

Labour & Trade Union Review

No 213 Dec/Jan 2010

www.ltureview.com

Price £2.00 (€ 3.00)

Ireland: From A Dream To A Nightmare

“What has caused this Irish miracle, and how can we in Britain emulate it? Ireland stands as a shining example of the art of the possible in long-term economic policymaking and that is why I am in Dublin: to listen and to learn.” George Osborne (23/2/2006).

The crisis in Ireland and the severe austerity programme that has been imposed on it for the foreseeable future is the outcome of tendencies of the past two decades. The West convinced itself that the end of the Cold War meant the victory of the free market. Political failings and military defeat of the Soviet Union in Afghanistan were not taken into account. The free market was taken as the key to its defeat and the free market was then deemed invincible - the market could not be bucked and it was self regulating and we could all sit back and relax. In fact everything was now so clear and obvious that history was at an end.

Democratic politicians naturally went with the flow and privatisations became the order of the day and the state ditched more and more responsibilities in the economic sphere. Ireland joined in with gusto. The instrument for making the world into one big market, the WTO, was set up by an Irishman, Peter Sutherland. A new bank, Anglo-Irish Bank, was the star of the capitalist world. It was acclaimed at the World Economic Forum Davos in 2007 as “the best bank in the world.” It was one of four “supermodels” which had consistently achieved 30 per cent year on year growth. It beat the Irish competition by the simple technique of giving loans faster than they did. Then they tried to do the same and they all had to borrow more to do so and as money poured into the Irish banks from Europe and the UK Ireland became a playground for financial speculation, swimming in a sea of credit, aka as the Celtic Tiger,

The EU had become a battleground as the Social Market approach had dominated there thanks to Christian Democracy. But that was declared corrupt and the EU was declared to be

‘fortress Europe’ and that was a dirty word and Leon Brittan defeated Jacques Delors to open it up. The EU then became the leading driver of freewheeling globalisation in the WTO. Even the US was backward and protectionist by comparison.

After succumbing to the free market approach the Euro was set up on that basis. It was not set up on the basis of the social market principles where financial services are made to serve social development. Germany had personified this approach but it was induced and compelled to join the fully fledged market approach and their banks were encouraged to invest wherever they saw fit and Ireland was a favourite target. And they did as they were encouraged to do. And they did it with the zeal of the convert.

There were obvious fault lines in the Eurozone when set up but with proper political direction that could be coped with. But the EU enlarged itself and became more and more diffuse as a political entity. Any effective political set up must have a pyramid of political power. The engine of political integration, the Commission, was castrated by the European parliament which was given more and more power but has no executive responsibility for exercising any of it. The EU now has four Presidents of various designations. And the major states ignore all of them and do their own thing as they see fit. This is political incoherence.

This incoherence, or anarchy, that is supposed to be in charge of a number of free market economies with low interest rates, easy credit, and perfunctory regulation exacerbated all the fault lines of the Eurozone area. It was, is and will remain a recipe for disaster. This is the cause of Ireland’s problems.

The Euro’s central bank, the ECB, operated as a law unto itself, set a low interest rates across the board to ensure development in the larger central economies states where demand was low, sanctioned the speculative investment and banking behaviour of all the banks in its remit. They were all ‘stress tested’

a couple of months ago and all were given a clean bill of health, including those of Ireland. After all, Ireland was the EU's star pupil. It did everything it was asked to do and was totally open and flexible in every way. And its public debt was quite manageable and was reduced during the boom years.

Then the ECB panicked and suddenly changed tack in Ireland's case and stopped providing liquidity to its banks. It did this without reference to the rest of the EU structure highlighting further the incoherence at the top of the

EU. Merkel then spooked the markets by threatening the bondholders with a haircut without any consultation, any plan on how to do it and how to cope with the inevitable reactions. Further evidence of the EU incoherence. Then it was decided that Ireland was to be taught a lesson for the benefit of the Eurozone and pay for its banks' behaviour. It was hung out to dry pour encourager les autres.

Osborne should pay another visit to Dublin and give us his explanation on what happened to his 'miracle.'

The Political Crisis

Politics precedes economics and so it follows that if there is an economic crisis there must be a political cause. Economics might influence human behaviour, but politics is determinant.

Objectively Europe should not have an economic crisis. Its debt is dwarfed by the USA's and yet nobody can deny that Europe is in economic turmoil. Why?

The seeds of the current crisis were sown in 1989. Western Europe was absorbed in its own project when the deck had to reshuffled following the collapse of the Soviet house of cards. Germany was distracted by the prospect of unification and France feared that the European project would be abandoned.

Perhaps Francois Mitterrand, Helmut Kohl and Giulio Andreotti thought that economics could, after all, determine politics. They hoped that a single currency would counter the centrifugal force of EU enlargement. But the primacy of politics remains. The contradictions of a single currency in a heterogeneous polity could only be resolved by skilful political management. But Sarkozy is not Mitterrand. Merkel is not Kohl and Christian Democracy has collapsed in Italy so the question of who is in charge in that country is irrelevant.

The unravelling of the European

project proceeded with the undermining of the Commission which had a unifying function. The powerful states began to meet and decide things among themselves and the financial markets could not help noticing.

The Irish State is not solely responsible for its crisis. It played by the rules and before the crisis had one of the lowest State Debt to Gross Domestic Product ratios in the Euro zone. Perhaps it should have realised that private debt was as important as State debt and an escalation of private debt would very quickly impact on State debt, especially if the creditors were outside the State. But if it failed to appreciate this the same could be said of Europe. Europe had no provisions relating to private debt in its Growth and Stability Pact.

Before the crisis EU interest rates were uniform across the Euro zone. But as soon as the countries of the periphery ran into trouble the question of default arose. The markets began to lose faith in the politics of Europe. If there was no longer the political will to continue the European project the imbalance that the EU has with the rest of the world, which is not a problem, becomes less important than the imbalances within the Euro zone.

The word credit originates from the Latin word *credere* "to believe". At around 2007 international investors

The Labour & Trade Union Review

Contents

No 213 Dec/Jan 2010 ISSN 0953-3494

Ireland: From A Dream To A Nightmare	1
The Political Crisis	2
Falling Off The Tigger? Quo Vadis?	3 5
Nominate Assange for the 2011 Nobel Peace Prize! Michael Alexander	6
Holiday In Hell? S McGouran	7
Respect Rebounds? S McGouran	10
The Co-op, Colleges And Lambeth S McGouran	12
Storms In The East S McGouran Cradling The Rock...? By S McGouran	13 14
Regular Features	
Views from across the Channel by Froggy Notes on the News Gywdion M Williams	9 15
Parliament Notes Dick Barry	21

The Labour & Trade Union Review

Published by the Ernest Bevin Society

Editorial Board

Dick Barry Christopher Winch
Jack Lane Peter Whitelegg
theeditor@ltureview.com

Distribution

Dave Fennell

Editorial Address

No2 Newington Green Mansions
Green Lanes
London N16 9BT

ceased to believe in the Celtic Tiger story. The present Government acted quickly to make the necessary adjustments and was praised by international commentators for obtaining “*first mover advantage*”. The implementation of those adjustments has been successful if measured purely on economic criteria. The State’s financial position is projected to be better than plan for 2010. Our trading position has also improved. The State will return to a balance of payments surplus in 2011. This is in contrast to most other EU countries, not least our nearest neighbour.

Manufacturing output has surged ahead. It is likely to be up 10% in 2010.

The Achilles heel has been our banks. This prompted the Government to resolve this crisis in the most transparent and aggressive manner imaginable. A recent Goldman Sachs report indicates that the cost of the banking crisis will be about 22% of GDP. This is less than the forecast of NAMA (28%). No one knows how much the Germans will have to pay to resolve their banking crisis. Estimates range from 30% to 50% of GDP.

Goldman Sachs—in contrast to the prophets of doom who write for *The Irish Times*—thinks that NAMA will make a substantial profit and that the Irish banks would be over capitalised if market conditions were normal.

But economic criteria count for nothing if the politics have no credibility.

There has been a run on the Irish banks due to political incoherence from the EU. Angela Merkel has speculated on torching senior bond-holders as a way of resolving sovereign debt and the European Central Bank has failed to perform the function of a central bank, which is to provide liquidity to the system. There also appears to be a desire on behalf of elements of continental Europe to pretend that the banking crisis in the EU is confined to Ireland. All of this has caused a flight of deposits from the Irish banking system.

The incoherence at the EU level has been exacerbated by domestic incoherence. After more than three years the Greens have wobbled at the worst of all possible times. The opposition to Fianna

Fáil has indulged in an orgy of moral denunciations which has undermined the State’s ability to negotiate with the IMF and EU.

As we go to print the EU and IMF have agreed/imposed a deal on the Irish State. The interest rate on the 67.5 billion drawdown facility will probably be a punitive 5.8%. The markets are not impressed. The EU has not made up its mind whether to punish Ireland or help her emerge from the crisis. As a result, the uncertainty will spread to other vulnerable countries within the Euro zone.

The media in this country, aided by the British media, delight in our alleged loss of sovereignty. In contrast to the continental media the viability of the State is being called into question.

The *Irish Political Review* completely rejects this passive approach. The State must rediscover its self belief. If it does not, all economic prescriptions are doomed to failure.

The problem both in Ireland and the EU is political, not economic.

Falling Off The Tigger?

During the height of the Celtic Tiger boom Vincent Browne interviewed Charles Haughey, who was then in retirement and dying. Haughey, the author of the boom, said that his successors were making a mess of it and that the situation was terrible. This was naturally put down as sour grapes: Haughey could not bear to see Bertie Ahern, who had displaced him and was being censorious about him, being so successful on the ground laid out by Haughey, so out of resentment he played the part of the Jeremiah. But he was right, wasn’t he? They

were making a mess of it.

Fintan O’Toole, the tame *enfant terrible* of the *Irish Times*, who is now trying to be a rabble rouser, said in those times that there was no doubt that Haughey was on the take and the only question was whether he gave something in return. That was a novel use of the phrase ‘on the take’.

Public Tribunals, costing millions upon millions, for years tried to pin something on Haughey and, despite free resort to chicanery, failed to deliver the goods—even false goods. Now the Tribunals are chasing other chimeras. Will these Tribunals carry on using up public money in this search for peanuts while billions are being frittered away because those

who ousted Haughey and disgraced him could not make effective use of the system with which he presented them?

An extraordinary act of statecraft gave birth to the Celtic Tiger—remember that marvellous year when Haughey hosted Europe in Dublin Castle? And it would have required a great deal of politico-financial talent to ride the Tiger with the requisite mixture of brio and restraint. Maybe it was something that could not have been done. But the chances of doing it successfully were certainly minimised by the disgracing of Haughey, and the Savonarola-type moral posturing that accompanied it in the *Irish Times*.

In Florence long ago Savonarola was got rid of to public approval when his preaching threatened to undermine business. But we gave our Savanarolas their head, and urged them on, even though we are very much in business now and cannot see our way to living without it.

Bernard Shaw in one of his plays gave this line to a capitalist: “*Give me darkness: money is not made in the light*”. As has become our way, we have claimed Shaw as a great

Liberal elements in Ireland played an active part in undermining it. Remember Pat Cox and the scandal of the French Commissioner who gave her hairdresser a job? But lightweight Liberals like Cox only had weight because they were backed by Britain, which had a strong national interest in marginalising the Commission and shifting weight to the Council of Ministers.

The Commission was the political structure of the EU, whose work was

Britain made hay in Europe. Europe lost track of itself. It virtually merged itself with NATO, while NATO—deprived of its defence role by the collapse of the enemy against which it had been formed—became an aggressive, militaristic force.

Irish playwright, even though he was clearly an English Liberal Imperialist ideologue, but have ignored what he had to say. We demanded transparency and *kindergarten* morality all over the show, and the ideologues who were to the fore in making this demand are hitting out hopelessly in all directions because it has placed us in the grip of the powers of darkness.

The crisis in Ireland was virtually sorted out in mid-November by a deal made by the Government with the representative of the European Commission, Olli Rehn. But, a few days later, the deal was deliberately wrecked by a hostile leak from the European Central Bank. What is the European Bank? It is the Central Banks of the Eurozone, led to a considerable extent by the German Central Bank.

Since money is made in the dark, one can only speculate about the doing of these things. But it is evident that they have been done, and that in the end it centers on Germany.

