

# Labour & Trade Union Review

September-October 1992

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## MAASTRICHT AND MR SMITH: The Reckoning

**Bob Cryer on PR**

**British Imperialism and  
the Origins of the Iraq crisis  
Capitalism, Money and Europe  
Churchill, Yugoslavia and the Serbs**

*plus*

**The Banking Crisis  
Housing Policy  
Notes on the News  
Trade Union Diary**



Editorial

Government policy on Europe.



## Jeux avec Frontières... or John Smith's Moment of Truth

The French referendum on Maastricht and especially its result have encouraged the advocates of a referendum in this country to renew their agitation. It is suggested that what has just happened in France is an argument for holding a referendum here. In fact, it is an argument for abolishing referenda in France, or at least severely restricting their use.

When the French National Assembly voted decisively in favour of ratifying Maastricht, there was no popular outcry. There was a massive preponderance of support for this decision in public opinion. There was no suggestion that the National Assembly was at odds with the People, let alone that it had arrogantly misrepresented the Common Will. And therefore there was no constitutional need for a referendum. At the moment when President Mitterrand called the

referendum, there was a clear popular majority in support of Maastricht, of the order of 60 per cent. Mitterrand took this as grounds for calling a referendum, when, as events have now disastrously demonstrated, it was grounds for not doing so.

The referendum is an instrument of presidential power in the French constitution. Its proper function is to enable the President to appeal to the People over the heads of the intermediaries between the People and the State - the political parties which dominate the National Assembly - when these intermediaries, absorbed in the representation of particular interests, are impeding the service of the general interest. This is how de Gaulle employed referenda over the Algerian war and over his own plans for a presidential constitution.

But while between 1958 and 1962 de Gaulle set a good example in this matter which his successors have not followed, his last act was to set a bad example which his successors have followed only too uninhibitedly.

De Gaulle resigned in 1969 following the defeat of his proposal for devolution of power to the regions. The nature of this proposal was not the reason he submitted it to a referendum, nor was it the reason why the People rejected it. He called a referendum on the matter as a means of restoring his personal position as President in the wake of the May Events. The proposal was a pretext for securing a plebiscitary vote of confidence in himself, and the French people understood this and, being weary of de Gaulle's paternalistic supervision, withheld this vote of confidence in order to see him off.

The remarkable thing is that de Gaulle's successors did not heed that lesson.

In April 1972 President Pompidou called a referendum over British membership of the Common Market. He had negotiated this membership with Edward Heath, and in doing so had executed a U-turn in French policy since the General's day. The French "Non" had become "Sois le bienvenu". Pompidou, de Gaulle's former prime minister, faithful servant and immediate successor, a man whose personal political position had depended heavily on the General's favour, had some grounds for thinking that he needed to legitimise the abandonment of his patron's policy on Britain's EEC membership by the classic Gaullist device of the referendum. But he was to rue the day he thought this. France and her political parties reacted to Pompidou's referendum in exactly the same way as they had reacted to de Gaulle's last referendum.

The result was not quite a fiasco for Pompidou, but it was a severe embarrassment. A large part of French opinion refused to endorse British membership of the EEC, not because it was seriously opposed to this, but because it was seriously opposed to Pompidou and was not going to let him exploit the issue for his own ends. The most important element of this section of French opinion was the French Socialist Party, which refused either to oppose British membership or to endorse this in Pompidou's interest, and accordingly called on its voters to abstain. It was the unexpected size of the abstentionist vote that embarrassed Pompidou, and revealed that the French Socialist Party, having touched rock bottom in 1969 (when its candidate Gaston Defferre polled 5 per cent in the presidential election), was recovering with a vengeance and starting to go places under the new management of...François Mitterrand.

Is *folie de grandeur* the unavoidable destiny of French presidents?

More than anyone else in the world, Mitterrand should have known that the French people would no more allow him to misuse a referendum on Maastricht to refurbish his personal position as President than they had allowed de Gaulle and Pompidou to misuse comparable referenda for similar purposes.

The idea that virtually half of the French electorate have recorded their opposition to Maastricht is being loudly touted by the

likes of Lady Thatcher and Lord Tebbit and Nicholas Budgen and Bryan Gould. But it is not so. Much of the "Non" vote was from rural and provincial France, and much of this vote was a vote against aspects of the European Community which rural and provincial France has reason to dislike, but which have nothing to do with the Maastricht treaty. And much of the rest of the "Non" vote was about Mitterrand and not about Europe at all.

Anyone who has even fitfully followed French media coverage of the campaign will know that, far from being a form of direct communication between the President and the People prompted and justified by the need to determine the national interest over the heads of the political parties, the referendum campaign was heavily invested and consequently determined by the political parties, as

Pompidou's referendum was twenty years ago. The only difference was that several of the political parties were themselves split internally on the issue, such that the moulders of opinion included factions manoeuvring for position within parties as well as coherent parties behaving as such. The result was that an extraordinary panoply of alternative "Ouis" confronted an equally heterogeneous spectrum of "Nons". There was a Gaullist "Non" to the Socialist "Oui". But there was also Jean-Pierre Chevènement's Socialist "Non" to Mitterrand's Socialist "Oui", and Chirac's Gaullist "Oui" to Seguin's Gaullist "Non", not to mention Jean-Marie Le Pen's populist-nationalist "Non" to George Marchais Communist-nationalist "Non" *et ainsi de suite*. And this meant that the French people did not vote on the merits of Maastricht, which were incidental to their decision, but in accordance with the logic

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*Jacques Delors: British Socialism's European ally*

of party and factional politics, and the referendum, which was supposed to transcend party and factional politics, was subverted by party and factional politics, and reduced to a nonsense.

A referendum on Maastricht in Britain would be an even greater nonsense. We are therefore not surprised that Bryan Gould is calling for one.

The 1975 referendum on British membership of the Common Market was a disgraceful expedient by means of which the Labour Party disrupted British society's fledgling attempts to come to terms with the reality of Britain's position in the world for no better reason than to preserve the Labour Party's unity the easy way. Harold Wilson later remarked that he had waded through shit in order to let his colleagues indulge their precious consciences. Harold Wilson was a man without convictions or conscience who was at home in shit, and who regularly found himself in shit because his conception of leadership was invariably to take the line of least resistance. This magazine has rarely had reason to agree with Lady Thatcher, but when she remarked that that is not leadership, it is

followership, she was right.

Following the line of least resistance leads straight to the political gutter. And the Labour Party has become infected by gutter politics over the last thirty years because it has ceased to produce or promote politicians capable of taking stands and giving leadership on the ground of principle.

John Smith is not a Harold Wilson and he will be lost if he attempts to wade in shit. He owes it to himself and to his party to do what the Labour leader he reportedly admired in his youth, Hugh Gaitskell, had it in him to do, namely *lead*. Gaitskell dismayed his most faithful lieutenants when he gave Labour the wrong lead on the Common Market in 1962, but at least he gave it a lead, and on other issues he usually gave it the right lead, a fact the Labour Left could not recognise at the time but some of the best of them, notably Eric Heffer, were eventually able and willing to acknowledge.

Smith has been a committed European for at least two decades, and has a personal record on the matter which commands respect and which he should live up to, not

deny or betray. He is bound to let himself down if he allows himself to be preoccupied by papering over cracks in Labour's unity. The way to overcome Labour's internal divisions on this issue is to concentrate his energies on exposing and exploiting the Conservative Party's divisions. Don't allow your lieutenants to waste precious time squabbling in the barracks; carry the fight to the enemy! If the Labour Party does not unite behind a Leadership which is mounting an effective onslaught on the terrible mishandling of the European issue which Major and Hurd are now guilty of, it will never unite behind anything, and is good for nothing.

At the time of writing Labour remains officially opposed to a referendum, despite Mr Gould's irresponsible calls for one, but is going along with Major's disgraceful proposal to delay Britain's decision on Maastricht until the Danes have changed or reaffirmed their decision. That is followership of the most shameful kind, and Smith should move fast to put a stop to it.

Major and Smith know perfectly well that Maastricht is a delicate process that will fall apart if it loses its momentum and that the prospect of improving on what it has offered are ZERO. They also know that if Maastricht falls apart that will be the end of European Union for a generation if not several, and that it will be immeasurably more difficult for Britain to live with renascent German power in the European political jungle that will be result from the abortion of the European project. They also know that the outcome of the French referendum has done nothing to resolve the Danes' doubts on Maastricht, and that nothing short of a clear British endorsement of Maastricht will recreate the momentum which alone will impress Danish public opinion. They know what Britain's national interest is, but appear for the most risible of political considerations to be inhibited from stating what this interest is in the firm and unequivocal terms in which it must be stated if the truth of the matter is to make a real impression on a bewildered public opinion in Britain.

Major's inhibitions are his problem, and potentially those of the Conservative Party. But they will not be a serious problem for either if Smith allows them to be mirrored by a similar problem on the Labour side. It is now the Conservative Party which needs a referendum to get it off the hook in the Wilson manner, and



Smith is right to insist that Labour will not aid and abet them on this. But he should also insist that Labour takes a similarly firm line on the Danish manoeuvre.

John Smith reads this magazine. He has made a point in the past of telling us so. That did not commit him to anything, but at least it differentiated him from the arrogant ignoramuses in the rest of the Kinnock 'leadership' who by conspicuously ignoring our advice led Labour to one disaster after another. However far Smith may feel he has committed himself to going along with Major's shabby manoeuvre of hiding behind Denmark by the time he reads this, he should realise that he is far more deeply committed to far more important things, and demonstrate a true leader's capacity to reverse a mistaken decision before it is too late, and set the right course instead of the wrong one.

This issue is John Smith's first real test. A lot depends on his passing it with honour. But there are grounds for the view that it is actually more than his first test, and that it is his moment of truth, and that *everything* depends on how he behaves at this juncture.

Neil Kinnock's moment of truth came in 1984-5 over the miners' strike and he failed it abysmally, and his credibility with the British people was irreparably damaged. By failing to oppose, not merely the questionable methods employed by Scargill's supporters, but the fatally misconceived strike itself, Kinnock allowed the entire Labour movement to be implicated in the strike, and thereby ensured that the defeat of the NUM was a catastrophic defeat for the cause of Labour as a whole when it need not have been anything of the kind.

It is no doubt unfair that John Smith should be facing his moment of truth at this early stage, but if he is, and he should certainly act on the assumption that he is, he could seize the initiative for Labour in British politics for the first time since the 1970s.

He has just been elected Leader of the Labour Party by a massive majority. If that does not entitle him to insist on having his own way on this issue nothing could. Bryan Gould is acting, as one perceptive media pundit has observed, as if the leadership campaign is not yet over. It is vital to Smith's future prospects as Leader that he brings it home to Mr Gould in no

uncertain terms that it ended two and a half months ago. Since he cannot sack Mr Gould from the Shadow Cabinet, he is going to have silence him. And he can only silence him by stating an unanswerable case, and demolishing Mr Gould's pretensions to be talking sense when all he is doing is serving the Tory interest. And nothing less than that will make the kind of impression on the rest of the Party, and on British public opinion, that needs to be made at this moment if Mr Smith is to establish his credentials as a future prime minister.

***"It is a national disgrace that the British government should hide behind the Danes, and that Britain, while occupying the EC Presidency, should be abdicating her responsibilities to the European Community in this way. That needs to be said loudly and clearly, and it needs to be said by John Smith for Labour."***

Mr John Prescott, with whom this magazine agrees on many things, has reportedly expressed the opinion that, after the French referendum result, Maastricht is dead. If Maastricht is dead, let the Labour Left explain what its project for Britain in Europe now is, and how it expects to secure German and French agreement to this project, and what it proposes to do in the event of failing to secure this agreement. If it cannot explain this, let it hesitate before it pronounces Maastricht dead.

