

# Labour Affairs

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## The TUC And Industrial Democracy: What Can Be Done?

When Frances O'Grady gave the annual Attlee Lecture earlier this year, she did something that no other General Secretary of the TUC has done in recent years: she stuck her neck out and argued that British trade unions should change their traditional practices and engage in social partnership and campaign for industrial democracy. In doing this, she raised a subject that the movement has avoided since the fiasco of the rejection of the Bullock Report on Industrial Democracy in 1977 and the beginning of the long decline of trade unionism in Britain since then. Frances O'Grady clearly believes that British trade unionism took a wrong turning after the Second World War in focusing only on wages and conditions, accompanied by an adversarial attitude towards management, whether in the public or private sector. Management is management, management is bad everywhere and should be obstructed, even when the taxpayer owns the firm. Trade union involvement in company governance it was argued by the 'left', will make workers the patsies of management and will lead to a decline in advocacy of improved pay and conditions. When all else failed, the cry went up: 'It's management's right to

manage'. It's fair to say that this attitude will keep workers in a subordinate position for ever. No revolution will come from opposing management. A slow revolution in the power of the unions and the working class could arise from taking some responsibility for how the economy is run and claiming the power to go with it.

Her stance has met with a deafening silence from the trade union movement. Nothing will happen without persistence and support from a good number of the big unions. Two reports, one advocating trade union involvement in company governance and another on the situation in Europe have been published by the TUC this month, showing that the TUC at least wishes to keep the issue on the agenda. These reports give the lie to the claim that industrial democracy undermines workers' rights. Trade unionism in Northern Europe, the region where industrial democracy is most entrenched, is a vigorous advocate for workers' interests in job security, pay and conditions. In addition, they also have a say in investment policy, the strategic direction of the firm, vocational education and the funding of pensions. The claim that industrial democracy undermines workers' interests is a lie and should be exposed as such. The evidence that it is a lie has been around for decades. It is only the continuing ability of some trade unionists to ignore what

is going on in Europe that has allowed reactionaries in the movement to get away with this lie.

Naturally O'Grady and her allies have to move cautiously and to set out the case for industrial democracy in a very deadpan manner. However, the weakness of doing this is that it allows the case to be ignored. You can ignore a bad smell in a way that you cannot ignore a loud yell. So it falls to others to make the TUC's case in a more vigorous way. Officials in unions opposed to industrial democracy and social partnership will be reluctant to come out of the closet and trot out the tired old arguments against industrial democracy that were aired in 1977. Instead as Mark Langhammer points out in this issue, they will try and cripple any initiatives towards it by refusing to do anything significant to pursue it. This means that the arguments have got to be taken to the opponents of industrial democracy and their position has to be shown as the nonsense that it is. This is going to be a formidable task, not because their case has anything going for it, but because they are masters of the black arts of misrepresentation and obstruction.

A couple of other points are worth mentioning in order to show that this is not just an issue that concerns a few governance geeks. Control of companies really matters. Lack of control over firms' strategic direction and investment decisions costs jobs and increases job insecurity. This is happening all the time. While it is happening,

better-run companies in Europe are taking advantage of the disarray in the British economy and improving their position. This is particularly true of Germany, where trade unions have a very significant say in the running of companies. Many of these companies are doing very well in the UK. However, although company shareholders and managements can see the advantages of having workers on the board, this does not necessarily mean that they all like it very much. It means compromise with other interests and not getting your own way on everything. Not everyone likes that way of working even though they can see the benefits. For British shareholders and company directors having to share power would seem like a devastating blow – their world would be turned upside down. They are likely to resist any such move ferociously, and even more ferociously were the unions to advocate parity representation on unitary boards or something like the  $2x + y$  formula of Bullock – one third shareholder representation, one third workers and a further third nominated from the first two parties. But the trade unions do need to advocate something like parity representation with shareholders if they are really going to make a difference to the disastrous state of British corporate governance. This is a real challenge which the movement and the Labour Party has not even begun to comprehend.

The other important issue concerns Europe. Many senior

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trade unionists like to pretend that Europe does not exist. But it does and what happens there matters to us. But also, what happens or does not happen to us matters to them quite profoundly. As the TUC point out, 'regulatory competition' means that firms have some leeway to situate their headquarters in areas other than their operations, exploiting different regulatory environments to weaken the influence of trade unionists. Shareholders who do not like industrial democracy can locate their HQs in countries that have little or no requirement that firms give workers a say in their running – the UK is a very good example of just such a country. Indeed some firms locate here for just such a reason. By refusing to engage with industrial democracy, the British unions make it easier for firms to exploit such regulations and

actually undermine the efforts of their brothers and sisters in other parts of Europe to have a significant say in the running of their companies. British unions, by their inaction, can be seen as a Trojan horse undermining the dominant pattern of trade unionism in Europe.

In 1977 the British trade unions threw away the chance to make something of themselves, their members and even of the British economy. That period has been shrouded in a nonsensical mythmaking about how the weakness of the labour movement ushered in Thatcherism. The truth is that the strength of the labour movement could have ushered in industrial democracy and social partnership, but a lethal combination of would-be revolutionaries (in the Communist Party, the Trotskyist groups and

the 'left' of the Labour Party) and conservative trade unionists and Labour politicians scuppered it. They then succeeded in peddling a lie about what had happened and suppressed the story of Bullock. Even Frances O'Grady has not dared to raise the demon of trade union failure in such recent historical times.

This really can't go on. Either significant elements in the trade union movement take up the cudgels for industrial democracy or British trade unionism will continue to decline, while at the same time giving succour to those in Europe who would prefer a more 'Anglo-Saxon' form of industrial relations, i.e. one in which the workers eventually get stuffed comprehensively.

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## The Gagging Law

[The Government are pushing a Bill through the House of Lords which limits non-party campaigning in the year leading to a general election. A hastily formed Commission on Civil Society and Democratic Engagement produced a report entitled "Non-party campaigning ahead of elections, Consultation and Recommendations relating to Part 2 of the Transparency in Lobbying, Non-Party Campaigning, and Trade Union Administration Bill." The former bishop of Oxford points out in his foreword to the report the poor quality of rushed legislation.]

### Non-party campaigning ahead of elections

#### Foreword

It is hard to think of another issue that could unite the Countryside

Alliance to the Lancashire Badger Trust, the Christian Institute to the National Secular Society, but such is the concern about Part 2 of the Lobbying Bill a remarkable unanimity has been achieved.

It has been a privilege and a pleasure to work so constructively with such a wide range of organisations on an issue as important as civil society's engagement in democratic processes.

But this report should not have had to be written, and this Commission should not have had to be formed. It is a mark of bad governance for legislation to be bounced on Parliament and those directly affected without any consultation. When matters of democracy are at stake it is a very grave error. There is no doubt, from the evidence that

this Commission has gathered, that Part 2 of the Lobbying Bill risks profoundly undermining the very fabric of our democracy by significantly limiting the right of organisations – from charities and community groups to think tanks and blog sites – to speak out on some of the most important issues facing this country and the planet. Whether we agree with these organisations or not, their role is essential in order to have an informed, engaged electorate.

This report has been written under extreme pressure of time and with the support of people across the UK in order to be ready ahead of the House of Lords Committee stage of the Bill.

I hope that Parliamentarians will take seriously our recommendations.



# Revitalising Social Europe.

Speech by Frances O'Grady, TUC General Secretary, to the Institute of International & European Affairs, Dublin, 25 October 2013.

Friends, colleagues, distinguished guests . . . comrades. Good afternoon. It's great to be here in Dublin. Doubly so in a year when the city – and indeed the whole of Ireland – has been commemorating the centenary of the lock-out. A seminal moment not just in Irish history, but in the industrial and social history of the twentieth century. When ordinary people refused to bend the knee to a reactionary establishment, joining together to fight for elemental human rights. The right to organise. The right to a fair wage. The right to basic standards of decency at work and in society.

Fast forward a century, and I believe we are at another such crossroads. Right across Europe – from Dublin to Athens, Madrid to Paris – working people are increasingly questioning the legitimacy of a European political elite that seems out of touch with reality, semi-detached from the lives of ordinary Europeans, in hock to the interests of global finance.

A year ago, Eurobarometer – which measures public attitudes across the continent – found that for the first time ever more European citizens considered the EU to be undemocratic than democratic. A deeply worrying development. And I would contend a product not just of Europe's obvious democratic deficit; but also of the way in which EU-sponsored austerity, privatisation and liberalisation programmes have been foisted onto member states.

In Britain, our complex relationship with Europe is entering a new and dangerous phase. Earlier this year, David Cameron promised an in-out referendum on our membership of the EU if he is re-elected

in 2015. A stance that frankly owes more to party management, a desire to repatriate social and employment rights, and alarm at the threat posed by the UK Independence Party than it does to the national interest. But indicative nonetheless of a rising tide of anti-EU sentiment on the other side of the Irish Sea.

Whichever way you look at it, the reality we face is this. The European project as we know it – a dynamic single market counterbalanced by good public services and generous workplace rights – is fraying around the edges. The bargain that has held our continent together since the 1950s is in grave danger of unwinding. At stake: one of Europe's crowning achievements, its distinct and popular social model.

And the argument I want to put to you today is this. Europe cannot afford to turn its back on social democracy. We need a Europe run not for the bankers and bond market vigilantes, but for its citizens and workers. And that demands bold, radical, imaginative thinking. Not more navel gazing about EU structures, but a fundamental change of mindset.

We need to rethink and re-imagine the European social and economic model for a new age. Those of us on the left cannot afford to retreat into an ideological comfort zone. Rather than nostalgia for the past, we need to look forward. Defining the contours of a post-crash settlement for Europe: greener, stronger, fairer. A new model that is attuned to the central challenges facing us: climate change; energy scarcity; rising inequality; social and demographic change; an industrial landscape that is being reshaped at huge speed. And built with the democratic consent of ordinary citizens.

Before I describe the political and economic journey we need to take, I want to put the debate about

social Europe in its proper context. And I want to begin by highlighting the scale of the problems now staring us in the face. Quite simply, Europe is facing its gravest crisis since World War Two.

It's now five years since Lehman Brothers collapsed, and we're still grappling with the fall out. The crash, the recession, the eurozone crisis, the sense that economic power is shifting inexorably from west to east – all have rattled the European body politic to the core.

And our ageing societies, the challenges of mass migration and the rise of political extremism – notably on the right – have further accentuated our collective feeling of profound insecurity. The narrative we increasingly hear about Europe is one of soup kitchens, young couples moving back in with their parents, the poor going without medicine, horrific murders committed by fascist thugs. Be in no doubt: a huge social crisis is engulfing Europe.

Two weeks ago, the Red Cross published a major report underlining the scale of the poverty, inequality, social exclusion and mass unemployment afflicting many EU countries. The headline statistics spoke for themselves. A 75 per cent increase in the number of Europeans using food banks since 2009. The suicide rate among Greek women more than doubling. And even in Germany, more than five million people losing their middle-class status.

Equally disturbing are the facts about Europe's jobs crisis. Across the continent, the jobless rate is 12 per cent. More than 26 million people are now without work. Some 11 million have been unemployed for more than a year. And nearly 6 million under-25s are without a job. In Spain, well over half of all young people are unemployed.

An unthinkable situation in a

modern industrial democracy. Friends, what we are up against is a ticking time bomb. A social disaster that will explode for years to come. Indeed, as the Red Cross report suggested, the really frightening thing is it could get worse. Allow me to quote: "The long-term consequences of this crisis have yet to surface. The problems could be felt for decades . . . the economic crisis is creating the conditions for a widespread social crisis."

