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Britain, Germany and the Euro Crisis

It is likely that the latest settlement in the ongoing European debt crisis will provide no more than, at best, a temporary respite for the ongoing turmoil in the Eurozone and the broader EU. Although there is an impulse, driven by desperation, towards further economic and political integration, some of the crucial conditions for that happening successfully are missing. The EU has lost the practical idealism it once had as it developed under the tutelage of Christian Democracy and Listian political economy in the forty five years from the end of the Second World War until the self-imposed collapse of the Soviet Union. Since the Second World War and up to and including the present day, Germany has languished under a disabling war guilt imposed by military defeat and atrocities against its civilians in the latter part of that war. This renders it incapable of taking a leading role in Europe, just as the British intended.

Nevertheless, Germany has done well out of the EU, despite the reluctance of its leaders to admit the fact. Its trade within the Euro zone has benefited hugely from the inability of other European countries to competitively devalue under the onslaught of the German export machine. A weak Euro has also benefited German exports beyond the Euro zone. German attention to its own productive powers, particularly secured through social partnership, industrial democracy, long term financing and a vocational education system without parallel in the world, has contributed enormously to this state of affairs and German productive powers remain relatively undamaged by the neoliberal policy prescriptions that are applied in other parts of its economic policy. Germans are also reluctant to rack up consumer or state debts, leading to their being a kind of mercantilist economy in the middle of a free trade area.

Understandably enough however, Germany won't allow itself to be made a milch cow for the benefit of less efficient European economies over an indefinite period. But unfortunately neither will it explain to its own electorate what the advantages of membership of the EU are to Germany and what policies are in its own self-interest to follow. If Germany wishes the rest of the EU to be like itself in terms of investment and saving then it would have to acknowledge two things. First, it could not settle for a mere 'transfer option', whereby credit and subsidy is

given to weaker and less thrifty nations, as this would merely be the milch cow option. This would really be 'something for nothing'. Second, it would instead need to take the initiative in pressing for taxation and budgetary powers throughout the eurozone.

Necessarily, this latter option involves setting up some of the coercive powers of a state in order to ensure budgetary rectitude and the efficient and fair collection of taxes. This would be the price that the southern European states would have to pay in order to receive transfers for their own economic renewal. Having remade Europe in its own image, it would then need to come to terms with the fact that this new Europe would be permanently trading at a surplus with the rest of the world, an outcome that the rest of the world would be most unlikely to view favourably. Needless to say, any British government would view this outcome as a disaster and the end of the British ability to manipulate affairs in their favour within Europe. It will do everything it can to avoid it.

Merely to rehearse this scenario is to recognise how unlikely it is. Christian Democracy as a European political and moral force is dead and Germany hides its own responsibilities from itself by alternately whingeing about feckless Mediterraneans who depend on German largesse and reluctantly stumping up

a kind of imagined reparation for 'war guilt' in order to ward off the latest debt crisis. Naturally, the feckless recipients of German bounty are only too happy to play the war card. 'Don't forget the war' is a good slogan for nations on the take, looking to Germany to sub them.

The prospects for the Eurozone do not, therefore, look at all good. The best outcome that Germany could hope for would be a northern European budgetary and taxation area in a restricted primary eurozone with, perhaps, a second peripheral eurozone with some room for devaluation against the primary euro. This primary zone would probably include Benelux, Germany, Austria and Finland and, maybe, France. However, from the view of British statecraft this would also be a disaster, pretty much as bad as the first outcome. France and Germany, the two major powers in Europe apart from Britain would be locked into political union and Britain would find it difficult to drive a wedge between them. Needless to say, the prospects of being shut out of a closer economic union would have dire consequences for the British economy, not least for financial services if Europe decided to impose limits on the freedom of the City. It is also doubtful that this scenario is realistic for, once again it would involve Germany taking the kind of leadership role in Europe and over France in particular that it has hitherto been reluctant to assume.

Britain did not win the Second World War; that was largely the work of the Soviet Union. But the British won an important and long lasting psychological advantage over the Germans by convincing them of their 'war guilt' and of the necessity to go on atoning for their past *ad infinitum*. This has worked very well for the last sixty six years. At first, the Germans were able to cope by embedding themselves in the Cold War NATO alliance. This phase came to an end in 1990 with the collapse of the Soviet Union and the German Democratic Republic. The second phase of 'coping' meant that Germany became preoccupied with its own reunification and with the construction of the Euro zone. That phase, lasting nearly twenty years, effectively came to an end with the Greek credit and budgetary crisis. The two options for Germany outlined above all involve her taking re-

sponsibility for the fact that she is a major European power which will have to lead Europe, even if this means incurring the wrath of Britain.

Our judgement is that this will not happen. It is quite likely that Germany will sacrifice the Euro zone and the heart of the European project rather than set aside the role of the repentant villain of Europe and assert its place as the most powerful nation in Europe again. What happens then is anyone's guess, but if this third scenario came to pass and Germany stood alone again without allies, only a further step could lead her to avoid being, at some stage in the next decades, embroiled in a European war engineered by Britain. That step would be the acquisition of nuclear weapons, which would make the prosecution of a major war in Europe unthinkable. At that point we would be back with a Europe of major powers locked in an ever-changing dance as the balance swayed one way, then another. One way or another, Germany is faced with choices which it has managed to avoid for nearly seventy years. None of them is without difficulty, but the last is probably the least desirable, as a collapse of the Euro Zone would be an economic as well as a diplomatic disaster for Germany. Unfortunately it appears, at the moment, to be the most likely.

Britain, meanwhile, is happy to make life as difficult as possible for the Euro zone members while at the same time worrying about the consequences to itself of its collapse. Britain's economic position is dire and it should dread a Euro zone collapse, particularly in the absence of any internal expansionary policy of its own. Its best bet is to allow the Euro zone to limp on without a clear resolution to its current difficulties. The current Tory upheavals about Europe have an air of unreality about them. Britain's best hope of destroying the European Union in the medium to long term is to say closely within it and to undermine it from within by obstructing the development of a permanent Franco-German axis and a stable settlement of the governance arrangements of the Euro zone. 'Repatriating powers from Brussels' is displacement activity. It would be a shame for the British ruling elite if, so near to achieving their historic goal, they were to succumb to a wave of jingoism from the Tory right.

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A Reader Writes - Replies

Last month we published an article by Joe Keenan highlighting what the author thought were shortcomings concerning the analysis of current political events in this magazine. Here we publish some of the replies. If you would like to contribute to this debate please email LTUReview@gmail.com

The basic issue posed by Joe Keenan's comments is - what is the nature of the British working class, what has it achieved, not achieved and what it is likely to achieve in the future. It is a very good question. It fluffed an opportunity to have a power sharing arrangement at company level as proposed by Bullock in 1977. But that is really putting it too lightly – it opposed the proposals vehemently, led by the institute for Workers Control as Joe well knows. Pious resolutions were passed at the TUC and elsewhere but that meant nothing. A solitary few led by Jack Jones argued for them but they did not convince the class or its representatives.

Why that happened is the starting point for Joe in analysing the British working class and its situation today. He says that "In the mid-1970s we almost succeeded in forcing the British trade union movement to accept responsibility for the strategic direction of the private sector of British industry. And we did that without the benefit of numbers or money or a media presence. All largely because we were not burdened with theory."

I think this is a wildly optimistic interpretation of what happened. The 'we' could almost be counted on the fingers of one hand. It should be easy to retrieve the situation and try again if it was such a close run thing. It would not have gone away. But the whole thing disappeared without trace never to reappear again.

Compare it, for example, to what happened with the Gay Rights demands of the time and how they have succeeded. Thousands of people emerged who argued for, demanded and got these demands. The Scot Nats were then quite small, now they are running Scotland. And the Provos who were then total outcasts now run Northern Ireland and may well get the Presidency of Southern Ireland/ Nothing similar happened with the working class movement here – almost the total reverse has happened.

I don't get an explanation from Joe that hangs together for that total demise. And I don't have one. But I think his is

Jack Lane

not sufficient because what he describes never really happened. There was no such close run thing. I think the working class did not want to take that opportunity because its behavior was par for the course for the class – it did what it always did.

Joe gives a résumé of 20th century history but it's like Hamlet without the Prince. There is no reference to the major events of that century, the two world wars, which transformed everything here and throughout the world. Every class here and every party, and every nation on earth, was transformed. They were the real revolutionary events of that age.

Joe creates a picture of the Labour Party that replaced the Liberal Party as a result of class awareness arising from the Taff Vale decision and such issues. But that is not how it happened. The Liberal party destroyed itself all on its own by launching a war it could not see through. Labour and the working class had nothing whatever to do with it. Labour leaders had no choice but to pick up the pieces afterwards and get some sort of act together in the new wrecked situation they found themselves in.

The refusal to take up the Bullock challenge was nothing new – there was a precedent at that time. Lloyd George

put essentially the same challenge to the Trade Union leaders he dealt with at the time – please take responsibility for the power you clearly have - and they shirked it and went for the cop-out of a General Strike.

Bevin did as Joe describes but he could not have achieved the lasting success he did without taking advantage of the need to win WW II and that was not fought for anything to do with the working class any more than the first one was. And his achievements also needed the support of Social Darwinists like Beveridge. And when Bevin died that was that. As he said himself he was 'one in a million' but why was that? He had no successor and he is the exception that proves the rule about the British working class and the leadership that is so rare. It does not generate Bevin. The curious thing is, again, the dogs that don't bark. Why?

Joe is right to look at Polanyi's analysis. His is a horrendous story of how the social groupings that were cast adrift by the Reformation and the dissolution of the monasteries were atomized and pulverised into a kind of human flotsam and jetsam which was putty in the hands of the gentry and those who made the industrial revolution. It was a crude and bitter conflict set in train by this capitalist class which naturally created a similar class based reaction among those who were its victims. And Puritanism confirmed that life was, in

any case, a miserable affair of suffering on this earth. There was no sense of a society or social responsibility beyond this conflict on either side. That birthmark has never left the British working class. The working class was born a reactive, negative, bitter class and has remained so.

The awfulness of all this can be best appreciated by comparison with the continental development of the working class which was centered on the evolution of the Medieval Guilds. The development of a working class in this way was not a negative, reactive one. It was always a positive engagement with the functioning of society as a whole and the advance of one was inseparable and incomprehensible from that of the other. They were an organic part of society that was given mystical expression via *Corpus Christi*. Any public manifestation of which is illegal in the UK –which is much more significant than the ban on Catholics occupying the throne.

In short it was the difference between a civilised development of society and the barbarism of class war.

That is why the German industrial arrangements would today put Bullock in the shade and they are there as a matter of course – and it is the most successful economy in Europe to boot. It is why the first welfare state was established there long before it was badly copied in Britain.

There are comparisons closer to home. James Connolly was a product of the British working class who decided to operate in Ireland and he saw that working class development there could develop in harmony with the society and hence he concluded “the cause of Labour is the cause of Ireland” and vice versa. Not being given just to rhetoric or slogans he gave his life to prove the point. That is why today in Ireland ‘social partnership’ is the essential plank of all social government policy in good times and bad.

Brendan Clifford, somewhere, drew attention to a view held by Michael Davitt as a result of his experience of the British working and the Irish tenant farmer class. Both classes he knew well as he participated within both. But he realised there was a huge difference between them. The Irish tenant farmers knew what they wanted, knew how to get it, fought for it for generations, got it and never looked back. In the best managementspeak they took ownership of their lives and their destiny. He found that such a mentality was missing in the British working class.

Joe encourages us to concentrate on explaining the history of the working class to itself: “The form of such explanation is necessarily historical. Historical in the straightforward sense of recovering the details of past transactions in order to better understand their structure, significance and meaning for the present. And historical also in the more complex, and more immediately political, sense of

recovering for the working class its historical awareness of itself as an enduring community of needs, values and ambitions. The absolutely essential task in British working class politics is to restore to the class its consciousness of itself.”

If my understanding of the history of the class is anywhere near right it would beg the question - from past experience would the effort be worthwhile because of what it is likely to achieve?

Joe says our task should be “..to provide the historical framework for a reactionary politics to bring the working class back to an idea of a future for itself and its children. There is nothing else to be done.”

There is indeed such a history that has never been written. It begins with the Tory reactionaries who fought capitalism tooth and nail and got the Factory Acts passed; Disraeli’s two nations concept and the creation of a working class that had to be made part of one nation; his extension of the franchise to the artisan working class in 1867 to assist this; etc. The Tories were so identified with the interests of the working class that Britain’s first Marxist, Hyndman, went automatically to Disraeli as the best person to establish communism.

Maybe we should take up where Hyndman left off? After all, the other path that was taken has run into the ground!

British working class, post-Bullock.

