

THE SOCIALIST CORRESPONDENT

ISSN 1758-5708

£3

TORY CRISES

WE PAY THE PRICE

US TRADE WAR WITH CHINA

The financial crash 2008 2018 austerity, inequality and crisis

Is Brexit over? **P4**

US Progressives buoyed by
mid-terms – but big battles lie
ahead **P8**

The EU – what's class got to do
with it? **P17**

Mental Health in Palestine
and Israel – connection and
disintegration **P21**

Conspiracy - a class act **P24**

Unhappy families – film review **P33**

Paul Robeson – voice of the
oppressed **P35**

www.thesocialistcorrespondent.org.uk

Issue No 33 / Spring 2019

CONTENTS

- 4 Beyond Brexit**
– **Tories destroy peoples' lives**
■ Scott McDonald
- 6 Is Brexit over?**
■ Alex Davidson
- 8 US progressives buoyed by midterms**
– **but big battles lie ahead**
■ Steve Howell
- 10 Democratic Socialists of America**
■ Steve Howell
- 11 US trade war with China**
■ Alex Davidson
- 13 The financial crash 2008**
– **2018 austerity, inequality and crisis**
■ Paul Sutton
- 17 The EU – what's class got to do with it?**
■ Gary Lefley
- 21 Mental Health in Palestine and Israel**
– **Connection & Disintegration**
■ Rachel Young
- 24 Conspiracy - a class act**
■ Gina Nicholson
- 26 A Programme for peace in Afghanistan**
■ Dr Martin Baraki

REVIEWS

- 28 The Grenfell Tower Fire:**
Background to an atrocity
The Fire Brigades Union
■ book review by Ben Soton
- 29 Adults in the Room**
by Yanis Varoufakis (Bodley Head 2017)
■ book review by Pat Turnbull
- 33 Unhappy families**
■ film review by Clare Bailey
- 35 Paul Robeson – voice of the oppressed**
■ Brian Durrans

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>

Cover photo by Annika Haas - Creative Commons Attribution 2.0 Generic

Tory Crises

While Brexit continues to dominate politics in Britain, the Tories are still pursuing policies which damage individual people and society. There are also critical developments taking place internationally which gain scant attention.

In *Beyond Brexit – Tories destroy peoples' lives*, Scott McDonald reminds us of the dire record of current and past governments in imposing neo-liberal and austerity policies on Britain. This has led to destruction of services, the impoverishment of people, rising inequality and decaying infrastructure. The Tories mis-handling of Brexit is certainly not the only reason to have an early general election.

Brexit

However, Brexit does rumble on, descending now into a profound crisis as the EU-May deal united MPs from all sides of the debate in opposition. It's defeat, the largest ever in parliamentary history, resolved nothing. As we go to press all options for the future of Brexit seem to be both possible and impossible. The only majority positions in the House of Commons are against a hard Brexit and for Remaining in the EU. However, as Alex Davidson points out in *Is Brexit over?* manoeuvring to reverse the vote to Leave and still appearing democratic is not easy. As well as her political ineptitude, Prime Minister May is also constrained by her dependence on the DUP, attempting to avert a split in the Tory Party and the fear of a Corbyn led Labour Government. It remains unclear at this point how the political deadlock can be broken as both Remainers and Brexiters see the possibility of advancing their cause out of the current crisis.

Labour, of course, is also divided with strong Remain support within the party and among MPs and strong Leave support among its electoral

base. This is causing severe tensions for the Party. The difficulty for the leadership of trying to hold these different positions together is becoming highly problematic especially since anti-Corbyn right-wingers try to exploit the situation to achieve the double-whammy of promoting Remain and undermining Corbyn.

Whatever the outcome of Brexit British capitalism will be severely weakened by a crisis which was created by the Tories and their previous inept Prime Minister David Cameron. Capital's political system and its parties are not fit for purpose in defending its interests.

In *The EU – what's class got to do with it?* Gary Lefley takes an in-depth look at the fundamental class nature and workings of the European Union. He argues that it serves big capital and the economic interests of its dominant nations at the expense of smaller ones and of the peoples of Europe. He debunks myths used to bolster support for the EU. It is not, as many seem to think, an internationalist body of equal partners committed to human rights. Furthermore its structures and lack of democracy mean that it cannot be reformed in a progressive direction.

A further insight into the undemocratic and punitive workings of the EU is provided by Yanis Varoufakis in his book *The Adults in the Room* which is reviewed by Pat Turnbull. This is Varoufakis account of his time as Greek Finance Minister and his attempts to negotiate with the EU to resolve Greece's problems caused by the financial crash. As members of the EU and the Eurozone Greece was unable to implement its own remedies. On the other side of the table the EU proved an unwilling and untrustworthy partner.

The United States

It is not just the EU and Britain which face uncertain futures as they jockey for their place in the world, the

United States is also trying to meet challenges to its power. Throughout 2018 President Trump escalated a trade war with China by imposing steadily more tariffs and sanctions against goods and technology. These are detailed, along with China's response, by Alex Davidson in *US trade war with China*. He also examines the significance of US moves to curtail China's developing capabilities in high tech industries.

Despite the fears engendered by Donald Trump's presidency and the dangerous policies he pursues, the mid-term elections in the US gave some cause for optimism. In *US progressives buoyed by midterms – but big battles lie ahead*, Steve Howell points out that the Democrats had their biggest margin of victory over the Republicans in the popular vote since Watergate. Though there were defeats there were also important victories for the Democrats and encouragingly also for progressives within the Democratic Party. The fight will be on to secure a progressive candidate for the 2020 presidential election.

10 years since the financial crash

That we are facing conflict, uncertainty and anti-people politics is a reflection of the depths of the crisis capitalism fell into in 2008 and which it is still struggling to resolve. In *The financial crash 2008 - 2018 austerity, inequality and crisis* Paul Sutton analyses the causes and consequences of the crash. Governments intervened to support the financial system to prevent total collapse, yet it is not the banks who have paid the price, but rather the peoples of the countries affected through the imposition of austerity. He goes on to argue that the fundamental problems which caused the crisis have not been properly addressed, so it is more a matter of when, not if, there is another crash.

Beyond Brexit...

TORIES DESTROY PEOPLES' LIVES

by **Scott McDonald**

The Tory Government, consumed by Brexit and torn apart by its internal divisions, is meanwhile “presiding” over the outcome of decades of capitalist misrule managed by successive British governments led by Thatcher, Major, Blair and Brown. Paying the price for this are the majority of the people.

The housing crisis, the increasing problems of the NHS, privatisation and fragmentation of the railways and transport system, savage cuts to public services, the disaster of Universal Credit, the failure of the Private Finance Initiative (PFI) and the low wage and precarious nature of employment are outcomes adversely affecting the lives of millions of people. The wealthy are totally unaffected. In fact, the wealthy are making money out of the crisis. It is not the bankers who have paid the price for the fall-out of the 2008 banking crash.

Housing

The Thatcher government introduced the ‘Right to Buy’ council houses. Over the decades since this has culminated in a severe shortage of housing. Council housing was sold off and much of it now is in the hands of private landlords. Most young people cannot afford to buy their own home and, given the grave shortage of affordable social housing and the ludicrously high rents of

private accommodation, many live in poverty, are forced to continue to live with their parents or are pushed into homelessness.

The Tory government prevents Local Authorities from borrowing to build council homes on any significant scale. Private developers are happy to restrict house building whilst seeing house prices and rents rise. Private landlords charge exorbitant rents for sub-standard accommodation.

The Grenfell Tower fire tragedy exposed a nationwide problem of the breaching of already weak building regulations, shoddy building and a blatant disregard for people’s health and safety. The Tories, both at a local level in Kensington and at a national level, have shown their contempt for working people by their lengthy delay in re-housing the Grenfell Tower survivors and changing few of the conditions nationwide which led to the tragic fire at Grenfell Tower.

Health

Everyone, including the Tories, speak of the NHS as the jewel in the fabric of British society. But is it? The NHS is under-resourced, badly managed, subject to privatisation, and a prisoner of the large pharmaceutical companies (“Big Pharma”) as it lurches from crisis to crisis.



The Grenfell tower fire, June 2017

Waiting lists are growing, wards in some hospitals are closed for safety reasons, targets consistently fail to be met, a majority of Hospital Trusts have huge debts. Presumably, the unspoken Tory strategy is to allow the NHS to fall deeper into crisis, further discredit it and drive more people into private health care in desperation.

Welfare

The introduction of Universal Credit to replace the current Benefits system has been an unmitigated disaster. The old system was tortuous, opaque, and often arbitrary but the so-called ‘cure’ of Universal Credit is worse than the disease. It has resulted in people losing money,

not being paid for weeks, or in some cases months, and is creating misery for thousands of already poor people, many of whom are working. The penalisation of the disabled is particularly cynical.

Transport

The privatisation and fragmentation of the railway system has led to a huge crisis. Commuters, predominantly workers trying to get to work, have been faced with delays, cancellations, breakdowns, over-crowded trains, unintelligible ticket prices, and unworkable timetables. The drive to take Guards off the trains has been met by welcome resistance by the RMT union and the public, and has forced some of the rail companies to retreat from this profit-seeking threat to safety.

The recent increase in rail fares brought an outcry from the public, especially since £1 billion has been paid out to shareholders by the private rail companies over the last six years.

Private Finance Initiative

The collapse of Carillion and the severe problems facing the companies Interserve and Capita have brought to the surface the unmitigated disaster of the Private Finance Initiative, which morphed into the Public-Private Partnership under New Labour. Huge amounts of public money have been poured into these private companies, which creamed much of it off into vast profits and bonuses for their executives. Carillion was the second biggest construction firm in the UK. Its collapse resulted in massive job losses, a huge hole in its pension scheme of some £1 billion and suspension of building contracts.

The National Audit Office revealed that some PFI contracts are costing the public 40% more than would have been the case had public money been used directly.

Education

The drive to increase numbers going into Higher Education to an unprecedented level has meant that many graduates end up in jobs for which they are over-qualified. It has also led to the introduction of student fees, saddling thousands of young people with unsustainable debt. Universities have been turned into institutions driven by financial not educational considerations. The Tories have not given up their ambition to reintroduce grammar schools as they continue their support for academies and subsidies for private education at the expense of the state system.

There has been a draconian reduction in apprenticeships over many years leading to a shortage of skilled labour in those industries which still exist.

Employment

The development of the 'gig economy' has seen the development of the casualisation of work, increasingly precarious jobs, de-skilling, low wages and zero-hours contracts. Many large companies have out-sourced a lot of their employees to recruitment agencies leading to divergences in pay and conditions for workers doing the same job. This individualises workers and makes it more difficult for trade unions to organise. These workers are very vulnerable and, without trade unions, subject to poor conditions and low wages.

Exploiting immigrants

The Tories, playing the racism card, have made the reduction of immigration one of their flagship policies. It has failed miserably, not least due to the fact that many employers, including the state, use migrants in low paid jobs. There is a contradiction here for the Tories, as the party of business, managing a capitalist system dependent on migrant labour.

"Undocumented migrant workers are particularly, although not exclusively, vulnerable. As the ex-Director General of Immigration Enforcement, Will Smith, told the House of Commons Home Affairs Committee in October 2017, 'There's probably over a million foreigners here illegally at the moment'. These workers are forced to live an 'underground' existence and are subject to appalling exploitation, forced labour and worse..." [1]

However, it is not just gang-masters who ruthlessly exploit immigrants. Some 80% of UK employers now sub-contract parts of their business. Recruitment agencies have grown three-fold since 2012 with the total number now at a record high of more than 27,000. This has led to the reduction of employment standards and security for workers and it is not just immigrants who suffer from this race to the bottom.

The recent Windrush scandal, in which the Tory government deported to the Caribbean people who had been living in Britain for decades, was yet another example of the government's racism and desperation to show that they are intent on reducing immigrant numbers. It led to Amber Rudd's resignation as Home Secretary although, as a loyal ally of Mrs May, she returned to the Cabinet six months later to become Work and Pensions Secretary.

The Tory government may wish to be seen to be against immigrants and are certainly happy to allow them to take the blame for many societal problems such as the housing shortage, but meanwhile many capitalist employers are "pragmatic" in their pursuit of profit and the reduction of labour costs and will not hesitate to abuse migrants or anyone else for this purpose.

[1] Wilkinson, Mick, "Modern slavery: the neo-liberal UK model", The Socialist Correspondent, Issue 31, Summer 2018.

IS BREXIT OVER?



The Houses of Parliament

PHOTO BY MD BECKWITH CREATIVE COMMONS ATTRIBUTION-SHARE Alike 3.0 UNPORTED

by Alex Davidson

Following Theresa May's humiliating Brexit deal defeat, the worst mauling by the House of Commons of a sitting Prime Minister in nearly one hundred years and her pathetic stunt of doomed cross-party talks, the question arises: is Brexit over?

The dominant view in British ruling circles was always to stay in the EU. There was an assumption that Cameron's referendum, with all political parties in the Commons supporting Remain, backed up by Project Fear, would lead to Remain winning the People's Vote. Things turned out differently. The people by a significant majority, especially given the Establishment's phalanx of support for Remain, took the opportunity to vent their feelings and voted to Leave the EU.

However, Remainers did not accept the outcome of the vote and have been encouraged to continue their

campaign to reverse the outcome of the referendum by virtually all voices in ruling circles. Of course, in order to retain the façade of democracy in Britain, the powers that be couldn't be seen to be doing this. So, getting to the result they want was inevitably going to be messy.

"Incompetence on a monumental scale"

It has certainly been messy. David Cameron resigned as Prime Minister the day after the Referendum. Theresa May won the leadership after some back-stabbing among her opponents and called an election, which she and many others thought the Tories would win by a landslide. Corbyn astounded the Tories, his many opponents in the Parliamentary Labour Party, the Opinion Polls and the mainstream media and succeeded in reducing May to a minority government,

dependent on the Democratic Unionist Party (DUP).

In the course of the negotiations with the EU, two Brexit secretaries (Davis and Raab), Boris Johnson and many other ministers resigned. The Prime Minister ploughed on with her doomed Chequers deal.

Lord Mervyn King, the former Bank of England Governor, said, "The Withdrawal Agreement is less a carefully crafted diplomatic compromise and more the result of incompetence of a high order." He went on to say that it is the "worst of all worlds...it simply beggars belief that a government could be hell-bent on a deal that hands over £39 billion, while giving the EU both the right to impose laws on the UK indefinitely and a veto on ending this state of fiefdom...it is incompetence on a monumental scale" [1]

When it was clear that she was going to lose the vote badly in the House of Commons on her deal just before end of 2018 she pulled the vote. She survived a no confidence vote in her party but with 117 Tory MPs voting against her she was severely wounded and forced to state that she would not lead her party into the next election. Having predictably and embarrassingly failed to gain any concessions from the EU she returned to the Commons with her deal on 15 January and lost the vote by a staggering 432 to 202. A new stage had been reached in the Brexit saga.