The Red Cross also talks of: "a growing gap in the distribution of resources—the rich becoming richer and the poor becoming poorer—and how the competition for shrinking resources could bring about growing xenophobia, discrimination and social exclusion, as well as abuse and domestic problems".

Clearly, this is not a European future any of us want to see. As a continent with so many strengths—good healthcare and education; a skilled workforce; some of the best companies in the world; a tradition of social solidarity—we can do better than this.

But here's the rub. The EU's response to the economic and social crisis has been completely wrong-headed. Instead of addressing the root causes of our economic malaise, rather than getting to grips with worsening social conditions, Europe's policy elite is simply making matters worse.

Their response to the crash—based on the fallacy that decent social protections are a luxury we can no longer afford—has been straight out of the 1980s free-market textbook. More labour market deregulation. Structural reforms that erode workers' terms and conditions. Liberalisation of markets. Privatisation of services. And for southern Europe, near permanent austerity. Workers forced to swallow pay and pensions cuts to make their economies more competitive within the straightjacket of monetary union.

All this as hundreds of billions of euros are lavished on bailout funds for the banks. It's as if there's one rule for us—and no rules for them.

The harsh medicine administered by the so-called Troika—the

Commission, the ECB and IMF—is slowly killing the patient. Stable bond yields and debt sustainability are important, for sure. But try telling that to the unemployed youngster in Madrid, the zero hours worker in London or the middle-class professional in Athens now living on the streets.

The worst of the eurozone turbulence may have passed, but growth is anaemic, demand has collapsed, and living standards are in freefall. And not surprisingly, ordinary Europeans are getting pretty fed up. Not just with the Troika's economic masochism. Not just with faceless technocrats administering structural reform without the consent of national electorates. But with the idea of Europe itself.

As I suggested at the beginning, the EU increasingly faces a crisis of legitimacy. Those in the corridors of power—especially in Brussels—need to understand this. If the EU is about little more than protecting the single currency at all costs, privatising services and keeping a tight lid on public spending, then popular support for European integration and the European ideal will diminish as surely as night follows day.

From the trade union movement's perspective, Europe needs to rediscover the values that served it so well not just during the long post-war boom, but also through challenges posed by the Oil Crisis and the economic counter-revolution of the 1980s. Now is not the time to reject European social democracy, but to reinvent it for a new age. For us on the centre left, decent working conditions, decent services and decent welfare aren't part of the problem, but part of the solution.

Of course we recognise that the world has changed. We know about the rise of China, India, Brazil and other emerging economic superpowers. We understand the rising health, pension and social care costs of our ageing population. And we know the EU cannot duck reform. But if Europe is to prosper in the decades ahead, we surely need to play to our strengths rather than seek to emulate American-style capitalism.

I see three central priorities for us. First, we need to rediscover our collective confidence in social democracy. Self-evidently, this is a huge challenge for the European left. The advance of US-style neoliberalism, the spread of non-productive financial capitalism, downward pressure on workers' wages—all have taken their toll since the turn of the millennium.

Indeed social democracy hasn't exactly been an electorally attractive proposition of late.

In Germany, the SPD scored just 26 per cent in the recent election, a consequence perhaps of the structural reforms that took place during the 2000s. In Norway, the right was triumphant two months ago, despite the vast reserves built up in the country's sovereign wealth fund. And in Spain and Greece—as in Britain—conservatives now hold power.

Despite the financial crash, the left seems to have lost its self-confidence: to intervene in global markets, to defend welfare systems, to stand up to overweening corporate power. But there are glimmers of hope. In France, a socialist President was elected last year on an explicitly anti-austerity platform. And in Britain, where we are now less than 18 months away from the most important election in a generation, the Labour Party is beginning to change the terms of the political debate.

Ed Miliband has certainly made a number of brave and correct calls. To put responsible capitalism on the agenda. To make the case for redistribution, or in plain English, decent wages and a fair labour market. And in his recent conference speech, to promise a 20-month freeze on energy bills if he is elected. Not just popular with the voters, but a signal that Labour will intervene in failing markets and challenge the primacy of big corporations. A huge political step forward from the neoliberalism-lite of the New Labour years.

So to what must be our second priority. That's to level the playing field for all European workers. Ensuring that there is no undercutting, that people are paid the rate

for the job in the country in which they work, and that we keep rules up to date to stop workers falling through legal loopholes.

If you have a single market, then the logical corollary is you need a single set of labour rules. And these should be based not around the lowest common denominator – as some on the right would have it – but on decent standards applicable to all workers. To me, that's just plain common sense. It would stop good employers being undercut by bad ones. Prevent a race to the bottom and boost wages for low and middle earners. And mean workers having more money to buy goods and services from European firms.

Self-evidently, there's a huge role for trade unions here. And that underlines the need for policy change to promote collective bargaining, worker representation on company remuneration committees and boards, and modern wages councils. It's also vital that social protections once again inform policymaking at the highest levels. That's why EU Treaties need to include a social protocol to guarantee respect for welfare and labour rights. Our third priority must be to change the collective European mindset on how we get ourselves out of the current mess.

With even the IMF warning against further austerity, we need to think about more durable solutions for the long term. The EU's priorities must be the priorities of ordinary Europeans: growth, jobs and living standards.

Now Germany is often accused of imposing austerity on other nations, but it's my trade union colleagues in the German DGB who have led the way in calling for a People's Plan for Europe. A 21st century Marshall Plan to renew the continent's infrastructure, decarbonise our economies and get people back to work. It's a great idea – breaking the vicious circle of economic decline, shrinking demand and falling living standards. Unions believe such a plan could deliver huge improvements

in critical areas.

Energy transformation and sustainable water management. Transport schemes, such as the Trans-European Transport Network. Education and training. Expansion of broadband. Economic regeneration, from support for SMEs to low interest loans to microcredit programmes. And investment in public services such as health, welfare, eldercare, childcare and social housing. To those who say this is political daydreaming, fantasy economics that will saddle Europe with yet more debt, I simply say this. There are plenty of ways in which funds can be found without creating difficulties for countries' balance sheets.

There's certainly a strong case for Eurobonds and we in the trade union movement have long championed the case for an international financial transactions tax on the trillions of euros traded daily in the equity and derivatives markets. One thing's for sure. If we can keep pouring vast fortunes into the black hole that is the continent's banking system, then we can surely find a fraction of that to finance the stimulus much of Europe is crying out for. Friends, renewed confidence in social democracy; a level playing field for all European workers; a People's Plan for jobs and growth.

This is the positive, progressive agenda European trade unions want to see. Getting our economy back on track, tackling mass unemployment, restoring the spending power of ordinary citizens. In the long run, that's not just the best way to deal with our debts and fund our unique social model. It's also the best way of rebuilding democratic support for the European ideal. I'm an optimist, and I believe we can revitalise social Europe.

As I said at the beginning, Europe has historically balanced the interests of free trade, open markets and companies with those of citizens, workers and trade unions. That's the vision with which Jacques Delors famously seduced the TUC when he addressed our Congress a quarter

of a century ago. It's a deal that has served our continent well, through good times and bad.

And it's a bargain we urgently need to reactivate now, to help us meet the complex challenges of the 21st century.

I'll finish by saying this.

Europe has been tested before. After the destruction of the Second World War. After the Berlin Wall came down in 1989. And after enlargement to the East almost a decade ago. But each time our continent succeeded in rising to these challenges because we had the courage to take the high road. Because collectively we refused to walk away from the social solidarity that has brought the diverse peoples of Europe together.

Today, in the midst of crisis, we must remain true to those same values – that core belief in a social Europe as well as an economic Europe. They've served us well in the past – and they can serve us well in the future too.

Thank you.

## Continued from Page 9

year it again handed out its Robert Tresselt Awards: they are very simple metal-on-wood Awards. I am afraid I did not note who got what. Cathy Garvey and the chap from the BSG (Chas Scott?) were both embarrassed to receive one. Some recipients were not present. I should apologise for an element of vagueness in this report - I arrived rather late - and thought I would recall some initials (I can't).

The leap forward suggested by Cathy Garvey, by no means an aggressive person, but clearly somebody who gets things done, will be very useful, especially in recruiting younger members to these worthy and necessary groups.



# Towards Worker Representation, the European Experience

Mark Langhammer

Two recent publications by the TUC reconsider the issues of worker representation on Boards. *Workers on Board: The case for Workers Voice in corporate Governance*, by Janet Williamson, is reviewed elsewhere in Labour Affairs by Chris Winch and Bill McClinton<sup>1</sup> *Workers Voice in Corporate Governance, a European Perspective*, by Aline Conchon of the European Trade Union Institute considers practice in relation to 'worker voice' and representation on Boards across 19 European countries<sup>2</sup>.

Both pamphlets note that the Anglo American, free enterprise, model of capitalism adopted within the United Kingdom in the past thirty years tends to emphasise shareholder returns above all else. The drive for short term shareholder gain overrides the development of the company as a productive entity. Institutional investors are unlikely to get to know the company, or help grow it.

The first report, 'Workers on Board,' argues that countries which have worker representation within their company structures also have better economies, with higher Research and Development investment, better employment rates, stronger economic success, better pay and lower rates of poverty.

The second report looks at ways in which workers are involved in the management of European companies, from being a part of the top team to having a voice at AGMs and seats on company boards. 'Workers voice in corporate governance: a European perspective' finds that far from simply being a German phenomenon as commonly perceived, employees have formal roles to play in the management of companies

right across Europe. Workers are represented on company boards in 19 European countries, including the Netherlands, Sweden, France and Austria.

Worker involvement generally comes in four mechanisms:

Involvement at the top level management team, such as in German iron and steel companies, large Slovenian companies, privatised Polish companies.

Worker representation at annual general meetings, such as in France, Bulgaria, Hungary, the Netherlands and Sweden.

Worker representation on the Board with a consultative voice, such as in France, Romania and Sweden.

Worker representation in board-rooms with decision making power, the most common, found in 18 EU member states plus Norway. In 14 of these countries rights are widespread, covering state owned companies, and private or public limited companies (Austria, Croatia, Czech Republic, Germany, Denmark, France, Hungary, Luxembourg, the Netherlands, Norway, Sweden, Slovenia, Slovakia).

There are variations in how worker representation operates across Europe. The variations relate to which companies are covered by requirements on worker board representation and the number and/or proportion of worker representatives per Board.

Worker representation on boards is not exclusively linked to two-tiered board structures (as in Germany) but is also found in unitary board structures (as in Britain). Neither is it exclusively linked to statutory systems of industrial relations relying on mandatory rules (as exemplified by its existence in Nordic countries where an initiative from the worker side or trade union is needed to trigger implementation of worker representation on the board.

Representation of worker representation on Boards with the right to vote is recognised in European primary and secondary law. Three European legal texts include requirements covering the representation of workers on company boards. These are:

The European Company Statute adopted in 2001.

The European Co-Operative Society Directive, adopted in 2003.

The Cross-Border Merger Directive, adopted in 2005.

There are differences in the provisions of the three regulations, all following two general principles:

That worker involvement mechanisms are subject to negotiations between workers and the employer.