Joe’s argument is a welcome stoking of the embers. The condition of the working class and trade union movement in Britain is dire. The left has shown how impotent it is in its response to the current crisis of capitalism. That it has been incapable of mustering any meaningful response to the crisis is not the most serious thing. What is most serious is that it has shown itself incapable of debating the crisis in any meaningful way, let alone offering any sort of explanation. In that context Joe’s letter

Eamon Dyas

offers us the opportunity to discuss and re-evaluate the position of the working class movement and its understanding of itself in the context of the current economic crisis.

At the outset let me say that I agree totally with Joe’s argument regarding the “Progressive” movement having long ago begun to have such a crisis of faith myself without the ability to put it into

any coherent testimony. However, where I diverge from Joe is on the significance of the trade union’s rejection of Bullock. I believe that Joe, in the way he recounts the rejection of Bullock, fails to appreciate the implications of this rejection for the wider society and the full extent of the political significance of that rejection for the working class movement. Given that we have to deal with the kind of society that has emerged in its aftermath it is no longer enough to continue to perceive the world from a pre-Bullock

working class perspective, as the kind of society that emerged post-Bullock is a very different thing from what went before.

Woodsheds and watersheds.

The rejection by the trade unions (at the behest of its 'progressive' leadership) of the opportunity offered by Bullock was not only a betrayal of the working class movement; it was, in my estimation an act which has recast the nature of the class struggle in Britain.

What passed with Bullock was not only the chance for the trade union movement to ensure that its individual members could exert influence in the board rooms of their employing companies. In other words, it was not just an opportunity for the employees of individual enterprises to sit in boardrooms, but, as Joe himself states, the opportunity for "the British trade union movement to accept responsibility for the strategic direction of the private sector of British industry." The existence of companies where workers have a say in boardroom decisions has a long pedigree in Britain and there are several examples of successful companies operating on such lines even today. The John Lewis Partnership is probably the best known. But what Bullock offered was not just individual employees exerting influence in their immediate employer's boardroom but the opportunity for the trade union movement to exert control over the wider economy. Bullock was not just a matter of industrial relations where the idea of worker partnerships has long been mooted as a means of improving productivity. This was a class thing. It was a potential seismic shift in the balance of power in the wider society from capital to labour or at least for more control of labour over capital. In such a situation and given the power of the trade unions in the wider society at this time such a concession would inevitably have presaged a significant diminution in the ability of the then ruling class to continue to dictate economic policy.

However, again as Joe says, "Political development that cannot be situated historically cannot be traced through its life to any useful conclusion in the day

and daily here and now." Consequently, we are compelled to examine the relationship between the "day and daily here and now" with what happened back in day and daily there and then.

The obvious thing to begin with is the fact that the circumstances which gave rise to the situation in Britain in the 1970s were quite unique and very un-British, as Joe's own narrative of events indicates. The accidental arrival of someone of the calibre of Ernest Bevin in the leadership of the British trade union movement and his rise to a position of almost absolute influence over the wider working class movement as a result of the war could not be anything but out of the ordinary. But that does not explain why the trade unions continued for three decades after the war to wield such influence and power in British society.

In fact, its power in the 1970s was unprecedented and had actually increased from what it was after Bevin's death. I again agree with what I believe Joe is saying in contending that there is no direct line between a Bevin influenced trade union movement after the war and the trade union movement in the 1970s. Bevin's influence continued no doubt, but only in pockets and his thinking had ceased to define the leadership of the movement by the late 1960s - the time when the "Progressives" began to assume its tutelage. But it was only after this that the real industrial power of the British trade union movement began to manifest itself on the scale that compelled the emergence of the prospect of the seismic shift represented by the Bullock proposals. Undoubtedly there was a momentum which the "Progressive" leadership inherited but there must have been something else which culminated in the Bullock proposals. Otherwise we are forced to concede that the "Progressive" leadership had the nous to march the movement to the top of the hill before examining the terrain and then deciding to march it down again. Of course such a thing is possible but then the hard slog to the top of the hill cannot be credited to Bevin. Alternatively, it could be said that the momentum of the post-war Bevin influence propelled it to the top of the hill but, if that is the case, why did the arrival at the top of the hill not take

place when Bevin's influence was much stronger in the immediate aftermath of the war?

What is more likely to have caused this is a combination of the Bevin legacy, the blind belief of the left "Progressives" in the creation of social disruption as a forerunner to revolution and something dark in the woodshed of the capitalist economy. While attention has been focused on the first two, very little attention has been paid to what was happening in the wider British economy at the time. But without fully understanding the wider significance of the events surrounding Bullock we cannot completely understand what it is that is happening in the "day and daily here and now".

The rejection of the Bullock proposals marked a watershed in British capitalism because it represents the last opportunity this side of a revolution to regenerate industrial capitalism. It was industrial capitalism where the dark corners of the British economy could be found - where, deprived of the light of proper investment, it had been in decline for a long time. As a result of that decline it had lost vigor and long conceded the economic leadership of the economy to financial capitalism. It was against such a foe that the post-1960s trade union movement under its "Progressive" leadership made such headway. The citadel of industrial capitalism had been stormed only to find it was bereft of defenders and the real force behind the defenders of class privilege were elsewhere.

Economically what was on the table with Bullock was not a revolution but the opportunity for a revolution. In the meantime it offered the trade union movement the chance to determine, as Joe says, "the strategic direction of the private sector of British industry." It was the opportunity for the trade union movement to determine the future by operating capitalism in a way more conducive to working class interests. But it was more than that for it offered the opportunity for the future "strategic direction" of British industry to be driven by a vigorous and purposeful agenda - something that the "Captains of Industry" had, up to that point, failed so miserably to do. In providing this opportunity Bul-

lock opened up two possible futures not only for the British working class but for the wider economy. We can't tell with any accuracy, what kind of future would have unfolded in the event of the trade union movement grasping the opportunity proposed by Bullock, but we can tell what type of future actually happened in the aftermath of its rejection and, unless we are all wasting our time, all we can say is that the potential future that might have been heralded by the trade union movement's adoption of Bullock would have been entirely different from the one that we have actually inherited.

What is it that we have inherited?

Whatever else can be said about the characteristics of post-Bullock British governments, none of them could be said to have been pro-manufacturing. While it has to be admitted that the governments prior to Bullock were not exactly active in encouraging the sustainability of the manufacturing sector, they did not manifest the same drive to destroy it as was evidenced after the first years of Thatcher's arrival. Even Heath was prepared to provide assistance to it albeit in a way which was not designed to resuscitate it.

Although it was not part of Thatcher's election manifesto to deliver the *coup de grace* to any prospect of a British manufacturing revival, the logic of the position she adopted was to lead inevitably to such a strategy. Ostensibly Thatcher went into the election on a programme to tighten monetary and fiscal control as a means of reducing inflation, roll back the State's involvement in the economy, and cut welfare payments to incentivise recipients to accept low paid employment. However, the real objective was to destroy the social power of the trade union movement. At the time of Bullock, the real power of the British ruling class had not been held by the "Captains of Industry". For a long time that power had actually been held by the "Lords of the Universe" of the City of London.

The "Lords of the Universe" of the financial establishment knew they had been fortunate in escaping the possibilities of Bullock and were determined

that there would be no second chance for the trade union movement to revisit that particular well. The balance of power between Capital and Labour in the declining industrial sector had been threatened by the growth in the social power of the trade union movement from the 1960s onwards and that in turn threatened the interests of the wider ruling class. From the viewpoint of the "Lords of the Universe" something radical needed to be done.

In that context the normal "Progressive" description of Thatcher's anti-trade union agenda does not make sense and only views the thing in legalistic terms. The simple and obvious fact is that Thatcher could not have destroyed the trade union movement through the process of passing laws. Such laws could only represent a public statement of a position adopted by the government of the day. But laws are transient things and can easily be repealed in the event of a return of Labour after the next election or even the election following that or an election in twenty years time. The use of the law was never going to achieve the purpose for which she set out. What was required was the debilitation of the natural habitat of the most vigorous element of the trade union movement - its basis in manufacturing capitalism.

It was only by such action that the prospect of a resurgence of the trade union movement could be effectively neutralised. Thatcher's anti-manufacturing policies were never going to effectively damage the basis of ruling class power in Britain as that had found its natural home in the financial sector and unsurprisingly she was not confronted by any coherent opposition from the industrial capitalist victims of these policies (the head of the Confederation of British Industries expressed a half-hearted condemnation of Thatcher's anti-manufacturing policies but his condemnation was nothing more than a gesture).

Although anti-union legal means were utilised by Thatcher these were only holding measures while her economic policies did the real work in systematically debilitating industrial capitalism. The central element in all of this was the transfer of the State's resources from supporting and subsidising the

ailing manufacturing sector to policies which encouraged and incentivised the financial sector as she set about the political unfettering of the power of British finance capitalism.

The unfettering of finance capitalism operated on two fronts under Thatcher, the domestic and the international. On the domestic front she could simply have allowed the manufacturing sector to continue its slow incessant decline but that ran the risk of a resurgence of trade union influence before the tipping point between decline and debilitation could be reached. Alternatively, she could pursue measures which would hasten that decline. At this stage it should be said that Thatcher had no intention of actually destroying the British industrial sector. What she desired was its further debilitation to the point where it no longer was capable of sustaining the type of trade union forces it previously hosted and that is just what she did. One of the key components of this strategy was to encourage the further expansion of the financial sector through the creation of the "share-owning democracy" - shares in this sense not restricted to stockholding wealth but to a shares in property wealth. Through this strategy the working class traditional disavowal of financial debt where prudence was the order of the day, was increasingly and systematically undermined by policies which encouraged/induced it to get into debt to banks, mortgages providers, insurers, etc. (Blair's "stake-holder" creation and the introduction of university fees for the 60% of youth he planned to get into higher education was a simple continuation of this strategy).

In fact the basis for this process had already been laid down before Thatcher's arrival and it began through the arrival of the ubiquitous credit card. The first general credit card was introduced by Barclays in 1967 but the Barclaycard was initially only used by those already familiar with things like American Express so it was used in a fairly restricted market. In 1972 the Royal Bank of Scotland, NatWest, Lloyds and the Midland banks became partners in the issuing of the Access Credit Card in Britain. Again, however, the use and market for such things was highly restricted and it was not until the 1980s, after Thatcher came

to power that any real traffic began to be established and it was during that decade that the British Access card (which had been backed by British banks in an unfavourable economic climate) was forced out by the American founded Mastercard and Visa cards. This was the direct result of the action of Geoffrey Howe in 1979 when he abolished Britain's exchange controls. This measure sent out a clear message that he was looking to the finance sector for the future growth of the economy as the abolition was designed to encourage the investment of British capital in foreign markets. It also had the effect of encouraging the issuing of Visa and Mastercards by British banks and as these cards could now be used abroad. Consequently, it generated a growing user base among the banks customers and found a ready market among the growing numbers of British working people taking holidays abroad at this time.

By 1999, a couple of years after Blair assumed the Thatcher mantle, it was estimated that half of all British adults held at least one credit card. This was not a normal economic development as, outside the well-known tourist areas up to a few years ago, the use of credit cards hardly existed in most of Europe and indeed it remains the case in significant parts of Europe to this day. It was a peculiarly British phenomenon which the British successfully exported to the rest of Europe and the technology behind it was the progenitor of the explosion of online financial transactions that continue to grow at an almost exponential rate.

Then, in 1980, the introduction of the nationally based "Right to Buy" scheme helped to undermine the traditional working class disavowal of debt as well as a significant domestic stimulus to the finance sector as working class families were encouraged to take out mortgages for the purchase of their homes. Between 1980 and 1998 around 2 million council homes were sold in this way. This had a knock on effect as the purchase of council homes was heavily subsidized by the government and sold at a knock-down price to the occupants. Within a relatively short amount of time many of these (and eventually most) in turn entered the property market as part of the stock of

private dwellings when the new owners came to sell. At this point it was the real market value that determined their sale and this generated a further wave of involvement of the mortgage and banking providers. Inevitably there occurred a significant increase in house prices as this new wave of property owning working class sought to move up the property chain causing a situation where the demand could not be met by the supply of the type of property now in demand.

The sale of council properties constituted a huge injection of capital into the economy but a capital that was generated not in the course of industrial production but in the course of financial transactions associated with property. Overall £18 billion was raised through council home sales but to this must be added the other things like the cost of house and contents insurance and the surge in DIY activity as the new home owners became sudden home improvement enthusiasts in the context of selling their new property. But as far as the Government was concerned it was the £18 billion raised from council home sales that it had control over and to ensure that this money did not find an expression in any productive activity the local councils were barred from using the proceeds to build replacement council homes and instead were compelled to spend it by paying off their debts to, none other than the banks!

