

# Labour Affairs

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## The Strange Death of Labour England

There was certainly no garden party for the Labour Party leadership when the result of the Leave voting North Shropshire by-election was announced. The seat had been a Conservative seat for over 100 years with the Liberal Democrats coming second until Blair's 1997 election victory, when Labour took 2<sup>nd</sup> place. In 1997 the Conservatives polled 20,730 votes and Labour polled 18,535.

Labour continued to come in 2<sup>nd</sup> place, though with a declining vote until 2010, when Labour dropped to 3<sup>rd</sup> place behind the Liberal Democrats. In 2015, after 5 years of unnecessary austerity under the Conservative and LibDem coalition, the Labour candidate, Graeme Currie, came 2<sup>nd</sup> though with only 10,457 votes. Graeme Currie was a Corbyn supporter and, when Labour fought the 2017 general election on a radical manifesto and commitment to enact Brexit, received 17,287 votes, close to the 18,535 votes of 1997. When Labour adopted Keir Starmer's 'Let's Stop Brexit' policy in 2019 its vote declined to 12,495 but it stayed in 2<sup>nd</sup> place and the LibDem candidate Helen Morgan came in 3<sup>rd</sup> place with 5,643 votes.

So it is somewhat unexpected that, in the December 2021 by-election, the LibDem candidate, who came 3<sup>rd</sup> in 2019, should top the poll in 2021 and that Labour should come 3<sup>rd</sup> with its vote reduced from 12,495 to 3,686.

Did Labour lose because of a complete lack of enthusiasm in the Labour electorate for the way the Labour Party is currently being run? The Party machine had removed the candidate who had fought the last two general elections and was a Corbyn supporter. This can hardly have endeared the Party to its local electoral base.

Or did the Labour Party machine decide that only a LibDem candidate could win the seat and so, there was a conscious but unstated position to engage in tactical voting and not to seriously contest the seat?

We suspect that what happened at North Shropshire is

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## The Need for Policies

Starmer used the "S" word [Socialism] in an article in the Guardian in 2020 and avoided it in an interview in December 2021. This is easily explained by the Labour leadership election that took place in the interim.

He used the "S" word in 2020 when it served his leadership ambitions and now in 2022 he jettisons it in order to serve his prime ministerial ambitions. Starmer's selective use of the 'S' word makes clear that it is a personal ambition to become prime minister rather than any commitment to socialism that explains his actions.

He's not a socialist. All that he has done since becoming leader of the opposition suggests that his political instincts are liberal and if he felt that the Liberal Democrats had any chance of forming a government he would have joined them rather than Labour.

Starmer poses a real issue for Labour. Someone who aspires to lead the party is not to be judged on the basis of whether he uses the "S" word or not. He has shown that it's possible for someone to use that word in one context and deny it in another.

It's up to the party to define what it wants from power and in many ways what Starmer asked in the interview was right. What is socialism? Is it a set of abstract principles or a programme of sensible practical policies that are based on a genuine intent to serve the interests of the working class?

If Starmer meant that a socialist party should develop and pursue a programme of practical policies that favoured the interests of working people and demonstrated that he was prepared to support and develop such a programme, he would not be a problem for the Labour Party. The trouble is that there is little evidence that this is what drives him.

However, the left wing in the party membership also bear some responsibility for this state of affairs. It's far too easy for the party membership to give the thumbs up or the thumbs down to a leader purely on the basis of who can use the "S" word. But what would using it actually mean when used by someone like Starmer? For

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an early indication of how the next general election will be fought. Basically, Labour and the LibDems will not seriously compete against each other in constituencies where one of them has a serious chance of ousting a sitting Conservative member of parliament. With this strategy, neither Labour nor the Conservatives would have an overall majority but Labour might come out as the largest party and be able to form a minority government with LibDem and SNP support.

We are watching the 'Strange Death of Labour England'. North Shropshire is the first indication of that. The preoccupation will be with stopping the Tories getting an overall majority by removing anything radical in what Labour present to the electorate, so that even a free market loving Liberal Democrat could vote for the Labour Party in a marginal seat.