The 'before and after' principle whereby pre-existing rights to worker representation at board level should be safeguarded (although where no pre-existing rights exist, the employer is not required to put such rights in place)

National and supranational rights for worker representation at board level with decision making power are not static but constantly evolving – either towards greater rights (such as within the new French law in June 2013) or weaker rights (as in the Czech Companies Act which repealed provisions requiring compulsory representation of workers on boards). National rights are increasingly under pressure by the newer trend towards 'regulatory competition' between member states, including a growing body of 'State Aid' restrictions on anti-competition grounds. This trend can enable companies to circumvent obligations to have workers on boards.

All in all, concludes Conchon, if the different rights for workers to raise their voice in corporate governance bodies are combined,

whether at the AGM, the top management tier, or the board, 21 countries have adopted such an industrial democracy perspective.

### Commentary:

Conchon's European Perspective on Worker Representation is a useful, flat, practical exposition of practices in workers voice across 19 European countries. It does not set out a political context for the absence of industrial democracy or 'worker voice' in the UK or explain the failure of the union movement to grasp 'here and now' opportunities to cement trade unionism at the heart of economic decision making.

The fact that these pamphlets appear as TUC endorsed at all is encouraging and can probably be put down to the efforts of Frances O'Grady since becoming General Secretary. TUC General Secretary said "*Achieving a true worker voice across Britain's workplaces is at the heart of the TUC's new campaign plan. The European experience shows that involving workers in management structures is not something for UK firms to fear. Instead it's a concept companies should be embracing as the clamour for a more sensible, strategic approach to industrial democracy becomes ever more popular.*"

It is not the first time O'Grady has spoken on industrial democracy. She has made it a key plank of her period as TUC General Secretary.

It is not self evident that the TUC's campaign is wholeheartedly supported by its constituent unions. The GMB, faced with a cogent and coherent motion to develop a UK Industrial policy, found ways to dilute and water down the impact of the motion. The commitment of UNITE, UNISON and others to European partnership or co-determination principles is, at best, unproven. The default British adversarial position may be maintained by weakened forces.

### Lost opportunities

In Britain, there have been

significant opportunities for the union movement to take a strategic role at the heart of running the state. After the 2<sup>nd</sup> World War, Ernest Bevin offered the TUC a central role in administering the National Insurance system. Incredibly, the TUC found itself to be too busy with other things; too busy, in effect, to take responsibility for running the country! Had it taken up Bevin's offer, the TUC would have put practical trade unionism at the heart of the economy, central to peoples' lives, and "locked in" Unions to an influential position for generations.

When, by the late 60s, the post war welfare consensus was running out of steam, Barbara Castle sought to harness the enormous 'negative' or 'blocking' power of the trade union movement to positive effect in contributing to the running of the economy. Castle's "In Place of Strife" failed. Edward Heath also failed, in proposing a tripartite, partnership style, corporatism in the early 70s. And in the late 70s the Bullock Report on Industrial Democracy sought to put trade unions in an indispensable position in every Board Room in the country, private or public.

Unions rejected all of these possibilities. In doing so, we opened the door to the Thatcher experiment which has only now run out of steam.

Unions thought we could go on as a simple, negative, blocking force. We couldn't! The failure of our union movement to take responsibility for the economic logjam of the 70s forced the electorate to clip our wings. The issue is not that we should "beat ourselves up" about past failures, but that we learn from them to take advantage of the current flux. Belated or not, Frances O'Grady appears to be offering to lead the trade union movement towards a coherent role within the economy.

O'Grady had been in the TUC for quite a time before assuming its General Secretary role. I understand her grandfather was

a founder member of the Irish Transport and General Workers' Union, now SIPTU, which would go some way to explaining why she has moved from the adversarial instinct of British unionism. It may be that her tactic is to usher in a mild form of reform as a 'corporate governance' (rather than workers control) measure. It is conceivable that Miliband's Labour could take such an approach. It could be that the absence of political argumentation or context within the TUC pamphlets is deliberate and tactical, in response to the collapse of financial capitalism and irresponsible corporate governance, as opposed to rebalancing class interests

What is important, however, is that O'Grady is raising repeatedly and consistently the simple truth that politics can "*put manners*" on companies: that the company is a legal and political entity. The Googles, Amazons and Starbucks of the world are only transient, foot-loose and free of global obligations because governments and politics deem it so. The company is a product of politics and company law.

There is a need to do more to legislate for a more broadly based, civilised, conception of company law. Traditionally, companies were invented by "companions" who banded together to share risk to perform a vital economic or other function from which they would profit. They would petition the state for a licence to practise and accept reciprocal societal obligations in return. This classic conception of the company has been debased by the narrow notion of short term shareholder return, a notion which will consider quicker routes to shareholder return than investing in people to develop a great organisation. Merger and acquisition to extend market share, tying senior management to stock market performance through share options, increased managerial opportunism and the use of performance related pay for middle and junior managers to effect cost minimisation, all serve to reinforce the short term view of the company, rather than the need to invest in skills development.



O'Grady appears to understand that we, as a union movement, need to develop a narrative around what a broadly defined and progressive company, with environmental and societal obligations, should look like.

Debating company law is a very good thing, with or without trade union contribution. Let's see where

it takes us.

(Endnotes)

1 See [https://www.tuc.org.uk/sites/default/files/Workers\\_on\\_board.pdf](https://www.tuc.org.uk/sites/default/files/Workers_on_board.pdf)

2 See <https://www.tuc.org.uk/sites/default/files/workers-voice-in-corporate-governance.pdf>

## The Construction Safety Campaign Prepares For A Fighting Future

Sean McGouran

The CSC (Construction Safety Campaign) had its 2014 AGM in The Priory, on Bull Street, in downtown Birmingham. The Priory is, rather confusingly, a Quaker venue. The CSC met in the William Penn room. There were about thirty people, all men bar two women, and nearly all Irish. Even the non-Irish speakers like the Cockney chap from the Blacklist Support Group (BSG), tended to be second or third generation Irish.

His talk was interesting and disquieting, he got the actual blacklist under the Freedom of Information legislation. It contained 3200 names, including his own. He was a Safety Rep on three different sites and was thrown off all of them. What was worse is that a team of private investigators compiled it - with help from the police, the employers (often simply gossip), — and from Trade Union officials. In the nature of the trade, based on the money-in-hand 'lump' (sum), and tax-avoidance, union-organising is very difficult, so quite what UCATT and Unite are about it is difficult to guess.

An aspect of this was the case of the Olympic site, investigating blacklistees cost a mere £2 per check. The Olympic sites' checks cost £28,000. Police involvement is interesting, a pivotal figure in this is a former policeman David Clancey. Special Branch keeps files on blacklistees and informs employers if one has been inadvertently employed in their area.

This man mentioned that few politicians are concerned about

blacklisting (even as a simple civil liberties problem) - one who is, is Jeremy Corbyn - on the side of the angels in such matters. Steve Hughes, a Merseyside MEP was noted. It is useful having such matters raised at a 'European' level. Steve Hughes is retiring at the next Euro-election and will probably be replaced with a Blairite automaton. Interestingly this was not an EU hate session. It became evident that the EFBW (European Federation of Building Workers) is strong, especially in France, Germany and Poland. In most European states there are state-wide organisations for the employers - and the state was (relatively) neutral.

There is no such 'bosses federation' in Britain. There are panels for every industry - presumably this is a means of breaking up the workers' resistance - by offering different 'targets'. The CSC and BSG are trying to organise a united front of victimised workers. They include victims of asbestosis. There is a British Asbestos Newsletter, an academic who was present, whose name I did not note, edits it. Cathy Garvey, from the West Midlands Asbestos Victims Support Group intervened at this point to mention the Newsletter. Towards the end of the session she got the discussion down from the stratosphere and suggested using electronic media. There was general agreement with this, though some of the older men looked slightly alarmed at the thought. The Chair, a man with a Galway (?) accent also suggested a hard-copy Newsletter for the two groups. A book on blacklisting is being put together by victims and

their families and friends.

That news was not the only positive note at this event. BSG got Liberty's Human Rights Award for its work. That is not really a big deal in itself, but it is encouraging for a still small organisation. While trade unions are not able to instigate legal proceedings, only individuals can. UCATT is sponsoring a case to be taken to the ECHR (European Court of Human Rights - an arm of the still-existing Council of Europe, which now includes most of the states of eastern Europe, including Russia).

Direct Labour Organisations are being taken back 'in house'. The London Borough of Islington, Hull and the Welsh Assembly are reviewing their DLOs. 300 blacklistees (admittedly less than a tenth) demanded to see their files, using a West Midlands law firm, Colly, Clark & Ryan. The Morning Star was noted as "an invaluable resource" — the CSC had paid for an advertisement in the body of the paper, as well as using its free Saturday listings. Regret was expressed at government deregulation of Health and Safety (though nobody mentioned the fact that the employers have been whinging about H&S for decades. Presumably nobody had illusions about whose side the Coalition government is on.)

The CSC is not wealthy, but has a fair amount in the bank. This

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# Froggy

## News From Across The Channel

### Foreign Affairs

In the last issue of *Labour Affairs*, Froggy deplored that France should, against most of the rest of the world, advocate intervention in Syria. Since then things have gone from bad to worse. France stood alone with Saudi Arabia in trying to derail the Grenoble conference with Iran, agreement that looked a possibility from October 2013. Israel naturally applauded the French position. Prime Minister Netanyahu gave a two page interview to *Le Figaro* on 17 November where he said that he had told the Knesset to roll out the red carpet to François Hollande on the occasion of his visit.

The visit duly took place; Hollande spent 3 days in the region, his longest foreign trip so far, including half a day in the Occupied Territories.

In Grenoble, France refused to consider lifting sanctions even partially and just for the duration of the first round of negotiations. Hollande repeated this in front of the Knesset: "I am saying here clearly that we will keep the sanctions as long as we are not sure that Iran has unequivocally and irreversibly forfeited its nuclear weapons program," he said. Meanwhile, the United States have recognized that Iran does not have a nuclear weapons program. France seemed to be attempting to make a name for itself by continuing the previous stance of the US and of the UK, of attacking Iran by pretending that it has a

nuclear weapons programme.

What will France gain from this? It is getting talked about, but not in a good way. It may gain some economic advantage in Israel. The economic delegation round Hollande included the leaders of Ariane Espace, Bouygues Telecom, Orange and SNCF, who participated in talks to form better economic relations between the two countries.

According to the *Jerusalem Post* Hollande devoted much less time in his speech to the Knesset to the Palestinian question than did Sarkozy in his visit to Israel in June 2008.

According to David Morrison (author with Peter Osborne of the widely applauded "A Dangerous Delusion, Why the West Is Wrong About Nuclear Iran"), France wants to be harder on Iran than the US and the UK, specifically it appears with regard to the heavy water reactor which Iran is constructing at Arak. This reactor has been known about for a decade. The notion that it will provide the means for Iran to have a bomb within a year is the kind of half-baked nonsense that one is used to hearing about Iran's nuclear activities.

When it is in operation, the reactor could be a source for plutonium, which can be used as fissile material for a bomb (as an alternative to highly enriched uranium). However, the reactor isn't in operation yet - it is supposed to start next year some time and it will be under IAEA inspection when it is in operation. Furthermore, to obtain plutonium for a bomb it has to be extracted from "spent" fuel from the reactor

(that is, fuel that has been in the operating reactor for some time, certainly months, perhaps years). The process of extraction of plutonium from spent fuel is referred to as "reprocessing" - and Iran hasn't got any facilities for doing it.

France isn't in a position to prevent a deal being done with Iran that the US and the other members of the conference in Geneva want. In extremis, it can simply be ignored. Where will France's international reputation be then?