The Daily Telegraph's Jeremy Warner commented, "The Brexit dream is over – in any meaningful sense, at least. That was the clear and unequivocal message from markets this morning, which cynically marked the pound up sharply in response to Britain's seismic political crisis, and they are probably right.

You might have thought the correct response would have been the other way round, but no, the markets are betting that Theresa May's crushing defeat makes a no-deal Brexit less likely, and either a much softer Brexit – Norway plus – or no Brexit at all, the overwhelming odds-on end game." [2]

After such a crushing defeat on their flagship policy any previous Prime Minister would have resigned or been removed. However, the Tories, in fear of an election and with the support of the DUP, proceeded to support her against the no confidence motion tabled by Jeremy Corbyn and the Labour Party.

Prime Minister May's next move was to invite leaders of parties and other senior parliamentarians for talks. This pathetic stunt, which led to her being talked at by Remainers (leaders of the SNP, Liberal Democrats, one Green and people like Hilary Benn and Yvette Cooper) simply further exposed her lack of political nous and desperation. She is a truly lame duck Prime Minister.

Chatter about options

If a deal could be struck with the EU that changed the Irish back-stop in a way acceptable to the DUP, Tories like Boris Johnson and some Labour MPs, then May, or someone else, might be able to squeeze a deal through Parliament. However, there are many ifs and buts in that scenario, not least getting any concessions from the EU and May's weakness and incompetence.

Meanwhile there is much chatter about options, including extending Article 50, a Norway style deal, a second referendum, citizen's assemblies and so on. In other EU countries second referendums have been held when the people did not get it 'right' the first time.

Holding a second referendum is favoured by many Remainers, as the best way to reverse the original People's Vote. Tony Blair is a leading advocate of this and admitted in an interview with Andrew Neil that he was in discussions with EU leaders and that he "needed to get the EU leaders to the next stage", which was a second referendum. When he was challenged that he had been seeking to undermine the negotiations, he denied that, but accepted that he was in favour of a second referendum in order to reverse Brexit. [3]

However, there is trepidation among ruling circles that Leave

Ex-Brexit Secretary, Dominic Raab



Ex-Brexit Secretary, David Davis

might still win a second referendum. No doubt discussions are underway as to what a second referendum question might be. The question put is crucial. When Cameron conceded to the SNP the referendum on Scottish Independence, he sold the pass on the question, "Do you think Scotland should be an independent country? Yes or No" This gave the nationalists the positive answer of "Yes", and a distinct advantage, but they still didn't win.

So, if a second referendum is called, there will be political arguments over the question to be put, the voting age, when it should be held and other issues. The danger, from the Establishment's point of view, is that of getting the wrong result a second time and it must be reduced at all costs.

[1] King, Mervyn, "Project Fear has become Project Impossible. It is incompetence on a monumental scale", 5 December 2018, Daily Telegraph.

[2] Warner, Jeremy, "The Brexit dream is over, or so say the markets, and they are probably right." 16 January 2019, Daily Telegraph.

[3] Tony Blair interview with Andrew Neil, Politics Live 17/1/19

US progressives buoyed by midterms but big battles lie ahead...

by Steve Howell

Hopes of ousting Donald Trump in the 2020 US presidential elections were buoyed by last November's midterm elections that saw sweeping gains for the Democrats, including a strengthening of progressive representation in Congress and at state level.

The elections were the most comprehensive test of political sentiment in the US since Trump defeated Hillary Clinton in 2016. All 435 seats in the House of Representatives, 35 of the 100 Senate seats, 36 state governorships and thousands of state level posts were up for election.

In the battle for the House of Representatives, the Democrats gained 40 seats to win a clear 235-199 majority. Cumulatively in these contests, the Democrats won 58m votes to 50.5m for the Republicans, their largest midterm margin of victory since Watergate and a big advance on the 2016 presidential election when Hillary Clinton – though she lost in the electoral college – won the popular vote by a 66m to 63m margin.

The Senate elections were problematic for the Democrats. There was less scope for gains because Republicans were the incumbents in only nine of the seats up for grabs, and some of the seats the Democrats were defending were vulnerable because they were in states Trump won strongly in 2016. The upshot was the Democrats made only two gains but lost contests in four states they had previously held, including Florida where their margin of defeat was only 0.2% after a recount. Among those re-elected to the Senate was Bernie Sanders, who retained his Vermont seat with 67% of the vote.

In the gubernatorial contests, the Democrats made seven gains, including in the crucial Midwest battleground states of Michigan and Wisconsin, which had both been narrowly won by Trump in 2016. The Democrats did not, however, make a breakthrough in Georgia or Florida, where the votes were so close the Democratic candidates, Stacey Abrams and Andrew Gillum, challenged irregularities and did not concede defeat until more than a week after polling day.

Attempts to fix the vote

The elections were widely marred by attempts to thwart voter registration, queues at under-resourced polling stations and candidates with unfair advantages in terms of money and power. The civil rights movement ensured that the 1965 Voting Rights Act required states with a history of discrimination to get federal approval before they could change voting laws. But, in 2013, the US Supreme Court

voted 5-4 to rescind that provision of the Act, giving a green light for states to adopt rules – such as mandatory voter ID – that have the effect of suppressing turnout.

In Georgia, the Republican opponent of Abrams for Governor, Brian Kemp, was at the same time in charge of organising the election. Four days before polling, he had to be instructed by a federal court to give voting rights to more than 3,100 people who were incorrectly flagged as 'non-citizens' because the state failed to update their status. On election day, there was chaos at many polling stations because there weren't enough machines for the numbers turning out to vote. At one, veteran civil rights leader Jessie Jackson appeared to urge people not to give up.

In Florida, recounts are mandatory in elections where the margin of victory is under 0.5%. With this applying in the contests both for Governor and a Senate seat, the sitting Republican Governor claimed there was 'rampant fraud' in two Democrat counties and sent law enforcement officers to investigate in a crude move to prepare the ground for a challenge if the recounts changed the result. Again, it was a case of the arbiter being an actor: the sitting Governor was Rick Scott who, having served the maximum two terms, had become the Republican candidate for the Senate.

While giving Trump something to tweet about, the setbacks in Florida and Georgia did not detract ultimately from the bigger reality of the Democrats winning a majority in the House and breaking the Republican monopoly of power.

New York congresswoman, Alexandria Ocasio-Cortez



Success for progressive Democrats

Had Abrams won in Georgia, she would have been the first woman African-American Governor in US history, but there was no shortage of other makers of history. For the first time, Congress will have Muslim women members, Rashida Tlaib (Michigan D13) and Ilhan Omar (Minnesota D5), and Native American women members, Sharice Davids (Kansas D3) and Deb Haaland (New Mexico D1). Meanwhile, at 29, Alexandria Ocasio-Cortez (New York D14) made history as the youngest woman ever elected to Congress.

Tlaib and Ocasio-Cortez are both members of Democratic Socialists of America (DSA) and won primaries for selection as Congressional candidates for the Democrats on that basis. They typify the new generation of activists spawned by the 2016 presidential campaign mounted by Sanders, who also identifies himself as a democratic socialist, though not as a DSA member. In the last two years, DSA membership has grown from 5,000 to more than 50,000 and its activists have been elected to state legislatures as well as now to Congress.

The DSA was formed in 1982 and can trace its roots back to the foundation of the Socialist Party in 1901 (see history), but several entirely new groups have emerged from the Sanders campaign, of which the two major ones are:

OUR REVOLUTION – This is the political organisation most closely associated with Sanders himself. Under the strapline ‘Campaigns end, Revolutions endure’, it aims to channel the energy that built up around Sanders into support for a new generation of progressive leaders and campaigns around Medicare For All, the Green New Deal, Free College Tuition and other progressive demands. Its mission is to “transform American politics to make our political and economic systems once again responsive to the needs of working families”. In the midterm elections, candidates

it backed included Abrams, Gillum, Ocasio-Cortez and Tlaib as well as Pramila Jayapal (Washington D7) and Tulsi Gabbard (Hawaii D2).

JUSTICE DEMOCRATS – Formed a few months after Our Revolution, it takes a similar approach but with an emphasis on supporting “fresh non-politicians” and a strong focus on raising money from small donors. “It’s time for a Democratic Party that represents its voters, not just corporate donors,” they say. Its midterm election endorsements overlapped considerably with Our Revolution, but it also supported Ayanna Pressley, who – like Ocasio-Cortez – defeated an incumbent corporate Democrat in the primaries to then go on to be the first black woman to be elected to represent Massachusetts in Congress.



Stacey Abrams' supporters

The election of candidates supported by these three groups has helped strengthen the Congressional Progressive Caucus, whose membership is expected to increase from 78 to 98. While the caucus includes some members who supported Hillary Clinton rather than Sanders, the new intake from the midterms has favoured the left.

Green New Deal

This was reflected in support for a Congressional committee on a Green New Deal, following a protest at the office of incoming House leader Nancy Pelosi by the climate justice group, Sunrise Movement, just after the elections. Within a few weeks, Ocasio-Cortez had gathered support

for the formation of a committee from nearly 50 members of Congress, including potential presidential candidate Gabbard, anti-war stalwart Barbara Lee (CA D13) and civil rights veteran John Lewis (GA D5).

Ocasio-Cortez wanted a committee with wide-ranging powers that would be tasked with producing a detailed ‘national, industrial, economic mobilization plan’ to make the U.S. economy carbon neutral. It would be required to report by the start of 2020 and then produce draft legislation within 90 days. Her proposal set the specific target of meeting 100% of national power demand through renewable sources within 10 years. Backing Ocasio-Cortez, Sanders tweeted: “We must look at climate change as if it were a devastating military attack against the United States and the entire planet. And we must respond accordingly.”

Pelosi, however, diluted the Ocasio-Cortez plan by not giving the committee power to initiate legislation or subpoena witnesses and rejecting her proposal to bar Congress members who accept money from the fossil fuel industry. The Green New Deal is far from dead, but Pelosi has demonstrated how reluctant the Democrat leadership is to challenge corporate interests.

The 2020 Presidential election

At the same time, the Democrat leadership is intent on positioning itself as more bellicose than Trump when it comes to foreign policy – both in attacking his plan to withdraw ground troops from Syria and Afghanistan and in obsessively claiming that an alleged Russian attempt to influence the 2016 presidential election was, as Clinton has put it, equivalent to the September 11, 2001, terrorist attacks.

The pattern is therefore set for 2019. On the one hand, the left is looking to build a movement to challenge Trump on a radical domestic agenda

spanning issues such as climate change, healthcare, tuition fees and a \$15 minimum wage and on foreign policy in a way that encourages disengagement from regime-change wars while opposing his anti-Palestine, anti-Iran agenda. The Democrat leadership, on the other hand, will seek to curry favour with big business – especially the health insurance and fossil fuel industries – while pinning their hopes on a knock-out blow against Trump from the Mueller investigation into alleged Russian interference in the 2016 US election.

On the latter, no one has much idea what is likely to emerge because it has been so leak free. Last September, Watergate veteran journalist Bob Woodward, when asked if he had found any evidence of collusion with Russia while writing *Fear*, a book on Trump, said: “I did not, and of course, I looked for it, looked for it hard.”

Woodward did not rule out Mueller having “a secret witness or somebody who has changed their testimony” but, so far, the corporate Democrats are relying on residual Cold War antipathy towards Russia to stir the issue up in a way that’s alarmingly reminiscent of the McCarthy era. Their targets are not only Trump but also anyone on the left who can be labelled as ‘an agent of Russian influence’ because they question a foreign policy that escalates tensions.

With Democrats now jockeying for position to be chosen as the candidate stand against Trump in 2020, the danger is things could turn nasty and they could fritter away the political advantage they’ve gained from the midterm elections. The left needs to stay focused on the issues that matter most to working people.

.....

Steve Howell is author of *Game Changer: Eight Weeks That Transformed British Politics*, published by Accent Press and available on Amazon, Hive, BooksEtc and his own website: www.steve-howell.com

Democratic Socialists of America ★

Both Sanders and the DSA take their inspiration from Eugene Debs, the key figure in the formation of the Socialist Party in 1901, who was imprisoned for supporting resistance to the World War 1 draft. In its heyday, the Socialist Party had more than 100,000 members and Debs could win nearly a million votes as a presidential candidate.

By the 1970s, however, the Socialist Party had become a tiny sect and was taken over by proto-neoconservatives who opposed unconditional withdrawal from Vietnam and changed the organisation’s name to Social Democrats, USA. This in turn prompted their most prominent figure, Michael Harrington, author of *The Other America*, to leave and form the Democratic Socialist Organising Committee (DSOC).

In another part of the fragmented US left, meanwhile, the New American Movement (NAM) was being founded by New Left activists from Students for a Democratic Society (SDS) and the socialist-feminist movement. As NAM and DSOC developed during the 1970s, discussions on a merger ran up against the initial reluctance of NAM members to embrace the explicit ‘left-wing anti-communism’ of Harrington’s group.

By 1982, however, they had come together to form DSA, which their own historian, Joseph M. Schwartz, describes as an American socialist movement “committed to democracy as an end in itself” and to work as “an open, independent socialist organization in anti-corporate, racial justice and feminist coalitions with non-socialist progressives.” The fortunes of the DSA ebbed and flowed over the following three decades – with the collapse of communism proving “less of an immediate boon to democratic socialists than many had hoped” and its membership never moving out of the 5,000 to 10,000 range.

It was not until the DSA decided to make its number one priority the movement to support Bernie Sanders in his run for president that its fortunes took a marked upward turn. The Sanders campaign rallied thousands of younger activists – many of whom had cut their teeth in the Occupy Wall Street and other post-2008 crash protest movements – and took the word ‘socialism’ into mainstream politics. That more than 13m voted in primaries for a candidate who self-identified as a socialist was unprecedented.

While for many Sanders supporters the idea of socialism is limited to immediate demands for universal healthcare and free education, the DSA acted as a magnet for those looking for an alternative to capitalism in a more general sense. Schwartz says:

“DSA made clear that Bernie’s New Deal or social democratic program did not fulfil the socialist aim of establishing worker and social ownership of the economy. But in the context of 40 years of oligarchic rule, Sanders’ program proved sufficiently radical and inspiring.”

DSA’s membership is now much like Momentum’s in age and political profile, with similar strengths and weaknesses. Younger activists are outstanding at building mass campaigns but their lack of political knowledge can sometimes be exposed (as happened with Ocasio-Cortez who, when faced with a backlash against her criticisms of Israel, said: “I am not the expert on geo-politics on this issue”). Older activists, on the other hand, may have much greater political knowledge but some of them find it difficult to move on from the sectarian arguments of the past.

US trade war with China

by Alex Davidson

The arrest in Canada of the Chinese company Huawei's Chief Financial Officer, Wanzhou Meng, on 1 December 2018 at the request of the United States authorities, signalled the opening of another front in the U.S. trade war with China.