The banking sector now had possession of the golden triangle. It loaned money to the tenants, from whom it gained the repayment and interest revenue, the capital of this loan was then paid by the tenants to the local councils who in turn gave it back to the banks! In the wider economy a further £29 billion was raised through the sale of nationalised industries and again these purchases necessitated the involvement of the finance houses to raise the necessary funds through commercial conglomerations and joint investors and a good proportion of the money thus raised was paid back to the financial houses by the Government as it sought to bring down government debt. The actual benefit to the financial sector from all of this is impossible to calculate as the £18 plus £29 billion

alone was worth more in today's money than the entire EU-IMF Irish bailout and to this must be added the interest and loan charges it placed on those to whom it made the original loan as well as the income from the investments that came their way as a result of getting this money back via the local councils and the government intent on reducing their debt. The overall effect was the arrival, in a short period of time in the financial sector of quantities of capital akin to a wave of Tsunami proportions and given the nature of financial capitalism, where money not utilised is viewed as dead money, this Tsunami had to flow somewhere. The result was the explosion of mergers and takeovers during the 1980s and 90s at home and abroad.

On the international front British financial capitalism was encouraged to invest directly in the wider world through the Big Bang legislation of 1986. This removed most of the more important restrictions on the London Stock Exchange as a direct encouragement to growth in the finance sector. The restrictions under which the London Stock Exchange operated were claimed to have been responsible for the usurpation of London by New York as the world's main financial trading centre and the freeing of the Stock Exchange from such restriction restored London to its previous position of pre-eminence. However, it was this measure that really heralded the arrival of speculation and financial trading on the scale that has been a major contributory factor in the current financial crisis.

Manufacturing and the working class.

Why was industrial capitalism important for the working class movement? It was important because it represented the last stage in a line of production stretching back to peasant economies. It had retained within itself the echoes of distant social relationships generated between people and things, between producer and product. From the days when feudal peasant economies produced food as their end purpose to the days when industrial workers produced any range of products as their end purpose this line of tangible end result continued. The making of things in these process was the

basis of social relationships that linked the producer with the wider community in which he resided and the community which used the end product of his/her labour and in this way was an essential component which enabled a wider society to cohere. It is all too easy to dismiss the importance of the simple process of making tangible goods and the purpose that process serves in enabling societies to function in some kind of balance.

What industrial capitalism did was to create a class of people who produced things in the social context of the factory. The end result was what gave their activity a wider social meaning and the end product enabled them to relate to the wider society within which their products were valued. The gradual erosion of an economy based on producing things brought with it the commensurate erosion of the social values that went with it. Thus, the intangible economy gave rise to the intangible society. To claim that the results of this process is of no consequence because of the continued existence of a wider working class is to remain in the realms of static history. The industrial working class was supremely important in terms of the traditional understanding of what was supposed to become Socialism. They were the pivot on which the whole thing was supposed to hang. Now, for any of us who has had experience of such things, this can easily be understood by reference to their experience on a factory floor with that in a call centre. The employees are all workers but at the same time there is a critical difference and that difference is their relationship to the type of product they deal in. The solidarity of fellow feeling and *esprit de corps* that factory floor life inevitably gave rise to is incapable of being generated in workspaces like call centres or fast food chains or indeed dealing floors. While there have been examples of militant trade unionism among such sectors of the economy in the past, this only occurred within a general culture of trade unionism that was generated and sustained by industrial unionism. That this kind of thing is likely to emerge spontaneously in the absence of such industrial unionism is fanciful in my opinion.

Because of this, the sacrifice and tragedy of Bullock remains a tragedy

for the industrial working class and only experienced as such by the wider working class as something that would have benefited them in the slip-stream of it being grasped by the industrial working class. In the context of the time it would have had no social meaning if implemented outside the context of the industrial working class. While, as Joe and others have argued, there remains a working class, it only exists in the wider sense and in a wider sense that class is rudderless as the focal point which gave it direction is now a shadow of itself and not likely to re-emerge as anything that is capable of taking charge of and directing economic strategy.

This was the end game that Thatcher pursued. It was not the working class as such but the element which provided the vanguard for the working class movement, the only element which could, because of its involvement with the manufacture of commodities, provide an alternative socially based economic perspective within the context of capitalism. Within the space of two and a half years of her first budget, thousands of industrial firms closed and industrial production fell by 9%. In the three years between 1979 and 1982 it fell by 16%, exceeding the worst years of the Great Depression between 1929 and 1931 (when it fell 11%). By 1981 her policies had ensured that manufacturing production was back to where it had been in the mid-1960s and in some of the main employing industries it was back to the levels of the 1950s. And this was in her first term: the policies had still a further sixteen years to wreak their havoc.

The impact on the trade union movement was also dramatic. Between the years 1950 to 1979 trade union membership increased from 9.3 million to 13.4 million or put another way from 44.7% of the working population to 58%. However this growth was not uniform as most of it took place in the years 1969-1979. Between 1979 and 1989 union membership fell from 13.4 million to 10.1 million, a drop of 25%, representing the state of membership similar to that of the 1950s. (The unionisation of the working class fell from 55% in 1979 to 33% in 1994.). The number of strikes also fell from 29.5 million days lost through strikes in 1979 to 0.8 million in 1991, the lowest number

of days lost due to industrial action since the records began in 1891.

Although industrial capitalism continues to exist as a sector of the British economy and trade union membership remains a significant element among the workers in the industrial sector, the sector has changed out of all proportion to what it was in the 1970s. Between 1979 to 1988 employment in firms with 500-999 workers declined by 8%, but in firms with more than 1,000 workers it declined by a shattering 77% (see: *The Geography of Trade Union Decline: Spatial dispersal or Regional Resilience?*, by Ron Martin, Peter Sunley and Jane Willis. Published in Transactions of the Institute of British Geographers, New Series, Vol. 18, No. 1, 1993, p.49). The industrial sector was now dominated by a dramatically increased number of smaller firms. All of this however, left the industrial working class fragmented and dispirited. From a situation where it commanded attention and respect from employers and had the confidence to strike out towards a new future the industrial working class now had to accept a position in the foothills of the economy and individual members reduced to the position of being grateful that they even had a job.

Thatcher could not have achieved this without the help of the 'Progressives' and their view of the world. In advancing the "manager's right to manage" mantra as justification for their betrayal of the real achievable interests of the workers, the 'Progressives' opened the door for all that came afterwards. But Thatcher was also reliant on the fact that industrial capitalism had long been overtaken by financial capitalism in providing the motor force for the British economy. At the time she took up the reins of government the financial sector was effectively in command of the British economy. Economically, nothing could happen without its acquiescence. Although financial capitalism is historically an integral part of the capitalist system of production it assumes a separate identity as soon as it becomes capable of acting in its own interests to the exclusion of the interests of manufacturing.

This phenomenon is obviously observable in the current financial crisis but evidence of it can be seen emerging

in Britain during the latter part of the nineteenth century. By the early 1930s Ernest Bevin had become aware of the effects of this development on the industrial sector.

“In the course of the proceedings of the Macmillan Committee, Bevin became one of the most eager pupils of Keynes and went on in his turn to educate the rest of the trade union movement on the working of the City, the gold standard, and the consequences of the policies of the 1920s; he was helped in this by Citrine and Milne-Bailey. It was this that generated in Bevin and the trade union leaders who followed him, that suspicion and hatred of the bankers who had caused so much needless misery to millions, and led them, particularly after the fall of the Labour government in 1931, to demand a much more radical reorganization of society than they had been prepared to consider before.

‘For years’, Walter Citrine cried in 1931, ‘we have been operating on the principle that the poli-

cy which has been followed since 1925 in this country, of contraction, contraction, contraction, deflation, deflation, deflation, must lead us all, if carried to its great conclusion, to economic disaster.’

‘You return to the gold standard in 1925’, Bevin echoed him, ‘and you give a miner and a mine-owner the job of adjusting industry. They do not know what has hit them. They have got to handle all the problems of a million men. I think that is where the trouble starts. If we had gone on the gold standard at the then ratio, I believe we should have been leading the world today . . . The process of [bank rate] operation is probably the most ruthless that could ever be devised. . . First, to bankrupt the businessman - in other words, to do what so many economists refer to as ‘healthy bankruptcies’ . . . and secondly, to increase unemployment to a point that by the sheer pressure of poverty you get the lower production costs that the financiers desire. That is really its function . . . On the Economic

Council for two years continually some of us urged that an honest devaluation was better than waiting to be pushed off, that we were making too many of our people suffer week in week out waiting for the inevitable to happen . . . You can talk about socializing your railways and other things. Socialize your credit and the rest is comparatively easy.”

(TUC Report, 1931, 81, 409; Bullock, 428, 483, 497 - quoted in *Trade Unions and Economic Crisis*, by Sidney Pollard, in *Journal of Contemporary History*, Vol. 4, No. 4, October 1969, The Great Depression, pp.106-107).

What Bevin saw in 1931 was what came to assume political as well as financial power between 1979 and 1984. In view of that perhaps the efforts of the working class movement should now be directed at the “socialisation of credit” in collaboration with the other forces in society whose interests are also served by the achievement of such a goal?

Another Reader Writes

Joe Keenan’s article ‘A Reader Writes’ makes a number of very important points. In particular:

1. ‘the life and times of Ernest Bevin and his role in the working class’s rise to social and economic dominance, to the brink of political power, is the key to understanding British politics, as they have developed from the nineteenth century, down to this poorly begun twenty first century. Without a clear idea of that history nothing at all is clear.’

2. that Bevin’s legacy is now more or less lost and one of the reasons for this is the triumph of what can reasonably be seen as the Lib/Lab tradition of the old ILP. Joe extends this, interestingly, to the general English (I would prefer to say ‘British’) idea of ‘progress’, adopted by, among many

Peter Brooke

others, Marx and Engels.

3. that the ‘Ernest Bevin Society’, publishers of the *Labour and Trade Union Review*, have signally failed to preserve the memory of what Ernest Bevin did, how and why he did it, and what its relevance is for the present day.

That having been said, however, it is difficult to understand why the tone of Joe Keenan’s article should be so bad tempered. So far as I know the *Labour and Trade Union Review* has always been willing to publish articles by those who take an interest in it. It has in its time published material by me (in fact I think I might have been the first person in its pages, a long time ago, to attack the idea of progress). Joe

Keenan is, I think, much closer to the LTUR editorial board than I am. Unless, unbeknownst to me, they actually refused material submitted by him doing what he says ought to be done, then he is as much responsible for the failure as anyone else, myself included.

But the people who managed to keep the LTUR going under difficult circumstances are not the only victims of Joe Keenan’s wrath. Although I am not mentioned by name, I am the person responsible for posting material Nina Fishman wrote for the British and Irish Communist Organisation on the ninafishman.org website, without providing the necessary explanatory material. So I feel I’m probably being criticised when Joe says:

‘I have no special quarrel with what

Nina did while she was a member of the B&ICO and no particular knowledge of what she did after leaving it. I very decidedly do have a quarrel with the unstructured remnants of her British Road articles which are rattling around like the bones of a dead argument, getting in the way of what I'd like to think might be livelier things.'

Just to set the story straight. When Nina died I thought an effort should be made to prevent the very valuable material she had written for the B&ICO c1974 from being lost. I started scanning the articles and approached some former members of the B&ICO associated with the publishing house, Athol Books, to see if they might be interested in publishing them. After some reflection they decided that they weren't, so I posted what I had done on my own website, together with the talk I had given to a meeting held in her memory in Congress House.

My talk - 'Homage to Nina Stead' - was divided into three parts: Full Employment, a wasted opportunity; the Tripartite Talks, a wasted opportunity; the Bullock Report, a wasted opportunity. In the midst of all the evocations of Nina's charm and taste for 'scrummy' food, it was quite a political contribution and was designed to be offensive to some of the people I knew would be there, Eric Hobsbawm included.

I was not personally involved with the group who set up the ninafishman.org website but they came across the material on my website and asked if they could use it. I couldn't see any reason why not. Even as it stands, without explanation, it is still a powerful evocation of British working class history, and a challenge to many continuing left wing reflexes. I don't really see that it was getting in the way of other, more lively discussion.

They had already posted my talk together with the other, mostly less political, contributions to the memorial. I did propose to write an introduction to the Nina articles and they agreed that this would be a good idea, but I haven't done it yet, I assume for the same reason that Joe Keenan hasn't written the articles on Ernest Bevin's legacy he

says ought to have appeared in the LTUR - laziness and the competition of other projects and commitments.

Had I done it, however, it would have been quite different from the explanatory material provided by Joe in his article. He is mainly interested in the effect these articles had on the B&ICO and on what the B&ICO did in the 1970s. What we tried to do in the 1970s was very admirable but we failed and the B&ICO doesn't exist any more so all that seems to me to be of only marginal significance. I would have wanted to expand on the points I made in the talk on the general politics of the period, perhaps tried to come to terms with Nina's rather rosy view of British history and perhaps said something about her later development, in particular the two books she published - *The British Communist Party and the Trade Unions, 1933-45* and the two volume biography of the miners' leader Arthur Horner, which she just managed to complete before she died.