Hollande and his Foreign Minister Laurent Fabius did not appear embarrassed when the agreement was eventually arrived at early 25 November: everything had happened as they had wanted, according to them: Iran was going to be closely monitored, it would not be able to develop nuclear armaments; the lifting of sanctions was partial, limited and reversible. The news programme that day on France Inter had a researcher, not a politician, answer questions on the subject; he was asked leading questions but refused to be drawn into attacking Iran in any way.

### 11 November ceremony

The news provider Al Jazeera reported on its website that President Hollande was the first president to be jeered at during an 11 November Armistice remembrance ceremony. 73 people were arrested for shouting and jeering on the Champs Elysées as the presidential car rolled past. They were soon released, bar four. Two comments present themselves. The first is that if French presidents, since Sarkozy, flout conventions in their behaviour and their public presentation, it is not surprising that



the traditional respect for the dead of the First World War, as expressed in that ceremony, is also a thing of the past.

The second is expressed in one comment printed after the Al Jazeera article: "This is what happens when you try to honor the dead while at the same time trying to make more of them across the globe." This is a very good point, although the protestors were shouting "Hollande resign" and "Socialist dictator", and were probably not thinking of Hollande's foreign policy. The Minister of the Interior Manuel Valls quickly said that the protestors 'were extreme right-wingers unhappy about the gay marriage legislation' introduced by the Hollande government. If that was the motivation, then it would settle everything down, everybody knows where they stand on that issue, and it would be to the discredit of the anti-same sex marriage groups to have disturbed a traditional remembrance ceremony. Could the disturbance have had something to do with France's position regarding intervention in Libya and Syria, and on Iran? The National Front is against intervention

in Syria and for negotiations with Iran; Marine Le Pen has pointed out that Iran has every right to develop nuclear power stations. However, she definitely did not endorse the 11 November demonstrations.

Another possible reason for the disturbance may be that the character of the 11 November commemoration has changed; from being a commemoration of WWI soldiers, it is now the commemoration of 'all who died for France'; this year Hollande relit the flame on the tomb of the Unknown Soldier under the Arc de Triomphe, as per tradition, but this year he also went to a small town near the Swiss border to commemorate the Resistance there. As part of the commemoration event he hosted a lunch for the families of soldiers who 'died for France' in the past year, of which seven died in Mali. From being a ceremony deploring the death toll of WWI, a ceremony that everyone almost might want to respect, it has become a ceremony that is contentious to say the least.

Not everyone is aware of this change: the ceremony is still mostly presented in the media as the commemoration of the armistice of

1918.

Let us hope that the eccentric stance on the part of France in foreign affairs is a temporary blip. What is not a temporary blip is the continuing disappearance of industrial employment in France. The firms of Petroplus (oil refinery), PSA (Peugeot cars) and ArcelorMittal (steel) were the most striking closures of the first year of Hollande's presidency. Now La Redoute (mail order clothing), Alcatel-Lucent (telecommunications, in 2007 the second biggest firm in telephone networks in the world), Tilly-Sabco (poultry processing) and FagorBrandt (white goods), all very large businesses, have failed or are failing. The poultry processing plants and other agri-business firms are failing in Brittany, and the Breton farmers are very vocal in their protests. Their red bonnets, a rallying symbol, were in evidence apparently during the 11 November protest.

Still, France did qualify for the world cup, so all is not lost. To qualify, France had to beat Ukraine.

3-nil (or any 3 goal difference). France beat Ukraine 3-nil, thanks to the pep talks of its coach.

## East London and The Mosque

The EDL (English Defence League) decided to march through Whitechapel, east London, on Saturday, September 7th (2013). No special reason was given for this, especially as the EDL is not a London phenomenon. It is a Luton one, arising out of a thrusting Muslim community in a town on the skids. Luton was (southern) England's Motown (vehicle-producing town) until the late 1970s. It is a victim of government policy over four decades, but some people have decided to blame 'Muslims' for the situation they find themselves in.

The EDL seems to have an obsession with the mosque at the Aldgate end of Mile End Road, despite the fact that it serves people of Bengali origin. A smaller one deeper inside Bethnal Green, actually in Bow, is Somali-oriented, a cultural matter of no ideological/theological

significance. Its Imam spoke (very cogently) on the afternoon of September 7th on social solidarity to the crowd at Atab Ali Park (named after a Muslim youth murdered there, thirty-odd years ago, in the days when the National Front was allowed to strut its stuff along Brick Lane).

Somalis and Bengalis have not been prominent in 'Islamist' violence, so why this area is picked on is problematical. (Presumably Somali piracy in the Indian Ocean isn't one of the EDL's complaints). It was difficult to tell how many there were at the anti-EDL demo as there was a fair amount of coming and going. The speeches were pretty grim. If I hear the phrase 'they shall not pass' again I may assault the speaker. The weather was not grim but was coldish and overcast. There seemed to be few of the teen boys who let off steam at the previous stand off, but there were large numbers of Muslim women there. Towards the end of

our stay in the park we were told that the EDL were returning home by way of Tower Bridge. This was via i-Pad. I don't know if it was tuned into a police camera or one used by a member of *East End United* (the group that organised the opposition to the EDL).

The EDL turnout was half of that last time (about 1,000, but still a thousand too many). This may be the end for the EDL in London. Last time the weather was warm and sunny. This time it was damp and dank. On both occasions it was, surely, boring and humiliating being boxed-in, in this case into a dead end street. The police were probably reacting to motorists' fury about the way traffic at Aldgate was snarled up for most of a Saturday afternoon on the EDL's previous outing in the area.

**Sean McGouran**



# Mr Bean Falls Over The Facts

Sean McGouran

Time Out, a London listings magazine, probably the first such publication of its kind, interrupts its endless lists with other matter, among which are interviews. One appears in the March 19-23, 2013 edition (No. 2220), under the over-all Theatre category. It is entitled Backstage With... Richard Bean. He is author of the very successful One Man, Two Govnors (sic) a 'take' on the Goldoni play. Bean is a successful playwright, mostly of recreations of novels and movies, like The Count of Monte Cristo, and Smack (clearly a long way from the respectable Swiss Family Robinson). An uncharacteristic product was England People Very Good (2009). According to Time Out, the "National Theatre comedy about four generations of immigrants" [surely only the first generation can be called 'immigrant'? - upstart] "was hit by protests accusing it of racism". Which was, naturally, not the case. According to Mr Bean, "It was basically one man who organised a campaign against the play, a Bangladeshi playwright. In fairness, he's possibly writing plays about the Bangladeshi community, and then I come along with a play whose fourth act is all Bengalis. But then he missed the central point of the play; it was about stereotyping".

What a wonderful guy you might be inclined to think, anent 'stereotyping'. He meant that not all Bengalis are whatever they were deemed to be in the 'noughties'. It

is difficult to know what that might have been. (Muslim) Bangladeshis are family-oriented, obsessed with 'education' and determined to make it on Britain's terms. Presumably, Hindu Bengalis, (from the state in the Indian Union, due to a sectarian partition in 1907), are largely the same sort of amiable people.

Mr. Bean's last outing was The Big Fella (2010), in Time Out's careful heading, tends to undermine his (and Time Out's assessment). Here is precisely what Time Out claims:

"A scathing satire on Irish American support of terrorism."

"We know perfectly well that the Irish American Community supported the IRA for 30 years. And the core of that group was police and firemen, many of whom died in 9/11. That's the smacking big irony that I don't think anybody else has talked about."

The above is gibberish. No element of the post-1969 splits, (the INLA, Irish National Liberation Army), was a substantial, at least in numbers, 'split' from the 'Officials'. As was Republican / Sinn Féin / Poblachtach from the 'Provisionals' (RSF seems to have decided that a 'split' in the military end was not a smart idea) were involved in 'terrorism' in the USA. There is the question of 'terrorism' It can only mean military means of which one disapproves. In plain language, military means which work.

Throwing '9 / 11' in there is puzzling. It probably has to do with the elderly 'Anglo' notion that they are subtle and the Nord Americanos are crude. Americans were quite capable of divining the difference between what was going on in Ireland and what caused 9 / 11. 'Terrorists' do not all come out of the same box. Except in the headline-obsessed world of Mr. Bean.

There is also the not-so-subtle

fact that 'the Irish American community', is by no means the solid, substantial, (half-witted) element he is claiming. The Senate's 'four horsemen', Edward Kennedy in the lead, sponsored the SDLP and John Hume. Who, in the 1980s, was probably in the US more often than in Ireland. Mr Hume didn't loiter much around the EU Parliament in Strasbourg, to which he was elected. He was invited to the White House and US State Houses and City Halls, when the President of Sinn Féin was not allowed into the country. (The President of RSF is not allowed in even today). When Gerry Adams was allowed in, he had to hang about 'Irish' bars and specifically Irish Republican venues, for years.

The various factions in Ireland had and have their counterparts in the US. There are probably more 'Erps' (members of the IRSP / Irish Republican Socialist Party) on America's West Coast than in Ireland. Even the Workers' Party still has a small following, quite apart from being a 'sister-party' of the CPUSA. Many of the Trot groups pine for sisterhood with something 'live' in Ireland, one is stuck with Socialist Democracy (People's Democracy as was) in one of the 18, (at the last count), Trotskyist 4th Internationals. Sinn Féin, and as noted RSF, have support groups, the Democratic Socialist of America (part of the Democratic Party's structure) probably would, in terms of policy, and affiliation to the Socialist International, support the Irish Labour Party. The point of the above is that citizens of the USA can line up with just about every even vaguely Nationalist or Republican group in Ireland.

## Ulster Clubs & Emerald Societies

Brookeborough (Premier of 'Northern Ireland' 1943-63) set up Ulster Clubs in America in the 1950s to counter the Republicans

(at that time Fianna Fáil would emphatically have included itself-in, under the 'Republican' label). O'Neill tended to run them down as they had strong connections with what there was of an Orange Order in the US. Not that O'Neill was unhappy about the Order, but it was bad 'copy' to be seen in the company of a small and largely plebeian group, in the States. The Unionists, and the 'Loyalist paramilitaries', lost out in America, practically nobody wanted to line up with 'pro-British' elements. 'The British' are what the States united against, after all. Not even the crazed 'Christian' (largely anti-Semitic, but also anti-Catholic, and racist) militias wanted anything to do with the Loyalists.

It is true to say that bands from 'Emerald Societies' in New York's police and fire departments marched in Republican Easter Rising ceremonies and internment commemorations. But never in Northern Ireland. Presumably NYC's City Hall did not want problems with UK diplomats, or the White House. The latter, until President Bill Clinton decided to take an interest in the situation, simply followed London's lead. London resented Clinton's interest, but there wasn't much it could do when the Emperor of the West (practically of the World, at that point) decided to take a hand.

Bean's anti-IRA play *The Big Fella* is entertaining enough. But it is based on a static group

of six in New York City, who do not change over a 30-year period. They don't recruit new members, and appear not to be part of anything like a political 'movement' in America. (The British press was furious when Newt Gingrich, the Conservative-Republican Speaker of the US Senate, practically embraced Gerry Adams on his visit to the Capitol in Washington). They are misogynistic and homophobic, their motivation is zero. Why they hang together for three decades sending off money and plant to the Provisionals is unexamined.

It is probably that great Anglo standby when discussing Ireland, an emotional spasm. But thirty years is a hell of a spasm. Bean is being emotionally spasmodic here. Echoing press headlines he is putting forward a notion that 'terrorism' exists as a thing in itself, like a microbe. There is no rhyme or reason for people fighting an overwhelmingly better armed opponent to take to the 'war of the flea'.