Wanzhou Meng is accused of helping the Chinese company, Huawei, cover up violations of sanctions on Iran. Meng, as well as being Huawei's Chief Financial Officer, is deputy chairwoman of the company's board. She is the daughter of Huawei's billionaire founder, Ren Zhengfei. The arrest came at the same time in December 2018 as Presidents Trump and Xi were meeting following the G20 summit in Buenos Aires. At that meeting they agreed to suspend further tariff increases for a 90 day period until 1 March 2019.

This arrest and the other actions against Huawei indicate that the trade war, which the U.S. began in 2018, is now going beyond the tariffs already imposed and is entering a new phase involving high-tech.

Trump promised in his election campaign to put "America first" including ending what he described as the "unfair trade relationship" with China. Trump began the trade

President Donald Trump and President Xi Jinping



war in early 2018 and since then, until the temporary suspension agreed in December, there has been a tit-for-tat imposition of sanctions by both countries (see timeline)

High Tech

The new front in the trade war between the U.S and China is over domination of the information technology industry.

Huawei is the second big Chinese tech company to be accused of breaching sanctions against Iran – the first was ZTE Corp. in 2017. The United States punished ZTE by forbidding it from buying American components, most importantly telecom chips made by U.S. based Qualcomm. These purchasing restrictions were eventually lifted after ZTE paid a substantial fine and agreed to replace its senior management.

Huawei has just overtaken Apple becoming the world's second largest smartphone maker (Samsung is first). U.S. moves against Huawei and ZTE may be intended to force China to remain a cheap supplier instead of a threatening competitor.

The impetus for the high-tech trade war goes far beyond the focus on tariffs and it seems likely that U.S. tech

companies as well as the military intelligence communities are influencing U.S. government policy. More systematic efforts to block Chinese access to U.S. components, increasingly by blocking Chinese investments in U.S technology companies, are being made using "national security" as the reason.

However, as in the tit-for-tat tariff measures, China is not passive. The U.S. company Qualcomm, the world's biggest smartphone chip maker, abandoned its bid last year to buy the Dutch semiconductor company NXP after failing to secure Chinese regulatory approval. Qualcomm had sought to buy NXP because of its market position as the dominant supplier to the automotive market as car makers add more chips to each vehicle each year. Qualcomm needed approval from China because the country accounts for nearly two-thirds of its revenue. The Chief Executive of Qualcomm commented, "We obviously got caught up in something that was above us".

It is not easy to separate high-tech industrial and corporate dominance from military dominance so one needs to see this as perhaps the most significant and far-reaching part of the trade war.

In the U.S. it is now seen as a major threat if Chinese companies buy American companies and then transfer their intellectual property or have their employees train their Chinese replacements. By blocking these investments the Trump administration hopes to preserve U.S. technological dominance for longer.

The EU, which has opposed Trump's tariffs, is copying American investment restrictions, notably against Huawei. This may be another indication that the less-publicised high-tech trade war is actually the more important one. Losing the lead in the global technology race means lower profits

and, most importantly, a disappearing military advantage.

China's successful mission to land on the dark side of the Moon will be seen as another threat to U.S. domination.

2018 TIMELINE / US TARIFFS AND CHINA'S RETALIATION

■ **JANUARY 22** President Trump placed a 30% tariff on foreign solar panels. China, the world leader in solar panel manufacture, decried the tariffs. That same day, tariffs of 20% were placed on washing machines for the first 1.2 million units imported during the year. In 2016, China exported \$425 million worth of washers to the United States.

■ **MARCH 1** President Trump imposed tariffs of 25% on steel and 10% on aluminium. The tariffs would have a greater effect on some other countries, including allies such as Canada and South Korea, than China.

■ **MARCH 22** President Trump asked the United States Trade Representative to investigate applying tariffs on \$50–60 billion worth of Chinese goods, stating that the proposed tariffs were “a response to the unfair trade practices of China over the years”, including theft of U.S. intellectual property. Over 1,300 categories of Chinese imports were listed for tariffs including aircraft parts, batteries, flat-panel televisions, medical devices, satellites and various weapons.

■ **APRIL 2** China responded by imposing tariffs on 128 products it imports from America, including aluminium, airplanes, cars, pork, and soybeans (which have a 25% tariff), as well as fruit, nuts, and steel piping (15%).

■ **APRIL 5** Trump responded saying that he was considering another round of tariffs on an additional \$100 billion of Chinese imports as Beijing retaliates. The next day the World Trade Organisation received a request from China for consultations on new U.S. tariffs.

■ **MAY 20** Chinese officials agreed to “substantially reduce” America's

trade deficit with China by committing to “significantly increase” its purchases of American goods.

■ **MAY 29** The White House announced that it would impose a 25% tariff on \$50 billion of Chinese goods with “industrially significant technology”, the full list of products affected to be announced by June 15. It also planned to impose investment restrictions and enhanced export controls on certain Chinese individuals and organisations to prevent them from acquiring U.S. technology. China said it would discontinue trade talks with Washington if it imposed trade sanctions.

■ **JUNE 15** Trump declared that the United States would impose a 25% tariff on \$50 billion of Chinese exports. \$34 billion would start July 6 with a further \$16 billion to begin at a later date. China's Commerce Ministry accused the United States of launching a trade war and said China would respond in kind with similar tariffs for US imports, starting on July 6. Three days later, the White House declared that the United States would impose additional 10% tariffs on another \$200 billion worth of Chinese imports if China retaliated against these U.S. tariffs.

■ **JUNE 19** China retaliated almost immediately, threatening its own tariffs on \$50 billion of U.S. goods and claimed the United States had “launched a trade war.”

■ **JULY 6** American tariffs on \$34 billion of Chinese goods came into effect. China imposed retaliatory tariffs on US goods of a similar value.

■ **JULY 10** The U.S. released an initial list of the additional \$200 billion of Chinese goods that would be subject to a 10% tariff. China vowed to retaliate two days later with tariffs on American goods worth \$60 billion annually.

■ **AUGUST 8** The Office of the United States Trade Representative published its finalised list of 279 Chinese goods, worth \$16 billion, to be subject to a 25% tariff from August 23. China responded with its own tariffs of equal value when the American tariffs were implemented on August 23.

■ **AUGUST 14** China filed a complaint with the World Trade Organisation, claiming that US tariffs on foreign solar panels clash with WTO ruling and have destabilised the international market for solar PV products.

■ **AUGUST 23** The US and China's promised tariffs on \$16 billion of goods took effect and on August 27 China filed a new WTO complaint against the US regarding the additional tariffs.

■ **SEPTEMBER 17** The US announced its 10% tariff on \$200 billion worth of Chinese goods would begin on September 24, increasing to 25% by the end of the year. They also threatened tariffs on an additional \$267 billion worth of imports if China retaliates, which China promptly did on September 18 with 10% tariffs on \$60 billion of US imports. So far, China has either imposed or proposed tariffs on \$110 billion of U.S. goods, representing most of its imports of American products.

■ **DECEMBER 1** The planned increases in tariffs were postponed. The White House stated that both parties will “immediately begin negotiations on structural changes with respect to forced technology transfer, intellectual property protection, non-tariff barriers, cyber intrusions and cyber theft.”

The financial crash 2008 2018 austerity, inequality & crisis

by Paul Sutton

The financial crisis of 2008 was the single largest crisis of capitalism since the onset of the Great Depression in 1929. It was not foreseen and so came as a complete surprise requiring desperate and immediate measures to shore up finance capital and contain the crisis. Commitments to support the banks reached at least \$7 trillion, around 10% of global gross domestic product (GDP). Unsurprisingly, the effects of this were felt worldwide with immediate down-turns in trade in nearly every country and significant losses of GDP in those most involved. These effects were further compounded by policies adopted to deal with the crisis, including austerity, which led to widening inequality and growing political opposition from across the political spectrum. Ten years on, the end result is that while capitalism has been temporarily 'saved from itself', the causes of the crisis have not been resolved and many of the financial practices that originally contributed to the crisis remain in place. Similarly, while Wall Street and the City of London were the main contributors to the crisis, both remain unreformed even though there is growing evidence that they fundamentally distort the economies of both countries, ending up costing both money.

The 2008 crisis

The crisis was centred in the 'transatlantic economy' encompassing both the United States and the European Union, with Wall Street and the City of London at the core. "Never before", as Adam Tooze writes

in his exhaustive study of the crisis and its aftermath, "not even in the 1930s had the (capitalist) system come so close to total implosion" (*Crashed: How a Decade of Financial Crises Changed the World*, 2018). It did so because the banking systems of the 'transatlantic economy' had become so interconnected that a major crisis in one country or major bank impacted on them all, almost immediately, with substantially increased risks and massive costs: the so called 'contagion effect'. This meant that although the immediate origins of the crisis were within the US domestic market and, in particular, the collapse of the 'sub-prime mortgage market' it was not only US banks that were put at risk. By 2008 roughly a quarter of such mortgages were held outside the US particularly in Europe and the UK. When the market for such mortgages began to drop in 2007 and became highly suspect, then toxic, many banks were soon affected. This led to the contraction of wholesale funding markets between financial institutions and the complete collapse of interbank credit. Bank failures inevitably followed.

While there were a number of these across the 'transatlantic economy' the two most important were in the US and the UK. The failure of the investment bank Lehman Brothers in New York on September 15, 2008 is widely regarded as the most dramatic. For the US Treasury Secretary, Hank Paulson, it was 'an economic 9/11'. Everything began unwinding quickly and by the morning of 20th September, Paulson informed the

US Congress "that unless they acted fast, \$5.5 trillion in wealth would disappear by 2 pm ... and they faced the collapse of the world economy within 24 hours" (Tooze, p.162). Days later it was the turn of the UK. The bank most at risk here was the Royal Bank of Scotland (RBS), then the largest bank in the world. It demonstrably began to fail in early October. Alistair Darling, the Chancellor of the Exchequer, recalls that he was phoned by its chairman on 7th October, who told him his bank was going bust that afternoon and what was he (Darling) going to do about it.

RBS and Lloyds TSB-HBOS, also seriously at risk, were saved by partial nationalisations while the other major UK banks were required to recapitalise, with the UK government standing as guarantor. Similar action took place in other European countries which were also faced with bank collapse. But the most decisive action took place in the US. This involved a mix of government guarantees and private action to purchase financial institutions and recapitalise the banks. At first Congress opposed action but it was eventually passed as the TARP programme on 3rd October and 'imposed' on the nine largest US banks on 13th October. It was followed by further action by the US Federal Reserve to provide virtual unlimited access to US dollars to the central banks of the major capitalist countries, to stabilise exchange rates and avert currency crises.

The 'transatlantic economy' was rescued by the state in the form of



The New York Stock Exchange

the central banks and the government finance ministries, backed by the head of government. Remarkably few persons were involved and the key decisions were made between them and the bankers in small rooms. This was Marx's 'executive committee of the bourgeoisie' for early twenty-first century capitalism. It dramatically exposed the nature of modern finance capitalism. This was based on an increasing concentration of finance in relatively few global banks and financial institutions (less than 100 worldwide). It was characterised "not in terms of an 'island model' of international economic interaction – national economy to national economy – but through the 'interlocking matrix' of corporate balance sheets – bank to bank" (Tooze, p.9). It necessarily meant that further global action to strengthen capitalism would need to be taken beyond the US and the UK. Among the most important was the identification of 'systemically impor-

tant financial institutions' at the centre of the global system which were vital to its future survival. Twenty-nine were listed in 2011 with their headquarters in the US, Europe, Japan and China. Between them they held total assets of \$46 trillion, roughly 22% of all financial assets worldwide. They would in future be subject to a special regime of oversight to provide future resilience to the global capitalist system if the banks again began to fail.

Within the 'Eurozone' (the countries of the EU that had adopted the euro as their currency), action was also taken to strengthen the European Central Bank (ECB). The financial crisis in the Eurozone did not impact quite so quickly as in the US and the UK. When it did, in 2010, the principal countries affected were Portugal, Ireland, and Spain with Italy at the margin and Greece the most severely impacted. Arguments between France and Germany on how to

manage the crisis caused problems, particularly with the euro, which were only resolved in 2012 when the head of the ECB said he would do 'whatever it takes' to guarantee it. In the meantime, while there was stabilisation or slow recovery elsewhere in the Eurozone, Greece became increasingly impoverished by the austerity programmes imposed on it. Lastly, the crisis of 2008 would not have been contained unless China had taken decisive action in 2008 to stimulate its economy with an increase in spending amounting to 12.5% of GDP. This 'Keynesian' style policy kept its economy growing when others were in recession. As Tooze put it: "Together with the huge liquidity stimulus delivered by the US Federal Reserve, China's combined fiscal and financial stimulus was the main force counteracting the global crisis. Though they were not coordinated policies, they made a real vision of a G2: China and America leading the world" (p.251).

The consequences of 2008

The rescue of the banks was pithily described in the US as 'Main Street rescues Wall Street'. This pointed to the fact that it was the 'average Joe' in the US who bailed out the banks and that he/she has had to bear the cost. The same applies in the UK. Inequality has risen dramatically since 2008, driven by the bailouts and policies of austerity which have contributed to a slower economic recovery than that following the Great Depression. Austerity was a policy choice and not an economic or political necessity. The Keynesian type stimulus by Obama in the US and Gordon Brown in the UK in 2009 led to the beginnings of a recovery. This was choked off in the US by the Republican Congress in 2010, by the Conservative-Liberal Democrat Coalition government in the UK in the same year, and by policies promoted by Germany in the Eurozone.

The argument for austerity claimed that the recession induced by the crisis caused government revenues to fall, government expenditure to rise, and government borrowing to cover the difference to increase dramatically. The levels of debt involved would be unsustainable and so there was no alternative but to cut benefits and services, which would reduce expenditure and bring debt back to acceptable levels. Alongside this a variety of spending cuts and tax rises were also announced. It was believed that these actions collectively would increase business confidence and encourage expansion. They did not. Instead output shrank, business held back on investment and the debt did not reduce. It took more than five years for economic output to return to pre-crisis levels. During this period and after wages fell or stagnated. In 2008 the average wage in the UK was £465; now in 2018 (after taking account of inflation) it is £461. This marks the longest period of declining real incomes in recent recorded history. More than one fifth of the population now live on incomes

below the poverty line even though most of these households are in work. Most striking of all, life expectancy among some sections of the population have reversed, not only in the UK but also among the white working class in the US.

Austerity and the policies behind it have fed growing inequality. One of the most important of these has been quantitative easing (QE); creating new money to boost spending and investment. The US committed \$3.7 trillion, the UK £1 trillion and the ECB €2.5 trillion to QE.

Creating new money is not the same as spending it. While the intent behind the various QE programmes was to keep liquidity high and interest rates low, allowing the banks to offer cheap loans to business and households, the reality has been rather different. Instead banks and multinational companies have used QE to boost their reserves and stimulate another round of mergers and acquisitions among giant corporations. This has fed the existing trends in capitalism toward monopoly, and has also encouraged asset price inflation among those already holding shares and property.