The result is a minority Labour government unable to do anything useful. Anything useful would require regulating the free market and not being afraid of the size of the national debt. The LibDems with whom Labour would be governing (assuming they don't yet again go into an alliance with the Tories) would oppose market regulation and demand balanced budgets. In a recent interview given by Shadow Chancellor Rachel Reeves in the Financial Times she "vowed a Labour government led by Sir Keir Starmer would be profoundly "pro-business" and committed to fiscal discipline." It will be virtually impossible to distinguish between the Labour Party and the Liberal Democrat Party who were such ardent advocates of austerity in 2010-2015.

Working people will yet again have been abandoned by all the political parties. Worse, if the electorate get the impression that Labour has abandoned hope of being the sole alternative governing party, they will cease to treat it as such. If the choice is between two liberal parties, they might well decide that continuing to vote for Labour is pointless. Worse

still, the Labour Party would no longer offer anything distinctive to the trade unions, who might well decide to behave in an opportunistic and tactical manner towards political parties. Thus the death of Labour in England would indeed come about.

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too long and for too many it's simply a symbol that avoids the difficult task of actually formulating practical policies that serve the working class. It's because so many on the Labour left continue to avoid the difficult task of attending to working class interests and engaging with policy in detail that they are incapable of providing the real debates that are necessary. Where were they on Brexit? This was largely treated as a question of whether or not one was 'pro-European' without a careful look at the advantages and disadvantages of EU membership. Where are they on immigration? This is an issue that arouses strong emotions, but also requires a degree of dispassionate analysis and a proper engagement with the reality of working class experience in their neighbourhoods, workplaces and in the labour market. On the whole, the left has ignored that experience and instead has chosen to form policy on the basis of some abstract principles about human rights.

Instead of acknowledging any substance to issues that concern the working class the left has created a comfort zone where abstract principles are more in keeping with its thought processes with the result that more energy and effort is invested in pursuit of identity politics than in the formulation of practical policies that have a real bearing in the day-it-day life of working people. As Sahra Wagenknecht put it when writing about the German left, there is a tendency to live in a bubble of like-minded people without considering that other people who work for their living in different and often more difficult circumstances might have a different but equally valid point of view.

To the left the crude working class can never reach the heights of sensitivity

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## Labour Affairs

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# “Time for a new Parliamentary Party of the Left?”

by Michael Murray

Dictionary definition of “foot soldier”:  
“...a dedicated low-level follower...”

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On 25th January, the Labour Party National Executive Committee (NEC) voted 24 - 13 against a motion calling for the Parliamentary Labour Party (PLP) Whip to be restored to Jeremy Corbyn.

This has refuelled a slow burning debate from the earliest days of Starmer's leadership when members watched the “10 policy pledges” of the leadership campaign, that gave him a substantial winning margin, being abandoned one by one. That debate, fed by an acceleration of indefinite suspensions

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so often found among the advocates of policies like transgender rights and so, rather than pay any attention to issues that concern the working class they prefer to get incensed at the more apparent than real subjugation surrounding each and every kind of identity issue. Working people are not stupid and if they see that those claiming to represent them actually think that they are backward and prejudiced they will vote for someone else.

In the meantime people like Starmer can get away with threadbare policies on social care, no policies on energy (nationalisation seems off the agenda), no policies on transport (ditto), no policies on youth education and training, no policies on housing, etc., etc. By ‘policies’ we mean proposals worked out in detail and shared with those who will be affected by them. Labour is capable of coming up with plenty of fine slogans about these issues, but when detail and acknowledgement of difficulties is required they are wanting.

Labour Affairs would much prefer a Labour leader who had actual detailed and worked out policies that promoted the working class interest on these issues than a leader who wore a red tie, sang the Red Flag and had a tattoo of the words “SOCIALIST” on his arm but was for all practical purposes a liberal.

and expulsions, disillusionment and declining membership, was about the desirability of starting out afresh to build a new, separate Socialist party-with or without Jeremy as Leader, but, mostly, favouring Jeremy were he, if approached, prepared to accept the role.

When we say “grassroots” that refers not only to the current membership but, also to “Labour in exile,” as they're beginning to call themselves. These include:

Those who left in protest at Corbyn's original suspension and automatic Labour Whip withdrawal on 29 October, 2020.