These are indeed rather heavy going, mainly for the amount of detailed information they convey. I don't claim to have got a grip on them but as I understand it she argues that there was an element within the CPGB leadership - notably Harry Pollitt, Johnny Campbell and Horner - who shared something of Bevin's vision of the development of working class power - in particular, that it was by finding solutions to problems as they arise within capitalism that the working class and the cause and credibility of socialism could develop.

This was of course a central part of her argument in the articles written for the B&ICO. In order to pursue this line they had to work their way round both the orders that were coming from Moscow and the influence of those she calls the 'young Turks' who wanted a more aggressive pursuit of class war. Later, Pollitt, Campbell and Horner were particularly anxious to defend the gains of the post war welfare state and willing to moderate the use of trade union power in order to do it. If this is true it is obviously a very important contribution to the sort

of history Joe Keenan thinks - and I think - the LTUR should be writing at the present time.

I should add that, 'academic' as Nina's post B&ICO work might have been, I don't think it was entirely without political effect. I am involved with a small publisher who also publishes material by the Trotsyite *Revolutionary History* group (interesting stuff, I might add, including writings by Victor Serge and Trotsky's long time friend and collaborator Alfred Rosmer). They, wanting to celebrate the class against class tradition, regarded Nina as a dangerous enemy - meaning the academic Nina. I think they were hardly aware of the existence of the B&ICO Nina, the one so many people among her friends, both old and new, want to bury.

While agreeing with Joe Keenan on the need for an excavation of the real Bevin-centred history of the British working class I think there is something else the LTUR could usefully do. If the 1970s could be described as a crisis of Socialism, when the advance of the welfare state was effectively brought to an end by the misuse of working class power, our present situation, when the 'free' economy is being brought down by the misuse of money, could be described as the crisis of monetarism. Very crudely we might define 'socialism' as the conscious direction of economic life to serve the interests of the population as a whole; and 'monetarism' as the conviction that economic life should be left as far as possible to its own devices, with society regulating its larger economic interests through manipulation of the money supply (I did say this was very crude!).

When Socialism suffered its crisis in the 1970s there were people on the monetarist side with ideas as to what should be done. They have been pursuing these ideas ever since with what now appear to be catastrophic results. We on our side of the fence (assuming we are indeed on the same side of the fence) need ideas as to what should be done, and we need to seize them and try to understand them wherever they

can be found.

Bevin wasn't a theorist but he was full of ideas. He knew the thinking of Keynes, he knew the thinking of the Webbs, he knew the thinking of G.D.H.Cole (I have just obtained a really fascinating little pamphlet, co-written by Bevin and Cole, published in 1930 or 1931 - *The Crisis, What it is, How it arose, What to do*. Might be worth republishing - with a suitable explanatory introduction of course. Maybe together with *My Plan for 2,000,000 Workless*, or some of the articles and speeches in *The Balance Sheet of the Future*, published in 1941 in the US, with a nice Union Jack on the cover. I look forward to reading Joe's account of Bevin's relations with Churchill and his career as Foreign Secretary ...). He was certainly open to ideas from bourgeois sources and had long conversations with captains of industry who respected him highly (the class warriors hold this against him).

In Bevin's case, of course, everything was backed by working class power, by the power of the union. We don't have that. Our position is closer to that of the monetarists in the 1960s and 1970s. I knew some of them in the 1970s. They seemed like a bunch of harmless utopians. At that stage they didn't even have the power of money behind them. Not even the US whose best known economist was still J.K.Galbraith.

All they had was ideas (dare I say it, a 'theory'). That's what we need now. Positive proposals for what to do - what we would do here and now, in the present crisis, if we had the means to do it, which we don't. And to get those ideas we need a certain openness, at least a recognition that we don't already possess the ideas, that other people are thinking about the same issues and it might be worth while looking at what they have to say. I think that is the spirit in which people who don't possess anything of Bevin's power can nonetheless try to revive his political legacy. I didn't really get the feeling it was the spirit in which Joe's article was written.

Froggy

News From Across The Channel

Heroes, not victims

The 17th October 2011 was the fiftieth anniversary of the massacre of Algerians by the French police in Paris.

This took place towards the end of the Algerian war of independence (1956-1962), when the FLN (Front National de Libération) was about to sit down again to negotiations with De Gaulle. De Gaulle wanted to minimise the influence of the FLN, so he gave free rein to his Minister of the Interior, Roger Frey, who gave free rein to the Paris chief of police Maurice Papon, who gave free rein to the police on duty that day, to make sure the demonstration planned would not be a show of strength by the FLN. The police, a number of whom had been killed by FLN action, animated with feelings of hatred and revenge, many supporting the OAS (Organisation de l'Armée Secrète, which conducted a terrorist campaign in France against Algerian independence), needed no encouragement. They knew also that a vast majority of the population was implicitly behind them.

Out of 20 000 demonstrators, over a hundred were killed, 11000 interned over several days in inhuman conditions.

The event was not in the news the next day, or the next twenty years. The few attempts to throw light on it were censored, and silence was so well maintained that Maurice Papon, nearly forty years later (1998), thought he could sue a historian, who had published the facts, for libel.

Laws of Remembrance

This is not so surprising when you consider that on 23 February 2005 Parliament passed a law entitled "Gratitude of the Nation and National Contributions for Repatriated French" which laid the ground for compensating military and other persons who had lost out when repatriated from Algeria at the end of the

war. This law was one of the so-called "Laws of Remembrance" (Lois mémorielles) which lay down how certain events must be remembered and taught in schools. It said among other things:

"The Nation expresses its gratitude to the women and men who took part in the work accomplished by the French in the ex-French departments of Algeria, in Morocco, Tunisia and Indochina.

The National Curriculum for schools acknowledges in particular the positive role of French presence overseas, especially in North Africa, and grant the history and the sacrifices of the soldiers [combattants] of the French army originating from those territories the eminent place they deserve." And:

Those condemned as a result of events in Algeria from 31 October 1954 to 3 July 1962 can apply for (untaxed) compensation.

By far the strongest condemnation of this law came from the ex-colonies themselves. In the end, the law was partially repealed.

The place of France in the world.

Papon's confidence in 1998 was also understandable, when you consider that the 2010 Socialist Party programme gives a large place to the need for France to maintain and strengthen her "place in the world".

And finally, it is understandable in a country which a few years later would endorse unanimously in Parliament the bombing of Libya.

However Papon lost his libel case in 1999.

We now have commemorations. In 2001 the Mayor of Paris, against the votes of the right and centre parties, had

a commemorative plaque put up on the St Michel Bridge over the Seine. Other plaques appeared. In 2011 a street in the Paris suburb was renamed “Rue du 17 octobre 1961”.

These commemorations however leave a bad taste in the mouth, because they leave the real meaning of the event obscure.

Le Monde (15.10.11) had a double page on the subject, illustrated with two dramatic photos. The title and sub-title indicate that this event should be considered “part of French history”. You read the article in vain for a more precise description of what part of “French history”, that is, for the wider context of the colonialist war, or the overall number of civilian and military victims of that war. The topic is firmly just the cover up, “silence and memory”. How could the government remain silent so long? And they still haven’t acknowledged the victims officially at the highest level!

In Algeria the events of that fateful date are commemorated, rightly, as part of the war which Algeria won and France lost; those who died that night were heroes, not victims.

Continued cover up

So the media commemorate the massacre of a hundred and ignore the million who died in the same war.

How is it done? By talking in general terms about “our common history” and in detail about one episode and its cover up, while blanking out the actual and specific context of the colonialist war. Le Monde very cleverly used the words of M’Hamed Kaki, the son of a man of the 1961 generation, who said:

“Today I am very proud of this part of history which France forgot for so long, and which our elders, wanting to protect us, didn’t talk about.” This hints at the reality, but then he goes on: “This history is not the history of Algerians, or even of the children of immigration, but our common history, the history of France.” And this, being pleasingly vague, lets the French off the hook. According to Le Monde M’Hamed Kaki runs an as-

sociation which has organised more than 60 conferences on colonial history, so he may well have more to say than appeared in the paper.

Colonial history

The 17 October 1961 was for a long time much less well known than the demonstration known as that of the Metro Charonne, of 8 February 1962. This took place in the last stages of the war when the Communists and Socialists belatedly took sides and protested against OAS bomb attacks in Paris. Nine demonstrators died as a result of police brutality.

The French were silent up to then. And as the outpourings on the 17 October show, they are still silent on the main issue, which is that they wanted Algeria to remain a French possession (Algérie Française). The army and police fought a dirty murderous war to keep it that way, with general approval. Why? What were the advantages to France of having this immense territory on the other side of the Mediterranean? Nobody asks these questions. To ask these questions would bring to mind present day relationship between France and the Arab world. Is it a free and equal relationship? Do we get more resources from them than they get from us? Was the war in Libya disinterested? Or are there still profits to be made out of murder?

The question of whether we should commemorate the Algerian War at all is another question; the wishes of Algeria itself on this matter should be considered.

Concentrating on the commemoration of a single event of 50 years ago, and portioning blame on the then government serves useful purposes in France however. It diverts attention from the present. It also allows the French to exist in a glow of virtue; we have a conscience: look, we tell the truth! And how much better we are at telling the truth than those in power then! We are virtuous, and virtuous people are people who do good things. Sarkozy, after the murder of Gaddafi which French weapons made possible, said virtuously (21.10.11) “One must not rejoice at the death of anyone.”

The view from England

The French refusal to confront the main issue allows the Daily Mail to castigate the French for covering up the events for so long, and for racism

(“The modern massacre that shames the French” “Dying children were hurled into the River Seine” 22.10.11). If the French described the event correctly as an episode in a long and bloody colonialist war, the Daily Mail would have to think twice before casting the first stone. One’s mind might turn to the Indian or Kenyan struggles for independence, for example.

Meanwhile the British paper also fudged the nature of the events. The journalist mentioned at the beginning of his article, none too sympathetically, that in Algeria “separatists had been fighting a bloody terrorist war for independence for seven years and were on the verge of winning” and continued: “Papon had unleashed a dirty war against the entire Algerian community [of Paris], all of whom he considered to be [terrorist] suspects.” However the journalist concluded:

“Now, 50 years on, it is finally clear that the French police force inflicted grotesque racially-motivated violence on a community whose actions in no way merited the extreme punishment handed out to them.

Some believe that the massacre was the result of confused government policies towards North Africans in French society, which simultaneously tried to promote integration by offering them special assistance in health, education and jobs—while actively stoking up resentment against them.

The result of these mixed messages was an eruption of killing and a rift between the communities that has not healed to this day. Racism is rife in France.”

In fact, the authorities “special assistance” to Algerians in Paris in matters of health etc was a deliberate policy of infiltration of that group to prevent its cohesion around the FLN. It was a war tactic.

continued on page 14

Notes on the News

By Gwydion M Williams

Misbehaving Capitalism

Capitalism misbehaved massively in the 1930s, causing a gigantic slump that nearly finished off the entire Enlightenment project. Fascism could and did fix the immediate problems of capitalism, but at the cost of closing down independent and critical thought. They were all in favour of establishing inequality as permanent and unquestioned: man over woman, white over black, elite over masses. And it could have worked – Hitler did successfully re-start the German economy and got everyone back to work.

Hitler and Mussolini were fairly successful as peacetime dictators, and were widely admired by the centre and centre-right in the USA and Britain. No one except a few leftists thought that the 1936 Berlin Olympics should be boycotted, for instance.

Meantime Roosevelt in the USA had found a better solution, public works to stimulate the economy and regulations to limit the damage that could be done by financial speculation. This was in danger of being stifled by the USA's much-praised 'checks and balances', but then Hitler got impatient and started a war by invading Poland. If he'd waited a few more years, Roosevelt would not have won an unprecedented Third Term in 1940 or been able to get the US economy moving again through wartime spending.

During the first half of the Cold War, when Soviet power was rising, the West also had an unprecedented period of prosperity. It's worth repeating the figures I showed in last month's *Newsnotes*, because the hard facts are so very much against the impression we have been sold. If you take 1950 as the point of 'normalisation' after World War Two, growth in GDP per head was remarkably fast:

	West					
	France	Germany	UK	USA	Japan	
1955	120	149	113	114	144	
1960	143	199	125	118	207	
1965	178	237	141	140	309	
1970	221	279	155	157	506	
1975	251	310	171	170	590	

Russia and China were also growing quite fast. Most current books about China give the impression that China made little or no progress under Mao, but fail to give a figure. Only in *The World Economy: Historical Statistics*, by Angus Maddison do you get any hard facts, and the hard facts are that the total economy tripled while GDP per head doubled. Not as good as the best of the Keynesian economies, but better than the USA

China maybe gained by a dose of Economic Liberalism under Deng: the rest of the world has definitely suffered, though the USA held its own thanks to a vast influx of skilled and ambitious immigrants. The overall picture was:

	France	Germany	UK	USA	Japan
1980	115	118	109	114	118
1985	120	126	120	127	135
1990	136	132	139	142	166
1995	140	142	147	150	175
2000	157	154	167	173	186

The Soviet Union was meantime falling apart. Brezhnev stifled prospects for radical reforms that might have re-invigorated the economy. The collapse in 1989-91 was based on a loss of belief, and encouraged a mindless belief in versions of capitalism that had never been tried in the real world. That did immense damage and caused a moribund economy to shrink, and come close to collapse.