According to investment stockbrokers Hargreaves Lansdown, an investment of £10,000 in the FTSE all-share index in the UK in August 2008 would now be worth £14,893 without including dividends and £21,352 with dividends reinvested. In the US the gains were even higher. A £10,000 investment in the S&P 500 index in September 2008 would now be worth nearly £40,000 with dividends reinvested. Contrast this with those holding modest amounts of savings. Government policy since 2008 has been to keep interest rates low and many accounts pay no interest at all. The sums in such accounts have increased from £48 billion to £164 billion in the last ten years. A sum of £10,000 held on deposit in 2008 is now worth only £8,790 when inflation is taken into account.

There is now a six-fold difference in income between the top 20% of households compared to the bottom 20%, with 44% of the UK's wealth owned by 10% of the population. Increasing inequality between the top 1% in the UK and the other 99% has grown. No wonder money held by the rich in off-shore accounts where it avoids detection and taxation has grown to reach \$8.7 trillion and, by some estimates, much more. In short the 'many' have paid heavily to rescue the 'few'. There has been growing political recognition of this fact and a developing push-back against it. Although some of this is informed by conscious class politics much more has been informed by a strident populism particularly in Europe and now the US [1].

More worrying still such populism has gained further ground in the last two years with populist movements now setting the agenda, constituting the opposition and even entering government in some countries. Populism is 'catch-all anti-politics' that masks class discontent and diverts political energy. The ruling class benefits from this; the working class does not. It has to be vigorously exposed and opposed.

The crisis now and still to come

To date, no bankers have been punished for their reckless actions in precipitating the crisis and no banks have been broken up as 'too big to fail'. Instead they have grown larger, and the bankers have again begun to reward themselves with huge bonuses. Last year these amounted to £15 billion the same as in 2007. Nor has there been any change in economic thinking. The dominant ideology governing economic policy remains neo-liberalism, which still favours a regime of light regulation of the financial sector, meaning the behaviour of the banks and other financial institutions has not fundamentally changed. Real risks remain, and the consensus among those who study and comment on

finance is not if there will be another financial crisis, but when and in what form.

The immediate outlook is not good. QE is coming to an end with unknown consequences, including possibly precipitating recession in economies such as the UK where growth has been weak. There are signs of inflation returning in the US, which will likely increase the value of the US dollar relative to other currencies and so increase the costs of repaying debts denominated in US dollars in emerging market economies, which have borrowed heavily in US dollars and are particularly exposed. Household, corporate and sovereign (government) debt has risen by 74% since 2008 and, given what has happened in the past, a significant proportion of this will be 'bad' debt which is unrepayable, cutting profits and margins and putting banks once again at risk.

Compounding this is the 'shadow banking' sector (investment banks, mortgage lenders, money market funds, insurance companies, hedge funds, private equity funds and payday lenders) which contributed to the crisis of 2008 and is not subject to close oversight. Its size is disputed ranging from \$90 trillion to \$160 trillion (the latter figure is twice the GDP of everyone on earth) with estimates that at least \$30 trillion is 'at risk'. Taken together and adding political uncertainties, in part created by the Trump presidency, these developments have led the International Monetary Fund in its most recent Global Financial Stability Report (October 2018) to conclude that a global economy dominated by mobile private capital is inherently unstable. The Report warns of "dangerous undercurrents" threatening the global economy. Among those it lists are waning support for multilateralism, growing trade tensions, rising inequality, attempts to roll back banking regulations put in place after 2008, over confidence in buoyant stock markets, the end of QE and "easy money" and financial

technology spawning new risks. "Near term risks to global financial stability have increased somewhat over the past six months" it claims while "medium-term term risks to global financial stability and growth remain elevated" with emerging market economies particularly vulnerable. Towards them there is a "risk of contagion" if investors panic and pull out capital, tightening financial conditions and precipitating a global crisis. The conclusion to be drawn, despite the IMF's assertion that the global financial system is more resilient now than in 2008, is that the economic future is even more unpredictable and the risks of a financial crisis greater.

At the centre of such a financial crisis will be the City of London. Much is routinely claimed for its importance to the UK economy for the thousands of highly paid jobs it provides, the £31 billion in direct tax revenues it pays, and the surplus in trade in financial services it delivers. However, recent research published by the University of Sheffield's Political Economy Research Centre (Baker, Epstein and Montecino: *The UK's Finance Curse? Costs and Processes*, October 2018) reveals that the City of London is a burden to the country. It claims that the City of London is much too big for the British economy, resulting in lost growth potential for the UK of £4.5 trillion between 1995 and 2015. This amounts to roughly 2.5 years of average GDP across the period, or £170,000 per household. The figure is made up of £1.8 trillion in lost output caused by the financial crisis of 2008 and £2.7 trillion in 'misallocation costs'. These are costs incurred when finance is diverted into the City of London and away from more useful investments in other parts of the economy, such as industry, infrastructure etc. They also show that compared to a similar study conducted for the US losses were two to three times higher for the UK underlining a conclusion that hosting the City of London costs much more than hosting Wall Street (where costs were just above one year's GDP).



Alistair Darling Chancellor of the Exchequer 2007-2010

The report's conclusion is that: "the UK economy may have performed much better in overall growth terms if: (a) its financial sector was smaller; (b) if finance was more focused on supporting other areas of the economy, rather than trying to act as a source of wealth generation (extraction) in its own right". These are important findings that need to be shared widely across the labour movement. They provide more ammunition for an incoming Labour government seeking ways to 'roll back' the City and harness it to the task of re-balancing the economy toward more productive activities, such as the regeneration of industry and the promotion of technology, and not simply in richly rewarding itself at our expense.

The period since the 2008 crisis has seen a lower rate of investment in the UK than in other developed countries and a collapse of productivity. This will not be easy to reverse but at a minimum it demands that, difficult as it may be, the financial genie must be put back in the bottle from which it was released by the policies of the Thatcher governments in the 1980s. The 'many' deserve nothing less.

[1] See: *Populism: its European Context* by Paul Sutton – The Socialist Correspondent Issue 25



The EU

what's class got to do with it?

by Gary Lefley

Just by asking what the class character of the EU is - even before we answer - it makes our position as socialists a little clearer. But it is indicative of the theoretical void of the UK labour and socialist movements that in our Constituency Labour Parties and other forums, we have to think twice before even asking that question in case it alienates our audience. "Class? What's that got to do with the EU?" "Not everything can be reduced to class". Or simply, "Your question makes no sense".

Freedom for who?

The Single Market is a clue. The EU champions the free market, celebrates it, frees it from government intervention and regulation and protects it from 'unfair' competition, that is state-subsidised public ownership. The 4 freedoms enshrined in the EU Treaties - the free movement of capital, goods, services and labour - are another clue: four principles that are intended to guarantee an unfettered capitalist market.

The free movement of capital needs particular mention. The name tells us everything. It means the movement of capital, unrestricted and unregulated by sovereign parliaments and national laws.

John McDonnell has responded to the threat of capital flight, with "detailed implementation manuals", "war-game type scenario planning" and draft legislation, recognising that a Labour government may have to introduce capital controls to protect the domestic economy from huge capital outflows. Possible

measures could include exchange controls (placing restrictions on the buying and selling of currency) and caps on the sale or purchase of different kinds of 'portfolio capital', that is, financial assets. This puts Labour on an unavoidable collision course with the EU.

The EU allows for "exceptions and justified restrictions" to capital free movement under articles 64/65/66 TFEU, though these exceptions are reserved almost exclusively for non-EU countries. [1] It's difficult to see how a transformative Labour government abandoning neoliberalism and privatisation in favour of public ownership and wealth redistribution would qualify for such an exception!

The slightly odd truth is that the freedom of capital has barely been challenged by Labour Remainers who have generally accepted the idea that free movement of capital is somehow in the interests of the "economy" - as if the economy is class neutral - and without potentially disastrous negative consequences for working people.

EU politics and structures

Only 15% of the political parties that make up the 10 configurations of the EU Council describe themselves as socialist. The leading bodies of the EU are constituted overwhelmingly by representatives from capitalist parties. [2]

The EU's multi-layered structure has 6 unelected bodies: the Council, the Council of Ministers, the Commission, the Court of Justice, the European Central Bank and the Court of Auditors. This structure is designed

to progressively remove the actual policy makers and decision-takers from any form of democratic accountability. These powerful bureaucrats are, however, accessible on a daily basis to the Brussels-based corporate lobbyists. The only elected EU body, the Parliament, is not imbued with the most basic power of a democratic legislature, namely the right to introduce legislation. As a consequence, the Parliament is little more than a talking shop that tinkers with, then rubber stamps, policies and laws drawn up by the Commission.

Crushing Greece

The crushing of Greek democracy by the Troika dictatorship is well documented. The imposition by the combined power of the EU, the European Central Bank (ECB) and the IMF, of extreme austerity, large scale privatisation and impossible terms of debt repayment, has impoverished the working people of Greece indefinitely while gifting the banks unearned billions of euros and gifting further billions of public wealth to private capital interests. Those who offer a spurious defence of this, by identifying corruption or Greece's membership of the Eurozone as the cause, miss the point: of the various possible solutions to the Greek crisis the EU leadership chose that which most benefitted capital and which most punished the working people of Greece for daring to elect a left-leaning Government. And it did so despite cautionary advice from the IMF. This was international class conflict waged by the European Union and the ECB on behalf of monopoly capital.

The joint Gross Domestic Product of Germany, the UK and France is roughly equal to the GDP of the other 25 EU members states put together. This inequality in economies is reflected in weighted voting on the EU Council. The reality is that policy and decision-making within the EU is dominated by the most powerful states. This inequality is accentuated in the free movement of (EU) capital

which disproportionately benefits the larger economies.

The EU is not, as is sometimes naively imagined, an internationalist federation of equal partners. Nor is it even an alliance of non-conflicting homogeneous national capitalist classes. Rather it is a union that reflects the unequal development of capitalism across the continent, where political power within the EU is determined by national economic power and where the minor capitalist nations essentially do as they are made to do, while feeding off the breadcrumbs of German, UK and French monopoly capital. Furthermore, the EU's structures and policies are designed to consolidate the authority and power of these major EU players in their global rivalries.

Myths and realities

■ ECONOMIC COLLAPSE

Larry Elliot, Economics Editor of The Guardian wrote: "Remember Project Fear? Unemployment would rocket. Share prices would crash. The government would struggle to find buyers for UK bonds. Financial markets would be in meltdown. Britain would be plunged instantly into another deep recession." And remember George Osborne saying he would have to bring forth an emergency extreme austerity budget?

We should note that all the doom and gloom forecasts were predictions not of the eventual outcome of leaving the EU, but of the market reaction to a Leave vote.

In August 2018 the CBI's survey reported that both manufacturing and retail sales were strong, unemployment was lower than at any time since 1975 and public finances had the biggest July surplus in almost two decades. "The UK economy grew faster than the Eurozone in the second quarter of 2018... There has been no collapse in house prices, unemployment has not risen by 500,000



The European Central Bank, Frankfurt

[as forecast by the Treasury] and the two-year recession never materialised." (Larry Elliott)

All this, in spite of sustained austerity and under-investment in the public sector.

The Treasury has a dismal track record when it comes to forecasting. Distrust of its projections is justified. Neither the Bank of England nor the Treasury, nor the Office for Budgetary Responsibility, predicted the financial crisis of 2008 and all massively underestimated the damage it would cause. In short, the Treasury's assertion that the economy could be 10% smaller by 2030 in the event of a no-deal Brexit needs to be treated with scepticism. Yet it is Treasury forecasts that underpin virtually all the clichés about a Brexit economic Armageddon.

Elliot sums it up neatly: "The idea that we'll be impoverished after Brexit is complete cobbles. The economy that will be created after Brexit will depend on the choices we make after Brexit."

■ FREE MOVEMENT OF LABOUR

This concept is hugely misunderstood by the liberal-moral left, who have accepted at face value the view that this is a libertarian right.

Firstly, we should note that the EU treaties refer not to 'people' but to 'labour', that is to an economic category.

Secondly, the EU has never been in favour of the free movement of people. It rejects free movement from Africa, Asia, Australasia, the Caribbean and the Americas, from the 167 United Nations countries that are outside the EU, that is 7.1 billion people. In short, the EU discriminates against 93% of the world's population.

Even within the EU, free movement is a sick parody. The EU reality is that millions of eastern and central European workers have been forced to uproot from their communities, not in search of culture, education and broadening horizons but as a route out of extreme poverty. This is not free movement of people; it is the economically enforced transportation of labour, of people who are, effectively, economic refugees. By 2011 this migration had created more than 500,000 EU orphans, according to the Children Left Behind Network.

While liberals have championed this enforced migration, they have nothing to say about the right to stay put, the right of communities to survive and thrive, rather than be torn apart by the movement of capital, austerity and extreme exploitation. Nor do they reflect on the outcomes of that migration. When these people arrive in the UK they frequently do not have access to the legitimate workforce. Where I live you can see these demoralised souls lining up outside Wickes DIY store in the early morning waiting and hoping to be picked up for a day's labour – cash in hand, no tax, no national insurance, no health & safety, no rights. For them, a zero-hours contract would be an improvement.

EU immigrants are being ghettoised in the most deprived, run-down areas. Those that are fortunate enough to bring their families with them see

their children struggling in schools that are poorly equipped to deal with the influx of students where English is an additional language. These children are often sidelined in special needs classes. They are prime targets for gang recruitment and violence, drugs and sexual exploitation, and are propelled into the criminal justice system. Their parents are disempowered, dispossessed, and desperate - exactly the condition preferred of its under-class workforce by capitalism. This extraordinary exploitation of migrants is being championed in the name of 'free movement'. See also [3]

■ ANTI-RACIST?

As already stated, the EU discriminates against 93% of the world's population, the vast majority of whom are Black, Asian and Minority Ethnic. The irony is, of course, that as and when we leave the EU, migration from these non-EU states is almost certain to resume, if only because the UK capitalist class will wish to continue importing non-unionised, cheap labour.



Iraqi and Syrian refugees arrive at Lesbos, Greece

We should be aware that the EU uses import tariffs to maintain Africa in neo-colonial subjugation and under-development. For example, unprocessed coffee beans in large sacks are imported without tariffs. But if the countries of east Africa wish to export roasted, ground beans then they must pay a 7.5% duty. The object is to maintain Africa as an under-developed supplier of cheap raw produce. Rather than being a bulwark against racism,

the EU is in fact a transnational perpetrator of racism.

■ SOCIAL EUROPE

In his article, "The Growing Myth of Social Europe", Mick Carty observes that the primary function of trade unions is to place democratic controls on capital in the collective interests of the workforce. This is seriously compromised by the four 'freedoms', especially the freedom of capital. [4]

The myth of social Europe is transparent when we consider that the member states hit by bailouts from the EU, the European Central Bank and the IMF are suffering the largest percentage drop in workers with collective bargaining rights of anywhere in the world. According to the UN International Labour Organisation the largest decline in collective bargaining coverage was in Romania with a 63 per cent drop, and Greece at 45 per cent.