Maastricht is a political project. It is an alternative to the prospect of Europe collapsing into a zone of rival nationalisms which can only resolve their differences in times of social and economic crisis by going to war. And it is an alternative to the global prospect of the world being unquestionably dominated by American power and subject to its destructive caprices.

Political projects sometimes die. The Labour Party is also a political project of a kind, a project to secure the good government of this country on the basis of Labour's ideas, whatever these now may

be. Large parts of the Labour Party as both a movement of ideas and an organisation are moribund, and this magazine supported John Prescott's bid for the deputy leadership because he proposed to do something about this. The fact that his bid was defeated might very reasonably be taken to mean that Labour is dead. This magazine chooses not to act on that assumption, because no alternative to the Labour project is in sight.

Labour cannot act on the assumption that Maastricht is dead unless a realistic alternative to Maastricht is in sight. No such alternative is in sight and Labour is not about to produce one from its own deliberations. And Labour is therefore bound to act on the assumption that Maastricht is still alive, and to make good that assumption. And the first thing it must do is insist that Britain, which currently holds the EC Presidency for God's sake, honours the commitment its government entered into in signing the Maastricht treaty on its behalf by completing the process of ratifying that treaty in Parliament without further delay.

It is a national disgrace that the British government should be disposed to hide behind the Danes. And it is a national disgrace that Britain, while occupying the EC Presidency, should be abdicating its responsibilities to the European Community in this fashion. That needs to be said loudly and clearly, and it needs to be said by John Smith for Labour.

Labour won the 1989 European elections by posturing as the European party in British politics. It has failed to live up to that posturing since then, but it has a heaven-sent opportunity to put its claim to European credentials beyond dispute now, and to establish a privileged relationship with the most progressive elements in French and German politics at a time when the Government's relationship with Kohl and Mitterrand has collapsed, and to do so in the British national interest, and to convince the British public that it is doing so.

And John Smith has a heaven-sent opportunity. By robustly ignoring the cascade of adverse media comment which has been unleashed on him in recent weeks, and by impressing his intellectual and moral authority on his colleagues and his party, he can demonstrate that the long nightmare of Kinnockism is over and that he is his own man and the Leader Labour needs. Will he take it? ☐

# Trade Union Diary

by Dave Chapel

## End of the Welfare State

A few weeks ago I read a short report in the Mail which stated that the government was drawing up plans for a system of opting out of the entire welfare system.

The enormity of this struck me right away, as it did those I showed the piece to. I also assumed its importance would not be lost throughout the trade union and labour movement. I expected Labour spokesmen to denounce it at every opportunity. I expected the trade unions to attack it. I expected it would be a central feature of debate at the TUC.

What the government was proposing was opting out of the unemployment benefit system, of the health service, of the old age pension provision system. Indeed, the beginning of the end of the welfare state.

Where Mrs Thatcher failed completely, Mr Major was hoping to have another go.

I have heard no protest whatsoever. Perhaps it was a rogue report? But no. On further enquiry I discovered that these proposals are indeed being developed by the government.

How could they expect to get them through? Only in the event of a weak or non-existent political opposition - that's how.

On Radio Four on 28th August I was made aware how the government could, possibly, depend on weak opposition. It turns out that in our movement also there is a faction which also looks to the end of universal state provision of welfare services.

This faction is, it seems, based in the new careerist bureaucracy which in recent years has gained power at the expense of union branches and Labour Party constituencies.

Its spokesperson, on this occasion, was one Alison Lyon, formerly Labour Student leader at Walworth Road and now with John Edmonds' GMB union.

For instance, she saw the future provision of health care provided by the purchasing power of blocs of people - citing the power

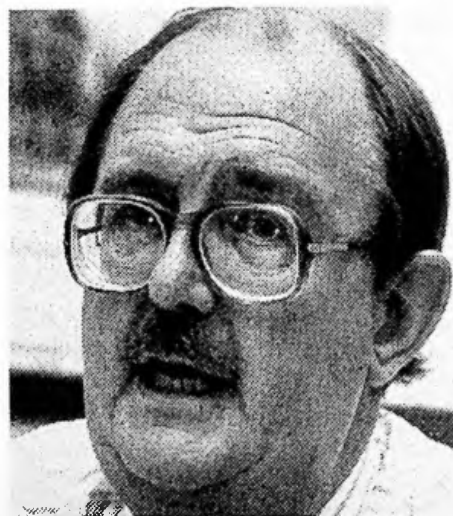
of the GMB's huge membership in the health market place. *Health care provided according to your purchasing power and not because you happen to fall ill.*

The Tories in the 1980s certainly intended to dismantle the health service and other services. They were defeated by a huge public outcry in which the opposition, politically organised from the Labour side by Robin Cook, played no small part. The Tories were forced to go so far as to deny they ever intended to dismantle the health service and indeed were profoundly hurt at such a suggestion!

Now all that we hold dear is being sabotaged from within. The standing of the free market as an economic and social regulator is at its lowest in a long time. And this is the point at which our movement seems to cower before it.

The Labour leadership and union leaders like John Edmonds must be made to state where they stand on these matters. If they have capitulated to Toryism, then at least the socialists among us can decide if we wish to belong any more.

If, on the other hand, they are still in favour of preserving the gains made by our movement after 1945, we can set about defeating the fifth column which has infiltrated our movement's bureaucracy.



John Edmonds

## Who Laughs Last...

Delegates to the TUC were greeted with a document urging them to avoid 'politically incorrect' words like *blackleg*, or *crippled economy*. One union leader I spoke to was probably typical when he said he just laughed and dropped the paper in the nearest bin.

He may not have the last laugh. The ordinary working people who once made up the membership of the Labour Party also laughed off this nonsense when it first appeared in the seventies.

But these ordinary members were soon squeezed out of the Party by trendy zealots determined to make careers for themselves. Wages, unemployment, welfare services were all but forgotten as Islington Council banned fox hunting and Irish jokes.

Many of these disconnected individuals have now moved over to the trade union movement. The moment is ideal. Many, if not most, union leaderships are disoriented, to say the least. They do not know where they want to go.

The trendies have the skill and experience to fill the gap. They have policies which cost nothing and are achievable at the stroke of a pen. They are determined to build careers and make money.

If they are not challenged now and rooted out they will destroy the trade unions as they have very nearly destroyed the Labour Party. Members will simply leave; the unions will be irrelevant to them. They don't need the aggravation.

## Too COHSE

Has the art of agitation been lost? COHSE seems to have lost it. The union assumes that getting a useful headline in a newspaper is agitation. It is not. Agitation is a sustained campaign bringing irresistible pressure on those whose policies you wish to change.

It starts from the bottom up. It is unrelenting pressure, with the headline, the *important* headline, coming at the end of the campaign.

A few months back, this column highlighted the fiasco of the new ambulances ordered for London. (No access between driver and rear, only one bunk, etc.)

Now, more importantly, there is the computerised dispatching system. An



*COHSE's leadership needs to do a lot more than just ask people to toot*

ambulance departs for the scene of an accident. Then it goes to the bottom of the call-out queue, working its way back up again. This takes no account of the location of the ambulance. A vehicle half an hour from the scene may be sent in preference to one a couple of streets away. COHSE has managed to get these and other major problems reported - to little or no avail. The essence of the problem has not got through.

That is the replacement of management systems which are *ambulance-based* to ambulance systems which are *management-based*.

This is a problem throughout the public and service sectors. It is a problem rooted in the Thatcherite approach to management: management as a pure skill - unrelated to what is being managed. One makes a career in management rather than in the ambulance service or the railways or the health service.

Reversing this trend requires far more than highlighting faults in a particular service. This can blow back in your face and make people despair of the service rather than demand a basic change in the organisation of the service.

The ambulance service should be run by ambulance staff with a bent for management and not by managers pure and simple.

COHSE should concentrate on the

underlying problem and daily make the lives of senior management and Mrs Bottomley a misery. If on the way they grab the odd headline - that's a bonus. So far Mrs B. looks distinctly untroubled.

The union must hammer home the same point day in and day out - albeit in different ways. Let the PR men, if we must have them, grab the odd headline and tell everyone that the General Secretary is a lovely person.

### Mining Disaster

Arthur Scargill says that another 30 pits are due to close. He is right. What is he proposing to do about it? Nothing!

I have pointed out in this column before now that Michael Heseltine and Tim Eggar are not anti-coal doctrinaires. On the contrary, they are pro-coal. But not to the extent of sticking their necks out.

They have made it clear that proposals from the workforce are welcome in terms of union or union/management buy-outs. They are also not averse to curbing the freedom of the generating companies when it comes to buying fuel.

As it is, the generating companies who want a major switch to gas (for as long as it lasts) and cheap imported coal (for as long as *that* lasts). What power generation does for fuel in a decade from now does

not bother the get-rich-quick brigade currently running the industry.

The UDM has at least made some kind of positive response, although the UDM is hardly the last word in get-up-and-go. But Arthur simply seems determined to go down with the ship. A hero in the history books, in the chapter about the end of the coal industry!

All this was explained before. Possibly the best this column can do in future is record the decline of a once-great industry and a once-great union.

The Labour and trade union leadership shrugged off their responsibilities during the miners' strike. They show every sign of doing so again. If they do nothing now to reunite the mines, and save the industry, Messrs Smith, Willis, Morris, and the rest, will bear far more responsibility than Arthur Scargill.

Meanwhile, while the unions dither, the government is now considering selling the pits in two sections: the NUM areas with rapid and drastic pit closures, the UDM areas to face a longer, more lingering, death.

In spite of their worries for the future, the miners facing redundancy at Kellingley Colliery must have been amused by a statement from a Yorkshire NUM official in the local Pontefract paper: "We must get our act together and pull the pit out of the hole it is now in." □

# Against Proportional Representation

*A statement on behalf of the First Past The Post Campaign by Bob Cryer MP*

It is significant that the Plant Committee Report did not express a firm view in support of proportional representation. The authors knew perfectly well that to do so a few months away from a general election would be a clear admission that the Labour Party did not believe it could win outright. That remains the position. Any call for PR will certainly be seized upon at the next general election as an admission by Labour that we cannot win. That is not a position I share.

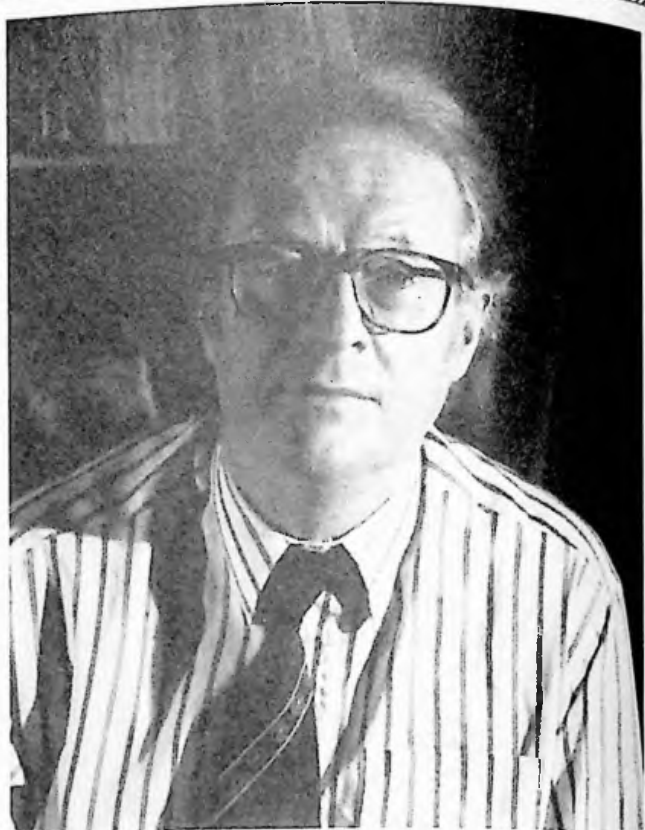
PR reduces elections to a farce. Whatever the policies put forward voters will know that the real programme will be cooked up behind closed doors after the election. Labour would be reduced to negotiating with the Liberals, or the Scot Nats, or the Democratic Unionists or some other rag tag and bobtail political grouping. Out of the window would sail most of Labour's carefully debated programme, in would come deals and compromises and a hobbled, fettered coalition government which would bring dismay and cynicism to Labour supporters.

