

THE SOCIALIST CORRESPONDENT

ISSN 1758-5708

£3



PALESTINE RESISTS AS PROBLEMS MOUNT UP FOR IMPERIALISM

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Issue No 50 / Spring 2024

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ISRAEL'S GENOCIDE

The evidence of Israel's genocide presented by South Africa to the International Court of Justice (ICJ) was so overwhelming that even though it has a Western bias, it had to accept that there are sufficient grounds to launch a full investigation. Noting the immediate risk to Palestinians in Gaza it ordered Israel in the interim to prevent genocidal actions. Israel had argued strongly that the Court should dismiss South Africa's case as utterly unfounded. This then is a major defeat for Israel and its backers.

It will have ramifications for Israel and the West. It will alienate still further the global majority who have condemned Israel's war. Any future finding that Israel is guilty of genocide also has legal implications for those who have abetted that genocide by arming Israel and giving it other forms of support. There have also been cases lodged at the International Criminal Court against individual Israeli leaders, including Netanyahu, alleging war crimes. The decision by the ICJ lends credibility to these cases.

The victory at the ICJ was one for Palestinians, and everyone who has campaigned to end the slaughter in Gaza. It also means we have the opportunity to increase the pressure for a ceasefire, an embargo on arms sales to Israel and in support of the Boycott, Divestment and Sanctions campaign.

Imperialism's problems

However, as the Western imperialist alliance becomes more isolated, over Gaza and before that over Ukraine, it becomes ever more dangerous. Alex Davidson examines the problems faced by US imperialism in the transition to a multi-polar world in *US dominance under threat: a more dangerous world*. Israel's actions in Gaza and the US support

for them has destroyed America's objective of bringing Arab states closer to Israel and marginalising the Palestinians.

Mistrust of the United States is widespread and reflects itself not only in opposition to its policies but also in the increasing reluctance of countries to rely on the dollar. The move to use other currencies for international trade and transactions threatens one pillar of US power – the dominance of its currency. There are also the development and expansion of alternative international organisations like BRICS plus, which is examined by Paul Sutton in *World disorder and developing countries*.

Ultimately though the question is, can the US and its allies be constrained? In *Is global war inevitable?* Simon Korner addresses this question and looks at the forces driving the West to war and those which might hold it back. Although the West is not winning the war in Ukraine, with the so-called counter-offensive having completely failed, that is not stopping the escalation of the conflict in the Middle East by the West nor is it abating US plans for war against China. The US dominates other imperialist countries and has pushed Germany into catastrophic economic decisions which will harm not only it, but the whole of the EU. These involved ditching Russian gas for more expensive US supplies and ramping up arms spending. The position of Germany is analysed in detail by Arnold Schöelzel in *Germany - growing militarism and attacks on the working class*.

Korner notes, however, that the West now is less able to build coalitions as potential allies do not want to have their vital interests sacrificed in support of Western objectives. In addition, there is some increase in anti-war sentiment within Western countries.

Protests banned

We should not doubt that our governments see the threats posed by protest against war and unrest against the decimation of living standards and services. As Schöelzel tells us, Palestine solidarity demonstrations have been all but banned in Germany. Claire Bailey spells out the Tories repressive legislation to curtail the right to strike and to protest here in the UK in *Growing wave of protest faces real risk of repression*. In the last couple of years Parliament has passed three pieces of legislation which restrict freedom of speech, the right to protest and the right to strike. A fourth which would outlaw public bodies from boycotting Israel is currently making its way through Parliament. Anti-democratic repression in Germany, the UK and elsewhere goes hand in hand with the militarist, anti-working class agendas of our rulers.

Can capitalism be fixed?

Yet the problems of advanced capitalist countries run even deeper than their desperate fight to cling onto global dominance. There are serious problems within the system itself which are explored by Noah Tucker in *Capitalism in a quagmire*. Throughout the G7 productivity is in decline and he argues that this is not a new phenomenon, nor is it a specifically British problem. As economic gurus have struggled to find an explanation for this, one thing has become clear, that the unleashing of neo-liberalism under Thatcher and Reagan did nothing to halt this tendency. So far capitalism is not providing the answer to its economic malaise, but can the left? If the problem is the system itself then it may not be fixable. If so then this is yet another reason to question the usefulness of capitalism to humanity, alongside the threat of global war and environmental catastrophe.



PHOTO BY W/FA

US dominance under threat A MORE DANGEROUS WORLD

Damage caused by Israeli airstrike in Gaza city October 2023

by Alex Davidson

As a multi-polar world comes into being, challenging American global domination, our planet has become a more dangerous place. The United States unapologetic backing of Israel's decimation of Gaza and its people and NATO's proxy war in Ukraine serve as current examples. Before the current conflagrations the US-led Western 'War on Terror' brought death and destruction to thousands in the Middle East as America's way of showing who is boss after 9/11.

America will not give up its hegemony over the world gracefully. However, many countries and peoples are now saying 'enough is enough' of America (and Europe) running the world. The Global South is not taking it any more. One thing is certain: it will not be a smooth ride to a multi-polar world.

Israel's war on Palestine

Israel's war of genocide, scorched earth and ethnic cleansing in Gaza along with its settler colonialism and murders in the West Bank, funded

and abetted by the US, has united the world against the carnage.

While the US continues to send more armaments to Israel, Anthony Blinken, US Secretary of State, cynically called on Israel to minimise civilian casualties. Israel has no intention of minimizing civilian casualties. It has already killed 21,978 Palestinians as of 31 December 2023, 0.82 percent of the Gazan population — the equivalent of around 500,000 Brits or 2.7 million Americans. Another 51,000 have been wounded. Half of Gaza's population is starving, according to the U.N. [1] Israel has assassinated at least 80 Palestinian journalists and over 130 U.N. aid workers along with members of their families. **Civilian casualties are the point. This is not a war against Hamas. It is a war against the Palestinians.** The objective is to kill or remove 2.3 million Palestinians from Gaza. [2]

The overwhelming call for a ceasefire in Gaza by the international community was expressed in the UN General Assembly resolution passed on 12 December 2023. 153 countries voted in favour of a

ceasefire, with 23 abstentions and 10 against. This showed the extent of the isolation of Israel and the US. [3] The UN Secretary-General, António Guterres, invoked Article 90 of the UN Charter which states that, "The Secretary-General may bring to the attention of the UN Security Council any matter, which in his opinion, may threaten the maintenance of international peace and security." This article of the UN charter has only been invoked 3 times in the last 70 years – 1960 (over the Congo), 1979 (over hostages held by Iran) and 1989 (over Lebanon).

The United Arab Emirates (UAE) initial draft resolution at the UN Security Council called for a ceasefire but this was watered down under US pressure. The call for the "urgent cessation of hostilities" was replaced by "creating the conditions for the cessation of hostilities" in order to avoid a US veto. The resolution was passed by 13 votes with 2 abstentions (US and Russia for different reasons). Russia had proposed an amendment calling for a ceasefire which was carried with 10 votes for and 4 abstentions. The US

voted against and therefore vetoed the amendment.

Vassily Nebenzia, Russian Permanent Representative to the UN, in his speech commenting on the resolution, which passed, said, "This is not a moment of triumph of multilateral diplomacy but rather a moment of gross unprincipled blackmail, open scorn on the part of Washington for the suffering of Palestinians and the hopes of the global community to put an end to it..." Ambassador Nebenzia added, "Washington pushed through language that actually gave Israel a licence to kill Palestinian civilians in Gaza..." [4]

It should be noted that the UAE is host to the largest American airbase in the Middle East where there are 10,000 US troops. The UAE military is supplied and trained by the US, UK and France.

Israel's genocidal intent and the ethnic cleaning of Palestinians from Gaza and the West Bank among other outcomes so far has created divisions between the US and its long-standing Arab allies and within the US itself.

Divisions in the US

In an unprecedented move, Josh Paul, resigned as Director of the US Department of State which oversees US global security assistance annually of over \$10 billion in funding and over \$150 billion in arms transfers. He received widespread support from his colleagues in the State Department and many of them joined demonstrations. Explaining his resignation Josh Paul said, "I think the policy approach from the US has been security for peace, that if Israel feels secure, it will feel comfortable making the concessions necessary to allow peace. But what we have seen instead is the more secure Israel feels, the more it has pushed the envelope, the more settlements have expanded, the more civil

rights have been taken away from Palestinians in the West Bank, the more the siege of Gaza has continued. And so I think we need to step away from that way of thinking and ask if maybe instead of security for peace there's some way of peace for security."

He also explained how Israel is unique in the way that the US deals with its arms support: "We are talking about \$3.3 billion a year in foreign military financing, which is the state department's main method for providing military assistance and granting military assistance overseas. Incidentally, the state department's total budget for foreign military financing typically hovers around \$6 billion. So we're giving more than half of our military assistance globally to Israel...unlike almost every other country in the world, Israel is also permitted to spend up to 20 percent of its foreign refinancing on what we call offshore procurement, which means that it can spend it directly in Israel. The rest of foreign refinancing has to be spent in the US supporting US jobs with the US companies. But Israel gets to spend some of its money domestically, and over the decades that's actually greatly enabled the expansion of Israel's own domestic defense industry, which is now a top 10 exporter of defense arms and often competes with the US." [5]

The US actions in aiding and abetting Israel has also led to disagreements and tensions with its long-time allies in the Arab world.

Israel and the Arab world

The Arab states have unanimously condemned Israel's war on Gaza and it has put pressure on the governments of the countries which signed the Abraham Accords brokered by the Trump administration in 2020 to pull-out of those agreements. Several Arab countries - UAE, Bahrain, Sudan and Morocco - signed these agreements with Israel

which were designed to normalise relations between them and Israel. The US smoothed the path to these agreements by selling 50 F-35 fighter jets to the tiny UAE; recognizing Morocco's illegal annexation of Western Sahara, making the US the first country in the world to do so; and removing Sudan from the list of designated terrorist states and loaning it \$1.5 billion. The US aim was to extend these normalisation agreements with Israel to include Saudi Arabia and other Arab states.

However, since Israel's war on Gaza the Israeli and Bahraini ambassadors have departed from both countries. Bahrain has seen large demonstrations in support of the Palestinians, which is very unusual as demonstrations are normally prohibited if they are against the government.

Other developments in the Middle East will also not please the Americans including that of the Arab League re-admitting Syria in May 2023 following its suspension in 2011. Meanwhile Israel, while it conducts its war on Gaza, continues to bomb Damascus and the US continues to occupy parts of Syria and steal Syrian oil after its failure (so far) to bring down Assad.

China brokered a deal in which Iran and Saudi Arabia agreed to restore formal diplomatic relations in April 2023. And then in August 2023 both countries applied to join BRICS and were admitted into membership on 1 January 2024. These developments will not be welcomed in Washington.

BRICS

The creation in 2009 of BRICS, the informal organisation bringing together Brazil, Russia, India, China and South Africa is an important development in the creation of a multi-polar world order. In 2023 a further fourteen countries applied to join the organisation and at the Summit held in South Africa the fol-



Less demand for dollars internationally...

More oil sales are now being transacted in non-dollar currencies such as the renminbi. With the advent of western sanctions Russian oil is now either sold in the local currencies of the buyers or in roubles.

...lowing countries were invited to join
 ... - Argentina, Egypt, Ethiopia, Iran,
 ... Saudi Arabia and the United Arab
 ... Emirates (UAE). With its change
 ... of government, bringing to power
 ... Javier Milei, Argentina withdrew its
 ... application on 30 December 2023.
 ... The other invited countries joined
 ... BRICS on 1 January 2024.

... BRICS has established the New
 ... Development Bank, a BRICS pay-
 ... ment system and reserve currency.
 ... It has a stated aim of reducing the
 ... dependence on the use of the dollar
 ... for foreign trade.

De-dollarisation

... A variety of issues have made
 ... many countries wary about being
 ... too dependent on the dollar. These
 ... include US sanctions on Russia, the
 ... freezing of some \$300 billion of Rus-
 ... sia’s foreign currency; and the bil-
 ... lions of Afghanistan’s frozen assets
 ... given to victims of 9/11 by Biden.
 ... This weaponization of the dollar has
 ... given rise to a feeling in large parts
 ... of the world that America cannot be
 ... trusted with their dollar reserves.

... The International Monetary Fund
 ... (IMF) published a report document-
 ... ing “a decline in the dollar share
 ... of international reserves since the
 ... turn of the century,” with central
 ... banks around the world increas-
 ... ingly diversifying their holdings.
 ... The study noted that this “decline
 ... in the dollar’s share has not been
 ... accompanied by an increase in the
 ... shares of the pound sterling, yen
 ... and euro...” Instead, “the shift out
 ... of dollars has been in two direc-
 ... tions: a quarter into the Chinese
 ... renminbi, and three quarters into
 ... the currencies of smaller countries
 ... that have played a more limited
 ... role as reserve currencies.” [6]

... In 1999, 70% of global reserves
 ... were held in dollars. That is now
 ... down to 59% and continuing to
 ... decline. The IMF’s first deputy
 ... managing director, Gita Gopinath,
 ... made remarks reflecting this his-
 ... toric shift, in an interview reported

by *The Financial Times*, titled *Rus-
 sia sanctions threaten to erode
 dominance of US dollar, says IMF*.
 [7] *The Financial Times* quoted her
 as saying, “that Western sanctions
 imposed on Russia over its invasion
 of Ukraine including restrictions
 on its central bank, could encour-
 age the emergence of small cur-
 rency blocs based on trade between
 separate groups of countries... We
 are already seeing that with some
 countries renegotiating the curren-
 cy in which they get paid for trade”.