Those who left following Keir Starmer's subsequent, petulant and wrongful withdrawal of the Whip from Jeremy, though he had had his party membership restored by a properly constituted NEC panel and, thus, ought to have had the Whip automatically restored. (See: Whip Withdrawal: how the PLP Code of Practice was circumvented, Labour Affairs December 2021)

Those who left, before that and since, disillusioned by Starmer's perceived betrayal of his “10 Pledges,” which he'd presented - and very effectively - as being in continuity with the 2017/2019 general election manifestos, thus gaining a handsome majority in the party leadership election.

Those who have been indefinitely suspended, undergoing what can only be called out as “punishment by process” - and those who have

been expelled, mostly without even a pretence of due process; or “auto-expelled” even, something hard to justify in any circumstances, least of all in a party claiming to be socialist and democratic. (See November Labour Affairs on Heather Mendick, an example of wrongful suspension.)

And then there are those physically present, paid-up card-carrying, going-through-the motions members, in whom the enthusiasm and hope of being in a vibrant party with a purpose transcending our individuated existence is dissolving by the day. In virtual exile. And we are many.

*Rachel Reeves reveals all in the Financial Times*

The widespread sense of alienation, or exile, hasn't been helped by the interview in the Financial Times (George Parker, Jim Pickard, FT, 19 January, 2022) with Labour's second in command - and touted (*I think that's the appropriate word*) as next Labour leader - shadow Chancellor, Rachel Reeves.

Commenting on the dramatic drop in membership over the period of the post-Corbyn leadership, estimated variously at around 150 to 200 thousand, with a concomitant multi-million-pound loss of membership fees, she said it was worth it to shed “unwelcome” supporters and remove the “stain” of anti-semitism.

“Membership in my own constituency is falling,” she said, “And that's a good thing.” People had left who should never have joined the Labour Party, “They didn't share our values,” she

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<https://labouraffairsmagazine.com/very-old-issues-images/>.

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explained.

That the party's finances were in a "parlous" state, she said was "*another inheritance from the former leadership.*"

Never mind her dodgy, stuck in austerity era fiscal rules-led economics which a series of editorials in "*Labour Affairs*" has addressed in recent months. Just reflect on what a dismissive write-off that was, in the pages of the FT, of up to 200,000 members - including her own constituency supporters, who helped her to a 12,000 majority in the tough 2019 General Election?

I wonder how her "team" feels now in Leeds West, reading that? Does she not have even a stream of self-awareness?

I wonder, too, what the interviewer made of an aspirant to the top job in a large people-centred organisation who admits to being complicit in the loss of that number of members within two short years - and, more to the point, being obliged as a result to make drastic cuts to support staff crucial to effective electioneering - a core activity - at local, regional as well as national levels?

Or, an economist and champion of fiscal rectitude who helped manage to turn a solvent organisation into a near-bankrupt basket case inside two financial years?

Anyway, the FT interviewers didn't ask any hard questions, nor, I'm sure, were they oblivious to the corporate donations begging bowl being waved under their readers' noses.

I know I wasn't alone in how I felt, reading yet another Labour email this morning soliciting a donation towards the upcoming scheduled local elections and the now very real possibility of a snap General Election. It wasn't generosity.

### ***Is it time for a new socialist party?***

Words have consequences beyond the FT's "Firewall." For what was occasionally raised in the past is now a clamour: breaking from the Labour Party and forming a new party.

One such proposal typically begins:

"After the damage Keir Starmer has done, the left would need decades to rebuild from within the party - and we don't have decades. The crises facing working people are already urgent." (Chelley Ryan, Why I'm hoping Corbyn launches a new party, Morning Star) <https://morningstaronline.co.uk/article/f/why-im-hoping-corbyn-launches-new-party>

"The prospect of building slowly

from within the Labour Party is now entirely defunct. We don't have time for slow movement-building.

The disgraceful treatment of Jeremy Corbyn and left-wing members hasn't sparked a desire to reclaim the Labour Party. Instead it has sparked a mass exodus."

"No stirring battle cries from well-paid Labour socialist MPs will inspire financially hard-pressed socialists to fund a party to which they no longer feel any affinity."