Britain likes to place itself in the victim-role (and gets very irritated if others get there first). It 'stood alone' in 1940, despite the fact that Churchill, who coined the phrase, knew (from the spy-centre at Bletchley) that Hitler did not intend to invade. And despite the fact that the Dominions declared war simultaneously, (more-or-less; Mackenzie-King of Canada delayed his declaration, and some Boers rose in revolt when the 'Dominion' government did what

England wanted.) Congress (Indian National Congress) in India was outraged that there wasn't even a show of consultation about the matter. Congress, post-war, turned the men who fought in Subhas Chandra Bose's Indian National Army into pensioned heroes of the independence struggle. The INA (formed in Singapore out of Britain's 'Indian Army' POWs) was not so much 'pro-Axis' as pro-Asian.

In 1939 Canada probably had a bigger navy than Germany, though in the 1950s the 'British film industry' consisted, practically speaking, of building the Nazi Realm up into a major naval power. And, of course, Hitler's armies were always 'hordes' of mindless operatives who had to be told when to breathe in and breathe out. The fact was that there was a very high degree of initiative from the lowest level upwards in the Wehrmacht (and the Red Army). 'Standing alone' in 1940 the UK had the navies of Australia, Canada, New Zealand, and South Africa at its disposal. The 'Indian Navy' was quite large, it policed the Indian Ocean and the Persian Gulf. Iraq and large chunks of Iran were run from New Delhi.

Richard Bean is almost certainly cooking something up for the centenary of 1914. Presumably it will have to be reviewed. Any volunteers?

## Silencing ordinary people with the gagging law.

Here is an example of what the government could get away with should this measure become law. In August, a judge ruled that Jeremy Hunt (health minister) had acted illegally by deciding to cut A&E and maternity services at Lewisham hospital. Hunt appealed the decision, and in October he lost again. The court of appeal ruled that he does not have the power to implement cuts at the successful hospital.

He was taken to court by a local campaigning group. If it had been an election year, and the new law in force, that campaigning group would not have been allowed to mount this campaign. Imagine the freedom this law would give the government from annoying local interests!

# Notes on the News

By Gwydion M. Williams

## **You Too Can Be A Midget on a Level Playing Field.**

The Tory promise was a “level playing field” in which people could compete freely and win according to their merits. But unless you believe that Old Etonians with millionaire parents are vastly superior to the rest of us, that is not how it actually works. Imagine a “level playing field” where you are only six inches high. A lot of the other players are no larger, and some are smaller than you. But a few are normal human size, and some are giants. What chance would you have? The reality of Britain is that Global London is flourishing at the expense of the rest of Britain, including parts of London.

“London’s economy is doing even better after the banking crash than during the bubble – while nearly every other part of the UK has seen its economy shrink by comparison. Exclusive findings published by the Guardian show that London and the south-east are racing away from the rest of the UK at a pace that would have seemed almost incredible at the height of the financial panic. During the boom from 1997 to 2006, London and the south-east was responsible for 37% of the UK’s growth in output. Since the crash of 2007, however, their share has rocketed to 48%. Every other nation and region – with the exception of Scotland – has suffered relative decline over the same period. The upshot is about a quarter of the population is responsible for half of the UK’s growth, leaving the remaining three-quarters of Britons

to share the rest...”

“In the decade to 2007, manufacturing and other ‘productive businesses’ took 9.7% of all bank loans. From 2008 to 2012, however, that plummeted to just 5.9%. That compares with the 40% of bank loans to other financial institutions and the 52% of credit extended to individuals, much of which would have been used for mortgages. Infrastructure projects such as the Olympics and the Channel tunnel rail link have seen a huge amount of public spending flowing into London. Last year, the construction skills industry training board forecast that Greater London would receive more economic-development spending than Scotland, Wales and Northern Ireland put together.

This has sat alongside policies aimed at making credit cheaper and easier, which have had the effect of making owners of homes and other assets better off. This month, Nigel Wilson, the chief executive of Legal and General, described the £375bn quantitative easing programme as ‘a policy designed by the rich for the rich’.”<sup>1</sup>

So what are the alternatives? There are any number of alternatives. Countries that retained and extended “Social Capitalism” during the Thatcherite era have been as good or better for ordinary people. Not so good for their Overclass. People don’t realise how badly they have been cheated. There is a nice on-line video showing this with simple diagrams, a presentation called 9 Out Of 10 Americans Are Completely Wrong About This Mind-Blowing Fact.<sup>2</sup> And people who are offended by inequality are also scared of state power and convinced that vast numbers of poor people are cheating on welfare. And they have been overawed by what right-wing economists call

Economic Rationalism.

Most people take so-called Economic Rationalism much too seriously. It is actually a nonsensical system that assumes we ONLY act according to our selfish desires. In a real economy, real people almost always mix self-interest with notions of honesty, duty and sometimes generosity. These are sometimes called “irrational”, but there are no objective grounds for considering them superior to self-interest. It’s a habit that started in the European Enlightenment, but it rests on no deeper logic than that.

Adam Smith says that it is not from the benevolence of the butcher or baker that we expect to get our dinner. True, but we would expect them to be honest and avoid them if they were not. And most people would also wish to be honest with them. The fancy maths used by many economists fails to predict real-world economic events, because the basic assumptions are rubbish. There’s an apt saying among computer experts looking at computer models relevant to their own work: garbage in, garbage out.

Thatcher and Reagan sanctified the garbage viewpoint in the 1980s. But failed to improve the overall performance of the UK or USA, while leaving them vulnerable to a decline or collapse of the global financial system. This applies particularly to the UK, since the world could easily move to a radically different system of global trade. One in which goods are still exchanged, but the fancy finance that London lives off is no longer needed.

Classical capitalism wrecked itself in the 1930s with the Great Slump. Post war, the West was scared of both Global Communism and of a possible Fascist revival.



So you had the Mixed Economy / Social Capitalism / Keynesianism: names are many. It was the militant left who pioneered the habit of calling it capitalism. The New Right's contribution is to assert that capitalism is Freedom and that any attempt to impose new rules is slavery. But note that they ignore existing rules, which are deemed part of Freedom and definitely not slavery.

Societies always regulate the economic activity that occurs within the society. A small slow-changing society can manage with customary rules, which are familiar to everyone and so not counted as an interference with Freedom. But where the society is complex and fast-changing, community consensus will break down. Then it becomes necessary for the state to expand and impose more regulations, either directly or by some authorised body controlled by the people being regulated. Self-regulation is fine when it works, but often does not work. Where the society does not regulate, then the nastier and more aggressive patterns of behaviour win out in the short run. In the longer run, everyone suffers.

If Thatcher, Reagan and their successors were ever serious about restoring Classical Capitalism they soon learned better. They have however been too greedy in the USA. Bill Clinton balanced the budget. Bush Junior unbalanced it again, through a mix of wars and tax-cuts that mostly benefited the rich. Even the rich are likely to lose out in the long run. Gore Vidal in the 1950s spoke of the USA having socialism for corporations but not for ordinary citizens. This has never ceased to be the case: they were bailed out after the financial crisis they caused by speculation.

So how did we get here? The problem goes back to the 1970s. Which were not the disaster area the New Right now pretend, but the post-War consensus had broken down. Various things including Trade Union power meant that some sort of reform of the system was inevitable. Both Edward Heath

and Harold Wilson tried to solve this by making the Trade Unions part of the ruling consensus. Wilson even offered Industrial Democracy with the Report of the committee of inquiry on industrial democracy (Bullock Report), which has almost been forgotten about.

The Hard Left vigorously opposed all such compromises, thinking this would lead to revolution. Instead it led to Thatcher. Who however did not really change the basics of the Corporatism that was introduced in the 1940s. She and her successors simply adjusted it to do more for the rich and less for the poor. Other European countries did opt for partnership, including the Scandinavian countries and West Germany (as it then was). This has been and remains successful. Britain had no more economic growth in the Thatcherite 1980s than in the "disastrous" 1970s. Growth since then deteriorated slightly up until 2008. But the 1970s shared the burdens and Thatcher made sure that it was the poor who got most of the pain.

Note also that China's success over the past few decades has been based on going from total state control to a version of Corporatism that gives the state a lot more authority than has ever been the case in Western Europe. A few of them contemplated going for Thatcher-style capitalism, but it has never happened. Given that we've been in slump since 2008, Thatcherism should be seen as a wrong turning following blunders by most of the Left.

## Uncle Sam is Watching You

I've said for many years that the notion of the Internet as a liberation from state power was a fantasy. Anything electronic can be cracked by someone with enough skills, and the government intelligence agencies can train or hire the best skills. They can also "lean on" the big technological firms that

make the essential hardware. Open-source software is available and may be more secure, but people forget that hardware can also be spying on you. Anyone who really wants to be secret should go back to old-fashioned methods, typewriters and paper. (There are reports the Russian government has done just that.)

It's not now denied that data on everyone has been collected by spy agencies in the Anglosphere. It was not admitted until relevant documents leaked, but the undeniable has now been admitted. The defence is that only the guilty will be investigated. So who decides who's suspicious enough to merit having their rights violated?

The Anglo tradition has been heavy on protection of privacy. The police have to get a warrant before they can violate anyone's privacy. They have to convince a judge that there are reasonable grounds for suspicion. It would be possible to electronically collect data on everyone, but forbid access to it without oversight and a warrant from someone independent of the security services. But if the current system were that respectful of privacy, I assume we would have been told. And it would be inconvenient for the spooks. Not to mention the fun of knowing secrets way ahead of anyone else.

The main protest has been Classical-Liberal in form. Thus in Prospect, Chris Huhne writes: "Freedom matters. The concept of liberty under the law was invented in Britain, instituted in the 1688 Glorious Revolution which finally curbed arbitrary monarchical power, and arguably reached its apogee in the protections afforded to American citizens in that admirable expression of advanced enlightenment thinking, the US constitution. Both the British and Americans, however, seem to have become horribly forgetful about the importance of their founding creeds and are at

risk of losing the freedoms they no longer cherish.”<sup>3</sup>

I can't agree with this. 1688 established an oligarchy presided over by a monarch. It took place two centuries before the vote was extended even to a majority of adult males living in the British isles. 1688 also confirmed that Roman Catholics were second-class citizens, which was not substantially ended until the Roman Catholic Relief Act of 1829. The concept of liberty under the law was not invented in Britain: it was widespread in Europe at the time and was a revival of Greek and Roman concepts. Nor is it unknown outside of Europe.

The 1688 rules were easily manipulated to allow massive suppression of anyone in Britain who expressed sympathy for Revolutionary France or the later Napoleonic Empire. Both of which were much closer to modern concepts of liberty than Britain at the time. The security services snooping on everyone rather than those reasonably suspected of crime is bad, but it is in no way a departure from British tradition as it actually was. Claiming otherwise does no one any good.

But Huhne does make one good point: “We now know that 480,000 private contractors had access to the same level of information as Snowden, and neither GCHQ nor the NSA were aware that he had this information. How many other people have it, but are less public spirited and less motivated by the need for political safeguards? After all, Snowden has made off with some 58,000 pages of classified documents, downloaded from a desk in Hawaii. If the NSA and GCHQ cannot keep their own secrets, what conceivable guarantee can they give you or me to keep ours? What money will the rich and the powerful be prepared to offer poorly paid public servants for information that could embarrass and undermine their enemies?”