Western sanctions on Russia have
 forced Moscow’s trading part-
 ners to seek alternative payment
 mechanisms. China and Russia
 have moved toward boosting their
 bilateral trade in each other’s cur-
 rencies. A landmark currency swap
 agreement between China and
 Saudi Arabia will further diminish
 the role of the dollar in interna-
 tional trade. China is Saudi Ara-
 bia’s biggest trading partner.

More oil sales are now being trans-
 acted in non-dollar currencies such
 as the renminbi. With the advent
 of western sanctions Russian oil is
 now either sold in the local curren-
 cies of the buyers or in roubles. The
 EU was forced to find a way round
 its own sanctions to allow some EU
 countries to continue buying Rus-
 sian oil. Some Indian refiners have
 begun paying for Russian oil pur-
 chased via Dubai-based traders in
 dirhams. Overall the importance of
 the dollar has declined significantly
 from 2014 to 2022 in oil markets.

Oil is one of the most important
 and widely traded commodities in
 the world, and it has traditionally
 been priced and traded in US dol-
 lars. This has given the US dollar
 a dominant role in global financial
 markets as countries that want
 to purchase oil must first acquire
 US dollars in order to do so. Even
 allowing for moves away from oil
 into renewable energy sources oil
 will remain important for some
 time into the future.



PHOTO BY US DEPT OF DEFENSE

In addition, a strong US dollar is becoming more expensive for emerging nations, leading some to trade in other currencies. In 2023, Brazil and Bolivia began to pay for imports and exports using the Chinese renminbi.

The dollar is still dominant, “But for how much longer?” is the question as the movement away from it is clear.

Ukraine

Ukraine’s much heralded and oft postponed Spring 2023 counter-offensive failed.

“Putin’s Russia is closing in on a devastating victory. Europe’s foundations are trembling.” This was the headline of the Commentary by Daniel Hannan in *The Telegraph* on 9 December 2023. The subhead elaborated the theme in grave terms: “Kyiv’s counteroffensive has ended in failure. This could be NATO’s Suez moment.” [8]

It is not official, not yet, that Ukraine’s grand counteroffensive, has proven to be a failure and that defeat is in the offing. The closest to such an admission came from Volodymyr Zelensky when the Ukrainian president declared that the counteroffensive “did not achieve the desired results.” This admission reminded one of Emperor Hirohito’s famous declaration on August 15, 1945, when he announced the surrender on Japanese radio. “The war,” he told his subjects, “has not necessarily progressed to our advantage.”

This failure marked the end of Ukraine’s possibilities of taking back the territory that is now part of Russia. However, the Zelensky regime persists in pushing this unlikely scenario as it desperately pleads for more Western and especially US military aid.

There is now much speculation in the West about the eventual outcome of NATO’s proxy war against Russia. Several scenarios

are presented including a Korean-type stalemate with Ukraine effectively cut in two; a period in which Ukraine re-groups, goes into defensive mode and re-arms courtesy of the West preparing for another counter-offensive some time in the future; or Russia takes over the whole of Ukraine and threatens a take-over of the rest of Europe.

The scenario of Russia threatening the rest of Europe if it wins in Ukraine is designed to deepen Russophobia and scare the peoples of the West into continuing support for Ukraine.

However, it is not a serious likelihood. Russia’s main aim has always been its own security, secure its access to the Black Sea and defend the interests of ethnic Russians. It has never been Russia’s aim to occupy Ukraine.

This was clear from Russia’s signing of the Minsk Agreements in which it agreed to the creation of the autonomous regions of Donetsk and

The emergence of a multi-polar world is not welcomed by the US as it sees its interests and its world hegemony threatened.

Luhansk within Ukraine. However, with Ukraine renegeing on the Agreement with Western connivance, Russia launched its Special Military Operation. Its stated aims were to de-nazify and de-militarise Ukraine and to make it neutral. Germany and France later admitted to buying time for Ukraine to be further armed, Even after the war had started there were further moves to reach a deal with Ukraine which was scuppered by the US and the UK.

Nord Stream pipeline

Perhaps the US will settle for an uneasy truce in Ukraine having achieved some of its aims, for example, the killing of the Nord Stream pipeline.

Biden took the decision in the Autumn of 2022 to order a CIA-led team working undercover in Norway, with that country's special forces - who have been an American asset since the end of the Second World War—to blow up the Nord Stream pipelines in the Baltic Sea. Nord Stream 1 had been supplying Germany with cheap Russian gas since 2011. The newly constructed Nord Stream 2 was ready to go when it was shut down, under American pressure, by Chancellor Scholz in February 2022. Three of the four Nord Stream pipelines were blown up in September 2022. [9]

The American fear was that Germany, with winter coming on, might decide to keep the Russian gas flowing to keep houses heated and

industry running. It also allowed the US to export its more expensive Liquefied Natural Gas (LNG) to the now needy Germans. So, the ending of Nord Stream was a good deal for American business and achieved a key US aim of stopping Russian gas going to Europe. With the competition eliminated, in December 2023, Sefee, a German state-owned energy firm, struck a \$55 billion energy deal with Norway's Equinor that will supply Germany with one-third of its industrial gas needs for ten years, with an option for a five-year extension. [10]

Besides ending Nord Stream, the US also achieved another of its aims with the further expansion of NATO. A continuing war would also serve as a way of bleeding the Russian economy, destabilising the country and ultimately perhaps of fulfilling its long cherished aim of dismembering Russia.

Russia, having been deceived over previous agreements with the West, is unlikely to be interested in a new Minsk deal especially since it is winning on the battlefield. The prospects for Ukraine and its people are not looking good. It is a bankrupt and corrupt country entirely dependent on western handouts and military supplies for NATO's proxy war against Russia.

And then, there is the question of China, seen by the US as an even bigger threat to its dominant position in the world.

A dangerous world

The emergence of a multi-polar world is not welcomed by the US as it sees its interests and its world hegemony threatened. It will use all of its considerable powers to remain dominant in world affairs. It will use its economic clout to enforce its will and if that is not enough then it will use force. And it has considerable force at its disposal. The US military has bases in some 700 locations in around 70 countries. Its

military expenditure is \$750 billion annually and it spends more than the next 10 highest spending countries added together. [11]

The US and its western allies will not hesitate in causing mayhem and destruction as they have done in the past, are doing at present and will do into the future to defend their long-held dominant and exploitative position in the world. However, for the overwhelming majority of the world's people the only option to end war, ethnic cleansing, forced removals, exploitation and poverty is to fight back during the emergence of a multipolar world.

[1] https://www.bbc.co.uk/news/world-middle-east-67670679?utm_source=substack&utm_medium=email, 10 December 2023

[2] https://mondoweiss.net/2023/11/text-translation-Israeli-plan-for-ethnic-cleansing-of-Gaza-/?utm_source=substack&utm_medium=email

[3] The ten countries voting against a ceasefire were: Austria, Czechia, Guatemala, Israel, Liberia, Micronesia, Nauru, Papua New Guinea, Paraguay, and the United States.

[4] <https://news.un.org/en/story/2023/12/1145022>

[5] Interview with Josh Paul, *The Nation*, 30 October 2023, <https://www.thenation.com/article/society/josh-paul-resignation-interview/>

[6] IMF Working Paper, *The Stealth Erosion of Dollar Dominance*, 24 March 2022.

[7] *The Financial Times*, 31 March 2022.

[8] Daniel Hannan, Commentary, *The Telegraph*, 9 December 2023. Daniel Hannan is a former Tory MEP. He is now Baron Hannan of Kingsclere and sits in the House of Lords.

[9] Seymour Hersh *How America Took Out The Nord Stream Pipeline*, 8 February 2023.

[10] Germany's Sefee, Norway's Equinor strike \$55 billion gas supply deal, *Reuters*, December 19, 2023.

[11] After the US (\$750 bn) the next ten highest countries military spending are China (\$237 bn), Saudi Arabia (\$67.6 bn), India (\$61 bn), United Kingdom (\$55.1 bn), Germany (\$50 bn), Japan (\$49 bn), Russia (\$48 bn), South Korea (\$44 bn), France (\$41.5 bn), Brazil (\$27.80 bn).

Israel, Palestine and the world...

by Dee Stoneley

Before Israel's war Palestine was being increasingly marginalised, as the US cultivated closer links between Israel and Arab states in the Middle East. Now it is centre stage with Israel's current barbarous military assault on Gaza exposing its history of persecution of the Palestinians over 75 years. Countries have been forced to choose sides and apart from the old imperial powers, led by the United States, virtually the whole of the rest of the world stands with the Palestinians and against Israel. It has also scuppered the US attempts to build alliances between Israel and Arab states. (See previous article *US dominance under threat: a more dangerous world*)

But it is not just US plans for the Middle East that have been thrown into crisis, but Israel itself faces a very deep crisis since the Hamas attack on October 7th, which also accounts in part for the ferocity of its response. Some divisions were there already, the extreme right-wing government of Benjamin Netanyahu had stirred up opposition, especially to its proposed reforms to the judiciary. Netanyahu's handling of the war has not increased his popularity amid concerns about whether or not he is serious about getting the hostages held in Gaza back, where the war is heading and the damage to Israel's reputation from the indiscriminate killing of civilians. The war effort will cause economic problems, with reservists called up to the army, the impact on tourism and

the growing Boycott, Divestment and Sanctions campaign. Fortress Israel, where Jewish people were supposed to be safe has proven to be a dangerous myth.

How this crisis will resolve itself is unclear at present, with Netanyahu showing no signs of changing track. In the meantime the West, desperate to maintain Israel as its one completely central and reliable ally in the region, is not willing to intervene. Despite real concerns about the handling of the war and whilst mild words of criticism are occasionally voiced, when push comes to shove it throws its lot in with Israel. This was exemplified by John Kirby, US National Security Council Coordinator for Strategic Communications, who described the South African application to the International Court of Justice accusing Israel of genocide as, "meritless, counterproductive and completely without any basis in fact whatsoever."

Palestine's future

Yet there is less reticence about prescribing possible futures for Palestine. These include making Gaza uninhabitable or displacing its population to one or more other countries. Well-documented statements advocating this by Israeli officials have formed part of the South African case to the ICJ. Yoav Gallant the Defence Minister has proposed that Israel will keep military control over the strip with some sort of puppet Palestinian administration running day to day life. He suggests that the US, the EU

and Egypt should also be involved. Others have favoured dismembering the strip, breaking it up into smaller districts, still with Israeli military control. The US is paying lip service to the involvement of a "reformed" Palestinian Authority being responsible for Gaza. What this is supposed to mean we will probably never find out as Israel has rejected the idea. There have also been calls for regional and international solutions.

However, from all of the proposals is missing one crucial point - that it is up to the Palestinians to determine their own future. The greater the pressure on Palestinians, the more their leaders are coming together. Any solution must be with the involvement and leadership of the different Palestinian political groups. There will be no just outcome for Palestinians nor future peace without this.

As to decisions of the International Court of Justice requiring Israel to stop killing Palestinians in Gaza, there is one thing we can be sure that Israel will treat this with the contempt it has treated all other international condemnation of its policies in the past. It will continue with the war, but it is be a war that is harder for its backers to justify and will continue to deepen the crisis for the western powers and within Israel itself.

IS GLOBAL WAR INEVITABLE?

by Simon Korner

The defeat of the Soviet Union over 30 years ago removed the principal brake on imperialist freedom of manoeuvre – and the USA wasted no time in taking full advantage of its opportunity, acting with impunity to reinforce and extend its domination militarily, economically and politically. The unipolar world became a much more dangerous place for millions of people who suffered the lethal consequences. Now, after decades of destruction and destabilisation, in Iraq, Afghanistan, Libya, Syria, Yemen, Somalia, Pakistan, Ukraine and dozens of other countries, the US finds itself facing two obstacles it perceives as grave threats to its position: a rising China, and a Russia that has drawn a line at NATO's eastward march. These challenges are exerting pressure on an increasingly reckless USA as it tries to hold onto its global dominance, and as it faces a crisis of legitimacy at home.

Biden called this period an “inflection point” in the battle between “democracy” and “autocracy”, as he asked for an extra \$105 billion from Congress to add to America's trillion dollar arms budget for last year. The money was to fund simultaneous wars against Russia and Palestine – as well as billions for Taiwan to prepare for war against China.

With a dominating military industrial complex lobbying for perpetual conflict – *The Financial Times* (FT) reports global arms orders up 10% over the past two years – and a hollowed out financialised economy,

America knows only war as a means of maintaining its supremacy and has no long-term strategy for arresting its decline. As we can see in the Middle East, it prefers to risk catastrophic destruction, even to the extent of igniting a wider war, than to accept and adjust peacefully to reality. The question we face is – is continued escalation towards a global war now inevitable?