This article began with a *cri de coeur*, to which many will relate:

"I'm done with being Ms Negativity. I'm done with 99% of my political activism aimed at attacking rather than promoting.

"For five years we had a vision to fight for. It is devastating emotionally and mentally to go from that to absolutely no hope at all."

The author believes the Tories are on borrowed time and the anger felt at Starmer's Remain policy is on the wane. Many will swing back to Labour, whoever is Leader. Though there's evidence from recent polling to support that, with today's more fickle electorate, a favourable handover in the Tory leadership, the impact of constituency boundary changes - then a Tory rollover into another term cannot be discounted.

But, going along with the author's hypothetical scenario, and Starmer remaining in situ, all he has to do is not cock up and his time will come, says Chelley. He will claim it was his purge of Corbynism that won it - and then it will be "*business as usual.*"

In office, Labour will tweak the status quo a little. Any progressive reforms will be easily reversed when it's the Tories' turn.

All leading to, according to Chelley Ryan:

*"The revolving door of not much changing can only be challenged by a new party. And that new party has to be headed by Jeremy Corbyn"*

### ***Jeremy Corbyn as leader of a new party?***

As recently as January 14th last, Jeremy was asked by the Islington Tribune to comment on growing rumours of his intention to consider forming a new party, as his suspension from the PLP was well into its second year without any prospect of resolution.

He stated categorically that he was looking forward to the restoration of

the Labour Whip, and, in the meantime, would be supporting Islington Labour in the forthcoming local elections.

In the same paper, Alison McGarry, Islington North CLP Chair said:

"Our activists are absolutely committed to staying in the Labour Party with Jeremy as our MP and campaigning for the policies we put forward in 2019."

*"We have the best MP in the country,"* she continued, *"and the membership hasn't left in droves as in other parts of the country. That's because of Jeremy and the work he's done"*

Two obvious points to be made here.

The first is: although the 2021 Conference-revised Rulebook bestows on CLPs a majority say in the selection of their MPs, that has been ignored in a number of by-elections since (See Labour Affairs October 2021 for Conference Rule changes and their impact on party democracy.)

The second: Jeremy has expressed his disappointment at the NEC decision. But whether he or his CLP are reconsidering their position, we don't know.

The way things have gone up to now, the likelihood is that Starmer will remain in the corner into which he's painted himself on this issue - and a candidate will be parachuted into the constituency to represent official Labour.

How will Jeremy react? And how will we react to Jeremy? And Islington North CLP? Will it accept the official candidate — or oppose them, inviting suspension, thus joining other CLPs in ...exile?

At this point, those immortal lines from Brecht's play "Galileo" come to mind, which I've quoted in the Diary previously in a similar context.

Towards the end of the play, Galileo's loyal foot soldiers are congregated in the town square where they await news of whether Galileo will apologise to the Inquisition for portraying the world and its place in the universe differently from his inquisitors, thus saving his own skin - or - stick to his principles, and face torture and possible death.

When it turns out that he has apologised there's a collective sigh, then a long, profound silence finally punctuated by a foot soldier who says:

*"Pity the land that has no heroes"*

To which another foot soldier answers:

*"Pity the land that needs heroes."*

We are where we are.

# Policing Bill: picketing in the crosshairs

*Read Lord Hendy's article in the Morning Star, followed by his intervention in the House of Lords on the same subject. There you will also find the opinion of Lord Paddick, former senior police officer, that what the police need is not more laws but more suitably trained officers. The intervention by Baroness Williams seems to imply that picketing will not come under the new law. Labour Affairs make no apology for publishing the words of Lords and Ladies. More sense is spoken in that House than in the lower house or the media.*

*As well as cracking down on protest generally, the right to picket a workplace effectively during a strike is clearly targeted by this new draconian legislation, explains **LORD JOHN HENDY QC***

January 17 2022, Morning Star

As readers will know this dreadful Bill [Police, Crime, Sentencing and Courts Bill] is back in the House of Lords today 17 January. Most of its 290 pages have been debated. Few improvements have so far been achieved. Today, it is the attack on the freedom to protest which is up for debate.