Democracy under PR is reduced, not increased, as the PR tendency claim. Indeed in Germany the Free Democrats switched partners and changed the Government, ditching the S.P.D. in the process, without even troubling the people with a general election. The Free Democrats have shared in Government for more than 20 years despite never having more than 10% of the vote. They are an example of how small parties gain power out of all proportion to the vote which they receive, which is why a tiny, irrelevant party like the Liberal Democrats are so keen on the system. The following table, provided by the House of Commons Library, demonstrates what PR would produce.

	1983		1987	
	Actual Result	PR Result	Actual Result	PR Result
Conservative	397	276	376	275
Labour	209	179	229	200
Alliance	23	165	22	147
SNP	2	7	3	8
Plaid Cymru	2	3	3	2
N. Ireland Parties	17	16	17	15
Other	-	4	-	3
TOTAL	650	650	650	650

At the last general election Labour would have won 227 seats instead of the 271 we actually gained. Under PR we would never have had a single Labour Government because Labour has never won as much as 50% of the total vote. PR would be a disaster for Labour on local councils. We would lose power in two thirds of the major local councils we now control, including Sheffield, Newcastle, Birmingham, Bristol, Cardiff, Swansea, Edinburgh and Bradford. In London Labour would lose 8 out of 15 councils.

The Additional Member System of half directly elected, half from a national list, is most favoured by the minority in the Labour Party hierarchy who are unqualified supporters of PR. Any sort of list system of candidates is a tempting goal for a party leadership. Dissidents can be safely eliminated by placing them securely below any likely level of election on the list. Only leadership clones are placed high enough on the list to be certain of election. With the recent record of the National Executive Committee of the Labour Party in imposing candidates and expelling others, and the consequent diminution of the power to select candidates by Constituency Parties, a list system of PR



would centralise control completely. It would also be a massive step towards the end of the Labour Party. Why should the broad church remain intact under right wing dominance when small parties under PR can exercise influence way beyond the votes which they have obtained? It will be an irresistible temptation for groups in the Labour Party to seek independent support and attempt to lever the rump towards their policies under a coalition.

Sensibly, the majority of countries understand the anti-democratic effects of PR. The majority, 87, use simple plurality or first past the post. Twenty other states use varying PR systems giving 64% for first past the post on figures supplied by the House of Commons Library. The latter system, unlike PR, helps to prevent fascist parties gain an electoral foothold and hence credibility. It was under PR that Le Pen's National Front Party gained seats in France for the EEC Assembly at Strasbourg by overcoming the modest 5% threshold. Linking up to a scattering of other right wing extremists gave them a minimum number to qualify for the millions of EEC largesse which is showered on the political parties.

A profusion of small parties does not necessarily stimulate, however, a high turnout. In a survey of recent EEC member state elections in January 1987 Germany had an 84.3% turnout, Spain in October 1989 had 69.2% whilst the UK obtained a midway 75.4% in 1987. In that election there were 22,511 spoilt papers, but in Italy in the last but one general election 2,675,292 spoilt papers were recorded, with 482,481 in Germany and 282,629 in Spain. PR elections are both complicated and, under most PR systems, remote due to large lists and large multi-member constituencies. United Kingdom MPs and MEPs are directly accountable to a constituency and that is an important component of any democratic system. For those Labour Party supporters who live in Tory seats change is always possible. They also help by campaigning for Labour to ensure that Tories cannot concentrate on Labour marginals in the absence of any effective challenge in Tory seats.

Underneath all the technicalities of PR is the hard fact that it means the permanent removal of the possibility of a majority Labour Government and with that the eradication of most or all of the policies we fight so hard to secure in the Party and then in the country. I, for one, am not prepared to accept that. □





## Churchill and the Betrayal of Yugoslavia

*Serbia gave enormously important support to the Allied cause in World War II but the Serbs and the prospect of a democratic Yugoslavia were betrayed by Winston Churchill, as E. Courtney explains.*

Yugoslavia was a multi-ethnic state formed on the basis of Serbian military power and political determination. But for Serbia the sentiment in favour of a South Slav state would probably never have led to the formation of an actual South Slav state.

Given the role of Serbia in the formation of the state, it was never on the cards that the Serbs would allow themselves to become oppressed minorities in the states formed by the break-up of Yugoslavia. In the interests of harmony the genocidal activity of the Catholic Croat state during World War II was not given great prominence by the post-1945 Yugoslav state, but being of such recent occurrence it was, of course, well known to the people concerned.

The UN and the EC, in great contrast to their attitude towards Lebanon and Cambodia, rushed to recognise the disappearance of Yugoslavia as a functional state and registered what had been internal divisions of Yugoslavia as sacrosanct international boundaries. This was a thoroughly irresponsible approach. If the multi-national state of Yugoslavia was not viable, the new state formed by the ethnic passion of the Croats, which

included a large Serbian minority, was certainly not viable. And still less so was Bosnia-Herzegovina in which there was no ethnic majority at all, and in which the majority for independence was the result of an incongruous and unstable alliance of Croats and Muslims.

The procedures for secession laid down in the Yugoslav constitution were not met by the Bosnian exercise. But no heed was taken of that fact by international comment because of a widespread feeling that the Yugoslav state was inherently unworthy. Margaret Thatcher sees the remnant of Yugoslavia as the last Communist regime in Europe. Ann Clywd sees it as the last Fascist regime. The American Republican Party as Communisto-Fascist.

For my part, I have never been in sympathy with the Communist regimes in Eastern Europe, and I have written much on the treatment of Poland during and after the war. I wrote against these regimes during many years while leading members of the Labour Party were addressing the various Friendship Societies. But what Russia did in Eastern Europe is only half of the matter. The other half is that Britain, having gone to war over Poland, sold it out

in the latter part of the war. Churchill connived at the destruction of the Polish Home Army, which had maintained an extensive resistance all through the war, and he helped to break the spirit of the Polish Government in exile.

In 1939 Britain started a war which by the summer of 1940 it had lost the power to finish, or even to continue with any significant force. Even its own survival became problematical until the war between Germany and Russia began in June 1941. This was in effect a new war. The war declared by Britain in 1939 was lost and the war of 1941-45 was about something entirely different from the principles enunciated by Britain when declaring war. Churchill in his war memoirs acknowledged that, "Hitler's invasion of Russia altered the values and relationships of the war" (*The Grand Alliance*, Penguin edn. p.337). But he did not spell out the change. Indeed his role was to camouflage the change with grandiloquent phrases, and to spread deception about the 'liberation' of Eastern Europe in 1944-5. And it would seem that he deceived himself as thoroughly as he deceived anyone else. Then, having

participated in a comprehensive betrayal of the democracies of Eastern Europe, he lost power in the 1945 election and began to blame others for the facts which he himself had accomplished. Compared with the honesty of his memoirs of the 1914-18 war, his 1939-45 memoirs are mere apologies.

I can appreciate the practical difficulties inhibiting British action on Poland; nevertheless I think that Churchill's compliance with Stalin's will went far beyond what was necessary. The case of Yugoslavia however seems to be quite different. Britain began to erode the Yugoslav democracy long before the Red Army made its appearance. The Communist regime of which Margaret Thatcher now complains was given priority over the Home Army of the Yugoslav democracy by her beloved Churchill.

The account of how Churchill subverted the forces of democracy in wartime Yugoslavia is taken from *Pax Britannica* by F.A. Voigt, published by Constable in 1949.

In the late thirties "there was an ever-growing German economic penetration of the Balkans. In Croatia, ideas akin to Fascism and National Socialism gained ground. There was a Yugoslav organisation known as the ORJUNA, with members wearing black shirts and top-boots, and used chiefly for breaking strikes and dispersing assemblies of industrial workmen. The VELIKI CHELNIK (Grand Leader) of the Orjuna was Ljuba Leontitch, a Croat, who became Marshal Tito's Ambassador in London after the Second World War.

"Matchek, by far the most popular and powerful man in Croatia...was the leader of the Croat Peasant Party...as well as of the co-operatives. A parallel organisation, the SELJACHKA SLOGA, resembling the German Reichsnährstand, was created. He organised a terrorist organisation, the SELJACHTA ZASHTITA, which resembled the German SS... Long before the outbreak of war Matchek was the real master of Croatia. The authority of Belgrade was limited even in Zagreb, the capital of Croatia, and in the country it existed not at all... During the war, the SELJACHKA SLOGA was the chief Croatian organisation for supplying the Germans with food.

"The system established in Croatia might be described as a kind of agrarian

Fascism. Whereas the Serbs were wholeheartedly on the side of France and Great Britain, the Croats were divided. They had no great love for the Germans, but partly under duress and partly through animosity against the Serbs, they moved towards close association with Germany, thereby accelerating the Yugoslav catastrophe. When that catastrophe came, they hoped, with German help, to emerge, not triumphant, perhaps, but intact as a nation...

***"Serbia was united by the revolution she alone made...Her strategic situation was hopeless...But the Serbs, like the Poles, had a twofold belief that transcended the immediate future: belief in themselves and belief in England."***

"In March 1941 the Germans began to increase their pressure in Yugoslavia to make her fit into their plans for the conquest of Greece and for the attack on Egypt... On the 24th of March the Athenian wireless broadcast a message that 'the Greek people' were 'convinced that the brave Serbian people...will never let their glorious history be blackened by a deed which they would regard as the stab in the back of an ally'.

"On the following day, it was announced that Yugoslavia had joined the Three Power Pact, generally known as the Anti-Comintern Pact, which had been signed by Germany, Italy and Japan on the 27th of September 1940. The conditions were that she was to allow the free passage of German war-material on her main railways, running from north to south; that she was to suppress, within her own borders, all actions directed against the German coalition, and bring her economic system into conformity with the German. She was, in other words, to become part of the German Neuordnung. In return, she was to receive territory on the Aegean, with Salonica as her own port. The Berliner Boersenzeitung stated, on the 26th of March, that 'Yugoslavia has been unaffected by English bluff' and that England had suffered a 'diplomatic Dunkirk'.

"But on that day the Serbs broke out into popular revolt against the pro-German policy of their Government. The Government itself had been divided. On the 21st of March three of the Serbian Ministers had resigned, rather than accept the German terms. But Matchek and the other Croatian Ministers were for acceptance. On the 22nd three officers of the Yugoslav General Staff left for Greece, knowing that, whatever happened in Yugoslavia, the Greeks would fight. On the 23rd, the Orthodox Patriarch addressed a letter to Prince Paul, the Regent of Yugoslavia, urging him not to sign the Three Power Pact. On 24th the Prime Minister received protests from all patriotic leagues and societies in Serbia...

"Nevertheless, on that same day, Prince Paul sent a message to Hitler with 'good wishes for the further prosperity of the great German nation'. Thereupon Dr Gaurilovitch, the Yugoslav Minister in Moscow and leader of the Serbian Peasant Party, resigned. Fifty officers of the Yugoslav Army issued a manifesto at Skopje, calling upon the nation to revolt.

"The revolt came on the 27th of March 1941... At 2.20 in the morning, the Regent, Prince Paul, was deposed, the Government was overthrown, King Peter, who was only seventeen, was placed on the throne... On the same day, Mr Churchill declared in the House of Commons that 'the Yugoslav Nation has found its soul'.

"...Yugoslavia was deeply divided. But Serbia was not: she was united by the revolution which she alone made... Her strategic situation was hopeless... But the Serbs, like the Poles, had a twofold belief that transcended the immediate future: belief in themselves and in England...