Ukraine war - US pressure in Europe

The war in Ukraine marks the opening of the wider American war against its two main rivals. As it fights to weaken and contain Russia, hoping eventually to depose the leadership and dismember the country, it has already achieved several strategic gains from its point of view.

Having orchestrated an anti-Russian coup in Ukraine in 2014 and continuous bombardment of the Donbas ever since, killing over 13,000 people, the United States successfully provoked Russia into launching a pre-emptive operation on its doorstep. Two years into the war leading hawks like the *Washington Post*'s David Ignatius boast of having achieved the “strategic windfall” of the expansion of NATO [1] – which only four years ago Macron described as “brain dead” – gaining effective control over the whole of Northern Europe, according to the Russian foreign ministry.

The destruction of the Nord Stream pipeline, and Germany's US-

enforced sanctions against Russia, have put paid to the growing economic and diplomatic alignment of Germany towards the east. Important German firms have been transferring production to the USA. German business as a whole, having lost its Russian markets, still hopes it can maintain profitable trade with China, but only insofar as this doesn't conflict with American-imposed restrictions.

Fifteen years ago, the EU's economy was slightly larger than the USA's. Now the American economy is one-third larger than the EU's and Britain's combined.

As a result of US pressure, Germany, the largest economy in the eurozone, has entered recession. The hobbling of the leading European economy also damages the rest of the EU. Fifteen years ago, the EU's economy was slightly larger than the USA's. Now the American economy is one-third larger than the EU's and Britain's combined. That's partly the result of EU austerity policies following the 2008 crash, but has been greatly accelerated by the decoupling from Russia demanded by the US. The past year and half has been a process of “intra-Western economic cannibalisation”, according to commentator Thomas Fazi. [2]

The war has also achieved what previous US presidents failed to do: force Europe to make a bigger contribution to NATO – remember Trump calling the European powers “deadbeats” for relying on American “protection”. [3] Europe’s governments have all succumbed, using the “Russia threat” to justify to their populations diverting money from wages and welfare to armaments. As the US baulks at more funds for Ukraine, Europe is taking up the slack – most recently a promise of £14.7 billion from the EU.

The rise in European funding for NATO is setting off an arms race between rival EU powers. Chancellor Scholz has promised over €100 billion for re-armament to make Germany “the guarantor of European security”, in other words displacing France as the leading continental military power, under NATO. France, Germany’s main rival, has meanwhile announced its own increase in arms spending, the biggest in 50 years, rising to €413bn by 2030, which dwarfs Germany’s arms budget. [4] This makes quite clear that France will not accept German military superiority. Poland is also using the war to assert itself, doubling its defence spending to create the largest land army in Europe.

Playing off “new” eastern Europe against the “old”, Germany and France, and stirring up Franco-German rivalry, reinforces US dominance. Any idea of a European military force acting as an autonomous counterweight to the USA – which has been France’s long-held ambition since General de Gaulle – has been killed off by “the subordination of the EU project to the objectives of the [NATO] military alliance”, as El Pais put it. [5]

Change of strategy

And yet, in spite of these gains, the US is being forced to change strategy, as the much-vaunted Ukrainian counter-offensive, conducted with



PHOTO BY RORY ARNOLD

Finland’s accession to NATO marked by raising its flag at NATO HQ

western weapons and guidance, continues to fail. Crimea remains Russian, leaving the Russian Black Sea navy able to protect Russia’s southern flanks despite provocative attacks against its fleet. Ukraine is devastated. Hundreds of thousands of its soldiers have been killed. 14 million Ukrainians have emigrated since 2014 – for both economic and safety reasons. A further 5 million have chosen Russian citizenship. And western sanctions have failed to crush the Russian economy, which has surpassed its 2022 growth rate and is increasingly self-sufficient in arms and food. Russian oil exports are now going to China (50%) and India (40%). Russia’s massive battle-hardened army, efficient arms production and united population, make it impossible to defeat.

The US is thus preparing to call for a ceasefire along the current front-line to buy NATO time to produce more arms and reinforce Ukrainian air defence systems, fortifications, and anti-tank barriers – just as they used the Minsk Agreements in 2014 to arm Ukraine. Ukraine would join the alliance by the back door via the EU. However, Russia will not accept such a proposal, especially given western admissions that Minsk in 2014 was a deception

rather than a serious peace plan. Putin has suggested instead that Russia will secure all the Russian-speaking parts of Ukraine (up to the Dnieper river), including Odesa and Ukraine’s coastline on the Black Sea. The landlocked rump of western Ukraine would thus be deprived of a navy as a key element of its demilitarisation. [6] Russia would also insist on Ukrainian neutrality in line with its original war aims.

While such an outcome would represent a strategic setback for the US, it wouldn’t be enough to stop its relentless warmongering. Unable to advance on the ground, the US will escalate the conflict in other ways, by delivering yet more powerful weapons such as ATACMS ballistic missiles, Taurus cruise missiles and F-16 planes. It will foment conflicts in neighbouring countries such as Moldova and Georgia, and intensify Ukrainian terrorist attacks against Russia itself. Russia will remain tied down near its borders.

In this way, the US will feel partially satisfied with what it’s achieved – ensuring Russia’s attention is focused on self-defence and using its rivals in Europe to pay for the ongoing conflict, to the benefit of the US economy. Russia must be

China and Russia – whose longstanding friendship has rapidly developed into a “no-limits partnership” in response to US sanctions and aggression – represent the main bulwark against America’s ability to successfully wage global war, notwithstanding Russia’s ongoing preoccupation with Ukraine.

neutralised as a strategic power to create the necessary conditions for the US’s bigger conflict to come, against China, as General Fabio Mini, former head of NATO Southern Europe Command, says. [7]

Preparing for war on China

At some point, the US will have to wage war on China, if it is to remain on top. Elbridge Colby, who was Trump’s deputy assistant secretary of defense, puts it like this: “The US has to...remain the most powerful state in all respects, everywhere. Physical force, especially the ability to kill, is the ultimate form of coercive leverage ... China is a threat because it’s on a trajectory where the US might not be a threat to it. The US should retain the ability to kill China ...”

[8] The lesson of the Greek general Thucydides from the Peloponnesian War is that a big power facing a rising rival should strike first if it can win with some degree of certainty. China is still a developing country, hence the growing calls in the US to strike sooner rather than later, while there’s a chance. One US Airforce general recently predicted war starting within two years. [9]

Yet apparently, the Pentagon’s war-gaming suggests no clear US victory against China given current military dispensations. So, instead of an imminent attack, the US is ratcheting up pressure on China in order to weaken it first, according to war correspondent Elijah Magnier. Economically, it’s forcing China into an arms race in order to squeeze domestic investment – the strategy that helped defeat the USSR – while economic sanctions similarly aim at hindering China’s modernisation and lowering living standards. Meanwhile, it is stirring up secessionist claims by the Uyghurs and Hong Kong and Taiwan, to destabilise China internally. Externally, it’s forging a combat-ready Asian alliance to encircle

China, and has moved the bulk of its own navy to the Asia-Pacific.

This external build-up is advancing rapidly. America’s main ally, Japan, is doubling its military spending to become the world’s third largest arms spender after the US and China. At the moment it’s the ninth. The historian Rana Mitter says Japan is changing from a “semi-disarmed economic giant, an Asian Germany of sorts” into a major armed player, ready to confront China. [10] Japan has also, like Germany, been pressured to switch from cordial relations with Russia – Putin visited Japan in 2016 – to condemning Russia and sending arms to Ukraine.

Meanwhile, South Korea, which already hosts 30,000 US troops, will have American nuclear submarines deployed there periodically, and Australia is buying three nuclear-powered subs as part of the AUKUS alliance with the US and the UK, becoming a de facto nuclear player and submitting to American military control to an unprecedented degree.

Then there’s Taiwan, whose military the US is arming and training to create a strong base from which to attack the mainland. Increasingly brazen US and British navy provocations in the Taiwan Straits are designed to show how easily they could choke off China’s imports and exports, including its vital fuel supplies, most of which pass through the narrow Straits.

The US aims at preventing Chinese reunification, not only to keep hold of Taiwan but also to keep control over its regional allies, particularly South Korea, Japan and the Philippines. If it loses Taiwan, these powers will lose faith in US “protection” and assert their autonomy. [11] The loss of these Asian vassal states would signal the eclipse of US power in the Far East, and with it a more general eclipse. So, it will wage war to prevent this.

Obstacles to war

China and Russia – whose long-standing friendship has rapidly developed into a “no-limits partnership” in response to US sanctions and aggression – represent the main bulwark against America’s ability to successfully wage global war, notwithstanding Russia’s ongoing preoccupation with Ukraine. Both stand for a stable world order, under UN auspices, and have recently increased mutual military co-operation. Both are nuclear armed. In Asia, a further constraint on the US drive to war is the unwillingness of most countries to sacrifice their own national interests to fit US strategy. A wavering state like India, which the US keeps pressurising, has abstained on various UN resolutions condemning Russia, increased its imports of Russian crude oil tenfold in the past 18 months, and continued to buy Russian arms. Similarly, most of the ASEAN countries like Thailand, Indonesia, Malaysia, Vietnam, are refusing to impose sanctions on Russia or to choose between China and the US.

Even South Korea is not as compliant as the United States would like. President Yoon last year reversed his decision to station more American THAAD anti-missile systems aimed at China, for fear of alienating Korea’s largest trading partner. And though Korea is moving closer to the Quad – the military grouping of the USA, Japan, India and Australia – it’s not joining it. And, American attempts to pull South Korea closer to Japan in an anti-Chinese military alliance have foundered on the Korean people’s vocal refusal to forgive the atrocities of Japanese colonial rule. In Japan, too, where “Pacifism is an *idée fixe*,” according to a recent BBC News report [12], around half the population remains firmly against change to its “pacifist” constitution. And in Taiwan, the current pro-western, anti-mainland government is facing strong oppo-



PHOTO BY ALISDARE HICKSON

Members of the RMT union demonstrate against arming Israel

sition from the Kuomintang party and its allies, who have a more co-operative attitude to Beijing.

Elsewhere in the world, in Africa, resistance to constant war has produced a crisis for French neo-colonial rule in Niger, Mali, Burkina Faso and elsewhere. In the Middle East, conservative pro-western regimes have hurriedly distanced themselves from the US and Israel as the Gaza massacres continue. Not just in the Middle East but everywhere, the ruling classes of the Global Majority countries, wary of American warmongering and sanctions that damage them at home and strategically, are moving away from the western embrace towards a multilateral foreign policy.

In Europe, anti-Ukraine war expressions are growing, often in circuitous ways: German war scepticism has seen the rise of the far-right AfD, and at least 55% of all Germans now favour peace talks; Slovakia’s new anti-war president, Fico, has stopped arming Ukraine; Hungary refuses to join the anti-Russian chorus; Polish support for Ukraine was weakened after farmers’ protests against cheap Ukrainian grain.

In the USA, opinion polls show 55% of Americans are against further funding to Ukraine, and this is becoming an election issue as Bidenomics fails to halt the catastrophic decline in living standards. And fissures are opening up in the American ruling class too. Major establishment figures are worrying that the Ukraine war and sanctions are backfiring. Robert Gates, former CIA director and Defense Secretary under both Bush and Obama, warns that Russia and China are outpacing the USA in developing close relations with Africa, Latin America and the Middle East. [13] Fiona Hill, adviser to Bush, Obama and Trump, believes the war has become “a proxy for a rebellion by Russia and the ‘Rest’ against the United States.” She says it marks the passing of Pax Americana and that punitive sanctions and past illegal wars have caused resentment and fear. [14] Meanwhile, MAGA Republicans argue that rather than fight Russia, the US should focus solely on China.

This is not a united ruling class as we saw recently with the mutinous letter by State Department diplomats, who fear damage to US interests from its complicity in Israeli war crimes.



PHOTO BY EU2016 SK

Robert Fico Prime Minister of Slovakia.
 Critic of West's strategy in Ukraine

Here, where the British population was browbeaten into siding with their establishment over Ukraine, they are refusing to accept the media and political onslaught when it comes to Israel. The major demonstrations for a free Palestine are thus objectively becoming mobilisations for peace and against the drive to war. The more Palestinians

The drive to world war has gained huge momentum as the USA tries to maintain its declining hegemonic power.

that Israel massacres, the more the growing gap between rulers and ruled is exposed all over the world. The US is becoming increasingly isolated, its Middle East normalisation strategy in tatters. Even Jordan has been forced by its population to distance itself rhetorically from Israel, even though it continues to act as a logistics hub for Israel.

Ensuring peace

All these obstacles to US warmongering are, however, insufficient to ensure world peace. The drive to world war has gained huge momen-

tum as the USA tries to maintain its declining hegemonic power. American establishment internal disagreements are not about peace but about the best methods of perpetuating US supremacy. Virulent propaganda has for several years whipped up US and western public opinion against China, just as Hillary Clinton's Russia-gate lies prepared the ground ideologically for the Ukraine war. Biden has called for a transition to war production in the USA, whose military industrial complex he calls the "arsenal of democracy". A bi-partisan Congress commission concluded recently that the US must prepare for simultaneous wars against Russia and China.

