

# THE SOCIALIST CORRESPONDENT

ISSN 1758-5708

£3

## BREXIT ON THE BRINK

### TRUMP'S POLICIES

method or madness?

### THE FEW VERSUS THE MANY

[www.thesocialistcorrespondent.org.uk](http://www.thesocialistcorrespondent.org.uk)

Issue No 32 / Autumn 2018

EU Intransigence - Division and  
weakness in Britain P4

The Labour Party conference P9

Options for Brexit fall short P14

HSBC – drugs, arms and money P18

Hard lessons in fighting  
imperialism P24

John McLean - accuser of  
capitalism P28

Windrush – songs in a  
strange land P33

# CONTENTS

- 4 EU Intransigence - Division and weakness in Britain**
  - Alex Davidson
- 8 Trump's policies – method or madness?**
  - Frieda Park
- 9 The Labour Party conference**
  - Ed Lively
- 10 The few versus the many**
  - Clare Bailey
- 14 Options for soft Brexit fall short**
  - Simon Korner
- 18 HSBC – drugs, arms and money**
  - Brian Durrans
- 23 Free-speech on Israel**
  - Frieda Park
- 24 Hard lessons in fighting imperialism**
  - Dan Morgan , Chile
- 27 The Socialist Correspondent conference 2018**

Capitalism's dangerous world and prospects for socialism
- 28 John McLean – accuser of capitalism**
  - Brian Durrans
- 32 In-work poverty in Germany**

Article from the German daily newspaper Junge Welt
- REVIEWS**
- 33 Windrush – songs in a strange land**
  - Reviewed by Pat Turnbull
- 34 BlackKlansman - directed by Spike Lee**
  - Reviewed by Ben Soton
- 35 The white working-class – what everyone needs to know by Justin Gest**
  - Reviewed by Ben Soton

**Discussion, debate and author's opinions** - To encourage the broadest possible discussion and debate around the aims of exposing capitalism and promoting socialism, we hope our readers appreciate that not all opinions expressed by individual authors are necessarily those of The Socialist Correspondent.

**Pictures** - Unless otherwise stated all pictures are courtesy of CommonsWikimedia. Some of these will be attributed to an individual photographer. This does not mean that these individuals agree with the opinions expressed by individual authors of The Socialist Correspondent.

**Further information** - <http://commons.wikimedia.org>

Welcome to the new look **Socialist Correspondent**. The politics, of course will remain the same, critiquing capitalism and imperialism and making arguments for socialism.

There have been other changes. The Editor of **The Socialist Correspondent**, for more than 10 years since its inception, Alex Davidson, has now retired from that role. He will, however, continue to write for the journal. The Editorial Board would like to pay tribute to him for the immense amount of work he did over the years. We would also like to pay tribute to the original designer who worked as a team with the editor to produce the magazine. His contribution was huge and much appreciated.

When **The Socialist Correspondent** started out in 2007 the neo-liberal consensus still dominated politics: challenging capitalism and arguing for socialism was a lonely business. Thanks to the efforts of the editor, production team and writers our message was sustained. Now that everyone is talking about the failings of capitalism and socialism is back on the agenda we will continue to make our contribution to that debate.

## Brexit

As we lurch towards the supposed deadline for Brexit in March next year the Tories have failed to provide clarity on what form that will take. Theresa May's Chequers deal was supposed to create a compromise that Tory Leavers and Remainers could sign up to, however, it led to the resignations of two key figures in her cabinet, the Brexit Secretary, David Davis and the Foreign Secretary Boris Johnson. The EU meeting in Salzburg confirmed the impossibility of achieving an agreement which satisfies the EU, both wings of

the Tory Party and the Democratic Unionist Party. In EU intransigence. Division and weakness in Britain Alex Davidson traces the origins of this debacle. The ruling class, of course, would rather not have Brexit at all. The "people's vote" option to have another referendum with the plan that the Leave vote will be reversed is gathering a head of steam. Re-running referendums until the right result is achieved is a well-worn tactic of the EU. However, the humiliation heaped on Theresa May in Salzburg by other EU leaders only reinforces the view that the EU is a supranational bully.

Simon Korner examines the options put forward by the Tories and Labour for a future relationship with the EU post-Brexit. Options for a Soft Brexit Fall Short, describes the different agreements the EU has with other countries and explains why anything which undermines the integrity of the single market will be unacceptable. This is why the proposals on the table from both Labour and the Tories will not be agreed by the EU. The only terms that they will agree would ensure that Britain is tied to the single market and its rules without any say in them, a position which does not respect the vote to Leave.

## Dangerous world

Donald Trump is rightly criticised over his personal conduct, but to focus only on that is to underestimate how dangerous he is. In Trump's Policies – Method or Madness? Frieda Park argues that the US ruling class attack him over his moral defects and his excesses as they would prefer a more well-behaved and predictable representative in the White House. By concentrating on this they hope to draw attention away from a serious critique of his policies which still favour capitalism.

Elsewhere on the American continent, Dan Morgan describes the continuing battles across Latin

America between reactionary and progressive forces. Hard Lessons in Fighting Imperialism takes stock of developments in different countries. The weaknesses of the left and the power of imperialism have meant that there have been several recent defeats, however, there are still positive developments like the election of Andrés Manuel López Obrador as President of Mexico. Venezuela faces particularly difficult circumstances and it is a tough fight to defend it.

## The British state and a Corbyn government

Clare Bailey takes on a question which is often not confronted by the left. The Few Versus the Many considers how capitalism will react to a Corbyn led Labour government. There have already been press smears and campaigns from the establishment to associate Corbyn with anti-Semitism, Czech spies and Middle East terrorists. The conflict between the representatives of capital holding state power and the democratically elected government representing the people will be fierce. As well as the press she examines the role of the armed forces and the intelligence services. There will also be destabilisation caused by capitalism itself as the money markets engineer capital flight. This will be designed to create chaos, making it difficult for the government to function and to try to force it to retreat. In this situation popular support will be critical.

## John McLean

This is the 100th Anniversary of the trial of John McLean, the Scottish socialist and fierce opponent of the first world war. Facing charges of sedition McLean opted to defend himself and his speech from the dock is a classic denunciation of capitalism. Brian Durrans, in John McLean – the Accuser of Capitalism, summarises his trenchant critique of the profit motive and the drive to war.

# EU INTRANSIGENCE

## Division and weakness in Britain

by Alex Davidson

Capitalist rivalries within Europe, the intransigence of the EU, the sharp divisions within the British Tory Party and the political weaknesses within Labour have all been further exposed in the two years since the Referendum vote on Britain leaving the European Union.

The divisions within the Tory Party are not new and reflect divisions within the British ruling class. As a party they have been divided over the EU prior to its inception as the Common Market and through its evolution into the EU, and this has continued with varying intensity over the decades since.

British capitalism's declining position following the Second World War, and the advance of socialism, was the context for these divisions. There was the view that socialism in Europe could only be stopped by a strong relationship with the nuclear-armed and militarily superior United States. Whilst maintaining the special relationship with the US, Britain also strove to play a central role in Europe, mainly through NATO, and at the same time tried to continue as a world power with its interests outside of Europe, mainly in its ex-colonies.

Churchill had proclaimed this as the "three circles" theory, which held that Britain was assured of a unique influence in international affairs owing to her triple role as main partner of the United States, chief Western European power and leader of the Commonwealth [1], the assumption being that all three roles could be harmoniously combined.

As compared with the other Western powers, the wealth and strength of

Britain in the immediate post-war period rested to a unique degree in its overseas extra-European interests – on the large accumulations of British capital in Australia, Canada, South Africa, Iraq, Iran, Kuwait, India, Malaysia, Rhodesia, Ghana, Nigeria and many other, mainly ex-colonial, countries.

However, by the early 1960s, it had become more apparent that Britain was no longer strong enough to ride three horses at once and had to decide which of them was likely to carry it farthest. The decision to give priority to London's Western European interests over the preservation of special trading and financial links with the Commonwealth was taken by the Macmillan Government in the early 1960s although not without dissent within the Tory Party. However, the question of priority between Western Europe and the United States remained unresolved and has been a continuing cause of division within the Tory Party.

### France-German cooperation

Following the end of the Second World War there was a marked shift towards cooperation between France and Germany, the main fruits of which were, first the creation of the European Coal and Steel Community in 1951, followed by the European Economic Community (EEC) in 1957.

Behind this lay, on the French side, a tendency in financial and business circles to favour partnership with their German opposite numbers. It is important, in this respect, to recall that from the early summer of 1940 until the end of the war, all but a

small fraction of French big business went over from alliance with Britain to alliance with Germany. On the West German side, the crushing defeat in 1945, the consolidation of socialism in Eastern Europe and the formation of a socialist state in East Germany, narrowed the territorial base of German capitalism, and impelled business and financial circles towards penetration of the Western European market through partnership with France.

Meanwhile, Britain was concentrating on its 'special' relationship with the United States and its role in NATO. In response to increasing French-German cooperation and the development of the European Economic Community, Britain led the setting-up of the European Free Trade Association (EFTA)[2] as a rival to the EEC. Harold Macmillan, then British Prime Minister, speaking shortly after the signing of the Rome Treaties but before the European Economic Community (EEC) had been brought into existence, issued a general warning. "Let us be under no delusions," he said. "By far the biggest danger would be if this great European unit came

Winston Churchill and Charles de Gaulle



into being and we did nothing about it and were left outside.”<sup>[3]</sup>

Britain’s applications in 1958 and again in 1963 to join the EEC were vetoed by France. French President De Gaulle, who saw Britain as a capitalist rival in coalition with the United States, albeit as a junior partner, stated that, if Britain were admitted, the cohesion of the EEC would be destroyed and “it would ultimately appear as a colossal Atlantic Community dependent on and directed by America, which would soon swallow up the European Community”<sup>[4]</sup>. De Gaulle’s aversion to the United States playing a bigger role in Europe was reflected in France’s withdrawal from NATO’s military mechanisms and the expulsion of its high command and U.S. contingents from French territory.

This reflected the conflict between French Europeanism and British Atlanticism and their inter-imperialist rivalries.

It was not until 1972 that Britain gained entry to the EEC. A referendum was held in 1975 as to whether Britain should remain in the Common Market. The Tory Party was in favour of remaining but some leading Tories campaigned to withdraw. The then Labour Government was divided over the issue and Cabinet Ministers campaigned on both sides of the campaign. The Left and the vast majority of trade unions saw the EEC as a capitalist club and were for leaving. The mainstream media was unanimous in their support for remaining. The result of the referendum was 2 to 1 for remaining.

Since then, the UK, under various governments, has sought special arrangements with the Common Market and the EU. The Tories, in particular, have resisted further integration of the EU structures. Disputes with the EU over the years were common. Coming out of the Exchange Rate Mechanism (ERM), various opt-outs including that of the Social Chapter and the Schengen Agree-



Angela Merkel with Donald Tusk

ment, and staying out of the Eurozone and therefore the Euro were all examples of Britain’s discomfiture.

The current state of negotiations over Britain’s withdrawal from the EU reflect these continuing inter-capitalist rivalries. However, the dominant position in British ruling circles, particularly the City, has been to remain in the EU. Frankfurt would happily take over London’s role as Finance capital.

### Negotiations with an intransigent EU

Divisions within the Tory party were very open during the 2016 Referendum campaign with leading Tories on both sides of the debate.

Following the Referendum’s Leave result, David Cameron resigned as Prime Minister and after a short but bloody leadership contest Theresa May emerged as Prime Minister. She took both sides of her party into her cabinet and shortly thereafter called a snap election, convinced that the Tories would destroy the “unelectable” Jeremy Corbyn and increase their majority. The Tories won the election but failed to gain a majority and Corbyn strengthened his position as leader of the Labour Party.

Following the election, negotiations with the EU were not making much progress with the EU holding to its principles of the free movement of goods, services, labour and capital.

In response to the EU’s intransigence and with time running out, May held a special meeting of her cabinet at the Prime Minister’s country retreat, Chequers. The “Chequers deal” was effectively still-born with the resignations of David Davis and Boris Johnson from the Tory cabinet and then it was declared “dead as a dodo” following its rejection by the EU as “unworkable”. As Donald Tusk, European Council President, put it, “Everybody shared the view that while there are positive elements in the Chequers proposal, the suggested framework for economic cooperation will not work, not least because it is undermining the single market.”

However, May plodded on, like the obedient vicar’s daughter that she is, devoid of any imagination as to an alternative approach. Meanwhile the EU behaved in its accustomed way in dealing with wayward members, and stood by its position of key principles being non-negotiable.

Will May be able to get a deal with the EU? If she does, will she be able to sell it to her party without a

rebellion from the Brexiteers? If she gets a deal or if there is no deal will she be able to win a majority in the House of Commons? The answers to these questions will come soon. Then there will be other questions. Will she be able to remain as Prime Minister? Will there be a General Election? Will the forces (largely those who want to remain in the EU) be able to get a second referendum?

Many commentators have been bemused by the incompetence of Britain, with its long history of empire, in the negotiations with the EU but fewer have commented on the intransigence of the EU.

It is well to recall the EU's negotiations with Greece in 2015 over the bail-out to see how the EU negotiates.

## Greek lesson

Yanis Varoufakis, the Greek Finance Minister at the time, described the negotiations thus:

"...there was point blank refusal to engage in economic arguments. Point blank. ... You put forward an argument that you've really worked on – to make sure it's logically coherent – and you're just faced with blank stares. It is as if you haven't spoken. What you say is independent of what they say. You might as well have sung the Swedish national anthem – you'd have got the same reply. And that's startling, for somebody who's used to academic debate. ...The other side always engages. Well there was no engagement at all. It was not even annoyance, it was as if one had not spoken."<sup>[5]</sup>

When Greek Prime Minister, Tsipras, called the referendum on the Eurogroup's effectively unchanged bail-out offer including more cuts to pensions, tax increases, and more privatization, the Eurogroup issued a communiqué <sup>[6]</sup> without Greek consent. This was against Eurozone convention. When Jeroen Dijsselbloem, the European Council President, tried to issue the communiqué without

him, Varoufakis consulted Eurogroup clerks – could Dijsselbloem exclude a member state? The meeting was briefly halted. After a handful of calls, a lawyer turned to him and said, "Well, the Eurogroup does not exist in law, there is no treaty which has convened this group."

"So," Varoufakis said, "What we have is a non-existent group that has the greatest power to determine the lives of Europeans. It's not answerable to anyone, given it doesn't exist in law; no minutes are kept; and it's confidential. No citizen ever knows what is said within... These are decisions of almost life and death, and no member has to answer to anybody."<sup>[7]</sup>

The Eurogroup does not exist in European law. Without written rules, or legal process, the Eurogroup makes important decisions that are subsequently rubber-stamped at the EU's Economic and Financial Affairs Council (Ecofin).

Varoufakis wrote: "The lack of written rules or legal procedures is not the only problem. There are two other problems that Europeans should know about. One is that the troika <sup>[8]</sup> dominates the Eurogroup and imposes a decision-making process in which the finance ministers are neutered, forced to make decisions on the basis of next-to-no information. The other is the outrageous opacity of the Eurogroup's proceedings.

Every Eurogroup discussion, in every meeting, proceeds in the following order: First (whatever the topic under discussion; e.g. the Greek 'bailout', the French national budget) the representatives of the troika speak, beginning with the EU's Economic and Financial Affairs Commissioner (Pierre Moscovici), moving to the President of the ECB (Mario Draghi, or Benoît Cœuré in Draghi's absence) and finishing off with the representative of the International Monetary Fund (Christine Lagarde, or Poul Thomsen in her absence). Only then do finance ministers get an opportunity to speak, with the



Michel Barnier



Jean-Claude Juncker

minister of the member-state whose 'case' is under discussion going first. This means that, before any of the finance ministers speak, the troika has already shaped the 'climate'.