Europe, before the admission of Britain, in blithe disregard of De Gaulle’s advice, was a successful operation of Christian Democracy. Christian Democracy was destroyed in the mid-1990s. Then the Commission was undermined. The EU as a going concern was the Commission.

to secure the politico-economic development of what was set in motion by the Treaty of Rome. The Council of Ministers is only a meeting of the national Governments.

In olden times, if Ireland made a deal with the Commission, that deal would hold.

De Gaulle vetoed British applications for EU membership on the grounds that its interests were insular and maritime. To put it another way, it was an island—a country surrounded by a Navy, in Gogarty’s definition—that lived off the world. Its interest was therefore hostile to the European interest in self-reliant security.

When Britain was admitted, the Commission was in working order and for a number of years it seemed that Britain’s efforts to reduce the EU to a mere Free Trade area were being countered effectively.

Britain’s Balance-of-Power game against Europe was made no longer playable by the outcome of Britain’s second World War of the 20th century. It declared war on the pretext of holding the German city of Danzig for Poland but conducted the war in such a way that Communist Russia came into legitimate possession of half of Europe.

Balance-of-Power could not be played in Cold War Europe. What became the EU was constructed by Christian Democracy in the part of Europe conquered by the USA and Britain, while a different system was established in the parts that the Red Army took in the course of breaking the power of Nazi Germany.

But then Gorbachev demolished the Soviet system. And it dawned on the London *Times* that the old game against Europe was on again.

About twenty years ago, commenting on the failed *coup* against (or was it by?) Gorbachev, we said in one of our publications that the consequence would be a new era of nationalisms.

The apparent consequence was the reverse. A spurious internationalism took off, the purpose of which was to open up the entire world to the capitalism of the West.

Britain made hay in Europe. Europe lost track of itself. It virtually merged itself with NATO, while NATO—deprived of its defence role by the collapse of the enemy against which it had been formed—became an aggressive, militaristic force.

East European countries, which had little in common with the Treaty of Rome countries, were brought into the EU. And EU/NATO began pressing on Russia, with a view to rendering it helpless and plundering it—until the Russian democracy elected Putin and was promptly declared to be a dictatorship. And the same process was tried with China, until it—seeing what friendly engagement with the powerful capitalist democracies entailed—stamped on the first shoots of Western democracy within itself and made other arrangements for survival.

Ireland, disgracing Haughey and scorning De Valera and all that he did and stood for, lived all of this to the full. It achieved the *Prevented Future*, which Dev had deprived it of. How delightful it all was. And how simple it was to achieve it once you

rejected all that 1916 nonsense, and 1919, and 1932 etc.

Britain has been making money out of National Debt for about three centuries. Its first great Balance-of-Power War, around 1700, was financed by National Debt. The making of money through National Debt is a rare art, better described as a knack than a skill. And it is not unconnected with the making of war. Only Britain did it successfully over a long period, and always at the expense of others, of course.

Ireland must now understand that it doesn't have the knack. And how could the Ireland that disgraced Haughey possibly have it?

And, if it cannot live by usury and financial trickery, it had better become a peasant country making an honest living by doing useful things. And it had better establish an arms industry and get an Army capable of fighting—as the honest peasant countries on the Continent do.

We have always said that Ireland was not a peasant country, despite what the sociologists and snobs said. That fact should now be obvious.

And Ireland should try to get to grips with Christian Democracy. It will continue to have an English problem, which it will never solve by trying to be English, as it has been doing.

Europe was outstandingly successful in the Christian Democracy phase, from about 1950 to the 1990s. England could not gain purchase on it then. It was bewildered by Christian Democracy—as was evident in English biographies of Adenauer, De Gaulle etc.

Christian Democracy is not piety. Nor is it Angela Merkel, the ideological Christian Democrat from the Communist Former East Germany, who came west starry-eyed about capitalism.

Quo Vadis?

It has been revealed in the *Financial Times* (2.12.10) that the US Federal Reserve has been silently bailing out international banks, the qualification being that they have a branch in the USA.

The assistance takes a number of forms, one of which allows banks to swap non-performing loans which are backed by assets for Fed. cash loans, at a haircut. The idea was to prevent the international banking system from collapsing after Lehman Brothers was allowed to expire. A follow-up story reports *Crisis-Hit Banks Flooded Fed With Junk* (3.12.10).

There can be little doubt that similar creative practices have been quietly deployed in Britain to maintain financial institutions. Both America and Britain have been printing money to enable them to do these things.

Irish capitalism has not managed its affairs any better or worse than British or American capitalism. It simply has not got the weight in the international Darwinist financial world to give itself the preferential treatment extended to the big boys.

Neither of the Opposition political parties of Irish capitalism—Fine Gael or Labour—would have managed the economy in any different way to Fianna Fail.

The Government had just one card to play when the European Central Bank and Angela Merkel decided to force an enhanced austerity programme on Ireland—and that was to have its banks to declare themselves bankrupt. Ditching Irish banking is a demand made by the Left, which sees that the country has been let down by the EU and been made subject to a punitive bail-out. But such a policy would make a bad situation worse.

Ireland needs to hold on to as many of its independent levers of eco-

nomic policy as it can. The roots of native Irish banking go back to Daniel O'Connell—and the AIB is part of that inheritance. Only Irish-owned and -managed banks can be subject to a degree of political direction and economic control from the Irish democracy. Those former Communist countries in Eastern Europe which heeded the Globalist Gospel and allowed their banks to go to foreign interests had cause to rue that decision when the financial crisis hit. They could not direct 'their' banks into recovery mode—or prevent locally-generated funds being sent abroad.

If a country's capital is sent abroad, labour is likely to follow.

It is not just through the banking system that a recovery must be pursued. Ireland needs to examine other ways of keeping Irish capital at home for productive use. At the moment private pensions are a problem area. Heavily subsidised by the taxpayer, they are not performing for those who have invested good money down the years in the hope of a comfortable retirement. Moreover, the Pension Funds tend to invest abroad, not in the Irish economy. It would make much more sense to stop subsidising the private pension schemes and instead switch to a 'Pay As You Go' State Pension Scheme, with graduated contributions and earnings-related benefits on French lines. At a stroke this would guarantee a proper pension for those paying for it and keep capital at home—where it can be used productively in growing the economy.

The most successful economy in the world—that of China—has been the creature of a strong and intelligent political party, the Communist Party. That Party has retained the commanding heights of the economy—and particularly banking—under State direction.

A small country like Ireland needs

to study how things are done, not in the failed States of Globalist Capitalism—which can always bend the rules to suit themselves—but in the success stories, such as that of China.

The financial crisis was made was made in the City of London, New York and elsewhere but the small fish caught up in it can only hope to have a future if they save what they can out of the wreckage. The key to that in Ireland is for the Government to hold on to as many of the economic levers of society as possible. Top of these are the banks, others include the Semi-State companies.

We have seen what happened to Eircom when it was privatised—asset-stripped and starved of investment. The only bright spot has been that—due to the Trade Union leader, David Begg, under a Fianna Fail Government—the workers retained a considerable share in the company through their Union. The hope must be that they will enlarge that stake and eventually take over the management of the company.

If other Semi-States are privatised,

they will be either bought and closed down by their economic rivals, or asset-stripped. This is a price Ireland can not and must not pay for the international funds being made available to it.

Cuts in living standards will be re-instated in a year or two's time, but a privatised State asset will not be retrievable.

The IMF (run by a French Socialist, by the way) and the EU can take their pound of flesh from Ireland, but they must not be allowed to take the means of rebuilding the country as well.

We know that the Greens have publicly opposed any selling off of State assets.

We know that Fianna Fail has not put any such sales into the Four-Year Austerity Plan.

We know that Sinn Fein has consistently warned of the EU embrace and is committed to building a national economy.

We know that Michael Noonan—

Fine Gael's Finance spokesman—has advocated selling the family silver, the Semi-States.

What we do *not* know is what Labour policy is. The silence from Labour Leader Gilmore is ominous.

There is huge anger in Ireland at the sudden collapse from affluence. It is important at this point to keep a rein on emotion and look at the options for the future. Workers should reject the nihilist advice coming from the likes of Fintan O'Toole—people who have never supported Social Partnership or made a single practical proposal to increase industrial democracy or the economic self-management of the working class.

What is needed now, in the run-up to an election is to ask hard questions of the contending political parties, and to look to those who will seek to rebuild the Irish economy in the self-reliant, cooperative tradition of old—and who commit to keeping the levers of economic decision-making in the hands of the Irish democracy.

Nominate Assange for the 2011 Nobel Peace Prize!

The 1914-18 war would not have been possible had the people of Europe known about the dirty diplomacy that had been going on for many years before that war. When the Bolsheviks overthrew the pro-Western Provisional Government in 1917, they published all of the Secret Treaties and people were amazed at what had been agreed. One notable detail – the Tsar had been promised Constantinople and might not have been willing to risk a war with Germany without such a promise.

This casts light on Britain's later decision to wage war on Turkey, com-

Michael Alexander

monly blamed on the Turks. And the disastrous Gallipoli Landings: the government were trying to keep their earlier promise and keep Russia in the war.

After World War Two, we heard all about the crimes of the Nazis, and also the maltreatment of Western prisoners by the Japanese. But the USA chose to keep the secrets of 'Unit 731', which had conducted germ-warfare experiments on prisoners of war and which had data the USA wanted. Many of the guilty got immunity and there was a general hush-up.

The USA got drawn into the Vietnam War by the Gulf of Tonkin incident, with the US public persuaded that the North Vietnamese had twice attacked the US

Navy. The second attack was definitely not real, the first was exaggerated. This and other lies were only revealed when Daniel Ellsberg released the 'Pentagon Papers'.

Nixon had sold himself as a sensible alternative to Johnson's failed policies. But after Watergate, the US public got to hear what the man actually said behind closed doors. He was then given a pardon, the norm for top politicians who break the law.

The Iraq War was based on persuading the public that Saddam had threatening 'weapons of mass destruction'. A lot of the evidence against this was suppressed. Some useful leaks have occurred, but there is undoubtedly more to come.

It is rather meaningless to have multi-party democracy if no one gets told the truth and if 'security' is used to stop unwelcome truths getting out. The USA and other Western countries have made promises about how government will be conducted, but keep on breaking those promises. The differences between public and private must have shocked enough people for small conspiracies to form in which shocked 'insiders' download data and then pass it on to organisations like WikiLeaks for global distribution.

(Incidentally, it must be small groups rather than lone users. A normal computer has sockets into which you can put a disk or USB stick and collect data, but they don't have to have such sockets, and there also can be security against downloads. Also monitoring of downloads, to spot if someone is taking an unreasonable amount of data. Unless the system was designed by idiots, a single run-of-the-mill user should not be able to get much. Definitely not the gigantic volume of embassy cables that are said to have been passed on.)

By revealing a whole world of US secret diplomacy and behind-the-scenes pressure, Assange and the other Wikileaks activists have served the cause of peace. Nominating him for the Nobel was suggested, interestingly, by 'sources close to Russian President Medvedev' on Thursday, though only the *Guardian* has reported it that I've seen. Anyway, several of us in the Bevin Society had arrived at the same idea on Wednesday 8th. It is worth taking up.

Who can nominate? Various politicians, and probably few will dare. But valid nominees also include university professors of history, political science, philosophy, law and theology, university presidents and directors of peace research and international affairs institutes. There must be thousands of them throughout the world.

There is of course the matter of the current rape charges against Mr Assange. These are actually rather suspicious. Two women say that he broke the 'rules of engagement' in a sexual encounter that they initiated. I'd have said that something like that should be punished, if it happened, but it is misleading

to call it rape. It is also remarkably easy to fake. And it seems odd that Sweden seems determined to get Mr Assange into their custody before revealing any details. The USA is currently after him with their 1917 Espionage Act, which has been used before to silence critics of a war who disclose no secret information and does seem usable against people who are not US citizens. We are told that this would be no easier from Sweden than from Britain, but this is moot.

Past practice also suggests a lack of concern about crimes when it comes to awarding the prize. Adolph Hitler was nominated after he and Chamberlain signed the Munich Agreement. If he'd delayed starting a war for a year longer, he might well have got it. 1973 winner Kissinger would be arrested as a war criminal if there was some truly impartial system of international law – though so would many others, including most other US Secretaries of State. And in an unrelated award of this much-cherished prize, a reasonable suspicion of involvement in sectarian murders was not an obstacle.

