

The Socialist Correspondent

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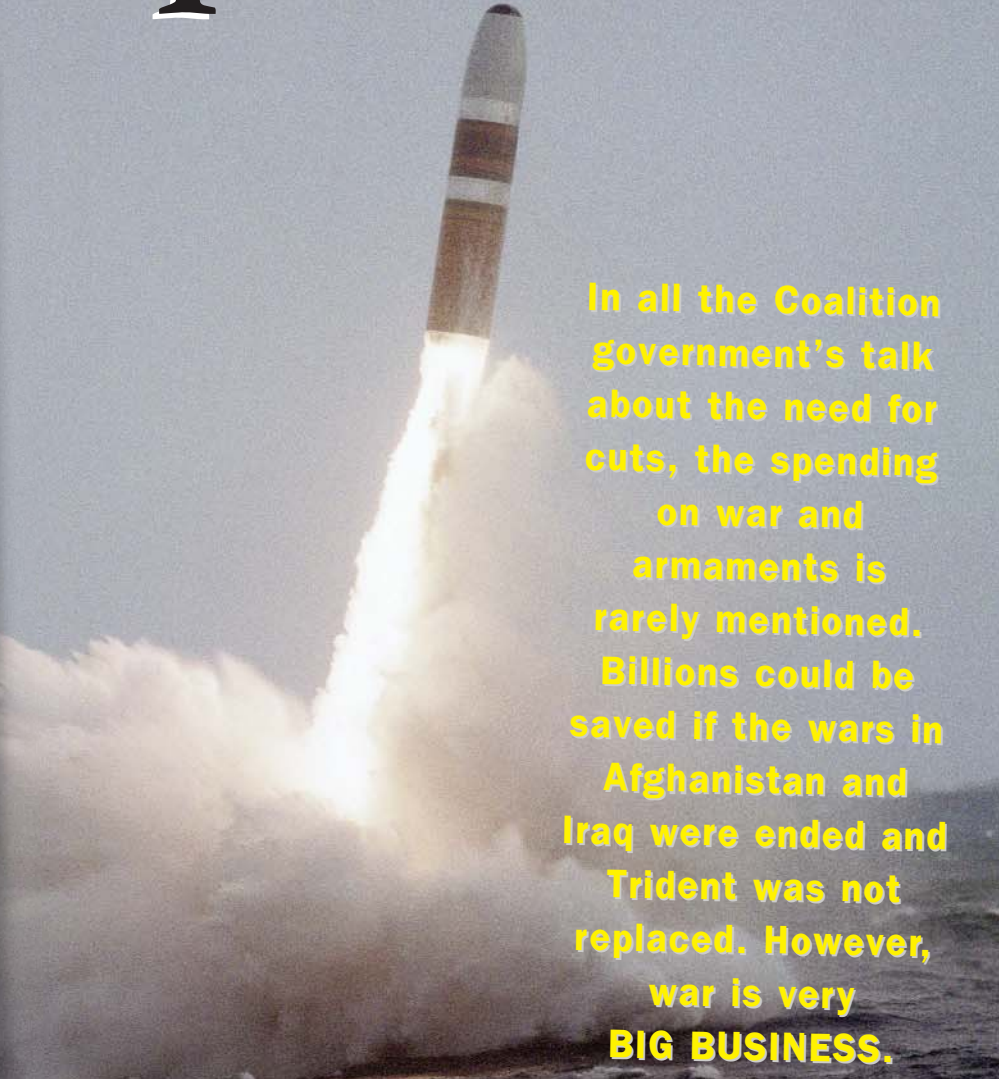
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The Coalition Government has a clear strategy: make the people pay for capitalist greed and the economic debacle and disguise it as giving 'power to the people'. Under the slogan, 'We are all in this together' the multi-millionaire Cabinet are ruthlessly setting about dismantling the tattered social democratic welfare state whilst creating the lowest corporation taxed country in the G20.

National debt

In this issue Les Masters reveals who is making money out of the national debt in his article "The national debt and who is owed what". Interest on the national debt is currently running at £30 billion per annum and it is the financial sector which owns most of the government debt. Those who made vast profits from the boom, some of whom were then bailed out when the bubble burst, are now again profiting from us. As Masters points out, "The finance capitalists – the dominant faction of the ruling class – do not object to government debt, merely one of a size which implies difficulties may arise in servicing it ... for financiers, it is an important source of profits."

Mammon is God

In his article, "Goldman Sachs: Mammon is God", Alex Mitchell



relates the background to the US court case against Goldman Sachs in which it is accused of fraud. The financier "bet both ways on the housing price boom in the USA" and

then got out just in time, unlike RBS and others, and made millions. As Mitchell points out, Marx referred to the capitalist credit system as "the purest and most colossal system of gambling and swindling". He was writing some 150 years ago and the fundamentals of the system have not changed.

Within capitalism companies search

Commentary

for profit paying little heed, and only when forced, to the welfare and safety of the people. Helen Christopher exposes this hallmark of the system in her, "Feast and famine: profiteering from food", where she reports that the number of people going hungry in the world has topped 1 billion. They are not just in the Developing world but "1.3 million New Yorkers, who rely on soup kitchens and food banks" while immense profits are made from the agri-food business.

War is big business

War is another very big business as Alex Davidson shows in his article, "Spending cuts on war rarely rate a



mention". He writes, "In all the Coalition government's talk about the need for cuts, the spending on war and

armaments is rarely mentioned. Billions could be saved if the wars in Afghanistan and Iraq were ended and Trident was not replaced. However, war is very big business."

Coalition of, and for, big business

The Tory – Liberal Democrat Coalition is very much a government of, and for, big business. Martin S Gibson in arguing that the coalition was a pre-arranged pact describes it as "Products of the same class, the same private schools and Oxbridge universities, they are doing what comes naturally to Britain's oldest capitalist parties and what they have done for centuries: duping the working people in the name of national interest."

Baby P

The "cuts" agenda aimed at solving British capitalism's problems at the expense of the people will create more Baby P cases. Instead of 'mending the broken society' (Cameron) the re-organisation/privatisation of schools and the NHS will lead to a greater divide between rich and poor,

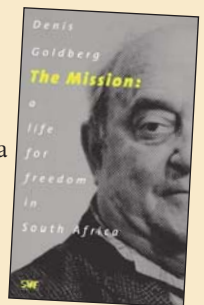
increased unemployment, worse health and more alienation. This will further exacerbate the situation facing social workers, who, as Jane Lindsay writes are "demoralised, anxious and overloaded" and that their "jobs have become unmanageable." In her article reviewing "Sharon Shoosmith and the Baby P case" she argues that there is compelling evidence that Sharon Shoosmith was not treated fairly and furthermore that "social workers cannot cure all of society's ills." The tabloid press will be reporting on more and more tragic cases like Baby P as the cuts deepen and instead of pointing the finger at the real causes and culprits they will target public service workers.

Resistance and struggle

Increasing numbers of workers will be faced with attacks on their jobs, working conditions, health, welfare, standard of living and pensions. Given the softening-up process that has been underway for some time many people may be resigned to their "fate", or so the government hopes. Others will resist. The Tory-Lib Dem government's aim will be to maximise the number of those who succumb by doing all they can to break those who dare to fight back. It will take courage to resist.

Denis Goldberg

An outstanding example of heroic resistance is recorded in the autobiography of Denis Goldberg, "The Mission: a life for freedom in South Africa", here reviewed by the Director of Action for Southern Africa (ACTSA), Tony Dykes. As Tony writes, Denis Goldberg "does not avoid the difficulties and pain encountered in the struggle against apartheid." He also points out that, "it is a moving and inspiring account of courage, fortitude, commitment and actions based on strong personal and political beliefs."



The “national debt”: who is owed what

The “national debt” and the budget deficit loomed large in the coalition government’s first (emergency) budget.

LESLIE MASTERS explains what lies behind the drive to reduce the national debt through huge cuts in public spending.

In May this year, according to the Office of National Statistics, the deficit on the budget was £14.1 billion – down £1.6 billion on May last year.

Net public debt (inclusive of “financial interventions” – bailouts of the banking sector) stood at £903.0 billion – 62.2% of gross domestic product (GDP), compared to £774.0 billion – 55.4% of GDP – at the end of May 2009.

The government has made much of its plans to cut the budget deficit to £20 billion annually by around 2016. This will, of course, involve no reduction in the national debt, since the borrowing required to finance a deficit budget always adds to that debt. Eventually, the government hopes to create a budget surplus – but the amounts involved will pale into insignificance beside the national debt.

Most of this debt is financed by the sale of government bonds and other financial instruments. The primary focus is on Treasury bonds – gilts (from the gold-leaf decorating the margins of the bond certificates).

These bonds have a nominal face value, a published interest rate, and a maturity date. All three of these may vary from one type of bond to another. The interest is paid twice yearly, and the maturation date – often many years in the future (and in some cases, indefinite) – is the date on which the government undertakes to repay the nominal value of the bond.

Interest on the national debt currently runs at £30 billion a year, which demonstrates the scale of the problems facing any government which wants to create a real budget surplus (i.e. one that more than covers interest payments).

Gilts come in two basic forms. Some have a fixed rate of interest (as noted on the bond itself) which reflects the

base rate of interest at the time of issue. “Index-linked” gilts have a variable rate of interest, depending upon changes in the base rate – a particular half-yearly interest payment will therefore reflect the current rate of interest, rather than the rate at the time the bond was issued.

Borrowing to fund the current budget, according to Annex B to the Budget Report, will be covered by, among other things, the issuance of £165 billion in gilts in 2010-11.

Also somewhere in amongst the rhetoric – from both the outgoing Labour government and the incoming “coalition” government – was condemnation of speculation in the financial sector (especially dealings in derivatives – currently the subject of a Senate enquiry in the USA) – and promises to “punish” the sector for its follies.

As revealed in George Osborne’s budget, this “punishment” demonstrated only the extent to which finance capital remains the dominant force within capitalism. The annual levy will bring in an estimated £2 billion. Total government income, excluding borrowing, is expected to run to about £399 billion.

However, far from being opponents of financial speculation, capitalist governments are among its strongest proponents.

In Britain, the face value of Treasury gilts is not the price at which they are first sold to the financial markets. Instead, most of them are sold at auction. The £165 billion in gilts the Treasury intends to issue this year may, therefore, bring the government more than that sum, or they may bring less.

Once placed on the market, government bonds are treated by financial speculators in the same way as company shares and other paper traded for profit, with market prices which fluctu-

ate around the nominal price. This buying and selling of gilts is no more controlled by the government than that of commercial paper.

Furthermore, the government has connived at the growth in speculation in government securities by creating what are called strippable gilts. These are designed in such a way as to allow “investors” to speculate on the individual components of the bond.

For example, if a strippable gilt is issued for 10 years, it can be broken down into its principal (the nominal value) and twenty components relating to the interest – two per year, since the interest is paid twice yearly. Hence, a speculator can buy title to half the interest for one year, then sell this on until the interest payment falls due.

The effect of stripping is to convert one interest-bearing bond into a number of non-interest bearing bonds – 21 in the above case. This is because the separated title to a half-yearly interest payment simply becomes title to the amount of money due on the original, whole bond for that half year. According to the Debt Management Office of HM Treasury, all new issues of gilts will be strippable.

So, to whom does the government owe all this money?

The latest complete set of figures available from the Debt Management Office of H.M. Treasury is for 31 December, 2009.

The nominal value of the gilt portfolio (the face value of all the unredeemed gilts available on the market) was £863.72bn. This had a market value of £796.326 bn. (see table)

Overall, it can be seen that it is the financial sector that owns most of the government’s debt.

The Bank of England holdings arise from its (now-discontinued) inflationary “quantitative easing” programme: the money it printed to hand over to the financial sector was supplied in exchange for government bonds in the latter’s possession. This appears, at least in part, to have been a (now-discontinued) effort on the Bank’s part to maintain demand for gilts.

The overseas owners of British gov-

ernment debt are unknown, though they undoubtedly include foreign governments and corporate investors. Unlike the US government, the British government does not publish these details. Since 2000, overseas ownership of UK government debt has risen from around 10% to its current value of nearly 30%.

According to Anthony Reuben, writing on the BBC website (“Who owns the UK’s debt?”, 26 February 2010), much of this growth in overseas ownership is due to central banks buying gilts – always denoted in Sterling – as part of their foreign currency reserves.

Treasury bills are not included in the above figures. They add another £47.62 billion to the above portfolio. (Less than 5% of the total.) These are short-term instruments (similar to bills of exchange), with maturities of between 3 months and one year. They are not interest bearing.

The large involvement of the insurance companies and pension funds in this market arises from the “safe” nature of government bonds. Thus far, the British government has never failed either to pay the interest on gilts, or redeem them.

Pension funds, particularly, will switch pension contributions from corporate shares to gilts as an individual approaches retirement age – presumably to ensure a reasonably steady (if small) accrual to the fund before it has to be paid out. Note that insurance companies and pension funds do not simply buy gilts and sit on them – they trade them, in the same way they trade corporate paper, in an effort to maximise the yield from them.

It has been argued by some that “we” (i.e., the individuals that make up the population) “own” much of the government’s debt. (See Paul Segal, *The Guardian*, 17 June 2010.)

This argument is based upon the fact that government bonds are purchased with “our” pension contributions, insurance premiums, or bank deposits.

The argument is thoroughly fallacious: an individual who lends his/her money to an investor in any of these ways will do so under the terms of a written agreement which gives them title to the principal of the “loan” (the total sum of money given to the bank, pension fund, or insurance company, whether as a lump sum or in monthly instalments) and any interest accruing thereto. But it does not give them title to the paper which the financial operation purchases with this money. The only “ordinary” individuals who “own” government debt are those who buy premium bonds and other national savings instruments, or who invest directly in gilts – observe from the Table below that nearly £6.4 billion of government bonds are owned by “households”. (Hence the use of inverted commas around “ordinary”). The real owners of the government debt remain – and always have been – the finance capitalists that buy gilts, whether with their own money, or that borrowed from others.

Actually, Mr. Segal appears thoroughly confused as to the origin of the national debt. He believes that the fiscal deficit is so high because “we” are saving more than the private sector is willing to invest in corporate paper.

It is a truism of Marxism – as of any

science – that one should always try to look beneath the superficial appearances. But sometimes, those appearances correspond to the real situation: the national debt arises because the government spends more than it receives in the form of taxes, etc. The size of the fiscal deficit is simply a measure of the gap between government spending and government revenue.

This government has no serious intention of paying off the national debt, only of keeping it at manageable levels.

Government bonds have long been a source of regular (if limited) profit for financial speculators, and it is unlikely that this (or any other capitalist government) would carry out debt reduction policies which would actually make a serious dent in its reliance upon gilts as a source of revenue.