"Matchek had joined the new Government as Vice-Premier. It was believed that if he were excluded, Croatia would secede. Home Rule was granted to Croatia on the 1st of April. But the rupture was not averted, and on the 10th of April, a new Dictator appeared in Zagreb. This was the POGLAVNIK (Leader) Ante Pavelitch, who commanded the terrorist USTASHI. He seized power and, on the 16th of April, declared that Croatia was independent and 'not part of another State'.

"The Yugoslav Revolution had taken two opposite directions. In Serbia it was democratic and for Great Britain. In Croatia it was anti-democratic and for the German-Italian coalition.

"On the 15th of May Croatia was



*declared a Kingdom, and on the 18th the Duke of Spoleto was proclaimed future King. Pavelitch, supported by the invading Italian forces, remained Dictator under the new Monarchy. When the first German tanks passed through the streets of Zagreb, they were cheered by the crowds.*

*"The new Yugoslav Government showed considerable weakness. The order for mobilisation was delayed, chiefly by differences of opinion between Matchek and the Serb ministers. The army could offer no organised resistance against the rapidly advancing enemy...the Croats deserted en masse...*

*"Croatia, despite her services to the Italian cause, had to cede part of her coastal area to Italy. But she received compensation from the Germans. Under the agreement signed at Zagreb on 13th May 1941 she was allowed to annex the whole of Bosnia and Hercegovina and a part of Dalmatia. She called herself Greater Croatia and declared war against Great Britain and the United States on 14th of December 1941.*

*"The Slovenes remained loyal to Yugoslavia, with the result that Slovenia was partitioned between Germany (who took the largest share), Italy and Hungary"*

(pp 220-226).

The German attack on Yugoslavia began on April 6th. Yugoslavia capitulated on April 17th. But the conquest of Yugoslavia delayed the German attack on Russia by about five weeks. And since the onset of winter was a major factor in ensuring the survival of Russia the consequences of the March Revolution in Serbia go far beyond local events in the Balkans. This is admitted by Churchill.

Following the capitulation, remnants of the Yugoslav Army were organised by Drazha Mihailovitch for guerrilla resistance. The *Encyclopedia Britannica* says that Mihailovich was "head of the royalist Yugoslav underground army (Chetniks)..., whose occasional collaboration with the German occupying forces finally led to the Allies' withdrawal of support from the Chetniks and the consequent backing of...the Communist Tito...King Peter abandoned Mihailovich in May 1944, and after the liberation of Yugoslavia in 1944-5 the Chetnik leader went into hiding. Captured by the victorious partisans on March 13, 1946, he was sentenced to death for treason in Belgrade".

This entry might be described as Leninist propaganda inserted by a mole but for the fact that it is Churchillian propaganda. In 1943 Churchill withdrew British backing from the democratic resistance movement, the movement supporting the Government established by the March Revolution which was now in exile, and began to supply the Communist movement - which of course had not offered any resistance to the Nazi occupation until after the invasion of Russia. And in May 1944 Churchill forced King Peter to disown Mihailovich - who was both the leader of resistance and Prime Minister - and to name as his new Prime Minister Ivan Subasic, who had been governor of Croatia in 1939-1941 and who, to put it mildly, had taken no part in the resistance. Subasic's function was to be friendly with Tito and be a flimsy camouflage in the establishment of Leninist state power in post-war Yugoslavia.

Voigt does his best to excuse Churchill from actual responsibility for the subversion of the democratic government of Yugoslavia, though he clearly knows in his bones that it won't wash. He says: "Effective responsibility was Mr Churchill's. He never strove to be a

dictator. But his conduct of foreign affairs was extremely personal. He was, in effect, his own Foreign Secretary... It is said, with some truth, that he abandoned Yugoslavia to Russia. But there is no evidence that he knowingly did so" (page 314).

But a couple of pages later he feels obliged to say: "Mr Churchill left the pro-patriot Mihailovich and many gallant and devoted officers and men to the firing-squad and the hangman, and did grievous harm to his own country" (page 318).

In excuse of Churchill, he writes: "Mr Churchill tried to save Polish independence and to limit the power of the Lublin Committee, but was completely outmanoeuvred... He seems to have made no such attempt on behalf of Yugoslavia because he did not realise that Yugoslav independence was in danger."

But then he says a few lines later: "The Soviet Union has, directly or indirectly, placed all the territories occupied by her armed forces under her permanent control. Only a little knowledge of Russian history was needed to foresee that would be so" (page 314).

Churchill switched British support from Mihailovich to Tito in 1943 long before there was a Russian military presence in the region. On Feb 22nd 1944 he said in the Commons: "In Marshall Tito the Partisans found an outstanding leader, glorious in the fight for freedom... Marshall Tito has largely sunk his Communist aspect in his character as a Yugoslav leader."

Voight asks: "Did he expect Tito, a lifelong, hardened, indoctrinated Communist, to betray the Communist cause, to miss the opportunity, offered by unimaginable good fortune, to establish a Communist dictatorship in the Balkans? Propagandists call Mihailovich a traitor even today. Was Tito a traitor? Whether he was so in a legal sense is not certain, for it is uncertain whether he was a Yugoslav subject owing his allegiance to the Yugoslav Crown. But his allegiance by personal conviction and life-long service was to the Comintern. And to that allegiance he remained faithful. Mr Churchill did Tito even more dishonour than he did Mihailovich" (page 306).

"Captain Julian Amery, who was serving in Albania, was told by a chieftain named Islam: 'There are three parties in Albania: the agents of Germany, the agents of Russia and the agents of England... What none of us can understand is why the agents of Russia are paid in English gold'"

(page 332).

The reason given for this state of affairs in Yugoslavia was that Mihailovich was not fighting the Germans, and was even collaborating with them, while Tito was engaged in all-out war against the Germans. Voigt makes out a very convincing case that this was utter nonsense.

Voigt describes Mihailovich's policy thus: "Knowing that the war could only be won by the great campaigns of the Allied Powers as a whole, he was convinced that Yugoslavia could contribute to the common cause by harassing the enemy wherever it was possible to do so without excessive loss, while organising the nation against him and economising in men, ammunition and supplies against the day when a national rising... should synchronise with the invasion of Europe by the main Allied armies and with national risings in other occupied countries" (page 238).

"The activity of Tito's partisans caught Churchill's attention and caused him to sell out the democratic movement in Yugoslavia. And Voight maintains that this Partisan activity was without serious military effect on the Germans... If this is true... it means that Churchill was the greatest political bungler of the century."

The Germans laid down and implemented a scale of reprisals of 300 to one for casualties suffered from guerrilla action. And "On the 24th of December 1942, 2500 persons suspected of supporting Mihailovich were executed by the Germans outside Belgrade" (p. 240).

Therefore "Mihailovich made a rule to order no attack that did not serve a serious military purpose. It was chiefly this restraint that drew upon himself the charge that he was 'not fighting'" (page 258). It seems to me a very sensible rule that the military purpose had to be worth the reprisals.

The Home Army was the army of the Government-in-exile, the Government of the March Revolution which had committed Yugoslavia to the Allied cause. It was therefore connected with the various institutions of Yugoslav (chiefly Serbian) society, which continued to exist even though Yugoslavia was an occupied country. Tito's movement, on the other

hand, was unconnected with institutions which supported the March Revolution. Therefore:

"The anarchy, destitution, and despair caused by German reprisals were immensely damaging to the national movement, which depended upon the trade unions, the cooperatives, the civil administration as well as upon the Home Army. They were wholly advantageous to the Partisans, indeed essential to their ultimate triumph. The Partisans were not injured at all, which increased the disintegration of the existing order, an order which the Communists themselves wished to destroy, so that they might replace it with another. The reprisals also enlarged the multitude of the uprooted, destitute, and desperate, a multitude from which the Partisans drew so many of their recruits" (pp. 300-301).

The reckless activity of Tito's partisans caught Churchill's attention (even though Churchill was anything but reckless in the use he made of British forces) and caused him to sell out the democratic movement in Yugoslavia. And Voigt maintains that this Partisan activity was without serious military effect on the Germans. German communications with Greece were never seriously interrupted, and the German retreat was not hampered by guerrilla activity.

If this is true - and I think it is - it means that Churchill was the greatest political bungler of the century.

Voigt tries to puzzle out what caused this bungling. One fact was that "the Croats in London had an influence far greater than that of the Serbs. They were particularly successful in the Serbo-Croat section of Broadcasting House, where they and British sympathisers with Tito's cause played into one another's hands. The Croats had the additional advantage of being Roman Catholic, familiar with western ways, and extremely persuasive, whereas the Serbs are Greek Orthodox and inclined to be inarticulate, with the result that their influence in London became almost negligible" (page 255).

And another factor: "De Tocqueville and Lord Acton have shown how a governing class in decline is eager to propagate those ideas that will ensure its own destruction, how violent revolutions are not initially risings of the people, but an abdication of authority... England is not, however, a suitable field for revolution. In England the classes of society merge



into one another, so that the abdicating class is replaced by the rising class without upsetting the balance. But the moral crisis which prepares the coming of revolution was present in England during the War. It was possible to experience all the pleasures of revolution without suffering the consequences... The amateur revolutionary finds no following in England... But when he found himself in a Government Department, or holding a commissioned rank, when he was engaged in propaganda and various sorts of Intelligence, he could, when certain countries, especially Balkan countries, came within his range, realise his most cherished aspirations" (pp. 247-8).

"What came to be known as political warfare is but revolution applied to other countries. Political warfare may be a useful adjunct to military operations in the hands of experienced practitioners, like the present rulers of Russia... But it is exceedingly dangerous in the hands of dilettanti such as England produced so abundantly" (page 268).

Churchill was an imperialist in the grand style who had a prominent part in the two great wars by which the British Empire undermined itself. His supreme ambition was to be a great man, though his idea of greatness was largely histrionic. He reached the summit of power at a moment when the state ceased to be a world power. For five years he played the part of the leader of a world power even though he was not, and he created the illusion of conducting a great war during the year between the Battle of France and the invasion of Russia when Britain had become incapable of conducting war on the requisite scale and was waiting for something to turn up. It is hardly surprising therefore that, being preoccupied with sustaining an illusion, his activity in the real world often lacked rationality.

Voigt says: "A few members of the British War Cabinet, like Mr Morrison, had grave doubts as to the soundness of British policy in Yugoslavia. They suspected that the interests of Communism and not the interests of Yugoslavia and

Great Britain were being served... But they were not well enough informed effectively to oppose Mr Churchill, who was more than sufficiently misinformed. His policy prevailed without a serious conflict within the War Cabinet" (page 290).

In the pathetic and self-contradictory final chapter of his war memoirs Churchill blames everything on the British electorate which failed to do its duty by him in 1945. "I intended, if I were returned by the electorate, as was generally expected, to come to grips with the Soviet Government", and "to have a show-down" (Triumph and Tragedy, page 582). He admits to having kept the Labour members of the Coalition in the dark about this pretended intention, and he did not brief the incoming Government about it. He was so fed up with the British electors that "I did not wish even for an hour to remain responsible for their affairs" (page 583). But everything was well beyond recall by then. It was all accomplished fact, and Churchill had helped to accomplish it. □



Kurdish guerrillas at the high point of their rebellion last year, before they learned the hard way what America's support meant



## Iraq: the historical background to the exclusion zones

by Brendan Clifford

Iraq was put together just over seventy years ago to form a British colony. It was composed of three provinces of the Ottoman Empire which Britain had destroyed in a four year war. It consisted of the three former Ottoman provinces of Basra in the south, Baghdad in the middle, and Mosul in the north. There was no underlying unity between these provinces which marked them out as a distinct political entity. They were put together because in the course of the war Britain had conquered Basra and Baghdad and was governing them by military administration and because it wanted Mosul for the oil and was able to take it while Turkey was in disarray after the war.