Meantime Wikileaks are waging an electronic war and maybe losing it. Wikileaks have been cut off by Amazon Books and also by Paypal, Visa and MasterCard, who will not process the donations on which their existence depends. In this context, everyone should be taking a much harder look at the current UK drive to abolish cheques. Even if less and less of us use them, they still have their uses. A small charge covering the costs of using cheques would be reasonable, but why abolish them when people still want to use them?

Back in the 1960s, a US science fiction writer called Mack Reynolds wrote a series of not-very-good adventure stories featuring a hero called Joe Mauser. It is set in a rather improbable future, but one interesting and prescient feature is that all payments have become dependent on a Universal Credit Card. It is noted that this gives an extremely good method of social control. It is a point worth thinking about.

Holiday In Hell?

S McGouran

The Communist Party of Great Britain (Marxist-Leninist) held a meeting in Saklavata Hall, Southall; Eye Witness to socialism in Korea. The eyewitnesses being Ranjeet Brar and Zane Carpenter (General Secretary, CPGB (M-L)). There were 5 on the delegation, including the Brars' 18 month old son, otherwise engaged that evening. Ranjeet Brar was in charge of the laptop with the 'holiday snaps', - stills of the various places visited. He commented on these, including an ancient Buddhist temple. Kim Il-Sung prioritised the refurbishing of this important shrine after General McArthur's strenuous effort to "bomb north Korea back to the Stone Age". Devotees from the south who visited this year were jailed on returning home. Their crime was "harbouring sympathy" with the regime.

Pyongyang was rebuilt by 1960 - and according to Ranjeet Brar and Zane Carpenter is a clean, neat city, Zane's contribution was more impressionistic than Ranjeet's. It's interesting to compare it with an article in the Guardian's G2 section (Fri., 15.10.10), Dropping its guard, subtitled Tania Branigan gets a taste of real life in North Korea. The G2 cover has a poster showing soldiers with rifles, one female, and also a pic of two ordinary neatly dressed men pushing bikes in a well-tended park. Judging from Ranjeet Brar's stills (he was not able to show the video film he'd taken) it is the cemetery dedicated to those who fell in the Korean War. It is very large.

Branigan makes much of the fact that in 2009 about 2,000 "western tourists visited... plus perhaps 10 times as many Chinese". Zane Carpenter said Korea is rather far away from Great Britain. He, a stone-faced Stalinist, said Koreans like a bit of individuality. Women like to 'accessorise' wearing, mostly, colourful scarves. Tania Branigan makes a meal of this, "most passers-by are drab, in grey, khaki or navy outfits; the only colour is the red Kim Il-Sung badge... women attending the military parade have brought out

their bright traditional gowns". There are "vivid bags or jackets". "Hot pink is a surprisingly [why? - L&TUR] popular shade in Pyongyang... most are immaculately made-up and all are neatly coiffed". Is there a contradiction here? This isn't "drab" by anybody's standards. Branigan writes "we arrive in Pyongyang less than 24 hours after flinging scribbled notes at the Beijing embassy". This is put down to a desire to "show the world... Kim Yong-il". (The CPGB (M-L) were there to celebrate the founding of the Workers' Party of Korea). Branigan was too pre-occupied with coiffure to wonder why said WPK had allowed her in.

She brought Barbara Demick's *Nothing To Envy* ((Spiegel & Grau, 2009) with her, it seems a classic bit of Cold War polemic. The populace appears to be living relatively contentedly. Dan Chung's photographs show ordinary citizens doing what they do anywhere. A group of men play (and bet on?) a game of Korean chess. A child in a bright yellow shirt, green slacks, and trainers is walked in an enormous park, of which there seem to be many in Pyongyang. The nursery Master Brar visited was very colourful. Brar senior's photographs show that north Korea is an extremely beautiful place. It could make a mint out of standard tourism.

Branigan / Demick concentrate on the city's blemishes, an empty department store (a child bought a toy), apparently the lights will go out when the journalists return to wherever. She may be reporting on London shortly. "Overloaded trolley buses wheeze along", Zane Carpenter mentioned these saying they get from point A to point B, just as well as new ones, which would be nice, but the embattled Republic can't afford them. There is a photo to emphasise Branigan's point. The Koreans don't fit the "inscrutable Oriental" stereotype, they are cheerful and not averse to smiling, even at disapproving visitors.

There is criticism of Pyongyang for not being the equivalent of glitzy New York. She is confused by Harry Potter's popularity. Brad Pitt and Keanu Reeves are well known. This is put down to the government allowing DVD players

to be purchased. Branigan claims "the information seal is not airtight". Was it ever? Pyongyang did not prevent the use of household radios. (We'd have heard all about it if it had.) It is easy, surely, to tune into Seoul-based and US stations. Those who listened to these outlets may have pondered the fact that they had built the north up from the 'Stone Age'. There was no 'money from America'. The Republic's few friends were in no position to lavish billions of dollars on their ally.

The people of the north know, (as Brar and Carpenter said), that the south has thousands of (US) nukes, many aimed at the north, (and the Peoples' Republic of China (PRC)). Why isn't this reported in the smugly 'independent' Guardian? (The merger with the Observer may be behind this Red baiting. The Observer has long time connections with the spooks of England, and thereby with the US's spooks. Destroying the Peoples' Democratic Republic of Korea seems to be a bee in the latter's collective bonnet. The Korean War (WW2^{1/2}) ended in a ceasefire, and not in the destruction of the PDRK. This unfinished business could well end in tears for south Korea (in particular) and the US.

The Guardian (under a spurious 'Exclusive' banner Tues., 30.11.10) gloatingly claimed "China 'ready to abandon North Korea'". This was from the Wikileaks of US embassy cables. One was about China being prepared to see Korea united with Seoul as the capital. This excited the US diplomats (and the Guardian). Is it a drastic change? Pyongyang has never had a notion of itself as capital of Korea. There might be discussion, on unification, about a new capital. Beijing is probably playing a sardonic game.

Washington and Seoul seem to have panicked at this (dis?)information. Provocations against the PDRK have been ramped up. 'Our' press has reprinted the 'line' from US, and Korean, spooks that the north has engaged in mindless violence. And must be punished for it. Any diplomat under the impression that China is going to allow the US to maraud up the Korean peninsula to its own borders is probably

certifiable. In 1950 The PRC's Peoples' Liberation Army and Kim Il-sung's forces chased the Americans down the peninsula in days, rather than weeks. Once bitten, ought surely, to be twice shy.

The position of the armed forces in the PDRK is interesting. The CPGB (M-L) did not deal with it. They didn't have to. They were dealing with the WPK. Branigan's article has a large pic of young women in military uniform (possibly made from "vinalon, the miracle fabric made from limestone and better known for durability than comfort" - she appears not to have tested her prognosis). They look rather shy about having a camera pointed at them. They seem to be attending, or monitoring, a flower-show in a large well-lighted hall. A pic of a block of flats (painted a pleasant green shade) shows the balconies have lots of potted plants.

The armed forces probably hold state and society together. Everyone regardless of gender seems to be conscripted. Conscription is a good way of uncovering faults in the educational system - and the population's hidden talents. It may be part of the reason why the PDRK has a credible nuclear capability, military — and domestic. The US may be concerned that the PDRK may be in a position, shortly, to export power. The armed forces and the WPK seem intertwined. The 'monarchical' succession of Kim Il-sung's family provides consistency in the regime. Ranjeet Brar said that, after all, Kim Il-sung was a great freedom-fighter. (Being superior about his being, officially, still head of state is a piece redundant in the UK where we are about to rejoice (for half a year!) at the marriage of the chap who was born to the job).

North Korea may be the last Marxist-Leninist State on the planet (though many in the US worry that the PRC is engaging in a prolonged version of Lenin's New Economic Policy). Some may worry that the PDRK might - just - be the wave of the future. After all, capitalism is clearly in serious trouble.

Froggy

News From Across The Channel

Third burglary in four years

Chez Segolene Royal; burglars were looking for Royal's ideas; they left empty handed. (Joke on France Inter radio). Unfortunately not a joke it seems. The socialist party is making an exhibition of itself again. There was a glimmer of hope at the end of November when Martine Aubry explained on France Info radio (25/11/10) the calendar of the Party: in the Spring the party will publish its "socialist project", in June the candidates will be known and the best placed will go forward. In the Autumn the French will help choose the best candidate in the so-called American style primaries. But it turns out that it is the best placed candidates (plural) not the best placed candidate that will go forward.

However, there is to be a non aggression pact between the main hopefuls Segolene Royal, Martine Aubry and Dominique Strauss-Kahn (what happened to Laurent Fabius?). The illusion remained for a few days that one name would be decided on by June, but no. The socialist party will not put forward a candidate, the French will choose who will be the presidential candidate. Last time, this division proved fatal, but this time, it's all different, because the main candidates won't say anything nasty about each other in the run up to the elections.

A number of less well known people are also standing as presidential candidates, adding to the circus atmosphere. The ruling party, the UMP, is divided on policy, but they manage to put forward one leader without help from anyone. The President even managed to keep his Prime Minister through various reshuffles, even though they are reported not to get on.

The French Left Party is best mentioned as little as possible; its leader Melenchon is descending publicly to exchanging insults with members of the socialist party; he attacks DSK's ideas for

strengthening the institutions of the EU by saying they are not democratic, without bothering to consider the need for greater European political and economic unity in the present circumstances.

The crisis in Ireland seen from France

The crisis in Ireland seen from France should give the socialists some solid arguments to help them give substance to their so-called "project".

French commentators have stressed the Anglo-Saxon nature of Ireland's policies of late. Ireland was a "bridge head into Europe" for the United States. It adopted the economic and financial policies of the UK-US model: relying on property development and lending without checks.

It further behaved in a non-European manner with a corporate tax of 12.5% compared to France's 33%, costing the French hundred of thousands of jobs. Ireland took EU subsidies then called in US firms. This disloyalty should bar Ireland from getting EU help. Ireland is a passenger who hasn't paid for his ticket.

Be that as it may, the Irish situation should provide Martine Aubry at least with a golden argument: stop encouraging people to own property, it only leads to ruin and catastrophe, for individuals, for banks and for the country. The arguments for private ownership, security and financial advantage, are proved invalid.

As it happens, Martine Aubry was already making a case against tax breaks for home ownership and for council house building (150 000 a year needed). She pointed out that taxation favours home ownership and even second home ownership and that tax breaks for property accounts for a huge part of the state's housing budget. Her criticism of the situ-

ation sounds like an attack on the better off, which doesn't play well with the French electorate, very many of whom count themselves as well off or aspiring to be well off. There is a much stronger case to be made. Borrowing to acquire property generates dangerous levels of debt for individuals and for banks; in Ireland, as in the US/UK, the State, faced with a national disaster, had to give the banks money on a huge scale to avoid their bankruptcy, turning private debt into national debt.

This is a crazy use of tax revenue: give tax breaks to encourage people to buy a house, or builders to build estates, then give up more tax revenue to save the banks when debt becomes unpayable.

Ireland was put forward as a great model of progress, but let the French use her now as an example of what to avoid. The Socialist party could put itself forward as the party of the tenant, with a programme of house building and rent control, on sound economic arguments. Put forward the dream of a debt free life! Imagine marriage without a mortgage! Young men will want to tie the knot again.

To try to go back to a nation of tenants is not going to be popular if it is presented in pious words in favour of a fairer society; it needs to be put forward as a shrewd move, the only sensible solution for the modern family.

This drastic change of policy only happens after a really disastrous catastrophe, like a war; could the French make do with their neighbours' disasters, and not wait till something drastic happens to them?

The socialists could continue the theme of the disgraceful UK/US model by pointing the finger at Cameron and his plans to evict council tenants when their children leave home, and eventually

to review council tenancies every two years. The State in a socialist France would on the contrary guarantee tenant and landlord rights as well rent levels in both the private and the public sector.

Of course, one should always keep in mind that “socialist party” is a misnomer and that the president of the IMF, the candidate Dominique Strauss-Kahn, the polls favourite at the moment, is perhaps not going to be the one to lead the French away from debt.

Correction

Corporate tax: it is 33% in France, but according to Martine Aubry, that figure applies to small and medium firms; large firms receive so many tax breaks and incentives that their tax burden is no more than 8%, so in fact, less than in Ireland.

A property bubble in France?