Remarkably, when the ministers get to speak, they do so without a single sheet of A4 in front of them containing information, data, briefings etc. on the issue under discussion. For example, while discussing the Greek crisis, during the meetings in which I represented the Greek government, I was not even allowed to email to my fellow finance ministers our proposals. They, therefore, passed judgment on the Greek proposals without ever having seen them. All they had was what the troika representatives said and what I had said. Their word against mine!

After the first Eurogroup I ever attended (which lasted ten hours, all of which were focused on Greece), I asked my secretary for the transcripts of the meeting, so that I could remind myself of who-had-said-what-when, before I could brief the rest of my government. To my horror she came back to me with the extraordinary news that: 'There are no minutes, records or transcripts'.

This was unbelievable. The room in which the Eurogroup meetings are held is full of microphones, cameras and screens reproducing every speech made in real time. That there was no record of the meeting is both unbelievable and scandalous."<sup>[9]</sup>

## EU neo-liberal policies

The details of the final deal forced on Greece confirmed the worst

fears. For the privilege of remaining in a currency union that had already devastated Greece's economy, Greece surrendered what remained of its financial sovereignty. In exchange for rescue loans of €82-86 billion, the Greek government was forced to agree to an even larger package of pension cuts and tax increases than those its citizens had already rejected.

But the most humiliating part of the agreement was the forced fire-sale privatisation of Greece's state-owned assets that were to raise €50 billion. The sales were ensured by strict eurozone monitoring.

The first sale of Greek assets, to meet the terms of the bail-out programme, was that of Greece's 14 regional airports to the German company, Fraport, in a deal worth €1.2 billion for a period of 40 years with an option of a further 10 years. The Greek state earned €450 million every year from these airports so Fraport got ownership on the cheap. A majority of shares in Fraport are held by the German Federal State of Hessen and the city of Frankfurt. This means a large chunk of the revenue from the most profitable of Greek airports now goes to the public budget of Germany for the next 40 years.

This was followed by the sale of the ports of Piraeus and Thessaloniki. A 67% stake in Piraeus port was sold to the Chinese Ocean Shipping Company (COSCO) in 2016 for €368.5 million. A subsidiary of COSCO already owned two of Piraeus port's three container terminals. Piraeus port received an annual lease of around €35million from the COSCO subsidiary for the two container terminals. 67% of this money now goes to the majority shareholder of Piraeus port, that is, from one of COSCO's pockets into another.

The EU humiliated Greece, plundered its assets and reduced millions of Greek citizens to poverty, unemployment and hardship. Greece

could not have done worse if it had left the Eurozone and the EU.

Britain is not Greece. Britain is a far larger capitalist economy and is not beholden to the EU. However, it should have been cognisant as to how the EU operates. The EU's negotiating stance, or rather non-negotiating stance, towards Greece should have made the British aware of how the EU would behave in their negotiations. Of course, the dominant British ruling class position of wishing to remain in the EU, or as close to it as possible, makes for a weak negotiating hand. The British negotiators, divided over what they wanted from the negotiations, were up against an intransigent EU.

The Labour Party and the trade unions should also draw lessons from the tragedy of Greece and other countries in the EU such as Portugal, which have suffered from the EU's austerity policies. Unfortunately, the political weaknesses within the Labour Party, especially the lack of understanding of imperialism, has led many to view the EU as some kind of beneficent internationalist organisation.

The Rail, Maritime and Transport union (RMT), which is currently, and very successfully, taking industrial action to 'Keep the Guard' on the train is very clear about the disastrous impact of privatisation on the railway system and the case for leaving the EU.

## The EU and railway privatisation

In October 2015 EU Transport Ministers endorsed the EU's Fourth Rail-

way Package. The European Council followed suit, agreeing that mandatory competitive tendering should be the main way of awarding public service contracts.

The European Parliament then "rubber-stamped" the EU's Fourth Railway Package, which means that train operators must have complete access to the networks of member states to operate domestic passenger services. A number of EU member states including France, Germany and the Netherlands have used EU rail directives to build up a large portfolio of franchises across the EU, giving them a head start in the scramble to dominate the complete opening of rail markets across Europe.

These state companies have been skimming the profits in order to invest in their own networks and strengthen their market position. The new EU rules demand that railway companies have access to all EU domestic passenger rail markets from January 1st 2019 in time for railway timetables starting on December 14th 2020.

Railway privatisation in the UK was a laboratory experiment that was designed in the EU. As railway passengers in Britain well know it has been an expensive and unmitigated disaster. A vast majority of the public are for taking the railways into public ownership and it is one of the most popular of the Labour Party's policies. However, if Britain remains in the EU that policy will be contrary to EU diktat.

This is but one example of the EU being on the side of the big transnational companies or, to put it another way, being for the few against the many.

[1] Churchill, Winston, Speech at the Annual Conservative Party Conference, 9 October, 1948.

[2] EFTA comprised Britain, Sweden, Norway, Denmark, Switzerland, Austria and Portugal.

[3] The Times, 23 May, 1957

[4] De Gaulle's statement at press conference on 14 January, 1963, quoted in McLean, Donald, British Foreign Policy since Suez, 1970, pub. Hodder and Stoughton.

[5] Yanis Varoufakis interview with New Statesman, 13 July 2015.

[6] The communique effectively stated that the EU would ignore the result of the Greek referendum.

[7] Yanis Varoufakis interview with New Statesman, 13 July 2015.

[8] The Troika comprises the EU Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF).

[9] Varoufakis, Yanis, The Eurogroup Made Simple, Democracy in Europe Movement 2025 (DIEM25), March 2016.

# TRUMP'S POLICIES METHOD OR MADNESS?

by Frieda Park

The media has been awash with further revelations about Donald Trump's personal behaviour and capricious style of doing politics. Figures close to him have been embroiled in court cases and investigations which implicate him in wrong-doing. Moral outrage is the currency by which he is critiqued.

His visit to Britain in July was met by large demonstrations. Though speakers at the rallies made sound political points the visual images were of protesters all too often carrying placards with slogans attacking him personally and vying for who could use the most offensive language, making it an unsuitable place to introduce your child to political activity. The inflatable baby Trump flying over London was no better. The anti-Trump protest was made to look childish and self-satisfied. Moral outrage which did not reach the moral high-ground.

Donald Trump is a very dangerous man. Belittling him personally detracts from understanding that fact. That is not to deny that he is a very flawed individual and his personal and political problems certainly overlap, however, focusing on the latter rather than the former might shed more light on what he is actually up to. This might also provide a better way to mobilise against him, not just preaching to the converted, but winning over those who believed he was on their side. US businesses are certainly reaping benefits from the Trump presidency, but ordinary Americans are still waiting for their lives to improve.

Since coming to office he has reduced taxes on business, introduced de-regulation in the financial sec-

tor and implemented protectionist policies. Earnings for firms in the S&P 500 index rose by 22% in the first quarter of this year compared to the previous year. [1] Poverty and inequality remain high.

His foreign and trade policies are destabilising and threaten the old neo-liberal ways of doing things. Though his actions and statements often seem erratic there is, nevertheless, an underlying logic to them.

The end of the Soviet Union, a powerful counter balance to the United States and its allies, left the world with one preeminent superpower. The capitalist world continued to run on the basis of its established global institutions mainly dating from the cold war era, designed to manage the interests of competing capitalist countries and ensure the continued exploitation of developing nations. This was supplemented by punitive debt restructuring and "free trade" agreements designed to impose neo-liberalism and force countries to adopt pro-capitalist policies such as privatisation. In addition imperialism imposed its will through wars which have devastated countries such as Iraq, Afghanistan, Libya, Syria and Yemen.

The US remained top dog throughout this period, but things were beginning to change. In particular Russia and China became more assertive and regional powers, like Iran and more recently Turkey, signalled that they would not simply do America's bidding. Assad in Syria, with the support of Russia and Iran continues to defy the US. China's global economic ambitions are clear. Trump has a long-standing and oft stated antipathy to China's growing influence and particularly about its exports of goods to the US. However,



President Donald Trump

worries about China are a long-standing concern of US capital and prompted Barak Obama's "pivot to Asia" in foreign and military policy. All these developments are competition for America, if not yet a direct threat to its hegemony.

Who knows if Trump has a thought-out geo-political analysis, but he does know that the US cannot stand still in the face of such challenges if it is to stay the world's only superpower. He wants to reassert US dominance. The conflict between big capitalist powers was carefully managed in the face of the common enemy - the Soviet Union. In its absence we have at last got to the stage where the president of the world's biggest power is prepared to let rip at all competitors, "allies" as well as "enemies".

Liberal commentators remain horrified by Trump's intemperate outbursts and unexpected declarations. Trump himself seems to have no problem going back on statements if it suits him. This perplexes the commentariat even more. So one day he can say that Russia did not interfere in US elections and the next day say that it did. Despite their best efforts friends are re-buffed – Emanuel Macron, Justin Trudeau and Teresa May are among those who have tried to build a relationship with him only to be lectured, ignored or insulted.



Recently Trump has continued his single-minded focus on promoting US interests by imposing tariffs on goods from China, the EU, Canada and Mexico. Whilst this has provoked retaliation it has done little damage to the US so far and has been used as a bargaining chip to renegotiate the North American Free Trade Agreement to suit US interests. In the short-term Trump's tactics have brought some successes, though things may well not continue like that.

Although described as an isolationist, he is increasing defence spending. James Mattis, the US Defense Secretary has said the US plan to re-build naval strength is due to, "great-power competition". [2] Trump has shown willing to continue to intervene militarily in the Middle East, remaining heavily involved in the conflict in Syria. He has shifted emphasis to be an even more staunch friend of Israel enabling it to do more of the US's dirty-work as a proxy.

For sure US capitalism would prefer a less personally flawed representative and one who more coherently and perhaps less confrontationally followed its wishes. That is why he is attacked over his reprehensible behaviour. But to make America great for the US people and have peace and self-determination for the peoples of the Middle East his replacement needs to be of a different political as well as moral stripe.

[1] *The Economist* / A boom like no other. 26/5/18

[2] *The Economist* / Pushing the boat out. 8/8/18

# THE LABOUR PARTY CONFERENCE



By Ed Lively

Its 2018 conference consolidated the shift of Labour from a party which was a part of the neo-liberal consensus to one espousing social justice. Not only that the shift has affected the whole of British politics with rising support for policies such as renationalisation of failed services and increased taxation of big companies. There is an acknowledgement that things cannot continue as they have been for the majority of people. As Corbyn said before and reiterated this time Labour is successfully shifting the centre ground and creating a new consensus.

Corbyn's speech was confident and packed full of policies, whereas the Tories have nothing to offer. The response he received demonstrated that despite the relentless campaigns against him he still has the loyal support of the party members.

## Israel and Palestine

For the first time in many years, the issue of Palestine won enough backing from delegates to be debated. The motion, which no-one spoke against was carried overwhelmingly.

It: (1) acknowledged the Naqba & the "aggressive attempt to rewrite history and erase the victims of the 1948 war"

(2) condemned of the killing of over 140 unarmed Palestinians in Gaza in the 'Great March of Return' demonstrations from 30 March this year,

and (3) demanded the UK government should immediately freeze its arms trade with Israel.

Behind the scenes attempts to scupper the motion failed.

This represents a significant advance in how Labour addresses the core

Palestinians demands for Freedom, Justice and Equality - especially by linking the refugee issue with the origin of the Israeli state, and by demanding that the UK take concrete action against Israel.

The pro-Israel lobby and its allies have tried their best to smear Palestine solidarity and Labour as a whole as anti-Semitic. This historic motion is the last thing they wanted or expected.

## Brexit

There was a lot less clarity over Brexit. Labour is being pushed towards a Second referendum, but the motion that was passed at Conference still doesn't commit the party to this. Corbyn made this point clearly in his interview with Robert Peston. Whilst this is not as bad as it could have been, serious damage is being done to Labour's reputation among working class Leave supporters by the advances the Remainers have made. They prepared the ground before conference, with a well-covered demo, incessant campaigning from the Independent and other media, and wrong-headed leadership from the unions. Starmer's off-piste

*The Labour Party Conference  
continued on page 13*

# The few versus the many



ILLUSTRATION / DEBBIE WICKHAM

by Clare Bailey

It is not unknown for Labour leaders and policies to come under sustained attack in the British press during an election campaign, in fact it's absolutely normal. From the Zinoviev letter to the fake queue in the 1979 Labour Isn't Working poster to the Russian Twitterbot smears during the last election, disinformation has long played a significant role in undermining the electorate's confidence in the Labour Party and its manifestos.

But a post-election 2017 London School of Economics report on press coverage suggested that there was something different going on this time, not only determining as one might expect that "sources that were anti-Corbyn tended to outweigh those that support him and his positions," but also that he was "systematically treated with scorn and ridicule in both the broadsheet and tabloid press in a way that no other political leader is or has been"

(my italics) and that "UK journalism played an attack dog, rather than a watchdog, role."

## Spectres

Corbyn's personal popularity, the massive growth in Labour Party membership since he became leader and a steady focus on developing anti-austerity policies have posed all kinds of problems and raised some spectres for those with vested interests in keeping things as they are – not least for the majority of the Parliamentary Labour Party, which has consistently undermined Corbyn's authority and sought his removal as leader. The relentless campaign on the issue of anti-semitism has been one hostile response and has been successful to some extent in causing distraction and division - though perhaps less successful than many had clearly hoped. Efforts now seem to be moving in a modified direction with Chuka Umunna's widely

covered statement this week (September 10) that the Labour Party is institutionally racist.

The unusual intensity, tenacity and violence of this campaign need to be kept in mind as we think about what would be likely to happen as Corbyn continues to survive this onslaught and if the next general election, whenever it is called, returns a Labour government determined to turn its manifesto commitments into realities. These attacks would be raised to the power of 10. 'For the Many, not the Few' are simple words but they are being taken seriously by more than Labour Party members.

## Financial backlash

Looking past the many obstacles in the way of a left Labour government to a transformed political landscape in which a Corbyn administration is in office, it's important to recognize what would be at stake and for

whom. Journalist Adam Blanden, in an interesting article on Novara Media last year, put it this way: *If elected, and if it stumps up the promises outlined in current policy thinking, the current Labour Party would likely be the most politically radical government to ever lead an advanced western economy.* It's worth recalling what has happened to newly elected governments on the left within the last 50 years – the Allende government in Chile and, closer to home, the Syriza government in Greece were not managing 'advanced western economies'. Measured by GDP the UK economy is the 5th largest in the world. It is dominated by a huge services/banking sector accounting for almost 80% of GDP, sterling plays an important role in global finance, and foreign investment into the UK is massive – almost £200 billion in 2016. A Labour government elected on the current manifesto will be the first for a long time with the declared aim of interfering with the ability of capitalists to make unlimited profits at our expense in this perilously skewed economy.

Global capital is bound to resist the transformation planned by Labour. Most economists seem to agree there will be an immediate backlash in the financial markets and capital flight on a huge scale – the 'sudden stop' phenomenon which sees a reversal of capital inflow and leads to a sudden contraction in GDP. On June 13th 2018, John Glen, former Economic Secretary to the Treasury, was reported on the Financial Times website as saying that a 'maverick' Labour Party poses a greater risk to the Square Mile's future than Brexit and calling for financial executives to wake up to the risks posed by having an avowed Marxist as Chancellor. City traders and forecasters have clearly been awake to the risks for some time, however, as this comment in *The New European* after the Labour Party conference in September 2017 shows: "Anti-business policies are not unique to Labour, but Labour has this week shown that even in the face of a

massive threat to the economy like Brexit, it will wage war against the companies that employ people, pay corporation tax, provide income for our pension funds and so much more. It's easy to dismiss conference speeches as hot air – especially since McDonnell's was an uncoded speech about actions that would be illegal, without compensation – however the companies under threat cannot be so complacent. They will not go on the record to respond to Labour's provocations but their leaders now have a responsibility to begin war-gaming a Labour victory." One fund manager put it more succinctly: 'If an election were called, we would avoid UK assets with extreme prejudice.' They think Labour would win.