In its 2015 briefing on Labour Relations and Collective Bargaining, the ILO revealed that the sharpest decline in bargaining coverage occurred in the group of European countries that suffered severe economic difficulties during and after the 2008 crisis. The bargaining coverage rate for this group of 10 countries fell by an average 21 per cent. Many of these countries — Cyprus, Greece, Ireland, Latvia, Portugal and Romania — required international financial assistance. The destruction of trade union rights reaches across the entire EU with an average 14 per cent reduction in collective bargaining rights since 2008. Carty concludes: "This fully reflects the policy position contained within a report prepared by the European Commission's directorate general for economic and financial affairs, which advocated employer-friendly reforms, including undermining collective bargaining, abolishing industry-level agreements at workplace level, decreasing bargaining coverage and an overall reduction in the wage-setting power of trade unions." [5]

Remainers assure us that the rights of workers within the EU are protected in such documents as the directives on individual employment rights, the Community Social Charter for the Rights of Workers, the Social Charter Action Programme and the Charter of the Fundamental Rights. The reality is this:

- (i) Many of these rights are already embodied in UK legislation fought for and won by the UK labour movement; or
- (ii) They are enshrined in international law laid down by the U.N. or the Council of Europe, which consists of 47 European states and, by the way, has nothing to do with the EU. It is the Council of Europe, not the EU, that has given us the European Convention on Human Rights and the European Social Charter; or
- (iii) These rights are effectively trumped by the EU Court of Justice ruling that the 4 freedoms incorporated in, for example, the Right to Conduct Business, supersede in case law any other EU rights, including collective bargaining.

When it comes to workers' rights, the EU is simply not on our side. In the very few cases where EU legislation may be stronger than UK or international law then a Labour government can and will supplement existing UK law, as Jeremy Corbyn has already indicated.

None of the following pivotal moments of national and international law owes its conception, existence or legal authority to the European Union.

1948 Universal Declaration of Human Rights

1950 the European Convention on Human Rights

1965 UK Race Relations Act

1965 International Convention on the Elimination of All Forms of Racial Discrimination

1966 UK signs up to the European Court of Human Rights

1975 UK Sex Discrimination Act

1976 UK Race Relations Act

1976 International Covenant on Economic, Social and Cultural Rights (ICESCR)

1979 Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)

1984 UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment

1989 UN Convention on the Rights of the Child

1995 UK Disability Discrimination Act

1998 Human Rights Act

2006 Universal Periodic Review of UN Member States Human Rights' records

2008 UN Convention on the Rights of Persons with Disabilities (UNCPRD)

2010 The UK Equality Act

■ REMAIN AND REFORM

This argument usually starts with something like, 'It may not be perfect but we're better off in than out, where we can have some influence and introduce reforms.' At its most naïve, this argument imagines transforming the EU into a Socialist States of Europe. But the EU is no more susceptible to socialist reform than are the CBI and the Institute of Directors. Reformers imagine that the European Parliament can make fundamental changes, but, as stated above, it does not even have the right to draft legislation. The Constitution of the EU is embodied in its Treaties - Rome, The Single European Act, Maastricht, Amsterdam, Maastricht-Nice and Lisbon. These Treaties may only be amended with the unanimous ratification of all 28 members. It is a constitution that has been intentionally constructed to exclude fundamental reform.

I have asked Remain-Reformers on umpteen occasions to describe the process by which they foresee the EU being reformed into a democratic socialist union. No one even tries. They don't know where to begin. It is an assumption without feasibility. The treaties of Rome, Lisbon and the Single European Act would all have to be amended just to abolish the free movement of capital, a measure that is fundamental to the prospects of the next Labour government as it attempts to halt the anticipated flight of finance capital.

■ WAR OR PEACE?

The EU has not kept the peace, most notably with the Yugoslav Wars 1991-1995. The EU, particularly Germany, benefitted from these wars. It was the first country to recognise Croatia and Slovenia, guaranteeing the break-up of Yugoslavia into 6 small states and precipitating conflict. It was then in the driving seat to capitalise, literally, from the export of German monopoly capital and the privatisation of huge expanses of formerly publicly owned assets. The death toll, destruction and suffering in the region was immense. [6]

After the demise of the Soviet Union, the USA, supported by NATO - 23 EU states are full NATO members - was free to undertake regime change wars in Iraq, Afghanistan and Libya. The EU has not only failed to keep the peace, its arms companies have benefitted to the tune of billions of pounds from NATO's wars. According to the Stockholm International Peace Research Institute, 3 EU based firms rank in the world's top 10 biggest arms companies: The European Aeronautic Defense and Space Company, Finmeccanica, and BAE Systems.

More recently, the NATO-EU endorsement of the 2014 far-right coup in Ukraine has seriously destabilised the region with the very real prospect of war between Ukraine, backed by the west, and Russia.

The process of European militarisation and war preparation has been further advanced by the EU Commission's proposal to create an EU Defence Fund with a budget of £20 billion. This expenditure is in addition to member states' national defence budgets. The fund is to be created by means of a 2/3rd cut to the EU civil and peacebuilding budgets. [7]

A capitalist project

The myth is that the EU is an internationalist partnership which can be changed by its member states and their peoples. The reality is that it is fundamentally capitalist in nature, benefitting big capital with structures which are designed to prevent progressive and socialist transformation.

[1] (<http://www.europarl.europa.eu/factsheets/en/sheet/39/free-movement-of-capital>)

[2] https://en.wikipedia.org/wiki/Council_of_the_European_Union

[3] <https://americanaffairsjournal.org/2018/11/the-left-case-against-open-borders/?fbclid=IwAR1kx-a1PtirzYsaLyTzq7wTTuH68YYK1WluzeQz5lyP-JfCViqYKqIKY5A>

[4] <http://www.tuaeu.co.uk/the-growing-myth-of-social-europe/>

[5] <http://ec.europa.eu/econ#2B322F>; <http://www.europarl.europa.eu/econ#2B3270>

[6] https://en.wikipedia.org/wiki/Yugoslav_Wars

[7] <https://info.brot-fuer-die-welt.de/blog/eu-defence-fund-feeding-arms-industry>

Mental Health in Palestine and Israel

CONNECTION & DISINTEGRATION

Psychotherapist, **Rachel Young** reports on her 2018 visit to Israel-Palestine

I went to Palestine in March 2018 on the Study Tour organized by the Israeli Committee Against House Demolitions (ICAHN) and aimed specifically at Mental Health Professionals. I wanted to learn about the situation in Jerusalem and the West Bank and to show solidarity with the Palestinian people. My particular curiosity was to understand, given the history of persecution that Jewish people have experienced, how ordinary Israelis mentally and emotionally accommodate their government's treatment of the Palestinian people into their psychological framework.

My visit gave me some clarity regarding psychological 'strategies' which allow people to behave in an inhumane manner towards other people both at an individual and governmental level. I also gained insight into how the occupied communities sustain life under inhumane conditions and how they struggle to be seen and heard in the world arena.

The 1947 Nakba was an horrific event. In two years the Israeli Zionist forces had displaced 750,000 Palestinians from their homes, killed 15,000 Palestinians in mass atrocities – razing their villages to the ground. This was in essence ethnic cleansing, which is ongoing as the Israelis advance taking ever more Palestinian land and Palestinians continue to resist in every way they can.

Of course, there are some mental illnesses that are physical or chemical – but most mental illness is attributable to trauma, neglect, cruelty, or social/cultural 'disease'. It is fashionable to focus responsibility for mental health on the individual. Why are they depressed? Anxious?

Neurotic? Obsessive? What can they do to get better? The truth is that very often they are expressing their relationship with the world around them. Their mental state is a reflection of the world they inhabit. If the world they lived in was healthy, they would reflect that health.

The impact on Israeli young people

The average Israeli has a strong sense (whether conscious or unconscious) that the action of their government is wrong. Displacing a nation is impossible to do in secret. On some level people know what is going on. In individuals this results in low grade paranoia. This mentality is fed and watered by Israeli propaganda. Israeli children are fed stories of the Arab bogie man (and woman). A whole people has been dehumanised and Israelis feel cornered and threatened, and therefore justified in attacking.

Going through National Service is one very powerful way that the Israeli authorities indoctrinate their young people and make them complicit in the crimes of their leaders. Although young people might enter the army believing that they will be peace keepers and provide a caring paternalistic presence (and not all do), they are soon made to commit acts which force them to emotionally detach themselves from the humans they are violating. Young people are on all the checkpoints harassing and intimidating. They have such power over people who in any sane society would be their elders and betters in terms of experience and wisdom. They become so detached from reality that it becomes ok for them to lift up the skirt of a young Muslim



The watchtower

woman with the barrel of their rifle to check for knives and guns. These are everyday humiliating experiences for Palestinians going through checkpoints and going about their daily business.

The indoctrination process breaks down, however, when soldiers are themselves traumatised by the barbarism they are commanded to inflict. The Breaking the Silence website (<https://www.breakingthesilence.org.il/>) is a powerful testament to the human spirit. Israeli soldiers, who have been through the experience of conscription often want to tell their story, are sometimes brave enough to stand up to the dangers involved in speaking out and go on record on this website.

Dehumanisation of Palestinians

Dehumanisation is an essential part of the process of persecution. Human beings do not normally accommodate killing their brothers

and sisters. The Israeli authorities have to un-person the people they are persecuting. The policy of systematically rubbing out Palestinian culture, history, language, identity is part of their attempt to eradicate a whole people. An example is the Palestine Educational Bookshop in Jerusalem. This was established in 1984 but now is called the Educational Bookshop because the name Palestine is now not permitted to be displayed publicly. The bookshop offers a space for Palestinians to meet, discuss and learn about their heritage and struggle.

When experiencing the extreme fear and anxiety of paranoia and a closed system of belief, individuals and groups must completely separate themselves from the understanding that they are doing wrong. They cannot accept the evidence of what their government is doing. What results is an extreme version of the world where they are completely right, and the other is completely wrong, a complete distortion of reality. Some Israelis we met expressed a complete negation of the reality of Palestine. One man told me that I was believing a lie. "There was never," he said, "a Palestinian people. There was nobody there in the desert when we came. We created life where there was nothing." This was his absolute belief. If there was nobody there it follows that they could not have been massacred, they could not have been displaced and they are not now living in exile.

There is resistance within Israel too, but it is not in good shape. PsychoActive is an organisation of Israeli therapists who are activists. They were nervous at meeting us because they feared our judgment. They carry an enormous weight of guilt on behalf of their society. The opposition to the status quo is weak and getting weaker. In the past there were more demonstrations and a stronger left-wing presence. The activists we met feel a sense of hopelessness is creeping in. Their appreciation of the Israeli national

psyche as split and numbed to reality helped in my understanding of how ordinary people organise their emotional responses to the situation.

Mental health issues that I observed in the West Bank: traumatisation, depression, anxiety, abandonment of hope – states of mind that reflect the conditions. In the West Bank, people have no right to freedom of movement outside the West Bank. To find work, they must apply for permits to travel beyond the checkpoints into Israeli territory. Anyone who has any kind of record of resistance will not be issued with a permit and so will find it very hard to earn a living. The standard of living in the West Bank is higher than in Gaza and the level of threat lower, but it is still very obviously an occupied territory, with a high army presence and overt intimidation and control.



Part of the apartheid wall

The system that the Israeli authorities have imposed on the Palestinian people harshly limits their freedom of movement and creates divisions between them. No Palestinians have passports. They have to apply for each and every trip that they make abroad. They are subjected to the classic strategy of divide and rule. They are placed into tiers of status depending on where they live.

Palestinians are second class citizens in Jerusalem. They have access to Israeli health and education services and pay taxes (although they refuse to vote or legitimise Israeli rule over them). But their life is a daily struggle, they are ghettoised and targeted by the police, army – and the Israeli population.

People in the West Bank must apply for permits to build or adapt their houses, which are mostly refused. If they go ahead and build without permits on their own land or adapt their properties to allow for the overcrowding they are experiencing, the Israeli authorities can and do come and bulldoze their houses.

The West Bank territory is constantly being reduced and people squeezed into increasingly overcrowded refugee camps. It is surrounded by the infamous wall, 26-feet high, punctuated by watchtowers. Israeli patrols enter at will and terrorise the population, particularly those that are close to the Jewish settlements which are predominantly placed at the top of hills, intimidating the Palestinian communities. In Hebron they have had to put netting over the streets to protect them from the filth and rubbish that Israeli settlers throw down.

The population of Gaza live in even worse conditions. They have practically no freedom of movement. They are mostly limited to staying within the confines of Gaza, a territory that is devastated, horribly polluted, embargoed, with few facilities or communication apart from what is allowed through the checkpoints by the Israeli authorities.

The Arab Counselling Service in Jerusalem (Palestinian identity is not allowed - the word 'Arab' is used throughout Israeli territories to denote Palestinians and is a term of abuse) was a beautiful oasis of tranquillity – but the workers there are in a war zone. In a Q and A session with some of the therapists there one of our group asked how they

managed their own self-care. With a wry smile, the leader explained that the whole community is in a state of constant trauma. This is not Post Traumatic Stress Disorder – this is constant and ongoing. There is no let up, there is no rest: children terrorised by tear gas and house invasions, house demolitions occurring randomly, children being arrested and separated from their families. They are beyond burn out.

We met human rights lawyers who described their attempts to hold the Israeli authorities to observe International Law with regard to arresting children. The Israeli authorities break international law in almost every case. Children are targeted who have leadership qualities. Their homes are invaded in the middle of the night and they are arrested. They are separated from their parents and held without charge, often without food, in the cold. Often they will be taken in with their friends and then told that their friends have informed on them. They are told they will be released with no harm if they inform on their community. Their mothers and sisters are threatened with rape if they do not collaborate. This has been going on for decades. The children arrested and coerced 20 years ago are still informants today. Every community is aware that they have been infiltrated for years. Everyone suspects everyone else. This is the psychological control that Israel exerts.

How do the Palestinian people survive?

Firstly, Samud which means steadfastness - Palestinian resistance. Palestinians oppose the illegal oppression of their people at every opportunity. The principle of Samud underlies everything that people do to survive and protest.

Secondly, we witnessed a strong sense of community. At the Arab Counselling Service the team involved the children in a research project about what they want and

need – what are their perspectives and priorities are and then involved them in meeting their own needs. They do not see counselling and psychotherapy as something that is ‘done to’ victims but rather something to promote growth and development. This approach of fostering self-sufficiency in the next generation takes the long view and is building for a possible future.