The mobilisation of the US navy into the Middle East, and the US bombing of Syrian targets, as well as hawkish calls for taking the war to Hezbollah and Iran, shows that the United States will never allow its dominant world position to be endangered. Its war on terror killed four and a half million people, and created 38 million refugees. It will unleash far worse if it has to, and it cannot be trusted to act rationally, even in its own interests. Only mass public

pressure, above all from the organised working class, can stop it. So far our labour and peace movements have been extremely weak over Ukraine and NATO, as we saw at the last TUC congress where a dreadful motion for increased arms spending was passed. We need to keep making the argument that the Ukraine war was, from the start, a deliberate provocation by NATO, that Russia acted in self-defence with the aim of keeping Ukraine neutral, and that it is the belligerent western powers, especially the USA and Britain, that pose the real danger to world peace. The cur-

rent escalation in the Middle East couldn't make that clearer. While the response of several unions in calling for a ceasefire in Gaza has been encouraging, along with the union contingents on the Palestine demonstrations and workers picketing Elbit plants, there have as yet been few signs of more organised action against British warmongering.

At a time when Britain is waging undeclared war in Ukraine and banging the drum for striking Yemen and Iran, there is much work to be done.

[1] <https://www.washingtonpost.com/opinions/2023/07/18/ukraine-war-west-gloom/>

[2] <https://threadreaderapp.com/thread/1689220284375851008.html> 9/8/23

[3] <https://www.economist.com/europe/2023/05/07/europe-is-struggling-to-rebuild-its-military-clout>

[4] <https://aviationweek.com/defense-space/budget-policy-operations/french-defense-budget-rise-2024>.

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[9] <https://nilepost.co.ug/2023/09/18/gen-advises-us-to-avoid-open-armed-conflict-with-china/>

[10] <https://www.spectator.co.uk/article/japans-plans-for-an-antichina-alliance/>

[11] <https://csbaonline.org/about/news/why-taiwan-matters/>

[12] BBC News, 19/5/23

[13] <https://www.foreignaffairs.com/united-states/robert-gates-america-china-russia-dysfunctional-superpower> 29/11/23

[14] <https://news.err.ee/1608977948/fiona-hill-ukraine-in-the-new-world-disorder> 15/5/23

CAPITALISM IN A QUAGMIRE

by Noah Tucker

Do you remember when the thing about capitalism was that it was, supposedly, a dynamic system?

There was even a time not so long ago, between the rise of Margaret Thatcher and the fall of Gordon Brown, when Karl Marx's lurid depictions of industrialisation and an earlier phase of globalisation were rediscovered and recited with awe, as an invocation to the spirits - cruel maybe but creative and fearfully productive - unleashed by privatisation and deregulation. Overlaying that was the political triumphalism of unipolar US power, with universal capitalist liberal democracy declared as the endpoint of human history. The link between these economic and the political levels was explicit in the work of the intellectual gurus of that period. Francis Fukuyama cited Marx in support of his theses, while trumpeting the "unabashed victory of economic and political liberalism" and the "triumph of the West". [1]

Cracks in liberalism

Matters for economic and political liberalism have since become distinctly abashed, and apparent, for example, in the cracks emerging in the so-called 'rules-based international order' (ie untrammelled US supremacy). This has been highlighted by the refusal of most of the world to accede to US positions on Ukraine and Palestine and in the worsening social and political difficulties within the rich capitalist countries.

In mid-December 2023, Britain's major liberal-centrist newspaper,

The Guardian, carried an editorial complaining of the "chronic syndrome causing toxic politics". [2] Remarking the lack of productivity growth since 2008, and that real wages have "barely grown" (a misleading understatement - in fact real wages have fallen substantially for most workers [3]), it observed that public services "decay or vanish altogether", added to "rising inequality and crime, poorer public health, and other symptoms of civic decline, putting greater pressure on services, which must then be subjected to ever tighter rationing."

The Guardian editors continued: "This is how the economics of stagnation generates toxic politics. A country that is not expanding its collective wealth, still less distributing what it earns fairly, is drawn into a zero-sum game for resources...different priorities are sharpened into bitter rivalries. The longer an economy stagnates, the more fissiparous its society becomes. This is not the only cause of political malaise in Britain, but it is a significant factor and one that the Conservative government is more inclined to exploit than to fix."

Of course, that editorial omitted another important effect - workers' struggles and political movements which do genuinely attempt to address the issues - unsurprising given the role of *The Guardian* to always oppose or undermine any serious attempt at fairer distribution, let alone any change from the underlying capitalist economic structure.

But what of that previous period of vigorous capitalism? Emphasising the corrosive effect of rising

inequality on prospects for economic growth, Martin Wolf of *The Financial Times* recently had this to say: "Thatcherism did not, alas, cause an enduring revival of the UK economy. Indeed, the growth prior to 2007 was itself in part an illusion. This must be admitted, at last." [4]

Capitalism's missing mojo

Following the failure of the Western economies to recover from the 2008 financial meltdown, a phenomenon initially labelled as the 'productivity puzzle' began to attract academic and technical curiosity. Since the Covid pandemic and the failure of economic output to "bounce back" after lockdown, this has burgeoned, via think tank reports and newspaper editorials, into worry about full-blown economic stagnation. So far, the search for the missing mojo of capitalism has produced mixed results. The fundamental problem cannot be in the 'ageing population', as the main factor in declining Gross Domestic Product (GDP) growth is the lack of growth in output per worker, which ought to be on an upward trend with the adoption of technological developments.

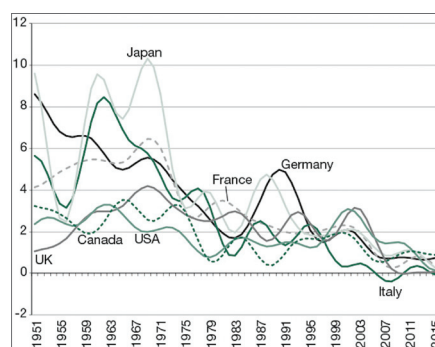
Despite the UK's lackluster performance, the timeline and the geographical spread of the problem shows that Brexit is not the key issue, nor is it anything solely affecting Britain. The main EU countries are currently on a similar course of stagnation to the UK, with Eurozone GDP in the third quarter of 2023 showing a slight contraction. [5]

One explanation for the extended flatlining of productivity was that the usual 'creative destruction' of capitalism (whereby production

...because the ultimate source of the profit is the capitalists' economic relationship with the human workers (rather than with the equipment, raw materials etc) the reducing number of workers as against the rising value of the fixed capital eventually, and on average, results in the rate of profit being eroded.

units that were using older technology, or were otherwise less efficient, are driven out of business by the market) was not taking place, because of ultra-low interest rates and the flood of money from quantitative easing. These policies adopted by the central banks to prevent further economic meltdown following the 2008 'credit crunch', and again during lockdown, were shielding such firms and reducing their costs. However, the productivity problem originated well before these monetary measures and the steep rises in central bank interest rates since 2021 have not resulted in any perceptible rise in productivity.

Figure 1 : Labour productivity trends in the G7 [6]

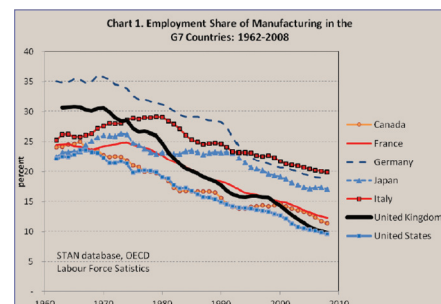


The graph in figure 1, of growth in output per worker in the G7 countries from the 1950s to 2015, uses the rather crude measure of GDP, and the ups and downs reflect booms and slumps, currency movements, and competitive international economic relationships. Nevertheless, the graph shows falling productivity growth rates to be a common feature of the major advanced capitalist countries since at least the early 1970s. Thus we can see that two explanations which may be put forward from a left perspective - the failure of neoliberalism, and the effect of low wages - cannot offer more than partial reasons for the economic sluggishness of advanced capitalism. While privatisation and deregulation have without doubt made the problem worse in the long term, the phenomenon of declin-

ing average productivity growth had its onset before the accession of Thatcher and Reagan. In fact, stalling GDP growth and associated economic difficulties of the 1970s were used as arguments for the changes which aimed at unleashing the powers of the market.

Further, it can indeed be surmised that low pay levels make a double contribution to low productivity: by keeping costs down, thus helping 'less efficient' firms to survive and additionally, by reducing the incentive for business owners to invest in labour-saving machinery. But while these factors are likely to be playing a role in the recent and current situation, productivity growth began falling even in periods when wages were rising due to trade union organisation and the beneficial context of widespread public ownership.

Figure 2 : Employment share of manufacturing in the G7 countries [7]



A factor increasingly - and correctly - highlighted, even by 'mainstream' commentators and researchers, is that of low investment. But the questions need to be asked: investment in what, and why the low rate of investment?

Shrinking real economy

The trend shown in the graph in Figure 2, on the levels of employment in manufacturing industry in the G7 countries, depicts lines following a similar trend to that of the declining productivity growth seen in Figure 1. Britain's example is typical although more extreme

PRODUCTIVITY INSIGHTS NETWORK REPORT (2021)

PURPOSE OF RESEARCH:

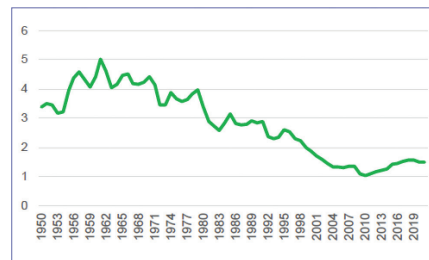
“[W]e explore whether a proportion of large UK firms follow their US counterparts in paying dividends and share buy-backs in excess of their declared income attributable to shareholders earned over a sustained period. In addition, we examine the productivity, investment, operating performance and impairment resilience profile of high distributing firms.”

KEY FINDINGS:

- *Big firms paid out more to shareholders than they earned in net profits.* From 2009-19, the top 20% of ‘high distributing’ firms paid out 178 per cent of their net income to shareholders, and the next 20% of companies paid out 88 per cent of their earnings to shareholders. These two quintiles represented between them 60 percent of the market value of the sample of 182 companies in the FTSE 350.
- The top 20% of firms making the highest payouts to shareholders had the lowest growth in productivity (measured by sales growth and value added per employee). These companies also had the lowest growth in investment (capital expenditure).
- These practices, “reflective of a more financialized corporate world”, with “an enlarged role for financial engineering and creative accounting”, may be “crowding out investment-led productivity-enhancing strategies.”

than the others, with manufacturing employment falling from nearly one third of the workforce to only 10% over four decades. The proportion of manufacturing as a share of overall GDP fell nearly as steeply.

Figure 3 : Manufacturing investment in the UK [8]



While manufacturing industry is not the only productive sector, it is at the core of what has become known since 2008 as the ‘real economy’. This distinguishes it from activities such as financial services, advertising and marketing, speculation and real estate in which, as became clear particularly in the financial and property sectors during the 2008 crisis, the appearance of value creation is illusory. The shrinkage of manufacturing represents a trend in which an ever smaller proportion of economic activity involves production of the goods and services from which wealth and incomes are actually derived.

So what else are firms doing with the resources at their disposal? A paper by researchers for the Productivity Insights Network found that the top UK companies are following the US example by using ‘creative’ practices, with a diminishing relationship to earnings from production, to generate returns for shareholders (see box). [9]

In parallel, the global proportion of Research and Development (R&D) spending is shifting. Between 1960 and 2020, the US portion of world R&D declined from 61% to 31%. China is catching up and now ranks second, with \$583 million (in Purchasing Power Parity) spent annu-

ally on R&D, compared to the USA on \$721 million. [10]

Falling rate of profit

But this still leaves us with the issue of what lies at the root of these long term shifts that are resulting in lower and lower increments in productivity, in the loss of the economic dynamism of capitalism? The answer has a bearing on whether some tinkering with the system can significantly ameliorate matters, or whether the problem is more existential. A useful starting point here is to ask what, from the point of view of the owners and directors of economic resources under capitalism, is the purpose of investment, and indeed the purpose of production and all business activity? It is to make profits.

Adam Smith, John Stuart Mill, and the other classical political economists of two centuries ago, noted that under capitalism, the rate of profit tended to fall over time. This did not mean that the amount of profit for business owners would perpetually reduce, rather that the ratio of financial returns to investment would tend to reduce as time went on.

The basis of the problem that these classical economists identified is that profit is derived from the value produced by workers in production. In order to increase profits, the capitalist invests in more and better fixed capital (eg increasingly advanced machinery), and thus needs fewer workers. But, because the ultimate source of the profit is the capitalists’ economic relationship with the human workers (rather than with the equipment, raw materials etc) the reducing number of workers as against the rising value of the fixed capital eventually, and on average, results in the rate of profit being eroded.

This observation was supported and developed by Karl Marx. He cautioned that there were ways that

capitalists could, and inevitably would, raise the amount of profits, and even temporarily the rate of profit, eg by increasing the working hours and reducing the wages of workers. And that there could be other countervailing tendencies, eg if the prices of the non-human inputs to the production process fell substantially. But in the long term, the tendency of the rate of profit to fall would result in ever increasing problems for the capitalist system itself.