Again according to Martine Aubry, the French state housing budget is 33 billion Euros, of which 11 billion is accounted for by tax breaks given to first and second time buyers. These figures are a little puzzling. Is lost tax revenue included in a department's budget? And if 11 billion Euros is given to the French for the acquisition of property, doesn't that imply a huge number of people borrowing on a large scale? *Le Monde* of 26 November commented that Paris property prices “have never been so high”; sales have increased by 16% in a year in Paris itself, by 21% in the Paris region. Prices have increased in similar proportions.

Large estate agents looking into next year think this bubble will deflate gently, unless there is a serious world monetary crisis. But isn't there one already? This bubble however is centred on Paris; in the rest of the country sales and prices are growing less fast; perhaps provincials follow international news.

National radio is at present hosting a publicity campaign for mortgages.

Respect Rebounds?

Respect's conference (Sat., 13.11.10) was held in a Camden school. Salma Yaqoob's introductory talk was the Age of Austerity, (title of a motion from Manchester Respect), the “drip, drip, drip” of publicity has made the ‘equal sacrifice’ piffle most people's intellectual default position. The ConDem coalition is making fundamental changes to the post-1945 settlement, for ideological reasons. This will lead (they hope) to individualisation, and the destruction of social solidarity. The charity sector will be unable to take up the slack if the State repudiates its duties to the old, ill and disadvantaged.

The government's arguments are flawed, the National Debt (the designation is being used in a tricky fashion, it used to mean the *State* debt, now it includes individual debt - *L&TUR*) in 1945, and for decades after, was enormous. ‘Dole cheats’ (made much of by the ConDems) cost £1 billion a year. Tax cheats cost the State (effectively, we taxpayers), between £25b and £100b.

Rob Hoveman reported Respect's adventures since the general election — the party was “buried” — Jim Fitzpatrick, (MP for Poplar - part of Tower Hamlets) despite crude Islamophobic statements was elected with Muslim votes. (It was said, later, that Respect can't pay its staff, (largely Rob Hoveman). Some fair-weather friends clearly thought ‘buried’ meant ‘dead’). Resurrection was swift, starting with the mobilisation against the EDL (English Defence League), then the decision to back Lutfur Rahman in the election for an executive Mayor for Tower Hamlets. Mr. Rahman's Council seat has to be filled. Labour is not canvassing the

S McGouran

Ward. The triumphant Labour Party is now a shambles.

(A meeting next day, to decide whether to stand in Oldham East and Saddleworth bye-election, was attacked, according to the Oldham Evening Chronicle, by 20 members of the EDL. Respect's statement (Tues., 16.11.10) claimed it was “five thugs sporting typical far right insignia”. They were bundled out of the Pakistani Community Centre, and dealt with by the police. A writer to the Chronicle's on-line Comments wrote that only four “EDL thugs” tried to disrupt the meeting. Other's in the Comment space were Labour or BNP — it was difficult to tell them apart. Respect took the decision that it would stand a candidate if Labour did not clean up its act. Respect will almost certainly stand a candidate.)

The proposal that focussed everybody's attention was that Respect organise in Scotland. And that George Galloway stand for election to the Scottish Parliament. A sharp response from Socialist Resistance, (Alan Thornett's group) was allowed. SR, last year, voted to make Respect a party. Prior to that it was, technically, a coalition. The SR statement amounted to its being a (Trotskyist 4th International) affiliate of the Scottish Socialist Party (SSP). Rob Hoveman, then Galloway, said (accurately) the SSP is a now rump. Some of SR's argument appeared reasonable. Respect would be just another left party in Scotland. Unsaid was Galloway's long experience (and encyclopaedic knowledge) of Scotland's politics.

George said he would recruit the people and raise the cash needed. He'd be ‘asked’ to stand, (he has a column in the Glasgow Herald). He emphasised the main flaw in Alan Thornett's argument from the floor. This was to the effect that he would probably win! Galloway said he “respected” Thornett, but

the argument is absurd. The proposal was carried.

By May 2011, Respect may have Galloway as an MSP. His Holyrood platform will be smaller than Westminster. But he will be in a stronger position, and effectively leader of the opposition. Labour in Scotland is feeble. SR may have left Respect. It has the SWP's defects, (without its size, infrastructure, or geographical scope), of wanting to lead an independent political life. And its propensity to stare gift horses in the gob. It is, thereby, a hindrance to the further development of Respect as a party.

This was a crucial debate. Respect must open out to the electorate. Decisions have to be made decisively and not mulled over interminably. Galloway in reply to Thornett said the annual conference was the most democratic forum possible for a discussion. SR had complained there was no time for discussion on the National council, or "in the branches". SR unilaterally (in effect) closed down the Islington 'branch'.

A resolution supporting students (including the 'rioters') was passed unanimously (including by elderly, respectable Bangladeshis. They might once have been Mukhti Bahini). A proposal from Merseyside, on the 'Robin Hood' tax was supported, as was one from Manchester, rejecting the Alternative Voting system in favour proper PR.

The 'Guest Speakers' included Peter Cranie, (Green Party), the candidate Respect stood-down for, in North West England, in the Euro-election. No2EU (remember them?) gave BNP the seat. He didn't say much, other than 'thanks' and that the parties have much in common. Liam Mac Uaid (Campaign for a Million Climate Jobs) asked us for support. He did not really tell us what it was. He is a member of SR, and loathes Respect.

Jerry Hicks, in contention for the General Secretaryship of Unite the Union, put forward clear policies. Unite should use its 1.5 million membership (and money) to oppose the Manchester Liberal consensus. As GS he would stop giving Labour millions. He would 'support our lads in Afghanistan', bringing them back home and setting them to

work building homes and factories. This may seem unreal. But the sheer scale of Unite could influence any government. It would not be alone, but the RMT and others don't have Unite's muscle. He, (probably unexpectedly - by them), give the Unite establishment's candidate a run for their money, (of which there was a large quantity). He came a good second in the ballot.

Kevin Ovenden talked about Viva Palestina, a practical solidarity (medicines, food and building materials) effort started, and named, by Galloway and Respect. Kevin was on the Turkish boat that was attacked by Israeli troops. The solidarity activity was not stopped by that action. Viva Palestina is active in the US - started by Ron Kovics - and a group was started in Tunisia recently. This has been a very successful initiative.

Diana Raby (Merseyside) spoke about the ALBA group - Bolivia, Cuba, Ecuador, Nicaragua, Venezuela (and Honduras. Until (2009) Uncle Sam decided a good old-fashioned military coup was in order. There have been attempted coups in other member states. There'll be more in the future). ALBA includes some English-speaking Caribbean states, Dominica, St Vincent & the Grenadines, and Antigua & Barbuda. Brazil and Argentina are well disposed to ALBA (the Bolivarian Alliance for the Peoples of Our America). There is a tacit (UK) media ban on discussing ALBA.

In his 'Closing Remarks' George Galloway said Kevin Ovenden had become a public figure like himself and Salma Yaqoob. He mentioned his tour of Canada to the three ocean shores, the Atlantic, the Pacific and the Arctic. A meeting in Yellowknife (the Yukon) is lined up. He returned to the 'Scottish question', and the future for the party. As had been said earlier in the day, Respect is the only party of the left with an 'electoral footprint', and he was determined to increase that footprint. We (nearly all) went home more grunted than we had been on arrival.

PSYWARS

'If you believe all you hear
you will eatall you see.'
- as the Irish saying goes.

The US eats imaginary
foes, whose hand
now manipulates

WikiLeaks to spread
the evil poison of
Washington.

Could the pen be
mightier than the sword
if its point is used to
have a nation gored
and, when writing, to
think us simpletons.

The pen as a drone
flies to its target.

The rat-droppings of
the informant leads
to destroyed villages.

Tempus fugit on the
joystick, while great
distance impedes
guilt, as a dying
family forfeits.

But droned from
cyberspace a
nation bleeds.

Wilson John Haire.

The Co-op, Colleges And Lambeth

The Co-operative Group conference (52 Ways to Change the World Co-operatively) on Saturday 19 June 2010, saw the all-UK launch of Co-operatives Fortnight. Ed Mayo (Secretary General, Co-operatives UK) and Tessa Jowell did the honours.

Five discussions ensued. Mervyn Wilson (Co-operative College) addressed 'Building Co-operative Schools'. He seemed defensive about the 'co-operative schools' concept, there are in place 'trust' schools and 'academies'. The broad-based co-operative movement can sponsor different sorts of schools. The academy in Hackney is designated as specialising in 'business and financial studies', an opening for the Group's bank and insurance arms.

This information may not be entirely accurate, as most participants seemed not to need detailed explanation of the legislation. The Anti-Academies Alliance was in attendance. Its attitude to 'Co-op' involvement is that it is (some-what) better than religious extremists and 'used car salesman'. Pupils from Hackney wandered about the building. They did not bore themselves with the discussions. There was plenty of food in at the cookery demonstrations, and 'Twitter' to play with.

This discussion was rather redundant. The Group intends to have a presence in education. The examples quoted in a booklet 'Co-operative schools — making a difference', seemed worthwhile. The Group won't bid for schools in well-off areas. The debate was being held shortly after the governing coalition agreement. The Thatcherite Tories and 'Orange Book' Liberals will not reverse the privatisation of education — or anything else.

S McGouran

The same shadow hung over 'New Ground for Co-operation', Steve Reed, leader of Lambeth Council, and Michael Stephenson (General Secretary, Co-operative Party), spoke. Steve Reed claimed Lambeth was putting co-operative values into operation in the delivery of Council services. It was a matter of putting an acceptable label on a situation forced on it.

Handing out brushes and bins to people on inner city Housing estates and asking them to get on with it is not co-operativism. It's a positive-sounding palliative. Citizens may feel they are required to do work that ought to be done by paid employees. Sweeping the streets and walkways in one's housing estate is fine in the short term. But the sense of urgency will dissipate, (and some 'cleansing' jobs are unpleasant).

Steve said Lambeth has never been the Tories favourite Council. Thatcher, he claimed, picked a fight with it in the 1980s. Councillors were subjected to heavy fines. They could be accused of political grandstanding, but Thatcher was not a forgiving foe. The current Councillors are not heroic, and their predicament is understandable. The alternative to an elected Council is a group appointed by Westminster to run the borough.

The Co-operative Party has 28 MPs. It has interesting policies, like mutualising the railways, but does not punch its weight.

The '52 Ways' referred to 52 cards which participants gathered from the various stalls in 'The Marketplace'. They incited us to be good citizens.

Labour & Trade Union Review

If you would like to subscribe or renew your subscription to the **Labour & Trade Union Review** just fill out the form below and forward to:

The Labour & Trade Union Review
No 2 Newington Green Mansions
Green Lanes
London
N16 9BT

Subscriptions

Rates (individuals):

UK £20

Back issues available at current prices
Rate for institutions available on request.

I enclose a cheque payable to:

Labour and Trade Union Review

Subscription £

Donation £

Name and address:

Postcode: _____

e-mail: _____

Subscription enquiries
Subs@ltureview.com

Distribution Dave Fennell

Storms In The East

Tower Hamlets (May 2010) had a plebiscite for a directly elected executive mayor along with the general election. The election for the post (Thurs 21.10.10) was won by Lutfur Rahman standing as an independent. He had been a member of the Labour Party for 21 years, a Councillor, and Mayor. He had been chosen as the Labour candidate. The Party decided, for reasons it did not publish, to cancel his candidature. He launched a legal case against the decision. Lutfur Rahman came to the UK as a child. He is a highly qualified lawyer. This is a noticeable quality of the Bangladeshi community. Abjol Miah, (Respect) who told the Labour establishment, that the 'Raj is over', is a university graduate. The hunger for education among Bangladeshi immigrants' children is very striking.

Mr. Rahman won the mayoral election in Tower Hamlets (the parliamentary constituencies Bethnal Green & Bow and Poplar & Limehouse) with a huge majority over Labour. All the abuse whispered during the election surfaced. Rahman was backed by the east London mosque.

The mosque, on Mile End Road, was accused of being a hive of 'Islamist' extremists. It may well be. Its governors have taken the decision that they are going to be a representative body. Islam among Bangladeshis is a very broad church — there are, after all, hundreds of millions of them.