China: Xi Jinping Rules OK

“While the recent Third Plenary Session of the 18th Chinese

Communist Party (CCP) Central Committee was expected to unveil major initiatives in economic liberalization, what has struck Chinese and foreign observers most is the weight that the leadership has given to enhancing state security, particularly centralizing powers in the top echelon of the party-state apparatus.”<sup>4</sup>

“Xi is set to take charge of a central security agency that will give him direct control of the police, including the armed paramilitary force, whose budget exceeds that of the armed forces. This steady accretion of power makes him the most formidable Chinese leader since Deng Xiaoping, who launched economic reform 35 years ago but put a straitjacket on political change.”<sup>5</sup>

This does seem to be the main point. Regional governments have enormous power. Foreign investors have found that though you need the Central Government to permit you to operate, only the lower-level authorities will enable you to create a successful enterprise. Which has broadly worked, but in some economic areas the various regions have separately gone for too large a share of a finite market, and created over-capacity. There is a need for more control. Market forces will be used, but as part of overall control. From the start of opening-up, Deng made sure that there was political control. And this has never ended.

Deng did keep population growth under control with the One-Child Policy. This is now being eased a little, with a second child allowed if one parent was an only child. This should balance any threat of having too few children. But there is going to be no free for all.

There will also be a limited reform of the “hukou” system, a system that limits migration by tying most social benefits to one particular place, not letting migrant workers acquire them in their new residence. It is harsh, but it does work within a fast-changing system. The point was recently raised

on the on-line question and answer system Quora, with someone asking “Why is China not trying harder to abolish the hukou system? Other countries in Asia are just doing fine without such a rigid system of population control”.<sup>6</sup>

They were given a rather good answer: “I disagree with the premise in the question details that ‘other countries in Asia are doing just fine’ without something like the hukou system in place. The only really comparable country in Asia would be India; possibly Indonesia, but in terms of total population, only India really compares. And the Chinese leadership, in not more radically abolishing the hukou system, is trying to prevent precisely what it is that isn't ‘doing just fine’ for Indian cities: The huge, suppurating slums with their dire poverty, squalor, open sewers and horrific sanitation. This is something you simply don't have in Chinese cities. Sure, you have slums and areas of relative squalor and poverty, but they're nothing like what you'd find in other developing cities like Mumbai or Kolkata, or in Lagos, Nigeria.”

Though he was not directly elected and cannot be removed by direct popular choice, Xi does seem to be doing pretty much what most Chinese want. Certainly no worse than most leaders chosen via Representative Democracy, which has a way of failing to actually deliver individuals the things they thought they were voting for.

## The Twilight of US Hegemony?

There's an old nursery rhyme about an old woman who swallows a fly. And then swallows a spider to catch the fly, and a bird to catch the spider, a cat to catch the bird and so on. It ends with her dying while trying to swallow a horse. In the version I heard as a child, each verse ends with the question “I wonder

why she swallowed the fly?" A mistake in the first place, and each attempt at a fix makes things worse.<sup>7</sup>

There's a lot in common between this and US policy since the Soviet collapse. Having an outstanding problem with the Islamists whom they had raised up to fight the Soviet Union in Afghanistan, the US government preferred to ignore this. Instead they adopted a policy of quietly subverting Cold War allies whom they felt they no longer needed. Mobutu in what was then Zaire and is now the Congo, but it caused a major war. Yugoslavia, another avoidable war and with dangerous risks taken in the final detachment of Kosovo from Serbia.<sup>8</sup> Ceausescu in Romania and Suharto in Indonesia, both smooth enough from a US viewpoint. But trying to get rid of Saddam Hussein in Iraq was the start of a series of errors that are likely to prove fatal to US hegemony.

Saddam had unsuccessfully waged war against Iran between 1980 and 1988. This was done on behalf of Western interests, but ended with Iran coming close to victory and the West having to step in to prevent a possibly Iranian conquest that might have been seen as liberation by Iraq's Shia majority. So Saddam's Iraq survived, but was left with huge debts. That was the reason he invaded Kuwait in 1990. Saddam and Iraq were exactly the same thing in 1988 and 1990. A dictatorship based on Baathism, which had been inspired by European fascism. A regime that used torture and mass repression. A country which had regularly used poison gas against its Kurdish rebels. But in 1988, the West had seen Saddam as useful. By 1990 the Soviet Union had unexpectedly lost its grip on Eastern Europe and was in clear decline. Saddam was intended to fall as various other autocrats did fall. Invading Kuwait changed the name of the game and got him another 13 years in power, as well as an historic reputation that is likely to long outlast characters like Mobutu and Suharto.

Meantime the last solid Westernising elements in Afghanistan vanished with the fall of the Najibullah government in 1992. This could have been a much more effective ally for the USA than the gaggle of corrupt warlords who replaced him, and who were restored when the USA invaded after 9/11 and threw out the Taliban in 2001. Before the invasion, the Taliban had offered to punish al-Qaeda if the USA could prove their guilt using the Taliban version of Islamic law. This too would have been a much wiser move, the Taliban's concern was local. The invasion of first Afghanistan and then Iraq widened the conflict and made it increasingly seen as the USA and its allies against Islam.

The Arab Spring began spontaneously, but the West took advantage of it and encouraged it on the basis of delusions. They thought it would be like Eastern Europe, or rather the region we should start calling Middle Europe again, since it is middling both geographically and socially. Those nation-states with long associations with Latin-Christian culture fitted quite easily into the expanded European Union. The Ukraine is pulled both ways and remains a mess. Russia itself found that it had been cheated and has strongly re-asserted its own identity under Putin. Tunisia was the best candidate for a successful transition to something like Western values. Even there, a moderate Islamist party emerged as the single biggest party and there have been many disputes, leading to the bringing-forward of a general election to December 2013.

In the rest of North Africa, the West rattled on the deal it had done with Libya – probably meaning that no other leader with an anti-Western past will bother to try any similar deal in future. In Egypt, pro-Western elements were encouraged to take a strong line against Mubarak rather than make a deal. There were then elections, in which it was shown that the pro-Western elements were about a tenth of the population, while rival Islamist parties got a clear majority. The

Moderate Islamists tried ruling, and the West once again urged "no compromise". This led on to the coup and something like the Mubarak regime restored.

Similar policies were followed in Syria, except that Syria never let the West subvert its military or became dependent on Western aid. But the pro-Western elements were encouraged to demand Assad's removal rather than seek open elections, which Assad's people might well have won. Intervening in Syria was maybe "swallowing the horse". It was a small group of British Tories who first decided "enough is enough", concluding that the West's pet rebels in Syria were losing ground to Islamists who were much more effective as fighters. It was also unlikely that the government would have used gas at a time when they were winning, and highly likely that one or other faction of rebels staged it.

The same considerations looked likely to lead to a revolt in Congress against Obama's wish to step into the Syrian civil war. So there was a sudden switch to the idea of compromise, which has gone as far as a deal on nuclear reprocessing with Iran. But in Syria, the war goes on.

#### Somalia and Kenya

Somalia has some curious similarities to Afghanistan. A left-wing regime overthrown by a gaggle of warlords, who then could make nothing coherent of it. And Political Islam developing as the only force with a prospect of re-uniting a shattered nation-state. The difference is that the intervention has been by African troops, with Kenya playing an increasing role. This was the context of the terrorist massacre at the Westgate shopping mall in Kenya – a place very much for the richest and most Westernised Kenyans.

"Somalia, one of the poorest and most conflict-riven countries in the world, is often cited as an example of what political scientists refer to as a 'failed state.' After the fall of longtime dictator Mohamed Siad Barre's administration in January



1991, the country's national government collapsed, and rival warlords and factions battled for supremacy. Al-Shabaab, a radical offshoot of the Islamic Courts Union – the pre-eminent Islamist faction in the country during the early part of the last decade – established itself in the mid-2000s and eventually became allied with al-Qaeda. Spurred by the 2006 Ethiopian incursion into Somalia to dislodge the Islamic Courts Union from the capital, Mogadishu, al-Shabaab rapidly gained support and expanded into new territory, wresting control over most of the southern part of the country.”

“But like the Islamic Courts Union, al-Shabaab is a loose confederation of Islamist warlords and not a highly centralized organization. Altogether it has approximately 5,000 dedicated fighters, as estimated by the United Nations Monitoring Group on Somalia and Eritrea. Recognizing a need to restore some stability to its neighbor, the Kenyan government hosted the internationally recognized Somali Transitional Federal Government, as well as European training facilities for Somali soldiers. After Ethiopia withdrew from Somalia in 2009, an African Union peacekeeping force stayed behind. This force, led by Ugandan troops, managed to provide some cover for the Transitional Federal Government to operate, but had to cede most of the south of the country to al-Shabaab.”

“In retaliation for the African Union establishing a mission within Somalia, al-Shabaab in 2010 staged a series of attacks in Kampala, Uganda, killing 74 people. Then in mid-2012, Kenyan forces (nominally under the auspices of the African Union) began an offensive against al-Shabaab in the south of Somalia. The Kenyans restored the rule of the recognized government in several areas, including the important port town of Kismayo, al-Shabaab's primary economic center and political stronghold. Shabaab anger over its loss of territory and economic resources likely spurred the Westgate Mall attack...”

“Kenya's deadliest terror attack, however, was the August 7, 1998,

bombing of the American Embassy in Nairobi. Carried out by an al-Qaeda cell, the coordinated attack against the American embassies in Kenya and Dar es Salaam, Tanzania, killed a total of 234 people, 223 in Nairobi alone. Prior to the Kenyan intervention in Somalia, and with the exception of the 1998 embassy bombing, most high-level terror attacks within Kenya targeted Israelis or Israeli interests.”<sup>9</sup>

“The Somali government, although internationally recognised, is weak; its army is mostly a mixture of militias still loyal to quarrelling warlords. Africa's leaders did not want another Afghanistan on their doorstep, so they moved in with Amisom – led by Uganda – seven years ago with a mandate and financial support from the United Nations.”

“The al-Shabaab militia, brought to world attention by its actions in Nairobi, is more than a radical Islamist group committing acts of terror. It is also by far the most powerful local army in Somalia. It controls more than half the country. ‘If Amisom left today,’ said a Somali journalist who asked not to be named for fear of reprisals, ‘al-Shabaab would take power in the capital Mogadishu tomorrow.’

“A clue to understanding al-Shabaab, and why it has such influence, is in its name. It means ‘The Youth’ in Arabic. Somalia is a nation of some 8 million and one of the poorest in the world. The vast majority of people here are under the age of 20. The Somali people have a proud history of nomadism, but drought and food shortages have forced millions off the land they once shared with their prized camels and endless skies. Somalia is now a part of the modern world, where jobs and income matter – and jihadists are recruiting. Mostly unemployed, poor and disenfranchised by corrupt governments, Somali youths are relatively easy to manipulate. A story is told in the excellent study of Somalia by James Fergusson – *The World's Most Dangerous Place* (Bantam Press) – of a group of schoolboys

who were tempted into joining al-Shabaab by being given a piece of fruit every day.”<sup>10</sup>

Where it goes next is anyone's guess.

## Arab Spring – Winter Is Coming

The USA and Western Europe thought the Arab Spring would be like the “Velvet Revolutions” that happened in Warsaw Pact countries when it became clear that the Soviet Union was not going to intervene and stop it. The Velvet Revolutions delivered them a set of new allies and partners, replacing enemies. They thought they would get the same with the Arab Spring and so encouraged it. This was a half-arsed view, totally foolish. Exactly the opposite had happened in Iran in 1979. Their own attempts in Iraq have fragmented the society, with the largest fragment being Religious Shia Arabs, who currently control the central government and are in alliance with Iran.