The West meantime had been dismantling the various regulations that had limited the damage done by financial speculations up until the 1970s. There had been plenty of cases of foolishness or outright fraud, but they were mostly scandals involving losses by investors who should have known better. The real economy was not greatly damaged by them. Only after several years of unregulated finance was it possible to have the disaster of 2008. Even then, capitalist propaganda was sufficient to switch the blame to state spending.

Of course the New Right have become masters of manipulation. Recognising that the Old Right values of deference and community were failing, they switched to feeding everyone's vanity and greed. Advertising has been a leader in this, as George Monbiot recently noted:

"We think we know who the enemies are: banks, big business, lobbyists, the politicians who exist to appease them. But somehow the sector which stitches this system of hypercapitalism together gets overlooked. That seems strange when you consider how pervasive it is. In fact you can probably see it right now. It is everywhere, yet we see without seeing, without understanding the role that it plays in our lives..."

"Advertising claims to enhance our choice, but it offers us little choice about whether we see and hear it, and ever less choice about whether we respond to it. Since Edward Bernays began to apply the findings of his uncle Sigmund Freud, advertisers have been developing sophisticated means of overcoming our defences. In public they insist that if we become informed consumers and school our children in media literacy we have nothing to fear from their attempts at persuasion. In private they employ neurobiologists to find ingenious methods of bypassing the conscious mind.

"Pervasiveness and repetition act like a battering ram against our minds. The first time we see an advertisement, we are likely to be aware of what it's telling us and what it is encouraging

us to buy. From then on, we process it passively, absorbing its imagery and messages without contesting them, as we are no longer fully switched on. Brands and memes then become linked in ways our conscious minds fail to detect. As a report by the progressive thinktank Compass explains, the messages used by advertisers are designed to trigger emotional rather than rational responses. The low-attention processing model developed by Robert Heath at the University of Bath shows how, in a crowded advertising market, passive and implicit learning become the key drivers of emotional attachment. They are particularly powerful among children, as the prefrontal cortex – which helps us to interpret and analyse what we see – is not yet fully developed...

“We are not born with our values: they are embedded and normalised by the messages we receive from our social environment. Most advertising appeals to and reinforces extrinsic values. It doesn’t matter what the product is: by celebrating image, beauty, wealth, power and status, it helps create an environment that shifts our value system. Some adverts appear to promote intrinsic values, associating their products with family life and strong communities. But they also create the

impression that these values can be purchased, which demeans and undermines them. Even love is commingled with material aspiration, and those worthy of this love mostly conform to a narrow conception of beauty, lending greater weight to the importance of image.

“I detest this poison, but I also recognise that I am becoming more dependent on it. As sales of print editions decline, newspapers lean even more heavily on advertising. Nor is the problem confined to the commercial media. Even those who write only for their own websites rely on search engines, platforms and programs ultimately funded by advertising. We’re hooked on a drug that is destroying society. As with all addictions, the first step is to admit to it.” [B]

None of this is new, of course. My father Raymond Williams was making basically the same analysis back in the 1950s, noting how the newspapers were dominated by advertising revenue. It’s a pity Monbiot does not know of this (or else fails to see its relevance). Still, the point remains

Not Unequal Enough?

Right-wingers like to say that they believe in equality of opportunity, while their opponents believe in equality of outcome. I’m surprised they get away with this: no one actually believes that opportunities are equal. Any parent with ambitions for their children tries to make sure they get sent to a good school, sometimes moving house because the nearest school is better. Those who can afford it will spend large sums getting a superior fee-paying education for their children, hoping for the few extra points in A-levels that give access to the best universities and probably a lifetime of superior opportunities. Individuals from low-income backgrounds can still get through, but they have to be significantly better than those born rich. It’s not wholly hereditary as it once was, but it is very far from equal.

As for ‘equality of outcome’ – who actually believes in that? Hard work and qualifications have always been rewarded. The complaint is that excessive rewards have been given to people whose usefulness to the wider society is often doubtful. Who did at least as good a job when the rewards for such jobs was much more modest.

“Income for the richest Americans has

continued from page 12

But the journalist wanted to end his piece with an attack on French attitudes to immigrants today, so he blamed the 17 October on racism, and invented the idea that it “created a rift between the communities that has not healed to this day”. As if the “communities” were united then!

200 000 Algerians had arrived after the war, some having been granted French nationality, against strong French opposition, if they fulfilled certain criteria (if they had WW2 military medals, if they had qualifications etc). In that number 30 000 were women. At the time they were not expected or expecting to be other than temporary workers.

Relations between France and North African countries are not such that they can be described in an honest manner, as these commemorations show.

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the development of sector councils on employment and skills which potentially could however involve unions and employer in social dialogue. The ETUC in its commentary on the European Commission’s New Skills for New Jobs initiative states that it would be more realistic to “mobilize the European framework to reveal differences and tensions existing between national approaches, in a spirit of mutual trust”. This would avoid creating a framework based on an outdated model of managerial hierarchy with skills based on low task discretion which has little relevance to the wider needs of employees in high performing workplaces.

This book provides a penetrating insight into the technical and policy issues which need to be addressed in establishing equivalences of qualifications in the European labour market. Although it is a scholarly work aimed primarily at

academics and policy makers, it provides social partners such as trade unions with cogent arguments on the need to ensure that National Qualification Frameworks and the European Qualification Framework give vocational qualifications greater currency not just to employers but also to the workforce as a whole. Trade unions will also want to ensure that the EQF recognises the value of negotiation between the social partners on validating qualification standards which underpins the national qualification frameworks in most Northern Europe states. In this way the European Qualification Framework can enhance the recognition and transferability of vocational qualifications and help increase labour mobility across Europe.

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grown 15 times faster than for the poor since 1979, a government study showed, as a poll out Wednesday highlighted deep anxiety over uneven wealth distribution a year ahead of US elections...

“From 1979 to 2007, the wealthiest one percent of Americans more than doubled their share of the nation’s income, from nearly eight percent to 17 percent, the non-partisan Congressional Budget Office said in a report released Tuesday...

“Government policy over the years has become less redistributive, and ‘the equalizing effect of transfers and taxes on household income was smaller in 2007 than it had been in 1979,’ the CBO added.

“For the wealthiest one percent of the population, average after-tax household income grew by 275 percent during the period, compared with just 18 percent for the poorest 20 percent.

“It was also a far greater increase than for the six tenths of the population in the middle of the income scale, who saw their average after-tax income grow by just under 40 percent during the same period.” [C]

And what has this done to the economy? A lot of the benefit has gone to parasitic finance, the biggest source of new money in the Thatcher / Reagan era. Banks perform a useful function as utilities, a place for people to safely store their money and a source of new loans for productive investments. The growth areas have been something else: various fancy forms of gambling, dignified as finance, and loans for foolish expenditure by people who can not afford it. Because it has nothing to do with the real wealth of the society, the society is not improved by it.

The growth in large retailers like Wal-Mart has also been of no net benefit, because mostly it is one business capturing the business of others. It has been a process of destroying small businesses which were the basis of a conservative outlook. Thatcher the grocer’s daughter favoured grocericidal policies: presumably she failed to see the connections. All of this is different from Japan and China,

the new millionaires mostly oversaw the growth of actual productive industries. Manipulation came into it but it was mostly about better ways to produce. So the whole society got richer.

Japan lured into speculation and damaged by it. China so far has been holding out.

The current anti-capitalist protestors seem to see this as a conspiracy by the rich. Myself, I doubt that it was ever anything so fancy. The Keynesian system was in trouble in the 1970s, and right-wing economics sounded like a solid answer. For the wealthiest one percent of the population it has indeed been a splendid answer. Their average after-tax household income grew by 275 percent, on a level with Germany’s ‘Economic Miracle’ in the period 1950-75. I doubt that many of them are consciously aware that this prosperity has been gained by squeezing the middling and poor in their own society rather than actually creating new wealth. And this is the point to hammer them on.

Fear of the Big Bad State

“With nearly all Americans remaining fearful that the economy is stagnating or deteriorating further, two-thirds of the public said that wealth should be distributed more evenly in the country. Seven in 10 Americans think the policies of Congressional Republicans favor the rich. Two-thirds object to tax cuts for corporations and a similar number prefer increasing income taxes on millionaires.

“On Tuesday, the Congressional Budget Office released a new study concluding that income distribution had become much more uneven in the last three decades, a report that could figure prominently in the battle over how to revive the economy and rein in the federal debt.

“The poll findings underscore a dissatisfaction and restlessness heading into the election season that has been highlighted through competing voices from the Occupy Wall Street and Tea Party movements, a broad anti-Washington sentiment and the crosscurrents

inside both parties about the best way forward.

“Not only do 89 percent of Americans say they distrust government to do the right thing, but 74 percent say the country is on the wrong track and 84 percent disapprove of Congress — warnings for Democrats and Republicans alike.” [D]

Reagan tapped into the USA’s longstanding distrust of its own government. The current dissatisfaction shows the same weaknesses. Some of the protestors seem to think that the government should have just let the banks crash in the crisis of 2008, not realising that the economy would have fallen apart had this been the choice.

A few of us insist that the Keynesian system broadly worked. That we need to restore the idea of regulation of finance and redistribution by taxes. But it’s not what most of the protestors are saying.

Tunisia and the West’s Moderate Liars

From the start of the Arab Spring, I had a strong feeling it was going to end with Islamist power. Tunisia looked the least likely to go that way, with an educated and westernised population and with a strong left wing. But the election has now given the Islamists about 37% of the votes and 41% of the seats. No one else has come close.

In a confused election with nearly a hundred alternative lists in some places, the Renaissance Party / Nahda has emerged as the only significant Islamist force, whereas the secular parties are badly split. If they are even moderately successful as the dominant party in a coalition, more power and votes are likely to accumulate to them. Note also that a lot of those eligible to vote chose not even to register, thinking that nothing useful would result. If the Islamists can get through to such people – between 40 and 60 percent of eligible voters, depending on which source you believe – the next election could give them an absolute majority.

“Partial results from home and abroad suggest An-Nahda has won 24

out of 57 assembly seats so far, or just over 42% of total...

“An estimated 90% of 4.1 million specially registered voters flocked to Sunday’s polls. The full electorate is around 7 million people.

“Results, however, were being released in a trickle. Election officials said the painstaking nature of the counting process had caused the delay.” [F]

“Tunisia’s moderate Islamist party Ennahda, has said it will form a new government within a month.

“Preliminary results for Sunday’s election give it a commanding lead, but not an overall majority, in the first democratic elections prompted by the Arab Spring uprisings.

“Ennahda has put forward its number two, Secretary General Hamadi Jebali, as the next prime minister.

“Coalition talks with secular parties have begun.

“Mr Jebali, 62, is an engineer by training and a former journalist. He was a co-founder of Ennahda.

“A vehement opponent of the ousted president, Zine el-Abidine Ben Ali, Mr Jebali spent 16 years in jail - 10 in isolation - for his political activities.

“Party leader Rachid Ghannouchi was not an election candidate and has said he had no government ambitions.

“He has pledged not to set up an Islamist state and to respect multi-party democracy.

“Ennahda, which was banned under the former regime, said it modelled itself on the governing AKP party in Turkey, another Muslim-majority country which has remained a secular state.

“It sought to reassure secularists and investors, nervous about the prospect of Islamists holding power in one of the Arab world’s most liberal countries, by saying it would not stop tourists wearing bikinis on the beaches nor impose Islamic banking.

“Foreign tourism is a major source of revenue for Tunisia.

““The tourism sector is among the achievements which we cannot touch. Is it logical to handicap a strategic sector like tourism by forbidding wine or wearing bathing costumes?” Mr Jebali said.” [G]

I find it interesting that the top man has held back, letting his deputy handle the necessary compromises of shared power, with the option to step in or split if necessary. Clearly the Islamists must play a long game: they have the example of Libya right next door to them to show how the West can punish its foes. But the secular parties are all small and badly split. The pattern even includes an anti-revisionist Communist Party, the Tunisian Workers’ Communist Party with three seats. The pro-Moscow communists have vanished into a left-wing front that won five. But with the Islamists getting 90 seats out of 217, it is clear who will dominate.