In addition, regardless of the kind of pension scheme(s) they have, neither they (nor the ruling class in general) would wish to see the value of those pensions seriously impacted by downturns in share prices.

Similarly, insurance companies rely heavily upon the underwriters (investors in the insurance sector) to enable them to pay off large claims long before sufficient funds have accrued to the policy on which the pay-out is being made. Gilts provide them with a safe source of income with which investors can be paid.

Speculation on government debt is as old as that debt itself. (See, for example, Marx’s *The Class Struggles in France 1848 to 1850*.) But such speculation may be adversely affected by the

Britain’s “national debt” and who is owed what

	£/bn	%
Insurance companies & pension funds	253.824	31.9
Overseas	224.284	28.2
Bank of England	190.053	23.9
Other financial institutions	81.716	10.3
Other banks	25.042	3.1
Building societies	13.527	1.7
Households	6.383	0.8
Local authorities & public corporations	1.497	0.2
Total	796.326	

Cuts on war spending rarely rate a mention

In all the Coalition government's talk about the need for cuts, the spending on war and armaments is rarely mentioned. Billions could be saved if the wars in Afghanistan and Iraq were ended and Trident was not replaced. However, war is very big business.

ALEX DAVIDSON argues that vast sums of money spent on war and weapons could be cut.

Global military annual expenditure stood at £1.46 trillion in 2008. This represented a 4% increase in real terms since 2007 and a 45% increase over the ten year period since 1999. So much for the so-called peace dividend which was meant to arise from the end of the Cold War.

The United States with its massive spending budget is the principal determinant of the current world trend, and its current expenditure now accounts for 41.5% of the world total. The USA is followed by China (5.8% of world share), Britain (4.5%), France (4.5%) and Russia (4%). The 15 countries with the highest spending account for over 81% of the total. This is shown graphically alongside.

The United States is spending \$7 billion per month on the war in Afghanistan and \$5.5 billion per month in Iraq. The number of US service members in Afghanistan has risen to 87,000. There are a further 47,000 troops from 44 other countries. There

are 94,000 US troops in Iraq.

By next year Afghanistan is to have 102,000 US troops and Iraq will have 43,000. In 2011 the USA is projected

to spend \$117 billion in Afghanistan and \$46 billion in Iraq.

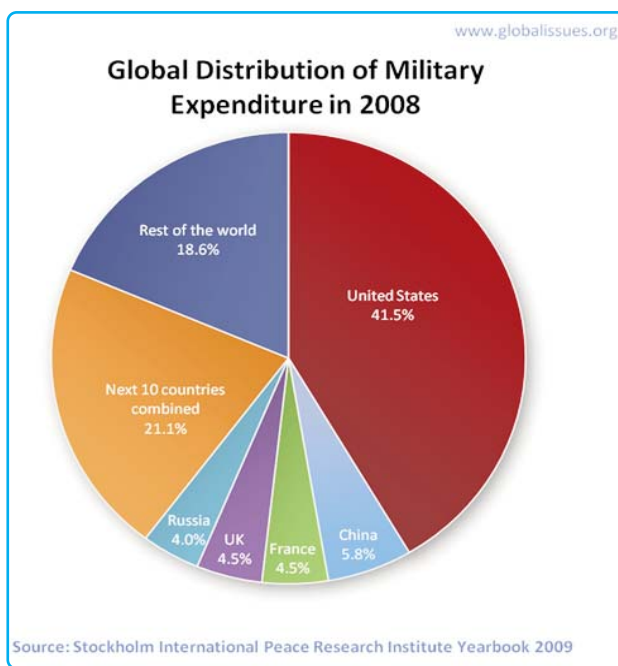
These wars are also costing Britain vast sums of money. Since the 11th of September 2001 attack, military operations, diplomacy and "reconstruction" have cost Britain more than £20 billion. This is on top of the normal Defence budget of £35 billion (2009-10).

BAE

It is the armaments manufacturers who are doing well out of this huge war spending. BAE, headquartered in Britain, is the world's largest arms producer. It makes fighter aircraft, warships, tanks, armoured vehicles, artillery systems, missiles, munitions and much more. In 2008 company sales exceeded £18.5 billion. It has military customers in over 100 countries.

Its focus over the past few years has been on increasing sales to the United States, specifically targeting equipment for the wars in Afghanistan and Iraq. Other export deals include sub-systems for Israeli F-16 fighter aircraft and Eurofighters to the Saudi Arabia regime. BAE also sells its wares to both India and Pakistan.

BAE is the first non-US company to lead the Stockholm International Peace Research Institute's (SIPRI) Top 100 list of the largest arms-producing companies. Following BAE is Lockheed Martin, Boeing,



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The "national debt": who is owed what

size of the debt, and the perceived ability of the government to repay even the interest on the debt, as with Greece.

The finance capitalists – the dominant faction of the ruling class – do not object to government debt, merely one of a size which implies difficulties may arise in servicing it – especially if the government is forced to raise tax revenues from the same source for that purpose.

Hence the Coalition Government's plans to reduce the budget deficit, largely by cuts in public spending – cuts so savage that they have been able to announce cuts in corporation tax also, more than balanced by an increase in VAT, which will impact hardest on those least able to pay.

Other sections of the ruling class, along with the petty bourgeoisie, object to government debt, because it necessi-

tates taxation which impacts directly on their profits (whereas for the financiers, it is an important source of profits).

The loudly trumpeted reduction in the budget deficit (with the implied intention to create a budget surplus at some time in the future) is as much a sop to that significant portion of the Coalition's social support as it is a statement of intent towards the government's main creditors.

Northrop Grumman and General Dynamics (all of the USA).

BAE has been under investigation in many countries. In December 2006 Britain's Serious Fraud Office (SFO) dropped its corruption investigation into BAE's Saudi arms deal following pressure from BAE and the Saudi regime and the decision of the then Prime Minister Blair that it would not be in the "national interest" to pursue the case. However, investigations into the Saudi deals continued in the United States and Switzerland. The SFO continued to investigate other BAE deals in other countries.

In October 2009 the SFO said that it intended "to seek the Attorney General's consent to prosecute BAE Systems for offences relating to overseas corruption" and in January 2010, the SFO charged a former BAE agent with making illegal payments. One week later the SFO and the US Department of Justice settled with BAE Systems, with BAE paying a £30 million fine in the UK and one of \$400 million in the USA.

Trident

Britain spends £2 billion per annum on nuclear weapons. This will rise to £3 billion by 2013. The cost of replacing of the current Trident nuclear weapon system could be more than £76 billion.

The Coalition government has made it clear, despite the Liberal Democrat's pre-election

position, that it will replace the Trident system with a 'like-for-like' system.

The Trident system consists of four nuclear-armed submarines, one of which is on operational patrol, under the seas at all times. Two are in port or on training exercise while the other is being serviced.

The system comprises three parts:

(1) the warheads, which are made at the Atomic Weapons Establishment, Aldermaston and stored at the Faslane base, in the west of Scotland;

(2) the missiles, which carry the warheads, are leased from the United States; and

(3) the submarines, which carry the missiles, are made at Barrow-in-Furness, refitted at Devonport and maintained at Faslane.

Each Trident submarine carries up to 48 nuclear warheads, each of which can be sent to a different target. Each warhead has an explosive power of up to 100 kilotons, the equivalent of 100,000 tons of conventional high explosive. This is eight times the power of the atomic bomb that was dropped on Hiroshima in 1945, killing an estimated 140,000 people.

The current Trident submarines will

begin to reach the end of their service life in 2024. In 2006 the Labour government proposed that they should be replaced. In 2007, in a vote in the House of Commons, 161 MPs voted against the government's motion calling for a replacement to go ahead. This included 56 of the then 62 Liberal Democrat MPs and some Tories.

Liam Fox, Tory Defence Minister, and Nick Harvey, his Liberal Democrat deputy, have excluded a review of Trident from the forthcoming Strategic Defence and Security Review.

In July Liam Fox confirmed that the so-called 'value-for-money' review of the Trident replacement programme would be completed within weeks and would merely look at technical matters.

He said, "the value for money study will be completed by the end of this month, it will then go to the Cabinet Office and then be considered by the National Security Council. The National Security Council's conclusions will inform the SDSR (Strategic Defence and Security Review) which will be published in the autumn."

This could well mean the key decision on finance, which will commit billions on future spending, will take place during the summer when Parliament is in recess, preventing scrutiny by MPs.

The promises of transparency and accountability in the 'new politics' of the Coalition government should leave some Liberal Democrats embarrassed.



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Cameron and Clegg's pre-arranged pact

Prior to Labour's victory in the 1997 General Election, Tory Prime Minister, John Major, invited his main challenger, the then New Labour leader, Tony Blair, to a TV leaders' election debate. Major was lagging well behind in the polls and after 18 Tory years the mood for change was palpable.

MARTIN S. GIBSON reflects on the issues and outcome of the UK General Election on Thursday 6 May.



Cameron and Clegg - shoulder to shoulder - outside the House of Commons in April 2009 supporting the Ghurkas' campaign.

Blair's advisors convinced him that a live TV debate could only benefit Major. They reasoned that with New Labour so far ahead in the polls no amount of adversarial TV exposure would put him further ahead. Major's purpose, they said, was to "damage" him and halt Labour's forward march.

No leaders' TV election debate took place before that May '97 election, nor in 2001, nor in 2005 when Blair was still in charge: all on the sound principle that when you are ahead, you don't debate on live TV.

As we know, the first ever UK leaders' TV debate took place on 15 April 2010, 18 days before the election, all because David Cameron, against strong

advice to do otherwise, endorsed Gordon - I'm so far behind I've got nothing to lose - Brown's approval of a TV debate.

Why? Only David Cameron will really know, but the most obvious answers are: that he had already called for a TV debate and to do a u-turn would be damaging; or perhaps he felt he wasn't far enough ahead in the polls. To avoid the much predicted hung parliament, he may have believed he needed to do more, even run the risk of Brown "damaging" him on the television, to establish an unassailable lead.

If either of these reasons are why he did it, it backfired spectacularly. The only beneficiary of the first ever leaders' TV election debate was Liberal

leader, Nick Clegg, whose poll ratings leapt by at least 10 percentage points.

Cameron's TV debate decision and his election campaign have drawn criticism from many, especially the EU sceptics, within his own party who have never been comfortable with their leaders' "liberal" tendencies.

None more so than the **ConservativeHome** website founder, and former Tory Party staffer, Christian Conservative, climate change sceptic and Cameron critic, Tim Montgomerie. Montgomerie was an advisor to former Tory leader Iain Duncan Smith who is now Secretary of State for Work and Pensions.

This is how Montgomerie analysed things on **ConservativeHome** after the election, "The decision to agree to equal status (in the TV debate) for the Liberal Democrats was the number one explanation for David Cameron's failure to win a majority. The damaging effect of the election debates was predictable and predicted. When, just before Christmas 2009, the Conservative Party agreed terms for the debates, emails arrived in **ConservativeHome's** in box from around the world.

A strategist from Ottawa warned that the debates would be a 'massive boost for the Liberal Democrats'. A leading Republican consultant simply asked 'why risk a winning lead by giving your opponents a lifeline?' And from Canberra; 'Cameron cannot exceed expectation on these debates. They are 90% certain to hurt your election chances.'

If Tim Montgomerie and like minded conservatives in Canada, the US and Australia knew this principle of election TV debates, you can be certain David Cameron and his closest advisors did as well. So is there another explanation, besides the obvious ones?

Hindsight, I'm told, is an exact science. One of its great merits is that it can help make sense of what at the time seems like nonsense. Hindsight has helped work out the real reason why Cameron defied the principle of TV election debates.

Speaking at his General Election

count in the early hours of Friday 7 May, David Cameron declared that, "Labour had lost its mandate to govern." He added that the Conservative Party had won more seats than it had done for 80 years and that the country wanted change.

As for his approach to the now certain prospect of a hung parliament, he said, "And what will guide me in the hours ahead, and perhaps longer than the hours ahead, will be the national interest. To do what's right for our country."

His closing sentence was, "And at all times what I will do is put the national interest first to make sure that we have strong and stable government for our country."

Only a few hours later, outside his home in London, a "disappointed" Liberal Democrat leader, Nick Clegg read a very similar script. He said, "No party enjoys an absolute majority. As I've said before, it seems to me in a situation like this it's vital that all political parties, all political leaders, act in the national interest and not out of narrow party political advantage.

"I've also said that whichever party gets the most votes and the most seats, if not an absolute majority, has the first right to seek to govern, either on its own or by reaching out to other parties. And I stick to that view.

"It seems this morning that it is the Conservative Party that has more votes and seats, though not an absolute majority. And that is why it is for the Conservative Party to prove it is capable of seeking to govern in the national interest."

Both men knew full well that the "custom and practice" in a hung parliament situation, last followed by Tory Prime Minister Edward Heath in February 1974, was that it was the incumbent Prime Minister who had the "first right" to seek to form a coalition government. If that failed, as it did for Heath with Jeremy Thorpe's Liberals, it is then up to others.

What Cameron and Clegg were doing in those early hours of 7 May was telling the country, Gordon Brown and the Labour Party - in coded yet unequivocal language - that they would overrule the precedent and that it would be them - Dave and Nick - who would appropriate to themselves the "first right to govern." This was the first vital step in Cameron's and Clegg's pre-arranged pact: as soon as it became clear there would be a hung parliament, both men would rule out any serious possibility of Brown or Labour figuring in any serious way in coalition talks.

The big question to which they could not pre-arrange the answer was: would their respective party leaderships swallow what seemed an improbable pact?

With the Tories out of government since 1997 and the Liberals since 1931, there was a better than even chance that both parties' leaderships would need little persuading to grab the chance at government - even coalition government.

Cameron especially was hoping that it wouldn't come to that and he'd have a big enough majority to form a Conservative government. The polls, virtually all of them, however, were predicting a hung parliament.

On 11 May, when Nick and Dave's deal went down, BBC Political Correspondent, Gary O'Donoghue, told the country, "It's 2.15pm in the Downing Street rose garden and welcome to the Dave and Nick Show.



"Not quite Eric and Ernie, still less Ant and Dec, but it's what we've got until Thursday 7 May 2015, if the Liberal Democrats and Conservatives have their way.

"Hard to think that these two men were tearing strips off one another as recently as last week. The election campaign saw David Cameron accusing Mr Clegg of holding the country to ransom. Mr Clegg accused the Tory leader of breathtaking arrogance.

"Both sides relinquished some proposals that, if you listened to them in the campaign, you would have thought were imprinted on their very hearts.

"But all that's been ironed out, and they've even been sitting together inside Number 10 doling out cabinet jobs in stereo. New politics? You bet."

What a load of old cobblers. That's exactly what Cameron and Clegg and their spin doctors wanted us to believe: that they were died-in-the-wool enemies who were prepared to set aside their differences in the "national interest."