Figure 4 : Rate of profit in the G7 [11]

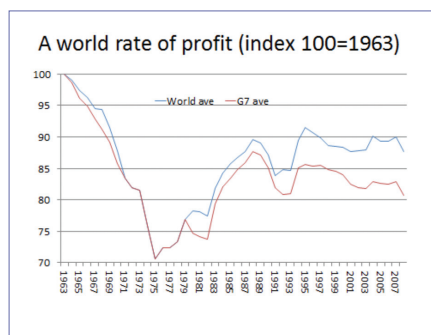


Figure 4, showing changes in the overall rate of profit in the G7 countries, reveals a trend which is consistent with these insights, as well as correlating with the data on productivity and the size of the manufacturing sector over the same period. And indeed, under capitalism there is no compulsion, or even expectation, for ‘investors’ to use the resources at their disposal for purposes that are beneficial for the development of the economy as a whole. On the contrary, they are supposed to find the highest return at the least (presumed) risk for that particular sum of potential capital. As the rate of profit on productive capital falls, other business activities – however unproductive or parasitic they are – become increasingly attractive as alternatives for the employment of financial resources.

Way out?

Is there a way out of this economic quagmire?

Obscured by the petty rivalries and exposure of their venality and incompetence, the lack of any realistic solution (within the framework of the ‘free market’) to the phenomenon of flatlining productivity, underlies the dizzying turnover of Conservative UK prime ministers. No less than five of whom occupied that post during just over six years from 2016 to 2022. Of these, only Liz Truss showed any signs of a genuine belief in a way out of stagnation. The deluded nature of which was immediately proven by the same financial markets whose players should have been the prime beneficiaries of her programme. But even she suffered from a lack of political confidence, shown in her attempt to fund giveaways to the rich out of public borrowing, rather than via the more respectable/traditional way of directly robbing the poor; and that was her undoing. Currently, nobody expects - from either Sunak or Starmer - any substantial policy that could reverse Britain’s declining productivity growth.

Thus it seems likely that the liberal-centrist wing of the establishment, by the manipulations which defeated the potential Jeremy Corbyn premiership, has closed off, at least for the short term, any possible route by which UK capitalism could be saved from some of its own worst excesses, and has thus guaranteed a course of deepening economic corrosion. But given the fundamental nature of the issue at the centre of the stagnation problem, it is uncertain whether even the programme advanced in the Labour Party during the Corbyn leadership would have been radical enough to restore economic development in the UK. If implemented, the measures set out in the 2017 and 2019 Labour manifestos, although representing very major improvements for working class people, would not have been as extensive as the structural changes made by the Labour government that was elected in 1945 – and even those did not turn out to be enough.

[1] ‘The End of History?’ Francis Fukuyama, 1989 <https://www.jstor.org/stable/24027184>

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[3] Cost-of-living crisis: UK real wages have fallen at a record rate - *New Statesman*

[4] Britain needs a way out of economic stagnation (ft.com)

[5] <https://www.euronews.com/business/2023/12/07/declining-exports-and-inventories-weigh-on-the-eurozone-economy#:~:text=The%20eurozone%20economy%20contracted%20slightly,clocking%20in%20at%20-0.1%25.>

[6] <https://www.intereconomics.eu/contents/year/2017/number/1/article/the-global-productivity-slowdown-diagnosis-causes-and-remedies.html>

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[11] <https://thenextrecession.wordpress.com/2020/07/25/a-world-rate-of-profit-a-new-approach/>

World disorder and developing countries

by Paul Sutton

The international system is in transition from a neo-liberal world order dominated by the USA to a neo-mercantilist world disorder in which major states compete for economic and political power. The transition is not yet complete so there is evidence of neo-liberal forces within and between countries as at the same time neo-mercantilist forces increasingly show themselves at work between and within states and now begin to shape the international agenda.

Neo-liberalism became entrenched and dominant under US leadership beginning with the Reagan administration in 1981. It was characterised by unfettered free markets and the dominance of global finance under the leadership of the US which acted as hegemon. That is the US exercised its dominant political and military power to shape a world order through globalisation in which the US dollar and US multinational corporations were predominant and in which global institutions such as the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO) acted to preserve US hegemony. With the collapse of the Soviet Union in 1991 US hegemony emerged largely unchallenged and continued to be so until the financial crisis of 2007/8. International relations between states were marked by economic competition for bigger and freer markets to promote capitalist economic growth.

Neo-mercantilism

The financial crisis was in main part resolved by US action in concert with action by the European



PHOTO BY MICHAEL CANDELORI

Donald Trump campaigning under the slogan Make America Great again

Union (EU), United Kingdom (UK), and China. The use of state power to solve the crisis in favour of finance, such as the bailing out of the global banks, showed the continuing importance of state power. The essence of neo-mercantilism is the combination of state power and economic power to deliver wealth and security. State power is shown in the ability of any state to grow its domestic economy in comparison with others and to resist domination by a combination of military, political and economic actions at home and abroad to preserve its freedom of action and enhance its prosperity.

The period since the financial crisis has been marked by the emergence of China onto the world stage to compete with the US for future hegemonic leadership, the resurgence of Russia under Putin and the increasing power of other states such as India. US power has been challenged and has led to the US adopting an increasingly

neo-mercantilist set of policies demonstrated in the MAGA slogan of the Trump administration – Make America Great Again. To do this Trump adopted protectionist measures to reduce the impact of foreign trade and investment in the USA while seeking to preserve the freedom of US capital to profit overseas. Biden has further developed this in his policies to promote US domestic production in critical areas – so called Bidenomics – which has used state finance to promote US manufacturing in key areas – some US\$53 billion to promote the domestic manufacture of computer chips alone. In so doing Biden has followed Trump in seeking to promote the creation of strategic global value chains between the US and selected allies such as the UK, Germany and Japan. This is an attempt to contain the current global value chain system – the system where international production is broken down into activities and tasks carried out in different countries

and co-ordinated by multinational corporations. COVID showed the vulnerability of the US and other major developed economies to this system as shipping contracted, especially with China. In 2018 two thirds of China's exports to the US were organised by international corporations.

At the heart of these developments has been an attempt by the state to capture the shift in world productive forces unleashed by the fourth industrial revolution – the so-called digital revolution which has prioritised the computer and computer chip and the development of software to enhance production such as robotics and AI (Artificial Intelligence). This has been complemented by the search for rare earths to maintain such developments in mobile phones and batteries in addition to existing concerns for access to oil and gas and uranium to maintain energy supplies and traditional patterns of manufacturing. Technical forces of production have been enhanced by growing commitment to research and development, which is still led by the US but in which China is catching up fast.

China and the developing world

In recent years the actions of China and the US have both increasingly sought to do this at home, to either maintain predominance in the world as in the US or seek to overtake the US as in the case of China, seen in particular in the Belt and Road Initiative (BRI) launched in 2015 to extend China's influence throughout the world through finance and infrastructure development which is especially evident in developing countries. Some 150 countries are part of the BRI and more than US\$ 1 trillion have been invested or borrowed to support mainly energy and infrastructure projects. This collapsing US hegemony – in 2015 25% of global manufacturing value added was in China as against only 18% in the US - and



BRICS+

Official logo of the newly expanded BRICS

IMAGE BY DAVID OAS

growing neo-mercantilist contest is seen in growing world disorder. This includes the many minor proxy wars being fought as well as a probable future major war between larger powers.

Where do developing countries fit in this picture? A word of caution and again it concerns China. China is characterised in the IMF, the World Bank and the WTO as a developing country. When statistics are given for production in the developing world, its share of world trade or investment or whatever includes China. Measured in this way developing countries have shown major gains in recent years – take China out and things begin to look very different.

The World Economic Report 2023 published by the IMF in October reports very different economic performances among the developing countries. The 46 least developed countries, 33 in Sub-Saharan Africa and Asia, continue to languish with the number of people living in extreme poverty (less than US\$ 2 per day) increasing from 75 to 95 million in the last two years. By contrast some growth has returned to middle income and emerging economies. Twenty of them are considered as progressing and include Brazil, Russia, India, China and South Africa. These are the so-called the BRICS and they have emerged as the principal challengers to US power and hegemony in the developing world.

BRICS challenge

The BRICS today contain 42% of the world's population. They are the major powers in their regions. In the last 20 years they have seen their share of world Gross Domestic

Product (GDP) rise from 8% in 2001 to 26% today. By comparison the share of global GDP by the economically developed and powerful in the G7 (US, UK, France, Germany, Italy, Canada and Japan) has fallen from 65% to 43%. At their summit this July the BRICS expanded their membership for the first time since they were formed in 2009/10 to include Argentina, Egypt, Iran, Ethiopia, Saudi Arabia and the United Arab Emirates. [1] This has expanded their geographic representation to include the Middle East and increased their economic and political weight.

The BRICS have challenged some of the pillars of US hegemony. They have formed their own development bank to challenge the World Bank (US\$ 33 billion committed on 100 plus projects), set up a mini-IMF - the Contingent Reserve Arrangement - to support their central banks in any financial crisis encountered by them, and explored ways to develop their own currency to challenge the US dollar. These are as yet only minor challenges but they are a sign of things to come and have followed attempts by the BRICS to reform the World Bank and the IMF in the interest of developing countries that were previously rebuffed by the US and others in the G7. As such the emergence of the BRICS has been welcomed by developing countries who remain weak and underdeveloped and by those who have been marginalised or otherwise ignored, such as Cuba. Forty countries applied to join the BRICS at its recent summit.

While the BRICS are challenging the US it is difficult to see them taking any real collective cohesive action to force major changes. They remain divided among themselves – espe-

cially India and China – and within them China remains dominant (70% of their GDP and 69% of their trade). But they are all believers and practitioners of neo-mercantilism and so committed to developing the growing neo-mercantilist world disorder.

To sum up. The International system is in transition from a global neo-liberalism to a more state centred neo-protectionism. Competition between states is increasing and the chances of conflict between them increasing as they individually search for wealth and power. The key dynamic in this system is the weakening hegemony of the US and its allies and the growing strength of China and its allies in the other BRICS. The US which built China up in the 1980s, 90s and 00s is now trying to pull China down.

Will the US succeed? In the 1970s the US was said to be in decline and faced challenges to its hegemony from the Soviet Union and the economic growth of Germany and Japan, as well as from some of the oil rich developing countries. It overcame this through neo-liberal globalisation. It is now facing decline again which it is attempting to combat through neo-mercantilist policies to deliver strength through

promoting 4th industrial revolution manufacturing and services at home as well as trying to prop up elements of the neo-liberal economic order which favour it abroad, notably underpinning finance capital. But neo-mercantilism is also the strategy of its competitors. They are many and the balance of power and wealth is tipping in their favour. The US has chosen to confront the strongest of these which is China. It is said that as a result we have a new Cold War but power and wealth is now more diffuse so the outcome is more uncertain and the prospects of system breakdown into war that much greater.

The UK

Where does the UK fit in to all this? Rachel Reeves, the Shadow Labour Chancellor of the Exchequer, told the Labour Party conference in October 2023 that “globalisation as we once knew it is dead”. Earlier, in May in Washington D.C., she outlined Labour’s economic policy as ‘securonomics’. This, she said, was a policy to deliver economic security and resilient industry in an uncertain global economy. In her own words: “It shows how an active strategic state will work in harmony with vibrant and open markets”.

A better description of the current mix of neo-mercantilism and neo-liberalism by the US to secure its hegemony could not be found. UK international economic policy is the same as US policy confirming that a future Starmer led Labour government will sign-up behind the US as its junior partner. No change there from what we have now.

What should socialists do in confronting such developments. At the heart of neo-mercantilism is the build-up of state power through technological and industrial growth at home. Action thus needs to be taken first at home. Against whom? Quite simply, those in state power who promote the system and that is the ruling class on behalf of the capitalists who most benefit from it. In short, traditional action against the ruling class and those profiting directly from it in the capitalist system. If enough action is taken in the major countries the system is weakened and an alternative more cooperative international system can emerge.

[1] Since this agreement Argentina has elected a new right-wing President, Javier Milei, whose foreign policy spokesperson has stated that Argentina will not now join BRICS.

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Germany

Growing militarism and attacks on the working class

by Arnold Schoelzel
EDITOR OF ROTFUCHS

What shape is German imperialism in today? An imperialism that twice dared to reach for world power and thus triggered two world wars. With the annexation of the German Democratic Republic (GDR) in 1990, this larger state has expanded its old position as an economic and political heavyweight in Western Europe and has been taking energetic steps within NATO for several years to play a greater role militarily as well. It is participating in NATO's expansion into the Indian and Pacific Oceans.

Federal Republic reneges on peace

From the beginning, it has not adhered to the so-called Two-Plus-Four Treaty, which was concluded in 1990 in place of a peace treaty between the four Allies and the two German states [1]. The term "peace treaty" was avoided for a reason. This German state wanted to avoid reparation claims from the ranks of the 65 states that had stood against Germany in the Second World War. This concerned Greece and Poland in particular as early as 1990. Add to that what a former foreign policy official of the GDR said to me earlier this year, "Imperialist Germany has not honoured one treaty with Russia or the Soviet Union." That is also true of this treaty. Deceptions were - the assurances to respect Soviet security interests and not to expand NATO. The fact that NATO did not also dissolve after the dissolution of the Warsaw Treaty should have given rise to suspicion even then.