## War games

The journalist in *The New European* reached instinctively for military metaphor but the serving British Army general, who, soon after Corbyn's election as leader, commented on possible future decisions of a Corbyn government, was not speaking figuratively when he talked about officers using all means at their disposal to prevent the country's security being compromised. He warned there would be a direct challenge if these decisions, on nuclear weapons for example, unsettled the status quo: "The Army just wouldn't stand for it. The general staff would not allow a prime

minister to jeopardise the security of this country and I think people would use whatever means possible, fair or foul to prevent that. You can't put a maverick in charge of a country's security. There would be mass resignations at all levels and you would face the very real prospect of an event which would effectively be a mutiny.' The circumstances in which this threat might be activated were left undefined but this stands as a clear warning that a democratically elected government has only so much room for manoeuvre before democracy would be suspended.

Mass resignations, mutiny – these do not necessarily amount to what we think of as a coup and the general in question did not conjure up the picture of tanks in Whitehall – but a refusal by the armed forces to obey the orders of the government would trigger a crisis intended to bring down the government.

Threats of a military kind have also come from other sources. Would a warning shot (and this one was addressed to the current Conservative government) look anything like this extraordinary letter about NATO commitments? – sent by James Mattis, US Defence Secretary to his counterpart, Gavin Williamson, in June this year and leaked to *The Guardian*:

"I am concerned that your ability to continue to provide this critical military foundation for diplomatic

The city of London



# CIVIL WAR PLOT BY SOCIALISTS' MASTERS.

**MOSCOW ORDERS TO OUR REDS.**  
**GREAT PLOT DISCLOSED YESTERDAY.**  
**"PARALYSE THE ARMY AND NAVY."**  
**MR. MACDONALD WOULD LEND RUSSIA OUR MONEY!**

...pains of disclosure of the foreign policy of MacDonald.  
**ARMED INSURRECTION.**  
 The I.R.K.I. (Irish Republican Army) will willingly place at your disposal the wide material in its possession regarding the activities of British agents in the Middle East and Far East. In the meanwhile, however, strain every nerve in the struggle for the ratification of the Treaty, in favour of a continuation of negotiations regarding the regulation of relations between the U.S.S.R. and England. A settlement of relations between the two countries will assist in the revolutionary work of the International and British proletariat not less than a successful rising in any of the working districts of England, as the establishment of close contact between the British and Russian proletariats, the exchange of delegations and workers, etc., will make it possible for us to extend and develop the propaganda we ideas of Leninism.

...interest and desire in the future to direct not the blind mechanical forces in the service of the bourgeoisie, but a national army.  
 From a directing operative head of the Military Section.  
 Do not put this off to a future moment, which may be premissed with events and which you jeopardise.  
 Desiring you all success, both in organising and in your struggle.  
 With Comrades in Greece,  
 President of the Proletariat of the I.R.K.I.,  
**ZINOVIEV,**  
 Member of the Provisional, Moscow, Secretary, **KUUSINEN.**  
**FOREIGN OFFICE PROTEST.**  
**URGENT WITHOUT DELAY REQUESTED.**  
 The following is the text of the letter now waiting in Mr. J. B. Curzon's office in the House of Commons.  
 Foreign Office,  
 October 10, 1924.  
 I have been the honour to receive

**£5,000 OR £5 A WEEK FOR LIFE.**  
**"DAILY MAIL" ELECTION COMPETITION.**  
**POST FORMS NOW.**  
 To-day the entry-form for the Daily Mail's great Election Competition is at the top of Column 4, Page 2.  
 To-morrow it will be printed in every copy of The Weekly Dispatch, and it will also appear in The Daily Mail on Monday and Tuesday next. These will represent the final chance of winning the great prize of **FIVE THOUSAND POUNDS OR £5 A WEEK FOR LIFE.** Forms which have already been completed should be sent at once to the address given below.

**DE VALERA ARRESTED.**  
**ULSTER POLICE ACTION.**  
**TO PREVENT RALLY OF REPUBLICANS.**  
 Mr. De Valera, the Irish Republican leader, was arrested by the Ulster authorities last night when he entered the Town Hall at Newry, County Down, to address a meeting in support of the Republicans.  
 Newry had been agitated with excitement at the prospect of Mr. De Valera attempting to visit the county, and the meeting had been held in the Town Hall. De Valera, as member for South Down in the Ulster Parliament, claimed the right to meet his constituents in Newry. His arrest was the first of a series of such arrests.

**PEKING CHANGES HANDS.**  
**COPP WHILE CITY SUBJECT.**  
**GATES OPENED BY PLOTTERS.**  
**CHRISTIAN GENERALS "IRONSIDES."**  
**FROM OUR OWN CORRESPONDENT.**  
 Peking, Friday.  
 Yesterday's occupation of the capital by Feng Yuxuan, the "Christian general," who departed and returned suddenly from the front with his "Ironsides," followed the sudden collapse of the Peking Government. Feng's flight against Chang Tsoeli, the War Lord of Manchuria, was the first of a series of such events.

Daily Mail October 1924: the Zinoviev letter

success is at risk of erosion, while together we face a world awash with change... A global nation like the UK, with interests and commitments around the world, will require a level of defence spending beyond what we would expect from allies with only regional interests. As global actors, France and the US have concluded that now is the time to significantly increase our investment in defence. Other allies are following suit... It is in the best interest of both our nations for the UK to remain the US partner of choice. In that spirit, the UK will need to invest and maintain robust military capability. It is not for me to tell you how to prioritise your domestic spending priorities, but I hope the UK will soon be able to share with us a clear, and fully funded, forward defence blueprint that will allow me to plan our own future engagement with you from a position of strength and confidence. In advance of that, the president and I look forward to hearing details of the progress you have made with your Modernising Defence Programme at the upcoming NATO summit."

No accident that this was sent not only before a NATO summit but also to a government under pressure to save its skin by forming a government of national unity, and to a country that might well soon elect a professed NATO sceptic as its Prime Minister. Under Corbyn's leadership, foreign policy might well look very different from anything the UK – or

the US – has seen before. Corbyn's under-reported speech to the UN in Geneva in December 2017 is well worth reading. [1]

## European Union

International interference may well come in preemptive form from other quarters; the EU does not especially want a socialist – or even a social democratic – beacon lit off its shores. Earlier this year The Times cited senior Brussels officials who were said to be pushing for a hard-line "level playing field mechanism" in a future trade deal with the UK because they are concerned that Labour's nationalisation programme and subsidy plans would make it harder for EU companies to compete. EU officials were thought to be drawing up a so-called "non-regression" clause designed to entrench free-market policies in the UK's exit deal.

## The blink of an eye?

There are other parts of the establishment less absolutely opposed to the prospect of a left Labour government at this point, and more differentiated analyses coming out of the City. Under the general heading of 'Cripes!', an article posted in May this year on the site *poundsterlinglive.com* gave a number of different possible outcomes after the election of a Labour government and began by quoting two economists at the consultancy Capital Economics:

"Forget Brexit – the biggest thing that could happen to the UK economy in the next year or two is a change of government. In particular, we could soon be looking at a Labour government, with Jeremy Corbyn as Prime Minister." But they don't go on to predict disaster – in part because of the role of the Bank of England: "It is easy to promise all manner of things when in opposition. But when it comes actually to government, ambitions can quickly become curtailed," the economists write. "The Bank of England would also act as a constraint." Interesting in the light of this prediction that so much effort has recently gone into securing maximum continuity in this vital area of control by extending Mark Carney's run as governor of the BoE to 2020.

Another possibility being considered by the establishment was floated by Michael Heseltine in December last year. In an interview with the *Limehouse Podcast* he said a Corbyn government would have a negative effect on the country, but leaving the EU would be worse in the longer term. Asked what would happen after five years of a Corbyn government, Heseltine, a lifelong Europhile, said: "We have survived Labour governments before. Their damage tends to be short-term and capable of rectification. Brexit is not short-term and is not easily capable of rectification. There will be those who

question whether the short-term pain justifies the avoidance of the long-term disaster.” Charles Moore of *The Telegraph* agreed: “Michael Heseltine has got into trouble for saying that a government led by Jeremy Corbyn would be better than Brexit. I am not sure that one would prevent the other but, from his point of view, he is right. Compared with the great European destiny, a Corbyn administration is but the blink of an eye. One purpose of the European Union is to ensure that it makes little difference who runs the government of a member state: the real power is elsewhere. Remainers like that. Leavers don’t.” And *The Financial Times* agrees, quoting currency experts at Dutch bank ING earlier this year: “If a credible Labour-led coalition can be formed quickly, then we are likely to see markets price in greater odds of a softer Brexit deal and this could arguably help the pound recover from any initial sell-off. From the currency’s perspective, this channel is likely to outweigh any questions over Labour’s economic policies.” The price of course of any such arrangement is likely to be the manifesto and the ‘credible coalition’ is what has been urged on the Labour

party by some of its own MPs under the name of national unity. The alternative to this is the 3rd party option, constantly on the edges of the news headlines and in the wings, but not so far attractive enough to those tempted by it.

## Intelligence

Leaks to the right wing press earlier this year about Corbyn’s alleged links with Communist spies during the cold war period caused a brief flurry, but like most of the accusations, innuendos and slurs there have been over the last 2 or 3 years, they died away. In 2016 Len McCluskey suggested the intelligence services were operating inside the Labour party, an idea that seems at least possible if not likely given what we know about their operations in the past. How these things would develop and what kind of role they would play if the Labour Party formed a government remains to be seen, but one interesting and unintended side-effect of all the media assaults and attempts to divide the LP internally over the last two years is perhaps a wiser and more sceptical electorate generally – and a more

robust and ready LP membership, one less easily spooked than some might have hoped, and with useful recent experience dealing with trouble-making of different kinds.

An establishment presently divided over Brexit – united perhaps only in its attempts to prevent the election of a Labour government (although the Heseltine line suggests there may be interesting disagreement here too) – would unite very quickly behind efforts to create an atmosphere of uncertainty and chaos around a Labour government setting about implementing its manifesto commitments, and would do its utmost to make use of any economic problems arising from a badly negotiated exit from the EU. Everything would then depend on popular support – and that in turn depends on the efforts being made now in every Labour Party branch and constituency to involve members and a wider public in discussion and to publicise the anti-austerity policies that have caused such consternation amongst the powers-that-be.

[1] <https://labour.org.uk/press/jeremy-corbyn-speech-at-the-united-nations-geneva/>

*The Labour Party Conference  
continued from page 9*

intervention during his speech – promising a vote on Remain – seemed designed to reduce McDonnell and Corbyn’s room for manoeuvre. His speech chimed with a view popular in the party and among delegates – that the EU is a bulwark of decency. Ignoring the reality of Greece, privatisation, refugee deaths and rising racism.

## Party Democracy

Although the media like to say that Labour is now Corbyn’s party, there is actually still along

way to go. It’s reputation and ability to achieve change is hampered by numerous elected representatives in councils, devolved parliaments and in Westminster who are the products of New Labour and self-serving opportunism. It was therefore disappointing that the chance afforded by the Democracy Review to make it easier to challenge these right-wing place-holders was not fully grasped. Open selection of MPs was rejected and a watered-down proposal passed which will make it easier to trigger a selection contest. Likewise, there was little movement on the process for party leadership nominations. Candidates will still require nominations from 10% of MPs, though in addition they will

now also need support from 5% of constituency parties and members of affiliates. This leaves the balance of power firmly with the Parliamentary Party.

## A Labour government

Despite the challenges still posed by Brexit for the Party it’s policies to provide jobs, housing, decent care and education and to begin to challenge big business were given a showcase at the conference. It wasn’t just Corbyn who looked like a future prime minister, strong contributions from many members of the shadow cabinet likewise made Labour look like a government in waiting.

# OPTIONS FOR SOFT BREXIT FALL SHORT

by Simon Korner

Both Labour and Tory positions on the Customs Union are effectively Remain, keeping Britain tied to the EU and subject to its undemocratic constraints.

In February 2018, *The Guardian* lavished unusual praise on Jeremy Corbyn after Labour announced it would seek ‘a’ customs union with the EU. Corbyn, said *The Guardian* editorial, understands that “if Britain wants a close trading relationship with the EU, it has to cleave to EU standards... He knows that EU rules have become global standards and UK industries will wish to follow them. Thus Labour, sensibly, accepts EU jurisdiction over the production and trade of goods...”

Labour’s position contains one key caveat, however. According to Corbyn:

“A new customs arrangement would depend on Britain being able to negotiate agreement of new trade deals in our national interest. Labour would not countenance a deal that left Britain as a passive recipient of rules decided elsewhere by others. That would mean ending up as mere rule takers.”

But is Corbyn’s position viable? Could his “customs arrangement” allow Britain a say in making the rules? According to pro-business thinktank *Open Europe*, “Labour is seeking an unprecedented solution that would be extremely difficult to negotiate.”

Before discussing this further, a brief explanation of the Customs Union is needed – how it relates to the Single Market and how it differs from a free trade agreement.

## Customs Union and Single Market

The EU Customs Union underpins the EU Single Market. The Single Market is a unified European trading bloc with an internal market, in which all economic rules and regulations are the same for the 28 countries within it. These rules govern what governments can and cannot do in terms of subsidising domestic industries and using public procurement and public ownership to guide the economy strategically. The main aim of the Single Market or internal market is to promote a competitive marketplace, rather than allowing

socialist or even social democratic elements of planning that exclude the private sector – it is a capitalist club.

The external borders of the Single Market are like a tollgate, extracting tariffs (taxes) on goods entering the internal market. The borders also ensure that non-tariff rules are obeyed – such as food standards and health and safety.

The policing of the external borders of the EU is the job of the Customs Union. Customs restrictions are identical anywhere on the EU borders. So if a Chinese product enters the Customs Union through Britain, the tariffs collected on it are the same as if it had entered through France or Spain or Italy. Once inside, the product can circulate freely to any EU country, with no internal tariffs or customs.

The same goes for any goods or services produced within member states – they too can circulate freely. Thus, a car made in Germany can be exported to Britain, or vice versa, with no charges or checks, as if it were being sent to another part of the same country.

The Customs Union is an important element in the integration of the EU economies, allowing the bloc to act as one in terms of trade.

Without such rigid uniformity of tariffs, outside countries trading with the EU could find a member state with low tariff barriers and penetrate the EU through that weak point, without paying the agreed EU rate. This would create unfair competition between EU member states and compromise the whole system, which works as a sealed unit.

The uniform position on tariffs also means that no single member of the Customs Union can make its own trade deals – which are basically all about tariff reductions. The terms of all EU trade deals with countries outside the bloc are set by the Customs Union – which is ruled by the

European Commission – and cover all members.

Because of this high degree of control, customs unions are rare between large economies – which normally use trade deals as a form of competition. Most of the existing customs unions exist between small states and a neighbouring larger state, for instance, between South Africa and its poorer neighbours Swaziland, Namibia, Botswana and Lesotho. But the EU is an anomaly, arising out of the French attempt to suppress German power after World War 2 and later designed to allow a reunified Germany greater domination.

More usual arrangements between major countries are free trade agreements like Nafta, between the US, Mexico and Canada, or Ceta, between the EU and Canada.

## Free trade areas

Within a free trade area, tariffs are abolished between the member countries – hence ‘free’ trade. In this respect a free trade area resembles a customs union. But the difference is that a country within a free trade area can set its own tariffs on goods from countries outside the area. There is no uniform tariff for member states’ trade with external countries.

This freedom means that cross-border checks are necessary. This is to ensure that products from outside the free trade area are not pretending to be made within the free trade area – and thus exempt from tariffs. Without such checks, importers could bring in products to the free trade area through the member country with the lowest external rates. These products would then be cheaper and undercut the competition.

Border controls, while necessary to protect the free trade area, can be relatively frictionless, as with USA-Canada.