And new politics? Another travesty of the truth. There is nothing new about the leaders of Britain's two oldest ruling class political parties - whose origins go back to 17th century Tories and Whigs - being in cahoots in the so-

called "national interest." Products of the same class, the same private schools and Oxbridge universities, they are doing what comes naturally to Britain's oldest capitalist parties and what they have done for centuries: duping the working people in the name of national interest.

If you look back at the leaderships of Cameron and Clegg you can see why both men and their parties endorsed the coalition with alacrity and enthusiasm.

After three successive Tory defeats, David Cameron spent much of his four years as leader of the opposition trying to nudge his right-wing capitalist Conservative party more towards the centre, the electorally successful territory commanded by Blair, Brown and Mandelson's New Labour Party.

For his part, Nick Clegg had been trying for over three years to nudge his liberal capitalist party to the right, towards the centre, also closer to New Labour. They were moving toward the same political pole star.

As well as both of them trying to move their parties closer to the successful centre of British politics, the two Blair wannabees must surely have discussed, when they bumped into each other in that private members' club they call the House of Commons, the many other similarities they shared with each other.

Like being born 43 years ago into wealthy and privileged families with royal and aristocratic antecedents. Cameron's dad was a stockbroker, Clegg's a banker. Both were public school boys: Cameron at Eton, Clegg at Westminster School. Later, Cameron went to Oxford, Clegg to Cambridge. And there they both excelled at tennis. Today they are both independently wealthy, economically right wing, keen on rolling back the state, and of course, as sons of Britain's rich and ruling elite, they are committed root and branch to defending British capitalism and imperialism under the guise of "the national interest." Oh, and they hate socialism with a passion.

So rather than being political arch enemies, Cameron and Clegg have so much in common that being in cahoots with each other - unofficially of course - would be the natural thing to do.

Could Cameron's decision for a TV debate therefore have been all about giving Nick - now David's devoted and on-message Deputy - a much needed leg-up?

Before the TV debate Clegg's recognition factor was pretty low. Such is life for the leader of the country's third capitalist party. A couple of days after

the first debate, in a YouGov poll, the Liberal Democrats were on 34%, one point above the Conservatives, with Labour in third place on 28%.

Clegg was on every front page, even the Tory tabloids got in on the act, as pollsters and pundits discussed whether or not he would become the next Prime Minister. His recognition and, most importantly, his political credibility and gravitas had soared overnight. That, as David Cameron's Conservative critics know only too well, was down to the Conservative leader's TV debate decision.

Today Cameron's Conservative critics still think he snatched defeat from the jaws of victory. What, with hindsight, he was doing was anticipating all the options that a hung parliament would present. And chief among Cameron's options to consider was who would he prefer to be his partner in a coalition government: Clegg or Brown? A very like minded LibDem leader keen to shift his party to the right? Or a "Socialist" Prime Minister who was well past his sell buy date and whom he loathes personally and politically. A no brainer really.

And what about Clegg? With whom would he prefer to coalesce? A very like minded Tory leader trying to shift his party into the centre? Or a washed-up Labour Prime Minister whom he also loathed personally and politically? Another no brainer.

My circumstantial conclusion is that they had it all worked out - secretly and unofficially of course - well before 6 May. The similarity of their 7 May scripts was no coincidence in my opinion.

Many among the Liberal Democrats still cannot come to terms with the fact that they are in bed with the party of Thatcher on whom Cameron heaped praise before and after 6 May.

And while Cameron and Clegg were in hung parliament cahoots, Brown was too busy fighting for his life inside and outside the Labour Party. In desperation, when he eventually woke up and smelt the coalition coffee, Brown offered Clegg a deal on the Alternative Vote system for Westminster elections if he would form a Lab-Lib coalition. But that, no matter how sacred electoral reform is to the Liberals, was always never going to happen. Dave and Nick had worked that one out as well, a referendum on the Alternative Vote (AV) system will be held on Thursday 5 May

2011, the same day as English local elections, Welsh Assembly elections and, to the Scottish nationalists' fury, the Scottish Parliament elections.

AV might be electoral reform, but it has little to do with proportional representation, a sacred political cow of the Liberals. AV is still first past the post, which Clegg described before the election as a "miserable compromise." After the election it is manna from heaven.

Inside the Labour Party, PR and

Treasury responsible for implementing the cuts? First it was the right-wing LibDem MP and former banker, David Laws. Much loved by the Tories, he had to resign only days after being appointed in yet another MPs expenses scandal: he tried to conceal that he was in a long term gay relationship.

He was replaced by none other than Nick Clegg's right-hand (no pun intended) man, Danny Alexander. He was Clegg's election chief of staff and his chief negotiator with the Tories who helped put the coalition deal together.

Sharing the blame with the LibDems for imposing the cuts, that's another option the Cameroons may have anticipated when they agreed to give Nick that TV debate leg-up.

And what will Britain's ruling class think of all of this? With a Tory Prime Minister now installed in Downing Street for the first time in 13 years, Britain's ruling elite and their Tory press and media can feel relieved and satisfied that they got the General Election outcome

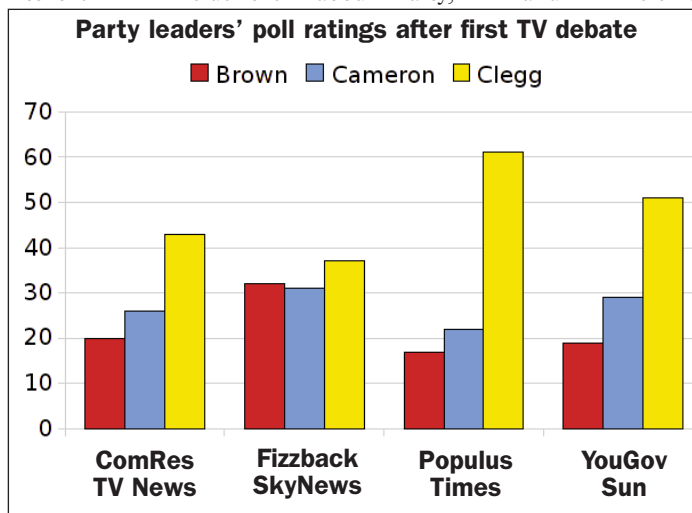
they worked especially hard for since Brown took over from Tony Blair in June 2007.

In addition to a Tory at No. 10, they have a Tory Chancellor of the Exchequer next door at No. 11 who will direct the British economy on their behalf; a Tory Foreign Secretary who will defend their interests abroad; a Tory Defence Secretary who will put Britain's war machine at their disposal; and a Tory Home Secretary who will direct the judiciary and police to keep the country's working class at bay, should it prove necessary. And it might, when the full impact of the Tory-Liberal cuts hits home.

All in all not a bad outcome for a party that failed to deliver a knock out blow and had to resort to a coalition government with another party that failed more miserably than they did. They're not daft these Tories.

This is not to say that the thoroughly capitalist New Labour has not pursued these past 13 years the interests of Britain's ruling class and waged war - Iraq, Afghanistan - on behalf of British and US imperialism. They undoubtedly did.

But no matter how accommodating New Labour was to their vital interests, it was not their party. The Conservative Party IS their party and they wanted them back in power, pure



electoral reform have been a live issue since it became clear two years ago that Gordon Brown would probably lose. Within the Labour movement before 11 May, it was assumed that any future proportionally representative UK parliament would tend naturally towards some form of "progressive" Lab-Lib alliance that would keep the dark forces of conservatism at bay for generations to come.

That's why Brown and Labour were so complacent and so unprepared for what happened in the early hours of 7 May. Strategically they never saw it coming and when it did, they were tactically out gunned by Nick and Dave. From start to finish, they dictated the tactics and got the outcome they had strategically pre-arranged: a Conservative-Liberal Democrat coalition.

The formation of the "Con-Dem" coalition should blow to smithereens any notion of future "natural" Lab-Lib alliances no matter what form of electoral reform

With hindsight, Cameron has achieved what, before the election, seemed impossible. He can impose the worst public spending cuts in living memory and deflect much of the blame for that onto his Liberal Democrat partners.

Who is the Chief Secretary of the

and simple.

As for New Labour's future, well it would seem it will, in name at least, be laid to rest when a new leader is elected in September. However, the decade-long inner-party war that was waged by Brown to oust Tony Blair as Labour leader and Prime Minister, has found a new, milder manifestation in the leadership contest. David Miliband is positioning himself as the standard bearer of the Blairites, Ed Balls, the standard bearer of the Brownites and Diane Abbott as the left candidate. Quite depressing really.

The announcement that Labour Party membership has risen by 21,000 since the General Election will most probably be seen by whomsoever becomes the new Labour leadership as a sign that they are doing the right thing. If that is the case it will be pretty much the same as before and all that will happen is a re-branding exercise: new leader, new logo, old product, old substance: same as always, collaboration with capitalism.

As for the collaborator in chief, Gordon Brown, his position and role as perhaps the dominant figure in the Labour Party for a generation finally came to an end in those wee small hours of 7 May 2010.

But, if truth be told, Brown's dominance came to an end when he became leader of the Labour Party and Prime Minister, victorious at last in his battle with Blair.

The narrative which the Brownites used in their campaign to oust Blair and fulfil what Brown himself believed was his destiny was that he was "more of a socialist", more left-wing than the right-wing Blair.

Blair, so the Brownite narrative went, was a public school boy, the son of a Conservative Party organiser - Leo Blair, who did become a devout Catholic at university: whereas Brown was steeped in Scottish Presbyterianism and the left wing traditions of the Scottish Labour movement and left-radical student politics of the 1970s. As student Rector of Edinburgh University he published the "revolutionary" Red Paper on Scotland.

Even the Tory press helped stoke this anti-Blair fire in the hope of a Brown victory sooner rather than later. For different reasons the Tories also wanted "a socialist" in No 10. First, it would rid them of "Tory" Blair - as some on the left dubbed him - their three-time election nemesis who personally and politically commanded the electoral territory that once was theirs. Second, it would enable them to concentrate all



David Miliband: standard bearer for the Blairites.



Ed Miliband: David's brother and the candidate designed to take votes, especially trade union votes, from Balls.



Diane Abbott: "left" candidate who was nominated by David Miliband in order to get on the ballot paper.



Ed Balls: standard bearer for the Brownites.

their fire on a real "tax and spend, old Labour" Prime Minister.

But like the fox in Aesop's fable, Brown never lived down the treachery of which many inside his own party believed he was guilty against his erstwhile best friend, fellow founder of New Labour and party leader. It is said of Brown, that he had more enemies

inside the Labour Party than he had outside.

From the time he became Prime Minister, the Blairites never gave him a moment's rest. After two failed attempts to remove him, the Blairites finally called an uneasy truce when Brown re-called from exile in the EU the biggest Blairite of all - Peter Mandelson - and gave him almost as much power as he wielded himself.

But it was all too late. The world financial crisis and Brown's 10 years as Chancellor of the Exchequer toadying to British finance capital; Labour's energy-sapping divisions; and especially the British ruling class's post-Blair determination to regain political power for their number one party of capitalism, the Conservatives, was all too much for Brown and Labour to overcome.

But having been ahead in the polls for at least two years and with the Tory media backing them to the hilt - including Murdoch's **SUN** - the Conservatives still failed to land the knock out blow. But for Cameron's pre-arranged pact with Clegg, and his own strategic ineptitude, Gordon Brown may well have clung on to his Premiership.

Except in the true blue Tory heartlands of England, there is still a deep-seated fear that the Tories are a Thatcherite wolf in sheep's clothing.

Nowhere was this anti-Thatcher feeling felt more strongly than in Scotland. Such was the Tories' dismal result that Scottish Conservatives have been locked in a perpetual post mortem since 6 May, trying to fathom out what went wrong and who to blame. Rumours are rife that Scottish Tory leader, Annabel Goldie MSP, will be removed come the autumn conference season.

Deputy Scottish Conservative Party leader, Murdo Fraser MSP, is reported, at a private meeting in June of 100 party leaders and activists, as describing the party as so "toxic" that even when they try to woo voters all they succeed in doing is "mobilising the opposition rather than increase the Conservative vote."

At the same meeting, the Scottish Tories' failure to connect with young people and the "poisonous legacy" of Thatcher were cited as among the main reasons for the party's poor showing north of the border.

As our election results page (page12) shows, other parts of the country also voted Labour and LibDem most prob-

Continued on page 15

**UK
General
Election
Results
-
Thursday
6th May
2010**

	Seats	Gain	Loss	Net	Votes	%	+/-%
Conservative	307	100	3	+97	10,726,614	36.1	+3.8
Labour	258	3	94	-91	8,609,527	29.0	-6.2
Liberal Democrat	57	8	13	-5	6,836,824	23.0	+1.0
Democratic Unionist Party	8	0	1	-1	168,216	0.6	-0.3
Scottish National Party	6	0	0	0	491,386	1.7	+0.1
Sinn Fein	5	0	0	0	171,942	0.6	-0.1
Plaid Cymru	3	1	0	+1	165,394	0.6	-0.1
Social Democratic & Labour Party	3	0	0	0	110,970	0.4	-0.1
Green	1	1	0	+1	285,616	1.0	-0.1
Alliance Party	1	1	0	+1	42,762	0.1	+0.0
UK Independence Party	0	0	0	0	919,546	3.1	+0.9
British National Party	0	0	0	0	564,331	1.9	+1.2
Ulster Conservatives and Unionists - New Force	0	0	1	-1	102,361	0.3	-0.1
Respect-Unity Coalition	0	0	1	-1	33,251	0.1	-0.1
Others	1	1	1	0	321,309	1.1	0.0
Turnout	650				29,691,380	65.1	4.0

ENGLAND North West

	Seats	Change	Share%
Labour	47	-13	39.5
Con	22	+12	31.7
LibDem	6	+1	21.6
UKIP			3.2
Swing	4.3% from Lab to Con		

SCOTLAND

	Seats	Change	Share%
Labour	41	0	42
LibDem	11	0	18.9
SNP	6	0	19.9
Con	1	0	16.7
Swing	0.1% from SNP to Lab		

ENGLAND North East

	Seats	Change	Share%
Labour	25	-1	43.6
Con	2	+1	23.7
LibDem	2	+1	23.6
BNP			4.2
Swing	6.8% from Lab to Con		

N. IRELAND

	Seats	Change	Share%
DUP	8	-1	42
S. Fein	5	0	25.5
SDLP	3	0	16.5
Alliance	1	+1	6.3
UCU	0	0	15.2

ENGLAND Yorkshire & Humber

	Seats	Change	Share%
Labour	32	-9	34.7
Con	18	+10	32.5
LibDem	3	-1	23.0
BNP			4.4
Swing	6.6% from Lab to Con		