German Chancellor Olaf Scholz meets US President Joe Biden at the White House

Crucial, however, was the provision in Article 2 of the Two-plus-Four Treaty, "The Governments of the Federal Republic of Germany and the German Democratic Republic reaffirm their declarations that only peace will emanate from German soil."

This was trampled on even during the ratification process. The Soviet instrument of ratification was deposited in Bonn on 15 March, bringing the treaty into force. By then, the German government was already participating in the war of aggression against Iraq, operation Desert Storm, which the USA and its allies had unleashed on 17th January 1990 with fistfuls of lies such as: "Iraqis ripping babies out of incubators in Kuwait". Germany was providing troop contingents in Turkey. Finally, on 18 March 1991, Finance Minister Theo Waigel landed in Washington and, with a triumphant gesture, handed over a cheque for DM 16.9 billion, which covered an estimated 15% to 20% of the costs of Desert Storm.

Germany's wars

Germany's leading participation in the current war against Russia is the temporary end of a chain that began back then: Iraq in 1991, Yugoslavia, Afghanistan, Iraq again, Mali, the rearmament of Ukraine since 2014 and now the war against Russia are some links in this chain. It began with lies and breach of contract - there is no end in sight. These are wars that were only made possible by the annexation of the GDR. Young people regularly demonstrate here, most recently on the so-called Day of German Unity on 3 October 2023 in Leipzig, with a very long banner stretching across entire squares, "This border was lifted so that we can go to war together again." The term "turn of the times" (Zeitenwende), with which Chancellor Olaf Scholz introduced a new phase of militarisation and an increased level of armaments on 27 February 2022, means a stepping up of war against Russia, participation in the preparation of

war against China and struggle for a world order dominated by the global West.

The world is developing, but Germany is in reverse gear. Unfortunately, the largest German trade unions largely support this course. They are effectively failing as the most important pillars of the peace movement. The congress of the Metalworkers' Union, one of the largest trade unions in the world with 2.3 million members, has just ended. The same can be said about it as about the congress of the service sector union Verdi in September. The congress resolutions on the peace question represent a partial break with the peace stance achieved so far by the trade union movement. They advocate arms deliveries to Ukraine and soften the rejection of the special arms programme of €100 billion announced by Scholz on 27 February 2022, as well as the rejection of the NATO target of spending at least two per cent of the gross domestic product on war and rearmament. The resolutions document the relative integration of the German workers' and trade union movement in the NATO and rearmament course, and in this course passing on the burden of war and crisis to the working class. Only slightly more than 20% of the delegates voted against the motions of the trade union leaders.

For us in the *Red Fox (RotFuchs)*, the results show how big our task is to push back this integration. We see this as our main political task as communists and socialists. It is good that the networking of the peace forces has increased. What is particularly bad is that the war and rearmament course of the rulers had a lot of support, especially among young delegates.

The danger is very real that this war will escalate. Added to this is now Israel's war in Gaza, for which the same is true. The prospects are bleak and - even if there is not

military escalation - one thing is certain, poverty and drastic social cutbacks will increase for the preservation of the hegemony of imperialism and for the great power dreams of the German monopoly bourgeoisie on a scale hitherto unknown in the history of the Federal Republic.

Pressure on imperialism

But we also say that it is uncertain whether imperialism will succeed in maintaining its hegemony militarily. Economically, it is outnumbered and politically and ideologically, it is under tremendous pressure on a global scale. The meeting of Xi Jinping and Joseph Biden in November 2023 provided a little breathing space.

The mere fact that this meeting took place means that we are witnessing changes in the balance of power in the world that ultimately endanger the established imperialist dominance and thus also affect German imperialism.

For this is not only about the possible loss of hegemony of US imperialism, but also that of the entire NATO camp. This makes it even more important for anti-imperialist forces to try to find differences in this camp. These differences can only be found in economic and political interests. Probably, they will also depend on the military balance of forces. In this context, the fact that currently only Russia has operational hypersonic weapons is, in my view, an important determinant.

Within imperialism, a very complicated development of the EU and Germany is taking place. The strategy of the leading fraction of German monopoly capital is to maintain with all its might supremacy in the EU and at the same time to subordinate itself consciously with the EU to hegemonic US imperialism and its strategy against Russia and China.

From this follows the danger of war, which is much greater than ever before in the history of the Federal Republic. From this also follows the enormous increase in attacks on the social rights of working people. Both objectives call for calm on the home front, from this follows the politics of division and repression for many and bribery only for the smallest groups. In Berlin, most demonstrations for solidarity with Palestine are currently banned - this is a new experience. German capital and its media are publicly discussing new restrictions on the right to strike.

Attacks on living standards

We assume that the ruling social democracy used its influence in the wage settlements this year, pointing out that in times of war, unrest on the home front has its limits. If we take stock of this year's wage rounds at the post office, the railways and in parts of the public service, we must unfortunately say that the trade union movement has inadequately countered the attacks of the rulers and the ongoing mass impoverishment. We predict that impoverishment will take on a new quality in Germany in the next few years - parts of the working class, also parts of the middle classes and above all many pensioners, who today do not expect to be affected, will be hit massively. As an example, I would like to cite a newspaper report: A woman living in a municipal nursing home in Essen received a notice that her own contribution would increase by a good €972 per month to €3,570. Her daughter is quoted as saying: "Her entire pension will go towards this, and she will have to contribute an additional €2,000 a month from her life savings." Reports like this are becoming more frequent.

The trade union and labour movement still seem to assume that an alleged class compromise will continue. This is also shown by the

resolutions of the trade union congresses mentioned above. However, this alleged class compromise has ended with the “turn of the times” speech by Olaf Scholz. The so-called debt brake, i.e. the limitation of state borrowing, high armaments spending, inflation and NATO’s two per cent target make the class compromise impossible. A comrade has calculated that the forecasts for the development of the gross domestic product and the consumption of the funds from the €100 billion special debt for the army in combination with the two per cent target will result in an arms budget of over €100 billion, which will then become completely relevant to the budget in 2026 and 2027. Just a few years ago, the German arms budget was one third of that. This means that the drastic cuts that took place in youth, health and education during this year’s budget discussions in the Bundestag are only a prelude.

In Germany, the nationwide provision of hospital services is currently being dismantled and many hospitals are being forced to close. The ruling coalition had announced a basic child allowance as its most important social project. All state benefits for children were to be combined in this scheme. In fact, there will be no such basic security. Up to twelve billion euros would have had to be made available for it in the national budget, but the result is two billion.

Instead, there is the massive subsidising of energy for corporations, which will additionally burden the budget. Germany has almost completely cut off energy supplies from Russia and now has to buy expensive liquefied gas obtained by fracking, mainly from the USA. Energy is more expensive than ever before. In Germany, therefore, a creeping de-industrialisation is taking place, because many energy-intensive industries, for example chemicals, glass, ceramics or aluminium, are ceasing production or going to countries where energy is offered



German soldier in Afghanistan 2009

PHOTO BY ISAF

more cheaply. From our point of view, this is not only about national interests, but also about ownership, expropriation and socialisation. In short, only expropriation and democratic control can help against capital flight.

Threat from the right

These are all factors that have contributed to the political development of the right. In the state elections on 8 October 2023, conservative, right-wing parties and fascists such as the Alternative for Germany (AfD) received two thirds of all votes in Bavaria, and a good half in Hessen.

However, we know that fascism does not come from the fascists, but is an option and result of the policies of the ruling class under imperialism. The rise of such forces is a phenomenon, but not the essence of reactionary development.

Similar to Italy and other European countries, we in Germany are experiencing a rapid loss of the ability of the established parties to hold together. In the media, there is sometimes talk of the dissolution of the previous party system. The AfD is filling this gap with its social and national demagoguery. I quote the for-

mer trade union chairwoman Ursula Engelen-Kefer of the Sozialverband Deutschland (SoVD), “In surveys, many confirm that they vote for the AfD mainly to teach the government a lesson. Political promises were made that are not being kept. Many are worried about no longer being seen and being marginalised.”

The AfD is used by the ruling class to prevent the opposition to the war and austerity policies of the traffic light and the CDU from moving to the left, even becoming fundamental, i.e. anti-capitalist. This succeeds because the Left Party, Die Linke (PDL), has departed from the left-liberal milieu. And it succeeds because the DKP is too small and too weak.

The current political situation in Germany is therefore quite comfortable for the ruling class. The formerly left-wing alternative party, Die Linke, could be integrated into the political system and the protest potential is absorbed by the pseudo-alternative AfD in a system-stabilising way. The AfD’s main tool is social and peace demagoguery combined with racism and nationalism. The AfD officially advocates peace with Russia and has great success with this, but at the same time it also advocates strengthening the Bundeswehr and NATO. In votes

in the Bundestag on social policy, it shows itself to be an ordinary neoliberal party. It is an “FDP with a pickelhaube”. [2]

An association, Bündnis Sahara Wagenknecht (Alliance Sahara Wagenknecht), was founded in Berlin on 26 September 2023, which intends to found a party in January 2024 to run in the elections for the EU Parliament. I am sceptical whether this party will succeed. Her political programme consists of a mixture of the so-called social market economy, demands for social justice and peace with Russia. The bourgeois media claim that this party could attract AfD voters. That may be so at the beginning. In the long run, I am sceptical.

Defending democracy

We know from German history how important the preservation of bourgeois democracy is for the workers’ and democratic movement. At the same time, monopoly capital is constantly pushing for the dismantling of social and democratic rights, thus undermining bourgeois democracy. Therefore, we defend social and democratic rights against the attacks of the monopolies, both in fascist and “democratic” guise. In this sense, for example, the German Communist Party filed a constitutional complaint against the tightening of paragraph 130 of the penal code last November. This concerns an amendment to this paragraph which, with a woolly formulation, makes dissenting opinions on the Ukraine war punishable as approval of wars of aggression. There have already been court cases and convictions on the basis of this and the equally tightened paragraph 140 of the Criminal Code. These are attacks on the rights of opponents of the war and NATO strategy.

We stand for a policy oriented towards the interests of the majority of the population, for a policy of peace, disarmament, international development, the rejection of inter-

national relations of oppression and exploitation, the equal treatment of nations and diplomacy, and the right granted to all peoples to be able to decide for themselves the path of their nations. We demand such a policy and are at the same time aware that its realisation in a highly developed imperialist country is an illusion as long as the working class in alliance with other non-monopolist layers is not able to keep monopoly capital in check.

Capital’s strategic interests

Strategically, German monopoly capital is working in three fields to challenge the USA for the role of supremacy: Arming Germany for independent war capability, energy sovereignty i.e. independence from fossil fuels, and digital sovereignty i.e. independence with regard to the most modern productive forces.

A key means to this end is German domination of the EU. The costs are passed on to all non-monopolist classes and strata, and domination is secured by means of the closed home front and reactionary state restructuring. Following this dominant line of monopoly capital, “German interests” are now defended not only in the Hindu Kush, i.e. in Afghanistan, but also in Ukraine and

worldwide. The leading government party the SPD announced at its party conference in December 2023 where the journey should take us: “As long as nothing fundamentally changes in Russia, Europe’s security will have to be organised in front of Russia,” is the new insight. The former GDR state secretary and current peace activist Petra Erler commented on this sentence: “So something has to change fundamentally in Russia. We would like to know more precisely what is to change there and, above all, how.”

In my view the SPD is now offering to manage the internal transition to non-fossil fuels without causing social upheaval, while externally it wants to confront and ultimately encircle Russia in particular, all the way to the South Caucasus, at the head of a “sovereign” EU - the most frequently used term in the foreign policy decision of the congress. What is meant is militarisation and a rejection of the formula of the SPD foreign policy expert Egon Bahr, who died in 2015, that the USA is indispensable for Germany, but Russia is immovable. The latter no longer applies, that is the content of the “Zeitenwende - turning point”: the disintegration of Russia. With Putin and Trump in mind, the SPD declares, it is now “time” for Germany to “show leadership” in Europe and the world.



Construction of second LNG terminal at Wilhelmshaven, Lower Saxony 2023

PHOTO BY EIN DAHMER

For the position that Germany must stand up for peace in Ukraine and peace with Russia and China and make itself independent of the USA, the interests of several classes and strata overlap.

Parts of monopoly capital fear for their good business, especially in China. Another part stands for a different conception of German domination in Europe. This is found in the AfD.

There are great illusions among the working people and the intelligentsia that an orientation towards German interests, different from US interests, would lead to peace. It is forgotten that Germany is one of the oppressor nations worldwide. The current partial subordination to US imperialism does not change the long-term strategic goals of German imperialism.

We know that both the classical ideology of social partnership, of which social democracy was the main carrier, and this “national” coloured variant have an influence

on the consciousness of the working class, the petty bourgeoisie and the intelligentsia. From our point of view, pushing them back requires above all common struggles in which it can be made clear that the main contradiction is the class contradiction, which is ultimately also behind the main question, namely the question of war and peace.

RotFuchs is a tribune for communists, socialists and other leftists. It is the largest Marxist monthly magazine in Germany. Its website is rotfuchs.net

[1] The Two plus Four agreement was a treaty between the two German states, the German Democratic Republic and the Federal Republic of Germany, and the four powers that had occupied Germany at the end of the second world war – The Soviet Union, The United States, The United Kingdom and France. It paved the way for the GDR to be taken over by the Federal Republic.