So, while both customs union and free trade options for Britain out-

side the EU would mean no tariffs on imports and exports to and from the EU, a free trade agreement would allow some flexibility in terms of trade agreements with non-EU countries, such as the BRICS or developing world.

Free trade agreements also do not intervene in the domestic markets of the member states. State aid, subsidies to industries, nationalisation are all permitted, so long as exported products conform to the rules of the free trade area. By contrast, the Customs Union determines all internal regulations, with the aim of allowing any EU company to penetrate any member country’s market. Free trade agreements regulate trade between member states but not trade with countries outside the area.

The most obvious free trade area for Britain to join after Brexit would be the European Free Trade Agreement (EFTA), which currently consists of Norway, Liechtenstein and Iceland. Britain was originally an EFTA member before joining the EU. This area effectively comes under EU trade law – including free movement of people – because of the EU’s free trade agreement with EFTA through the European Economic Area (EEA) agreement. Thus EFTA member states are highly regulated, in return for access to the Single Market. The EFTA court which settles disputes is not really independent as its decisions mirror those made by the EU Commission and the European Court of Justice (ECJ).

The other option for Britain post-Brexit would be to join Ceta, the EU-Canada free trade agreement (more on which below).

## Labour’s proposals

Under Labour’s proposed “new customs arrangement”, Britain would agree to impose the same EU tariffs and regulations that currently exist within the Customs Union. At the same time, because Britain would then be outside the EU, it would

relinquish any say on EU trade deals made with external countries. The quid pro quo would be the maintenance of easy access to the EU internal market.

That would mean not being able to “negotiate new trade deals”, despite Labour’s claims that this would be possible. It would also mean keeping EU-devised tariffs, which serve Britain badly at present, such as the high tariff – and consequent high consumer prices – on oranges imported from countries like Morocco, which are outside the EU, to protect the interests of Spanish orange growers.

Labour’s plan would also mean continuing to collect EU tariffs on products entering Britain from outside the EU, with this money going into the common EU pot. This tariff-sharing is part of the system of freely circulating goods within the Customs Union, but it disadvantages Britain, because Britain has the highest level of exports outside the EU of all EU countries – roughly a 60-40 ratio of external to EU trade, compared to, say, France’s 40-60 ratio. Restrictions on external trade thus hit Britain hardest, while free-circulation has fewer benefits.

Belonging to ‘a’ customs union would also make Britain vulnerable to a TTIP-like deal in future. Ceta, the free-trade deal being signed between the EU and Canada, will become “a backdoor for TTIP” to re-emerge, according to War on Want, and is “set to undermine our democracy and destroy our basic rights”, with public services privatised en masse.

Like TTIP, Ceta will allow corporations to sue governments that restrict their ability to make profits. Like TTIP, Ceta will give tariff-free access to British markets without any reciprocal deal. Negotiations between the EU and Canada have been conducted in secret, with no scrutiny by MPs or MEPs.

If Britain is aligned to the Customs Union, Ceta’s rules will apply to

Britain – which will have no veto in stopping such a deal going ahead. There is even a danger, if Ceta is passed before Brexit, that a hard Brexit would leave Britain entangled in the deal – which is precisely what Tory Brexiters want, but which Lexiters should resist.

Turkey’s position provides some interesting lessons for Labour.

Turkey is not in the EU. Nor is it in the Single Market, but it is in ‘a’ customs union with the EU, one that excludes agricultural goods and services. Turkey has no decision-making powers on deals the EU makes. It has to “align itself with Common Customs Tariff” and “adjust its customs tariff whenever necessary to take account of changes in the Common Customs Tariff”. It also has to follow any future changes in EU rules, to stay aligned.

In addition, it has to ‘harmonise’ any trade deals it makes with countries outside the EU with policy set by the European Commission. This effectively bars it from making external trade deals.

Turkey is obliged to grant tariff-free access to goods from any country with which the EU has negotiated a free trade agreement, without having a vote or a say in the negotiations. And it has no reciprocal rights to tariff-free access to that country. In addition, it still has border checks, as it is not party to free movement of persons.

The only concession to Turkey from the EU has been a ‘Turkey clause’ in which EU trading partners are encouraged to make deals with Turkey similar to the ones they make with the EU.

All of this makes Turkey clearly a rule-taker – which it has been willing to be as part of its longer term strategy of joining the EU and entering the Single Market.

Britain might be in a stronger position than Turkey to cut a better



The Greek port of Piraeus privatised as a requirement of the Troika austerity package

deal, given its bigger economy. But the very nature of a customs union means that bespoke variations by different members of the union threaten the union’s whole purpose, which is to act like a single country in terms of tariffs and other non-tariff regulations. For this reason, Labour’s ‘customs arrangement’ with “a meaningful say” in future deals is effectively impossible.

Overall, Labour’s position for a customs union and for access to the Single Market – no doubt reflecting the party’s divided membership and the strong Remain sentiment within the trade unions and the PLP – is a self-defeating position, severely weakening the hand of any future left-led government to act independently on trade. Even if the Labour leadership has been forced tactically into ‘constructive ambiguity’ on the EU, leftwing activists need not feel so constrained.

## The Tories and the Customs Union

Meanwhile, Tory divisions over Brexit were temporarily resolved through an inner-party truce agreed at Chequers earlier this summer, though not for long.

*The Financial Times* described the agreement as a “pro-business plan to keep Britain intimately bound to

the EU single market and customs union, beating back Eurosceptic cabinet opposition to her new ‘soft’ Brexit strategy.”

It includes a “non-regression” clause, which would write into any withdrawal treaty a prohibition on future nationalisation and state subsidies. This aims to allay one of the EU’s main fears, that a future Labour government might threaten the profits of EU investors in Britain’s privatised utilities and transport if these industries were nationalised.

In terms of customs, Theresa May’s plan for a “facilitated customs arrangement” would be a different kind of soft Brexit from Labour’s. It would allow Britain to set its own tariffs at its borders, rather than applying the Customs Union tariffs as at present. But Britain would still remain part of a “combined customs territory” with the EU – which would mean that though its own tariffs would apply to goods coming into the UK, Customs Union tariffs would be charged and collected for goods destined for the EU.

May’s fudge is an attempt to give Britain an independent trade policy while at the same time acting “as if” it is part of the Customs Union. The deal would agree a “UK-EU free trade area” based on EU rules covering manufacture and agricultural



goods. There would be no free trade on services and therefore no “regulatory alignment” with the EU on these, and no subjection to future regulations. This would mean the City would no longer be automatically “passport” to sell its financial services to EU customers, but it would also be freed from EU restrictions. May’s aim is to appease both sides of her party to hold it together, offering a vision of a full Brexit in the longer term.

In spite of the “non-regression clause”, it is unlikely the EU will accept such a deal because any dilution of the Customs Union would begin a stampede of other member states demanding relaxations, and the union would dissolve.

Tory Brexiters won’t accept it either, as they see it as kicking Brexit into the long grass by submitting to European Commission and European Court of Justice rules on goods destined for the EU.

## **World Trade Organisation (WTO) option**

So, if a customs union and free trade deal effectively tie Britain to the EU, what about a “hard” no-deal Brexit? The Tory Brexiters want a race to the bottom, with New Zealand-style radical deregulation and tax cuts. But could a no-deal Brexit open up space in a progressive direction?

Because WTO rules are in general laxer than the EU’s, Labour’s manifesto could be accommodated more easily under the WTO than in the EU or aligned to it, despite the dire warnings of the TUC and other Remainers of a no deal Brexit.

State aid is forbidden by the EU wherever it distorts competition, which is almost everywhere. So Labour’s plans for revitalising deindustrialised regions or creating national manufacturing champions, with capital channeled to where it is strategically needed, would be blocked if Britain remained aligned to the

Customs Union and Single Market. Only small amounts of regional aid are allowed, as well as some exemptions from restrictions for certain areas such as renewables.

Under WTO rules, however, state aid is allowed because the WTO doesn’t cover domestic markets. The WTO only prohibits state aid if it affects international trade – for instance, by reducing imports from another country. Moreover, the WTO only acts if a country brings a case to its Disputes Settlements Mechanism. Countries flouting the rules can have duties imposed on them by the complainant country. But the WTO doesn’t police state aid proposals before they’re enacted, as the EU does: it only lists subsidies it allows and those it doesn’t.

By contrast, the European Court of Justice is not only used by the EU but by domestic competitors to prevent rival industries receiving government subsidies. Labour’s manifesto plans – including setting up a National Investment Bank – would come up against ECJ rulings.

As for renationalising utilities, while nationalised industries exist in the EU, these have to act like private competitive companies and cannot be part of strategic national economic planning. They must follow the “market operator principle” and cannot be nationalised for strategic economic purposes, whereas WTO rules only apply to international trade.

The same goes for public procurement as a tool of industrial policy. EU rules on the “social value” of procurement policies – such as creating jobs or promoting ethical trade – apply narrowly to each particular contract, and cannot be used as part of a broader strategic economic plan. So a public procurement policy that prioritised the rights of workers, for instance, would not be allowed. By contrast, the WTO would not prevent such a policy. The WTO’s Government Procurement Agreement sets out basic rules around

discrimination, but these rules could be exceeded by a Labour government if it wanted to use procurement as a means of fighting pay inequality or supporting local jobs in particular areas. The WTO has made deals in several countries allowing help for SME’s, for example.

In conclusion, a hard Brexit would free Britain from EU domination, even if it offers no panacea. To prevent jumping from the EU frying pan into the fire of US domination, trade deals could be made with Russia and China and other countries outside Fortress Europe.

Remainers who regard the EU as a protective umbrella against catastrophic deregulation and impoverishment ignore the lessons of Greece, which suffered as a result of EU membership, and underestimate the powers a nation state has in resisting capital flight by overseas investors – through massive public investment and capital controls.

## **Customs Union and Ireland**

Finally, the fear that leaving the Customs Union and creating a hard border would undermine the 1998 Belfast (Good Friday) Agreement is unfounded. The Agreement does not prohibit customs duties and border checks on the border, so it would not be undermined by a controlled border. In any case, the frontier is already a legal border for alcohol, tobacco and fuel duty, immigration, visas, vehicles, dangerous goods and security. Customs would be added to this list, but mostly without need for physical infrastructure – some of which exists anyway.

Nor would Labour’s softer version of a customs union avoid a ‘hard’ border because, while tariffs might be lifted, non-tariff regulations would remain, as they do between Turkey and the EU. The choice is clear: either Britain stays in the EU or leaves. There is no halfway house.

# HSBC DRUGS, ARMS AND MONEY

by Brian Durrans

Capitalist profit motivates the most stupendous system of theft the world has ever known. As Marx revealed, profit is the surplus of the value of work done for an employer over the cost of maintaining the workers.

That maintenance covers not just wages to individual employees but also employers' contribution to the 'social wage', in the form of national insurance and pension payments, health and safety provision, etc. - concessions won by the struggle of workers themselves and, as experience teaches, vulnerable to erosion and reversal in times of austerity and diminished unionisation.

Because it is legal, such mega-theft, the extraction of this surplus value by a few from the labour of the many - in a word, exploitation - appears an acceptable or 'natural' way of running an economy.

## Thinking ahead

It's also perfectly legal for a company to share some of its always ill-gotten profit among its owners or shareholders; to augment its reserves against future uncertainty or opportunity; and to expand or modify its business, which includes helping shape conditions it considers favourable to future profitability. This applies to all for-profit enter-



HSBC Covent Garden, London

prises under capitalism, whether manufacturers or service-providers, including advertisers, banks, brokers, speculators, gambling companies and insurers, all of which, however far removed from the source, anywhere in the world, of producing anything tangible, depend on the surplus value originating from such production and increased by the subsequent labour of others.

## Capitalist law and capitalist expediency

Firms try to maximise their profits, by increasing productivity, buying cheap and selling dear, reducing labour costs by driving down wages, increasing hours, encouraging shift-work, imposing 'zero hour' contracts, and the like, mostly done legally. How best to ensure a profitable future always involves a degree of guesswork or hedging bets - as with the donations Sainsbury's used to make to the Conservative, Labour and Liberal Democrat parties.

Most companies tend to favour, for example, minimal regulation of their own conduct, and many actively resist such regulation, whether by funding its political opponents, discrediting its advocates or using representation on regulatory bodies themselves to mitigate their influence. Quite often the actions taken

by firms opposed to hindrances to making profits break those regulations and even the law.

## HSBC

This article looks at how one corporation, HSBC, has been able - so far, at least - to shape favourable conditions for itself, despite its own repeated misconduct and consequent damage to its reputation.

The following considers three instances in which HSBC has provoked criticism: two in the past, and one in the present. For reasons of space, many other instances have been omitted, from offshore banking and profiteering from the 2008 financial crisis to complicity in environmental degradation. The article ends with some suggestions as to how current actions targeting this and other companies could develop in the future.

## A brief history of HSBC in three shameful examples

### 1. NINETEENTH-CENTURY DRUG-DEALING

Hong Kong was established as a British Crown Colony in 1842, followed by Kowloon in 1860, signalling respectively the end of the first (1839-1842) and second Opium Wars (1856-1860), during which Britain

won the lucrative right to force opium on the Chinese people. Two of the foremost private beneficiaries of this shameful abuse in the nineteenth century are still going strong in the twenty-first. One, the trading firm of Jardine Matheson & Co. (now Jardine Matheson Holdings), was established in Hong Kong in 1844.

The other, the Hongkong and Shanghai Bank, which helped finance Jardine Matheson and similar companies, was founded in March 1865, also in Hong Kong; its Shanghai branch opened a month later. The bank grew out of the wealth and trading opportunities made possible by the victory of British imperialism over the Qing Chinese monarchy, and above all by the opium trade which British – and, under their wing, French and US – capitalists imposed on the Chinese people by military force. From the start, the bank marched in lock-step with British imperialism, and still does so. Its makeover in 1991 as HSBC Holdings plc, and moving its head office from Hong Kong to London, anticipated the scheduled reversion of Hong Kong to China in 1997. Following a re-brand in 1998, HSBC's four initials and red and white hexagon logo have become familiar around the world. [1]

Given its origins in the opium trade, it might seem surprising that the company didn't use this makeover to signal a break with past abuses by changing its name entirely. That, however, would be expecting too much, for the Chinese characters used to transliterate its name are 'auspicious, and can be understood to mean gathering wealth', and at least on the trading floor if not on social media, that so far counts for more than a company's dubious past. [2] Like the devil, the truth is in the detail, and the company's own origin myth - "HSBC was born from one simple idea – a local bank serving international needs" [3] smothers it in euphemism. Despite or perhaps because of its shameful history, HSBC refuses to acknowledge it at all:

*"Our values define who we are as an organisation and what makes us distinctive. We believe in acting with courageous integrity."* (HSBC website).

## 2. MONEY-LAUNDERING FOR DRUG CARTELS

Perhaps HSBC's official company history is silent on its origin in the opium trade [3], because the company is embarrassed not to have learned from its past mistakes (though its silence might equally



The first European staff of the Hongkong and Shanghai Bank, Hong Kong, c.1865

mean that it doesn't recognise having profited from the lethal opium trade as a mistake at all).

But HSBC has not yet put such behaviour behind it. In 2012 the company faced possible criminal charges for laundering over \$881 million through US banks for Mexican (Sinaloa) and Colombian drug cartels. US federal investigators are also reported to have uncovered evidence that senior bank officials were involved in the illegal transfer of funds for Saudi banks with links to groups that included the Palestinian Hamas party and the pro-Palestinian Lebanese Hezbollah organisation, both of which the US proscribes as terrorist. Support either in the US and you could face a long prison sentence. Another organisation which HSBC was reported to have negligently supported was Al-Qaeda, which was also (and still is) on the US proscribed list, despite enjoying covert US support in some operational contexts.