WALES

	Seats	Change	Share%
Labour	26	-4	36.2
Con	8	+5	26.1
LibDem	3	-1	20.1
P. Cymru	3	+1	11.3
Swing	5.6% from Lab to Con		

ENGLAND East Midlands

	Seats	Change	Share%
Con	31	+12	41.2
Labour	15	-11	29.8
LibDem	0	0	20.8
UKIP			3.3
Swing	6.7% from Lab to Con		

ENGLAND West Midlands

	Seats	Change	Share%
Con	33	+15	39.5
Labour	24	-14	30.6
LibDem	2	0	20.5
UKIP			4.0
Swing	6.3% from Lab to Con		

ENGLAND Eastern

	Seats	Change	Share%
Con	52	+10	47.1
LibDem	4	+1	24.1
Labour	2	-11	19.6
UKIP			4.3
Swing	0.8% from LibD to Con		

ENGLAND South West

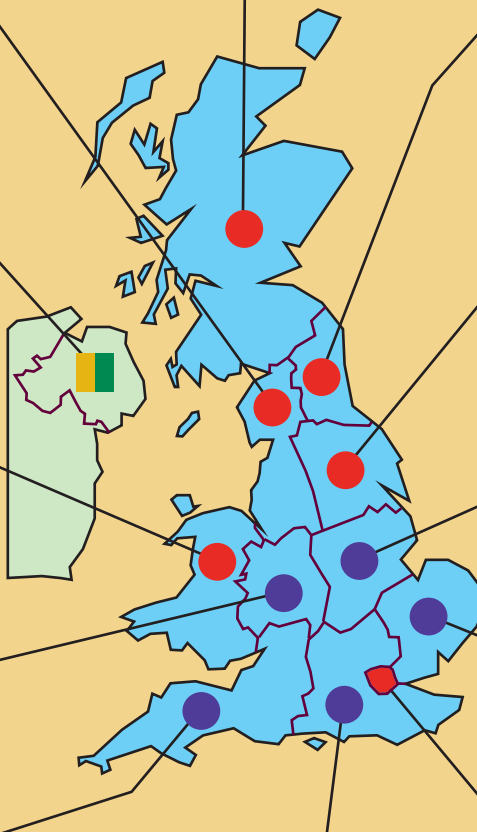
	Seats	Change	Share%
Con	36	+11	42.8
LibDem	15	-3	34.7
Labour	4	-8	15.4
UKIP			4.5
Swing	1.0% from LibD to Con		

ENGLAND South East

	Seats	Change	Share%
Con	75	+14	49.9
LibDem	4	-2	26.2
Labour	4	-13	16.2
Green	1	+1	4.1
Swing	2.0% from LibD to Con		

ENGLAND London

	Seats	Change	Share%
Labour	38	-6	36.6
Con	28	+7	34.5
LibDem	7	0	22.1
UKIP			1.7
Swing	2.5% from Lab to Con		



China and the USA: partners or rivals?

The most recent issue of *Foreign Affairs* (May/June 2010), the quarterly journal of the US. foreign policy establishment read by all policy makers and policy influentials in Washington D.C., concludes with a lead essay on China.

Dr. PAUL SUTTON reports.

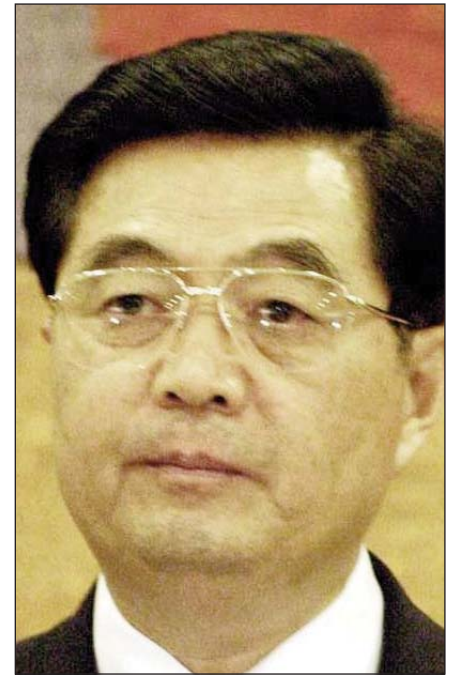
That journal makes the following observation: “the very fact of China’s rising economic and military power will exacerbate US – Chinese tensions in the years ahead. To paraphrase Mearsheimer [a leading US academic who several years ago wrote of the inevitability of military conflict between China and the US] the United States, the hegemon of the Western Hemisphere, will try to prevent China from becoming the hegemon of much of the Eastern Hemisphere. This could be the signal drama of the age”.

This conclusion is contrary to the expectations both of the Obama Administration when it took office, which in the words of US Secretary of State Hillary Clinton on a visit to Beijing in February 2009, spoke of “opportunities for us to work together unmatched anywhere in the world.”

And the views of former Secretary of State Henry Kissinger and former National Security Adviser Zbigniew Brzezinski, that China and the US should jointly share with each other the burden of global hegemony, as expressed in the concept of ‘bigemony’.

This being loosely defined as the joint exercise of political, economic, cultural and ideological power over others, with or without their consent, ultimately backed by overwhelming military force.

The concept of ‘bigemony’, of course, reflects the swift rise to economic power by China in the last thirty years. It is set at the end of this year to overtake Japan as the second largest economy in the world after the US. It is also,



Hegemons or Bigemons?

US President, Barack Obama and People’s Republic of China President, Hu Jintao

after Japan, the largest creditor to the US, owning some US\$755 billion of US government bonds in a total portfolio of foreign exchange earnings estimated at more than US\$2.3 trillion.

On the other hand, the US is the second largest market (after the EU) for Chinese exports and US corporations are a major investor in Chinese industry. Some 400 of the Fortune 500 top US corporations have investments in China and one consequence of the recession is that US corporations such as General Motors have been selling more vehicles from their Chinese based factories to the growing middle class of that country than vehicles made in the US to US consumers.

‘Bigemony’, then, presumes a shared global interest between China and the US based on growing economic interdependence. Its most concrete expression is the annual Strategic and Economic Dialogue, established in 2009, which explore matters of mutual interest in bilateral talks between the most senior Chinese and US officials.

The first, in Washington D.C., was attended by Hillary Clinton, US Treasury Secretary Timothy Geithner, Vice Premier Wang Qishan and State Councillor Dai Bangou. The same persons were present this year in Beijing and the same range of extensive topics were covered including economic, environmental, political, social and security issues.

The final communiqué, reflecting the earlier words of President Hu Jintao, spoke of fostering a “positive, co-operative and comprehensive relationship” between the two (echoing the remarks a year earlier of President Obama which called for a “positive, constructive, and comprehensive relationship”).

But the achievements of both meetings were modest and underscore the differences between the two, which have grown more pronounced and have occasioned a more sober evaluation of the prospects for ‘shared interest’.

In reality, there is growing competitiveness between China and the US reflected in three key areas: economy,

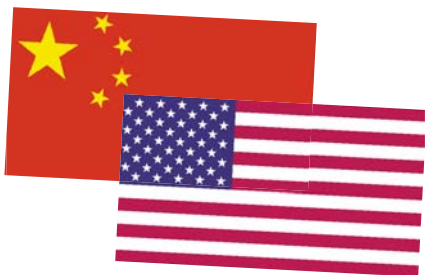
natural resources, and security.

Economics

In economics, the major issues of difference are finance and trade. The Chinese are under constant pressure to either float the renminbi yuan or revalue it upwards by between 15% to 30% against the US dollar, which would have the effect of making Chinese goods more expensive in the US market and reduce the value of Chinese US dollar reserves by the same amount.

Needless to say the Chinese are opposed to both and the sensitivity of the subject is such that it is only indirectly raised in direct talks between the US and China.

It was, for example, glossed over



when President Obama visited China in November last year, the only commitment then made by China being a vague intention to move towards a more market-oriented exchange rate over time. In the meantime, China has quietly sought to protect itself against the threat of a weaker dollar by selling some US\$32.2 billion worth of US bonds last December.

On the other side the US has sought to protect itself from the massive trade deficit it regularly runs with China. This amounted to US\$227 billion in 2009, some 60% of its total trade deficit.

Under pressure from the US Congress the government has invoked WTO rules to impose tariffs on a variety of Chinese products including steel pipes, paper and vehicle tyres in 2009 (earlier, among other measures, it sought to protect Louisiana shrimpers against Chinese competition, now ironically of course put out of business by corporate America in the form of the BP oil slick in the Gulf of Mexico!).

Needless to say such actions render common action on economic issues by the US and China at the global level very difficult and impels both parties to seek to negotiate individual trade agreements with select countries, most recently in Asia for China and in Latin America for the US.

Another area of competition is for natural resources. China is set to

become second to the US as the world's largest importer and consumer of oil at the end of 2010. It is the world's leading consumer of aluminium, lead, nickel, zinc, tin and iron ore.

The demand for these products is driven by China's massive industrialisation in recent years and a growth rate that comes close to or exceeds 10% per annum.

Natural Resources

First and foremost China has sought to secure resources or secure transit for energy from its immediate neighbours. This includes soon-to-be-completed pipelines for oil from the Caspian Sea and natural gas from Turkmenistan, which cross Uzbekistan and Kazakhstan and terminate in Xinjiang (China's troubled Muslim province).

Other countries with natural resource potential include Mongolia, the Russian Far East, Myanmar, Cambodia, Vietnam and Laos. However, these presently cannot supply demand and so China has had to engage with the Middle East for oil (which provides some 58% of its oil needs, much of it from Saudi Arabia and Iran).

Further afield, it has become a major investor in Africa, particularly for strategic materials.

Collectively, this drive for resources has led China to adopt what the US National Intelligence Strategy report for 2009 terms "an increasingly natural-resource focused diplomacy" which brings it into potential conflict with the US.

One area where this has been seen is differences in policy toward Iran. Another is the Sudan and Zimbabwe. A current and future area of contest will be South East Asia, the Koreans and Japan. Here China has been seeking to secure its sea-lanes (vital for oil imports and goods exports) against the threat of US interdiction by building up its navy and securing access to bases and ports in the region.

Inevitably, this challenges the long-established US naval supremacy in the region, and weakens US influence over allies such as Singapore, the Philippines, South Korea and Japan. It could even lead, as suggested in the Foreign Affairs essay, to a substantial withdrawal of US naval power from the area and its reconfiguration in Oceania, which would then become the new line of defence for the US in the Pacific.

Security

The third area is security. For China this is expressed, above all, in the return of Taiwan to the nation. This

remains a major goal of Chinese policy which it says it will pursue peacefully, but militarily if necessary.

In respect of the former it has sought to bind the Taiwanese closer to it by encouraging tourism (around half a million mainland Chinese visit the island each year and three-quarters of a million Taiwanese live for part of each year in mainland China) and through encouraging investment on the Chinese mainland by Taiwanese companies (some US\$6.6 billion in non-financial direct investment in 2009, nearly double that of the US and second only to Hong Kong).

In respect of the latter, China continues to oppose any moves toward international recognition of Taiwan as a sovereign nation and any attempt to improve its defence forces (to which the US is bound via the Taiwan Relations Act of 1979).

As such, and notwithstanding the well-established US policy of commitment of US forces to Taiwan in the face of threats or invasion, the announcement by the Obama administration in January this year of the sale of US\$6.4 billion worth of military equipment to Taiwan by US companies was regarded as very provocative and strongly condemned in Beijing.

Additionally, as noted earlier, China is building up its navy and has more than 1.6 million soldiers in its army, although these have only a limited capability to operate beyond China's immediate borders.

The armed forces are very well represented in the Chinese Communist



Party and senior officers are influential in policy. In particular, they are the principal supporters of a strong nationalist stance in foreign policy and from time to time have given voice to strong anti-US sentiments, including theoretical speculation about the inevitability of future conflict with the US.

How are we to judge this possibility? Ultimately it comes to the question in the opening paragraph about whether China is deliberately, or otherwise, seeking to dominate the Eastern Hemisphere. Officially, Chinese policy denies any hegemonial ambition.

Deng Xiaoping explicitly did so in an address to the UN General Assembly in 1974 and only last year the Chinese defence ‘white paper’ stated: “China will never seek hegemony or engage in military expansion now or in the future, no matter how developed it becomes”.

But then neither did the US officially claim it was seeking hegemony in the Western Hemisphere in the Nineteenth Century! However it was soon to emerge as the pre-eminent power in the region and it did so on the basis of the most rapid economic development in the second-half of the Nineteenth Century the world had till then seen. A feat matched only by China in the last 30 years.

There are then parallels. Mearsheimer also deploys them in his book *The Tragedy of Great Power Politics* (2001) where he draws an analogy with pre-First World War Germany under Kaiser Wilhelm II and imperial Japan prior to World War II to see China drawn into conflict with the US.

But there are also differences. The preponderant weight of China in Asia is not so disproportionate as the US in the Western Hemisphere given the size and development of India, Japan, Indonesia, or Russia for that matter.

China is still a long way behind the US economically, with an economy only one third the size of the US economy and a per capita income one sixth of it. There are serious structural weak-

nesses in the Chinese economy that need to be addressed if rapid economic growth is to continue, including dependence on foreign investment for much of its export trade, especially in sectors employing higher technologies.

Added to which is the weight of Chinese history, symbolised by the Great Wall, in which policy is inward looking, buttressed by the acknowledgement of tributary status by neighbouring states, but not seeking direct control over them. And while Chinese military forces are large, they are not fully modernised.

The US may therefore be wrong in seeking to blunt any Chinese drive for hegemony since its exercise in Asia is yet to be unambiguously demonstrated. It is certainly wrong in seeing it as a partner as expressed in the concept of ‘bigeminy’, or a ‘G-2’ as it is also

known. But it is not wrong in seeing China as a rival. China, however, is not a rival in the sense that the Soviet Union was a rival, if only for the fact that China is no longer a communist country, even if led by a Communist party. It is in essence an authoritarian capitalist state.

It is here where the dangers of conflict lie and here where the parallels of Mearsheimer should be borne in mind. The rivalry of great capitalist powers is an established fact and as the US slowly loses its economic pre-eminence and ‘super-power status’ the prospect of global instability increases.

The US still stands above all others, but it is well to remember that a great power in decline can have as much ambition as a great power on the rise. Think of the much-touted UK Foreign Office slogan that Britain ‘punches above its weight’ in the world.

In short, the issue is as much about how the US comes to terms with others over its relative decline as it is as about the intentions of its rivals.

In the meantime the international system is likely to be marked out for greater competition between countries than at any time since the Second World War, with all the attendant risks and conflicts this inevitably brings.

The need to explore a new internationalism among peoples in such a situation becomes an ever more urgent issue on any emerging socialist agenda.



