed to cut off some of the routes, but who were then driven behind the interests of the larger ones and the government's financing plans, which negates the price supports and promotes financing plans that have led in the last 10 years to the disappearance of 1500 natives, one-third of the country's total.

This situation occurs before the fall of international prices, by the increase of the price of land and income, tariffs, etc., which with the current crisis has worsened. The indebtedness of the sector is US \$ 350 million, equivalent to the value of the entire national dairy herd.

## **The government and the FA in trouble**

The government of the opportunism that finally could pass a new phase of the Fiscal Adjustment by Deputies, and in mid-September by the Senate, counting on the discipline even of its left wing, had to face serious internal problems.

He had lost the meager majority in the Deputies for the desertion of a deputy, from last year, which forced him to concessions.

It has had to face the commissions of investigators, most notably the one made by companion deputy Eduardo Rubio of the Unidad Popular and all the opposition parties, by ANCAP, the state fuel company that took the lead for 9 years to the renouncing ex-

vicepresident R.F.Sendic. This researcher exposed the waste, irregularities of all kinds, with visions of corruption, for hundreds of millions of dollars and is in the Justice. The researcher is underway by ASSE, Public Health services, with seven complaints of importance. Also the researcher for the Regasificadora, a negotiate linked to the corruption scandals of Brazil. There is also a researcher for Espionage in Democracy. In addition the government raised a Reform of the Military Box, which has not been able to remove yet and that faces especially the troop and the middle sectors of the official. For the application of the reactionary decree of Essentiality that in fact suspends the right to strike, recently applied to Public Health workers, also tensed with the internal and received a partial general strike of the PIT-CNT. Also on the agenda are the UPM company's greater demands to install its second pulp mill, with an investment of US \$ 4 billion, the sale of marijuana in pharmacies that became complicated, the situation in Venezuela that tense the internal . The issue of mandatory financial inclusion in front of which there is already a plebiscite in contra-march. The reactionary Labor Reform in Brazil and its repercussion, etc.

### **The Political Crisis for the R.F.Sendic case**

Finally, during the last months, complaints about the misuse, wastefulness of the corporate cards that had been made at ANCAP, RFSendic, were finally at the center of the national policy, which finally had to renounce the vice-presidency, an unprecedented event in Uruguay . It was pressured by President Vazquez, the former president Mujica and most of the internal of the FA.

With this resignation he avoided the hard verdict that had been approved by the FA's Political Conduct and faced short-term presentations to the Justice as vice-president, which is the big issue in this case. R.F.Sendic remains without charter but was not disabled by the FA to continue doing politics with his grouping, which would allow him to obtain a bank in 2020 and also to recover the fueros, that can arm him before the Justice.

### **The Popular Unity**

It is a front that continues the Popular Assembly founded in April 2006. It is integrated by our RCP, the March 26 Movement, Modeju, Avanzar, PH, Prounir, Cabildo Abierto Artiguista, Socialist Commitment and outstanding independents. It works with a National Coordinator of weekly meetings, commissions, territorial groups and a National Meeting of Militants that meets once or twice a year.

With around 27,000 votes, 1.1%, in the elections of 2014, obtained a bank that corresponded to the list of the M26M and the companion Eduardo Rubio, and that works with collective secretaries, where they participate and contribute all the sectors. In the recent Budget Accountability, resources were obtained for the Hospital de Clínicas, combining trade union and union struggle and street mobilization with parliamentary action. In addition, more than 30 additives and substitute workers, human rights, women's rights, etc., were promoted, which, although they did not prosper, particularly affected the opportunism of the left wing of the FA, which voted against them.

Laws have been introduced such as the annulment of the Law of Impunity, Against the Alienation of the Earth, Popular Housing, For Pension Rights, etc. Much work has been done on Social Violence, Minority, Mental Health, etc.

The UP has made these years dozens of acts of Internationalist Solidarity and against the aggressions of Yankee imperialism and its allies; particularly in solidarity with the struggle of the Palestinian People and against the aggressions of the Zionist State of Israel; with

the people and the Bolivarian government of Venezuela; with the people and government of Bolivia; with Cuba, etc.  
On November 10, 2017, Popular Unity will commemorate the 100th anniversary of the October Revolution.

**September, 2017**