The important point was that Leninism shared the same broad Progressive or Modernist outlook as the West. When faith in Leninism collapsed, most of them moved to the nearest equivalent. There was no substantial alternative in those countries. It is very different in the Islamic world, where Modernists held power on top of a society where completely different attitudes existed among the mass of the population. And also attracted many intellectuals, particularly when Leninism lost its attractions. It was shown that traditional societies could modernise themselves in a very un-Western manner.

Syria under Assad, though secular, was sympathetic to Iran. The West sponsored the initial protestors, and encouraged them to seek

political dominance rather than a compromise. They refused to consider open elections with Assad still in power, because there was a real chance he would win it. The largest single element in Syria is Sunni Arabs, some of them intensely religious. Assad has mostly been supported by minorities, including one of the last surviving Christian communities in the Arab world. (There are few left in Iraq now, and the Copts in Egypt are also at risk thanks to Western “help”.) And Sunni Arabs with a secular outlook also tended to back Assad.

The dissident movement in its early days was able to pull in a variety of different people. But found that when the killing started, people retreated to their own communal niche. And that the religious fanatics were the most efficient fighters and became increasingly dominant. Both the West and the Syrian dissidents they sponsored manage to convince themselves that this was a staggeringly unexpected outcome. Even though something of the sort has happened many times before when a civil war starts.

There are two patterns for successful revolutions. Type One is where large parts of the existing government are carried over into the new order. These tend to be relatively mild in their methods and not particularly radical in their outcome. Sometimes there will be the violent crushing of a radical faction. But those who carry out the actual revolution then coexist in normal politics. They can make peace with those who defended the old regime, but are willing to accept the new order of things.

Examples of Type One are Britain’s “Glorious Revolution” of 1688, the American War of Independence, the Irish War of Independence and the 1830 revolution in France. Also the 1848 and 1870 revolutions in France, which both included the crushing of radicals, as did 1830 with the crushing of the 1832 revolt celebrated in Victor Hugo’s *Les Misérables*. And the replacement of the Kaiser by the Weimar Republic in Germany and the replacement of the Ottoman

Empire by the Turkish Republic. You could also include Mussolini coming to power in Italy and Hitler in Germany, both of which were legal and took over the old machinery of state, but had the rhetoric of revolution. The Chinese Revolution of 1911-12 more or less counts, though it led quickly to breakdown of the state. Also the Kuomintang Northern Expedition of 1927, which the Chinese sometimes call the Great Revolution, but not much changed. Nasser’s coming to power in Egypt also fits the pattern.

Type Two is where the state is substantially overthrown. These are highly radical, mostly include the death, exile or imprisonment of some of the original revolutionary leadership and mass repression of the defeated forces, usually including ultra-radicals. A period of extreme radicalism is also normal, mostly with a partial retreat afterwards. Sometimes the complete overthrow of the revolution. Examples of Type Two are the formation of the Commonwealth after the English Civil War, the French Revolution of 1789, the October Revolution in Russia, the Chinese Revolution of 1949 and the Iranian Revolution of 1979.

(Note that I exclude from Type One those revolutions that were the prelude to a Type Two, including the early stages of the English Civil War and the French Revolution of 1789, and also the February Revolution in Russia.)

Now apply this pattern to the Arab Spring. The net results of the West’s efforts have been to give power to the Islamists, which is not at all what they wanted. And it

may lead on to worse. The Islamists see the recovery of Islamic holy places as an obligation. They are not so scared of Israel’s presumed nuclear arsenal, because they see mortal life as just a testing ground for an immortal future.

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### 1m 'on zero hours contracts'

The number of workers on zero-hours contracts could be one million - four times as high as official estimates, according to new research. Such workers are on call to work when needed by bosses but employers do not have to guarantee any hours.

These contracts should be a rare exception, suitable in only some circumstances. There have been case studies of people being given no holiday pay, no sick pay and the contracts being used to threaten employees by cutting shifts. (ITV 5.8.13)

# Parliament Notes



Dick Barry

In the last issue we published Jeremy Corbyn's proposals of 15 October to improve conditions for private sector tenants. The following day the Communities and Local Government Secretary Eric Pickles announced a limited number of measures to address what he perceived to be some of the problems faced by tenants. He began his Ministerial statement saying: "I am therefore today announcing a package of further measures to help millions of hard-working tenants get a better deal when they rent their home. These measures will give tenants the know-how to demand longer-term tenancies, stable rents, better quality accommodation, avoid hidden fees when renting a home and demand better standards." The measures are fourfold:

## **Ensuring high-quality accommodation."**

"I have set out today that we will develop a code of practice on the management of property, in the private rented sector. This code of practice will set out what landlords, letting agents and property managers should do when providing tenants with homes to live in. It will make clear that it is their responsibility to maintain the property to an acceptable standard to prevent tenants having to pay for repairs out of their own pockets. Tenants have a right to live in homes that are safe and well maintained. We will undertake a review into how we can ensure tenants are satisfied that their homes are safe and healthy and what standards of hygiene and sanitation they can expect and how they will be protected from damp and

excess cold. We will consider the scope for requiring landlords to repay rent where a property is found to have serious hazards. This will include considering extending local authorities' ability to recoup housing benefit through rent repayment orders, so that taxpayers' money is not used to support landlords who provide sub-standard property."

## **Protecting tenants from rogue landlords.**

"Tenants must feel able to raise concerns or complaints with their landlords about the homes that they live in, and they must be able to do this without fear of eviction. We will also work with local councils to share best practice on the prosecution of landlords for housing offences. This will make clear the importance that local authorities demonstrate that such offences have a real impact on the lives of tenants."

## **Cutting costs for tenants.**

"A Tenants' Charter, published today in draft, will tell tenants what their rights are, what to expect and what to ask for and what to do if they have any problems. This will explain the flexibility which exists to enable tenants to ask for longer tenancies and promote awareness among tenants of what to expect, including on the transparency of letting agents' fees. Greater transparency will help stop unreasonable practices and unfair charges by letting agents, and would-be tenants will know the full costs before they sign up to any contract. We will also develop a model tenancy agreement, by early 2014, which will simply and more clearly set out the rights and responsibilities of tenants and landlords alike and help tenants to understand which clauses should be in every agreement, which are optional but standard

and which are unique to that property. We have already directly encouraged those bidding in the second round of the Build to Rent fund to support longer-term tenancies. We will shortly lay before Parliament the secondary legislation setting out the conditions compulsory redress schemes must meet. All letting and management agents will be required to belong to such a scheme. This will ensure that complaints about their service can be investigated by an independent person. A complaint could be made where the agent had not made clear what fees would be charged and, where a complaint was upheld, the redress scheme could require the agent pay compensation to the tenant."

## **Supporting good landlords.**

We know that the majority of landlords in the private sector are good landlords who have excellent relationships with their tenants and who maintain their properties. We want to ensure that all tenants have this same level of service and the same standard of property. We also know that there are some bad tenants out there; we will work with landlords to identify any improvements that can be made to the eviction process, so that the law-abiding landlords have confidence that they can get their property back if a tenant stops paying the rent and which will provide them with more confidence to offer longer tenancies. We recognise that many buy-to-let landlords will be prevented from offering longer tenancies because of restrictions in their mortgages. We will be holding a mortgage lenders summit to identify the barriers to lenders agreeing to longer tenancies and consider how lenders can make it easier for landlords to offer longer



tenancies that benefit families.”

*Increasing the supply of rented housing.* “Increasing the supply of rented housing will provide more choice for tenants and more competition between landlords, which will in turn deliver longer tenancies, stable rents, more professional landlords and better properties for people to live in. This is why we have introduced the £1 billion Build to Rent fund, and we are offering up to £10 billion in housing guarantees, to bring more developers into the market, and build homes specifically for private rent. These will be high-quality developments that will drive up standards in all areas of the sector. To ensure delivery, quality and affordability, we have appointed a specialist private rented sector taskforce precisely to promote those two schemes to the wider industry. We are also encouraging local authorities to promote purpose-built rental schemes on their land holdings and via the planning system. We are supporting hard-working tenants while ensuring that good landlords are not penalised by the introduction of unnecessary red tape and rooting out the rogue landlords and letting agents that all too often give the sector a bad name.”

Hard-working individuals, hard-working families, and now hard-working tenants. Is the term infinitely elastic, or does it stretch just as far as “hard-working hamsters?” Pickles disguises the absence of any new, potentially effective, policy, with a regurgitation of existing legislation topped up with meaningless froth; promises to do something in the distant future. His statement is littered with phrases such as, “we will undertake a review”, “we will consider the scope for”, “this will include considering”, “tenants must feel able to”, “we have already directly encouraged”, and “letting and management agents will be required.” He identifies good landlords and bad tenants and, almost as an afterthought, refers to rogue landlords in the very last sentence, as if he doesn’t

wish to upset them. There are serious problems with some landlords and letting agents that require urgent attention. These are set out in Jeremy Corbyn’s Bill, but Pickles prefers to put these on the back burner. His proposals are simply an attempt to reinforce self-regulation. They will do little or nothing to help desperate tenants.

Pickles also failed to reveal the true comparative costs of benefits in the UK. To be fair, it wasn’t in his remit but nevertheless it needs to be said. The coalition focus is on out of work benefits - skivers against strivers - when these account for a small proportion of total benefit spending. ‘A Survey of the UK Benefits System, IFS Briefing Note BN13’, published by the Institute for Fiscal studies in November 2012, included a detailed analysis of benefit spending in Great Britain for fiscal year 2011-12. It showed that total benefits spending was almost £201 billion. Of this benefits for unemployed people totalled £5.164 billion, the lowest spending area by a long way. Housing benefit, Pickles area of concern, was £22.736 billion, the largest part of a benefits bill of £41.8 billion for people on low incomes. Welfare caps now in force, including limits on housing benefit, ought to reduce that but they will make life very difficult for many households in the private rented sector as rents continue to rise and incomes fall.

More than 40% (42.29%), or £85.011 billion, of total benefit spending was accounted for by benefits for elderly people, which included state pension spending of £58 billion. But this is a no-go area for the Tories and, presumably, Labour, who recently declared they would be tougher than the Tories in dealing with those who “linger on benefits”. Rachel Reeves, the new shadow work and pensions secretary, has said that the longer term unemployed would have to take up a guaranteed state job offer or lose their benefits. Is Rachel Reeves a magician? With 2.49 million unemployed, where are these new jobs for the

lingerers to come from? And how will the policy affect the 1.36 million people working part-time because they can’t find a full-time job? Wouldn’t they love to have guaranteed full-time work?

## **Hinkley Point Jobs? Not If You’re British.**

In his statement of 21 October on the deal arranged with EDF and a Chinese consortium to build twin 1.6 gigawatt nuclear reactors at Hinkley Point in Somerset, Energy and Climate Change Secretary Ed Davey said that the construction phase of the project would create “up to 25,000 jobs for skilled workers and 900 long-term jobs during the 60-year lifespan of the plant”. Cameron reiterated these figures in media interviews in the days following the announcement. He described the deal as good news for Britain, implying that much of the work would be taken up by British firms. However, a week before the announcement was made, EDF, 85% French state owned, was absolutely clear that most of the 25,000 jobs would not go to British workers. The vast majority of the construction work is in high-tech engineering where EDF believe the UK has lost its capability. According to a Guardian report of 15 October, Ken Owen, commercial director for nuclear new build at EDF Energy said: “There are 90 contracts to deliver the job, excluding the muck shifting and enabling work. Two---marine works and civils---are traditional UK strengths. The other 88, that’s the world of manufacturing and erection”.