Shanghai



New York

Continued from page 11

Cameron and Clegg’s pre-arranged pact

ably out of a fear that the “toxic” Tories might return. Those fears are now reality and completely justified as George - Gideon - Osborne and Danny Alexander reveal bit by bit, day by day the extent of the public spending cuts they have been contemplating behind The Treasury’s closed doors. They even set hares running of bigger cuts - 40% according to some sources- than anticipated to soften us up for cuts of “only” 20% or 25%.

Cutting into the bone of Britain’s public services and welfare state provi-

sion is causing deep angst among many Liberal Democrats who believe their Clegg leadership has betrayed them and sold out to the party of Thatcher.

This year’s autumn party conference season will be interesting especially for the LibDems as their conference is perhaps the only one of the big three that still retains some semblance of real debate and decision-making over party policy.

The LibDems’ conference will, among other things, be about how well Clegg and his fellow government min-

isters can quell the mounting criticisms of the “Con-Dem” coalition government’s eye watering cuts that will find their way on to the conference floor in the form of critical motions.

As this LibDem revolt rolls on, as it will, questions will arise about how and in what form can the “Con-Dem” coalition last its promised five years? And, if it does not, what will emerge from the rubble when it collapses? That’s anybody’s guess at the moment. With the help of hindsight, we will be able to answer that question as well.

Feast and famine: profiteering from food

For the first time the number of people going hungry in the world has topped 1 billion. This includes the 1.3 million New Yorkers who rely on soup kitchens and food banks, a city where half of families with children have difficulty putting food on the table.⁽¹⁾

HELEN CHRISTOPHER looks at the global food industry and how Tesco, Asda and Walmart are restructuring their businesses to make even more billions from food.

Across the globe, lack of clean drinking water and access to adequate sanitation kills 5000 children every single day.⁽²⁾ Alongside this the food industry is becoming bigger, more complex and has more resources at its disposal than ever.

Its objective, however, is not to use this power to address the violation of this most basic of our human rights – the right to life – and the physical and emotional suffering which are a consequence. It is a more profitable enterprise to airfreight foodstuffs from places where people are starving to places where there is plenty (even if not everyone in those countries gets to share this over-abundance).

In a cruel and ironic twist massive resources are devoted to producing processed foods and snacks laced with addictive flavourings, fats, salt and sugars. From a young age now we are trained to expect a constant supply of instantly gratifying non-nutritious stuff. Whilst capitalism ignores the starving it is also feeding the obesity epidemic which threatens the health and life-expectancy of people in the developed world.

This is not new, the origins of industrially produced food can be traced back to the advent of the industrial revolution itself. One of the most powerful exposés of the food industry was Upton Sinclair's novel of 1906, *The Jungle*, which deals with the lives of immigrant workers in the Chicago stockyards.

The misery of the workers lives and the stomach-churning descriptions of their work in the meat processing factories even 100 years later makes eating a sausage quite a challenge.

However, the latter part of the last century and the beginning of this have seen an acceleration in the application of technological and industrial processes to the production of food, including



genetic modification. This has combined with the post-Soviet, neo-liberal re-colonisation of the world to make the agri-food industry an important area for imperialism's development.

Increasingly land, productive resources and processes are being controlled by giant companies which are growing in size, market-share and the diversity of their operations. One measure of the rise in free-marketeering in agriculture has been the decline in the proportion of development aid going to agriculture from 17% in 1980, to 3.8% in 2006.⁽³⁾

Farmers who grow GM produce are using a technology owned by someone else, they cannot re-plant seeds from the crops they harvest, but need to keep buying them from the company that owns them. They have lost control of a fundamental part of their means of production to transnational corporations.

In the UK it is well known that the power of the big food retailers (of course they sell much more than food now) puts the squeeze on farmers and drives out small businesses, turning once thriving shopping areas in cities into unsavoury wastelands populated

by boarded up premises and pound shops. Tesco has 30% of the retail market for groceries in Britain⁽⁴⁾ in other words, one in three pounds spent on food in Britain is spent in a Tesco.

Companies such as Tesco and Walmart, which owns Asda, are very far from simply being retailers and are increasingly developing control of the production and supply of what they sell.

Walmart is re-structuring globally to cut out the middle-man by creating four global merchandising centres based in different countries that will source directly from producers. In this way it is hoping to save billions of dollars.⁽⁵⁾ That is billions of dollars for Walmart not for consumers or farmers.

A powerful illustration of this vertical integration is provided by Cargill, one of, if not the, most powerful agri-food companies in the world. It started out nearly 150 years ago as a grain trader.

Now, among other things, it:

- Is the world's largest trader in cocoa and sugar and is its largest corn processor
- Merchandises cotton and produces pork and egg products
- Produces chemicals and products such as fertilisers, soya based plastics, 1000 types of salt and plant sterols
- Supplies animal feed
- Owns a huge infrastructure of mines, plant, warehouses, ships etc.⁽⁶⁾

Including Cargill, just four companies, three US and one French "dominate global flows of agricultural raw materials".⁽⁷⁾

Agri-food businesses have done well for themselves in recent years. Cargill, saw its profits rise by 157% between 2006 and 2008 and the second largest ADM also saw its profits rise in the same period by 200%.⁽⁸⁾ Indeed in the current financial crisis investors moved into this area of business as a safer bet

for their cash. This had the effect of inflating food commodity prices, the profits of food companies and returns to investors, while more and more people went hungry.

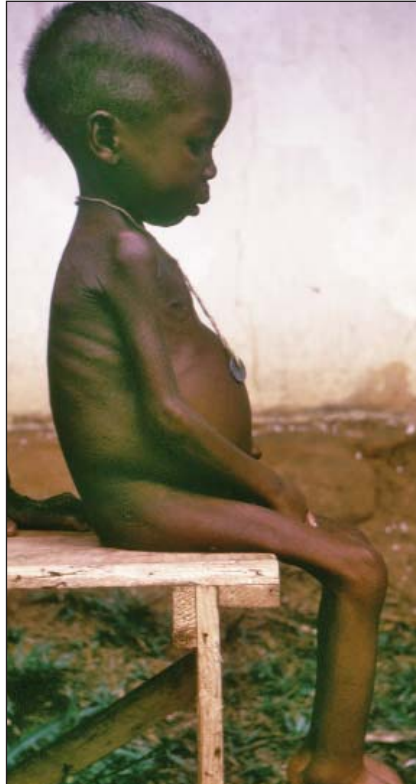
A consequence of this is that there have been food riots in several countries across the world. Whilst foreign direct investment mostly slumped during the financial crisis, in food it held up.⁽⁹⁾

Once upon a time colonialism happened through the occupation of other countries and Britain infamously had an empire on which it was said by some that the sun never set and by others that the blood never dried. In the latter half of the 20th century countries gained their independence and the domination of the world by imperial powers was enacted through other means, including economic and military power, threats and sanctions.

This of course still continues, taking harsher and less subtle forms. Now, however, we are also seeing an increasing trend towards foreign interests buying land in other countries for agricultural production.

By 1996 the Japanese owned 12 million hectares of land in other countries, which is three times the amount of arable land in Japan itself. In 2008, responding to record highs in food prices and the opportunity to profit, private companies began to look for land to purchase, particularly in Africa.

These included Chiquita, Daewoo



A late 1960s photograph in a Nigerian relief camp shows a young girl who was, during the Nigerian-Biafran war, suffering from severe dietary protein deficiency.

and Lonrho.⁽¹⁰⁾ Business interests in countries such as Saudi Arabia, South Korea, India, China and South Africa

are purchasing agricultural land across that continent to produce rice for their domestic markets. The UN estimates that 30m hectares (an area well over the size of Britain) was acquired by outside interests in the developing world in the first half of 2009 alone.⁽¹¹⁾

We are experiencing a staggering growth in the monopolisation and integration of food production and distribution, with trans-national companies and imperialist powers developing technologies and taking more control of the processes and means of production. This is something that affects us all from farmers in Ghana to consumers in Britain.

FOOTNOTES:

1. The Big Apple is Hungry – The Economist 16/1/10
2. Enough is not Enough – The Economist 22/5/10
3. UN links climate change with hunger, Javier Blas - FT.com 16/11/09
4. Cash and carry, Felsted and Jenkins – FT.com 19/7/09
5. Walmart aims to cut supply chain costs, Jonathan Birchall - FT.com 3/1/10
6. Agribusiness: All You Can Eat, Blas & Meyer – FT.com 18/5/10
7. Ibid
8. The great global land grab – www.redpepper.org.uk 7/11/09
9. United Nations World Investment Report 2009
10. The Dragon's Gift – Deborah Brautigam Oxford University Press 2009
11. The great global land grab – www.redpepper.org.uk 7/11/09

Argentina's World Cup squad support the Mothers of the "disappeared"

The banner says that the members of the Argentine football team support the call for the Mothers of the Plaza de Mayo to be awarded the Nobel Peace Prize.

They are the mothers of young men and women who "disappeared" during the Dirty War carried out by the Argentine Military Junta between 1976 and 1983.

An estimated 30,000 "disappeared", were killed, because they were socialists, communists, trade unionists, community organisers, students or activists who opposed the military dictatorship. One day a week between 1977 and 2006 the Mothers, now grandmothers, walked around the Plaza de Mayo in Buenos Aires demanding to know what had happened to their children.

They even did this during the dictatorship and for their bravery three of the mothers also "disappeared".



Goldman Sachs: Mammon is God

The motto of the United States of America, which appears on dollar bills and in the anthem *The Star-Spangled Banner*, is “In God We Trust”.

ALEX MITCHELL looks at the fraud charge pending against the investment bank.

In his 1954 study of the Great Crash of 1929, the economist J K Galbraith echoed these words with one of his chapter headings: “In Goldman Sachs we trust”.

During the 1920s, Goldman Sachs had sold risky investments to the general public – the sort of people we now call ‘retail investors’. They are folk hoping to strike it rich by putting money into speculative schemes.

As America emerged from the First World War, its rapid growth meant company values were on the rise prompting people to buy today in order to sell at a higher price tomorrow.

Ever since those Roaring ‘Twenties, men and women have periodically been persuaded by the prospect of quick returns to gamble in the stock and foreign exchange markets.

In the Noughties even apparently sensible Japanese housewives bet on the ‘carry trade’, to turn a profit on the differences between currencies. The urge to profiteer has fuelled an ‘anything goes’ ethic, summed up by the phrase, from the film *Wall Street*, ‘Greed is Good’.

In 2007, Goldman Sachs, a top investment bank, bet both ways on the housing price boom in the USA. This gamble has resulted in the bank being accused of fraud by the US Securities and Exchange Commission.

It had made a deal with a hedge fund (that is, a professional gambler) called Paulson & Co, named after its founder, to offer securities linked to mortgage repayments to investors. These securities, or derivatives, were backed by the repayments expected from sub-prime borrowers and therefore involved a higher risk of default.

Investors, at that time, considered the risk to be bearable as long as the price boom continued. Moreover, lenders (banks and mutuals, as building societies are known in America) could look forward to making a profit repossessing the homes of borrowers who could not maintain their repayments since the value of the property would now be much higher than the mortgage.

The investors buying securities could also expect a tidy profit even when these were based on sub-prime loans. Once house prices began to fall, however, the cash machine went into reverse, leaving investors and banks facing massive losses instead of hefty gains.

Goldman Sachs was employed by



Goldman Sachs Tower in Jersey City, New Jersey.

John Paulson to help market a portfolio of collateralised debt obligations (CDOs), which they called Abacus, that were correlated to the value of sub-prime mortgage linked securities.

But at the same time Goldman – and Paulson – were predicting these securities would lose their value as the housing boom peaked and the related market for CDOs would dry up.

They managed to offload most of the portfolio onto other banks, including the Royal Bank of Scotland, which had been investing heavily in real estate for several years under its boss Fred Goodwin, who possessed a not inconsiderable appetite for risk.

Meanwhile Paulson, in connivance with Goldman Sachs, placed bets, known as credit default swaps, that the securities would lose value. As it turned out Goldman was just in time.

Today those securities are valued at only one percent of the original \$10.9 billion they were supposedly worth. The bank still made a loss of \$90 million on the Abacus portfolio, because they did not manage to sell all of the CDOs, but this was partially offset by the \$15 million fee paid them by Paulson.

RBS, Dutch bank ABN Amro and others who had failed to anticipate the ‘correction’ in the housing market

On 16 July, the US Securities and Exchange Commission (SEC) fined Goldman Sachs \$550m (£356m) to settle civil fraud charges of misleading investors.

The charges concerned Goldman's marketing of mortgage investments as the US housing market faltered. The SEC, the US finance watchdog, said it was the biggest fine for a bank in its history.

The UK's Royal Bank of Scotland, which is now 84% owned by the UK taxpayer and lost about \$840m in investments, will receive \$100m compensation.

German bank IKB Deutsche Industriebank will receive \$150m. The terms of the settlement are subject to approval by a US federal judge.

reportedly lost at least one billion dollars on the deal and several later went bankrupt.⁽¹⁾

Paulson profited handsomely, making \$3.7 billion in all from betting on the collapse of the housing market in 2007, of which a quarter came from the Abacus deal with Goldman.⁽²⁾

Goldman Sachs are pleading that they did nothing wrong and claim that the charges are politically motivated. Indeed, the bank's chief executive Lloyd Blankfein told *The Sunday Times* in November 2009 that he was just a banker "doing God's work".

He may well convince the judges. After all, if you place a bet at the bookies on Horse A winning there is nothing to stop you going around the corner to another betting shop to place another bet that the same horse will lose.

Whether this makes sense depends upon the odds being offered. This is called hedging your bets and allows professional speculators to manage their exposure to the risks associated with their 'investments'.

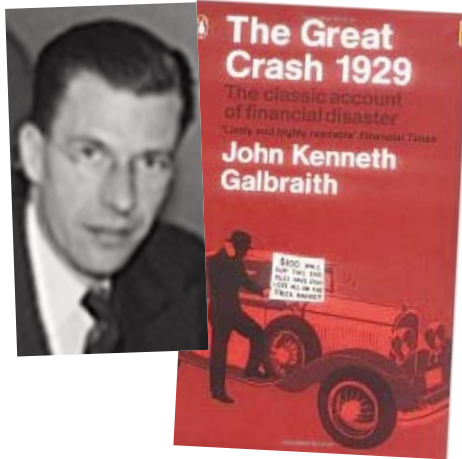
Frank Partnoy, a professor in law and finance at the University of San Diego, pointed out in an article in the *Financial Times* that Citibank, Deutsche Bank, J P Morgan, Lehman Brothers, Merrill Lynch and Union Bank of Switzerland all made similar plays.