As well as that, a previously unsuspected north-south split has opened up. A party called ‘Popular Petition’ or Al Aridha is articulating this, winning seats in Sidi Bouzid, the place where a fruit vendor set himself ablaze after a police officer seized his goods in December, unexpectedly resulting in the ‘Arab Spring’. They got 56% of the votes in the electoral constituency of Sidi Bouzid and should have got three of the eight seats, but were disqualified for alleged irregularities. In the current fluid politics of Tunisia, having a local elected representative would be likely to strengthen a party, while the lack of any would weaken it.

Overall, ‘Popular Petition’ have come out the fourth party but should have been third without the disqualifications. And Sidi Bouzid constituency, where three of their elected representatives were disqualified, seems to be the only constituency where the Islamist Renaissance Party / Nahda didn’t get the most votes. It could have been a hard core of resistance to the new Islamist-dominated government and still might be, but the disqualifications must make it much less likely.

The birthplace of the Arab Spring is now one of the losers: I expect to see many more.

Culture and Cash in China

A few years back, the conventional wisdom was that China was stuck in an economic trap, prospering only as a low-wage economy. But this is proving to be untrue: China is successfully moving up the value-chain. And the serious gap between rich and poor is being addressed:

“The average minimum wage in most of the country rose by 21.7% at the end of September, the Ministry of Human Resources and Social Security said.

“This comes despite a broader economic slowdown engineered by Beijing to bring down inflation.

“Rising costs may mean China will lose its edge as one of the world’s cheapest manufacturing centres...

“The rise in minimum wages is in line with China’s efforts to boost spending power and domestic consumption.

“KPMG says that minimum wage levels in China are four times greater than other places in South and South East Asia.

“However, it believes China can defend its position because of its productivity and infrastructure.

“China is still dominant in the production of goods such as consumer electronics and furniture.” [H]

Meantime it seems that the party is taking back control of cultural matters, which had drifted into shallow imitations of the West:

“Satellite television channels are hugely popular in China, but often fall foul of authorities

“China is to clamp down on the number of entertainment shows broadcast on satellite television channels in a bid to boost public morality.

“Authorities are concerned at the ‘vulgar tendencies’ of light entertainment shows, particularly reality TV, dating

and talk shows.

“From next year, satellite channels will each be permitted to screen only two programmes of this type a week.

“Networks will be required to promote ‘socialist core values’ instead.

“The directive, from the State Administration of Radio, Film and Television, follows a Communist Party meeting last week which asserted the need to strengthen social morality.

“The crackdown is intended to improve social cohesion in the face of rising materialism, and wrest back Communist Party control over cultural industries that are promoting alternative viewpoints.

“It coincides with a bout of national hand-wringing over a perceived decline in public morality, highlighted by the recent death of a toddler left for dead by passers by after being hit by a vehicle.” [J]

“Sick of tacky reality shows with egotistic wannabes? Tired of formulaic talent contests for shameless show-offs? If you feel the prime time schedules are packed with lowest common denominator viewing, you are not alone.

“Chinese officials share your pain and have ordered a curb on popular entertainment shows. Out go sexy dating shows and lurid programmes on crime. In come art appreciation, astronomy and weekly ‘morality building shows’.

“The new edict from the state broadcasting watchdog is expected to come into force on 1 January. Provincial channels will be allowed to show no more than two entertainment shows in the ‘golden time’ between 7.30pm and 10pm, according to a report on the Chinese NetEase website. Particular types of programmes, such as dating shows, will be strictly limited; no more than 10 talent contests will be permitted nationwide per year, and each must be of a different kind.

“The State Administration of Radio Film and Television also encourages [broadcasters] to produce harmonious,

healthy and mainstream programmes, such as culture and art appreciation, history, geography and astronomy, and [those addressing] public welfare,’ the report added.

“Each channel will be obliged to broadcast a ‘morality building’ programme each week. The number of Taiwanese performers will also be limited because of Taiwanese controls on mainland performers, the report said.” [J]

“The 17th Central Committee of the Communist Party of China (CPC) concluded its sixth plenary session in Beijing Tuesday, adopting a guideline to improve the nation’s cultural soft power and advocate Chinese culture.

“It was the first time for the CPC’s decision-makers to focus on cultural issues in the Party’s plenary session over the past 15 years.

“After China’s eye-catching economic achievements in the past three decades, the session is regarded by observers as a strong signal and will for the country to score higher in cultural field.

“‘What Chinese people should do after their economic boom is a question we must answer,’ said Wan Junren, professor of philosophy department with Tsinghua University.

“China has surpassed Japan to become the world’s second largest economy. Even during the international financial crisis, the Chinese economy kept steady and fast growth...

“Although China has become the world’s largest producer of TV series, the ratio of imported productions and exported ones is 15:1. The American TV drama series Friends, Sex and the City as well as Japanese and Korean dramas are often more popular among young Chinese than domestic ones.

“China is one of the main OEM countries for Apple’s iPhone and iPad products, but many Chinese Apple fans query when a Chinese-version of Steve Jobs will emerge given China’s comparatively weak creativity in its cultural industry and electronics sector.

“By contrast, China’s Asian neighbor the Republic of Korea (ROK) has taken a lead in exporting its culture which achieved an annual export value of more than 100 million U.S. dollars for TV series 10 years ago.

“In 2009, the export value of ROK Internet gaming products was 10 times of that of China, and ROK movie export value was seven times of Chinese.

“‘Although Chinese government has vowed to both develop material and spiritual progresses for nearly 30 years, the need of material wealth is more prominent for Chinese people who have suffered poverty for a long time,’ said Feng Jikai, vice chairman of China Federation of Literary and Art Circles...

“The ambition to become a culture power shows the CPC’s top leaders are facing up to such a reality that some problems which can not be solved by economic growth should be tried through cultural construction, said Meng Jian, vice dean of Journalism School of Fudan University.

“‘If China’s economic construction is to pursue common enrichment, the cultural construction aims at pursuing social consensus,’ Meng said.” [K]

The initiative has been led by Li Changchun, Chairman of the Central Guidance Commission for Building Spiritual Civilization of the Communist Party of China. He is rated as 5th in the current 4th Generation of Chinese leaders. The expectation is that this 4th generation will hand over power in 2012 to Xi Jinping as the new top leader in 2012 and Li Keqiang as Premier and 2nd leader. Nothing much has been said about it this year, but there is nothing yet to indicate that plans have changed.

Europe

“Recent polls have found that an overwhelming majority of voters want Britain to withdraw from the European Union – with support draining away thanks to the economic chaos surrounding the single currency.

“One poll for YouGov found that the public would vote by 50 to 33 per cent to

abandon Brussels if a referendum were held tomorrow, a huge lead of 17 points.

“The poll found that the euro crisis has turned conventional political wisdom on its head and will fuel demands for David Cameron to renegotiate Britain’s relationship with Brussels. [L]

But we’ve been there before. Back in 1975, the Euroskeptics finally got their vote, which the polls indicated they’d win. But once people realised that their grumbles might actually change the world, they got more cautious. In the end we voted 67% in favour of keeping what we had.

Of course a British disengagement might actually be good for Europe, end the blight of Economic Liberalism which has caused most of the present crisis

Soros and Insider Trading

“George Soros, the hedge fund billionaire, has failed in his latest attempt to overturn an insider dealing conviction handed out in France 23 years ago. The European Court of Human Rights rejected his argument that French law on insider trading was not sufficiently clear to provide grounds for a conviction. Soros’s lawyer, Ron Soffer, said that he would appeal the ruling. ‘Mr Soros has maintained that he did not commit any act of insider dealing,’ he said, adding that ‘many issues’ were still unresolved and that he was confident the ruling would be overturned on appeal.

“The case relates to an investment Soros made in French bank Société Générale. Georges Pébereau and a group of elderly businessmen, dubbed the ‘golden granddads,’ contacted an adviser of Soros to invite the billionaire to take part in the raid, according to court testimonies. Soros declined to take part, and the raid was unsuccessful, but the investor did buy stakes worth a total of \$50m in four former state-owned companies in France, including Société Générale. French prosecutors launched an investigation in 1989 and in 2002 Soros was found guilty of insider trading and fined \$2.3m, the profit he made on the alleged insider trading.

“Soros, who famously made \$1bn in a bet against the British pound in 1992,

lost an appeal in France’s highest court in 2006 and then took the case to the European Court of Human Rights.

“In its ruling, the court agreed with Soros that the French law was not always precisely worded but argued that Soros was a sufficiently experienced investor and ‘could not have been unaware that his decision to invest in shares in [Société Générale] entailed the risk that he might be committing the offence of insider trading’, the court said in a statement.” [N]

I’d see this as another case of business people not being smart outside of their own area. Overturning a conviction on a technicality isn’t going to help his reputation any. Meantime he has brought the matter back to public attention. I missed it at the time, though I had noticed that he never mentioned the topic in all of his lectures about the faults of global capitalism.

Meantime there has been an unrelated case of convictions and charges for Insider Trading in the USA:

“Rajat Gupta, a former Goldman Sachs director and senior figure in corporate America, has been charged with conspiracy and security fraud offences, making him the most high-ranking executive to become embroiled in a wide-ranging Wall Street insider dealing probe.

“Prosecutors said Gupta had provided disgraced trader Raj Rajaratnam with an ‘instant messaging’ service from inside some of America’s most esteemed boardrooms. The indictment accuses Gupta of entering into an insider arrangement with Rajaratnam, founder of the hedge fund Galleon Group.

“Rajaratnam was sentenced to 11 years in jail for insider dealing offences this month. During his trial Gupta’s name came up on several occasions, suggesting it was only a matter of time before the authorities called him in. Gupta’s lawyer told reporters the charges are “totally baseless [and] are based entirely on circumstantial evidence”.

“The indictment includes two episodes at the height of the banking crisis

where Gupta allegedly went from a Goldman Sachs boardroom conference call and, within seconds, called up Rajaratnam with insider information.” [P]

It seems odd that apart from blatant fraudsters like Enron and Madoff, the only major casualties to date have been from the USA’s small community of immigrants from India. Are the rest looking after their own?

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Parliament Notes

Dick Barry

Democracy At Work?

The motion calling for a referendum on UK membership of the European Union was defeated by 483 votes to 111. The three major parties imposed a three-line Whip on its Members, but 81 Tories, 19 Labour and 1 Lib Dem defied the Whips and supported the motion. Eight DUP Members, 1 Green and 1 Independent also voted in favour of the motion. The debate was held on 24 October, following the collection of 100,000 plus e-petition public signatories. (A similar petition on disclosure of the Hillsborough documents attracted over 150,000 names, enabling a debate on 17 October). The EU motion in the name of Tory backbencher David Nuttall and others read:

“That this House calls upon the Government to introduce a Bill in the next session of Parliament to provide for the holding of a national referendum on whether the UK should

- (a) remain a member of the EU on current terms;
- (b) leave the European Union; or
- (c) re-negotiate the terms of its membership in order to create a new relationship based on trade and co-operation.”

The motion ignored the solemn pledge given in the 2010 Conservative Party Manifesto to hold a referendum should there be a further extension of EU powers. The Manifesto said, “We will be positive members of the EU but we are clear that there should be no further extension of the EU’s powers over the UK without the British people’s consent. We will ensure that by law no future government can hand over areas of power to the EU or join the Euro without a referendum of the British people.” And as a sop to Daily Mail readers it said further, “We will work to bring back key powers over legal rights, criminal justice and social and employment legislation to the UK.”

It is a moot point as to whether one Parliament can bind another. So the promise to tie down legislation on a referendum sounds like an empty boast. The salient point however is that the Tory rebels want the UK to leave the EU. Nothing less will satisfy them, whatever additional words they attach to a motion. And the same applies to most if not all of the Labour members who supported the motion. But the rebels are also unhappy with Cameron. They were hugely disappointed that the Tories failed to win a clear working majority, preferring to govern alone than share power with the Lib Dems. Consequently they feel neglected, ignored by Cameron and co. and are fighting back in a way they know will upset Cameron and, hopefully, weaken his grip on the party. Europe could once again be the undoing of the Tories.

The 2010 Liberal Democrat Manifesto also promised a referendum. It said, “The EU has evolved significantly since the last public vote on membership over thirty years ago. Liberal Democrats therefore remain committed to an in/out referendum the next time a British government signs up for fundamental change in the relationship between the UK and the EU.” Labour’s 2010 Manifesto on the other hand said nothing about a referendum on UK membership of the EU, with or without a fundamental change in the relationship. So, strictly speaking, the Labour ‘rebels’ were free to express their views and vote accordingly. However the Manifesto had the following to say about the Euro. “On the Euro, we hold to our promise that there will be no membership of the single currency without the consent of the British people in a referendum.” When this was written Labour knew there was little chance of a ‘Yes’ vote in a referendum on Euro membership, so it was a hollow promise. Now the chances are zero.

Speeches during the debate were limited to 5 minutes. This enabled a maximum number of members to contribute. Two speeches stood out. The first by the Green Party’s Caroline Lucas who, although a

supporter of UK membership of the EU, voted for the motion. The following is her speech in full.