Lutfur Rahman is a member of the

S McGouran

Islamic Forum of Europe. It seems (to a fairly well-disposed outsider, to be a pious group) - not unlike, in its way, Opus Dei. A striking feature of Islam in Europe, including England, is that it does not really proselytise. It is nothing like the Catholicism practised by the Irish until a generation ago. (A man with a Tyrone accent handed me a very informative leaflet on Catholicism, on Tottenham High Road some months ago. Has Catholicism Irish-style recovered itself?) The Forum has allegedly, connections with Jamaat-e-Islami, which is 'extremist' - Newspeak for genuinely religious.

Labour's HQ stuck by its decision to ditch Lutfur Rahman. He stood anyway. His 'party favours' being red and white, with no 'Islamist' greenery. He was described as a Respect 'crypto'. The local paper the East End Advertiser, carefully noted in its report of Rahman 'romping home', that he was backed by Respect and the SWP, something of a treble smear by implication.

The Advertiser's response to the election was interesting. Kevin d'Arcy provided a virtual editorial on the letters page. He is "a local journalist" who runs www.eastendmayor.info. d'Arcy claims that John Biggs, a London Assembly member, would have won the election for mayor. The Labour Party candidate was Helal Abbas, another Bangladeshi. d'Arcy's article is quasi-racist. Only a third of locals are 'Asian', but they dominate the electoral register.

Insert "Irish" in place of "Asian" and this could have been written over a century ago. As for those uppity Jews... d'Arcy has "particular ex-

perience in government and politics". Why is he slating 'Asians' for being active citizens? d'Arcy is a (mangled) Fermanagh name. Does he have no notion whatever what the vote means to disadvantaged people?

The local MPs Jim Fitzpatrick (openly Islamophobic) and the elusive Rushanara Ali became unusually active and public. In a letter, they and John Biggs promise to "unite and support the people of Tower Hamlets". Labour did this by promising to expel any Councillor who took up a 'Cabinet' post under Lutfur Rahman. He's filled them all.

The Council's membership is 33 Labour, 8 Conservative, one LibDem, and one Respect. There are 8 Independent members, four of whom are 'Asian' women. (Muslim men oppress them, you know). They probably all backed Lutfur Rahman - six still declare in the 'Members Interests' slot on the Council website, membership of 'Labour' and / or the 'Co-operative' party.

Labour, in Tower Hamlets, despite the large number of 'Asian' and Muslim members, has behaved disgracefully - at every level. They may well rue the day they allowed Fitzpatrick (a man, like Kevin d'Arcy, who should have better instincts if nothing else) to play the ethnic card. Labour got a good hiding at this election from people who were essentially Party loyalists, who bit the bullet over Fitzpatrick's antics, (he was aping Jack Straw). If ever an organisation deserved to shrivel up and die it is Labour in Tower Hamlets.

Cradling The Rock...?

The Cradle Will Rock

Book, music and lyrics by:

Marc Blitzstein

By S McGouran

This 'musical' directed by Mehmet Ergen is the theatre's last production in Arcola Street. Blitzstein's work was accompanied on piano, by (presumably) Bob Broad, (Musical Director) who isn't billed as anything else. He sits at an upright piano playing the score. The music is similar to Kurt Weill in places but is largely 'Americana'. It's a pity Mehmet Ergen didn't include Bob in the action.

While beautiful, *The Cradle...* isn't subtle. Mr. Mister is the big industrialist in Steeltown (presumably Pittsburgh, not Blitzstein's birthplace Philadelphia). His 'Liberty Committee' is made up of the likes of the Reverend Salvation. He is ready to do Mister's bidding at any moment with a sermon. In 1914 it's pacifist, despite the 'German vermin' interfering with America's steel industry.

In 1917 God is demanding the destruction of Germany's economy. His attitude to "Russia!" doesn't need second-guessing. (The first performance was in 1937, directed by Orson Welles). Great fun is had at the expense of Editor Daily, Dauber, a painter, and Yasha a musician.

They all depend on the Mr. Mister or his wife, an overdressed culture vulture - subject of a genuinely funny musical joke.

(Blitzstein could be accused of inverted snobbery here).

The character that holds the action together is Moll, a 'tart with a heart' - and a social conscience. She and Harry Druggist (a tragic victim of Mr. Mister's machinations) are in the Night Court, along with the Liberty Committee, because of an over-enthusiast cop.

The Liberty Committee were noisy — he arrested them. They performe make the acquaintance of Moll, Harry Druggist, and Larry Foreman.

Larry a Union organiser, the deus ex machina - has everyone all singing "the cradle will fall". This is the death of capitalism. All of the cast join in this final chorus. Immediately prior to this the sister of a man killed on the production line confronts Dr. Specialist.

This was in the form of a song of some musical, as well as, literary / dramatic, force. It was noticeable that the audience responded to this and to the naïve last chorus — complete with clenched fist salutes — with passionate affirmation.

Theatre audiences are not particularly representative. But...

(I have not named the performers, or others responsible for this, there were no duds among them: go to www.arcolatheatre.com for this information).

Richard Holbrooke

In one hand he held an unsigned contract while on his shoulder perched a Stealth Bomber.

At Dayton, Ohio, not a murmur as jigsaw Yugoslavia retracts.

1963 and the Foreign Service, an accomplice to murder in Vietnam with John Negroponte. (ad nauseam)

And with 'Blowtorch' Bob Komer auspicious.

Wanted war in Afghanistan to stop. (put up your hands and march to the stockade)

He tangled the strings in a Karzai strop.

Imploded during a switchblade accolade.

Built monuments to war but no Cheop.

Imploded during a switchblade accolade.

Wilson John Haire.

Notes on the News

By Gwydion M Williams

Re-Chain the Beasts of Finance

Money is a set of agreed social relationships. The crisis of 2008 threatened to destroy those relationships, which meant a bail-out was unavoidable. But thirty years of liberalisation have meant that people with a lot of money can move it round the world in seconds, can bail out of any economy if they see their profits are at risk or their loans in danger of default. So in each individual economy, ordinary people have to pay more taxes and get worse services, just to keep a small number of rich people confident that they won't be doing much suffering.

Globalisation was always very selective. Money and consumer products were allowed to flow across the boundaries of nation-states. People are not allowed to 'follow the money' except where they are found useful.

Money was under much more social control in the critical years of the 1950s, 1960s and 1970s, when the NATO countries and their Far Eastern allies won the key battle of economic growth against the Soviet Block. But from the 1980s, Western governments removed all of the safety measures that had been put in place after the Great Depression of the 1930s. Several financial crises occurred and were solved by a round of government spending. Most notably that of 1987, which was maybe the last key incident in the Cold War and which saw no demands that the Western public should accept austerity.

Things changed after the Soviet collapse. Although the key advantage was won during the era of 'Mixed Economy', it was re-written as a victory of capitalism over socialism. This in turn was used to justify the further weakening of successful economic controls of the era of 'Mixed Economy'.

All of this was justified in the name of Freedom, seen as a metaphysical entity existing beyond human control. And mysteriously not including the sorts of choices and opportunities that did not suit the emerging Overclass, rich people socially detached from the society that generated their wealth. Restrictions on the Overclass were denounced as an intolerable restriction on Freedom.

Modern societies allow very large areas of freedom, far larger than any past societies, including those of Classic Capitalism in the 19th centuries. All societies puts curbs on personal freedom when innocents may be hurt. Anyone can ride a bicycle because they can't do much damage and will maybe come off worse if they hit a pedestrian. You need a licence and a strict test to drive a car, because cars are lethal. Much stricter controls to pilot a passenger aircraft, because the amount of damage a pilot can do is horrendous.

Economic crashes do a lot more damage, but people in the West have been persuaded to remove the useful checks that used to limit them and curb speculation. This seemed likely to change after the massive crisis of 2008, when it became clear

that the markets could not operate without state support. But then somehow the blame was shifted. In Britain, MPs fiddling a few thousands in expenses became much more important than financiers walking off with millions or tens of millions and leaving chaos behind them.

The current round of popular protest has been against the cuts rather than for a massive re-regulation of banking and finance. This makes it futile, because once the voids in the financial system have been created, there is no choice but to fill them or risk a much worse crisis.

Any change will need to be done carefully, and be global in scope. A single society can't dare to ask the very rich to take their fair share of the burden, because they can simply shift their official base to somewhere that makes no such demands. We need a whole new system, binding everywhere that wants to do business on a global scale. Abolish the legal fictions that allow corporations to pretend they are based somewhere where they simply have a name-plate. Prevent them from forming complex chains of companies that avoid tax by manoeuvres that are accepted as legal, even though it results in rich people paying a lower effective rate of tax than ordinary people.

Gordon Brown is Wise After The Event

Most books by recently retired politicians are waste paper. But Gordon Brown may be an exception. Not that I expect him to tell anything like the truth. But he is sounding very radical now that he isn't required to do anything about it.

"A new and largely unregulated global financial system developed in the 20 years before the crisis and, in a risk-laden world in which excessive financial remuneration was at the expense of the equity capital that banks needed, we had created a wholly new economic phenomenon: capitalism without capital.

"If I had said in 1990 that global flows of money, which were then around \$0.6tn (£382bn) a day, would double as the world economy grew, people might have believed me, but if I had said these flows would rise by more than 2,000%, few would have thought it possible. In fact something much bigger happened: a 6,600% increase in global financial flows, so that by April 2010 these were flows of \$4tn a day.

"Submerged beneath the surface was an unseen, unregulated shadow banking network that grew in volume to become more than half the entire system, and operated far outside normal rules and procedures.

"Those practices then spread to the mainstream banks, and soon everybody knew the priority was, in the famous words of Citibank boss Chuck Prince, 'to keep dancing' as long as the music was playing.

“The reason governments had to step in during October 2008 was not because government action had itself caused the problem but because the music stopped. It was one of those moments when markets did not automatically come to a safe equilibrium in the manner the familiar old textbooks suggest.

“There are good reasons for this, some of which serious neoliberal thinkers happily accept, but which have been wilfully obscured in some of the less serious domestic political debates.

“Global marketplace conditions combined on the eve of the financial crisis to create what Alan Greenspan [former chairman of the US federal reserve] has since called a ‘fundamental flaw in the edifice of market economics’.

“While Alan had thought that the risk of reputation damage would ensure that bank executives retained some sense of business ethics, he later admitted that he was thinking back to the old world of business partnerships. He, like the rest of us, had not fully appreciated that moral norms were not constraining the behaviour of those competing across complex and interlocked global entities that covered both shadow and formal banking systems.

“We were misled

“In September 2008, like almost everyone else, I was surprised by the news of Lehman’s problems and the rapid sequence of events that followed. For a century and more Lehman was a brokerage firm. It did not for the most part use its balance sheet to acquire assets for its own investment. But in 2005, Lehman committed its own capital to buying commercial real estate, leveraged lending, and private equity-like investments.

“Lehman funded its plan through the short-term ‘repo’ markets, in other words by borrowing millions of dollars each day from counterparties just to be able to do business. Of course that meant that the moment counterparties to repurchase agreements were to lose confidence in Lehman, Lehman would

be unable to fund itself or to continue to operate.

“We now know that, on three separate occasions, Lehman admitted to themselves their concern that the total capital ratio would fall below the 10% regulatory requirement. But throughout 2008 Lehman continued to claim that it had sufficient liquidity to weather any foreseeable economic downturn. The Valukas report [into Lehman’s collapse] describes a board obsessed with growth, surrounded by executives who said openly that they did not want to hear ‘too much detail’ about the risks they might face in case it held them back from making the high-risk deals on which the biggest bonuses depend.

“The Lehman case reveals that right at the heart of the world’s biggest banks was a culture of unethical financial practices that were, right up to boardroom level, connived at, condoned and rewarded. It was nothing short of chronic recklessness powered by unchecked greed. I was furious to discover that other major banks too were recklessly using their customers’ own money to speculate.” [F]

Brown might have won the election if he had sounded like this at the time, blaming the bankers for behaving much worse than bankers had ever behaved before. So why didn’t he speak when it actually mattered. Was he scared of going head-to-head with such powers?

Still, it is good to have one’s suspicions confirmed. To be told by an insider that the once-revered Alan Greenspan was surprised to find modern bankers being just as greedy and selfish as his mentor Ayn Rand had urged them to be.

Though I doubted they needed Ayn Rand to teach them that. It was part of the general ‘Coolheart’ culture that has spread since the 1960s. Which cleared away a moribund Christian consensus, but has yet to put anything coherent in its place. The New Right flourished in the absence of anything else that sounded both coherent and modern. Sounded as if it could cope, but in fact it can not.