Davey arrives at a 60-year lifespan of the plant by adding together the 30-year lifespan of each reactor. Most nuclear reactors in the UK have had their ‘natural’ lifespan extended, largely because of the need to maintain base-load capacity. Hinkley Point will not come on line until 2023 at the earliest. No nuclear station in the UK has been completed on time so it’s hard to see Hinkley Point reversing that record. The Government have said all along

that no nuclear reactors will be built with a state subsidy, but a guaranteed, incentivised 'strike price' of between £89 and £93 per megawatt hour, about twice the current market rate for electricity, is a subsidy under another name. The Government are gambling that the costs of other energy sources will continue to rise, making Hinkley Point seem a bargain. But if they don't the British taxpayer will have been conned by EDF, a company who wouldn't let a British nuclear construction company anywhere near their reactors back home. But this is the kind of foreign invasion beloved of Tories.

### **State-Owned Railway? Yes, Please. But Not British.**

In a debate on the future of the East Coast Rail line on 12 November, Labour's Sharon Hodgson outlined the success of the nationally owned Directly Operated Railways (DOR) who took over the franchise in 2009, following the withdrawal of the privately owned National Express. The Government are intent on re-privatising the line, with the franchise opened to bidders but to the exclusion of DOR. The following are some key extracts from her speech.

"This is the people's railway. It is delivering real improvements for our constituents, unencumbered by the primary purpose of having to pat dividends. That is not to say that Directly Operated Railways is squandering millions on such trivial things as improving the experience of their customers and therefore winning more of them; it is also chipping in a lot of money to the Exchequer. By the end of this financial year, it will have returned £800 million to the Treasury and put the rest of its surplus of nearly £50 million back into the service. It of course gets the lowest rates of public subsidy of all the train operators, except London commuter services."

"The Minister will say that decisions should not be taken on

the basis of ideology, and to an extent I agree, although I must of course confess to having a default opinion when it comes to ownership of public services. However, the returns to the Treasury and the improvements in services provide the business case in support of our argument that the line should remain directly operated. Perhaps that is why nearly half of Tory voters oppose the Government plans..... As if the west coast main line shambles, which cost taxpayers £55 million, was not bad enough, the contract extensions for other franchises - the Government have had to negotiate them so that they could bring forward the east coast main line tender - will cost taxpayers millions more in lost revenue. For example, First Great Western paid £126 million in premiums last year, but will pay only £17 million next year, as a result of the extension terms it has been given by the Government."

"How ironic it is that many of the probable bidders for the service are subsidiaries of state-owned railways. Eurostar and Keolis have confirmed that they will team up to bid for the franchise. As the Minister will be aware, these two companies are majority-owned by the National Society of French Railways - SNCF - which is France's state-owned operator. Arriva, which already operates so many franchises, including the Tyne and Wear Metro in the north-east, and has received much Government investment over the past few years, will probably throw its hat into the ring. It is of course owned by Deutsche Bahn. Abellio, which, with Serco, runs Northern Rail trains in my area, might well be tempted. It is a part of the Dutch state-owned rail operator. The Government are quite happy for the east coast main line to be run for the public benefit - just as long as the British public do not benefit."

### **The Big Six: Who's Responsible?**

Control over energy prices by the 'Big Six' is a potentially

explosive political issue, so it was appropriate that it was raised on 5 November by Labour's Huw Irranca-Davies. Welcoming Economic Secretary Nicky Morgan to her post he said: "Is she aware that last year wholesale energy prices rose by 1.7%, but energy bills by 9%. Is it not time that the Government stopped defending the big six energy companies and actually call for a freeze on prices while we reset the energy market?" In her reply, Morgan said "It was the last Labour Government who created the big six. We started off with 20; they left us with the big six". This must rank as the most ignorant Ministerial reply ever.

The big six - British Gas, EDF Energy, E.ON UK, npower, Scottish Power and SSE - were created with privatisation of the energy sector in 1990. They were not created by Labour from 1997, but following the election victory in that year a number of new energy companies entered the market so that currently there are 27 gas and electricity suppliers. Morgan's point, one assumes, is that Labour did nothing to reduce the big six's control over the market as between them they continue to supply over 90% of domestic customers. The respective share of each of the big six is as follows: British Gas - 20 million business and domestic customers; EDF Energy - 5.7 million domestic customers; E.ON UK - 5.3 million domestic customers; npower - 6.5 million business and domestic customers; Scottish Power - 5.2 million domestic customers; SSE - 9.6 million domestic customers.

A more level playing field is required, but Government plans to achieve this, which amount to little more than encouraging customers to switch supplier, are inadequate, so the 'Big Six' will continue to exercise a dominant control over the market. We need to reset the energy market, breaking up the vertically integrated

'Big Six' companies through a total separation of generation and supply, introduce transparency in accounting methods that make it easier to see how prices are set, and reduce the 'Big Six' share of the market by facilitating easier entry for smaller companies. And, crucially, the homes insulation programme must continue to be funded, either by a green levy on customers or through a tax-payer funded government scheme.

Reducing energy demand is as important as ensuring there is adequate energy supply. The green levy, officially known as the energy companies obligations scheme (ECO) uses a £47-a-year levy on all energy bills to pay for insulation

in low-income households. To date this has accounted for 98% of the energy saving measures installed this year. The energy companies, under fire following the announcement of another round of tariff increases, are now saying that they could reduce tariffs if the ECO was abolished. But as it accounts for a mere £47 of an average annual bill of £1400 plus, it is an offer that the Government and customers can afford to refuse.

## Continued from Page 24

Year 2009.

Standard credit – 1,151.

Direct debit – 1,059.

Prepayment – 1,124.

Year 2010.

Standard credit – 1,113.

Direct debit – 1,035.

Prepayment – 1,124.

Year 2011.

Standard credit – 1,218.

Direct debit – 1,130.

Prepayment – 1,219.

Year 2012.

Standard credit – 1,336.

Direct debit – 1,232.

Prepayment – 1,327.

Average increase per year since 2007:

Standard credit – 8.2%.

Direct debit – 8.4%.

Prepayment – 6.6%.

PWA 18/10/13.

The estimated number of part-time workers working part-time because they could not find a full-time job in each region and country of the UK – 12 months ending June 2013 was:

North East – 70,000.

North West – 153,000.

Yorkshire and the Humber – 118,000.

East Midlands – 102,000.

West Midlands – 123,000.

East – 110. London – 200,000.

South East – 149,000.

South West – 107,000.

Wales – 65,000.

Scotland – 115,000.

Northern Ireland – 47,000.

Total UK – 1,359,000.

PWA 23/10/13.

The number of individuals in households where at least one person is in work, and that are in relative low-income, both before Housing Costs (BHC) and After Housing Costs (AHC), UK, 1997-98 to 2011-12. Number of individuals BHC (million);

Year 1997-98 – 4.1.

Year 1998-99 – 4.0.

Year 1999-2000 – 4.1.

Year 2000-01 – 3.8.

Year 2001-02 – 3.8.

Year 2002-03 – 4.0.

Year 2003-04 – 4.0.

Year 2004-05 – 3.9.

Year 2005-06 – 4.3.

Year 2006-07 – 4.3.

Year 2007-08 – 4.5.

Year 2008-09 – 4.7.

Year 2009-10 – 4.4.

Year 2010-11 – 4.3.

Year 2011-12 – 4.6.

Number of individuals AHC (million);

Year 1997-98 – 5.3.

Year 1998-99 – 5.4.

Year 1999-2000 – 5.3.

Year 2000-01 – 5.3.

Year 2001-02 – 5.1.

Year 2002-03 – 5.4.

Year 2003-04 – 5.2.

Year 2004-05 – 5.4.

Year 2005-06 – 6.0.

Year 2006-07 – 6.2.

Year 2007-08 – 6.5.

Year 2008-09 – 6.7.

Year 2009-10 – 6.4.

Year 2010-11 – 6.3.

Year 2011-12 – 6.7.

PWA 23/10/13.



# It's A Fact

The number of staff employed in public sector prisons on a full-time basis at 31 March in the past ten years are as follows:

2004 – 43,710;  
 2005 – 44,090;  
 2006 – 44,400;  
 2007 – 44,660;  
 2008 – 45,350;  
 2009 – 46,010;  
 2010 – 44,280;  
 2011 – 43,210;  
 2012 – 40,040;  
 2013 – 37,560.

The number of staff forecast to be employed at 31 March 2015 is 30,500. Parliamentary Written Answer 8/10/13.

In England, in each of the last three financial years, the amount of council tax not collected by the end of the year it is due is as follows: Financial year 2010/11 - £612 million; 2011/12 - £605 million; 2012/13 - £604 million. PWA 10/10/13.

The sources of UK Natural Gas Imports for 2012 are:

By pipeline from Belgium – 1.310 billion cubic metres (2.7% of total imports).

By pipeline from Netherlands – 7.297 billion cubic metres (14.9% of total imports).

By pipeline from Norway – 26.832 billion cubic metres (54.6% of total imports).

Liquefied Natural Gas (LNG) from Qatar – 13.335 billion cubic metres (27.2% of total imports).

LNG from Algeria – 0.119 billion cubic metres (0.2% of total imports).

LNG from Egypt – 0.013 billion cubic metres (0.0% of total imports).

LNG from Nigeria – 0.043 billion cubic metres (0.1% of total imports).

LNG from Norway – 0.156 billion cubic metres (0.3% of total imports).

PWA 10/10/13.

The generating capacity of the UK power stations by fuel type for the last three years are:

Coal fired.

Year 2010 – 23,085 Megawatts (MW).

Year 2011 – 23,072 MW.

Year 2012 – 23,072 MW.

Oil fired.

Year 2010 – 3,638 MW.

Year 2011 – 3,638 MW.

Year 2012 – 2,338 MW.

Other non-renewable thermal (includes mixed/dual fired, gas turbines and oil engines).

Year 2010 – 7,895 MW.

Year 2011 – 6,759 MW.

Year 2012 – 4,764 MW.

Combined cycle gas turbines.

Year 2010 – 31,724 MW.

Year 2011 – 30,183 MW.

Year 2012 – 33,113 MW.

Nuclear stations.

Year 2010 – 10,865 MW.

Year 2011 – 10,663 MW.

Year 2012 – 9,946 MW.

PWA 14/10/13.

The numbers of live births to mothers usually resident in England, 2001-12, are as follows:

Year 2001. All ages – 563,744.

Year 2002 – 565,709.

Year 2003 – 589,851.

Year 2004 – 607,184.

Year 2005 – 613,028.

Year 2006 – 635,748.

Year 2007 – 655,357.

Year 2008 – 672,809.

Year 2009 – 671,058.

Year 2010 – 687,007.

Year 2011 – 688,120.

Year 2012 – 694,241.

PWA 18/10/13.

The average household energy bill, (£), England & Wales, by standard credit, direct debit and prepayment, 2007-12, was:

Year 2007.

Standard credit – 913.

Direct debit – 833.

Prepayment – 966.

Year 2008.

Standard credit – 1,058.

Direct debit – 981.

Prepayment – 1,102.

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