Immediately after the United Nations war on Iraq, David Howell, chairman of the Foreign Affairs Committee of the House of Commons, said that perhaps Iraq was not suitable to function as a state and should be broken up. And, insofar as there has been any semblance of purpose discernible in British foreign policy since the beginning of last summer, it is the break-up of Iraq.

While Iraq is still formally recognised by the United Nations as a state, it has, in practice, been broken up into three regions roughly corresponding to the three provinces from which it was put together.

There are now two "exclusion zones", one in the north and one in the south, in which the authority of the Baghdad Government is overruled by the air power of the United Nations - the United Nations being now for all practical purposes the three Western Vetoist powers on the Security Council, America, Britain and France.

The implication of these Exclusion Zones is that Iraq is to be dismantled. A state in which there are no-go areas for the Government is simply not a state.

The establishment of the "exclusion zone" in the south without specific Security Council authorisation has been justified on the ground of "customary international law". The precedent in customary law for the Exclusion Zone in the south is the establishment of the Exclusion Zone in the north last year.

It has now been declared by the highest legal authority in world - the caprice of the United States Government - that there is a basic right in international law for one state to interfere in the affairs of another for humanitarian purposes, i.e., to stop a state from oppressing its own people. As a legal principle that would authorise pretty well every state in the world to invade every other state.

On the basis of this 'customary international law', Jack Lynch would

certainly have been justified if he had sent his army across the border into Northern Ireland in August 1969, or in January 1972.

But of course this 'customary international law' has no independent institutions before which cases can be pleaded, and no executive power by which judgements can be enforced. (What semblance there was of an international apparatus of justice was blown away in the 1980s when the USA treated the International Court of Justice with contempt after it had given judgement against it in the Nicaragua case.) Customary international law is therefore only a fancy name for the law of the jungle, and rights under it are only available to the strongest beasts in the jungle.

America cannot be held chiefly responsible for this latest escapade against Iraq. Bush made war on Iraq last year in the manner of a street brawl, as if it were a personal confrontation between himself and Saddam Hussein. He has recently been in need of diversions from the domestic affairs on which his re-election campaign was floundering. But these factors seem to have inhibited him from resuming the military conflict with Saddam, rather than encouraged him. The ulterior motive was too obvious. But his

hesitations were overcome by Britain and France, the former colonial powers in the Middle East - two states with powerful armies and uncertain political orientation.

**Two Godfathers of Revisionism** by Padraigh O'Snodaigh (1991) is a propagandist work in favour of nationalism in general. It includes the following comment on Arab nationalism:

*"To American Presbyterian missionaries, whose Beirut school was the foundation of the American University of Beirut, is given the primacy in the start of 'modern secular nationalism'... Other sources of modern Arab nationalism were the reigns of Muhammed Ali and Ibrahim Pasha in Egypt and Arab reaction to the Young Turks, best known to most through T.E. Lawrence, if 'much over-romanticised' by him.*

*"Shlomo Avineri [a modern Israeli historian - Ed.] shows Jewish nationalism to have many similarities to the mid-nineteenth century scene... But the socialism of Herzl and Nordau left its mark on the outcome in the Holy Land:*

*"...while Jewish nationalism was relatively successful in imbuing its ideology and praxis with a vision of social transformation, Arab nationalism remained mainly political and by ignoring the social dimension was unable to achieve a degree of social cohesion comparable to the one achieved in the social structures of Israel... Zionism thus became the only migration movement with a conscious ideology of downward social mobility.'*

*"By contrast, 'Arab nationalism remained almost exclusively political, had very little to say about the problem of social structures and hence was almost completely unsuccessful in effecting the transformation of Arab society that would have been necessary for political independence to be more than a hollow crown.' "*

One takes responsibility for what one quotes uncritically, as O'Snodaigh quotes Avineri. Which means that the 'anti-revisionist' O'Snodaigh here regurgitates a variety of British propaganda. It is ludicrous to suggest that Jewish nationalism united the Jews because it had a socialist element, and that Arab nationalism failed to unite the Arabs because it was "exclusively political".

Britain and France were the governing states in the Middle East after the

destruction of the Ottoman framework. They decided the territorial shape of its politics. They used their massive preponderance of military power to Balkanise the Arab world.

Zionism, on the other hand, was a conquering, colonising nationalism in the Palestine area. Britain made it an imperial gift of a 'homeland' in Palestine, helped it to dispossess the natives, and sat idly by in 1947 while Russia and America, the victorious powers of World War Two and the masters of the United Nations, established Israel as a sovereign state in which every Jew in the world had greater rights than the Arabs whose ancestors had lived there for centuries.

In the development of the Ulster Plantation in the early 17th century, many feudal characteristics which still survived in Scotland were sloughed off. Migration and settlement in a hostile region naturally cause certain hierarchical features of the society of origin to be discarded. This applied in the Zionist colonisation, with the additional factor that Jews of many different nationalities had to be fused into a new nation.

The case with the Arabs was altogether different. They had been the occupants of the region for more than a thousand years. They had lived within the Ottoman framework for five hundred years. They lived within a strong traditional culture - or rather, a variety of strong traditional cultures. The state framework was oppressive in certain respects - it would not have been a state otherwise - but in other respects it was immensely tolerant, and within it people could engage in very different ways of life side by side with each other. And despite the American University and other influences, there was in fact very little in the way of Arab nationalism until Britain decided to stir it up for military purposes in 1916.

Such Arab nationalism as existed in 1914 was confined to a small stratum of intellectuals within the Ottoman administration. It lacked both popular support and a definite aim.

For a generation before 1914, Britain had its heart set on incorporating the Middle East into the Empire so that it would have a continuous land empire from India to Egypt. It had made an agreement with Russia about Persia, and by 1912, maps were beginning to show Southern Persia as a westward continuation of British India. It had acquired navigation rights on the

Euphrates. And it had made a secret treaty with a sheikh on the Gulf, subverting his allegiance to his legitimate sovereign, and preparing him to become the 'state' of Kuwait.

But its plans for the Middle East were in danger of being spoiled by Germany, which not only declared that the Ottoman Empire was a great civilisation which ought to be preserved as part of the order of the world, but was helping to modernise the infrastructure of the Ottoman world by constructing a railway from Istanbul to Baghdad and Basra, with a branch line through Palestine to Mecca. The Baghdad Railway was undoubtedly a major consideration inducing Britain to make war on Germany in 1914.

Britain declared war on Turkey in November 1914 and its Indian Army immediately sprang at Mesopotamia, captured Basra, and expected to race up to Baghdad with little effort.

Basra was one of the main centres of Arab nationalism. The centre of the nationalist movement there was Said Talib, a very influential figure in the local society, extensively connected with both the merchants of the town and the chieftains of the countryside, and a great admirer of Britain. On the declaration of war, he approached the British authorities with a view to making an alliance with them to liberate Mesopotamia. He was rebuffed because Britain wanted to gain Mesopotamia by clear right of conquest, and that right would be prejudiced by an alliance with Arab nationalists. And Said Talib was not only rebuffed, but was deported.

But the expected easy victory did not materialise. The initial British advance was rolled back by the Turks, and the war in Mesopotamia became almost as static as the war in France. And then the Gallipoli invasion was bungled. Britain therefore began to construct what it has rejected in 1914. It seduced the local governor of Mecca from his allegiance to Constantinople and fostered the 'revolt in the desert'. The Sharif of Mecca, supplied with British armaments and advised by a bizarre Irishman, Lawrence of Arabia, issued a reactionary manifesto against the secular reforms introduced by Constantinople and went into rebellion. The Sharif's manifesto was discreetly ignored, and the revolt was skilfully nurtured until in the latter stages of the war it approached the status of a general Arab



revolt.

The Arab leaders had an agreement with the British Government, which they understood to mean that they were the equal allies of Britain in the war against Turkey, and that victory would mean for them the establishment of an Arab state. But Britain at the same time made a secret agreement with France and Russia for the share-out of the Ottoman Empire. Russia was to have Constantinople. France was to have the northern part of what the Arab Revolt imagined was going to be the Arab state - what was later balkanised into Syria and Lebanon - and Britain itself was to have what became Iraq, Jordan and Israel. And Lawrence, knowing this to be the case, deceived the Arabs into believing that they were fighting for an Arab state.

At the end of the war, the Arab state was proclaimed at Damascus, and was crushed by the French. And a proclamation of independence in Baghdad was crushed by the British.

As well as the Arab nationalists who had been nurtured as cannon fodder by the British, there was an Arab independence movement in the centre of the peninsula led by Ibn Saud, which fought its own very effective war without European allies. As the Turkish forces retreated and the Arab nationalism fostered by Britain was put down by Britain and France, the Saudi movement was poised to establish a very large Arab state. It was bottled up by British machine guns and bombers, but it succeeded in taking the western part of the peninsula where the Revolt had begun.

But for the systematic process of balkanisation militarily enforced by Britain and France in 1918-21, it is likely that two or three Arab states would have been established in the Middle East, where there are now over a dozen states.

Mesopotamia was conquered from the base of British India and was organised as a colony by the competent Indian administration. It was taken for granted that it was to be governed as a colony, but in 1920 it was suddenly decided that it was to be nurtured into a nation-state. Sir Arnold Wilson, the competent colonial governor, was replaced by the 'Arabiser', Sir Percy Cox, and his mentor, Gertrude Bell.

The miscellany of territories and peoples assembled to be the colony of Iraq was one of the most unsuitable regions of the world for development as a nation-state. Those peoples had lived more or less at ease with each other within the tolerant framework

of the Ottoman Empire, and might have continued to live their variegated lives with considerable freedom as a region of the British Empire administered by the Indian civil service. But Britain decreed - apparently for no sounder reason than that it was hijacked by its own wartime deceptions about nationality - that Iraq was to be nurtured into a nation-state, and take its place within the British sphere of interest.

***"It would have been better had the peoples of Iraq not had to undergo nationalist development...But the imperialist powers decided that they should. The Baath has achieved much in the way of national unification. But it has to progress against the disintegrative activities of the very states which decreed that Iraq should be a nation-state."***

The colonial administrators, who had taken a great deal of trouble to find out what Iraq consisted of, saw this 'nation-state' policy as a form of political lunacy. Many of them returned and attempted to persuade public opinion that the new policy was disastrous. But English public opinion was no longer capable of taking an intelligent interest in British imperial affairs. The publications of those Mesopotamian colonialists are, however, a unique source of information about the social composition of Iraq.

The destruction of the Ottoman Empire was a colossal work of political vandalism. It was the most suitable framework for social development in the Middle East. The next best framework of good government would have been an Arab state of the greatest possible extent. An overall Arab state, excluding only the Saudi development, might easily have been established on the basis of the Arab nationalist enthusiasm of 1918. An extensive state might have preserved much of the diversity which flourished within the Ottoman Empire and would have required the minimum of nationalist cultural regimentation. The third best option would have been a colonial administration, which might have let things be to a considerable extent within each of the colonial territories. The worst option was the balkanisation of the Middle East into several states with the requirement that each of them should develop a separate

nationalism. Britain in its infinite wisdom decided on this worst course.

In 1918, the Arab world - or an influential stratum of it which might have guided the rest - was eager to learn about modern things from Britain. By 1921 Britain had taught it that democracy was a species of public fraud.

The 'Arabists' won control of imperial policy from the colonisers and decided that Iraq should become, within the British sphere of influence, a nation-state in the form of a kingdom. The king was to be elected. Said Talib had returned from exile at the end of the war and had resumed his connections with town and country in Southern Iraq. He was very likely to win the kingship election, and he was the best person to establish an executive kingship as a nucleus of national development in Iraq. But the imperialist Arabists had other plans. Promises had been made to the Sharif of Mecca in 1916 and they pretended to feel themselves in honour bound by them. (Occasional honour has played a great part in the decline of the British Empire.) The Sharif's son, Faisal, had been driven out of Damascus by the French, and his home territory of Mecca was under threat by the Saudis. Britain therefore decided to make him king in Baghdad. But he stood very little chance of winning an honest election against Said Talib.