According to the Wall Street Journal in 2016 the US Justice Department under Eric Holder, President Obama's Attorney General, allowed HSBC to pay \$1.9 billion, and promise to mend its ways, in exchange for a 'deferred prosecution agreement' concerning the drug-money laundering issue. That deal expired at the end of 2017 and closed the case. HSBC ended up selling-off its US operation.

The \$1.9 billion HSBC paid to evade the courts was almost certainly preferable to the fine threatened by a successful prosecution, but the risk of toxic publicity might have

Anglo-French forces defeated those of Qing China in one of the last battles of the Second Opium War (1856-1860). The Convention of Beijing ended the war and legalised the opium trade





HSBC Holdings PLC's HQ in the City of London

been an even stronger incentive to settle. It's therefore ironic that the critic who remarked that "[t]he fine [HSBC] received was equivalent to approximately [only] five weeks of their yearly profit" was Kristi Jacobson, director of *Cartel Bank*, a hard-hitting documentary about HSBC in a Netflix series of exposés of boardroom shenanigans called *Dirty Money*. The programme was released on 26 January 2018 to enthusiastic reviews. Jacobson wondered how HSBC got away with its illegal behaviour:

*"I was shocked by the corporate malfeasance and the multiple times they were caught breaking the law [...] It wasn't just HSBC's money laundering crimes over many years for the most notorious drug cartels. It was their admission of it and then their audacity to continue to commit those crimes [...]"*

She also described this scandal in class terms, making a contrast with the subject of another of her documentaries *Solidarity*, broadcast on the HBO channel in 2017, about working-class inmates of a state prison in Virginia:

*"That experience reflected what I think is the American way — to overpunish in*

*terms of sentences for poor people, people of color, people who are powerless. HSBC was underpunished. A kid busted for marijuana possession can't get away with saying, 'I haven't done a good job and I'll change my behavior,' as HSBC was allowed to [...] These are two different sides of the same problem". [4]*

### 3. ARMS-DEALING

Some of those affronted by how lightly HSBC was punished for complicity with drug cartels (not even counting its origins in the Opium Wars) argued that, by virtue of helping finance gangsters, the bank also bears some responsibility for deaths, in the hundreds or the thousands, among both their rival cartels and users of their product.

The case for holding HSBC responsible for the human and material destruction resulting from the use of weapons – a flourishing trade which the company helps finance – is even stronger in the sense that, unlike drugs, weapons are expressly designed to cause death or injury to those at the receiving end, and that their use can help escalate a minor conflict into a major one, producing not only an arithmetic increase in fatalities but the even greater threat of larger-scale destabilisation.

The actions of HSBC help buttress some of the most reactionary governments in the world with abysmal records of disregard for international law. In the UK, the Palestine Solidarity Campaign, the charity War on Want and others have joined forces to highlight HSBC's complicity in this

Eric Holder, former US Attorney General (2009-2015), Democratic National Convention, Philadelphia, 26 July 2016



respect, with particular reference to the UK's arms trade with Israel. As with other major campaigns under the banner of Boycott, Divestment and Sanctions, this one follows the lead of the Palestinian National Boycott Committee, which in 2011 called for a worldwide embargo on Israeli arms, a call renewed this year in response to the massacre of protesters in Gaza during the Great March of Return. HSBC is selected as a campaign target not just because of its record of complicity in this respect but because the company's wider predicament is thought to offer a good prospect of persuading it to bring this particular complicity to an end. As a global player, HSBC could easily get by without dirtying its hands in Israeli apartheid. As a serial offender in even more respects than those highlighted in this article, it already attracts global hostility from which its shareholders might agree it could do with a break. Here's its opportunity. Refusing that, HSBC will deserve all that campaigners can throw at it.

According to War on Want, HSBC owns shares in companies that sell weapons and equipment to Israel worth £831 million, including:

- £180 million of shares in BAE Systems, a key company involved in manufacturing components for the F-16 fighter jets used by Israel to attack Palestinians in Gaza;
- £102 million of shares in Boeing, the company that provides Israel with Apache helicopters and Hellfire missiles;
- £99 million of shares in Caterpillar, whose specially modified bulldozers are used to demolish Palestinian homes and have been used as a weapon of war against Palestinians in Gaza; and
- £69 million of shares in Raytheon, whose "bunker buster" bombs were used by Israel to target civilian homes during its 2014 assault on Gaza.

When asked for further information, HSBC avoided answering questions about its investments and loans. It referred instead to its Defence Equipment Sector Policy, which states that it doesn't provide financial services to weapons companies. This however seems nonsense.

- Loans it has given to several companies that clearly fall into this category directly contradicts it;
- HSBC restrictively defines weapons companies as ones that "solely or primarily manufacture...weapons". Yet as most modern companies in this sector also have non-

Yet even if HSBC thinks it can get away with such half-baked responses to its critics, the consequences could be not at all to its liking. For even where it holds shares on behalf of clients, HSBC still facilitates investment in arms companies, which the UN Guiding Principles on Business and Human Rights regards as potentially a direct contribution to the abuse of human rights.

As currently formulated, HSBC's Defence Policy is not only riddled with loopholes but also deeply flawed in practice as it is not accompanied by due diligence, reporting



Palestinians in Gaza participating in the "Great March of Return" call for a military embargo on Israel. The Stop Arming Israel campaign in the UK is an organised response to that call, adapted to local conditions and opportunities

military clients and products, HSBC uses this as a loophole to provide services and investments to companies that are nonetheless thoroughly part of the arms and military industry; and...

- ...although HSBC said that the shares it has in arms companies are usually held on behalf of clients, its refusal to say which of the investments referred to in the War on Want list above are held directly and which are held on behalf of its clients strongly suggests it does indeed invest in such companies on its own behalf.

and enforcing mechanisms. Properly applied, these would prevent the corporation from profiting from violations of international law. In a review of 45 banks conducted in 2016, BankTrack identified HSBC as a "laggard" when it comes to these standards, falling into the lowest category of all the banks reviewed.

The Stop Arming Israel Campaign, seeking to hold HSBC accountable for its role in the UK/Israel arms trade, was launched with 18 actions across the UK in June 2017. As War on Want remarks, "As long as HSBC continues to hold shares in and facilitate loans to companies arming

Israel, its role in the oppression of Palestinians will continue to raise alarm and generate protest."

The Palestine Solidarity Campaign (PSC) says: "The campaign is twofold: first, it asks the UK government to implement a two-way arms embargo with Israel, as long as it does not abide by international law and respect Palestinian rights. Second, the campaign aims to tackle corporate complicity by calling on HSBC to cut ties with companies trading weapons with Israel." [5]

And PSC Director Ben Jamal adds: "HSBC claims it has a commitment to upholding human rights. If this commitment is sincere, it must end its complicity in the arms trade with Israel. In recent weeks, the world has witnessed just how shamelessly Israel uses lethal force against Palestinian civilians. We join concerned citizens across the UK in telling HSBC to live up to its responsibilities and stop making a killing from Israel's daily and systematic violence against Palestinians." [6]

### Critical involvement of the organised working class

The case against the company can't, however, be limited to its misconduct or even to its record of evading, deflecting or accepting criticism only to offend again, though any or all of these are grounds enough for public concern and pressure to hold the company to account. Ultimately, even a regulated company remains a capitalist one, and must still out-compete its rivals if it is not to go under.

Suppose that co-ordinated popular, parliamentary and governmental pressure led to a strengthened regulatory framework that curbed the worst examples of unethical behaviour that HSBC and other companies currently get away with. Although this wouldn't correct the countless other injustices for which capitalism is responsible, it would still be worth achieving, both for its own sake and if achieving it could began to shape conditions favourable not to

capitalism but to socialism. Saving humanity from war and environmental catastrophe are priorities to be worked for now; they won't wait in the wings while we move towards a sustainable socialism that would make them redundant.

For this to happen, involvement of the organised working class and labour movement would be essential and would at least question the illusion that a policy of corporate social responsibility (CSR), proclaimed by any or, just conceivably, by all companies, would mean that class struggle was now redundant.

A more realistic possibility is that, while building up pressure against the resistance of reactionary interests, campaigners would be alerted to connections between different aspects of the struggle ('intersectionality') and perhaps come to understand that even the best CSR policy stops short of the ultimate act of social responsibility: ending exploitation altogether to meet the basic interest of the working class. At any rate, people involved in shared struggle, whether on the picket-line or on social media, are better able to learn about such things than the politically inactive. [7]

The core of the class struggle remains that between employers and workers, played out on an increasingly global scale; but a growing global network of citizens and organisations, concerned about corporate malpractice or about particular examples of it, could be a powerful ally against capitalism. Some single-issue campaigns are already collaborating, learning from each other and recognising their own targets are not separate but share a basis in capitalism. Links are also developing, locally and globally, with the unions and cross-sector political organisations.

## Conclusion

The author of the article cited in note [4] may be obliged to quote an HSBC spokesperson thus: "In response to

the scandal, HSBC has significantly strengthened its compliance programs and appointed an external corporate monitor" but, to hold someone to a higher standard, it may be more effective to remind them of their promise than to dismiss it out of hand. Successfully to rein-in misbehaving firms, it's helpful to win over at least some complacent people who give respectable-seeming companies the benefit of the doubt and possibly also a few loyal shareholders whose first instinct is to support the Board.

For this purpose, a simplistic or slo-ganising approach is unlikely to help. It's more productive to monitor how companies respond to criticism in practice, or in defiance of it, and to expose further wrong-doing or take stronger action when this is merited. When we cry wolf, we want people to pay attention, especially when they're well-placed to help change things for the better. CSR policies may be, so far, an inadequate response to public opinion but they nonetheless reflect its growing power as the internet makes most companies' behaviour easier to track and publicise than ever before and capitalism's growing crises drive ever more people to do so.

It bears repeating that the problem is not this or that company but, ultimately, capitalism itself. HSBC accounts for only part of the problem. Since the 2007-2008 financial crisis, for example, HSBC's portion amounted to less than 2% of the fines levied on the banking sector as a whole (\$4.5 bn out of a total of \$243 bn). Yet if calling out HSBC hardly amounts to challenging capitalism in its entirety, or even just its finance capital component, it's nevertheless a start; and what works in one case can be tried or adapted in another. Targeting transnational lawbreakers has real potential for building coalitions and winning interim victories. If these can help strengthen opposition to capitalism and keep Armageddon at bay, then global socialism could be back on the agenda.

NOTES (all websites referred to in this article were accessed in mid-to-late July 2018)

[1] <https://en.wikipedia.org/wiki/HSBC>. HSBC is the biggest bank in Europe and the sixth biggest company in the world. A good source on its role in Britain's opium trade with China and its more recent history is Jean-Louis Conne, 'HSBC: Chinese for making money', *Le Monde Diplomatique*, February 2010 (<https://mondediplo.com/2010/02/04hsbc>).

[2] Conne 2010, cited above.

[3] <https://www.hsbc.com/about-hsbc/company-history>. In the 36-page document, *Our History*, downloadable from HSBC's website, the word 'opium' is nowhere to be found.

[4] The source of these remarks, and of other above-mentioned details of this case, is Tom Teodorczuk, 'Netflix documentary re-examines HSBC's \$881 million money-laundering scandal', *Market Watch*, 24 February 2018 (<https://www.marketwatch.com/story/netflix-documentary-re-examines-hsbc-881-million-money-laundering-scandal-2018-02-21>).

[5] This quote and the above information about HSBC and the arms trade is taken from the *War on Want* document *Deadly Investments: UK Bank complicity in Israel's crimes against the Palestinian people*. London, 2017 (p.12); the full document can be downloaded from the *WoW* website <https://www.waronwant.org.uk>. The PSC quote is from its website: <https://www.palestinecampaign.org/campaigns/stop-arming-israel/>.

[6] <https://waronwant.org/media/hsbc-faces-protest-profiting-human-rights-abuses>.

[7] For a discussion of how 'intersectionality' and 'social reproduction' relate to each other – and the downside of each – see <https://therealnews.com/stories/intersectionality-strength-through-joint-struggles>, in which the main conclusion is close to that argued here, on building alliances to help the working class overcome capitalism.

# FREE SPEECH ON ISRAEL

by Frieda Park

It is now clear that allegations of anti-Semitism in the Labour Party are being used to defend Israel, stifle criticism and to roll back the increasingly successful campaign for Boycott, Divestment and Sanctions (BDS). This was evidenced by the Israeli flags carried by the small group of protesters outside the meeting of Labour's NEC and at a subsequent (also small) demonstration in Manchester. Also by the insistence on adopting the International Holocaust Remembrance Alliance (IHRA) examples of what constitutes anti-Semitism. Seven out of eleven of the examples reference Israel.

By promoting Israel in this way and associating it with current allegations of anti-Semitism against the Labour Party, Israel's supporters have gone too far. Even the relatively uninformed British public looks with horror at the crimes perpetrated by Israel against the Palestinians like the planned demolition of a Bedouin village and the mass shooting of unarmed protesters in Gaza.

The broader right-wing, anti-Labour agenda has also been laid bare. It is no coincidence that many of those taking up this issue are those who always wanted rid of Corbyn or people who had no sympathy with Labour in the first place. Why pick on Labour anyway when anti-Semitism is a bigger problem among Tory supporters? There are even those who in the name of combating anti-Semitism try to censor criticism of banks and in *The New Statesman* of 27/3/18 Matt Bolton and Frederick Harry Pitt went even further and



Protest against the killings in Gaza, San Sebastian, The Basque Country Spain 2018

claimed that by attacking capitalism Corbyn was being anti-Semitic.

The adoption of the IHRA examples was greeted with dismay by many in the Labour Party and beyond. It was brave and principled of Jeremy Corbyn to propose a more strongly worded defence for criticism of Israel knowing that it was likely to be defeated. It was painful that figures on the left, including leaders of major trade unions, supported the IHRA examples. Even if they thought it might put an end to the distraction of the debate round anti-Semitism, it nevertheless disregarded the rights of the Palestinians.

But how to respond to the adoption of the IHRA examples?

Because of how far the strident defenders of Israel have gone they have actually given impetus and focus to the campaign for solidarity with the Palestinians. They have given clarity to what we should be saying and how we should be campaigning on Israel. Above all there is a confidence that we should not be cowed. There will be free speech on Israel. In a welcome move a new network Labour and Palestine was set up at the Labour Party conference to further the cause of Palestinian rights within the Party.

We should step up campaigning against Israel's crimes, for Boycott, Divestment and Sanctions and for solidarity with the Palestinians. This

would be supported by the membership of the Party most of whom joined to achieve a just Britain and a just world. It would also be welcomed by the electorate who expect Labour to take a stand for justice and promoting peaceful solutions to conflict.

In addition we should put the ball back in the court of the pro-Israel campaign.

In July a new basic law, a constitutional measure, was passed by the Israeli parliament which declares that "Israel is the historic homeland of the Jewish people and they have an exclusive right to national self-determination within it." That is to say others are excluded from being properly part of the nation. It downgrades Arabic which is no longer an official language in Israel and goes on: "The state views the development of Jewish settlement as a national value and will act to encourage and promote its establishment and consolidation." Prime Minister Netanyahu declared: "This is a defining moment in the annals of Zionism and the history of the state of Israel."<sup>[1]</sup> Quite so.

By presenting the facts of what Israel does its racist and apartheid policies become abundantly clear. The question we should ask of the defenders of Israel is how they would justify this and what language they would use to describe its actions?

[1] <https://www.theguardian.com/world/2018/jul/19/israel-adopts-controversial-jewish-nation-state-law>

# HARD LESSONS IN FIGHTING IMPERIALISM



by Dan Morgan, Chile

Latin America has suffered many blows lately. Resistance to neo-liberal policies and imperialism is still growing, but for the moment they are still dominant. Largely a producer of raw materials, the region was hit by the fall in commodity prices in 2015 and 2016. Reactionaries took advantage of the economic slowdown to get rid of progressive presidents in Brazil, Argentina and Chile, and to step up pressure on Venezuela and Nicaragua. So it's a good time to look at a longer-term picture.