Student Protests

It was fun, but it wasn’t politics. Smashing up a building housing the Tory Party headquarters was a natural reaction, it was also maybe walking into a trap. The Liberal Democrat headquarters were protected, why was the Tory place overlooked? Or could it be that Tories are solid for the cuts and might figure that an attack on them would do no harm?

Really, riots by small numbers of determined individuals achieve nothing. If they managed to behead the Secretary of State for Education and parade his head on a pike, that might please the perpetrators but would hardly help the overall cause.

On a later demonstration there was an interesting incident:

“The picture of schoolgirls peacefully stopping attacks on a police van during this week’s student demonstrations sends out a powerful message of hope and defiance...

“They are conscious of what they look like – angelic spirits of 1968. Their school ties are knotted around their heads as if dressing up as the Woodstock generation for a classroom history play, but this act of street theatre is for real. Some who were at the student protests this week accuse police of deliberately leaving a solitary van in the middle of the ‘kettled’ crowd to invite trouble and provide incriminating media images of an out-of-control mob attacking it. Whatever, the schoolgirls who brought attacks on the police vehicle to an end by standing around it with linked hands in flower-power poses understood the power of images better than their elders.

“For this picture tells a lot, very quickly. It tells us the menace of violence is real as anger grows among groups directly afflicted by the coalition’s cuts. Yet it also reveals that most protesters are peaceful, idealistic, with a sense of history and of the gravity of their actions. Most of all it tells us how amazingly young many of them are.”[A]

If there were enough people ready to make sacrifices over Student Fees,

they could try non-violent direct action. Organise groups of seven who would lie down at a zebra crossing at a time of their own choosing, blocking busy traffic, and then letting themselves be carted away peacefully. This was the sort of thing that advanced the Afro-American cause in its early days. When a later generation turned to various sorts of violence, they correctly said that it was in line with US traditions. Mistaken in thinking that this made it a good thing: the history of the USA shows that violent protestors tend to be outnumbered and outgunned and to lose whatever public sympathy they may have started out with.

Successful non-violence would depend on there being thousands ready to do it. I've no idea if they can be found.

They've Never Had It So Good

When former government advisor Lord Young claimed the majority of Britons had never had it so good, he was talking nonsense. For the 'working mainstream', life has got much more uncertain since the crisis of 2008. They may have gained a little on mortgages, but most of them are now scared of losing their job. Scared of not being able to get another decent job if they lose the job they have.

Lord Young was able to view it all quite casually:

"He said: 'Now, I don't remember in [20]07 being short of money or the government being short of money.

"So, you know, I have a feeling and a hope that when this goes through, people will wonder what all the fuss was about.

"Of course, there will be people who complain, but these are people who think they have a right for the state to support them." [B]

Lord Young was the son of a businessman, trained as a solicitor but then had a successful career as an executive before advancing to the top ranks as a loyal supporter of Thatcher. It's all been very nice for him, just not so nice for the rest of the country.

The majority of top Tories are from

vastly secure backgrounds, part of the richest 1% who have done nicely under Thatcher. The Tory Party used to be concerned with social stability: now they ignore it and do their best to give business people whatever they want. They don't accept that business can push for things that will damage everyone's interests in the long run, and often in the short run too.

They have also failed to restore Britain's standing in the world. Contrary to the standard story, Britain's relative position has been declining for the last 150 years, though the decline became most visible after World War Two. Britain acquired its Empire when it was the world's leading manufacturing power, but this dominance peaked in the 1840s. For most of the Victorian era, the actual basis of Britain's world dominance was being lost as other countries industrialised. It was all hollow under that Victorian pomp and glitter.

Thatcher gave the appearance of a restoration, but a restoration of what? She managed to damage Western Europe, where France and Germany had overtaken Britain but then ran into crisis. But as they ran into crisis, Japan rose, and as Japan and the Asian Tigers fell into crisis, China rose. The world is changing but the Tories do not know it.

In terms of political philosophy, the modern New Right stands practically alone in supposing that money is not socially destructive. If disasters appear to follow in their wake, their super-factual wisdom tells them that this is someone else's fault.

They have sold themselves as bringers of 'empowerment'. But they are not there to empower ordinary people. They prefer to empower what they'd class as 'extraordinary people', which mostly means wheeler-dealers and the existing elite. An Overclass that is doing fine, even though the societies they dominate are losing their relative position

The North Atlantic Crisis

A lot of commentators are talking about a crisis as China threatens to replace the USA. And all of them are talk-

ing nonsense. The USA has been committed to a world hegemony since the 1940s, seeking to impose its own pattern all round the globe. China has shown no ambitions beyond recovering what it regards as its proper territory, mostly islands with which China has a strong historic link. In the wider world, China seems content to rise as part of a crowd, as the largest component of loose alliances like 'BRIC' (Brazil, Russia, Republic of India, China) or BASIC (Brazil, South Africa, Republic of India, China)

China correctly feels that it is in a strong position:

"The leaders of the G20 group of rich and developing nations met in Seoul this week for what might reasonably be described as their first post-crisis summit. But it also had the feeling of the first post-Western summit. China, the world's second richest nation and its rising power, believes that the financial crisis was actually a 'North Atlantic crisis'. Now that the worst of it is over, Beijing sees little reason to swallow the medicine for someone else's sickness. The summit therefore broke up – none too amicably – without really addressing the trade imbalances that were one of the root causes of the crisis, or America's worry that Beijing is gaining an unfair advantage by artificially keeping its currency weak. Instead, China flexed its muscles and got what it wanted: a watered-down statement that will not force it to change course. If President Obama hoped that the G20 would burnish his image as a world statesman after the disaster of the midterm elections, those hopes were disappointed." [C]

This is not just a Chinese view:

"Asia Pacific banks have navigated the crisis better than their US or European counterparts, and emerged in robust shape, two of the region's bank CEOs told the Credit Suisse Asian Investment Conference today.

"Addressing a panel on Global Financial Regulation, Standard Chartered Bank's Asia CEO Jaspal Singh Bindra and Commonwealth Bank of Australia CEO Ralph Norris also noted that while global regulatory reform was necessary, it should avoid unfairly impacting on

Asian financial institutions.

“The two bank bosses noted that the Asian banks avoided the bank nationalizations and bailouts that became commonplace in the U.S. and Europe during the height of the financial crisis. This should be reflected in any global regulatory reform, which should not take an excessive toll on banks in the Asia Pacific, they said.

“Much of the discussion in the panel focused on the preparation of the Basel III guidelines, and in particular those relating to the definitions of capital, leverage ratios and liquidity ratios.

“I think we all agree that it’s in our interests to make sure we have a well-managed financial system, and banks do need to reform,” said Mr. Bindra. “Excessive risk-taking should be both defined and discouraged. That was the prime cause of the challenges we faced in the last two years.”

“Mr. Bindra pointed out that Asian banks were very well-capitalized, but said he feared that new regulations could still disadvantage them. ‘Under the new definition of common equity, they will need to add substantial amounts of capital. In some ways, that will be punitive for Asian banks given their size and single-region focus. There will be an unfair impact on Asian banks to start with.’

“Mr. Norris said it would be unfair for Asian banks to suffer from a regulatory reaction to the crisis. ‘We do term this crisis a global financial crisis, but in reality it was more like a North Atlantic crisis,’ he commented. Both panellists praised the strength of macro-prudential regulation in Asia, which Mr. Norris said had partly been a product of Asia’s experience during the crisis of 1997-1998.” [D]

The crisis of 1997-98 hit Russia and the Asian Tigers, the people who thought the West was on their side. China nowadays is open only compared to what it was under Mao – and Mao was faced with a hostile USA that supported the rump Kuomintang regime on Taiwan as the ‘real China’ up until the early 1970s, boycotting China and denying it a UN seat. China’s opening still makes it much

more closed and protected than Western Europe was in its Mixed Economy era between the end of World War Two and the rise of Thatcher and Reagan. China must have felt vindicated then and even more definitely vindicated after the crisis of 2008, which hasn’t hurt them significantly.

Embracing Your Politics

Western commentators predicted a good future for China from the First Opium War (1839) down to the foundation of the People’s Republic in 1949. After which they predicted imminent disaster, and are still doing so.

“China’s development model must change if it is going to continue prospering. Its leaders need to spread the economic advances from wealthier cities to the neglected countryside, from advanced coastal regions to the less-developed inland, and from manufacturing and industrial investment to consumer demand and service-producing industries. China will also have to shift income and wealth formation from companies to consumers by adopting a more flexible exchange rate, and allowing the development of market-determined interest rates. It will have to lift wages and extend social security and healthcare. And it will have to reform state-owned enterprises to allow them to divert profits back to households via the payment of dividends...”

“The key issue, though, is not awareness of the need for change, but whether the Communist party has the will for it. It’s estimated that the country already experiences up to 100,000 incidents of unrest each year, in what sociologist Yu Jianrong calls ‘spontaneous venting incidents’ over wages, social conditions, corruption and injustice. Transformational economic and political change will be even more disruptive and potentially unpopular.” [E]

100,000 incidents of unrest sounds alarming – until you remember what a big place China is. The current population is 1.3 billion, so that makes one incident per year per 13,000 inhabitants. The equivalent for the UK would be just over 4600 incidents of unrest, which

would sound quite ordinary if someone claimed it.

Prime Minister David Cameron took a cautious line during his recent visit to China, being mostly there to help British business. But he did say something about China ‘embracing democracy and freedom’. I hope the Chinese will research the actual history of the British political system before changing their own. The English parliament became dominant in the 1680s, being already a very old institution that most ruling-class Britons accepted as part of the system. British politics did not become democratic until two centuries later, a very limited democracy for 60% of adult males living in the British Isles after the Reform Act of 1884.

Talking of ‘embracing democracy reminds me of a story from the highly corrupt British parliament of the 18th century. John Montagu, 4th Earl of Sandwich was a government minister and also a dedicated gambler – it is said that the ‘sandwich’ was named after him when he demanded something he could eat using just one hand while gambling with the other. As a politician, one of his major concerns was John Wilkes, editor of *The North Briton*. Wilkes was the Wikileaks of his day, a man who pushed back the boundaries of press freedom well beyond the previous norm. On one occasion Sandwich said to Wilkes: ‘Sir, you will either die on the gallows or of the pox.’ Wilkes replied: ‘That depends, sir, on whether I embrace your politics or your mistress.’

Wilkes was good at smart replies. When he was canvassing, one elector said “I’d sooner vote for the Devil”. And Wilkes replied “Ah, but your friend is not a candidate”. The devil as conceived in 18th century Britain would not have been out of place as a candidate, except he’d presumably have had trouble with the oath, which required MPs to affirm an allegiance to Christianity till 1858. Both Sandwich and Wilkes are believed to have been members of Sir Francis Dashwood’s Hellfire Club

There is an interesting sequel. Wilkes had used anti-Scottish prejudice, ignoring the need to integrate the Scots into the developing United Kingdom.

But in the Gordon Riots of 1778, he faced another sort of prejudice, an English Protestant mob enraged at limited tolerance being offered to Roman Catholics. This was all mixed up with popular democracy: the rioters were mostly supporters of the new USA in the American War of Independence, and it was widely believed that Catholics were being offered more tolerance so that more of them could be recruited to suppress the American rebellion. Still, it was something much too democratic for Wilkes, who probably hadn't understood the real nature of the forces he was unleashing. He commanded troops who confronted the rioters and fired at them, effectively ending his role as a radical leader.

An interesting extra – the assassin of President Abraham Lincoln was John Wilkes Booth, named after the original Wilkes and a distant relative, if you believe the Wikipedia (and it is plagued by spoofs, sad to say).

Wikileaks

My view of the Wikileaks is similar to my view of the Taliban. I don't like them and in the long run they might be enemies. But right now they are doing a lot of damage to US global power, which is a good thing. It's a pity the same work isn't being done by better people, but that is the current political reality.

The principle of leaking is foolish. Normal politics cannot be conducted if every casual remark gets reported all round the world. Libertarian ideas or anarchist ideas would work fine if everyone had much the same thoughts and wanted much the same things. They fail because this has never been the case, and becomes less and less true as civilisation develops. A tribe can manage without much government because tribal culture ensures that every tribal member thinks in much the same way, with dissenters mobbed and expelled. This can never work once several different types of people have to try living together.