Thirdly education is a priority. There is a high proportion of very highly educated and qualified Palestinians. People we met were highly motivated to pursue any opportunity to further their education in spite of constant harassment, obstacles, and financial difficulties. Over and over again I was bowled over by the dignity and maturity of all the individuals we came into contact with and with the calm adult manner in which they respond to the continuous harassment and oppression, not allowing themselves to be baited into reacting, but rather consistently and intelligently meeting the enormous challenges of life with skilful creativity and courage.

Birzeit University is a Palestinian run university where the students are doing their best to be young people in the midst of an occupation. The work that Rita Giacaman’s department does is an integral part of the community. They take their research out to the community and create projects which gather data and help people at the same time with a view to expanding Palestinian influence in academic circles worldwide. Rita’s perspective is laid out in her article ‘The Wounds Inside’. She concludes:

“Our journey in the process of investigating the effects of war on health has revealed the need for a reframing of the causes and health consequences of exposure to political violence by placing the concept of suffering at the core of the health paradigm, and by adding a political domain as the ultimate determinant of population health. This reframing is essential to really understand

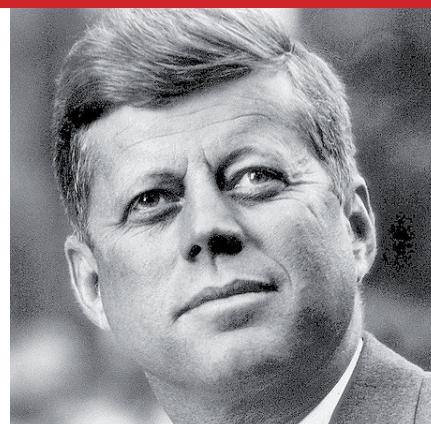


The Educational bookshop, Jerusalem

what war does to people. It is also essential to guide relief operations and humanitarian assistance, and to support initiatives intended to mitigate the effects of war on health. For too long, Palestinians have been the recipients of aid in response to their plight, a plight that seems to have no end in sight. Yet, what Palestinians really need is... a recognition of the injustice that befell them when with the Balfour Declaration the British decided to give a land they did not own to people coming from elsewhere, and when the United Nations agreed to partition Palestine despite the severe injustice to Palestinians this entailed, with the consequent creation of a tragedy that continues to this day: the question of Palestine. Palestinians do not want charity, or medications and therapies to help them withstand injustice. While it is true that humanitarian assistance and relief operations are needed in times of chronic crises, those must be coupled with a serious attempt at resolving the root causes of ill-health, which, in the Palestinian case, requires a sociopolitical resolution: justice, freedom, sovereignty, and self-determination before good health and peace can be achieved”

CONSPIRACY

A CLASS ACT



President Kennedy

by Gina Nicholson

If you should suggest that a story about, say, Russia's involvement in a criminal act could be a fabrication, you might well be accused of being paranoid, and putting forward a 'conspiracy theory'. This last phrase – 'conspiracy theory' – has a nasty ring to it. And yet if you look back in history there were undoubtedly many conspiracies to present false stories to a more or less gullible public. Conspiracies existed. And if they existed in the past, why not in the present?

There were suggestions of conspiracy after the 1964 assassination of President Kennedy in the United States. So many, indeed, that the Central Intelligence Agency issued guidance to its "assets", including the following:

"Innuendo of such seriousness affects not only the individual concerned, but also the whole reputation of the American government. Our organization itself is directly involved: among other facts, we contributed information to the investigation. Conspiracy theories have frequently thrown suspicion on our organization, for example by falsely alleging that Lee Harvey Oswald worked for us. The aim of this dispatch is to provide material countering and discrediting the claims of the conspiracy theorists, so as to inhibit the circulation of such claims in other countries."

Thus the phrase 'conspiracy theory' started on its way.

The following is from the website *Mondialisation.ca* in 2016: " 'Conspiracy theory' is a term that strikes fear and anxiety in the hearts of most every

public figure, particularly journalists and academics. Since the 1960s the label has become a **disciplinary device that has been overwhelmingly effective in defining certain events as off-limits to inquiry or debate**. Especially in the United States, raising legitimate questions about dubious official narratives destined to inform public opinion (and thereby public policy) is a major thought crime that must be cauterized from the public psyche at all costs." (my emphasis)

A history of conspiracies

In 1950 there was trouble in Korea. The first reports of the Korean war stated that southern troops invaded the north. This was quickly 'corrected' to state that the north invaded the south. At that time the United Nations Security Council had five permanent members, as it does now: The United States, Britain, France, the Soviet Union (now Russia) and China. But the China seat was held by Chiang Kai-shek, safely ensconced behind the Seventh Fleet in Formosa (Taiwan), while mainland China was excluded. In protest the Soviet Union boycotted the Security Council. Thus a vote was taken by the Security Council endorsing the second interpretation of the beginning of the Korean War, in the absence of the Soviet delegate and with mainland China unrepresented.

However, the rules state that in all matters of substance, for a vote to be valid there must be an affirmative vote of all five permanent members. This clearly did not happen,

so it would seem that the vote was invalid that laid the blame for the war on North Korea. In other words, the West ganged up on the communists. Is this view of what happened a 'conspiracy theory'?

In fact governments routinely use lies, innuendo, ad hominem arguments etc to get their way, as well as concealing unpleasant truths. The notorious Zinoviev letter was a forgery, and likely planted by British intelligence with *The Daily Mail*, four days before the 1924 election, in order to drain support from the Labour Party. More recently, the ongoing row over antisemitism in the Labour Party, talked up by the BBC (which ignores powerful refutations by, for example, the Charedi Jews) has done serious damage to the reputation of the party itself and many leading left-wingers within it.

The proposed war on Iraq over the claim of weapons of mass destruction (WMD) (which did not in fact exist) led to Robin Cook's famous resignation speech in the House of Commons in which he stated the undeniable fact that "Britain is being asked to embark on a war without agreement in any of the international bodies of which we are a leading partner - not NATO, not the European Union and, now, not the Security Council."

Dr David Kelly, a leading world expert on WMD, denied publicly that there were any WMD in Iraq. His death soon after was put down as suicide. But serious questions remain. The scenario presented to the British

public was that he, distraught by the uproar caused by his denial, took his own life by ingesting a large number of painkillers and then cutting his wrists. But the post mortem revealed that there was a minimal amount – less than half a tablet – of painkiller in his body, although a large number of tablets was missing from a bottle. He is supposed to have cut his wrists with a garden pruner – not very sharp. The paramedics present at the scene said that he had lost very little blood and was “incredibly unlikely” to have died from the wounds they saw.

There were other British casualties from that 2003 catastrophe, besides the actual war in Iraq in which possibly between half a million and a million people were killed. Craig Murray wrote: “the BBC journalist, Andrew Gilligan, who correctly reported that there were no WMD, was fired for telling the truth. The punishment of the BBC for failing to unquestioningly echo Blair lies went much further. The Chairman and Director General were forced out. All because the BBC said there may have been no WMD, when there were not.”

Furthermore John Morrison, who was the parliamentary intelligence and security committee’s first investigator in 2004, had his contract prematurely terminated after he appeared on the BBC television programme *Panorama*, maintaining that Saddam Hussein’s weapons of mass destruction were not a “current and serious” threat as Tony Blair had argued. He also said, in a phrase that resonated widely with the media, that he “could almost hear the collective raspberry going up around Whitehall” in response to Blair’s claims. Asked if he regretted speaking out, he said: “The function of intelligence is to speak truth unto power – if it doesn’t do that it fails, and I felt somebody had to speak up for intelligence standards. I did that, I got sacked – I don’t regret it for a moment.” (From his obituary, written by his son, in *The Guardian* 28 June 2018)

So there were no WMD in Iraq and the Chilcot Inquiry drew attention in its Report to: “The need to be scrupulous in discriminating between facts and knowledge on the one hand and opinion, judgement or belief on the other.” and “The need for vigilance to avoid unwittingly crossing the line from supposition to certainty, including by constant repetition of received wisdom.”

Despite that mild warning from Chilcot (I love the word ‘unwittingly’) the practice of disinformation continues in this country. More recently and most blatantly, the affair of the Novichok poison. It is notable, by the way, that the BBC, in this instance, has been rather more loyal to the government of the day than in the WMD debacle.

I shan’t go over all the inconsistencies arising from the official accounts of the poisoning of Sergei Skripal and his daughter. These were well documented at the time. One suspects that the story did not arouse quite the heights of indignation that were needed. Thus, a second poisoning and – finally the unmasking of two suspects.

These two men, supposedly very able and accomplished employees of the GRU (Russian military intelligence), using Russian passports, were photographed coming through the gate at Gatwick at precisely the same second, although in the photographs released there is only one man in each, with none visible following. According to official accounts, they were supposed to have left “traces” of Novichok in their hotel bedroom. It is difficult to imagine a scene in which these two accomplished spies casually spill some of a lethal poison in their hotel room and then walk out apparently unharmed. In their interview with *Russia Today* they admitted they went to Salisbury, to see the cathedral, Old Sarum and one of the oldest working clocks in the world. They asked, pointedly, why the media did not show photographs of them at Salisbury Cathedral, since there were

CCTV cameras there. Craig Murray did the maths and claimed that they could not have had time to reach the Skripal house on their visit.

At the time of writing the government’s latest claim is that these two men’s identities did not exist prior to 2009 because they had no passports before then.

Lying in ruling class interests

Of course these few examples from a plethora of lies (barefaced or more subtle, baseless or supported by questionable evidence) do not arise simply from human nature. They have a purpose, and that purpose is always to serve the interests of the ruling class.

The recent attempts to demonise the Russian state by the use of the Skripal affair were helped by two more factors. One, the existence of socialism in the Soviet Union gave rise historically to the hatred of our ruling class and thus to countless lies, distortions and concealments of the truth which created a false image of that part of the world which capitalist Russia has perforce inherited; and two, the unwillingness of most people to believe that their own elected government could perpetrate such infamy, however other governments might behave.

So why is capitalist Russia a target of the United States and its allies? We are back to the attempted redivision of the world by capitalist forces. Russia is proving to be an obstacle to American (and Israeli) ambitions in the Middle East. Having destroyed Libya and seriously damaged Iraq, there is also the ongoing murder of thousands in Yemen. In Syria, however, the Western forces came up against a force which dared to withstand them and so far has succeeded. It remains to be seen whether Syria will survive. What is clear is that whatever our media tell us about Syrian and Russian crimes will almost certainly be untrue.

The Afghan National Army in Baghlan Province



Programme for peace in AFGHANISTAN

by Dr Matin Baraki

For Afghanistan there is no rest. The war in this country continues every day, as it has for almost forty years. Here Matin Baraki, who teaches at the University of Marburg, Germany, proposes some solutions. Baraki, who himself came from Afghanistan and left the country in 1974, has elsewhere documented the attempts to build a democracy there, the failure of these attempts since the beginning of the 1960s, as well as the responsibility of foreign powers,

especially the United States and its allies, for this failure.

For more than 33 years the “International Community” has been waging a hidden war and, for the last 13 years an open war, against Afghanistan. Its whole social fabric has been destroyed, including the infrastructure. The economic, political and social foundations of the country have either been annihilated or so heavily upset that there won’t be a functioning

society at the Hindu Kush for the foreseeable future. Based on my field research and countless talks with people from different social classes in Afghanistan, I came to the conclusion that it is high time to think about alternatives to the NATO war: 33 years are more than enough. We finally have to implement peace. The following proposals are aimed at encouraging discussions and talks:

1. A unilateral und unconditional truce by NATO, initially for at least six months.

2. Replacement of the NATO units by International Security Assistance Force (ISAF) consisting of units from Islamic and non-aligned states. Four-fifths of all blue helmet soldiers of the UN come from non-aligned states. Why not in Afghanistan?

3. Closure of all NATO military bases and support bases and termination of all contracts concerning those negotiated with the Kabul administration.

4. A national reconciliation policy with all political groups including the Islamic ones like the Taliban, the Hesbe Islami of Golbodin Hekmatyar and the Haqani Network.

5. Creation of a Truth Commission based on the South African model.

6. Dissolution of all military and paramilitary units of the warlords and the foreign and Afghan private security companies.

7. Preparation of nationwide elections in villages, councils and districts for a national Loya

Djerga (Council) under the control of independent international organizations like peace, women, students and trade union movements.

8. Constitution of a Loya Djerga, elected by the Afghan people, but no appointment of any deputies by the president.

9. At this Loya Djerga, a provisional government and commissions to prepare a draft constitution should be elected, based on the abolition of the presidential system and on new laws on elections, political parties and trade unions.

10. General, free and independently controlled parliamentary elections.

11. Election of a new government through parliament, without interference of the interim president still in office.

12. Abolition of the open-door policy and the development of economic, finance, customs and tax policies based on national interest.

13. Measures to reconstruct the devastated country based on one fourth of the costs of the NATO war. These funds should be stored in an independently controlled escrow account and should only be for project-related use.

14. In order to strengthen regional cooperation and stability, the neighbouring states should be involved in the reconstruction of Afghanistan.

15. In the region, the creation of a Central South Asian Union should be aimed at. Besides Afghanistan, the four Central Asian states of Tajikistan, Uzbekistan, Turkmenistan and Kazakhstan should be members, as well as Iran, Pakistan and India. All these countries have many things in common like languages, religions and even national history.

16. As a confidence-building measure, Afghanistan should be the first country to discard its army after five years.

17. A Central South Asian Union could also help to solve both the Kashmir conflict (1) between India and Pakistan, and the conflict about the Durand-Line (2) between Afghanistan and Pakistan.

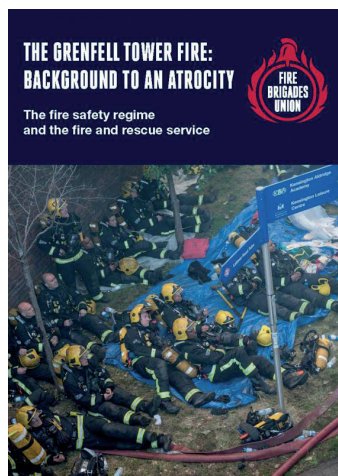
18. Then, it would be high time to abolish the nuclear arsenals of India and Pakistan. This could turn one of the most conflictual regions on the Asian continent into a zone of peace, stability and prosperity.

(1) See also Baraki, Matin: Regionalkonflikt unter Atommächten: Der Streit um Kaschmir, in: Blätter für deutsche und internationale Politik, Bonn, Jg. 46, 2001, H. 8, S. 976-984.

(2) Due to the Durand treaty, enforced by the British on November 12, 1893 and under the rule of Amir Abdul Rahmans (1880-1901), Afghanistan acquired the internationally

recognized status of a British protectorate. As a consequence of this treaty, around 190.000 square kilometers of Afghan territory with around 9 billion inhabitants were handed over to British India. This border demarcation was only designed for strategic reasons: to cut off Afghanistan from access to the Indian Ocean. It divided the region inhabited by both Pashtuns and Baluchs while ignor-

ing any tribal or natural borders. It even divided families. After the foundation of the state of Pakistan in 1947, this originally Afghan territory was left to Pakistan by the British colonialists. As both Afghanistan and Pakistan up until now claim the area as belonging to their state, the Durand-Line is the basis for an ongoing, unresolvable conflict that has led to many military clashes.