## Diversity of the region

Usually thought of as a whole, Latin America is very diverse. An exception to the rule of being exporters of raw materials is Mexico, because of its position (the curse of Mexico: so close to the USA, so far from God) and the North America Free Trade Agreement (NAFTA) it has a lot of industry, mainly closely integrated with US manufacture.

The seven countries of Central America, and the latin countries of the Caribbean are small(ish) and more easily dominated by the USA. The last military coup in Latin America was in Honduras, in 2009, to prevent a modest expansion of democracy.

Although politically dominated by the USA, to a large extent, our economic position in the world is changing significantly. For many countries, the first trading partner

is now China, which is looking to the region to ensure supplies of raw materials, including food. Just a couple of examples: In 2015 Brazil, the region's giant, exported 18.6% of its produce to China and 12.7% to the USA. At the same time 17.9% of its imports came from China compared with 15.6% from the US. The top exports to China are soya beans, iron ore and sugar. In 2017 exports to China rose to 21.8%.

For Chile the figures were: Exports to China 26.3% and the US 13.0%, with imports being 23.3% from China and 18.7% from the US.

Most Chilean exports to China are copper, so the situation in China is very important for us and the trade war with the USA has already had a negative knock-on effect. The increasing influence of China is of course not welcome in Washington, but a recent action made even me gasp at the crass bullying and hypocrisy of US imperialism:

*The New York Times*, 8th September 2018: "The United States has recalled three chiefs of mission from Latin American nations that cut diplomatic ties with Taiwan in favor of recognizing China. The move comes as American officials have expressed growing unease over China's rising influence in the region.

The diplomats, who represent the United States in the Dominican

Republic, El Salvador and Panama, will meet with leaders in Washington 'to discuss ways in which the United States can support strong, independent, democratic institutions throughout Central America and the Caribbean,' a spokeswoman for the State Department, [said] ...."

This is not only about trade. Chinese companies, state and private, are beginning to invest, and offer interesting projects for economic development – unlike Big Brother to the north. China seems only interested in economic relations, so far, and is happy to deal with countries both progressive and reactionary, however it will have a huge political influence.

## Mexico

The best news recently: the election of Andrés Manuel López Obrador (AMLO) as president of Mexico in July. A progressive with a clean track record as mayor of Mexico City, his one promise is to end corruption – or at least, fight it as hard as he can. No small thing when corruption and associated violence from the drug trade affects politicians, the judiciary, the police and armed forces.



The once progressive party the PRD veered to the right and is also affected by corruption, so AMLO left to form his own social democratic party, MORENA – Movement for National Regeneration in 2012. Mexicans were so tired of the state of the country that they gave the alliance around Morena a majority in the Chamber of Deputies and a near majority in the Senate, plus four state governors (Mexico is a federal state). It has no well-defined ideology but if the fight against crippling corruption has any success, its win is good news indeed. AMLO has also showed some sign of having an independent foreign policy.

## Cuba

Still a heroic stronghold of socialism, despite the economic blockade and isolation. The massive, grieving crowds who turned out for Fidel Castro's funeral should have dispelled any doubt of this. In the current context Cuba is not as influential as before but if the new constitution, now being discussed by the people, succeeds in dynamising the economy, it may well again become a bea-



Fidel and Raul Castro

con for peoples suffering neo-liberal exploitation. Its advances in sustainable, organic agriculture should also become an attractive example.

On a more local level, the tremendous, generous solidarity of giving medical and other professional education to thousands of Latin Americans especially is also felt. A friend of mine, a Mapuche activist, has two daughters who are doctors thanks to this policy.

## Venezuela

The Bolivarian Revolution is under attack by US imperialism and must be defended. The financial blockade does great damage. With no fear of the US reaction, however, China and Venezuela signed 28 cooperation agreements on 14th September. This will mean thousands of millions of dollars of very welcome Chinese investment in joint enterprises.

Defence of Venezuela is hard, however, there is a deep economic crisis, with hyperinflation making life very difficult, and inducing thousands to emigrate. Many young professionals are being lost. One thing must be clearly said – the crisis is not one of socialism. The Maduro government does not even control the banking system, a vital step for socialist transformation. The economy is dominated by capitalist firms, including monopolies, and the political answer to their sabotage, smuggling and corruption is weak. The Communist Party is small and with little influence, but continually calls for a revolutionary response to the crisis, and more power to the working class.

A problem for leftists in other countries is that Venezuela is portrayed as an example of socialism, and this has had negative effects including in the recent Chilean elections. A change in the balance of class forces in the United Socialist Party will be necessary for a positive outcome.

## Nicaragua

Daniel Ortega's government is under sustained attack. The news of protests against him is repeated across the media, showing that this is a coordinated, planned attack by imperialism. For now the violence has ceased but, as in Venezuela, this is probably just a break. Ortega is shadow of his former self as president of the Sandinista revolution in the 1980s. To win elections he has largely abandoned the fight against neo-liberalism and made pacts with the Catholic church (absolutely

no abortions are legal). But this is not enough for the most aggressive wings of imperialism. Nicaragua is still a member of the ALBA [1] alliance with Cuba and Venezuela, and that won't do.

## Brazil

Here all eyes will be on the elections in Brazil. Lula de Silva, the most popular president in history, cannot be a candidate as he is in prison on a trumped-up charge – receiving a flat as a bribe when there is no evidence that he, or anyone he knows, ever visited the place.

Dilma Rouseff, Lula's successor, was impeached – a parliamentary coup d'etat - on another trumped-up charge. She has never been found guilty on any count, while the majority of the senators and deputies who removed her have been investigated and/or found guilty of corruption. The unspeakable Temer, who was her vice-president and replaced her, has a current approval rating of 6%, after an orgy of privatisations and regressive social laws.

The Workers' Party (PT) had to register its fall-back candidate Fernando Haddad for president. Without Lula's popularity, the PT has a hard task ahead. Lula and Dilma dragged over 30 million Brazilians out of poverty but never set about radical change, either economically or politically. Thus the impeachment of Dilma was possible. It says much for the maturity of the MST, the landless workers movement, that they have been in the forefront of the defence of Lula, as he did little to advance agrarian reform when president. The PT has learned some lessons and now promises more radical policies. Its candidate for vice-president is Manuela D'Avila, of the Communist Party of Brazil (PC do B).[2]

## Argentina

Cristina Fernández had similar politics to Lula. A weak candidate as successor was beaten by the dema-



Cristina Fernández de Kirchner

gogic businessman, Macri, with 51% of the votes. He set about neo-liberal reforms – privatisations, cutting social subsidies and services, cutting taxes for the rich, etc. Prices of energy and transport have rocketed. By abolishing the tax on exports (principally soya beans) imposed by Cristina, he caused a massive fiscal deficit. The neo-liberal policies failed to stimulate the economy, doing the reverse. The factories that remain from the once strong manufacturing base are now struggling. The national debt, that he was meant to control, soared and the peso sank from 17 to the dollar to 39 in less than two years. He called in the IMF for a bail-out, which will demand the usual extra cuts in social spending. In early September, after the currency fell 14% in one day, he was forced to re-introduce the export tax.

Most ominously, Macri has invited the USA to set up bases. Not military bases, oh no! These will be for 'humanitarian aid'! One is in Neuquen province in the south, sitting on large deposits of oil and natural gas.<sup>[3]</sup> This is also quite close to Chile – on both sides of the frontier there are indigenous Mapuche, fighting to regain some of the land they have lost.

There are repeated massive protests and strikes, notably by teachers, university teachers and other public

sector workers. The opposition lacks unity and a class-conscious vanguard capable of uniting the popular forces. Cristina still has a lot of support but, as left-wing Peronists, she and her ministers were traditional politicians. Whilst investigations have uncovered no evidence of corruption against Cristina herself, others have been implicated.

## Ecuador

The saddest case of all. The new president, Lenin Moreno (how his father must be spinning in his grave) was the Proud and Sovereign Motherland Alliance candidate to follow the left-wing Rafael Correa. No sooner did he win office, then he set about reversing all the gains of the previous 10 years, and by administrative means trying to block any future return to anti-imperialist policies. Ecuador has left the ALBA alliance and restored 'security' links with the USA. So much for Julian Assange's safety, so much for sovereignty.

## Chile

Sebastián Piñera was re-elected president last December winning 54% against a not very strong centre-left candidate, on a 48% turnout. He is having to use his veto to get key laws passed: he has no majority in Congress, due to the political reforms made by Michelle Bachelet's previous government. <sup>[4]</sup> But we have some social progress – at least legal abortion under certain circumstances. The slightly progressive tax reform of 2015 will be reversed, however, and go further, to create tax give-aways and loopholes for the filthy rich.

As Bachelet was decried for low economic growth, almost entirely due to low copper prices, so Piñera will benefit from high prices. The state copper company Codelco, a legacy of Allende's 1971 nationalisation, made a profit of \$2,900 million in 2017, six times what it was in 2016. The strong demand from China should keep the

price high, although Trump's trade war has caused a recent hiccup.

Codelco's President predicts demand from China will stay strong, as it moves to electrify its energy sector, ending the use of liquid fuels. The move to sustainable development using renewable energy will mean more demand for copper. Codelco alone supplies 11% of world production, and Chile in total almost a third. Electric vehicles and so on also need lithium, and Chile has huge reserves of that mineral, too. A Chinese company is interested in building high-speed rail lines, which would be of great benefit, especially for mineworkers commuting between north and central Chile on their various week(s) on/week(s) off type shifts.

Here in the south of Chile we have the struggle by Mapuche communities to regain some of the land and rights they lost in the War of Pacification from 1860 to 1883. Forestry companies, that plant millions of hectares of non-native pine and eucalyptus, have had machinery and trucks burned. Elsewhere, there is resistance against hydro-electric plants that are imposed with no regard for the effects on local people, and no benefits for them. Not far from here last year, a woman resisting one such project was murdered and her death made to look like suicide. The government response is two-fold. This region, the poorest in Chile, is to get more public spending, on such things as basic infrastructure. On the other hand, a special police regiment was sent to Colombia for anti-insurgency training – returning as the 'Jungle Commando'.

## Colombia

After 50 plus years of heroic guerrilla struggle, the FARC realised they had reached stale-mate with the government, and concluded a comprehensive peace agreement with President Manuel Santos. However, there is now a new extremist president, Ivan Duque, who is trying to sabotage it.

The paramilitary forces, practised murderers of trade unionists, are now continually assassinating social activists including former FARC soldiers.

[5] The paramilitaries should also have been disarmed, but this has not happened. Duque has also frozen the peace talks with the other significant armed group, the Guevarist ELN.

The FARC were always accused of living off the drug trade. Coca growing in much of Colombia is so widespread that some contact was almost inevitable, but it is the big landowners who make money from cocaine production and export.

Maicao is an inland 'free port' close to Venezuela, and the city's traders have made a lot of money from contraband in recent years. Much will have been from subsidised goods and petrol from Venezuela. In just five years, a chain of shops selling shampoo, perfumes and so on has grown up in Chile, with the

name Maicao. In Villarrica, a town of 50,000 population, there is not one but two Maicao shops.

## Lessons

So hard lessons will have to be re-learned before Latin America can be really free from the grip of imperialism. Not least will be the need for democratisation of the mass media. Despite social media, television above all has tremendous influence. TeleSur news has improved lately, but it cannot compete with the national broadcasters or CNN. Radical changes to the media and financial and productive sectors will be necessary to establish and consolidate really democratic and popular governments.

[1] ALBA-TCP is an alliance of anti-imperialist countries, aimed at mutual solidarity and Latin American integration. The acronym means Bolivarian Alliance for the Peoples of our America – Peoples' Trade Treaty. As well as Cuba, Venezuela, Bolivia and Nicaragua, it includes six Caribbean islands.

[2] Originally a Maoist break-away from the Brazilian Communist Party in 1962, it led a guerrilla campaign against the dictatorship in the '70s which ended in disaster. Many of its leaders were massacred in 1976. It had an erratic history since then but takes part in international meetings of communist and workers' parties. It has influence in trade unions, has some electoral success and has been allied with the PT for presidential elections since 1989.

[3] <https://www.mintpressnews.com/argentina-new-us-military-base/245947/>

[4] Of the 120 deputies 8 are communists, 20 from the generally left Broad Front. With socialists, democracy party, radicals, regional greens and christian democrats, they are a majority. The christian democrats seek to differentiate themselves from the left, but if an alliance can be formed from all the others it would be a formidable force for future elections.

[5] 123 activists at least this year <https://www.theguardian.com/.../2018/.../colombian-activists-face-extermiation-by-criminal-gangs>

## The Socialist Correspondent Podcasts



For readers with Apple devices, selected articles from each issue can now be accessed as free podcasts via iTunes by entering **'The Socialist Correspondent'** in the Search box.

### THREE RECENT ARTICLES

**The Tories in Crisis, Syria and 100 years of Votes for Women**

are already available and more will follow shortly.

Alternatively you can get hold of them via links on the TSC website.

We hope this proves useful and that regular readers might also become listeners from time to time.

## Subscribe to The Socialist Correspondent



Keep yourself armed with facts and analysis that you won't find anywhere else by subscribing to **The Socialist Correspondent**

Not surprisingly we have no wealthy backers and rely entirely on subscriptions, standing orders and donations from our readers to survive.

Please support us by contributing financially to ensure that we can continue to make our unique political voice heard.

You can do this via our website:  
**[www.thesocialistcorrespondent.org.uk/subscribe](http://www.thesocialistcorrespondent.org.uk/subscribe)**

# JOHN MACLEAN

## The accuser of capitalism

by Brian Durrans

“My own people are the workers here, and the workers in Germany and elsewhere” So said John Maclean 100 years ago at his trial for sedition.

On the eve of the 1917 Bolshevik revolution in Russia, Lenin declared: “The world working-class revolution began with the action of individuals, whose boundless courage represented everything honest that remained of that decayed official “socialism” which is in reality social-chauvinism. Liebknecht in Germany, Adler in Austria, MacLean in Britain—these are the best-known names of the isolated heroes who have taken upon themselves the arduous role of forerunners of the world revolution.” [1]

These “best-known heroes” – Karl Liebknecht (1871-1919), Friedrich Adler (1879-1960) and John Maclean (1879-1923) – applied their understandings of Marxism in their own countries to support working class struggles and steer them through appropriate forms of political organisation, nationally and internationally, to the achievement of socialism. As Lenin wrote the above words, of the three only Maclean was currently out of prison and would soon be going back again.

All three implacably opposed the imperialist First World War, still raging at that time. By breaking repressive laws, their anti-war activities brought them repeated spells in prison, but campaigns to get them released were remarkably successful. Behind bars, a prisoner was isolated from his comrades outside,

though sustained by the knowledge that he and his cause were not forgotten. Yet even when carrying out their normal agitational work, Lenin’s three heroes were in another sense hampered (though not really ‘isolated’) by the lack of a fit-for-purpose political party able to unite and amplify the individual contributions of its members, as the Bolsheviks had created in Russia and which was on the verge of proving its merits in the most spectacular way.

A short paragraph on each of the two outstanding revolutionaries whom Lenin ranked alongside him should emphasise the high esteem in which Maclean was held shortly before he made the speech summarised in the rest of this article.

### Karl Liebknecht

In Berlin, the ‘social-chauvinist’ government couldn’t prevent Liebknecht and Rosa Luxemburg founding the Communist Party of Germany at the turn of 1919 but brutally destroyed the attempted revolution a few days later and had its *Freikorps* militia assassinate them both on 15 January. For years, however, Liebknecht’s resolute anti-militarism made him a key enemy of the German state. He was the only member of the Reichstag (parliament) to oppose the War at its outset in 1914, declaring “my protest is against [...] those responsible for it, against those who are directing it; against the capitalistic ends for which it is being pursued”. [2]



John Maclean’s passport application photograph (1919)

### Friedrich Adler

In Vienna, Adler was perhaps the most surprising of Lenin’s three “courageous heroes”. He personally assassinated a leading statesman, fatally shooting the warmongering Austrian prime minister Karl von Stürgkh in October 1916, but actually got away with it. So unpopular was his target that Adler escaped the death penalty by defending himself in court with the same cool logic that led him to pull the trigger. [3] He was sentenced to eighteen years’ hard labour but popular pressure and a royal pardon got him released after only two years.