“My starting point is that there are good democratic reasons for those in favour of our continued membership of the EU, albeit a reformed EU, to support a referendum. I believe that it is precisely the refusal to give people a say on the EU that is leading to greater public disillusionment with it. It is precisely that that leads people to think that the EU is an elitist project which is done to them which is not in the interests of the majority. I do not agree with that position, but I think it right that it should be debated.”

“I believe that the EU has enormous potential to spread peace, freedom and security, to promote and protect democracy and human rights – at home and throughout the world. It has the potential to be a true pioneer in the transition to low-carbon economies and living more rightly on the planet. I believe that to fulfil that potential, however, it has to change direction and put greater democracy and sustainability at the heart of its objectives. I think having a referendum would enable us to debate the end-goal or purpose of the EU. At the moment we have lots of debates about whether we want more or less EU without answering the question, ‘To what purpose the EU?’ For many Conservative Members, the answer will be that they want the EU, if they want it all, to have far more of a free trade focus. For my party, we think it has too much of a free trade focus, but that is not the issue. The issue here is the right of the people to say what they want, the right to have that debate and the right for us to differ, as necessary, but none the less to have that debate about the advantages and, indeed, some disadvantages of the EU.”

“In my experience, many of today’s European citizens are simply no longer sure what the EU is for. In my view, the ambitious free trade project at the heart of its original treatise has become an end in itself. Debates about the future of the EU

have been dominated by the idea that the overriding goals of European integration are economic and that the progress of the EU should be judged in terms of economic growth and the removal of market barriers alone. As a result, the EU has failed to address fundamental questions of political culture and strategic purpose and has therefore also failed to inspire the mass of citizens with a sense of enthusiasm and common cause, thus calling into question its own legitimacy”

“In order to tackle the the new threats and challenges we face today and to deliver a fair, sustainable and peaceful Europe into the 21st century and beyond, the EU must undergo radical reform. It must become more democratic and accountable, less bureaucratic and remote. It also needs to have a more compelling vision of its role and purpose, and a referendum would provide an opportunity to debate precisely those issues. To try to shut down that opportunity is, I think, very dangerous. It is possible to be pro a reformed EU and in favour of the referendum. I agree that there are plenty of areas where the EU needs reform. The common agricultural policy is in many respects an environmental disaster. The common fisheries policy ends up with enormous over-fishing and the scandals of discards. Unaccountable corporate influence over decision making skews the outcome of those decisions. There is an extraordinary arrogance, for example, in dressing up the Lisbon treaty as something different from the repackaging of the constitution that it really was.”

“I believe that, more urgently than ever, we need the EU to fulfil its potential for strong environmental policy and for securing energy policy and energy security into the future. If it is to do that, however, it must have the consent of the British people. We need to make the case for a reformed EU. We should not be afraid of making that case. I believe that if we make it strongly, we will win it, which is why I support tonight’s proposal for a referendum.”

The other speech, while not the best of the Eurosceptics, was by Labour’s Kate Hoey. It is notable for her comments on the Commonwealth vis a vis the EU. Being a Northern Irishwoman does she, one wonders, believe that Ireland should rejoin the Commonwealth? Here is what she said.

“I am not sure when the Foreign Secretary has to leave, but he is going to a very important conference, the Commonwealth conference in Australia. Many people in this country believe that the Commonwealth was sold out when we joined the Common Market, and I hope he remembers that by 2050 the 55 members of the Commonwealth will have 38% of the global labour force, while the European Union, with its 27 members, will have only 5%. I hope he goes with that figure in his head to the Commonwealth conference, because then we might actually see much more attention paid to the Commonwealth.”

“This could have been a wonderful day for Parliament, for democracy and for the new regime – on which the coalition have to be congratulated – of the Backbench Business Committee, with its many keen members. This debate was brought about by a process involving people outside, in the United Kingdom – and let us stop talking about ‘Britain’, please, because when we do we ignore Northern Ireland, which when it comes to a referendum is going to be very important. Let us not forget, as many members have said, that this issue has reached us today, but the three party leaders, to whom my hon. Friend the Member for Glasgow South West (Mr Davidson) referred, have it seems almost – I am not sure whether I am allowed to use the word – colluded to ensure that Members do not have a free vote. I am therefore so pleased to hear tonight not just from my own side, but from people on the opposing Benches how many Members are prepared to say, ‘Party Whips are fine, because of course we are elected from our party, but sometimes the issue is more important than the party.’ This issue is more important than the party, and that is why we have so much cross-party involvement in and support for the motion.”

“A number of points have been made, and I want to make just a few short ones. On the idea that the issue is a distraction, I have to say that the European Union is the thread that runs through every part of every law that we make in this country, and we must recognise that and ask people whether we have gone too far. The Foreign Secretary talked about the repatriation of powers, which I want to see, but, on the threat of a referendum hanging over the Foreign Secretary, we know that the Com-

mission hates referendums, and I remember him arguing – I was on his side – for a referendum on the Lisbon treaty, when he stated how much strength it would give to the elbow of the then Foreign Secretary. We want to repatriate powers, and, if the rest of the European Union knew that the British public were sick, sore and tired of the money being spent on Europe, of the bureaucracy, of the corruption and all of that, they would be much more likely to negotiate the repatriation of them.”

“I do not understand why my party, which wants a change in the fishery policy, are not allowing a free vote tonight at the very least, never mind supporting a referendum. I get a bit fed up on this side of the House – I have said this before – about the way the media paint the matter as always being about Tory splits, attacks on Cameron, Tory diversions, and so on when a huge number of Labour supporters in this country want a referendum. That is why my right hon. Friend the Leader of the Opposition was rather ill advised to impose a three-line Whip. We need to have this debate out in the open. What is everyone afraid of? It is ridiculous of those who are not in favour of a referendum to say that it is not the right time, because we all know that we would not have the legislation in place until the end of 2012, or probably 2013. We could not possibly have the necessary White Paper, or the details of what would go into the referendum until 2014, so no one should accept the reason that this is not the right time.”

“What causes the lack of confidence felt by the leaders of the three main parties who are afraid of a referendum? We must choose whether to integrate fully into a pan-European system of government based in Brussels, or seek a more international future based on trade and co-operation, not just with the EU, but with the rest of the world. It is time to stop being little Europeans, we must be internationalists. We have all had the Whips on our backs over the years. We have all survived, and many of us are still here. Despite what they have said, it is important that right hon. and hon. Members do what they think is right, what is right for their constituents, and what is right for the country.”

There is some odd reasoning here. As far one understands Hoey, she seems to be believe that one cannot be a supporter of

UK membership of the EU and an internationalist. That to be an internationalist one must support withdrawal from the EU and a stand alone UK sovereign state, co-operating and trading with the rest of the world. What role one wonders does she see for the Commonwealth in all this? Isn't the Commonwealth a Club, just like the EU? Perhaps she envisages the UK driving policy within the Commonwealth. A role it has failed to undertake in the EU. It has allowed France and Germany to dictate the terms, all the while whingeing on the fringes. If it continues in this vein it might as well leave the EU.

And, like Cameron, she wants the repatriation of powers. Does she mean all powers, including those beneficial to workers such as the Agency Workers Directive and the Working Time Directive? Hoey makes a valid point about the timing of the debate and the fact that a referendum, should it be held, would not take place for a year or two. But she and others who supported the motion seem to have forgotten that a vote on an e-petition motion is not binding. So if the result had been reversed it would not have altered government policy. E-petitions are all well and good. They help to initiate debate on issues which otherwise would have remained in the bin. But because the outcome is not binding on government they raise false hopes and therefore potentially weaken democracy, through increased public cynicism, rather than strengthen it.

Hague's Self-Delusion

Foreign Secretary William Hague spoke briefly when presenting the 10th progress report on developments in Afghanistan on 20 October. People will just have to judge for themselves whether what is happening in Afghanistan can be described as progress. In his address Hague made no mention of the number of military and civilian casualties. But he did admit to MPs that, "The insurgency is resilient and, as demonstrated by the recent high profile attacks in Kabul, remains a threat. However, such incidents rarely achieve their tactical effect and are designed to create a perception of increased violence and instability that is not reflective of the progress being made in much of the country. We should not allow these attacks to distort the many examples of significant

security improvements or overshadow continued progress to governance and development objectives. There remain many challenges ahead but there is also much encouraging progress."

So, as far as Hague is concerned there is simply a "perception of increased violence." A little more than a week later, on 29 October, another high profile attack killed seventeen people, including five coalition troops and eight contractors, two of them British, in the capital Kabul when a car bomb destroyed an armoured vehicle. Since 2001, the first year of the invasion, 2,790 NATO military personnel have been killed, including 1,839 US, 383 UK, 158 Canadian, 75 French and 53 German. With most of the deaths, 1,741, occurring in the last three years. Not forgetting the many thousands of Afghans killed over the last ten years.

Hague's reference to a "continued progress to governance" is at odds with Patrick Cockburn's assessment. Writing in *The Independent* On Sunday on 30 October he said, "Both Tony Blair and David Cameron have maintained a pretence that Britain is fighting to maintain in power a democratic Afghan government. The reality is that the representatives of this government are often warlords engaged in extortion, corruption and kidnapping. Afghan police are notorious for stealing money, consuming drugs and raping young men and women passing through checkpoints. Four years after the British arrived in Sangin, a local farmer was quoted as saying 'the Taliban do not even have a bakery that they can give bread, but still most people support the Taliban – that's because people are sick of night raids and being treated badly by the foreigners.'" And a report in *The Independent* on 1 November said, "The Afghan capital, Kabul, is becoming increasingly divided along ethnic lines as residents locate to neighbourhoods that would allow them a speedy getaway to their home provinces and ancestral villages in the event that the country descends back into civil war." Hague would never admit to this, as to do so would be an acceptance of failure. And it is imperative that Britain (and the US) claim a victory on withdrawal. Anything else would add insult to injury for the families of British soldiers killed or seriously injured fighting Blair's and Cameron's war.

Tyranny : The UK's Complicity

In his House of Commons statement on recent developments in Libya on 24 October, David Cameron described Libya under Gaddafi as "42 years of tyranny." If Libya was a tyranny then successive UK governments assisted in its creation, through support for Gaddafi. But the period between 1951 and 1969, when the UK supported the Libyan monarchy, could be described as having the characteristics of a tyranny. It was certainly an absolutist system of government under the western-backed King Idris who held ultimate power over the country. He was supreme head of state, supreme commander of the armed forces and the Libyan parliament was packed with his nominees. It was not a democracy. And when the September 1969 bloodless revolution occurred the UK government rejected an appeal by supporters of King Idris to intervene militarily on his behalf and restore the monarchy to power.

In his book 'Libya. From Colony To Independence', (2008), Ronald Bruce St John wrote, "a 30 September 1971 assessment of the first two years of the One September Revolution, authored by the U.S. Embassy in Libya concluded Qaddafi was 'close to being the indispensable man' in Libya, adding 'a period of instability would in all likelihood ensue' should he disappear from the scene." And so, 40 years later, it has come to pass. For the next thirteen years, after 1971, the UK recognised Libya as a legitimate state. However, following the murder in 1984 of London police officer Yvonne Fletcher, Libya became a pariah state. And the Lockerbie bombing of 1988 exacerbated this. But under Blair's premiership diplomatic relations were re-established, in 1999, once Libya assumed responsibility for the murder and surrendered the Lockerbie suspects. Blair visited Gaddafi in 2004 and the two promised to share information on al-Qaida and other terrorist groups in North Africa. Blair had brought Gaddafi, a man now described as an evil monster, in from the cold. Thus proving that it's not tyranny per se that concerns the UK, but just whose side the tyrant bats for.

Britain's Arms Sales

It was entirely predictable. Having

sold Gadaffi almost £5 million of military equipment in 2010, Britain's arms manufacturers, under the guise of an overseas trade mission, will be in Libya next February, eager to sell their wares to the NTC. In the same month they will also visit Belgium, Brazil, Colombia, India, Kazakhstan, Mexico, Nigeria and Turkey. This information was revealed in a Parliamentary Written Answer on 25 October. This month, November, the trade mission will be in Saudi Arabia and Serbia, followed by Spain in December. And in March 2012, Italy, Qatar, Saudi Arabia, again, the USA and Vietnam will have the opportunity to purchase equipment.

Co-operative Housing : A Big Society Idea?