Some weeks before the election in 1921, Said Talib was invited to take afternoon tea with Percy Cox and Gertrude Bell. He was persuaded against his better judgement to accept the invitation. As he was leaving the Governor's residence after tea he was kidnapped and deported to Ceylon.

Political circles in Iraq were thereby given to understand that it was the foible of their new imperial masters to do things under the appearance of democratic form, while determining the outcome in advance. They grasped the essential fact that the imperial will of Britain was that they should accept as king a stranger from a thousand miles away who knew nothing of Mesopotamia. There was a single candidate in the 1921 election. And he won!

Then came the British lesson in how a nation-state in the making should be policed. It was done by the heavy bombers of the RAF.

The unveiling of a Bomber Harris memorial this year has caused some of his policing activities in the Middle East to be noticed by the British media. But the entire



*The Ernest Bevin Society*

## Labour Party Conference Fringe Meeting

# "Foreign Policy - Labour's Abdication"

Chair: Dick Barry, Editor, L&TUR

Speakers: Brendan Clifford

Hugh Roberts

Tuesday, September 29, at 8 p.m.  
Entrance Free

Bramlea Hotel, Charnley Road, Blackpool  
(A collection will be taken.)

Said Talib episode - an event of much greater importance in determining the political character of Iraq - has been written out of history. In the 1920s when the event was known fairly widely, there was an orchestrated campaign of character assassination against Said Talib. But Britain was able to ensure that the event was simply dropped from the record thereafter.

With the exception of a brief period in 1940-1941, Iraq, after the concession of make-believe independence in 1932, was governed by a British protégé, Nuri Es-Said. Nuri's historians naturally turned a blind eye to the Said Talib episode. Real Iraqi independence began with the overthrow of Nuri and the monarchy by the Baathists after they had been excessively compromised by Britain over the Suez adventure. But the Baathists have not made anything of the Said Talib episode, because they have taken to heart the lesson which Britain taught to Iraq then - that democracy is organised consent to strong measures of decisive government.

Iraq was granted nominal independence in 1932 and was entered into the lists of the League of Nations as a sovereign state. But it was granted independence only on condition of signing a treaty conceding a British right of overlordship.

On the outbreak of the Second World War Iraq, like Ireland, declared itself neutral. In 1941 Britain decided to invade Persia, and to pass the invading force through Iraq. The Rashid Ali Government did not deny the British right of military passage granted by the Anglo-Iraqi Treaty, but insisted that the passage should be

supervised by the Iraqi Government. Britain rejected this and in effect reasserted sovereignty over Iraq. It made war on the Rashid Ali Government, overthrew it, and re-installed the puppet government of Nuri es Said. The British propaganda apparatus depicted Rashid Ali as a Nazi agent. And Churchill's account of his invasion of Iraq in his war history is entitled, *The Revolt in Iraq*.

It would have been better if the miscellany of peoples in Iraq had not been put under the necessity of undergoing a nationalist development among themselves and a process of alienation from kindred peoples in neighbouring regions. But the powers that be in the world decided that it should be so. The Baath party has accomplished much in the way of subjective national unification. But it has to progress against the disintegrative activities of the very states which decreed that Iraq should be a nation-state. The Kurds and the Shia are urged to rebel. But, in urging these rebellions, the United Nations powers do not intend that there shall be a Kurdistan or that the Iraqi Shia should be free to attach themselves to Iran. United Nations incitement to insurrection is sheer mischief-making.

Turkey may bomb Kurdish villages in Iraq with the blessing of the United Nations in order to discourage Kurdish activities in Turkey. But Iraq may not now attempt to make its sovereignty effective in Kurdish areas. The constitutional structure of Iraq is being deliberately disrupted by the United Nations - and "a level playing field" established between a sovereign state and a regional rebellion against it -

for no better reason than that President Bush chose to conduct the war over Kuwait as a personal showdown, Wild West style, between himself and Saddam.

The persistence of Saddam's government, and the tenacity with which it has set about restoring the infrastructure which was deliberately destroyed by the United Nations, is inexplicable in terms of the United Nations propaganda. The Saddam government is clearly much more than a military dictatorship. A national will has been forged amongst this conglomeration of peoples thoughtlessly thrown together seventy years ago. America, Britain and France - who between them wield immense influence in the world - can stimulate marginal insurrection against Baghdad, but Baghdad remains the functional centre of Iraqi national development.

BBC reporting, which had been streamlining its misrepresentation of Iraqi affairs for two years, finally perfected the lie on August 27th at 5 pm, when it said in a news report: "*Saddam is a Sunni Muslim who regards the Shiites as his enemies.*" If that was the case, Saddam would have fallen long ago. He survives because the will to national unity in Iraq centres on him, and because to overthrow him at the behest of the powers which have stirred up particularist insurrections would mean the end of Iraq and the beginning of a development on Yugoslav lines.

The formation of Iraq was an irresponsible use of imperial power. The current efforts to disrupt Iraq now that it has finally taken root compounds that irresponsibility. □

# Death of a Service:

## British banking after de-regulation

by Pete Whitelegg

The banks in the UK were once considered paragons of stability and certainty. But the 1980s have seen a marked change in their fortunes, and they are no longer regarded as such. Increasing levels of debt, soaring complaints about service and increasing unemployment have undermined the reputation of the finance sector. So why are our banks so crippled with bad debt in an economy that gets weaker by the day?

As heavy industry relocated to the newly industrialising countries the Tories believed that the new 'sunrise industries' would provide enough jobs to counteract the decline in traditional employment. Advances in computer and communications technology would enable the service sector to supplant industry and move the British economy towards an economy substantially based on services. This change, although drastic, would not be wholesale, manufacturing would still play its part; what was really at stake was the weighting given to each sector.

In keeping with the Tories' free market economics, the Thatcherite revolution freed financial institutions from the regulatory framework of the previous 50 years. In its place was the unfettered market of progress and opportunity: a property-owning democracy that had a place for everybody. At the forefront of this revolution were the big four High Street banks, awash with money to lend. Responding to this new freedom, an apparently unprecedented expansion of the economy was achieved.

Regulations aimed at keeping the lid on excessive lending were scrapped in the name of banking efficiency, the theory being that the markets would act as the regulator, obviating the need for statutory regulation. Prevailing economic doctrine now dictated that financial services, property and general usury would be the answer to Britain's economic woes. The fact that financial markets were now devoid of any framework allowed the banks and other institutions to provide services that had previously been denied them. A 'mass market' was created in which the banks became insurance brokers, mortgage lenders and share dealers, etc. Prior to

deregulation all these services were provided by 'specialist' institutions. There was, in a sense, a separate insurance, mortgage and banking market, with each service being provided by organisations which had the knowledge, experience and training to operate efficiently in these markets. Banks, building societies and insurance companies were now offering the same services in a market that became oversubscribed.

With the advent of a mass market in financial services, a herd mentality descended on the banks and other institutions. If one bank refused a loan or a 100% mortgage, that left a hole in the market for a competitor, who, of course, plugs the hole as quickly as possible. Demand, particularly for mortgages and personal loans, fuelled an unprecedented rise in property prices and personal debt. Profits from property development were so readily available that the banks built up huge property portfolios, lending hundreds of millions for office development complexes with no prospective tenants in sight.

*"What we now need to decide is what sort of role the banks are going to play in the economic life of the UK...If we are going to build any sort of long-term economic future for ourselves, the banks need to be put on a firmer footing through regulation"*

Many of these loans were secured against unrealistic property prices and shares that have since lost value. Barclays has a £10.6 billion exposure to the crisis-hit property and building sector, while NatWest has £6.2 billion, Lloyds had £4.1 billion and Midland has £3.1 billion. Barclays' exposure represents 186% of shareholders' funds. What investment there has been in business was primarily related to the housing or service sectors.

Now with high interest rates, a collapse in property prices and ever-increasing bankruptcies, the banks are now in serious trouble, and with them the British

economy. There is now a concerted effort by all the banks to "change their tune". The excesses of the 1980s are a thing of the past, and accordingly they will be more prudent about who they lend to and more 'responsive to their customers' needs'. But it is not going to be that easy.

The problem with the banks is seen primarily as a problem of profitability; however, their real problem is with their balance sheets. In the six years between 1987 and 1992 the banks have hardly made any retained profit after paying dividends. In 1991 the Royal Bank of Scotland reported a 78% reduction in its profits with increasing personal and business debt and yet it still raised its dividends by 5% and the Royal Bank of Scotland was not the only one.

The banks' provisions against bad debt are now running at about three times the worst rates during the last recession. At that time the highest ratios were 0.7%. But in the first half of 1991 they were running at an annualised rate of 2.4%, or £6 billion, equivalent to £250 for every household. And that is not the only problem. During the last recession bad debt continued at its peak rate of 0.7% for four years, from 1982 to 1986, long after the economy had begun to recover. If a rate of 2.4% is maintained for a similar period this time, say until 1996, the banking industry will be in a severely weakened position. This scenario is looking a distinct possibility as lending, and therefore investment, are already at a 20-year low.

Industry, although weakened considerably by the recession of the early 1980s still had a lot going for it. As things stand at the moment industry is unable to find capital investment at any price. Even if a consumer-led recovery was 'around the corner' British industry would be unable to meet demand. In the 1980s consumption has grown by about 30% and production by only 3%, the rest being made up through imports. In years gone by we would have exported cars and capital goods to pay for imports. Now we can only export the ownership of our assets and our bank deposits to provide the hard currency to pay for imports. Financial deregulation of the 1980s gave a one-off boost to capital flows which have now stabilised. Investors, both national and international, are going to be much more circumspect about who and where they invest their money, particularly as much of the money was borrowed to finance

## L&TUR £5,000 Appeal: why we need your money

Since we launched our Appeal three years ago, we have raised over £3,000 in donations, large and small. This has been a good response and shows that our target was not pie in the sky. It can be reached if more readers and subscribers follow the example of those who have already demonstrated their faith in L&TUR.

We need the money in order to buy our own printing equipment. If we had this, we could produce the magazine much more cheaply and economically, and would be able to keep the price stable indefinitely, making the magazine increasingly price-competitive in real terms over time. We would also be able to expand very considerably the other publishing activities of the Ernest Bevin Society.

The Society had already produced several pamphlets before the launch of L&TUR in 1987, and has produced more

since. Our seven pamphlets on the Iraq war and the New World Order seem to be the only pamphlets on the subject that any group on the British Left has produced. But this strains our limited financial resources. With our own equipment, we could not only publish more material on current issues, we could also publish reprints of important articles, essays and speeches by earlier socialists and trade unionists whose ideas are still relevant to the British Labour Movement, but which have been allowed to go out of print and have been forgotten.

There is an enormous job of work to be done in recovering the rich political legacy of earlier generations of British socialists on the one hand and developing new purposeful socialist thinking on the other, in order to bring about the intellectual and spiritual revival of British socialism. The

Ernest Bevin Society is alone in tackling this task, and we are doing it without any financial backing whatsoever. We depend entirely upon revenue from subscriptions to and sales of our publications, and your donations.

We are now completing the sixth year of publishing L&TUR. We have shown that we can keep going and make sense of British and world politics and develop our own policy thinking. We need to maintain our momentum - if possible increase it. Obtaining our own printing equipment will be a key development which will open up all sorts of possibilities.

If you value what we are doing and want to see us continue the good work, follow the example of those who have already made donations to our Appeal, and send us your cheques. They will all count, and they will be appreciated and remembered. Please make them payable to **Labour & Trade Union Review**, and please make them as large as possible. ☐

*continued from page 18*

excessive spending.