Some of the stuff that Wikileaks has leaked deserves it, but not all. There has been justified criticism of the leaking of a US cable about things the USA considers vital. These include an anti-snake venom

factory in Australia and an insulin plant in Denmark. Also key places in the Russian gas pipelines to Western Europe and places where trans-Atlantic cables make landfall. [G] This is information that would allow a few determined operators to harm a lot of ordinary people, it makes no sense to reveal it.

It will not hurt genuinely authoritarian regimes, which can use state power as they see fit and probably get majority public support for it. Damage to such regimes was promised as a consequence of the Internet. I always saw the promise as foolish, and it has indeed proved false. Just how many innocents suffered remains unknown: authoritarian regimes are usually very good at keeping their secrets.

There is also some suspicion about what Wikileaks really is. I started by comparing it to the Taliban, I will end by reminding everyone that the Taliban were originally built up to serve US interests, as were Bin Laden and al-Qaeda. Is it another remarkable case of 'Blowback', an attack on the secret sponsors by a power originally built up to be useful against enemies?

Brazil Civilises Its Slums

'Cruelty to Drug Gangsters' isn't a charge that would bother many people. Rio de Janeiro's poorer districts have long been plagued by gangster violence, poor people killing each other and mostly not bothering the rich. Some of the gangsters took a little of their inspiration from Brazil's failed Urban Guerrilla movement, but basically they were exploiters of their own people. It probably suited the authoritarian right to have poor people killing each other, assuming they could not be entirely controlled. But now with the left in power nationally, and with Brazil getting ready for the World Cup in 2014 and Olympic Games in 2016, something had to be done.

"More than two thousand heavily armed police operatives swept into Rio's most notorious shantytown today following a week of explosive confrontations that have left at least 50 people dead.

"The operation, unprecedented in the

city's history, began at around 8am and focused on the Complexo do Alemão, a gigantic network of slums that is the HQ of Rio's Red Command drug faction and houses around 70,000 impoverished residents.

"According to police the favela had been 'conquered' by around 9.30am, with drug traffickers offering little resistance.

"Gang members reportedly attempted to flee the 2,600 police and army operatives through the favela's sewage system or by disguising themselves as Bible-carrying evangelical preachers.

"They left behind 'mansions' filled with wide-screen televisions, swimming pools and a sauna. In the home of Pezao, one of the area's top traffickers, police found a giant poster of the Canadian singer Justin Bieber.

"Around 10 tonnes of marijuana were seized along with a small arsenal of assault rifles and a missile. At least three suspected drug traffickers died in confrontations with police operatives while several gang members handed themselves in at special 'surrender centres' that opened around the slum."

The film *City of God* is said to give a good impression of what actual gang rule was like, its corrupt and self-destructive nature. The film gave rise to a series called *City of Men*, available on DVD, showing what it did to a poor community. Almost anything would be better than that.

I don't suppose the current operations will cure crime. But they are a massive intimidation that should produce a more cautious breed of gangster, people who will keep a lower profile and not bother sporting events. It is definite progress.

Korea: A Struggle to the Death?

The bottom line on the Korean Peninsula is that the USA and South Korea are out to overthrow North Korea. China would like to ease North Korea into more moderate politics, and might be willing to accept some sort of unification, but probably nothing rapid or drastic.

Never forget, China has limited influence on North Korea, which was on the Soviet side in the long Sino-Soviet dispute up until the Soviet Union collapsed.

North Korea has excellent reason to suppose that the USA is 'out to get them' regardless of what they do. Anything short of complete surrender would be useless, and the example of Russia in the post-Soviet era is not likely to encourage them. But also they seem to have figured that they can safely get warlike, because the West does not want another expensive war while still trying to extract itself from Iraq and Afghanistan.

If the West had treated the Soviet Bloc decently after their collapse, they might have won over some of the other hold-outs. As things are, a lot of them are worse off economically than they were in 1991. And in the latest crisis, a country as popular and well-connected as Ireland is being treated quite badly.

North Korea has excellent reasons to think that compromise is useless and they might as well take a strong line. I'm not at all fond of that regime, but I assume that it is tough and will not go down quietly. It probably can't hit Europe or the USA, but it could probably lob enough nuclear weapons to wreck South Korea and Japan. For the benefit of those who are likely to view it selfishly, what do you think that would do to the global economy?

It would be wiser to seek compromise and to admit that North Korea is unlikely to change soon. But it also may be that political rivalries in both South Korea and the USA will encourage politicians to talk tough for the benefit of the voters.

Poppies and Selective Memories

Back in the 1960s, most people in Britain thought we wore poppies in memory of the tragedy of World War One. There was a certain consensus that it had been a bad and foolish war, unlike World War Two which was the fault of Hitler.

Over the years things changed. The

Soviet collapse could have been the basis for an era of peace. Instead it was used as an opportunity for NATO to seek global domination. Poppy Day has become part of that.

"A group of veterans from conflicts including the Falklands and Northern Ireland have complained of the increasing glitz and glamour of the annual poppy appeal and of it being hijacked to marshal public support behind current campaigns.

"In a letter in tomorrow's Guardian, the veterans argue that the original aim of the appeal as a sombre commemoration of the war dead and the horrors of conflict was in danger of being lost amid the marketing spin and tub-thumping political aims.

"A day that should be about peace and remembrance is turned into a month-long drum-roll of support for current wars. This year's campaign has been launched with showbiz hype. The true horror and futility of war is forgotten and ignored,' they write." [J]

The event got celebrated anyway. The BBC even had a special page listing all of the conflicts that the poppy commemorates – UK war dead from 1914 to 2010, and on into the future, presumable. Individual conflicts were listed, but not always accurately. Thus on the Korean War, they say

"Britain responded to the United Nations' call to send military assistance to the Republic of Korea following an invasion across the 38th parallel by the North Korean Peoples' Army. After initial battlefield successes, the North Koreans were beaten back by a multinational force to the area of the 38th parallel despite assistance from China. Some 100,000 British men and women served in the region during the conflict." [K]

Actually the multi-national force conquered most of North Korea and ignored Chinese warnings not to get too close to the border. China then sent in a large army and inflicted a massive defeat on the British and US forces, pushing them back to something close to the former border, where the front

stabilised.

A much worse omission is the Irish War of Independence, which is just not there. British troops were involved all along, beginning with the IRA's 1916 uprising and all through the war of 1919-21, after Ireland returned a clear majority of MPs supporting Irish independence and the British government refused to accept it. It is an embarrassing remembrance, certainly, but several hundred British troops died there, along with armed police and 'Black-and-Tans'.

The whole handling of that war was irrational, as it happens. The leaders of the 1916 uprising were shot, on the basis that they were armed rebels. But when World War One ended, the surviving insurgents were let out again, conceding that they had actually been soldiers in the war just ended. It wasn't very rational nor a very smart move: among their number was Michael Collins, who emerged as the most effective fighter.

References

- [A] [<http://www.guardian.co.uk/uk/2010/nov/25/student-protests-tuition-fees-schoolgirls-definace>]
- [B] [<http://www.bbc.co.uk/news/uk-politics-11793486>]
- [C] [<http://www.telegraph.co.uk/news/worldnews/asia/china/8130126/A-lesson-from-China-in-where-power-lies.html>]
- [D] [<https://www.credit-suisse.com/conferences/aic/2010/en/reporter/day4/index.jsp>]
- [E] [<http://www.prospectmagazine.co.uk/2010/11/what-makes-china-weak/>]
- [F] [<http://www.guardian.co.uk/politics/2010/dec/07/gordon-brown-economics>]
- [G] [<http://www.bbc.co.uk/news/world-us-canada-11923766>]
- [H] [<http://www.guardian.co.uk/world/2010/nov/28/rio-police-drug-gang-slum>]
- [J] [<http://www.guardian.co.uk/uk/2010/nov/05/poppy-appeal-subverted-veterans-complain>]
- [K] [<http://www.bbc.co.uk/news/uk-11743727>]
- [L]

Parliament Notes

Dick Barry

To Tax Or Not To Tax

The £6 billion tax bill owed by Vodaphone goes back to 2000 when the company took over Mannesmann, the German engineering firm and mobile phone operator. For the next 10 years Vodaphone was in dispute with Her Majesty's Revenue and Customs (HMRC) over the amount of tax owed and the matter was settled only after the Coalition came to power. A coincidence? The settlement, apparently a private arrangement between the head of HMRC and Vodaphone's tax accountant, amounted to just £1.25 billion, some £4.75 billion short of what they owed. £800 million was to be paid in the current year, with the rest spread over the next four years.

Understandably, there was public outrage about this, with protests outside Vodaphone shops. And on 16th November Labour's Kerry McCarthy (Bristol East) referred to this when she said, "I am sure that the Government will be aware of the growing public outrage at the fact that a company such as Vodaphone seems to have been able more or less to decide its own tax bill, and, in doing so, is rumoured to have avoided a sum as high as £6 billion. Do the Government agree that we need far more transparency and accountability when it comes to such backroom deals with large companies, or are we now entering a world where only the little people pay their taxes?"

HMRC is a department of government, but one could be forgiven for thinking otherwise on hearing Treasury Minister David Gauke's reply: "This Government are determined to crack down on tax evasion and tax avoidance, but the Vodaphone deal was a matter for HMRC, and it is right that the Government are not involved in such negotiations. I hope that the hon. Lady will not be

aligning herself with those involved in campaigns to close down Vodaphone shops. The fact is that companies should pay the correct amount of tax, but she should not believe everything she reads." Gauke clearly believes in facts. Well, here are two for him to ponder: a) McCarthy did not suggest that the Government should be involved in negotiations between HMRC and companies such as Vodaphone. b) Vodaphone did not pay the correct amount of tax. Although as Gauke said, it is the Government's policy that companies should. This was at the heart of McCarthy's comments. £42 billion a year is lost through tax avoidance, evasion and fraud. If the Government are prepared to let Vodaphone avoid paying £4.75 billion, what hope is there that they will reel in a much larger sum?

Bankers' bonuses are of course subject to tax, nevertheless they continue to cause controversy and no more so when most of the rest of us will begin to feel the effects of the spending cuts, and many thousands will lose their jobs, in the near future. But never fear, here comes the avenger in the shape of Lord Sassoon, Commercial Secretary to the Treasury, who told Peers on 1st November, "My Lords, the Government have taken action to tackle unacceptable bonuses in the banking sector. The Financial Services Authority is updating the remuneration code, which will ensure that bonuses are deferred and aligned with the underlying risks, and significant portions of any bonus will be paid in shares or other securities. Employees in this industry will no longer receive all their bonuses in cash while leaving their shareholders, and potentially the taxpayer, exposed to the long-term consequences of the risks they take."

If Lord Sassoon and, presum-

ably, the Government believe that there are "unacceptable" bonuses in the banking sector the proposals announced on 1st November will do nothing to address the problem. They simply ensure that bonuses will continue to be paid, although in a different form. By insisting that in future a portion of the bonuses are paid in shares and other securities the Government are hoping that bankers will be less inclined to take wild risks with what Labour's Lord Eatwell referred to as "other people's money" So Lord Myners was correct to say, "My Lords, the Minister said that the Government have taken action to deal with unacceptable bonuses. Can we therefore conclude that, as far as this Government are concerned, all future bonuses declared are deemed to be acceptable?" And as the proposals will not take effect this financial year, the £7 billion in bonuses to be paid out in February are safe from the avenging Lord Sassoon.

On 6th December David Gauke delivered a statement on 'Anti-Avoidance (Tax Policy)' which set out a number of changes to legislation to tackle tax avoidance. Some of the changes had immediate effect. Introducing the statement he told MPs, "The Government are fully committed to tackling tax avoidance and will take necessary steps to protect the Exchequer and maintain fairness in the tax system" He also announced that, "The Government will shortly publish a draft protocol that will set out the circumstances in which they will consider changing legislation with immediate effect. This will be published alongside the Government's response to the consultation on improving tax policy making on 9th December" The 6th December statement and the Government's response to the consultation requires detailed consideration and will therefore be covered in the

next Parliament Notes.

Farewell To Welfare?

The Government's White Paper on welfare reform, 'Universal Credit: Welfare That Works', was published on 11th November. Its central purpose is to replace the current plethora of out-of-work benefits with a single universal credit which, according to Work and Pensions secretary Ian Duncan Smith, will "make sure that work always pays more than benefits" and that guarantees "there will be no losers" This is an extremely tall order and one which, if successful, will revolutionise Britain's welfare system. However, success of the proposed system is predicated on jobs being available for those fit to work but who are currently on benefits. Introducing the White Paper, Duncan Smith told MPs that, "Some 4.5 million people were on out-of-work benefits before this recession even started.", (the number is now 5 million), and urged them to be ready to "take up the 450,000 vacancies that even today, as we begin to emerge from recession, are available in the economy."