THE GRENFELL TOWER FIRE: Background to an Atrocity

THE FIRE BRIGADES UNION

review by Ben Soton

Health and Safety has for a number of years been part of a conspiracy of faceless bureaucrats to stop us from having fun, destroy free enterprise and generally make our lives a misery. Or at least this is the line peddled by the neo-liberal right and their supporters in the media. This nonsense literally went up in flames on 14 June 2017, when Grenfell Tower in Kensington caught fire resulting in the deaths of over 70 residents. In their recent pamphlet the Fire Brigades Union (FBU) covers issues around Health and Safety Legislation with specific reference to Grenfell Tower. It describes the erosion of Health and Safety Law from the 1980s onwards. Progressive Health and Safety legislation was introduced in the 1960s; in particular the Factories Act (1961). The situation further improved in the 1970s with the Fire Precautions Act (1971) and Health and Safety at Work Act (1974). Contrary to myths put out by the right-wing media, legislation began to be undermined in the 1980s and 1990s. Government papers started to refer to “over provision” of regulations. The process of deregulation continued through the 1990s and also through the Brown/ Blair years.

The most significant factor behind the Grenfell Tragedy was the issue of external cladding. Cladding is a layer of material applied to the outside of buildings as a means of insulation and protection from the elements. It can be made from a range of materials including wood, metal, brick, vinyl and a range of composite materials. The issue with Grenfell Tower and similar blocks is that cladding, if made from flammable material, enables fire to spread along the outside of the building. Suffice it to say, flammable cladding is cheaper than its non-flammable alternatives.

The Grenfell Tower fire was not the first time the issue of external cladding had been raised. In 1991 in Merseyside and in 1999 in Ayrshire, fires spread rapidly through

buildings with outside cladding, although in both cases no fatalities took place. However, a report in 2004 stated that measures should exist to inhibit the spread of fire via external walls. Suffice it to say, the FBU has insisted that only non-combustible cladding be used in buildings more than 25 metres high.

In their conclusion the FBU make a number of recommendations for improved safety standards. In a summary they use three simple words; Prevention, Protection, Intervention. The last of these words strikes a chord with the Grenfell Tragedy; it is a lack of Intervention we have suffered from over the last thirty years not too much of it.

The pamphlet can be accessed at: <https://www.fbu.org.uk/publication/grenfell-tower-fire-background-atrocity>

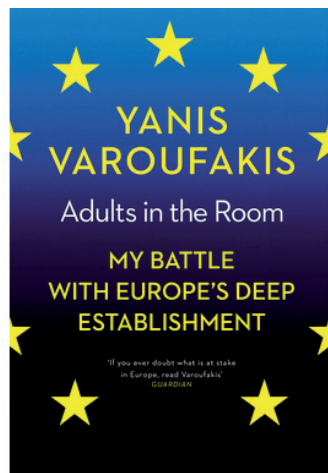
From The Socialist Correspondent 10 years ago

“What is clear is that there is no need nor any long term future in British politics for a third capitalist party. That’s why New Labour – the third capitalist party – is in crisis and why it is, along with its co-founder, Gordon Brown, most probably finished.

But a mass party of socialism? Well that’s a horse of different colour altogether. All those in favour of that, say AYE!”

Autumn 2018 Is “Old” Labour
the way ahead for New Labour?

James Thomson



by Yanis Varoufakis
(Bodley Head 2017)

review by Pat Turnbull

Early in his book *Adults in the Room*, Yanis Varoufakis tells of an encounter that haunted him in the 162 days of 2015 when he was Finance Minister of Greece. It was a week or so before the January 2015 election that brought him to office. Accompanying a Spanish journalist who had come for an interview was Lambros, an Athens-based Greek-Spanish interpreter.

After the interview, Lambros approached Varoufakis. 'He shook my hand, refusing to let go while addressing me with the concentration of a man whose life depends on getting his message across: "I hope you did not notice it from my appearance. I do my best to cover it up, but in fact I am a homeless person."'

In 2010 Lambros lost his job teaching foreign languages, and when he and his family were evicted from their flat he lost his family. For the past year he had lived on the street.

Lambros went on: "I know you will win the election ... I am finished ... But please, please do something for those who are still on the verge ... Don't sign what they give you like

the previous ones did. Swear that you won't. Do you swear?" Varoufakis answered, "I swear."

Varoufakis did not sign the Memorandum of Understanding that would tie Greece for yet more years to the 'debtor's prison' in which the troika of the International Monetary Fund, the European Commission and the European Central Bank held the country. He resigned rather than do it. But, even though on July 5th 2015 61 per cent of the Greek people said 'No' in a referendum called by the Syriza government themselves, the government did sign, breaking the promises that had led to their election.

For Greece, the rot had set in as soon as they joined the European Economic Community, predecessor to the European Union (EU), in 1981. They were allowed to join even though the European Commission itself was concerned that once they complied with the requirement to lower trade tariffs, Greek producers would not be able to compete against foreign competition. As Varoufakis puts it: 'The deficits of countries like Greece were the reflection of the surpluses of countries like Germany.'

When Greece became a member of the eurozone on January 1, 2001 they also lost control of their currency and their ability to adjust to economic conditions and made themselves vulnerable to economic blackmail by the EU. To emphasise the contrast, as Varoufakis says: 'The Bank of England ... from the moment the City went through its 2008 credit convulsion had printed billions to refloat the banks and keep the economy "liquid".' Greece did not have that option.

Varoufakis again: 'While the drachma devalued, these deficits were kept in check. But when it was replaced by the euro, loans from German and French banks propelled Greek deficits into the stratosphere.' To make matters worse, a December

2004 audit of Greek fiscal accounts revealed that its deficit when it entered the eurozone was much higher than reported.

So Greece was ill prepared for the world-wide shock unleashed by the collapse of Lehman Brothers in the USA in September 2008. In Varoufakis's words: 'The credit crunch of 2008 that followed Wall Street's collapse bankrupted Europe's bankers who ceased all lending by 2009. Unable to roll over its debts Greece fell into its insolvency hole later that year. Suddenly French banks faced losses from peripheral debt at least twice the size of the French economy ... If only three per cent of that exposure went bad ... France's top three banks would need a French government bailout.'

The fear was that with Greece's inability to repay its loans 'money men around the globe would get spooked and stop lending to the Portuguese, possibly to the Italian and Spanish states as well ... Overnight, France's main banks would be facing a loss of 19 per cent of their 'assets' when a mere three per cent would make them insolvent.' And France too was in the eurozone and had no central bank but the European Central Bank (ECB) 'created with an express prohibition: no shifting of Graeco-Latin bad debts, private or public, onto the ECB's books ... That had been Germany's condition for sharing its treasured Deutschmark with Europe's riff raff, and renaming it the euro.'

But Germany too was not immune from the 2008 financial crash. 'Imagine [Angela Merkel's] horror when she received a barrage of anxious phone calls: Chancellor, our banks are bust too! To keep the ATMs going, we need an injection of 406 billion euros ... by yesterday!' They got it – and more a few months later. The German banks were exposed to US toxic derivatives and their loans to the governments of 'Europe's riff raff'.

Varoufakis goes on, 'Between them the leaders of France and Germany

had a stake of around one trillion euros in not allowing the Greek government to confess its bankruptcy. After a few weeks they figured out their fib: they would portray the second bailout of their banks as an act of solidarity with the profligate and lazy Greeks.' They brought the International Monetary Fund (IMF) on board so that 'Europeans could be told that it was the international community, not just the EU, lending to the Greeks for the higher purpose of underpinning the global financial system [not] an EU bailout for German and French banks.' And so the troika of the IMF, the European Commission and the ECB, the hammer of the Greeks, was born.

And it was the Greek people who were to pay the price. 'Our 2010 bailout had two pillars: gigantic loans to fund the French and German banks and swingeing austerity...During 2010 to 2012, Greece experienced a stupendous 15 per cent reduction in government spending ...Greece's [national income] fell by 16 per cent.'



Greek Referendum 2015 Demonstrators for "No" in Syntagma Square

In 2012 there was a second Greek bailout - 'a world record extend-and-pretend loan of 130 billion euros was pushed down the nation's throat, almost none of which would go to the Greek state per se... The Greek state's revenues and customs department ...head would now need to be endorsed by the troika and could not be fired without the troika's consent...Privatizations were assigned to an independent authority led by yet another troika-endorsed chairperson, whose motto might best be summarized as "Everything must go!"'

In 2014 Varoufakis made a speech: 'There are 10 million Greeks living in Greece ...organised in around 2.8 million households with a "relationship" with the tax authorities... 2.3 million [households] have a debt to the tax authorities that they cannot service. One million households cannot pay their electricity bill in full... For 48.6 per cent of families, pensions are the main source of income ...What was the 700 euro old age pension has been reduced by about 25 per cent since 2010 and is due to be halved over the next few years. The minimum wage has shrunk (on the troika's orders) by 40 per cent ...Unemployment has risen 160 per cent ...Of the three million people constituting Greece's labour force, 1.4 million are jobless ...[of them] only ten per cent receive unemployment benefit and only 15 per cent any benefits at all ...Household disposable income has contracted 30 per cent since 2010. Healthcare expenditure was cut by 11 per cent between 2009 and 2011 alone, with significant rises in HIV infections, tuberculosis and stillbirths...'

Before agreeing to become the Syriza government's finance minister, Varoufakis laid out what his policies would be - Greece needed 'meaningful debt restructuring. We had to agree that this was the be-all and end-all of a Syriza government. Getting Greece out of debtor's prison was more important than preventing privatizations or any other objective on Syriza's agenda. They agreed ... we could ...finally aim at a small government surplus ...at most 1.5 per cent of national income. This would require sharp reductions in VAT and the corporate tax rate ...to energize the private sector.' With these agreed aims Varoufakis took up his position as Greek finance minister and entered the Ministry 'that would be my crucible for the next 162 days. As I entered the building, a cheer rose from the 50 or so women camped outside: some of the ministry's legendary cleaners, who had been dismissed overnight and without compensa-



Yanis Varoufakis

tion two years before by the previous government. "Don't betray us!" they shouted. "I won't," I replied firmly.' One of his first acts was to give them their jobs back - a move that did not go down well with the troika's representatives.

His efforts to get agreement with the troika on his aims were doomed from the start. As he says: "The creditors did not want their money back. What mattered to them was their authority, and that was being challenged by a leftist government whose success at negotiating a new deal for its country was the creditors' greatest nightmare, as it might give ideas to other Europeans labouring under the same crisis and the same irrational policies.'

Varoufakis had an early baptism of fire and a taste of what was to come. 'On Friday, 30 January, three days after I had assumed the ministry, the president of the Eurogroup [of EU finance ministers], Dutch finance minister Jeroen Dijsselbloem, dropped in. He came with a large entourage that included Thomas Wieser, president of the Eurogroup Working Group and the true power broker within the eurozone...

'I attempted to melt the ice by sharing the words of optimism with which I had closed my inaugural press conference a few days earlier...

“What are your intentions for the Greek programme? Are you planning to complete it?” [Dijsselbloem] asked.

‘I repeated the answer I had given him over the phone: our new government...had been elected ...to negotiate key elements of this programme. His response was abrupt and aggressive. “This will not work!” he declared. I reminded him that when I had given the same answer to the same question three days earlier, he had replied, “This is very good.” Jeroen brushed my reminder aside.. “You do not understand,” Jeroen told me, his voice dripping with condescension. “The current programme must be completed or there is nothing else!”’

In the context of this intransigence, Varoufakis’s ideas for how to solve some of the problems the Greek economy had no chance. One of them was widespread tax avoidance. He had a plan – go all out to catch the major tax cheats, combat tax evasion, halt the roll out of 16,000 video battery terminals of the privatised national lottery designed to rob the desperate Greeks of their last euros, empower the government’s anti-corruption ombudsman, and make it possible for people who had dropped out of the tax system to rejoin and pay back taxes in small instalments. As he says: ‘By offering ...a low tax rate with zero penalties, I expected to replenish the empty state coffers.’

He thought he had the approval of the IMF in the form of Poul Thomsen, who had been appointed in 2010 to head its Greek mission and, in Varoufakis’s words ‘as a reward for his unmitigated failure in Greece ...was promoted to head the IMF’s entire European department.’ Thomsen’s words could not have seemed more encouraging: “...the one thing we would expect of you, in accordance with your own pronouncements, is that you go after the oligarchs, targeting tax evasion in particular.”

Varoufakis thought he had the support of Poul Thomsen for his

debt-swap proposals. Thomsen’s words could not have seemed more unequivocal: “This is fine. But it is not enough. We need an immediate annulment of part of your debt. No swaps, no delays. Just take 53 billion euros and erase it.”

This was just one of many occasions when Varoufakis presented proposals, thought he had approval, spent hours working on them with his highly qualified team, only for those very same individuals to later drop them like a hot brick.

Some of these unnerving volte faces took place within a few minutes. Take Michel Sapin, France’s finance minister – in private, when Varoufakis presented his ideas, ‘Michel’s response was that of a brother-in-arms: “Your government’s success will be our success. It is important that we change Europe together; that we replace this fixation with austerity with a pro-growth agenda. Greece needs it. France needs it. Europe needs it.”’

Together Varoufakis and Sapin went to their press conference. ‘Michel spoke first ...quite suddenly his tone changed. The joviality and comradeship disappeared and were replaced with a harshness more familiar from the other side of the River Rhine ...Greece had obligations to its creditors, the new government would have to honour them... Not a word about ending austerity or adopting public-investment-led pro-growth policies for the good of all Europe... I stuck to my prepared statement... I felt as if I had been punched in the stomach. As soon as we left the press room, Michel instantly switched back to his amicable joviality.’

There was plenty more of this to follow for Varoufakis. He had also to endure the humiliating treatment of him and the Greek nation in the powerful Eurogroup of finance ministers. Again and again he was given the run-around in his search for a solution that would free his

country from the grip of the troika. Crafty politicians played him off against Tsipras and other members of the government.

The troika were determined to cut no slack for the Syriza government, elected to oppose their regime by the rebellious Greeks, in contrast to their behaviour towards previous governments. In conversation with Benoit Coeure, ‘widely regarded as France’s man on the ECB Executive Board’ (who incidentally said of Varoufakis’s debt-swap proposals, “Yes, this might work”), Varoufakis reminded him ‘of what the ECB had done in the summer of 2012 to help the then freshly elected Samaras government... it had raised their credit card limit (in Treasury bills) from 15 billion euros to 18.3 billion in order to enable them to make the repayment then due to the ECB... Frankfurt’s curious position: officially apolitical but in reality playing a key role in European politics.” Indeed; the Syriza government was to be allowed no leeway at all.