A consequence of this is that the banks now have a problem of liquidity, a lack of money which is not tied up in property and which can therefore be invested in the British economy. To overcome this liquidity problem the High Street banks have been putting pressure on the Bank of England to reduce temporarily the capital ratios which UK banks are obliged to maintain. These are reserves that the banks have to deposit as a protection for their depositors. The banks maintain that a temporary relaxation of the 8% minimum would allow them to meet the demand for loans if the economy begins to recover. The Bank of England has at least for the moment declined to relax its rules governing deposits and has told the banks to find alternative sources of funds.

One alternative source of funds is, of course, reducing the wage bill, something the banks have been doing for some time. Well-publicised reductions in staffing levels have occurred over the last two years. National Westminster is trying to cut 15,000 jobs by 1995, Barclays wants to cut a similar number in its 87,000 staff over the next few years and Midland is also trying to lose 1,400 of its 47,000 staff. Lloyds is also making massive cuts. Many of these jobs are being lost by the closure

Brian Pearse, chief executive of Midland, has forecast that a reduction of 600 in the bank's 1,900 branches is likely. Gone are the days when every town, now matter where, would have a branch of every bank.

Jobs are also being lost through the introduction of high technology into every level of the banking industry. The banks are now spending some £250 million a year on new computer technology, much of which is geared towards selling services and reducing the scope for branch discretion on such matters as loans. In most cases the High Street banks will be no more than a cash till with the processing work done at regional processing centres. The banks are increasingly moving towards automated decision-making in the branches, rather than allowing branches a degree of autonomy. Technological developments have been designed with these parameters in mind. Just when we needed a banking system that had a degree of local autonomy with managers able to take investment decisions, technology is introduced to limit local autonomy.

What we now need to decide is what sort of role the banks are going to play in the economic life of the UK. The 1980s have seen the banks playing a zero-sum game in which one person's gain is another person's loss, in which social benefit is limited but the incentive to play high. For the past six

rather than generating it.

The need now is for investment in the industrial infrastructure rather than creating demand for goods that we cannot produce and therefore increasing demand for imports.

For an economy to grow, the old Keynesian principle that supply and demand must have a high degree of symmetry would appear to be our best hope. But that would require government policies and therefore intervention in the free operation of the financial markets - something this government is unlikely to regard as necessary or viable. But government intervention at some point is almost inevitable, whether it is creating demand for housing or the lowering of interest rates.

Markets are weak self-regulators, and as a result we always get incredible growth or depressing slumps. The Tories now seem hell-bent on inflicting savage wounds on the British economy in order to protect their economic orthodoxy, even though that orthodoxy has so manifestly failed. Developing countries in the Far East know only too well the immense benefits of state intervention and regulation in building an industrial base can bring. If we are going to build any sort of long-term economic future for ourselves, the banks need to be put on a firmer footing through regulation

# Meeting the demand for housing

by Dick Barry

The recent call by the head of Nationwide, the country's second biggest building society, for the phasing-out of tax relief on mortgage interest is an indication of the desperate state of Britain's housing market. Tim Melville-Ross estimates that it would save the Government about £6,000m this year, enabling interest rates to be cut. He has also suggested that we need a series of additional measures which address all of the housing problems and which are consistent with the Government's desire to have a more rational housing policy. These measures include a means-tested benefit for home-buyers with low incomes, an increase in tax relief for first-time buyers for a limited period and a revival of the private rental sector.

As far as I am aware, Melville-Ross made no reference to the high level of homelessness, 145,800 last year according to official figures, nor to the drastic decline in local authority housebuilding. The connection between the two is obvious but it appears to have been ignored. Current attention is focused on the owner-occupied sector where record numbers of repossessions and mortgage arrears are evident.

A number of housing commentators have called for a doubling of the present ceiling of £30,000, which is eligible for mortgage interest tax relief. If this was restricted to the first time buyers for a limited period of, say, six months, it could help to stimulate the housing market, but it would do nothing for existing mortgage holders. Housing demand is linked closely to the state of the economy, so any real stimulus will only come from a reduction in the interest rates (and hence mortgage rates); and as the Government has ruled this out, there is little chance of an upturn in housing demand.

Melville-Ross' call for the phasing out of tax relief is a principled as well as a practical solution to Britain's long-term housing problems. We should aim, ideally, for financial equity across all housing sectors. However, it is difficult to envisage the present government adopting such a policy, given that it would be extremely unpopular. But now, shortly after a general

election, rather than later, is the time to effect such a change.

In addition, we need a boost to public sector housebuilding, particularly by local authorities. Under the 1985 Housing Act local authorities have a duty to house certain categories of homeless people, but the collapse in local authority housebuilding, coupled with the loss of about 1.4 million council house through the right to buy, means that this is virtually impossible. The £7,000m in capital receipts held by local authorities, if released gradually, would make real inroads into the housebuilding programme. Government policy in recent years, however, has been directed at encouraging housing associations and reducing the role of local authorities to that of enablers, rather than providers of social housing. Housing associations provide an essential service to people with special needs, but it is unlikely, indeed it is admitted by the associations themselves, that they could become major providers of social housing in the future. The size of the problem requires a joint effort by all social agencies, with a key role for local authorities.

The government also sees the private rental sector as playing an increasingly important role in meeting housing need. The sector has collapsed from a high of 90% of Britain's housing stock in 1914 to around 7% today. The 1988 Housing Act was partly designed to reverse this decline through incentives for landlords to let property, including higher rents and fewer rights for tenants.

Since then further measures have been introduced, including a 'flats over shops' initiative in October 1991, whereby housing associations can nominate homeless families and provide the money to pay rents to landlords to release accommodation. So far, however, the incentives have failed to make more than a marginal impact.

There are over 600,000 empty properties in the private sector and their owners will only make them available if the cash incentive is attractive enough. This means either higher rents or a straight subsidy

from the government. Alternatively, the absentee landlord part of the sector could be purchased by local authorities or housing associations to let for rent. As an added measure, the government could introduce a rents to mortgages scheme for existing tenants where the property is purchased by a social agency, such as a local authority or housing association.

There is an increasing problem of empty homes in rural areas where, according to a report by the Rural Development Commission, there are almost 15,000 homeless people. The homelessness problem has arisen because of the opposition to green-belt development and the increase in the number of second homes in rural areas, which lie empty for much of the year. Both factors have forced up house prices making it difficult for young, local, people to buy for the first time. Rising unemployment in rural areas adds to the problem and forces many of them to seek work elsewhere.

In the main the increasing demand for more housing can only be met by releasing more land. However, land is a finite resource. In a small island like Britain, it is in short supply. The choice lies between making use of scarce land within urban areas, building on land encroaching on existing villages (in rural areas) or developing green field sites for small estates or new towns.

It is probably more sensible to develop land adjacent to existing villages and towns, unless it forms part of an environmentally sensitive area. The main advantage of this is that use can be made of existing services. On the other hand, the development of open, green field sites away from existing villages and towns not only eats into areas which ought to be left for recreational and other uses but also, once developed, may encourage further housebuilding.

Releasing land for the building of new homes, however, is not just a question of meeting demand. It is also essential as a means of giving a new lease of life to the construction industry which has experienced high levels of unemployment for a number of years.

Given the government's determination to keep a tight rein on public spending, we are unlikely to see any major changes in housing policy, leading to a rapid rate of housebuilding. We will just have to wait for the economy to take off. And that could be a very long wait indeed. ☐



# How not to write the history of the TGWU

by Joe Keenan

A history of the Transport and General Workers' Union, by Ken Coates and Tony Topham, is currently being published by Basil Blackwell. The first volume (in two parts, a two-book boxed edition) appeared recently, entitled *Emergence of the Labour Movement*. It covers the period 1870 to 1922, from the origins of 'new unionism' to the year of the actual foundation of the T & G.

Though not described on the title pages or the cover as 'official', the fulsome terms of Ron Todd's foreword, which speaks of the union's "formal cooperation", make it impossible to consider the work as anything other than an authorised biography. This makes it all the more galling to have to report that the price in the shops of these 900 or so pages is £95.00! Nothing can justify that price, certainly not the quality of the binding which is in fact below standard. After one steady reading and a fair bit of cross-referencing my copy is already beginning to come apart.

This first volume of the history of the T&G is not worth £95.00. The question is, is it worth anything? Was it worth publishing at all?

It is certainly worth something as an exercise in hagiography, giving as it does an entirely new dimension to the idea of *Christian Socialism*. Thus we learn - something we had not known before - of the Catholic Church's central role in the development of trade unionism:

*"Cardinal Manning, as we have seen, had determined to identify his Church with the cause of labour, especially that of the unskilled, and to this end he had given active encouragement to the Knights. Thus the cause of Irish Nationalism, reinforced by the folk memory of an oppressed and persecuted Church and embodied in the person of the 'saintly old priest' of London, was harnessed in the cause of trade unionism.... the impetus, the tradition, of the Irish Catholic stream were fused into the new flood to provide much of its vital dynamism. Manning's intervention in London can now be seen as the most public manifestation of a consistent policy, which reached to the heart of the international Catholic Church in the years to come. The famous papal encyclical, Rerum Novarum of 1891, which determined Church initiatives throughout Europe and beyond, were[sic] 'to some extent' the work of Cardinal Manning. Forty years later, Quadregesimo Anno, promulgated by Pius XI, was to continue in the same vein"* (page 83).

Actually, *Rerum Novarum* and *Quadregesimo Anno* were promulgated precisely to counter the spread of socialist ideas within the working classes of Catholic Europe.

Catholic apologetics apart, this history suffers grievously from the lack of any central organising principle.

It seemed from their Introduction that Coates and Topham intended to set the growth of the T & G in the context of developing ideas of workers' control. There they wrote: *"One Big Union was never far removed from the ideals of workers' control and self-management"* (page xxvi). It is hardly surprising that their meandering text does next to nothing to substantiate that thesis. Ideals of workers' control and self-management are very far removed from the person of Ken Coates.

In the mid-1970s, when the Bullock Report was offering real measures of workers' control, Coates (the politician of the duo) used his proprietorship of the Institute of Workers' Control to encourage the conservative opposition within the trade union movement. Not only did the IWC not agitate in favour of workers' control at that time, it went so far as to misrepresent the proposals on offer in order to disorientate the movement and undermine such support as was emerging. Coates muddied the waters and poisoned the pools. He prepared the way for Thatcher.

It is hard to resist the conclusion that Coates' involvement in this history is more of the same; that he is muddying the waters, poisoning the pools, interposing himself and his overpriced waffle between the members of the TGWU and the reality of its history. □

## The Bevin Society's Aims and Purposes

The aim of the Bevin Society is to develop a programme for the Labour Party that will make possible a comprehensive collectivist reform as the framework for a more widely based individualism.

The Bevin Society is essentially a development from a group in the Institute for Workers' Control which actually supported workers' control when it was a possibility of immediate practical politics: when it was proposed as a radical economic reform by the Bullock Committee.

The leadership of the Institute for Workers' Control opposed the Bullock proposals on woolly ideological grounds, as did Neil Kinnock and most of the trade union leaders.

The 'right of management to manage' was the conservative cry of both the left and right of the Labour movement, as well as of the budding Thatcherites. But 'management' is not a detached element operating between capital and labour. Management must be an agency of capital or an agency of labour.

Conservatism, or the continuation of the *status quo*, was not a practical possibility in the seventies. Labour had grown too powerful to enable the existing arrangements to continue. Both the leaders and the

militants of the Labour movement lived in a fool's paradise, believing that the trade union movement could refuse to become the basis of management and yet retain the power to paralyse the management based on capital.

The *status quo* was doomed. The only question was whether Labour would become the basis of management, or trade union power would be weakened so that a management based on capital would again be effective. When the leaders of the Labour movement declined to enact a radical reform in the Labour interest, it was only a matter of time before a radical reaction restored the managerial power of capital.