This obviously concerns everyone who believes that freedom to protest peacefully is a fundamental aspect of democracy. I want to draw the attention of trade unionists to the vicious attack in the Bill directed at them.

Let's leave aside the introduction of a new statutory offence of public nuisance with a maximum sentence of 10 years in prison. And ignore the new offence of "attaching" oneself (by glue, by clasping hands? — the word is undefined). Let's not mention the new police right to stop and search someone without having any reason. Let's focus on the right to picket.

The right to picket to peacefully persuade people not to work in an industrial dispute has been a statutory right since 1875. It has been much restricted, most recently by the Trade Union Act 2016. But, though emaciated, this vital right remains.

The Bill will cut down that right. This is how. A senior police officer will have the power to impose conditions on "assemblies" (even of one person) and marches where the officer reasonably believes that noise generated by persons taking part may result in "serious disruption to the life of the community" or "serious disruption to the activities of an organisation which are carried on in the vicinity." It will be a criminal offence to breach such conditions.

Note that the key is "noise." Pickets are not normally particularly noisy

but they are certainly far from silent. The use of a loudhailer, chanting, singing, shouting "scab," using vuvuzelas, having a Scottish piper, even making a speech might tip the balance.

And the very purpose of a picket is to cause "disruption to the activities of an organisation which are carried on in the vicinity," namely the employer.

It really cannot be left to a police officer to decide whether noise, rather than the mere presence of the pickets with their placards, "may result" in "disruption." Neither should it be left to the police to decide whether such disruption is "serious" — as no doubt the employer will be urging.

The Bill did not define either "serious disruption to the life of the community" or "serious disruption to the activities of an organisation." After criticism by a Lords Committee, the government seeks to amend the Bill by adding definitions. These new definitions give the game away.

The amendment states that "serious disruption to the life of the community" may include (but is not limited to) two situations. The first is where the noisy gathering may result in a significant delay to the supply of a time-sensitive product to consumers of that product. A "time-sensitive product" is defined as a product whose value or use to consumers may be significantly reduced by a delay in supply.

Secondly, where it may result in prolonged physical disruption to access to essential goods or any service including, in particular, access to the supply of money, food, water, energy, fuel, a system of communications, a transport facility, an educational institution, or a service related to health.

The word "prolonged" is not defined and is left to the discretion of the police.

The range of industries is remarkable. Workplaces involved in food, water, power and fuel supply; road, rail, waterway and maritime transport; newspaper, mail, TV, radio, film, telephony and electronic communications; education, health and any other time-sensitive product or service. Industrial picketing is at risk in almost every sector of the economy.

As to "serious disruption to the activities of an organisation which are carried on in the vicinity," the amendment includes where "the noisy gathering may result in persons connected with the organisation not being reasonably able, for a prolonged period of time, to carry on" those activities. Effective picketing is in the cross-hairs.

And if the police officer concludes that a noisy picket is causing serious disruption as described, conditions may be imposed. These too are undefined but may obviously include limiting the number of pickets below the six stipulated by the Code of Practice — perhaps down to one, or perhaps a condition of near silence.

I and others in the Lords will be moving our own amendments to seek to exclude these provisions from the Bill. We will be up against it. Trade unionists beware.

## **This is what Lord Hendy said in the House of Lords:**

My Lords, no one likes pickets. Even pickets do not like picketing. However, these clauses impinge on the right to picket, the right to picket is a fundamental aspect of the right to strike, and the right to strike is a fundamental aspect of the right to bargain collectively, which is a fundamental aspect of democracy at work.

Picketing is a highly regulated area of the law in a very sensitive political area. It has been regulated

by legislation since 1875 and the last statutory amendment was in the Trade Union Act 2016. There is also a code of practice regulating picketing. There are no exemptions for pickets from either the criminal or the civil law, but these clauses will restrict even further the limited right to picket.

On the issue of noise, other noble Lords have pointed out the vagueness of the concepts involved here, which will impose a great burden on the discretion of the police in deciding what is noisy and what is not. It is notable that legislation has—and workers are very familiar with this—imposed limits on noise by way of decibels and duration in many industries. Those scientific techniques are not used here.