Cameron's big idea that public services can and, where possible, should be run by local people was given a boost by a Ten Minute Rule motion introduced by Labour/Co-op Member Jonathan Reynolds on 11 October, and supported by eleven other backbench MPs. Speaking in support of his Co-operative Housing Tenure Bill Reynolds said, "I beg to move that leave be given to bring in a Bill to make provision that occupiers of dwellings owned by certain forms of co-operatives shall occupy those dwellings by virtue of their membership of the co-operative and not as tenants or under any other type of property interest; to make provision for co-operative tenure and for the respective rights and obligations of the co-operative and its members; and for connected purposes." There is surely nothing here to which Cameron and the coalition can object. It fulfils all the objectives of the Big Society, giving people responsibility - "respective rights and obligations of the co-operative and its members" - for a key public service. Governments usually find private members motions an irritant, largely because they allow backbenchers free rein to air an issue which Ministers themselves ought to have promoted. But Reynolds bill fits neatly into the coalition's programme. It will be interesting to see what happens when it is read for the second time on 20 January 2012.

Reynolds went on to speak about the current state of the UK housing market. "There are few members on either side of the House," he said, "who would not

acknowledge that we face something of a housing crisis here in the UK. For people looking to step on to the first rung of the housing ladder, the average price of a property in the UK is now more than £160,000, and for those living in London it is more than £280,000, which is without doubt a substantial amount, and most people now have to rely on the 'bank of mum and dad' to help them to finance their first home. Estimates suggest that those who cannot seek financial support from their family will have to save for a deposit until they are 37, and in the coming years that age is expected to rise to 44, meaning that we could have a generation who are on the brink of becoming grandparents before they become homeowners."

"Buying a home is tough, with local authorities and housing associations owning 1 million fewer homes than in 1997, but this generation can no longer rely on social housing either. In the private sector rents are increasing more quickly than wages, living standards are hugely variable, tenants often feel that they live at the whim of their landlords, and there is no immediate sign of an improvement. The slow-down in the construction industry, the low levels of credit and the increases in demand caused by demographic changes will only tighten the squeeze on housing unless more attractive alternatives can be found. It is now harder than ever for our young people to find a home of their own, whether they seek to buy or to rent."

Having outlined the problems facing the UK housing market, Reynolds explained how his Co-operative Housing Tenure Bill would give people the opportunity to exercise greater control over their lives; a principal aim of the Big Society. He told MPs, "There is a form of housing tenure, used to great success in other countries, which is not yet available here, and that tenure is co-operative housing. My Co-operative Housing Tenure Bill will open the way for co-operative housing schemes, which are not currently acknowledged in the law of this country, and in doing so it will offer a new form of tenure that would bring additional benefits to residents. For example, the Bill would ensure that residents had a real say in the management of their housing scheme. It is a practical measure that would make real difference to the lives of co-operative members, and through the use of shared ownership as se-

curity for finance it could also increase the availability of affordable housing."

Footnote. In 1981 the socially rented housing sector accounted for 33% of the total housing stock in the UK. By 1991 it had declined to 25%. In 2001 it had 21% of the housing stock. By 2008 it had fallen to 18%. A sharp reduction in local authority housebuilding and the sale of council houses under the 1981 Right To Buy scheme have contributed to the contraction.

Size Matters (To The Executive)

While Tory rebellions have been more numerous in this Parliament than in previous ones, the Government have still been able to get its programme adopted. Why is this so? There are 305 Tory MPs and 57 Liberal Democrat MPs eligible to vote. The Opposition amounts to 279 MPs (256 Labour plus 23 others), giving the coalition government a majority of 83. The Speaker and his three Deputies are barred from voting and the five Sinn Fein MPs do not attend Parliament. But the Government includes 140 MPs, thus guaranteeing a majority even in the event of a substantial backbench revolt. It is the intention of the Government to reduce the size of the Executive, but not just yet.

Deputy PM Nick Clegg told MPs on 11 October that, "The issue of principle is whether there is a link between the size of the Executive and the legislature, and I think there is. Clearly there is. The size of the legislature will be reduced from 2015, so clearly there is a question for the next Parliament, and indeed the next Government about what the size of the Executive..... The size of the Executive has not been reduced right now, so it is not something that we need to do right now. We have accepted the principle. It is now 2011; we have four years until 2015. We will reflect on this and we will act." Clegg and co. are waiting for the effects of the boundary changes on the composition of the political parties and the reduction in the number of MPs, before deciding on the size of the Executive after 2015. But whether it's Labour in power, the Tories, or another coalition government, we can be sure that they will not allow too much power to pass to the legislature.

Too Much Gravy?

Reports that the four former prime ministers in receipt of the Public Duty Cost Allowance (PDCA) have cost the taxpayer more than £1.7 million in the last five years, are inaccurate. The actual figure is closer to £1.38 million. The information was provided in a Parliamentary Written Answer on 26 October. For the sake of accuracy the figures are, in year order, £183,279 in 2006-07, £190,058.96 in 2007-08, £379,505.94 in 2008-09, £321,817.20 in 2009-10, and £307,888.30 in 2010-11. Over the period the total allowance received by each former prime minister was: Thatcher £535,020.20. Major £490,922.88. Blair £272,888.02 (Blair made no claim for 2010-11, or at least there is no record of a claim). Brown £83,718.30 (2010-11 only). Since 1997-98, £3,330,403 has been paid out under the PDCA.

The Public Duty Cost Allowance was set up by John Major in 1991 to pay for office and secretarial expenses incurred by former prime ministers in connection with their public duties, which include answering letters and attending public events. All claims must be supported by documentary evidence. Readers can judge for themselves whether the PDCA is justified in the current economic climate, with millions of people up to their eyes in personal debt. After all, aren't former prime ministers such as Tony Blair, able to pick up the bill out of their lucrative public speaking engagements and other money spinning activities? Tony Blair Associates, for example. An e-petition was set up on 27 October for anyone who objects to the PDCA.

Bashing The Unions

Tory loyalist Aidan Burley is unhappy about the arrangement that allows public sector employees to be paid for undertaking full time trade union duties at the workplace. In a short Adjournment debate on 26 October he suggested that if trade unions wanted its members to work full time on such trade union duties they should pay their salaries, and not the taxpayer. But first he had a dig at the last Labour government. "Over the 13 years of the last Labour Government", he said, "- a Labour Government funded to the tune of £10 million a year by the unions – an insipid, backhanded and frankly dodgy sys-

tem emerged which ensures that millions of pounds a year of taxpayers' money is now being used to fund political union activity. In simple terms, the taxpayer is directly funding those organising strikes and chaos, and also indirectly funding the Labour Party; I think that is wrong" One assumes that a Tory would know all about backhanders and dodgy systems, given that the private sector is rife with them. A private sector that funds the Tory party to the tune of many millions a year, and in which consumers/users of their services have no say whatever.

Burley referred to a report by what he described as "the widely respected Taxpayers Alliance" (TPA), published in September 2010. According to the TPA, in 2010 trade unions received £85.8 million in total from public sector organisations. This was made up of £18.3 million for the union modernisation and union learning funds. The rest, £67.5 million, was the total amount of paid staff time for undertaking union duties. It was the latter on which Burley's speech focused. He made it clear that he wants this to end, but he also wants the union modernisation and learning fund to be scrapped. However, he is confronted with a problem if he wants to end paid full time union duties and he touched upon it later in his speech when he said, "The legal background to the matter is that under section 168 in part 111 of the Trade Union and Labour Relations (Consolidation) Act 1992, a union representative is permitted paid time off for union duties. According to ACAS, those duties relate to anything including the terms and conditions of employment, the the physical conditions of workers and matters of trade union membership or non-membership." So the only way to end the system of paid full time union representatives is to change the law. And Burley will need all his skills to persuade the Government and a large number of his fellow Tories of the need for the change.

One Tory MP who would probably oppose such a change is Robert Halfon, Member for Harlow, who told Burley, "I should declare an interest: I am a proud trade unionist. I am a member of Prospect. Margaret Thatcher and Norman Tebbit were also proud trade unionists. Although I agree with my hon. Friend's sentiment, does he not agree that despite the abuse, there are many moderate trade unions

around the country that do a great job representing people's interests? A third of trade union members vote Conservative and Conservatives should do all they can to build bridges with moderate trade unions." Another Tory, Guy Opperman Member for Hexham also took issue with Burley. "I, too, wish to stress that I support the unions, and I met my union representative today for an hour in relation to certain matters. However, what does my hon. Friend feel the money – the £85 million – could be spent on?"

In response Cabinet Office Permanent Secretary Nick Hurd provided little comfort for Aidan Burley. He referred to the need for "balance" and "greater transparency" in recording time taken off for union duties and that which may involve political activities. "First", he said, "we need to recognise that employment legislation requires employers to make available a reasonable amount of time off for trade union representatives to carry out their trade union-related duties. There are nine areas of statute where union representatives have rights to paid time off to perform their duties. These cover areas such as representation, informing and consulting, collective redundancy, learning and health and safety. There is a reason for this. There is a clearly defined framework for consultation and negotiation between managers and employees to support good employee relations."

Extinguishing what little hope there was for Burley's aims, Hurd went on to say, "As for whether we would go further with employment legislation, I have said that BIS Ministers would respond more fully to that point. However, there are no plans for the law on trade union facility time to be changed specifically for the public sector or otherwise. A reasonable amount of paid time off can offer value for money for the taxpayer. For example, it can minimise working time lost owing to disputes and accidents at work. However, it is important that the Government ensure that public sector employers manage the paid time off that they grant their union representatives effectively to deliver those potential benefits, which are the justification for spending taxpayers money." In other words the system provides value for money, a concept close to the hearts of Tory MPs.

Knowledge, Skills and Competence in the European Labour Market: What's in a vocational qualification? Review

When the Treaty of Rome established the European Economic Community over fifty years ago a major aim was the free movement of labour. An important way of doing this was through the transnational recognition of vocational qualifications. This has been a protracted process beginning with professional qualifications such as architecture and medicine leading to the establishment of the European Qualification Framework (EQF) in 2008. Although the Bruges Communiqué in 2010 recognised that the diversity of European VET systems is an asset for mutual learning it stated that transparency and a common approach to quality assurance are necessary to build up mutual trust which will facilitate mobility and recognition of skills and competences between those systems. Its vision is a European education and training area, with transparent qualifications systems which enable the transfer and accumulation of learning outcomes, as well as the recognition of qualifications and competences, and which facilitate transnational mobility. The EU Council expects the convergence process of referencing National Qualification Frameworks to the EQF to be completed by 2012.

The aim of this book is challenging to pinpoint difficulties in establishing equivalence of vocational qualifications and to suggest ways to overcome them. It represents the results of a three-year project entitled "Cross-national Equivalence of Vocational Qualifications and Skills" funded by the Nuffield Foundation. The purpose of the research was to analyse how key concepts related to VET are understood and applied within different national contexts, in particular England, the Netherlands, Germany and France, through case studies drawn from four sectors (bricklaying, lorry driving, software engineering, and nursing).

The authors do not limit themselves to a mechanistic analysis of the different qualification systems in the four countries and how they can relate to the European Qualification Framework. They

In Review

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see the relationship between a National Qualification Framework and the EQF as not only a technical problem but also a social one. So they first examine the basic concepts behind the diverse systems and assess how they are meeting the challenges posed by the EQF.

In his chapter on France Philippe Mehaut describes the concept of *savoir* with its knowledge and inter-personal relationships which underpins vocational qualifications and closely aligns them to general education. Georg Hanf in his chapter reminds the reader that the German labour market is structured around skilled occupations and the *Beruf* principle underlying the German VET system is described as where the individual is acting in a certain socially defined role. In contrast to France the VET system has been clearly demarcated from the education system. The German neo-corporatist dual system has been based on consensus between social partners - trade unions and employers - and the state.

Chris Winch in his chapter on the UK discusses the concept of "skill" in depth and how it operates in an informal labour market. Where the availability of qualifications for skills is very patchy the skills employed are not officially

recognised and tend not to be classified as belonging to a recognised category of skilled labour, particularly if union organisation is weak. He also argues that the restricted conception of competence as "workplace know-how" in the UK separates it from that of France, Germany and the Netherlands.

Linda Clarke's chapter on bricklaying qualifications exemplifies this difference. The lengthy negotiation between the social partners in continental countries such as Germany in the process of the validating the qualifications results in them being valued for the broad and social competences recognised through collective bargaining sector agreements. In the UK however the process is top-down with little trade union involvement and as a result the qualification is considerably more restricted in scope with no general education elements. The NVQ level 2 qualification in bricklaying in the UK thus lacks the underpinning knowledge found in the equivalent of level 3 or above of the German qualification and has a lower occupational status in the labour market. The challenge of the EQF in attempting to align such qualifications is considerable.

In their chapter on establishing equivalence, Linda Clarke and Anneke Westerhuis argue that mutual trust must exist between employers and employees in determining how or if equivalence can be established. They state that achieving this trust is through the development of cross-national and cross-sectoral zones of mutual trust which establish arrangements for recognising equivalences in qualifications.

The European Trade Union Confederation (ETUC) has argued that take-up by the social partners- unions and employers- of European Commission instruments like the EQF remains "limited and difficult". One recent EU innovation has been

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