But it doesn't take a mathematical genius to work out that even if all 450,000 vacancies were filled by out-of-work benefit recipients, 4.5 million would still be left without a job. Duncan Smith's, and the Government's, hope, indeed their expectation, is that the private sector will create a substantial number of jobs over the next four years or so to enable many of the 4.5 million to enter work. Some hope, some expectation, when thousands of public sector workers will join the dole queue over this period and more will join them from the private sector as government grants and subsidies to the sector disappear among the cuts.

The universal credit will be applied to new claimants from 2013, with existing benefit recipients switching over gradually by 2018. The new system will of course cost money. Duncan Smith told MPs

that, "Some £2.1 billion has been set aside to fund the implementation of the universal credit over this spending review period, and I have been assisted in that work by my right hon. Friend the Chancellor, who has agreed to and guaranteed the investment programme." He added that a simpler system "will help drive out more than £1 billion of losses due to fraud, error and overpayments each year." So the net cost will be £1.1 billion. Whether this will be enough is difficult to assess. It largely depends on the pace at which the system is introduced, but Duncan Smith was confident that extra money would be available should it be needed.

A new Work programme will operate alongside the universal credit which will "provide integrated back-to-work support." This is designed to help those out of work for a long period to adjust to a work regime. And it will also work in tandem with "a three-year programme to reassess the 1.5 million people who have been abandoned for years on incapacity benefits." This sounds suspiciously as if Duncan Smith believes that many disabled people are fit for work but have been content living on generous benefits, rather than seek work. A suspicion borne out by medical examinations currently being carried out by government appointed doctors to assess whether disabled benefit recipients are fit for work.

Duncan Smith's claim that "there will be no losers" came with a harsh warning: "Essentially, this is our contract: we will make work pay and support people to find a job through the Work programme, but in return we expect co-operation from those who are seeking work. That is why we are developing a regime of sanctions for those who refuse to play by the rules, as well as targeted activity for those who who need to get used to the habits of work." The aforementioned sanctions will come in the form of deep cuts in benefits and will apply in four steps: 1) Claimants who fail to prepare for work, where this is required, will

lose 100% of their benefits until they comply. 2) Failure to seek employment, or be available for work, will cost four week's benefits for a first offence, rising to three months for a second offence. 3) The "most serious failures"- those on jobseeker's allowance who fail to accept a reasonable job offer- will lose benefits for a fixed three months. This could rise to three years for those who have "serially and deliberately breached conditions." 4) Lone parents with young children will face sanctions if they fail to attend 'work-faced' interviews." (The Guardian. 12 November 2010.).

The White Paper will make sure that "work always pays" by removing the tax disincentive for those able to take on what Duncan Smith referred to as a "modestly paid" job. He told MPs "At present, some of the poorest people who take modestly paid jobs can risk losing £9 or more out of every £10 extra they earn. The universal credit must put an end to some of the perverse disincentives that make it so risky for the poorest people to move into work. The highest marginal deduction rates for in-work households will fall from 95.8% to an absolute limit of 76.2% - that is with the conjunction of tax and the withdrawal - and there will be a single taper of about 65% before tax.

That means that about 1.3 million households facing the choice of whether to move into work for 10 hours a week should see a virtual elimination of participation tax rates of over 70%. With single tapers and higher disregards, the system will be simpler and easier and people should be able to keep far more cash in their pockets when they move into work." Put like that it seems that the White Paper will provide a tempting incentive for benefit recipients to take on a job. In the real world however things will be very different. Duncan Smith's idea of "far more cash" going into the pockets of the newly employed will mean a mere few pounds extra a week, for any jobs available will

pay a very low rate. So, yes, work will pay but only marginally more than benefit rates. Hardly an incentive to enter work. The problem we have is not one of generous benefits, but of low rates of pay.

Low pay was taken up by Labour Co-op's Cathy Jamieson (Kilmarnock and Loudon) who asked, "Does the Secretary of State agree that one of the best ways to make work pay is to ensure that it pays not simply a minimum wage, but a living wage? What does he intend to do about that? Can he also give me an assurance that there will be some joined-up thinking and that those who are genuinely seeking work, even if they are out of work for more than a year, will not have their housing benefit cut?" To which Duncan Smith replied, "The policies on housing benefit stand as they are. On the hon. Lady's point about a living wage, I genuinely believe that the reality is that what we are doing is the best way to ensure that households end up with a living wage.

In the past, because the system was so difficult and complicated, the first person into work in a household would often not be able to earn enough to support the household. Because it will pay more to be in work, the process that we are introducing will give the first person in a household who goes into work a greater opportunity to earn enough money to support the household, allowing the option for the second earner to be just that: an option, rather than an absolute must."

Earning enough to support the household is Duncan Smith's idea of a living wage. But most jobs available to those out of work for a considerable period pay no more than the minimum rate, barely enough, even with the changes to the tax regime, to provide at most subsistence support.

There is a problem with long-term unemployment that needs to be addressed, but the White Paper's

proposals do not amount to a serious attempt to do so. Its whole ethos reflects that of most Conservative MPs and their supporters: that the long-term unemployed are benefit cheats who can be enticed back to work by the prospect of earning a couple of pounds extra a week. No serious effort is being made, and nor was it made by the last government, to tackle Britain's low-wage, low-growth economy. The minimum wage was a welcome start, but for many people low wages continue to be a burden. And Labour in opposition have no real answer to this.

Furthermore, not wishing to be seen to be condoning benefit cheats, a number of Labour members broadly welcomed the White Paper's proposals. Shadow Work and Pensions Secretary Douglas Alexander told Duncan Smith, "Both our parties want a simplified benefit system in which less money is clawed back as people move into work. That is why I have been very clear since I started my position that if the Government get the approach right, we will support them." Alexander criticised the cut of 10% in housing benefit for anyone who cannot find work within a year, but said nothing about the other sanctions that will be imposed on out-of-work benefit recipients. Was it a case of silence denotes consent? One final thought for Duncan Smith to ponder: if work is the best way out of poverty, why is it that, according to the Joseph Rowntree Foundation, half of all children living in poverty are from in-work households?

Students Are Revolting

Following the first student demonstration in London against tuition fees on 10th November Nick Herbert, Minister for Policing and Criminal Justice, made a statement to the Commons (11th November) in which he described the attack by a small number of (possibly) anarchists on the Conservative Party's campaign headquarters. While condemning the behaviour of a minority, he admitted that, "the vast majority of the 40,000 who were demonstrating did so peacefully, and the Government

have no issue with that, or their right to protest", which is good of him given that the right to protest is an integral part of the Britain's democratic system. However, he added that, "The police are committed to bringing the criminals who carried out the violence before a court. The whole house will join me in condemning the minority who carried out those violent and criminal acts. There is no place for such behaviour in Britain's democracy. I thank the police officers who were deployed to the scene, and who helped to protect innocent bystanders. They acted with great courage, particularly those who were holding the line until reinforcements arrived."

Herbert's comments about violent behaviour were echoed by some of his Conservative colleagues whose imagery and inability to understand students' anger occasionally beggared belief. For example, Robert Halton (Harlow) asked, "Does my hon. Friend agree that yesterday's mob fires of placards and papers had echoes of 1930s book burning? Does he agree that mob rule is no substitute for democratic rule? Will he also pay tribute to the thousands of students who were not in Westminster yesterday, but were continuing their studies up and down the country?"

Angie Bray (Ealing Central and Acton) asked, "Does the Minister agree that certain remarks 'twittered' to the wider world about the fact that the violent rioting might be due to Government policy are not only unacceptable but highly irresponsible?" Geoffrey Clifton-Brown (Cotswolds) said, "My right hon. Friend may be interested to know that I spoke to several police constables this morning. They believe it is a miracle that no death or serious injury resulted from yesterday's events..."

And Charlie Elphick (Dover) remarked, "It would be all too convenient to write this off as just the work of professional agitators, but serious allegations have been made about NUS stewards, on-air TV confessions by student leaders and the

handing out of 'What to do if you're arrested' leaflets, which would not need to be brought along to a peaceful demonstration, but I understand were handed out by the NUS."

It is noticeable that not a word was expressed by any MP about the purpose of the demonstration: to highlight the steep rise in tuition fees and draw attention to the Lib Dems' broken pledge. Herbert's final comment related to the police: "I have already expressed the Government's thanks to police officers, who did a very difficult job yesterday, particularly those who were manning the line when it was clear that more resources were needed. Last week I attended the Metropolitan police annual service of remembrance for fallen officers at Hendon.

It was sober reminder that police officers - those in the Metropolitan police and across the country - daily do their duty and sometimes lay their lives on the line for us, the public. At a time of change and police reform, it is important that we remember the great job that the police officers do for us." One assumes that Herbert was referring to officers who were killed/murdered by members of the public, as all other police deaths were the result of accidents. In most cases those responsible were brought to justice. This has not been the case where members of the public have died at the hands of the police. Not one police officer has been charged with murder/manslaughter, in spite of the numerous cases where this has happened. The death of Ian Tomlinson being the latest example.

Two weeks later a second demonstration was held in London. Following the first, the Metropolitan Police Commissioner admitted that insufficient police numbers had been present to handle the large demonstration. He was determined that this would not happen again. So, on 24th November a huge police presence, clearly acting under orders, used

kettling tactics against university and school students, some as young as 13. This resulted in thousands of young people, who had not shown any violence, being kept 'prisoners' on the streets of London for up to 10 hours. A number of them reported that the police used violence against anyone who tried to escape from the police cordon. Now, one would imagine that the Conservative MPs, indeed any MP, who were so concerned about the violent minority at the first demonstration, would be agitated by the aggressive police tactics at the second. Or that Nick Herbert, who rushed out a statement condemning the behaviour on 10th November would be equally quick to comment on what happened on the 24th. But a detailed search of the House of Commons Hansard up to, and including, 6th December revealed nothing about what happened that day. No Government statement, no debate, and not one question by an MP. Priti Patel, Conservative member for Witham, asked a question on 30th November, but it concerned the number of arrests made at the first demonstration on 10th November. Will no MP speak out against police behaviour on 24th November and for the right of students to protest?

Frank Talk?

Speaking on behalf of the cross-party group on balanced migration Frank Field, Labour member for Birkenhead, introduced what proved to be an extremely long debate on immigration on 18th November. Given some of his opening remarks, the debate will be covered in more detail in the next Parliament Notes. However for the time being this is how he explained the reasons for the debate: "I shall briefly summarise the group's aims.

They are to stop the population of this country being grown by immigration, and, secondly, to support the forces within the House and, now, the Government to move towards a balance between the numbers coming into the country and the number of people leaving

it. Thirdly, given the concern about people coming here to work and about population growth, we would like the Government seriously to consider breaking the link between people coming here to work and almost automatically getting the right to citizenship. That is largely the route by which the population is being grown at present. If the Government were to take that action, they would certainly convince the electorate they were delivering the coalition's pledges. They might also get a bit more breathing space in which to find effective ways of reducing the numbers wishing to come here to work."

A Case Of Amnesia?

It is said that one should not speak ill of the dead. Fair enough. But nor should one ignore the unpalatable aspects of a life and pretend that the deceased was something s/he was not. That, however, is what happened at a celebration of the life of the late Michael Foot at the Lyric Theatre, London, on 8th November. Foot was undoubtedly a decent man, a good Labour Minister and a great Parliamentarian. He was also an excellent essayist, literary critic and political columnist and biographer.

He was not, however, a pacifist. But that was what we were led to believe by most of the invited speakers; Gordon Brown, Neil Kinnock and Kate Hudson in particular. Only Geoffrey Robertson QC., speaking towards the end of the evening, reminded the audience of mostly Labour Party members and trade unionists that Foot had supported Thatcher's Falklands war and NATO's attack on the former Yugoslavia. But as T.S. Eliot said, 'Humankind cannot bear very much reality.' And it would have been far too much to bear for the Party romantics present had they also been told that in 1948 Bertrand Russell, whom Foot admired and with whom he later campaigned for nuclear disarmament, advocated a pre-emptive nuclear strike on the Soviet Union. After all, pacifists oppose violence and war, don't they?