The very purpose of a picket in a trade dispute is to cause

“disruption to the activities of an organisation which are carried on in the vicinity”—

namely, the employer. So pickets will be caught. I note that the amendment states that

“serious disruption to the life of the community”

may include two situations: first, the supply of

“a time-sensitive product to consumers”

and, secondly,

“prolonged disruption of access to ... essential goods or any ... service, including, in particular, access to ... the supply of money, food, water, energy or fuel ... a system of communication ... a transport facility ... an educational institution, or ... a service related to health.”

It does not take an expert to know that picketing is put at risk in almost every sector of the economy by these clauses, and it is for that reason that I have added my name to those of the noble Lord, Lord Paddick, my noble friend Lord Hain, and the noble Baroness, Lady Jones of Moulsecoomb, in asking for these clauses to no longer stand part.

Lord Paddick (LD)

I am a former senior police officer

and part of a small, specially selected group of senior police officers trained in the policing of protests. My view, and the view of the majority of police officers interviewed by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, contrary to what the noble Baroness, Lady Neville-Rolfe, has just said, is that the limiting factor in the policing of protests on the police's ability to control protests is the number of suitably trained police officers available, not a lack of police powers or legislation.

Not only are new powers and new offences unnecessary but there is a very real danger of dragging the police into political decisions on which protests should go ahead and which should not, as the noble Baroness, Lady Fox of Buckley, has just said. There is a very real danger of more scenes like those we saw at the Sarah Everard vigil on Clapham Common happening with greater frequency. There is a real danger

of more and more police officers being drawn into policing protests to enforce more and more restrictions and bans, taking them away from policing their communities and, as a result, further undermining trust and confidence in the police and their ability to enforce the law.

Baroness Williams of Trafford (Con)

In response to the amendment put forward by the noble Lord, Lord Hendy, in Committee, we have added a defence for this offence relating to trade disputes. Alongside the defence of reasonable excuse, it will be a defence for individuals to prove that their actions were performed in contemplation or furtherance of a lawful trade dispute. This is to make it clear that this new offence does not interfere with the rights of workers to engage in lawful trade disputes.

<https://hansard.parliament.uk/lords/2022-01-17/debates/D4DCBA9B-3C6A-4F1C-B932-5E04908DF13C/>

## Kazakhstan

Our Caucasus expert Pat Walsh (<https://drpatwalsh.com>) writes:

I have been trying to read Russian and Azerbaijani accounts of what's going on in Kazakhstan and it's not consistent. What I have noticed most is the attempts to shoehorn the issues into the authors' existing disposition. For instance, I have read that it is a western attempt to get at Russia through terrorists and agents. I have read it is a Russian attempt, engineered by KGB?, to overthrow an administration less leaning toward Moscow. I have read it is the typical Russian response to freedom from the former states of USSR (Baku January 1990). Some see it as purely economic mismanagement. Some see it as clan conflict transposed to new elites that operate through the remaining soviet style mechanisms that persist in these societies.

What I know from Azerbaijan is the difficulty these oil producing societies have in managing things. I believe that if Aliyev had lost the Karabakh war or been stopped by the Armenians he would have been overthrown and Azerbaijan may have collapsed. There is a great deal of popular discontent in these societies over low standards of living, elite wealth, rising prices, lack of opportunities, etc. Democratic governments would be fatal to these

places and what they need is wise authoritarians to gradually develop the economies, spread wealth and opportunity. Not easy in places where corruption and all sorts of shenanigans exist that drain money away from any form of enterprise. The Aliyevs have been fighting this for nearly 3 decades. I think it is in this type of situation that exterior forces are fishing in for their own interests. And there lies the danger.

### Resolving the situation, January 2022

President Putin moved swiftly and decisively to quell the disorder in Kazakhstan and has returned normalcy to the country. This disorder was triggered by a large rise in liquified gas prices, the staple cheap fuel of a highly motorised society. The price rise fed into general discontent over disparity of incomes between ordinary people and the oligarchic elite. The disorder was then taken advantage of by sidelined family members of the former leader, Nazarbayev, to test the ruling credentials of his successor, President Tokayev. Tokayev demonstrated his authority by calling up Putin and the

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# Julian Assange in his own words,

Book Review by Helen Mercer. <https://wiseupaction.info/2021/12/20/julian-assange-in-his-own-words-book-review-by-helen-mercier/>

With the recent judgement handed down by the High Court judges supporting the US appeal in the case of Julian Assange we have truly entered an Alice in Wonderland world. Logic, not to mention due legal process, has been abandoned as the judges, to paraphrase Lewis Carroll, 'try the whole cause and condemn him to death'.