US prosecutors are also investigating Morgan Stanley in a parallel case.⁽³⁾ These transactions are not so much immoral as amoral. An amoral society is essentially a trustless society in which people do not co-operate, they contract. What matters are the terms of the contract, not some philosophical conception of what is right or wrong. Professor Partnoy contends that deals of this sort "fit the letter of the law but violate its spirit."⁽⁴⁾

Cases tried under Anglo-Saxon legal systems, as in the USA or England, often hinge on technicalities. Judges do not rule on the overall merits of a case, or on the strength of the evidence and the reliability of the testimony offered by witnesses (as a jury does), but look for technical infringements of statute or procedure on the part of the litigants.

This in turn undermines public power, because state regulators and prosecutors frequently lose cases on such technicalities. It explains why financial services regulators were "asleep at the wheel" while banks exposed themselves to mounting debt, which, once one domino fell, almost brought the system down in 2008.

It explains why US federal enforcement of environmental safeguards in



off-shore oil and gas extraction was so feeble prior to BP's deepwater blow-out in the Gulf of Mexico in April.

In the UK, the Office of Fair Trading lost an important case last year over the fairness of bank overdraft charges on a point of law; and, in 2008, the OFT paid supermarket chain William Morrison £100,000 in damages for saying that the supermarket, along with others including ASDA, Sainsbury's and TESCO, had engaged in price-fixing for dairy produce; Morrisons successfully convinced the court that it had only colluded in the pricing of milk, and not for cheese and butter.⁽⁵⁾

State regulators know that the companies they are supervising will sue or seek judicial review and their case had better be 110 per cent watertight before they take on a large corporation.

Capitalism is a system. It is not a being with ambitions, values or fears. There is no god in capitalism except Mammon. It is a collection of profit-seeking organisations operating within the frame of bourgeois law, in which the judiciary has little loyalty to the people but reveres instead 'the Rule of Law', an abstraction that serves to conceal the exercise of class power. An amoral system is not grounded in any absolute value or any sense of democratic accountability to give its operations legitimacy. Capitalism has long preyed on people's misplaced hopes that the racket will somehow win them riches.

Now largely unconstrained for two decades, capitalism has been moving along an aberrant development trajectory whereby finance capital dominates the economy.

Marx noted this potential as early as the 1860s. "Through the banking system, the distribution of capital is removed from the hands of the private capitalists and usurers and becomes a special business, a social function.

Banking and credit, however, thereby also become the most powerful means for driving capitalist production beyond its own barriers and one of the most effective vehicles for crises and swindling."⁽⁶⁾ Marx wrote these words following the financial crisis of 1857 during which New York's banks closed for two months.

Marx added: "the credit system appears as the principal lever of over-production and excessive speculation in commerce ... [and] accelerates the material development of the productive forces and the creation of the world market, which is the historical task of the capitalist mode of production to bring it to a certain level of development, as material foundations for the new form of production. At the same time, credit accelerates the violent outbreaks of this contradiction, crises and ... the purest and most colossal system of gambling and swindling."⁽⁷⁾

Galbraith, of course, meant his chapter heading as an ironic reference not only to divine Providence but also upon the word 'trust'. "During 1928," Galbraith explained, "an estimated 186 investment trusts were organised [to sell securities to the public]; by the early months of 1929 they were being promoted at the rate of approximately one each business day ... [and] by the autumn of 1929 the total assets of the investment trusts were estimated to exceed eight billions of dollars."

He went on to describe the "magic" of leverage that accompanied this surge of speculation in company shares and government bonds (bonds issued by the Kingdom of Yugoslavia, for instance, being especially prized). Galbraith's conclusion was that "a feeling of trust is essential for a boom ... Speculation on a large scale requires a pervasive sense of confidence and optimism and conviction that ordinary people were meant to be rich."⁽⁸⁾

It is thus rooted in the 'American dream' – a dream that is all the stronger in a situation that denies people collective power over their destiny. But every so often the system fails and confidence is undermined. Such a time has come around once more.

FOOTNOTES:

1. Reuters, 16 April 2010.
2. New York Times, 16 April 2010.
3. The Guardian, 13 May 2010.
4. Financial Times, 19 April and 12 May 2010.
5. OFT Press Release of 23 April 2008.
6. Karl Marx, *Capital – A Critique of Political Economy* Volume 3, Penguin 1981: p.742.
7. Marx, *Capital* Volume 3: p.572.
8. J K Galbraith, 1961, *The Great Crash 1929*, Penguin: pp. 75 and 187-188.

Sharon Shoesmith and the Baby P case

Following the sad death of Baby P and subsequent publicity surrounding the sacking of Sharon Shoesmith, the British Association of Social Workers (BASW) advice line has been busier than ever.

JANE LINDSAY is a British Association of Social Workers (BASW) Advice and Representation Officer. This article by her was first published in the BASW journal.

Social Workers are saying that they are demoralised, anxious and overloaded. Their jobs have become unmanageable. These are highly committed social workers who care for the children on their caseloads.

The recent vilification of Sharon Shoesmith and the social work profession by the press, general public and politicians has once again demonstrated a society that is blind to the complexities and dangers that social workers face every day.

The ‘hidden cruel boyfriend’, seemingly evident in the Baby P case, is a feature in most inquiries into child fatalities. Social workers do not have extraordinary powers to detect these unsavoury characters. They do not have lie detectors or 24 hour camera surveillance at their disposal. It can be impossible to protect children from these devious people.

As a profession social workers desperately need a sea change in the media coverage that portrays the challenges faced. If social workers are not supported to do their jobs, there will only be a small trickle of them left to do this harrowing work, and the number of Baby Ps will rise significantly.

I was therefore heartened to read the *Guardian* article on the 7 February on the plight of Sharon Shoesmith. It offered clear evidence of the failings of the Ofsted report commissioned by Ed Balls in the aftermath of the convictions around Baby P’s death.

In my view this evidence is as follows: the report was completed in two weeks instead of the normal three months; Ms Shoesmith was not given an opportunity to respond to the report; it singled Haringey out for using agency staff, when this is common in all

the authorities in London; it highlighted the fact she chaired the Serious Case Review, when this is also commonly done by directors of social work throughout London.

What is more, we know that on two occasions the legal advice that the council sought prevented social workers from taking this child into care. Quite simply, Ms Shoesmith was damned from the outset as Mr Balls set about bowing to the demands of the gutter press to have her head, something the *Guardian* article alluded to by allowing

Ms Shoesmith understood how much pressure her social workers were under and, in my view, did her best to support a department that was target-driven and under-funded. To be judged, derided and vilified by the media is both cruel and heartless. She is right to call Mr Balls “reckless”...

Ms Shoesmith, at last, a right of reply.

However, my positivity about the paper’s coverage was shortlived, as despite the compelling evidence that Sharon Shoesmith had not been treated fairly, the *Guardian*’s editorial still offered a damning verdict on her, referring to the serious shortcomings she presided over and inferring that her sacking was acceptable, echoing the views of Mr Balls and the gutter press.

Ms Shoesmith is more a victim of the shortcomings of Mr Balls department than her own failings. Children’s Trusts

were introduced following the death of Victoria Climbié to help safeguard children by encouraging joint working. Yet in a report published in late 2008, the Audit Commission concluded that children’s trusts were not working. A key plank of government policy hasn’t succeeded, yet Mr Balls made no mention of this in his response to Baby P.

Sharon Shoesmith readily admits that she did not handle the media well and under an intense media spotlight failed to convey a message she has now made clear – that parts of our society are fragmented and dysfunctional and that whatever the extent of our efforts, children will continue to be at risk from members of their own family, and occasionally, tragically, some of them will be killed. Social workers cannot cure all of society’s ills.

She along with every social worker in Britain was horrified and saddened by the death of Baby P. The real culprits in this were those directly responsible for the boy’s death – three devious and cruel people. The trial into the kidnapping of Shannon Matthews demonstrated how devious some parents can be, with the media, police and wider community all duped by the child’s mother, Karen Matthews.

Most people failed to believe that any parent could be so despicable. Yet social workers are often confronted by parents who do not have their children’s interests at heart and it is sometimes miraculous that they do manage to protect a great number of children from such dangers.

Ms Shoesmith understood how much pressure her social workers were under and, in my view, did her best to support a department that was target-driven and under-funded. To be judged, derided and vilified by the media is both cruel and heartless. She is right to call Mr Balls “reckless”, for by his actions the former Secretary of State is responsible for leaving our profession more depleted than ever.

The revolving door is now busier than ever with new social workers in and out of the profession quicker than a Saturday afternoon shopping at John Lewis. And who can blame them?

A life for freedom in South Africa

“Life! Life is wonderful!” said Denis Goldberg on the 12 June 1964. This was the sentence, instead of death as requested by the prosecutor, passed on Denis and seven of his comrades, most famous of them and accused number 1 in the now famous ‘Rivonia’ trial, Nelson Mandela.

TONY DYKES* reviews Denis Goldberg’s autobiography, “The Mission: a life for freedom in South Africa.”

Denis thought of calling his book “Life” but in deference to the memory of murdered colleagues has called it *The Mission: a life for freedom in South Africa*.

This is a personal story in which you feel you are not only being spoken to directly by the author but in part reliving the experience with him. It is a moving and inspiring account of courage, fortitude, commitment and actions based on strong personal and political beliefs.

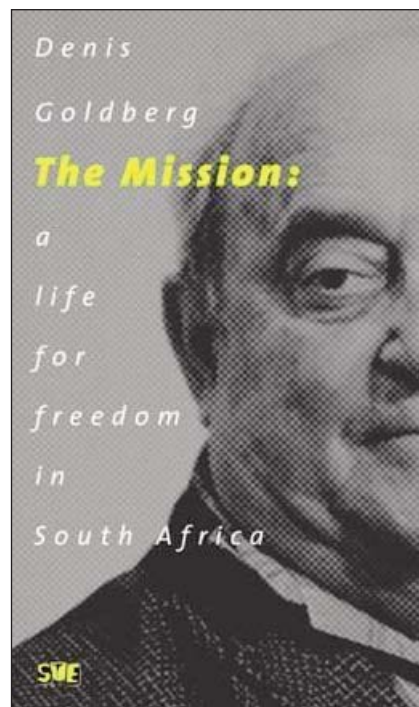
In talking of his own life and experiences, his actions and reactions to events Denis provides context, insight and comment. He does not avoid the difficulties and pain encountered in the struggle against apartheid.

His parents, active communists, were clearly influential in the development of his beliefs and politics.

Denis studied civil engineering. His belief in racial equality and activities made him an outsider with fellow white students. After a decade of activism Denis was first arrested in 1960 during the State of Emergency following the massacres of Sharpeville and the banning of the ANC and other organisations. He served 4 months preventative detention. His mother was arrested at the same time.

With increased repression and inspired by the emergence of independent nations in Africa, by the war against the French in Algeria and the Cuban Revolution the African National Congress (ANC) and South African Communist Party (SACP) set up Umkhonto we Sizwe (MK) – the Spear of the Nation as a separate armed wing yet accountable to the liberation movement.

Denis argued for the armed struggle, “there was no doubt in my mind that in



apartheid South Africa a principled war of liberation was necessary” and joined MK. He was on the organising committee of the first military training camp in South Africa. As well as his beliefs, his discipline and commitment Denis also had practical skills from his engineering background to offer the armed struggle.

He is clear that an armed liberation struggle has to be a political struggle and derive legitimacy from the support it freely receives from the mass of the people if it is to succeed.

Denis admits it is hard to talk about his prison experiences, “when I think about it I find it difficult to speak”. He does write openly and honestly about life in prison, “everyone in prison has some or other habit that others will find irritating”.

He is also humorous and recounts after one encounter with officials and when he thought he had won the argument he went to storm out of the room only to realise he was still in prison and the door was locked.

The impact of prison is especially pronounced when there is no prospect of release. He was serving four life sentences and was told by prison officials he would only leave prison in a coffin.

He was released in 1985 after serving 22 years. He goes into the process of his release at some length. He clearly felt he had to justify his release, after a mere 22 years!

He did not seek release. He was aware that others began seeking it, when he had served nearly 20 years. He did not authorise these approaches nor did he stop them.

He sought assurances that the leadership of the ANC approved, supported or at least accepted he may be released. He recognises and accepts the discipline of the struggle. He concedes that aged 52 he would not be a soldier any more and found that more difficult than agreeing to be part of the armed struggle. He is clear that the prospect of release does not change his beliefs, “I wanted to continue to be part of the struggle against the apartheid regime”.

He was released but on condition he left South Africa and initially he had to go to his daughter in Israel. Denis found some of this experience difficult and makes his support for the cause of the Palestinians evident.

As a former prisoner Denis dedicated himself to serving the ANC and building international solidarity mainly based in London with considerable travel. He developed in particular strong friendships with people and groups in Germany which remain today.

He is frank about living again with his wife, Esme, the burdens and difficulties she had to bear and his continuing commitment to the overthrow of apartheid. He recognises that his decision to support and engage in the armed struggle meant suffering and sacrifice not just of himself but of those he most loved. In 1994 he decided to stay in London and not return to South Africa for family reasons.

He wanted to develop mass mobilisation in support of democratic South Africa. He is critical of the emphasis (initially) for ACTSA, as the successor to the Anti Apartheid Movement to be an organisation lobbying government rather than a community mobilising organisation.

With the endorsement of Nelson Mandela and support of activists in the UK he established in 1995 Community Health Education and Reconstruction Training (Community H.E.A.R.T). It was subsequently also established in Germany.

Esme died in 2000. He is fulsome in praise for her contribution to the liberation struggle. In 2002 he married Edelgard and in 2002 partly for health reasons moved back to South Africa, initially as Special Adviser to the Minister for Water Affairs and Forestry, Ronnie Kasrils.

Denis found the experience partly enjoyable and partly frustrating. He had practical knowledge and skills to offer.



But he was frustrated as he felt his talents, experience and ability were not fully utilised and he had a similar experience when the ANC was preparing for power.

He describes getting the data, doing the analysis, proposing action with little results. "I found it distressing that economic development was held back by what I believe to be a lack of political decisiveness".

Denis remains active, in his community, in the Western Cape promoting the work of Community H.E.A.R.T and the importance of music and art to promote personal and community



27 March 2009: Denis receiving, from former President, Kgalema Motlanthe, the South African National 'Order of Luthuli in Silver' award "for his commitment to the struggle against apartheid and service to the people of South Africa."

development which is a recurring theme throughout the book. There is a need for emotion and culture in the fight for a better, more just and sustainable world.

Denis reflects on the impact of injustice on the people of South Africa and elsewhere, "I come to the conclusion that our exploitative society, Apartheid in particular has damaged all of us". He is clear why liberation came, "In the end, apartheid South Africa was bankrupted by trying to maintain itself in the face of our multi-pronged sustained attacks of political, trade union, international isolation and military action against the system."