### John Maclean

Perhaps the best-known act of speaking out that any of these outspoken revolutionaries managed was Maclean’s ‘Speech from the Dock’, delivered during his trial for sedition on 9 May 1918 at the High Court in Edinburgh. [4] Most of what follows is in the present tense to try to bring the scene to life.

Maclean has no legal counsel and calls no defence witnesses. Despite refusing the role of defendant, he does, however, cross-examine

prosecution witnesses [5], and is so incisive that his questions and their replies are worth reading along with his speech itself. Once he asserts the right to be heard on his own terms, the court is powerless to stop him talking for a full hour-and-a-quarter:

“No human being on the face of the earth, no government is going to take from me my right to speak, my right to protest against wrong, my right to do everything that is for the benefit of mankind. I am not here, then, as the accused; *I am here as the accuser of capitalism dripping with blood from head to foot.*” [emphasis added]

As Lenin said, the crisis of imperialist war had exposed the bankruptcy of reformism in social democracy. Given that the charges against him are brought by the capitalist state itself rather than its reformist minions, Maclean’s subject is the inhumanity of capitalism as a whole rather than how working-class interests might find their best political expression. His judgement is sound: this is not a meeting of comrades. With no hope of acquittal, he sets out to justify his words and actions as an inspiration to others.

## The speech itself

The complete text of Maclean’s speech is available on the websites referenced below [4]. The following attempts to describe and selectively quote its main content, avoiding both over-abbreviation and duplicating the whole thing. The three subheadings headings are added (there are none in the transcript) and, unless indicated as his own, so are many of the contextualising comments. Sometimes a particular point in the speech could be placed as logically under one heading as under another. Maclean mixes levels of detail as he proceeds; as far as practicable, the summary of the full text is arranged from global matters to personal ones, but no attempt is made to preserve the order in which topics were made in the original speech.

## Capitalism at home, imperialism abroad - robbery and war

Maclean sketches a Marxist analysis of capitalism, making it as intelligible as possible to his audience by using familiar terms and examples and arresting comparisons. The Biblical injunctions of “Thou shalt not steal; thou shalt not kill”, for instance, are starkly contrasted with “the robbery that goes on in all civilised countries today” and recognition that “our [...] countries have had to keep armies”, with the consequence that “inevitably our armies must clash together”.

The household name of the recently-deceased Edward VII is used to illustrate how ruling-class ‘patriotic’ propaganda masks the real causes of war. Since the “entente cordiale” with France and the alliance with Russia, both attributed to ‘Edward the Peacemaker’, were not about peace at all but meant to isolate Germany in anticipation of the conflict that was now underway. Maclean says the King were better called a warmaker.

Expanding on the proposition that “robbery [...] goes on in civilised societies”, Maclean explains that “[O]wing to the surplus created by the workers, it was necessary to create a market outside this country, because of the inability of the workers to purchase the wealth they create. You must have markets abroad, and in order to have these markets you must have empire”, and that as this applies to both Britain and Germany, their competing search for empire leads them into war. (From a warmaker, in other words, the late King is now demoted to an agent of political economy).

## World capitalism and violence

Neither does Maclean limit his perspective on the nature of imperialism to Anglo-German rivalry but cites up-to-the-minute analyses of the geopolitical interests of US and Japanese imperialists, in respect

of the Middle East, South America, Siberia, China and elsewhere; and he points out that the new scramble for raw materials, cheap labour and markets, with war in its wake, threatens workers wherever they might be.

Given the abominable inhumanity of capitalism (the dead of the current War alone then numbered around 12 million) no wonder Maclean praises the Bolsheviks for their progress in bringing capitalism to an end in Russia and to others in Finland and the Baltic states working for the same cause. He refutes those who accuse the revolution of violence by stressing that for such a momentous upheaval, it was accomplished with relatively little loss of life yet had already in its first six months mobilised vast numbers of people in the reconstruction of their society, despite the far greater violence directed towards them by those loyal to the previous regime and by western (and Japanese) interventions. He had welcomed the Treaty of Brest Litovsk which took revolutionary Russia out of the war and, if Britain had wanted to, could have ended the war for all combatants, so he now emphasises the hypocrisy of the British ruling class who encourage German workers to revolution to weaken German capitalism while discouraging it at home.

Industrial action and political agitation, including military mutinies, currently developing across Europe – he gives special mention to Italy – and all directly or indirectly connected with the War and a desire to end it, were signs of change to come and Maclean welcomes these developments as in the best interests not only of those concerned but also of British workers.

## Words in context

What does Maclean mean by declaring that “There can only be a revolution when the workers of all the countries stand united and capitalism is crushed [...]”? He is clear that capitalism needs to be eradicated

and “the only factor [...] that can make for a clean sweep in society is the working class [...]. The whole history of society has proved that [...] moves forward as a consequence of an under-class overcoming the resistance of a class on top of them.”

That the struggle to unite and mobilise workers to win improved wages and conditions also builds the will and capacity to replace capitalism itself is implicit in the speech but not, given its audience, argued explicitly. He does say, though, that in this process, workers come to recognise that this War (and war in general) is their enemy, and that some employers are also changing their attitudes. Although the reasons for the latter are not spelled out, the implication is that the War is leading people on both sides of the class divide to think about alternatives to war and inequality: questions which, far from diverting from the core struggle between workers wanting higher wages and employers wanting higher profits, better inform that struggle by reminding us of its consequences. Revolutionary change is not only necessary and overdue but preliminary changes that might help open the way to it are already underway. Since the words in question were uttered only six months after the Russian Revolution and well before the defeat of the short-lived German uprising, Maclean’s speech might reflect romantic ‘domino theory’ optimism that Bolshevik success would send reactionary regimes toppling across Europe and further afield.

Alternatively or in addition, Maclean might have been speaking rhetorically. Elsewhere, he rejects accusations that he urged malnourished workers to burn down farms if profiteering farmers refused them food and that he advocated breaking up printing plants to prevent newspapers misleading their readers. His counter-argument is that these were just vivid expressions designed (on the evidence, effectively) to draw attention to underlying injustice.



German Communist leader Karl Liebknecht, c. 1911

## Industrial struggles

Maclean refers to recent or current issues of wages and conditions affecting the working class in Scotland or elsewhere to illustrate principles of socialist politics. This must have given his speech a special resonance at the time, at least among his supporters; but as these references are mostly very specific, requiring a detailed knowledge of local labour relations available to few readers today, I will highlight only the more general principles which he also sought to draw from them.

## Speed-up and ‘dilution’

One of the questions dealt with in this regard came up in the context of the war-effort but also went to the heart of capitalism’s exploitation of the working class. The government and employers urged skilled workers to ‘patriotically’ increase production by speeding up their work, and likewise to accept ‘dilution of labour’ – i.e., the introduction of less skilled workers – though many suspected this would weaken their bargaining power with employers. [6]

Some workers tried to negotiate deals to limit these negative aspects, but Maclean argued against the measures in principle: “If it is right for the employer to get the maximum of energy and pay the minimum of wage, then it is equally right

for the worker to give the minimum of his energy and demand the maximum of wage.” Even so, there is room for improved wages and conditions within capitalism under favourable conditions. But that doesn’t make capitalism a rational way to run things. Examples of mismanagement of the war-effort itself exposes the inefficiency of capitalism even more starkly since at such a time production and distribution are more than ever matters of life and death.

Maclean presents his arguments to the court as he probably did to the workers themselves, clarifying the principles on which his advice is founded, of which the most important (and difficult) was to champion the interests of the working class as a whole above those of particular sections of it, and those of the workers everywhere over those of workers anywhere.

## Seeing things in the round

While defending himself against charges that he advocates the violent destruction of property in respect of farms and printing presses by saying his words on these matters were rhetorical and not to be taken literally, Maclean provides two illustrations to put the whole matter into context and expose capitalist hypocrisy.

First, in respect of hunger, he says that not only diet but also health and housing are skewed by class, and that such conditions are clearly indexed by mortality: “the death rate among the working classes has always exceeded that in the better-to-do districts.” Second, he recalls his efforts, while honorary consul in Scotland for the Russian revolutionary government, to help the dependents of locally-based Russian families who found it hard to survive on their meagre stipends from the British government after it sent their menfolk to fight the Bolsheviks. He argues that although these men should never have been sent, at least the women and children should not pay the price for it. He reports that

he asked the British government to help the families but got no response.

Foreign affairs, economic life, the reporting of news and opinion, can be thought of, he implies, as “the culture of Britain”. In other words, such subjects, ordinarily thought about or argued about under separate headings, in reality ‘fit together’, and are certainly brought together in his speech. Maclean acknowledges that he was attacked for proposing to “seize the press” but argues that all he meant was to express the “the disgust of the organised workers” with particular regard to the *Daily Record* (not the *Glasgow Herald*); and that he didn’t really want to break up the printing plant but simply to draw attention to “the Harmsworth family and to the Rothermeres and so on, and to their vile press which seems to be an index of the culture of Britain.” More rhetoric then, but plainly effective in making a popular, class-conscious argument.

## No ‘career politician’

Maclean repeatedly insists that his political work is undertaken not for personal gain but “for the benefit of society” and that “justice and freedom can only be obtained when society is placed on a sound economic basis”, the want of which, he explains, is the root cause of current bloodshed. A man whose activism was already known to have cost him his position as a school teacher and earned him several spells of imprisonment might hardly need to stress that he wasn’t a career politician, but the cynical or ill-disposed might believe anything of a man in the dock, especially if told lies about him by the popular press.

The prosecution tried to blame Maclean personally for the decisions of engineering workers in government munitions factories to take strike action, in defiance of the Man Power Act; but Maclean points out that the action itself was taken after the collective decision of the workers themselves, so his own support

for them thereafter could hardly be blamed for it. In addition, by laying off thousands of women munition workers (‘girls’ as they were then called) immediately before the strike, the government itself is as “guilty of stoppage of output” as it alleged the men were.

## The price paid

Those in prison for their class politics at this time may have suffered far worse than the frustration of being kept from political work or loved ones, especially if, as in Maclean’s case, the offences were serious enough to carry the penalty of hard labour. Although he recounts his ill-treatment during previous periods of imprisonment for anti-war activism, Maclean turns the focus away from himself onto how prisons are run, the predicament of



Austrian left Social Democrat and progressive assassin, Friedrich Adler (photo taken c. 1917?)

inmates in general, and the provision of poor food and medical treatment – and mistreatment – for them and especially for conscientious objectors to the war.

Prison with hard labour was at best a severe punishment, worse in the depths of winter and worst of all when at least some inmates were, as Maclean says happened to him,

deliberately mistreated by prison doctors: by any measure a terrible experience. As he’d said before in public, he would “rather be immediately put to death than condemned to a life sentence in Peterhead”, and he adds that if sent there he would go on hunger strike.

## Outcome

Maclean had been in Peterhead prison before and must have feared he would return after his present trial. The jury, who may or may not have listened patiently to his speech, promptly found him guilty and he was sentenced to five years’ hard labour. As promised, he went on hunger strike, was force-fed, and went on another. Weekly demonstrations and other demands that he be set free, and concern in the government that allowing him to die in prison could boost his cause, led to Maclean’s release after seven months. Even so, the ill-treatment he received had permanently damaged his health.

## Conclusion

Lenin’s commendation of the “forerunners of world revolution” acknowledges the difficulties they faced. If heroes don’t always solve problems, neither do they shirk them. An indication of why Maclean’s political work had so alarmed the ruling class can be grasped from this obituary tribute from his former comrade, the later Communist MP Willie Gallacher:

“[s]urely in no country in Europe was such a tornado of energy let loose. Never for a moment was he in doubt about the war or what it meant.

-With the first blast of the trumpets, he was on the streets.” [7]

As a reminder of his inspirational courage and commitment, and that socialism is not only necessary but possible, John Maclean’s speech has never deserved an audience more than it does today.

See P32 for NOTES

JOHN MACLEAN

The Accuser of Capitalism

NOTES (all websites mentioned were accessed in early-mid August 2018; in citing any source here I neither vouch for its accuracy nor endorse the politics of its author or of the website on which it appears).

[1] V. I. Lenin, 'The Crisis Has Matured', *Rabochy* [newspaper], 20 October 1917, reprinted in Lenin, *Collected Works*, Progress Publishers, Moscow, Volume 26, 1972, pp. 74-85: [www.marxists.org/archive/lenin/works/1917/oct/20.htm](http://www.marxists.org/archive/lenin/works/1917/oct/20.htm).

[2] [www.marxists.org/archive/liebnecht-k/works/1914/12/17.htm](http://www.marxists.org/archive/liebnecht-k/works/1914/12/17.htm).

[3] Douglas D. Alder, 'Friedrich Adler: Evolution of a Revolutionary', *German Studies Review*, vol. 1, no. 3, October, 1978, pp. 260-284.

[4] The following two online versions of the speech were used in the preparation of this article. [peopleandnature.wordpress.com/article-store/accuser-of-capitalism-1-introduction/accuser-of-capitalism-2-john-macleans-speech-from-the-dock/](http://peopleandnature.wordpress.com/article-store/accuser-of-capitalism-1-introduction/accuser-of-capitalism-2-john-macleans-speech-from-the-dock/); [www.marxists.org/archive/macleans/works/1918-dock.htm](http://www.marxists.org/archive/macleans/works/1918-dock.htm).

[5] Maclean's questions and prosecution witnesses' replies are given about two-thirds into the following unpaginated document: [www.marxist.com/john-macleans-working-class-hero2.htm](http://www.marxist.com/john-macleans-working-class-hero2.htm).

[6] "By May 1915, there were three Labour MP's in the Coalition Government, one of them, Arthur Henderson, in the cabinet. The two Treasury Agreements signed by government and trade union representatives confirmed labour's promise to abandon strike action for the duration of the war. It also drew the unions (including the Amalgamated Society, whose members were principally affected) into agreeing to suspend 'restrictive practices' in skilled trades by agreeing to the use of unskilled or semi-skilled labour (particularly that of women) in the war industries. (This was known as 'dilution')." [www.unionhistory.info/timeline/1914\\_1918.php](http://www.unionhistory.info/timeline/1914_1918.php).

[7] [www.marxists.org/archive/gallacher/1924/ci/macleans.htm](http://www.marxists.org/archive/gallacher/1924/ci/macleans.htm).

# IN-WORK POVERTY IN GERMANY

From the German daily newspaper **Junge Welt**

The German economy is booming. Month after month the Federal Agency for Labour celebrates new records for those in employment.

But in 63 out of 401 German districts and towns the officially recognised living costs are so high that the current minimum wage of 8.84 Euros is not enough to meet the cost of living. This figure has risen from only 19 districts a year ago. Most of these districts are in Bavaria. But in Frankfurt am Main too a minimum wage of 10.19 Euros would be required to meet costs.

Those unable to meet the costs who apply for welfare support fall into the Hartz IV system, with its array of requirements and repressive sanctions. For example, they can be forced to seek a better paid job. If they don't make enough job applications or miss an appointment, even workers in full time jobs can be sanctioned. In March 2018 some 64,000 of a total of 132,000 sanctioned were not 'unemployed'.