[2] The FDP, Federal Democratic Party, is one of the conservative parties in Germany and a pickelhaube is a historic, now ceremonial, military spiked helmet.

From **The Socialist Correspondent** 10 years ago

“The British Government continues to defend the City and that’s because Britain is run by Finance Capital....Britain has been transformed from a manufacturing and industrial country into a service economy dominated by finance capital. The enormous run-down and effective closure of the coal-mining, steel and shipbuilding industries in the 1980s has had a grave effect on lives and communities in Britain.”

Issue 19 Winter 2013

**Finance Capital Rules
Britannia**

Alex Davidson

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INFLATION – THE HIGH COST OF PROFITS



PIC BY ACEDISCOVERY

The Bank of England – not in it together...

A contribution to discussion by Peter Latham

Inflation is back in the news again, this time because the rate has come down. The news media and the Government seem intensely relaxed now the annual rate is “only” 4.2%. [1] Yet vast sums have gone to the banks and corporations in the meantime, not least because higher interest rates, raised to bring inflation down, have speeded up the transfer of wealth from the poor to the rich. As a result, householders have permanently lost the income already spent on higher prices, and are still paying more now for gas, electricity, petrol, food and essential goods. Mortgages are higher and rents have always been high anyway. Life has been made harder, partly because of the Bank of England’s so-called solutions. Even successful strikes for more pay have not fully recovered the incomes lost.

The question arises: how would a progressive government tackle

inflation differently, to narrow the gap between rich and poor? Can we escape from capitalist economics on this question? A valid answer should be a collective effort based on proper investigation.

Profits and inflation

Meanwhile, people are clearly wary of the Governor of the Bank of England’s message that “we are all in it together.” It has been hard to find people willing to apologise for the raising of interest rates. Instead, many people trust their own experience, understanding that wages are not the cause of inflation. Jon Trickett MP quoting a recent Ipsos opinion poll, wrote: “large majorities confirmed that rising prices were driven by corporate greed in one sector after another”. [2]

The trade union response has been encouraging, with Unite producing a timely report [3] explaining how the rise in wholesale oil and gas prices pushed up prices every-

where. It criticises too the firms who have used inflation to raise their prices above their increased costs. A new name for this is “price gouging.” The old name is profiteering. Furthermore, the middle ground of social democracy, such as within the Labour Party, seems to understand the need for alternative approaches to bringing down inflation. They favour, for example, arguments for state-led capital investment in the productive economy, including price controls, and public ownership of public transport. This is despite the Starmer leadership’s move away from these things and, therefore, is potentially healthy.

What does cause inflation? The recent rise in prices was set off by the oil and gas companies raising wholesale prices a couple of years ago, which then fed through the economy in cycles, producing a rapid general rise in prices. Back in the 1970’s “greedy workers” were blamed for setting off a “wage-price spiral” leading to inflation of 15%,

even over 20% at one point. In fact, in 1973 the market price of crude oil rose from \$3 per barrel to \$12, after the Middle East oil producers imposed an oil embargo on the West. This was because the West had supported Israel in Arab-Israeli war of that year. [4]

These are practical examples. At the theoretical level, inflation is caused by an excess of purchasing power in relation to the goods available. Such situations occur to some extent in every boom. [5] In boom conditions price increases usually lead directly to more production, leading in turn to the next slump. When inflation takes hold during a boom, the rise in production may well be checked by actual conditions, such as shortages of labour, plant or raw materials. Shortages may themselves bring price increases as capitalists (especially monopolists) always raise prices as high as they can to maximise profits. Capitalist economics plays down the place of inflation in the boom-slump cycle.

Another way of looking at it is this: inflation is caused by changes in the flows of money and capital in the economy and around the world. Money circulates in exchange for commodities, and can be transformed into capital. If the flows of money and capital alter, then this can be inflationary. Some economists think that the export of capital by the West, including for military bases and war production, can be inflationary as it can put money flows out of balance. [6] The USA has expanded its military bases around the world for many years now, and is militarising Asia and eastern Europe at speed.

In other words, inflation comes and goes as part of the normal workings of the capitalist system. To understand the true causes of inflation, we have to study more the doings of the capitalist class, and rely less on what they choose to tell us.

A point to note is that the ruling class resort to one device after another to claim that there is no money, that public expenditure cannot be afforded (except for fighting wars), and that recession can be avoided by cutting taxes, raising interest rates, and shrinking the state. Inflation is merely the latest excuse for these wrongdoings.

Capitalist crisis

To imply that the current mess is a “British recession” is to underestimate the scale of the crisis. Global Gross Domestic Product continues to decline with no sign of a rebound. The United Nations Conference on Trade and Development (UNCTAD) says that the global economy is “flying at stall speed” with most of the world experiencing a recession. However, Marxist sources question the term “recession,” arguing that the term is a smokescreen hiding the true nature of the crisis. Vijay Prashad has commented: “Most governments have used conventional tools to try and grow their way out of the great depression, but these approaches have placed an enormous cost on household budgets already hit hard by high inflation, and have curbed the investments needed to improve employment prospects”. [7] UNCTAD notes that central banks prioritise short term monetary stability over long term financial sustainability. “This trend, together with inadequate regulation of commodity markets and continuous neglect for rising inequality are fracturing the world economy.”

Significantly, Prashad explains how five of the G20 countries will experience better growth rates in 2024: Brazil, China, Japan, Mexico and Russia, because of their various more enlightened policies.

Some social democrats in Britain want the state to take more control and lead the economy out of crisis, using investment in production, expanding the social infrastructure

to redistribute wealth, and maintaining demand. They are in good company, being on the same page as leading Marxists, and some of the more progressive governments in the world. Even some less progressive governments use the state more than we do.

Outside the G20, there is good economic practice. Nicaragua, a poor country of 6 million people, has educated its children out of illiteracy, increased its education budget each year (by 457% since 2006), doubled the number of teachers, provided free teacher training and free education from primary school to university, and free school meals, all when inflation is still at 10%. [8]

We in Britain should understand this kind of option is before us. Arguing for it is easier with a better understanding of progressive economics, which includes public planning of the economy to increase resilience to temporary troubles like inflation.

[1] Office for National Statistics, November 2023 www.ons.gov.uk

[2] *The Morning Star* 30-31 December 2023

[3] Corporate Profiteering and the Cost of Living Crisis, June 2022, www.unitetheunion.org

[4] Wikipedia

[5] Political Economy, John Eaton - Lawrence and Wishart, London 1949, Chapter 13 usefully refutes the idea that rising wages lead to a wage-price spiral.

[6] Monetary Crisis of Capitalism, A. Stadnichenko - Progress Publishers, Moscow, 1975

[7] The World's Economic Centre of Gravity is Returning to Asia, Vijay Prashad, Tricontinental 52nd Newsletter 2023 - thetricontinental.org

[8] *The Morning Star*, 27 May 2023

PAY

Official figures and working class reality

by Brian Durrans

The UK's Office of National Statistics (ONS) released its latest cost of living figures just before Christmas, when the festive spirit comes at a price few can easily afford. At first glance, the news seemed good: the annual inflation rate in October 2023 of 4.7% was less than half that of 2022, and in November 2023 it had fallen further to 4.2%. From August to October 2023, real total pay – i.e., 'real' in the sense of adjusted for inflation and 'total' meaning it includes employer-discretionary bonuses – rose 1.3% over the previous year, or 1.1% excluding bonuses. [1] The previous ONS figures reported an average annual pay hike of 8.1% for June-August 2023, said to be the highest since comparable records began in 2001 (i.e. over two decades before). [2]

On closer reading, however, the news was less cheery. The high June, July and August figure registered one-off pay settlements, including back-pay, in the NHS and civil service, rather than a broader uplift in basic wages. The favourable comparison with 2001 was also a Christmas cracker joke because those were 20 years of austerity when wages trailed the rising cost of living. In terms of purchasing power, therefore, the 8.1% pay increase left employees on average a mere 0.7-0.8% better off. Since it takes far more low earners to reduce the average than it takes high earners to increase it, for most workers this 0.7-0.8% average wage

rise represents a continuing decline in their standard of living. The last two ONS reports record over 40% of surveyed respondents saying they are struggling to pay energy bills.

Handle with care

ONS statistics are freely accessible online and offer useful information for those engaged in the struggle to maintain or improve their standard of living, and for anyone wanting an overview of the condition of the UK working class or how the economy is doing; but the reports need careful interpretation, especially their overall summaries.

Caution is needed, for example, when interpreting figures for average pay according to whether bonuses are included. Even when bonuses seem to make only a small difference, this obscures the very uneven role of non-regular pay supplements across the workforce and between different sectors, again underestimating the relatively greater burden of the cost of living for those on lower pay in lower-paying occupations or industries. More generally, the establishment prefers average measures of how people are doing that paper over the cracks in class society.

The basic lesson from all this, taken together the falling rate of profit and companies' unsustainable largesse to shareholders, is that the best the organised working class can expect within capitalism is to run faster up a down escalator.

Suppression of strike action

The ONS and other monitors of economic life report on how things were a month or so ago and try to identify trends. Capital, however, has its own agenda and plans ahead. Not all its plans are well thought-through – it can miscalculate, and when it does so, as with the Brexit referendum, there may be an opportunity for radical change. Some of its plans are of course confidential, but others are set out for all to see.

The ruling class knows that the labour movement will contest its strategy of continuing to enrich the few at the expense of the many during the coming austerity. That's why the anti-strike bill - the Minimum Service Levels Act - which



The pound in your pocket

PHOTO BY WIKITROPICIA

By framing striking firefighters, bus drivers, nurses or teachers as sociopaths, our legislators are trying to make them harder to love and hence their strikes harder to win.

was passed into law in July has been described as one of the most significant attacks on working people for a generation.

The minimum service regulations apply to certain fields of employment with a “life or death” aspect potentially affecting members of the general public. Stated examples are fire and rescue, health, education, transport, nuclear decommissioning and border security. Designated employees can now be legally required by their employers to report for work during a strike even when it has been lawfully decided by officials complying with all the rules which employers and governments have imposed to make striking as difficult as possible.

In other words, there is now legalised scabbing, even though, in recent NHS disputes, for instance, patients in a critical condition have been safeguarded by volunteers among qualified specialists, and it is hard to imagine that workers in other affected sectors would willingly expose others to death or injury if that could be avoided. The legislation is obviously meant to intimidate workers, not save lives. Employers have legal authority to sack union members if they don't work on strike days, and unions are expected to police members' attendance at work.

Lives at risk?

One clue to the strategy behind this move is that although strikes in fire and rescue, health, transport, border control and education public service sectors can be quickly disruptive and costly to employers

both within and well beyond those sectors themselves, these are also sectors in which workers have been able to build public support for their case. By framing striking firefighters, bus drivers, nurses or teachers as sociopaths, our legislators are trying to make them harder to love and hence their strikes harder to win. This attempted character-assassination could, however, seriously backfire.

The extent to which workers in these sectors really could put lives at risk by going on strike is highly variable. Firefighters and medical staff save lives directly as part of their job descriptions, and border control operatives are supposed to exclude terrorists at ports and airports.

On the other hand, train drivers might endanger passengers if they fall asleep in the cab but hardly if they take the day off. As for teachers, it's inconvenient for parents and carers when they go on strike; but hardly life-threatening. So, the life-and-death shorthand version of minimum service levels is a broad brush meant to coerce more than just front-line workers from defending their living standards.

Struggles ahead

The strategy is unlikely to stop there. If it proves effective, governments and employers will be tempted to apply it to other sectors such as manufacturing or construction where profits from downward pressure on wages are more bankable than the claim to be safeguarding public safety. No doubt the terms of the exercise would be recast as avoiding damage to competitive-

ness or national interest rather than to life or limb. Picking on just a few sectors for now is obviously meant to reduce the scope for a collective response from the unions. It remains to be seen how far such a response can be developed. The 1971 Industrial Relations Act was weakened and eventually defeated by determined, united action, including the imprisonment of strike leaders and a successful campaign to release them. The example is worth recalling as the fight for union rights intensifies.

Although Labour, the Scottish government and the TUC have expressed strong opposition to the anti-strike law, conditions are not promising for the organised working class to ensure its defeat if (or when) verbal opposition alone proves insufficient; but it has no option but to try. Organised workers not only have an interest in getting decent pay and conditions but also in improving the social value and effectiveness of what they do. This can help broaden public support for strikes and other actions. Two recent examples of this approach are the successful RMT/TSSA actions around ticket offices, and the FBU's call in October for a Labour government to restore flood defences to 2010 levels in its first terms of office. Floods in several parts of England in January, the worst ever experienced by many of those affected, were a reminder not just of the climate crisis or of decades of neglect by the ruling class, but of the scope for the labour movement to champion the many over the few.