He recognises that ending apartheid was a great triumph achieved through the sacrifice and efforts of many. He also recognises that although there has been political transformation and much has been achieved there has not yet been socio-economic transformation of South Africa nor yet have the barriers in mind and heart been overcome.

Denis has though no time for those who say nothing has really changed in South Africa, "I am appalled by the widespread negativity that prevails in our country and abroad in relation to how much has been achieved".

Denis writes "ordinary people of integrity can become extraordinary defenders of democratic rights". Denis

is clearly an extraordinary activist in pursuit of democratic and economic freedom and rights.

He and his family have made great sacrifices and an enormous contribution to a democratic, non racist and non sexist South Africa. He continues to inspire people today including youth and students ACTSA take to South Africa. His mission, his life is the struggle for freedom, democracy, development, rights and justice.

The book is accompanied by a free DVD with footage of Denis's life and work. If you know of Denis you will want to get hold of this book. If you don't this is a most accessible and moving account of an extra-ordinary life.

It is a significant contribution to increasing awareness of the struggle against apartheid and for freedom. It should inform and resonate with those too young to have participated in that struggle.

*Tony Dykes is Director of Action for Southern Africa (ACTSA).

Dennis Goldberg: The Mission: a life for freedom in South Africa, 426 pages plus a free DVD, is published by STE publishers in South Africa.

Available from:
Community HEART, c/o UNISON,
6th Floor, Sunlight House, Quay St,
Manchester, M3 3JZ.

The Grenada 17 are all finally released

On 5 September 2009 the last seven of the Grenada 17 were released after 26 years in prison.

PAT TURNBULL reports on Grenada's 1979 revolution and the events that led up to the US invasion in 1983.

The Grenada 17 were imprisoned after the US invasion of their island in October 1983. For five years 14 of them were under sentence of death. The US aim was to teach the rest of the Caribbean what would happen to those who attempted revolution.

Grenada and the Grenadines, Carriacou and Petit Martinique, lie in the Caribbean Sea, close to the coast of Latin America. They are just 133 square miles in area with a population of about 100,000.

Richard Hart, writing in 'The Grenada Revolution: Setting the record straight' (Caribbean Labour Solidarity and the Socialist History Society, 2005) says this: "Nonetheless, the Grenada Revolution is one of the most remarkable and inspiring events ever to have occurred in the turbulent history of the Caribbean."

Richard Hart, a Jamaican lawyer and historian of the Caribbean, and an activist with experience going back many decades, was the Civil Service Attorney General for the Grenadian revolutionary government in 1983, having gone to Grenada as Legal Adviser the year before. He knew the revolution's leaders and saw events from the inside. By a stroke of good fortune he managed unrecognised to catch a plane out of Grenada after the US invasion.

Popular Revolution

The almost bloodless overthrow of Sir Eric Gairy, the Grenadian Prime Minister, on 13 March 1979, was very popular.

Caribbean Contact, the monthly newspaper of the Caribbean Conference of Churches, wrote in April 1979: "Grenada's Triumph over its 'long night of terror' with the creation of the Provisional Revolutionary Government (PRG) was last month the cause for jollification and people's soli-

darity rallies throughout this region and in West Indian communities in Britain and North America. Now there's a new feeling in the air, a sense of liberation."

The revolutionary party, the New Jewel Movement (NJM) had drawn up their manifesto in summer 1973 at the 'People's Congress' attended by over 10,000 adult Grenadians. The programme was for Village and Workers Assemblies.

Bernard Coard, the Deputy Prime Minister and Minister for Finance, and one of the last seven prisoners to be released in 2009, says this: "And yet ... it must be honestly stated that the actual timing and nature of the 'Assemblies' which emerged during the four years and seven months of the Revolution, starting in its earliest months and blossoming at an amazing speed throughout these years ... happened virtually 'accidentally' – in its initial stages with the masses of the working people 'inviting themselves' to our NJM Party delegates council meetings and doing so in such numbers as to cause this structure to be transformed ..." ('Grenada: Village and Workers, Women Farmers and Youth Assemblies during the Grenada Revolution', London, Karia Press, 1989).

Parish Council meetings of the NJM, became simply Parish Council Meetings of the people of the parish. The organisers had to find the largest halls and " 'truck in' hundreds of conference chairs from night to night around the island'. So many people were attending the parish meetings that within months they had to be split into Zonal Parish Council Meetings. At the same time meetings took place of Workers, Youth, Women and Farmers Parish Councils or Assemblies to discuss national and specific issues. At these meetings all major government

initiatives, including the budget and important new legislation, were submitted for public discussion. The National Transport Service, for example, was born there. Bernard Coard continues: 'And many roads, drains, main water pipes, sewage disposals, feeder roads for farmers, health and maternity clinics, etc. got repaired or installed or constructed ... as a direct consequence of the interaction of the masses in the Assemblies with the politicians, civil servants and state managers.'

Grenada is mainly agricultural. There was a boom in the export of fruit and vegetables to Trinidad. It was hoped to export fruit, vegetables and even flowers further afield once a new airport had been built which could cater for jet-engined planes.

The government set up a Marketing and National Import Board to give farmers a more certain market for their crops and control prices of essential imports.

Nutmegs were Grenada's main export crop. Because of a fall in the world price of nutmegs in 1982 they were worth only one fifth of what they had been worth five years previously. In February 1983 Prime Minister Maurice Bishop (pictured) negotiated a favourable nutmeg trade agreement with the Soviet Union.



Workers' education classes, which were voluntary but for which time off work was given, gave people chances to upgrade their knowledge and understanding. There were adult literacy initiatives. The previously fee-paying secondary school system was made free.

Primary school teachers were given opportunities to upgrade their skills.

Cuba helped its Caribbean neighbour with workers to help in various projects and doctors and dentists to help develop free clinics in the rural areas. People came to help from other Caribbean islands as well.

However, in the second half of 1982, disillusionment was beginning to appear among the people. Richard Hart explains the problem as he sees it: "Economic conditions had improved considerably under the revolutionary regime. However, the revolutionary leaders had created popular expectations which could not possibly be fulfilled over a short period of time. They had failed to explain that, given Grenada's low economic base of poverty and limited resources, many years would necessarily elapse before expectations of prosperity could be fulfilled."

Leadership

The loss of popular enthusiasm worried the Central Committee of the NJM. And at the same time problems arose with the leadership. Maurice Bishop, Prime Minister and immensely popular figure among Grenadians, and an inspiring speaker, was not very organisationally efficient, and sometimes found it difficult to make decisions.

Richard Hart says: "In September 1982, Bishop described his style of leadership of the party as being "by consensus". He used to hold informal consultations with his comrades before making up his mind. Unfortunately however, as Maurice himself observed, it too often happened that 'decisions were taken outside of the CC'."

Bernard Coard, his Deputy, was extremely efficient and well organised; he was also outspoken in criticising inefficiency, even of Maurice Bishop himself. This resulted in some members of the Central Committee suspecting him of undermining the leader.

This upset Coard and to show he did not want to be the leader he resigned from his party offices and said he would be an ordinary party member. But so as not to spread disquiet it was decided to keep this secret outside the Central Committee, so that few if any people in Grenada and no one abroad knew about it.

In Bernard Coard's absence other members of the Central Committee became more outspoken about the problems. As a result of these discussions Liam James (later one of the Grenada 17) made a proposal for a joint leadership of the NJM.

When this was put to the vote at the

Central Committee, 9 members voted in favour, George Louison voted against, and Maurice Bishop, Unison Whiteman and General Hudson Austin abstained. Bishop seemed to feel that it meant Central Committee members had lost confidence in him.

This was strongly denied by several members. One said, "it was done through the spirit of great love for the revolution and the Leader."

When the proposal was put to Bernard Coard he was reluctant. He said he did not want to be seen as undermining the leader, and would do any tasks assigned him while remaining off the Central Committee.

A general meeting of the full members of the party was held on 25 September 1983 where the joint leadership proposal was discussed. There was a 15 hour debate and many mem-



bers expressed their approval. After the discussion the minutes record: "Cde. Bishop stands and embraces Cde. Coard. Cde. Bishop said, "I sincerely accept the criticism and will fulfil the decision in practice..." He said that he never had difficulties in working with Cde. Coard and joint leadership would help push the party and revolution forward (applause). At the end of Cde. Bishop's speech the entire GM [general meeting] broke into singing the Internationale and members filed past to embrace Cdes. Bishop and Coard."

Sadly that was not the end of the story. On 26 September 1983 Bishop left on an economic mission to Hungary and Czechoslovakia and returned via Cuba. When he returned he told his comrades he had changed his mind and wanted the issue re-opened.

On 25 September 1983 the decision for joint leadership had been unanimous. Richard Hart says, however: "George Louison ... was not present at the general meeting. He was however a member of the economic mission to Hungary and Czechoslovakia. It is on

record that Louison addressed a meeting of NJM members working and studying in Hungary, at which he assured those present that no final decision had been reached on the proposal. Bishop had not attended this meeting but, during their time together in Eastern Europe, George Louison is believed to have worked assiduously to persuade Bishop to repudiate the decision.

"Bishop returned to Grenada via Cuba where he spent a week. Although he spent a day with Fidel Castro, during which they reportedly went fishing, there is no record of their informal discussions. Whether or not Castro expressed disapproval of the joint leadership idea, as was suspected by other NJM leaders in Grenada, may never be known. Joint leadership of a party would however have been very different to the way things were done in Cuba. But while they were in Cuba Cletus St. Paul, Bishop's chief security guard, telephoned his superior in security in Grenada. ... He said on the phone that 'them trying to get rid of the Chief and it look like blood will have to flow'."

This phone call, and the reports of what George Louison had said in Hungary, caused panic – fears that, in Richard Hart's words, "Maurice might be returning with Cuban commandos to seize personal control and liquidate the other NJM leaders."

On the night of 7th October, when Maurice Bishop's plane was expected back, several NJM leaders went into hiding. Only Selwyn Strachan went to meet Maurice Bishop at the airport, when he arrived a day late on 8th October, whereas usually all the ministers met him. In the following three days only Hudson Austin went to visit Bishop. (Both Selwyn Strachan and Hudson Austin were later among the Grenada 17.)

When on 12 October, at the NJM Central Committee, Maurice Bishop said he was rejecting the unanimous joint leadership proposal, the other leaders strongly rejected his decision.

In Richard Hart's words, Bishop then "embarked on a drastic course of action which he seems to have expected would allow him to regain personal control. He gave instructions to Cletus St. Paul and Errol George, his two security guards, to inform certain persons, whose names were on a list that he approved, that Bernard Coard and his wife Phyllis were planning to kill him."

This dangerous rumour, which could have endangered the life of the man chosen by the party members to be their joint leader, spread. But Errol George was unhappy and informed his

superiors of what Bishop had told him to do, giving them the list, and repeating his statement on October 13, in Bishop's presence, to all members of the party. Bishop denied responsibility but the overwhelming majority believed him guilty and he was placed under house arrest.

Many people in Grenada were incensed that Maurice Bishop, their popular leader, was under house arrest. When Bernard Coard was released from prison in 2009, he gave one interview, to the Trinidad and Tobago Express. He described what happened next. "Bishop supporters demonstrated in the streets ... right through to October 19 1983. Apart from a couple of traffic policemen, there were no policemen or soldiers on the streets during those demonstrations, no lawlessness ... The high command decided not to intervene because we felt that would only make things worse ... The first half of the demonstration for Bishop on October 19 was in the same vein: very vocal but very disciplined. In the second half, people found out where Bishop was being detained and they stormed the place and took him away. We thought, well now they'll call a general strike and heighten the protest. Instead, they headed for the army headquarters, seized the building and began to arm themselves and distribute arms ... When we realised that weapons were being distributed, we sent three armoured cars to recapture the fort. There was no intention to use force ... there were soldiers sitting on top of the vehicle. It was some of the demonstrators who opened fire on the armoured cars. The first people to die on that fateful day were four soldiers."

However, what happened next was that Maurice Bishop, Unison Whiteman, and five others were shot and killed by soldiers in what was virtually an execution. Bernard Coard says: "What happened was vengeance. It was nothing we ordered. And it can never be justified. It was a moment of revenge, pure and simple. But everyone of us in the leadership take moral and political responsibility for what happened. If we hadn't committed so many errors ... we were amateurs, we were arrogant and intolerant and all our mistakes came home to roost."

The mistakes came home to roost very soon, because just round the corner the USA was waiting for any excuse to invade Grenada – although what was happening there was no business of the USA, who had instigated many a far more bloody event in its Latin American back yard than the events in

Grenada.

US forces had already carried out two invasion rehearsals, in 1981, when they practised invading 'Amber and the Amberines', and in September 1983. Richard Hart says: "It seems probable that, if Grenadians had not themselves provided a pretext by killing the Prime Minister, the US Government would have staged something else."

After the killing of Maurice Bishop, on 19 October 1983, General Hudson Austin established the Revolutionary Military Council with himself as Chairman. He hoped to establish a government to take over in 10 – 14 days. On 24 October, the day before the invasion, Richard Hart noted in his diary: "Everything seems normal here this morning. Shops and offices are

under torture, and not in the prisoner's handwriting, were admitted as evidence in court, not only against the people confessing, but against other defendants, even though these statements were subsequently repudiated.

The defendants were denied the opportunity to mount a proper defence. The prosecution case, that the NJM Central Committee had decided to kill Bishop, depended entirely on the evidence of Cletus St. Paul. Errol George, whose evidence wholly contradicted that of St Paul, was never called.

On 4 December 1986 the Grenada 17 were found guilty. Three soldiers alleged to have fired the shots were found guilty of manslaughter and given long prison sentences. The remaining 14 - nine members of the People's



US invasion of Grenada in 1983: a US Marine Corps Sikorsky helicopter comes into land.

open ... But it looks as if Reagan has decided to invade..."

Invasion

The invasion took place on 25 October, with 6,000 troops, naval vessels and aircraft. The Grenadian People's Revolutionary Army fought bravely for about a week. The ensuing occupation, with US forces supplemented by soldiers and police from Jamaica and Barbados (all of whom were brought in by US aircraft), lasted over a year.

From the first, the US's aim was to eliminate the remaining leaders of the New Jewel Movement, preferably physically. They were arrested and finally indicted for the murder of eleven persons, including Maurice Bishop.

The trial was a travesty of justice. The US Army's Psychological Warfare Battalion conducted a post-invasion propaganda offensive to whip up a witch hunt against the Grenada 17. They set up a prejudiced jury to decide on their fate. Confessions obtained

Revolutionary Government, four army officers, and one prominent trade union leader - were sentenced to death.

The 14 were on Death Row for five years before their sentences were commuted to life imprisonment. During the first eight years, under a brutal prison commissioner, the 17 endured inhuman and illegal prison conditions.

Their final release came as a result of a decision by the British Privy Council, which ordered a re-sentencing of the Grenada 17. On June 27, 2007, the judge gave Coard and his fellow defendants a 30 year sentence which included the time already spent in prison.