If the Bullock Report had been adopted by the Labour movement it is likely that it would have become a watershed in British history comparable to the Beveridge Report (which established the Welfare State). It would have altered the framework of economics and politics, and opened up an array of new and stimulating conflicts and contradictions.

Because the Bullock Report was rejected by Labour, the Labour movement has ever since been disoriented in the face of successful capitalist reaction.

There were reasons of petty vested interest involved in the rejection of the Bullock Report. But much more important than these was the essentially static character of socialist ideology of all varieties in the movement. Socialism was a vaguely imagined eternal harmony, a secularised version of the state of affairs following the Day of Judgment. Some dreamed

of a Leninist revolution as the means by which it would be established, while others imagined a systematic scheme of reform through social engineering. The Bullock Report was equally unacceptable to both because it was obviously not a recipe for eternal harmony.

A similar approach would have led to the rejection of the Beveridge Report in the 1940s. And there were those on the left as well as the right who rejected it.

But the Labour outlook in those days was not confined to visionary dreams of a final condition of things, and to empty rhetoric following from those visions. Ernest Bevin and Clement Attlee were determined to enact the practical reforms of the day, and to develop through its conflicts while leaving eternal harmony to the metaphysicians.

The Labour movement is now in the doldrums because during the past two generations it has not developed out of the experience of that group of effective reformers who transformed the conditions of working class life when they came to power — and who came to power because they had impressed society with their capacity for radical and realistic reform.

The Bevin Society intends to regain for the present generation the experience of the Bevin-Attlee era, and to develop out of it a capacity for thought and action in place of the slogan and the gesture which for too long have been the stock-in-trade of the Labour leadership. □

## An Englishman's Home is his Bastille

Both on the left and the right, people talk about private property and the free market as if they were synonymous. But this isn't true at all. Small scale production and widespread individual ownership needs a strong state committed to keeping a wide distribution of property. Leave it all to market forces, and small scale producers will keep on being broken by random free-market fluctuations. Small business people who believed the New Right fairy-tales of the Thatcher years are now going out of business at an unprecedented rate.

Other victims are home buyers. The Labour party's well-meant curbs on rented property decimated the private rented market. Council housing was supposed to fill the gap - but far too much of this was built in the style of "Neo-Vandalism", disgusting to look at but not noticeably utilitarian, long lasting or convenient. Intellectual arrogance by Labour's 'elite', a rejection of the traditional terraced housing that had actually worked quite well, created a great disaster and gave public housing a bad name.

Thatcher's answer was to try turning everything over to the private sector. Councils were forced to sell to tenants. Some made a mint: others found that what they had bought was worthless because of bad building methods. In any case, with cheap rented accommodation taken off the market, prices soared. Building societies dropped the standard and sensible rule that no one should borrow more than two and a half times their income - the sky became the limit. But a dogmatic objection to credit controls has also meant that interest rates have had to go sky high, much higher than in most similar economies. Prices have fallen, people are trapped by huge debts, and the whole thing is an even worse mess than before.

## Political Jokes

Bush is now trying to call himself 'the comeback kid'. What he deserves to be called is 'the go away and don't come back kid'.

The most amazing thing about Bush is the way he can find himself not responsible for things that are obviously his fault. He

# Notes on the News

by Madawc Williams

has power over one-third of the constitutional framework. He needs to work with Congress to bring down America's huge budget deficit. Instead he promises tax cuts, which will make things even worse. He holds that he is not to blame, because the Democrat-controlled Congress will not accept his ideas for fixing things. These ideas consist largely of swindling the poor and middle-income groups out of their established share of America's social wealth. The really rich have grabbed almost all of the increased wealth that was created in the Reagan and Bush era, and rewarded the rest of society with an economic crisis. But Bush wants more of the same.

Rather, he wants to go on saying it's not his fault, rather than risking unpopularity. The US constitution ensures that the President and Congress either work together or stalemate each other. No one seriously expects Congress to go Republican in the near future, so Bush is really asking for another four years of doing nothing and holding others responsible.

He should be given a new theme tune. Not *Don't worry, be happy* (which was taken without the permission of the man who popularised it). What Bush should have is the old Tom Jones song *I'm not responsible*.

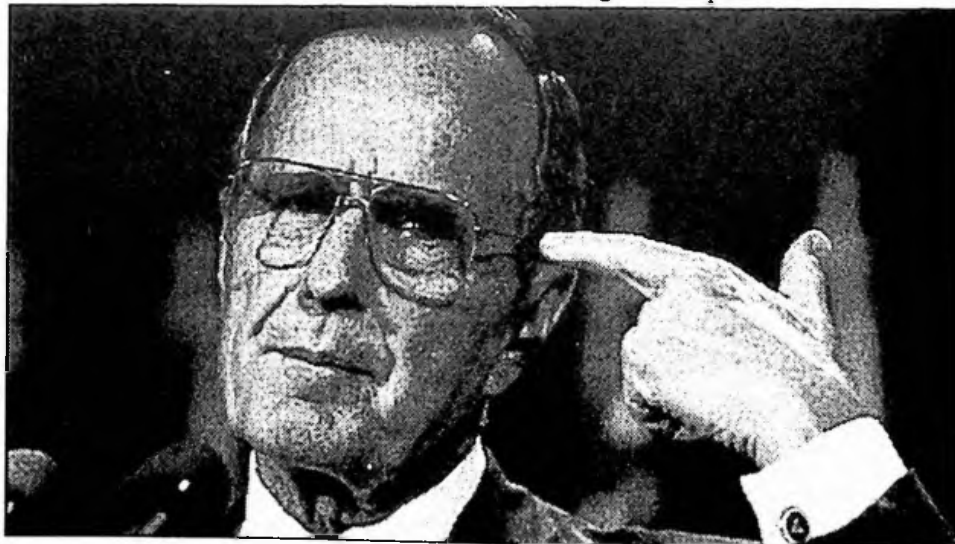
Amazingly, Bush may yet win. Middle-income groups may vote for lower taxes, ignoring the fact that they have been swindled out of their fair share of the social wealth during the Reagan and Bush years. I wouldn't be heartbroken if this happens. America is in decline whatever the politicians do, but Bush will offer a quicker road to ruin.

Eight or ten years ago, the USSR looked so strong as to be almost unbeatable.

## Disneyland and Fools Gold

It is said that no one ever went bankrupt by overestimating the vulgarity of the American public. Bush may yet prove the truth of this old saying. But Europe is another matter. The coldly calculated twecness of Mickey Mouse is not appealing to the French. And other Europeans are discovering that it can actually be cheaper to have a holiday at the original Disneyland than at the "European" one.

Meanwhile the BBC made a cynical calculated ploy with *Eldorado* - and also got it wrong. There isn't actually that much demand for a soft-core porn soap opera: videos cater very nicely to all such tastes. Even the name was a folly. Didn't they know that no one ever got rich searching for that place? ☐



A gesture which says it all

## The Ernest Bevin Society

### Pamphlets published in association with the Labour & Trade Union Review

In the months leading up to, and following, the Gulf War, the Bevin Society produced a unique series of pamphlets. We alone criticised the war *at the time* on the grounds that the Vetoist Powers in the UN, effectively America, Britain and France, were debasing the concept of international law by using it as a cover for self-interested power politics. Now that George Bush and Douglas Hurd plan to "paint the map blue", i.e. enforce wherever they see fit an 'international law' which does not apply to themselves, and which is therefore not Law, these Bevin Society pamphlets have become more relevant than ever.

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*An Analysis of Western Misrepresentations and Miscalculations*  
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# British capitalism, sound money and European Union

by Brendan Clifford

A "free trade area" consisting of a dozen national currencies, each maintained by its national state as the essence of sovereignty, necessarily stimulates currency speculation. Each country in the area will trade chiefly with the other countries in it. In one respect it will be as if the trade of the whole area was conducted within a single national economy. But within this economy business men will not be able to take the medium of currency for granted. They will have to trade across a range of currencies within the single market. They will therefore have to play the money market of the free trade area in order to maintain their money at maximum value with relation to the other money systems within the area. Any major businessman who neglects to do that runs the risk of having his business damaged by a factor which has nothing to do with business efficiency.

This kind of necessary money speculation was a very small element in the orgy of speculation which made it impossible for sterling to remain within the ERM. But in a free market it is virtually impossible to make a functional distinction between speculation by traders for the purpose of maintaining the value of their money and speculation by people whose only business is speculation. The only way to end the speculation is to establish a single currency for the single market.

Whether there was concerted action by a group of major speculators to attack the ERM before the momentum towards a single currency became unstoppable remains to be established. What is certain is that it is the currency speculators who have the strongest interest in preventing the establishment of a single currency, that currency speculation is the best way to make money in Thatcherite Britain, and that Thatcher Toryism never understood the difference - the vast difference - between currency speculation and capitalism.

If we cannot be socialists any longer, let us at least orientate ourselves on capitalism as a system of production and distribution,

rather than on the parasitic elements which flourish in its cracks.

Labour ceased to be a functional Opposition around 1980. Foot and Kinnock - disoriented Bevanites trying to present an 'image' of the right-wing 'collaborationist' social democracy which they had earlier despised - could make no coherent criticism of the erratic Thatcherite conduct of the economy during the eighties because their minds were not attuned to the real practical life of Western Europe. Tory economic policy since 1979 has been a series of irrational zig-zags. The declared purpose of Thatcherism was to establish sound money and foster entrepreneurial initiative. Thirteen years later sterling has been devalued in circumstances infinitely more chaotic than the Labour devaluation of the Sixties and entrepreneurial initiative is stunned.

*"Thatcherism grew increasingly out of joint with the requirements of British capitalism. It could not create sound money within a British national framework and it would not support the establishment of a European money system. And now the Tories are blaming the Germans because the Germans did not take sterling under their wing..."*

Thatcherism did not produce sound money. It could not have done so because it never understood the conditions of existence of money in a modern capitalist economy. The early Thatcherites spoke as if they believed that money would become sound if left to its own devices - as in the days when money was gold. Then they discovered that paper money is created and maintained by the state. And they began to veer irrationally between universalism and the narrowest kind of nationalism. By the mid-eighties Thatcherism was a jumble of half-baked notions taken on the one hand from the Victorian era - when British industry

dominated the world market - and on the other hand from the rationale of the nationalist economic measures raised by many countries against Victorian free trade. Operating with this jumble of notions, Thatcherism grew increasingly out of joint with the prime requirements of actual British capitalism. It could not create sound money within a British national framework, and it would not support the establishment of a European money system. And now the Tories are blaming the Germans - who have created sound money for themselves - because the Germans did not take sterling under their wing and do for it what the Tory Government itself was unable to do.

Socialist opposition to the Common Market in the Seventies was largely based on the delusion that the socialist development of Britain would be retarded by the loss of power by the British state to create its own money and manipulate the national economy by use of it. In the event, British socialism collapsed as a national force long before there was any prospect of sterling being superseded by European money. In the late eighties this argumentation of left socialism revived within Thatcherism - but now it was capitalism that was alleged to be endangered by the establishment of European money.

The Tory Government could make a mess of things with impunity because the Kinnock leadership did not inhabit the real world. John Smith does inhabit the real world. But the legacy of ten years of ineffectual opposition is not easy to overcome, especially since his outlook is not shared by many in the Party, and since the BBC feels free to give Bryan Gould priority over him.

Smith has been consistent in his general world outlook throughout the Labour flux of the past twenty years. But he was not elected leader because of his integrity of outlook. He was elected leader because it was felt that if he had been leader in May his reassuring 'image' would have won the election for Labour. His qualities as a consistent right-wing social democrat are not widely appreciated in the Party. His comments therefore are not developed and amplified by other Party spokesmen, as they would be if he had been elected for his substance rather than his appearance. And since he does not have a dominating personality his voice tends to get lost in the babble. □