Varoufakis is a supporter of the European Union, and his aim was to keep Greece in the EU and the eurozone if at all possible. But if this meant succumbing to more loans and the accompanying brutal conditions, he insisted that Grexit – a Greek withdrawal from the eurozone at least – was the preferable alternative, one that Greece must rather choose, and must be prepared to implement. He drew up practical plans for that eventuality.

The party he represented, Syriza, was split on the matter, with some believing it was vital to stay in the

Jeroen Dijsselbloem



eurozone, and others convinced that Grexit was the only realistic choice. To make matters worse, Syriza's leader Alexis Tsipras turned out to be a weak and vacillating figure, afraid to make tough decisions and easily swayed by certain charismatic figures, particularly Angela Merkel. The book makes clear how unfitted Syriza was for the task the Greek people had elected them to fulfil. The failure to follow the referendum mandate of the Greek people to say no to the so-called Memorandum of Understanding was the final betrayal.

But the real villains of Adults in the Room are the troika and its representatives, and the leaders of the EU countries who, for their own ends, were party to the brutal subjection of the Greek people.

On 20th August Greece emerged from eight years of the loans – and the dra-

conian conditions attached – that the troika had forced on them. However, in January 2019 another round of cuts worth £1.8 billion will be implemented, and Greece remains tied to the troika's fiscal targets until 2060, under the imposition till that time of budget surplus targets of 2.2 per cent of GDP (gross domestic product) or more. Greece has surrendered control over public property until 2114.

During the period since May 2010 the country has taken some 288.7 billion euros in loans, most of it instantly going back to creditors in the form of debt repayments. Greece has lost 25 per cent of GDP. The fiscal straitjacket imposed by the troika has stifled economic growth so that the ratio of debt-to-economic output has risen from 120 per cent of GDP at the start of the crisis to around 180 per cent of

GDP now, by far the highest in the European Union.

The Greek people have not given in. Many thousands have joined in demonstrations and strikes. Argiri Erotokritou, one of the leaders of a union representing health care workers in Athens, explained that tens of thousands of workers for public hospitals have been laid off in the last eight years: "...we want to send a message to the government that exiting the memorandum should also mean the end of austerity. If they want to say that the crisis is over, then we want those jobs back."

A last word from Yanis Varoufakis: 'Austerity is a morality play pressed into the service of legitimising cynical wealth transfers from the have-nots to the haves in times of crisis.'

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

**Options for a soft Brexit fall short, The few versus the many
and EU intransigence - division and weakness in Britain**

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.

UNHAPPY FAMILIES

review by Clare Bailey

Two memorable cinematic families framed 2018 – the Laurent family in Haneke's *Happy End* showing in the UK at the beginning of the year, and the Shabatas in Kore-eda's *Shoplifters*, released at the very end.

The families stand at opposite ends of the social scale – the wealthy Laurent dynasty owns a big construction company in Calais, the Shabatas live hand-to-mouth in cramped conditions in a poor quarter of Tokyo – and the two directors work in very different emotional tones. Yet they ask similar questions about what binds people together in family groups, what these groups are for, what assumptions we make when we talk about parent and child.

One of the early shots in *Happy End* is of the massive collapse of a concrete retaining wall in the foundations of a building under construction by the Laurent family. We see it bulging then buckling and crumbling, and then a great avalanche of earth and rubble. One of the construction workers is killed. For a film in which every human exchange is later seen to be about defending, exerting or extending power, the suggestion that things can collapse is something we keep in mind as we get to know this family and begin to understand what its priorities are.

Anne Laurent (played by Isabelle Huppert) is the hard-working vehicle for the transmission of power in the family. There's no time or place for emotion; her face expresses no feeling except the occasional flicker of impatience when she has to sort out



Happy End

the latest mess her hopeless adult son Pierre has got into. Her father, Georges, who no longer has a role in the company and has nothing left to live for, passes on the family philosophy to his 12-year-old granddaughter Eve, Anne's niece: toughen up, life's hard, get used to it. Eve's mother is dying in hospital at the time.

Haneke's film records the myriad microscopic ways the bourgeois family prepares its members to survive and win. Human impulses that might compromise the defence of privilege are systematically cauterised, the weak are abandoned. It's an anatomy of a loveless society. Eve expresses this most simply and clearly, speaking to her father when he visits her in hospital after she has taken an overdose. Dismissing his mumbled expression of concern, and asking him for one reassurance, that when he leaves his second wife he will take her with him so she doesn't end up in a hostel, she says: "Don't pretend you love me, I know you don't. Not me, nor my mother nor Alex. You don't love anyone."

We see this lovelessness in action most memorably at Anne's wedding to her second husband towards the end of the film when wayward, damaged son Pierre arrives late, bringing with him a group of migrants from the Jungle. Pierre doesn't know Anne has written him out of the company structures as part of a deal her husband-to-be brokers with City financiers in London and thinks there's

still some sort of dialogue to be had with her, some sort of protest or reproach he can make that will have an impact or give him an identity.

Anne's response when he begins to introduce the migrants to the wedding guests en masse is to go up to him smiling, whisper a command to him to shut up – and to break his finger. She's willing to pay whatever the price is for the successful continuation of the company, including the 'castration' and sacrifice of her unhappy son. Pierre, it should be added, is happy enough to live in a flat she provides; he's shackled to the family and its money and his protests are all symbolic. He is a brilliant portrait of what a society capable of long-distance bombing by drone – condemning displaced and traumatised people to a migrant life or tents in Calais if they make it that far – might call domestic collateral damage.

Kore-eda's vision is less pitiless but ultimately no less forensic than Haneke's. The Shabatas are a tightly knit family of five unable to make ends meet even though Osamu has a job on a construction site and Nobuyo works in a laundry; they are one piece of bad luck, one injury away from not managing at all and survive by shoplifting. What they steal is food, and family mealtimes feature prominently throughout the film. Eating together is what they do, when jokes are shared, arguments had, decisions made.

Early on, Osamu and 10-year-old Shota return from a shoplifting outing with Juri, a 5-year-old girl they find shivering alone in the dark on the balcony of a nearby flat. They feed her for a couple of days and then, when they're returning her to where they found her, they overhear a terrible row going on inside about the missing child and a woman's voice shouting she wishes she'd never had her. They decide to keep her. There are the marks of physical abuse all over Juri's body.

Slowly, we begin to understand that relations between individuals in this family aren't what they seem. The connections between them become more complicated and tenuous until we don't know where we are – when the boy Shota refuses to call Osamu 'dad' we assume Nobuyo is his mother and Osamu his stepfather but we're still wide of the mark. The couple – who are not married and are only together because Nobuyo employed Osamu to help her kill her abusive husband – found Shota abandoned and living by himself in a car.

What Kore-eda has created is a makeshift family, people bound together by circumstance and necessity. Survival is easier for each individual if they can combine to look like a family. And yet it's clear from the moment Osamu and Shota bring Juri home with them that what has

also survived in these conditions and against the odds is a human warmth that goes beyond pragmatic calculation and has been asphyxiated in the Laurent family.

Kore-eda is careful never to let this tip into sentimentality: the grandmother figure Hatsue soothes and heals various ills, physical and emotional, but also drives the others mad by cutting her toenails too close to the table and is a skilled extractor of money from her dead husband's second family whom she visits regularly on the pretext of paying her respects to the dead. What we discover on one of these visits is that Aki, the young sex worker and the girl we have assumed is Nobuyo's younger sister, is actually the missing daughter of this most conventional of nuclear families. They cover up her absence by pretending to Hatsue, who has just left Aki back at home, that she's studying in Australia.

By the time Hatsue dies and Osamu and Nobuyo bury her under the kitchen floor so they can continue to draw her pension and not lose the house which is rented in her name, we're on their side. Without passing judgment, we watch them dig the hole, hear them recall as they work how they'd done it before when they had to dispose of Nobuyo's husband's body; filming the scene in detail, Kore-eda evokes in us an

implicated interest in the sheer physical difficulty of the task.

The things that are beautiful are few but they sustain something essential in the Shabatas' shared life – Osamu's undisguised delight after what seems to be an unusual event – sex with Nobuyo; Shota's marble held up in torchlight in the tiny space he sleeps in; and most beautiful of all, a prolonged aerial shot of the upturned faces of the whole family peering out from under the eaves of the house to watch a firework display.

At the end, Shota, hoping for delivery from hardship and unable to bear the task of teaching Juri to steal, precipitates a crisis. A police hunt for the missing Juri tracks her down to the Shabatas' house and arrests follow. The closing scenes are sombre. The police don't recognize the group as a family; what they see are kidnappers, murderers, thieves, con-men, fraudsters on the wrong side of every law you can think of. Words like 'mother' and 'father' become weapons in their hands and the Shabatas' shared life comes to an unhappy end. The final shot is of Juri, returned to her violent home and alone on the balcony again, peering over the top, perhaps looking for Shota.

Haneke's film is a brilliant analysis of the cruelties and hypocrisies, the realpolitik and the theatre embedded in every familial exchange in a society dedicated solely to the preservation of property – a critique as passionate and vivid as those of the great analysts of the bourgeois family such as Honoré de Balzac and Angela Davis. Kore-eda looks at the same society from the perspective of those who own nothing and records instead a creative answer to dehumanisation, something both tough and gentle, a network muscular and canny enough to survive in a pitiless city – but also delicate, tactful, discreet. The Laurent family may own a construction company but the Shabatas are the real builders.

Shoplifters



Paul Robeson

voice of the oppressed

by Brian Durrans

Paul Robeson (1898-1976) was a towering figure, and unquestionably the pre-eminent African-American, in mid-20th century politics and culture. As his blurb on the music-streaming website *Spotify* says, he “excelled as an athlete, actor, singer and activist, qualifying him as a contemporary renaissance man.”^[1] Blacklisted by the US ruling class for his wholehearted solidarity with working people everywhere, Robeson stood his ground. His defiance won admiration even from many who didn’t share his politics. It runs through his matchless bass-baritone voice, his beautifully-enunciated words and the meaning they convey, moving listeners then and now, and confirms him as forever on, and at, our side.

Voice for Socialism

His writer friend Lloyd L. Brown called him “Robeson the Great Fore-runner” for linking the struggle for African-American civil rights with those for colonial liberation and socialism. ^[2] Robeson’s varied talents brought him acclaim in different fields from different audiences, not just in the US but around the world. Rooted in the hybrid tradition of Afro-American folk and church music, he was drawn to local musical forms wherever he went, and his readiness to sing foreign songs in other languages had its own roots in a commitment to learning that he owed to his father, church, teachers and earlier, until her death when he was six, to his mother.

His performances brought not just acclaim but also affection for this artist who one minute sang the tenderest lullaby and the next spoke



Paul Robeson with Moore Shipyard workers, Oakland, singing the Star Spangled Banner

or sang out for the oppressed. He travelled to sing, to share views and learn from others. The longest time Robeson worked anywhere outside the US was for twelve years in London (1927 to 1939), although from there he circulated widely in the UK and elsewhere.

Fenced in and breaking out

Since internationalism was so obviously at the core of his being as an artist and an activist, the State Department’s spiteful withdrawal of his passport for eight years (1951-1958) aroused outrage and sympathy for Robeson himself. The travel ban robbed live audiences overseas of a world-class singer, still in his fifties and in perfect voice. In a dozen countries political discussion was diminished by his absence.

But a long, worldwide campaign to restore his passport ensured that the man, his music and his politics were never forgotten. Shortly before that campaign triumphed there was an electrifying concert at St Pancras Town Hall on the evening of 26 May 1957, courtesy of the first transatlantic telephone cable which carried his voice from a studio in New York. The box office sold a thousand tickets in an hour, and Londoners roared their rapturous reception down the phone.

Extracts from an audio record of the event provide the soundtrack for a striking display in the Communications Gallery at London’s Science Museum, where although the star of the show is supposedly a replica of the cable (which for the first time made possible affordable phone calls between the US and the UK), it is

unsurprisingly upstaged by Robeson himself. Along with such favourites songs as 'Ol' Man River' and 'Water Boy', some visitors may recognise, in the song 'Scandalise My Name', a reference to the anti-Communist witch-hunt out to get him.

Anti-Communist witch-hunt

The House [of Representatives] Un-American Activities Committee (HUAC) aimed to isolate Robeson politically after his speech at the Paris Peace Congress on 20 June 1949, in which he rejected anti-Soviet war-mongering in the name of Black Americans and working people everywhere. The committee subpoenaed supposedly former Communist Party members to confirm on oath – in the event, unconvincingly – that he was also a member. It enlisted baseball star Jackie Robinson to 'scandalise his name' among African-Americans as an unpatriotic American acting as an agent of a foreign power. Robeson retained his dignity throughout these ordeals, and Robinson later retracted:

"[...] in those days I had much more faith in the ultimate justice of the American white man than I

have today. I would reject such an invitation if offered now I have grown wiser and closer to the painful truths about America's destructiveness. And I do have increased respect for Paul Robeson who, over the span of twenty years, sacrificed himself, his career, and the wealth and comfort he once enjoyed because, I believe, he was sincerely trying to help his people." [3]

Facing the HUAC himself on 12 June 1956, Robeson invoked his constitutional rights and turned the tables on his accusers. A transcript of the proceedings is available online [4] and, even better, so is an audio recording of his magnificent testimony, albeit cut short when the Committee tried to limit its embarrassment by suspending the hearing [5].

In an interview published a year later in the influential *Ebony* magazine for October 1957 – sensing an attempt to divert him from subjects closer to the lives of the magazine's largely African-American readers – Robeson ignored a question about Soviet Communists' recent revelations/denunciations of the Stalin period, and instead condemned the hypocrisy of racist senators who urged Black Americans to support

a war with the USSR. Without the presence of Soviet power, he argued, no progress would have been made towards self-determination for the former colonies in Africa and Asia [6]. Given the emergence of predatory neoliberalism since the defeat of the former socialist bloc, Robeson's observation resonates even more strongly today.

[1] *Spotify* lists 136 albums under Robeson's name, including the superb Paul Robeson, *Words Like Freedom* (Freedom Archives, 2008). This album includes the recording mentioned in note 5 below.

[2] In his preface to the 1971 reprint of Robeson's autobiography *Here I Stand* (1958), a book that reflects its author's laudable purpose of recording details of his life to advance the cause to which he devoted it.

[3] https://en.wikipedia.org/wiki/Paul_Robeson_Congressional_hearings. For more details on Robeson's treatment by the FBI and HUAC, see Jordan Goodman's excellent *Paul Robeson, A Watched Man* (2013).

[4] <http://historymatters.gmu.edu/d/6440/>

[5] <https://www.youtube.com/watch?v=kmFjjaFNHko>.

[6] Goodman, cited in note 3 above, p. 265.

Subscribe to The Socialist Correspondent



Keep yourself armed with facts and analysis that you won't find anywhere else by subscribing.

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