In so doing, in a typical ruling class trick, they admitted that the original trial had been flawed, but did not admit the convictions were themselves unjust.

Bernard Coard has retired to Jamaica to be with his wife Phyllis (also one of the Grenada 17), children and grandchildren, and write his memoirs, which should be a valuable contribution to the world history of the people's struggles.

Darwin and materialist natural science

In February 1959, CLEMENS DUTT, writing in LABOUR MONTHLY, argued that Darwin laid the basis for a historical, materialist and modern natural science.

We re-print his article below as the closing contribution to our discussion which began with our tribute to Darwin - Darwin's Magnum Opus: The Origin of Species by S Wordfish (Issue No.5 Summer 2009) - on the 200th anniversary of the publication of his great work.

This year marks the 150th anniversary of the birth of Charles Darwin (on February 12, 1809) and the centenary of the publication of his great work *The Origin of Species* (November, 1859).

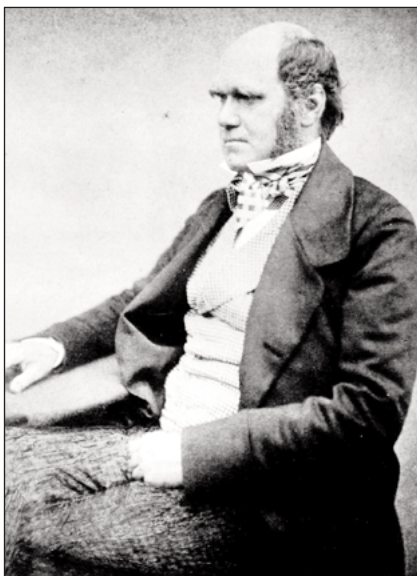
Its irrefutable arguments, based on evidence painstakingly collected during 20 years beforehand and especially his observations during the historic *Voyage of the Beagle*, completely demolished the old view that the various species of animals and plants are each the result of an independent creation and are fixed and unalterable.

Darwin's work achieved a revolution in outlook that profoundly affected many sciences besides biology. The transformation it wrought in natural history can in many respects be compared with that due to Marx and Engels in human history. His theory of evolution by natural selection provided for the first time a rational materialist explanation of the historical development of higher organisms from lower ones and of the endless diversity of living things, and so laid the basis for modern scientific biology. It is for this reason that Engels ranked the Darwinian theory as one of the three great discoveries (along with the cell and the transformation of energy) that made modern, materialist natural science possible.

It is difficult for us nowadays to realise how strongly the belief in the fixity of species was held in Darwin's time, in spite of the brilliant anticipations of Erasmus Darwin, Lamarck and others, and the growing acceptance of evolutionary views of the history of the earth and its rocks. Darwin's theory had to fight its way against the furious opposition of theologians and reac-

tionary scientists. In particular, the necessary consequence of the evolutionary theory, that man also must have evolved from lower animals, directly contradicted religious dogmas on the creation and origin of man. Even today in the USA it is possible for a reactionary state to forbid the teaching of evolution by law.

Darwin himself stood aside from controversy. It was contrary to his nature to engage in polemics and in any case he was too busy with his observations and writings. Hence, after his death, when his greatness was acknowledged by all, it was possible for Victorian piety to build up a myth that he was essentially a religious man. Yet in his short *Autobiography*, written pri-



Darwin pictured at the age of 51, a year after the publication of *The Origin of Species* in 1859.

marily for his own family, he explains frankly how, as his views on evolution gradually matured, he gradually but completely discarded religious beliefs.

It's typical of the way in which true pictures of the great figures of the last century have been distorted to suit conventional bourgeois notions that the myth about Darwin was perpetuated by his family censoring nearly 6,000 words of the *Autobiography*, for his forthright statements on religious belief to become known to the world.

He wrote, for instance: "I had gradually come to see that the Old Testament from its manifestly false history of the world ... and from its attributing to God the feelings of a revengeful tyrant, was no more to be trusted than ... the beliefs of any barbarian."

Declaring that his religious disbelief was now complete, Darwin continues: "I have never since doubted even for a single second that my conclusion was correct. I can indeed hardly see how anyone ought to wish Christianity to be true; for if so ... men who do not believe ... will be everlastingly punished. And this is a damnable doctrine".

These declarations were suppressed on the insistence of his wife. Mrs Darwin even insisted on the omission of a passage about the possible dependence of religious beliefs on the inherited effect of teaching in childhood because, she said, "Your father's opinion that all morality has grown up by evolution is painful to me". The old edition of the *Autobiography* went so far as to delete Darwin's statement that "everything in nature is the result of fixed laws."

In spite of his instinctive adherence to materialism and his progressive liberal views (he vigorously condemned slavery and in his travels he noted how European colonisers had brought death and ruin to colonial populations), Darwin did not go beyond calling himself an agnostic and did not draw the far-reaching materialist conclusions that followed from his theory. For a complete contemporary appreciation of Darwin's achievement one must turn to Marx and Engels. From the outset

Marx in a letter to Engels in December, 1860, said, "This book gives the scientific historical basis for our views".

they recognised the significance of Darwin's work.

Within three weeks of the publication of *The Origin of Species*, Engels wrote to Marx: "In general, Darwin is excellent ... Until now there has been no such grand attempt to show historical development in nature, and indeed with such success."

Marx in a letter to Engels in December, 1860, said "This book gives the scientific historical basis for our views".

At the same time, Marx and Engels clearly saw the basic shortcomings of Darwin's theory of evolution, due in the first place to his non-dialectical approach, the assumption that evolution proceeds smoothly and continuously without sharp changes (*natura non facit saltum*) and, secondly, to his uncritical acceptance of Malthus' reactionary population theory, which had the support of rising industrial capitalism because it justified cut-throat competition ('the survival of the fittest') and keeping workers' living standards as low as possible because otherwise they would only multiply and exhaust the food supply.

Darwin took from Malthus the idea of the 'struggle for existence' as providing the means by which natural selec-



Darwin's wife, Emma.

tion takes place, favourable variations tending to be preserved and unfavourable ones to be destroyed, ultimately resulting in the production of a new species.

But Marx and Engels pointed out that the laws governing populations of plant and animal species cannot be mechanically transferred to human society, or vice versa.

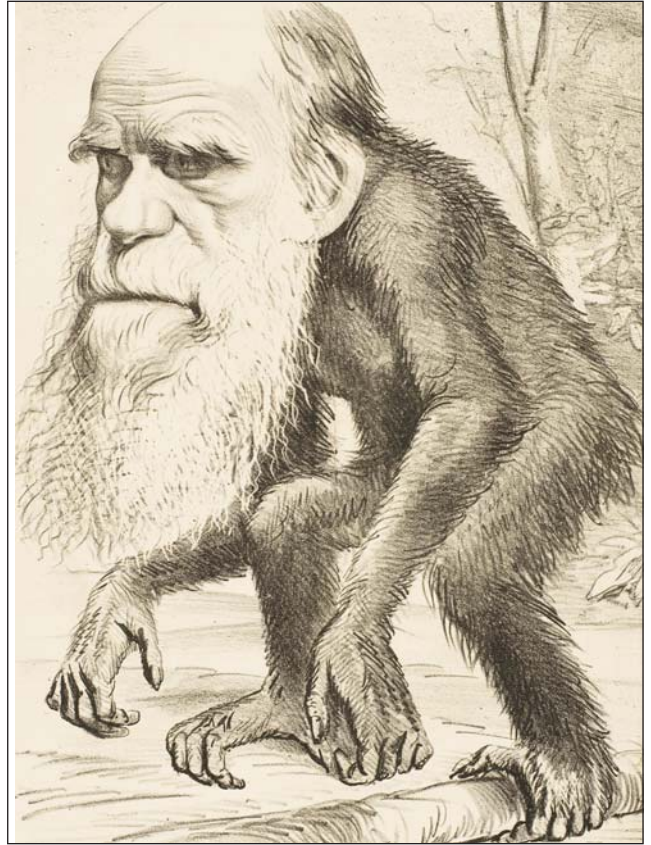
Engels in his work *Dialectics of Nature* says: "It is childish to sum up the whole manifold wealth of historical evolution and complexity in the meagre and one-sided phrase "struggle for existence".

He points out: "The whole Darwinian theory of the struggle for existence is simply the transference from society to organic nature of Hobbes' theory of competition ... When once this feat has been accomplished ... it is very easy to transfer these theories back again from natural history to the history of society, and altogether too naive to maintain that thereby these assertions have been proved as eternal natural laws of society." (*Dialectics of Nature*, English edition, 1954, p.404).

The Darwinian theory of evolution not only provided a guiding idea that gave a colossal impetus to the development of various branches of natural science, but also opened up a wide field for investigating how evolution takes place.

Darwin himself admitted that there was profound ignorance of the causes of variation and he simply assumed that nearly all variations are minute and that all variations are inherited. In his later years he tended increasingly to adopt the Lamarckian view of the inheritance of acquired characters as playing a part alongside the merely negative role of natural selection acting on chance variations.

Engels quite early pointed out that, while the theory of evolution had a secure basis in the geological succession of organisms, the theory of evolution



Darwin had to suffer the fury of theologians and reactionary scientists. This caricature of Darwin as an ape was published in *The Hornet*, a satirical magazine on 22 March 1871.

itself is still in a very early stage and it therefore cannot be doubted that further research will greatly modify our present conceptions, including strictly Darwinian ones, of the process of the evolution of species (*Anti-Duhring*, English edition, 1954, p.106).

Since then a vast body of facts has been accumulated. In particular, the importance of discontinuous variations, of mutations or jumps, has been shown. Wide differences of opinion still exist.

Engels believed that changes in the metabolism of an organism could change its heredity. The school of Mendelian geneticists deny this but the school of Michurin and Lysenko in the USSR adduce support for it.

Both schools, however, as well as various other shades of evolutionary thought, acknowledge their debt to Darwin and are proud to call themselves Darwinists.

At the end of the *Autobiography*, a document of remarkable sincerity and modesty, Darwin expresses surprise that he should have 'influenced to a considerable extent the beliefs of scientific men on some important points'. A century of Darwinism has underlined the significance of that modest claim.

READERS' LETTERS to The Socialist Correspondent

TRYING TO DESTROY THE YOUNG SOVIET STATE

Issue 5 (Summer 2009) of The Socialist Correspondent contained an article "14 Nations intervened to destroy at birth the first ever socialist state" by Gina Nicholson. It was translated into German and published in the German journal, RotFuchs, under the headline, "Fourteen White States Against Russia". In January 2010, a letter commenting on the article was published by RotFuchs. We are pleased to reprint this letter, translated by Pat Turnbull.

Further to the insert 'Fourteen White States Against Russia' (RF 142): In January 1918 the diplomat and special agent of the British Ministry of War, Bruce Lockhart, arrived in Petrograd.

His mission was formally to establish relations with the Soviet government and at the same time to promote the opposition existing in its ranks. The Council of People's Commissars found itself at the beginning of 1918 in a

very serious situation.

The Germans had not yet given up their aim of destroying the young Soviet state. Britain and France were secretly supporting the counter-revolutionary armed forces which were beginning to gather in the north and south of Russia.

At this time a person appeared in Petrograd whom Lockhart later described as 'Sidney Reilly, the mystery man of the British Secret Service, and known ... as the master spy of Britain.' Reilly soon became the fountainhead of all conspiratorial activity against the Soviet state.

The strongest anti-Bolshevik force in Russia was at that time the Party of Social Revolutionaries led by Boris Savinkov. Reilly and Savinkov formed an alliance against Soviet Russia. Their plan: the White Guardist Generals Denikin, Yudenitch and Kolchak were to attack Moscow from all sides.

There the aim was, with the help of

the Social Revolutionaries, to arrest the members of the Soviet government and assassinate Lenin. In selected towns uprisings were to be engineered, upon which western intervention troops and Japan to the east would stand ready to invade.

The conspirators proceeded as follows: the Lettish Kremlin Guard under Jan Berzin were to be won for the plot. The assassination of the German ambassador, the instigation of a general strike in Moscow, the imprisonment of Dzerzhinsky in the stronghold of the conspirators, the attack on Uritsky, the head of the Petrograd Cheka, and the attempt on Lenin's life were decided upon.

More details can be found in my book 'Gen Osten' [Eastwards] which will be published in 2010.

[Readers who don't read German are referred for details of these events to 'The Great Conspiracy' by Michael Sayers and Albert E. Kahn.]

Helmut Wagner, Berlin, Germany.

VIETNAM WORKERS' PARTY: "RENEWAL OR DEATH".

The following is a comment on Robert Bruce's article on Vietnam.

The Sixth Vietnam Workers Party Congress, 1986, adopted the slogan "Renewal or Death" (doi moi means reform or renewal). Economic conditions were bad, hunger on the increase. Further soil and health problems arose. Large pockets of severe endemic goiter (swelling of thyroid gland) were widespread owing to local food supplies having been grown in iodine-poor soil.⁽¹⁾

The Congress switched emphasis from heavy industry to foodstuffs, consumer goods and exports. From concentrating on state ownership and central planning, direction was towards a multisector economy. This included dissolution of cooperatives and assignation of land rights to families.

Resolution 10, 1988, decollectivised agriculture; cooperatives became free to decide how their workers would participate. Land still belonged to the state.

During 1989, further decline in central planning and preparation for market conditions took place. Taxation changes

favoured incoming investment over domestic investment.

In 1994, Decision No 91 strengthened state owned enterprises (SOE) by growing into conglomerates separate enterprises in the same industry. It was hoped to rationalise costs, increase efficiency and concentrate state capital. The state sector would thus have a key role in the market mechanism.⁽²⁾

By 1995 foreign investment had increased to 40% of gross capital formation. Further, the non-corporate sector generated 2.3 million jobs.⁽³⁾

Between 1995 and 2000, Vietnam halved its foreign debt burden. In 1996 the National Assembly passed, and the Eighth National Party Congress formalized, the Law for Cooperatives. This law decreed the collective sector and the state sector as the foundations of the economy.

The 1992 constitution allowed full repatriation of profits and non-nationalisation guarantee for foreign incoming investments.⁽⁴⁾

A stock exchange opened in Ho Chi Minh City in 2002.

Willie Anderson, Melbourne, Australia.

FOOTNOTES

1. Stanbury, J B, "Iodine deficiency disorders", Food and Nutrition Bulletin 7, 1985, p 64-72.
2. Va Quang Viet, "Development of the Vietnamese Economy between 1989 and 1995. An Institutional Analysis Approach". Colloquium on Vietnamese Economy, Paris, May 28-29, 1996, p 9-13.
3. Ibid.
4. The Statesman's Yearbook, 2004, palgrave macmillan, p 1995-6.

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