[1] <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/december2023>

[2] <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/october2023>

Growing wave of protest faces real risk of repression

PHOTO BY ALISDARE HICKSON

by Claire Bailey

In the weeks leading up to Christmas, messages went out on social media calling on people across the world to join a global credit card strike and to use cash only for their purchases. As reported in *The New Arab* on December 19th: “Under the hashtag #StrikeForGaza, the campaign asks people to stop using their credit cards between 24 hours and a week, withdrawing in cash only the amount they need, and avoiding online credit purchases.” Support was strongest in Turkey and the Middle East, especially in Lebanon and Jordan where the strike was widely observed on December 11th in solidarity with a strike in the West Bank and East Jerusalem called by a coalition of Palestinian resistance groups.

In the west, support was haphazard and harder to track but the call was widespread on social media and it had a particular virtue: while we still have cash, a credit card strike is a difficult type of protest to police, at a time when in many countries

protest of all kinds is being criminalised by law and suppressed by police violence.

Growing protest

Protest worldwide has been growing – from Amazon workers starting to coordinate action globally and the Gilets Jaunes creating a national network of resistance in France in 2018-19 to 250 million farmers in India striking against the 2020 Farm Bills, laws extending the corporate stranglehold over Indian agriculture. After a year of demonstrations, hunger strikes, blockades of roads and railways leading to Delhi and bloody confrontations with the police, the farmers won: the government repealed the laws in full.

According to David Bailey writing in *The Conversation* in 2020, the number of protests in the UK, including official strikes, more than trebled in the decade after 2008. They involved transport workers, lawyers, and doctors as well as workers starting to organise in the

gig economy. There were protests organised by housing activists, and the Occupy movement. There were more than 3000 individual hunger strikes in 5 years by immigrants and asylum seekers in Yarl's Wood detention centre. Extinction Rebellion took off in 2019 and its events accounted for 45% of all protests recorded that year. Nationwide strikes in the universities have repeatedly brought teaching and assessment to a standstill in the last few years while students have organised demonstrations in support of their lecturers as well as to protest against terrible student housing conditions. Campaigns in defence of the NHS and strikes by health workers at all levels in the service have taken place, attracting strong public support. Just Stop Oil has adopted the tactic of a slow march.

UK public support for any protest is usually recorded in the mainstream media as very divided at best, with a focus on the stories of inconvenienced individuals, but the reality is that recent protests and

official strikes have mobilised millions, many for the first time. Support for striking health workers was solid throughout 2023 with local groups of all kinds joining picket lines, and it became increasingly clear that NHS workers were themselves ‘the public’. The obvious coincidence of protestor and public does away with the old fiction of an absolute divide between ‘rioters’ or ‘extremists’ and ‘decent hard-working citizens’ that the government works hard to create.

While the number of protests is an indicator of the widening gap between governments and people as conditions worsen, more protests do not in themselves lead to significant victories. Every protest is, however, a potential risk for the UK government and its policing of the population because protest teaches people important lessons about cooperation and courage. How precisely to respond to any single event is a difficult calculation for the authorities as was clear on the occasion of the November 11th Palestine Solidarity Campaign demonstration when internal disagreements led to the sacking of the Home Secretary. But because any protest has the potential to ignite a chain reaction and because the connections between protests are growing fast, the direction of travel is towards authoritarian rule.

Repressive laws

Anyone taking part in a protest is liable to learn where their rights come to an end; from now on it’s going to happen much sooner and faster. A barrage of four new laws (see box) in the UK – three already on the statute books and one with its 3rd and final reading on January 10th 2024 – drastically reduce basic rights and extend state powers to an extent few have recognised. Between them they demonstrate the ways in which the government is willing to infringe international law to get what it wants.

THE POLICE, CRIME SENTENCING & COURTS ACT 2022 focuses on “disruption to the life of the community” and gives the police very broad powers to decide what this means, including noise triggers. Significantly it makes all protestors vulnerable to the charge that they “ought to have known” that police conditions had been imposed on a particular protest. If found guilty of causing a public nuisance under this Act protestors could face up to 10 years in prison and/or an unlimited fine.

THE STRIKES (MINIMUM SERVICE LEVEL) ACT came into effect on December 8th and targets workers in the emergency services, border security, education, passenger rail and the nuclear sector, effectively removing the right to strike in those areas. Workers who don’t comply will face instant dismissal and their union will incur massive fines.

THE PUBLIC ORDER ACT 2023 again focuses on “disruption” and introduces a new offence of “interference with key national infrastructure”, that is anything that hinders or delays the operation of airports, railways, printing presses or oil and gas installations. The cross-party Joint Committee on Human Rights objected at the report stage of the Bill that the proposed law would “pose an unacceptable threat to the fundamental right to protest as guaranteed by Articles 10 and 11 of the European Convention on Human Rights”.

THE ECONOMIC ACTIVITY OF PUBLIC BODIES (OVERSEAS MATTERS) BILL 2022-23 is explicitly aimed at the pro-Palestinian Boycott, Divest and Sanctions (BDS) movement and will prevent “public bodies when making decisions about procurement and investment from considering a country or territory of origin or other territorial considerations in a way that indicates political or moral disapproval of a foreign state.” Four UN Special Rapporteurs wrote to the UN High Commissioner for Human Rights in mid-December to express their concerns about this Bill and its intended interference in human rights and freedom of expression.

Open conflict

Oliver Eagleton writing in *Jacobin* in November 2023 asserts that “Britain’s ruling bloc” is not especially concerned by recent protest of whatever sort, having successfully “seen off the challenge of Corbynism”; in his view, these new laws simply formalise hitherto arbitrary police powers. But this is both to underestimate what is new in the laws and to ignore things like the conviction of climate activist Stephen Ginnell under Section 7 of the Public Order Act for taking part in a peaceful slow march. Ginnell was jailed in December for 6 months. Looked at from a less parliamentary perspective than Eagleton’s, the “challenge” of the Corbyn vision of a possible UK is both ongoing and more complex, and its effects can be seen in the experiments a much more defensive establishment is conducting, with politicians like Suella Braverman who favour open conflict.

There is in fact a growing sense that all protests are now existential on both sides of the police line and that time is running out. The government’s growing intolerance of dissent reflects its failure to carry on as normal as custodian of the territory in which profit can be made. On the other side, a growing number of people are making it publicly clear that things can’t go on as they are, that power cannot be left in the hands of elites, whose idea of the future is a defended ‘Green Zone’ outside which everyone else can starve and burn.

The huge UK demonstrations against Israel’s uninhibited ethnic cleansing in Gaza have steadily taken on the form of a broad anti-war coalition. There is an anti-imperialist dimension to these protests and, importantly, rapidly developing international connections that enable coordinated events. Protests in central stations, for example, have taken place in many cities, each one learning from and build-

ing on the last. Alliances have been created via social media across the world, from Jordan and Yemen, where millions have marched and volunteers have crossed borders to fight, to health organisations in Europe raising money to send to the desperate hospitals in Gaza.

When on November 11th, 500,000 people marched in London to call for an immediate ceasefire in Gaza, it was in defiance of the Prime Minister and the Home Secretary’s combined warnings that decent people should steer well clear of an anti-semitic mob intent on desecrating war memorials. And when half a million protestors decide to turn out, there is not a lot the police can do, other than blind and mutilate as they did the Gilets Jaunes in France.

Shortly afterward, when the Home Secretary was sacked for criticising the police refusal to ban the march, she said this in a letter to the PM, “I have become hoarse urging you to consider legislation to ban the hate marches and help stem the rising tide of racism, intimidation and terrorist glorification threatening community cohesion. Britain is at a turning point in our history and faces a threat of radicalisation and extremism in a way not seen for 20 years... Rather than fully acknowledge the severity of this threat... you sought to put off tough decisions in order to minimise political risk to yourself. In doing so, you have increased the very real risk these marches present to everyone else.”

The “everyone else” is of course imaginary. But she was right that people who refuse to be intimidated pose a threat to a government unable to govern without constantly extending its powers of repression. She may also be right about the turning point.

...a growing number of people are making it publicly clear that things can’t go on as they are, that power cannot be left in the hands of elites, whose idea of the future is a defended ‘Green Zone’ outside which everyone else can starve and burn.

GENERAL ELECTION LOOMS

by Frieda Park

This year will see a general election in the UK. At present it looks like a safe bet that the Tories will lose and Labour will win. Is there any more to say? With media pundits taking up airtime and web-pages with their endless, repetitious prognostications it will certainly feel like there is not. However, there are real questions about the direction of Labour and the future of the Tories.

On the right the threat of Reform, successor to the UK Independence Party (UKIP), is being talked up to a) try to pull tory voters into line behind the Party and b) to pull the Party further in the direction of a far-right agenda as Rishi Sunak struggles to assert the acceptable face of class oppression. Reform is polling at around 10%, only slightly less than the Lib Dems who seem still to be in the doldrums. Labour is showing an 11 to 22 point lead over the Tories in the polls – a wide range but even at the lower end still substantial.

Tory collapse

But recent by elections have not shown a growth in the Labour vote, which has remained fairly stagnant often with slight declines. The critical factor in Labour's success has been the collapse of the Tory vote. Labour won Tamworth by polling 11,719 votes - at the last General Election it polled 10,908, with the Tory vote collapsing to 10,403 from 30,542. Likewise in Mid Bedfordshire Labour won polling 13,872 (14,028 at the General Election) - the equivalent for the Tories was 12,680 and 38,692. The same pattern was evi-

dent in other by elections and even in Scotland, where Labour should be increasing its support, Labour's victory in Rutherglen and Hamilton West was due to the collapse of the SNP rather than more votes for Labour. There 17,845 people voted Labour – at the General Election it was 18,545. For the SNP the figures were 8,399 and 23,775.

At the by-elections voters also had reasons to punish the incumbent party due to the misbehaviour of the MPs who had resigned or been booted out. That is a factor which will not be assisting Labour at the General Election.

Politics is rather more volatile and geographically fragmented than it used to be and even with the Tories engaged in a suicidal civil war Labour should be offering people more that will consolidate its vote across the country. Keir Starmer recently addressed the question of voter apathy in a general election launch speech, yet his policies are part of the problem and will be another factor potentially eroding the Labour vote. Who knows what their focus groups and polling are telling Starmer and his

New (old) Labour backers, but making their main pitch somewhere slightly to the left of the Tories and slavishly supporting genocide in Gaza is disillusioning Labour supporters and potential voters. The impact could be enough in specific places to dent Labours vote – for example constituencies with a big Muslim vote or Scotland where the SNP could bounce back a bit from their recent difficulties.

This is causing concern across the Party, and not just on the left; there is disquiet on the right as well. Some elected members of the UK and devolved parliaments broke ranks to support striking workers in defiance of edicts from Starmer. Even more have rebelled over his uncritical support for Israel's war against the Palestinians. This is a signal that Starmer has not completely captured the Labour Party, despite the carve up of selections and the drive to push the left out. No Tory MPs turn up on picket lines or Palestine demos, some Labour MPs do. However right wing Starmer is, Labour is not the same as the Tories.

Many on the left are justifiably angry at Starmer's betrayals and the egregious treatment of Jermy Corbyn. But the current problems are rooted not only in recent events but also in the more distant past – an objective reality that cannot be wished away. Labour was not founded as a socialist party – it was founded by the trade unions to



PHOTO BY PRIME MINISTER

Rishi Sunak tries to fend off defeat...

represent their interests and was largely led by liberals, social democrats at best. The working class in Britain has historically been prey to imperialist and capitalist ideas and socialist influence has been weak. Reflecting weaknesses in the movement, Labour leaders have been mainly right wing and have committed many betrayals of the working class over the decades. In a lot of ways Starmer represents a continuity with that tradition rather than a departure from a socialist past. However, throughout its existence Labour has also been the place where many, people like Tony Benn, have fought for the ideals of socialism and continue to do so. It remains the party with institutional links to the organised working class in the shape of its trade union affiliates.

New parties – old problems

Despite the current situation, there are no grounds to suppose that the conditions exist to found a successful new socialist party because of Starmer's policies and actions nor because of the up-tick in industrial struggle. Current struggles lack a

political character, and although some unions are no longer affiliated, there is no move from the big unions to break with Labour and no sense that they would be in the business of founding a new party.

No other attempt has succeeded and most were launched in better circumstance than we are in now. The Independent Labour Party ultimately failed and great leaders of the movement like Arthur Scargill and Bob Crow founded new parties which made no headway. A couple have had some electoral success like Respect and the Scottish Socialist Party, but all failed over time. At present the Labour Party remains the key electoral vehicle and arena to fight in and organise for socialist and left policies and ideas.

We cannot escape the huge challenge of winning Labour and developing a socialist movement by short cuts. The new wave of struggle is a starting point for long term work to build more depth in the movement and in communities. This includes within the Labour Party, which remains to be for.

Politics is rather more volatile and geographically fragmented than it used to be and even with the Tories engaged in a suicidal civil war Labour should be offering people more that will consolidate its vote across the country.



Experiment escorts us last –
His pungent company
Will not allow an Axiom
An Opportunity
Emily Dickinson

American poet Emily Dickinson (1830-1886) wrote 1,789 poems – found in small hand-sewn books after her death. Fewer than 12 were published in her lifetime and it wasn't until 1998 that the Complete Poems was published, printing the poems in their original form with her characteristic dashes and capitals. She rejected the narrow constraints of the Congregationalist church she was raised in, hijacking its traditional hymn form to expose worldly hypocrisy and celebrate instead a true materialist philosophy.