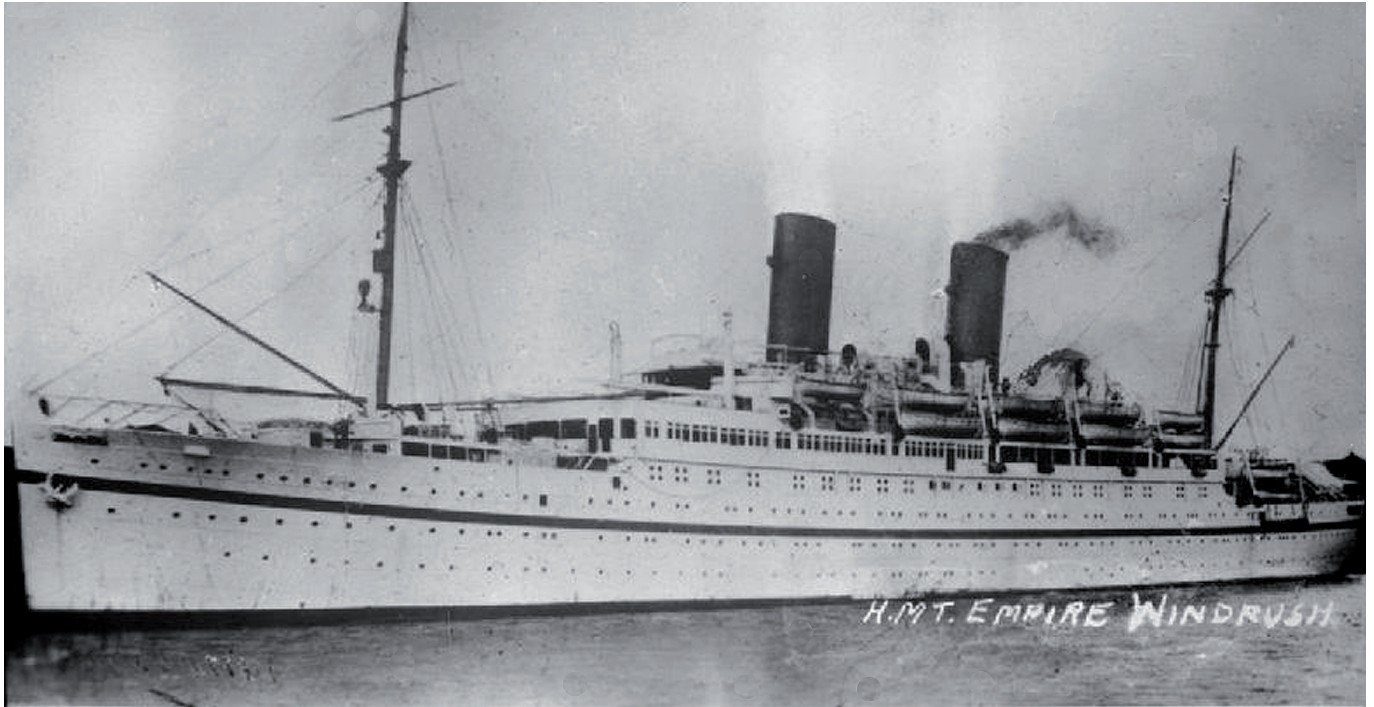
The locally determined rent caps for Hartz IV recipients are often so low that there is hardly any housing available. This means households already scarping around to meet living costs had in January 2018 to pay 60 million Euros for rent - 19 Euros per month per household.

Around 9 million workers in Germany work for the minimum wage or only marginally more.



PHOTOGRAPH COURTESY OF JUNGE WELT





The Empire Windrush

## WINDRUSH SONGS IN A STRANGE LAND

---

### Review by Pat Turnbull

This small, free exhibition at the British Library offered a potted history of the relations between Britain and the Caribbean, very timely in view of the revelations about the recent mistreatment of British citizens of Caribbean origin.

It opens with a list of the names of 128 slaves to be sold along with Studley Park plantation in Tobago. The sale was to take place on 30 September 1773 over four thousand miles away at Garraway's Coffee House in London.

The Antigua Gazette on 20 June 1816 included 'Absconded, from her owner's service, a Negro Woman named Patty' offering rewards for recapture, and punishments for anyone who harboured her or helped her leave the island. It also included a For

Sale notice for Robert 11, Lewis 8, and Lucretia 5 - 'The three latter have lost their mother and may be sold separate. They are offered at a low price, as their owner has no use for them...'

After the British abolition of slavery on 1 August 1834, most British colonies imposed an 'apprenticeship' system that required former slaves to work for their masters without compensation for up to six years. Apprentices across the Caribbean refused to work. An account by James Williams tells of his experiences as an apprentice in Jamaica; he says life was worse than under slavery, with magistrates and police dishing out punishments like the treadmill. Apprenticeships were ended two years early, in 1838. The subtext is probably that the rebellious ex-slaves made it impossible to implement.

Despite all efforts, freed slaves refused en masse to work on the plantations for their former masters. They were increasingly replaced by indentured workers from China, and particularly from India. They were generally required to work for five years, but did not receive passage back to India until after ten years in the colony. An 1878 report on the con-

ditions of indentured Indian people in Grenada described people who were 'perfect skeletons' due to extreme malnutrition, illness and lack of health care.

On 11 October a historic rebellion broke out in Morant Bay, Jamaica. Led by Baptist Deacon Paul Bogle, the rebels demanded an end to the poll tax, the withholding of wages, and ejection from lands. The Governor of Jamaica, Edward John Eyre, declared it a 'race war'. Over 500 people were executed, similar numbers flogged and thousands of homes burned.

The exhibition highlighted more mass rebellions, this time across the Caribbean, between 1934 and 1938, in the wake of the stock market collapse of 1929, the decline of sugar production and American intervention, which the exhibition said 'deepened long standing social tensions in the Caribbean'. Protesters demanded economic investment, better wages, land reform and political independence. The exhibition told us: 'The Moyne Report ... was written in 1938. However, due to its portrayal of desperate living and working conditions it was not published until 1945.' The Caribbean Labour Congress, the first

Caribbean-wide labour organisation, was also founded in 1945.

During the Second World War, people from the Caribbean were encouraged to go to the USA and come to Britain to do war work such as engineering in munitions factories. Others served in the armed forces. However, Sam King, a Jamaican who served in the RAF, described the situation when he returned to Jamaica after the war: 'Men who had been Home Guards, men who were working in American factories and farms, men who were working on the Panama Canal, I would say 30,000 men were thrown back without any planning.'

This is the context of the 1948 Nationality Act that granted citizenship

and right of abode in the UK to all members of the British Empire. In the same year the Empire Windrush and other ships brought people from the Caribbean to work in Britain. The Ormonde and the Almanzora had arrived in 1947 and many more ships would arrive afterwards. Thousands of people came to Britain in these ships. Many did not intend to stay permanently, but they did, despite an often cold welcome.

In 1962 Trinidad and Tobago and Jamaica were the first Caribbean nations to gain independence from Britain. In 1962 too the Commonwealth Immigrants Act introduced new restrictions on immigration from British colonies based on one's 'prospects of employment'. As the exhibition

put it: 'Those who had once entered Britain legally as ostensibly equal members of British society were now under the scrutiny of the state as unwanted strangers.'

In 1981 the government abolished the 1948 definition of British citizenship through the passage of the British Nationality Act. This reversed the right to citizenship by birth and created three new categories of citizenship, only one of which provided the right to live in the UK. And most recently the government passed the 2014 Immigration Act, also known as the 'hostile environment policy', which has resulted in the mistreatment of so many British residents who thought Britain was their home, and were suddenly told it was not.



Directed by Spike Lee (2018)

### Review by Ben Soton

*BlacKkKlansman* is director Spike Lee's latest work based on the memoirs of Ron Stallworth, who in 1979 was the first Black American to join the Colorado Springs Police Department. Initially he is asked to infiltrate the Black Power movement, which was active amongst black students in the city. He attends a meeting where the main speaker is Kwame Toure (AKA Stokely Carmichael) and becomes involved with

a student activist, Patrice Dumas, who bears a striking resemblance to the US Communist Angela Davis. When Stallworth is told by his boss, "not to get too friendly between the sheets" the *Spycops* scandal in the UK immediately came to mind.

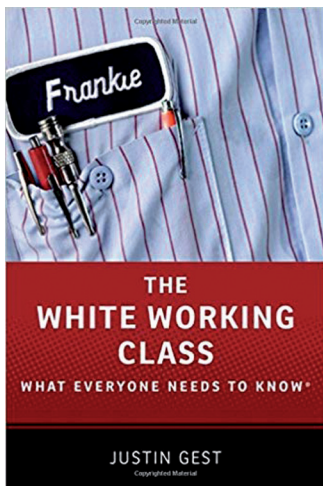
However, the main thrust of the film is Stallworth's attempt in impersonate a KKK sympathiser. In a series of telephone conversations, he convinces the Klan leader David Duke, who is still active in far-right politics today, of his authenticity. For obvious reasons, to attend Klan meetings and be accepted by members, a white officer is required. This role goes to Flip Zimmerman, played by Adam Driver (*Star Wars: The Force Awakens*, *Star Wars: The Last Jedi*).

Lee uses his obviously outstanding directing skills to the full. The film contains action, humour, suspense and romance, with an obvious political message about race relations in the United States today. In one scene, an officer talks to Stallworth about the Klan's long-term strategy, and states that one day they hope to get "one of their own" into the White House. This is an obvious reference to Donald Trump. The film contains a moving scene where an

elderly Black man, played by Harry Belafonte, describes a murder by a White mob of his friend in 1916. At the same time, members of the local Klan enjoy a slap-up meal and watch the *Birth of a Nation*.

The film's action and suspense centres around Zimmerman's attempts to avoid and deflect suspicion and to integrate with Klan members. On several occasions Zimmerman, who is Jewish, is forced to *out-racist* the racists. In a diatribe about the Holocaust a Klan member claims it was faked; Zimmerman replies by stating it was a wonderful thing. This role raises the whole question of identity; at one point he states that he was never really bothered about his Jewishness until confronted with actual anti-Semitism.

The film ends with footage of the events in Charlottesville in 2017, during which racists drove a Ford Mustang into a crowd resulting in the death of an anti-racist protester Heather Heyter. Meanwhile, a now older David Duke is shown addressing a group of racists and praising Donald Trump. The message of the film is perhaps have things changed that much?



by Justin Gest  
(Oxford University Press 2018)

### Review by Ben Soton

This book by Justin Gest is an academic study into the plight of the white working-class in Britain and the United States. There is renewed interest in this group, which is interesting as twenty years or so ago we were told that the working class would soon cease to exist. This was a narrative espoused by the Blairite *Extreme Centre*; a grouping more extreme than centrist. Recent studies have focused on derogatory characterisations such as *Chavs*, *Pikies* and *White Trash*, although this study avoids such negative terminology.

Chapter One concentrates on definitions of both 'white' and 'working class'. Being white is simply a reference to people of European origin and the author goes into the history of how this terminology developed from the eighteenth century onwards. Gest views class in terms of social and educational factors. This misses the point, as many call centre operatives with limited job security have degrees, but earn less and have worse terms and conditions than say a docker in the 1960s or 1970s. To Marxists, class is about relationship to the means of production; the working class are those who sell

their labour, namely wage earners. This definition may become blurred in the case of say heart surgeons or film directors, but there is little to distinguish call-centre workers from the factory workers. Class is not some cultural lifestyle choice but about pure hard economics.

Gest covers issues of mass immigration and the decline of manufacturing industry in both countries. The book is full of the results of surveys on the attitudes of white working-class people toward immigration and welfare. Some of these surveys, although they show the subject group sometimes taking a tougher stance, they are not at huge variance with the rest of the population.

Working-class people sometimes take a harsher view of benefit claimants, namely those who do not work, and terms like *Chav* and *Pikey* are just as likely to be used as terms of abuse between working class people, as directed towards them. Such attitudes, as well as being fuelled by tabloids, may well have their origins in 19th Century values such as thrift, punctuality, hard-work and respectability.

The book discusses the impact of mass immigration on poorer communities. He correctly points out that historically many migrants in low skilled employment are often over qualified for the jobs they are initially forced to take. This means that they are sometimes in a position to both undercut the native poor as well as having better chances of upward mobility. This demonstrates the need for class consciousness and trade union organisation amongst all workers. He also makes the valid point about working class people being made to feel guilt for the past actions of our rulers; such as the slave trade and imperialism.

Gest discusses how the far-right on both sides of the Atlantic have managed to tap into some elements of working class angst. Donald Trump proved successful in parts of the so-called "rust belt" of the United

States, while in Britain the former EDL leader and "journalist", Tommy Robinson (real name Stephen Yaxley-Lennon), poses as some kind of working-class hero. It should be pointed out that Mr Yaxley-Lennon is in fact a small business man who owns a tanning salon, a business that will only attract custom from white people. Research perhaps needs to be done into what attracts some working-class people to the far-right. Many of these people are essentially small "c" conservatives, who believe in an ideology that never existed for their benefit. Unfortunately, when it ceases to work for them, rather than rejecting the ideology they demand more of it; as a result, moving farther to the right. This is not helped if the alternative is a Labour Party dominated by the *Extreme Centre*.

In a section *Why do working class people vote against their interests?* he raises the question of why some working-class people vote for reactionary parties. Although it may be against their interest to vote for Donald Trump, UKIP or the Tory party, there is a crucial subject where many on the left missed a trick. Yes...Brexit; by campaigning for a Remain vote, some of the Left pushed many working-class voters into the reactionary camp. However, in 2017 Labour by agreeing to honour the referendum result, combined with policies that actually benefit working class people, effectively finished off UKIP. Remainers on both the right and left of the Labour Party are handing the far-right an opportunity on a plate by calling for a second referendum.

Gest poses the question *Was the White Working class ever on Top?* The Second World War saw the victory of the Red Army over fascism, stronger communist parties and a powerful trade union movement. The ruling class in the developed world lived with a degree of fear; hence the need to give concessions. In Britain we saw the NHS, The Welfare State, social housing and various opportunities for self-improvement.

*continued on page 36*

Since the 1980s these gains have been undermined; the process continued during the Blair-Brown era, where neo-liberalism further eroded the welfare state, education and social housing. Meanwhile the far-right have managed to tap into some of this frustration. The ruling class is not afraid of the far-right. One of the first publications to support the so-called *Football Lads Alliance* was the

rather well-heeled *Spectator*. The left now has an opportunity to turn the tide and win over or at least neutralise those who may have been tempted by reactionary politics. Let's just hope that Corbyn can see off the fifth column of Zionists and Remainers.

Unfortunately, Gest advocates a rather worn out Blairite narrative

which includes calls for so-called meritocracy combined with suggestions for improved education. At no point does he suggest that capitalism might be the problem. He rejects definitions of Left and Right but, instead, suggests politics should be viewed in terms of *Open* and *Closed*. Sounds a bit like the *Third Way* to me.

# THE SOCIALIST CORRESPONDENT CONFERENCE 2018

## CAPITALISM'S DANGEROUS WORLD AND PROSPECTS FOR SOCIALISM

**Saturday 10th November 2018 10am – 5.30pm**  
**University of London Union (ULU) Malet Street, London WC1**

Hear top speakers and join the debate on global crisis and conflicts, the situation here in Britain and the prospects for progressive change.

### **MORNING - Registration 10am**

- Capitalism in crisis 2008 – 2018  
*Where are we now?* / **Dr Paul Sutton**
- Latin America and Venezuela / **Calvin Tucker**  
(Venezuelan election observer)
- Connection and Disintegration - Mental Health in Palestine / **Rachel Young**, Psychotherapist on her experience of Palestine
- Israel and the campaign for solidarity with Palestine **Salim Alam** (Elected member of Palestine Solidarity Campaign Executive Committee)

### **AFTERNOON**

- Tories in crisis; prospects for the left / **Brian Filling**
- Brexit / **Gary Lefley**, Chair of Chingford & Woodford Green CLP (speaking in personal capacity)
- The state and a Corbyn government / **Clare Bailey**
- Review and conclusion

**£10 unwaged £20 waged**

**Pay on door or through donations on website**  
**[www.thesocialistcorrespondent.org.uk](http://www.thesocialistcorrespondent.org.uk)**