In comparison the recently published 'Julian Assange in his own words' presents a world of sober analysis and penetrating insights. This almost-pocket-sized book consists of very short, pertinent extracts from Assange's many writings, interviews and speeches published before he was imprisoned on remand in Belmarsh two and a half years ago. These allow a deeper understanding of the outlook of a person described by Edward Snowden as 'one of the most far-sighted thinkers in technology... consistently ahead of the curve'.

The book groups the extracts into thirteen themes, covering the core purpose of Wikileaks and of Julian's life, and allows the reader to construct his or her own view from these building blocks. A powerful preface by Charles Glass summarises

what emerges: "Assange has taken the side of the victims against the powerful who conspire against them in secret" and in particular, like the poet Wilfred Owen with whom Glass compares Assange, his subject is war – "the pity of war, the pity war distilled".

The book acts as a powerful antidote to the ignorant lies about Assange's character. Judges, journalists and politicians have felt free to smear Assange as a 'narcissist' and 'self-publicist': this book reveals a man to be admired for his integrity and humanity, an intelligent and considered thinker.

Assange explains the world in terms of systems. The internet, he explains, is 'the top of the whole neoliberal system' of commercial transaction and property laws which underpin it. He targets the 'privatisation of words'.... 'the way we refer to our common intellectual record is becoming privatised, with different parts of it being soaked up into domain names controlled by private companies, institutions and states'. The "investors of a few Silicon Valley companies" promote a mindset and culture tolerable to their interests, a process he describes as 'digital colonialism'.

Operating on the premise that 'our civilisation can only be as good as our knowledge of what our civilisation is', Assange's aim in creating Wikileaks was to create a 'rebel' system which would expand humanity's 'full intellectual record'. Such a record would counteract the various levels of censorship and hence the determination of what constitutes 'knowledge'.

An important passage analyses the 'censorship pyramid' (p.59) a key component of the knowledge industry which other philosophers have described, in which powerful actors control and direct the means of production, distribution and exchange of 'knowledge' or the 'narrative'.

When it comes to understanding how complex human institutions actually behave Assange asserts that all existing political theories are bankrupt. It is ironic that, had

he been left free to develop his full capacities, he might have made valuable contributions to this rich field of human thought.

The second theme which emerges, especially in the section on activism but echoed throughout the book, is his own sense of personal commitment and his call to action by others. "If we can only live once, then let it be a daring adventure that draws on all our powers...The whole universe or the structure that perceives it is a worthy opponent, but try as I may, I cannot escape the sound of suffering....men in their prime, if they have convictions are tasked to act on them".

Karen Sharpe's painstaking collection should become an essential tool in the campaign for Assange's freedom.

You can Buy the book from [www.orbooks.com](http://www.orbooks.com)

## A ray of hope?

**It looks as if Julian Assange will be given leave to appeal to the Supreme Court**

<https://www.craigmurray.org.uk/archives/2022/01/your-man-in-the-public-gallery-assange-hearing-day-oh-god-it-never-ends/>

[The reason given by High Court, for granting Assange appeal to Supreme Court, .... ]:

" .... looks like just a technical point on timing and deadlines. This is very important, because it may be the screen behind which the British Establishment is sidling slowly towards the exit. Was Lord Burnett looking to get out of this case by one of the curtained doors at his back?

If any of the other points had been certified, there would have been detailed discussion in court of the United States' penchant for torture, its dreadful prison conditions, and its long record of bad faith (it is an accepted point of law in the United States that domestic authorities are not bound by any assurance, commitment or even treaty given

Continued From Page 6

CSTO (Collective Security Treaty Organization) and dealing firmly with the insurrectionary aspect of the disorder.

This blocked off any opportunity the sleeper organisations of Western influence had in stirring up trouble for Russia on a new front in the new Great Game in Central Asia. Kazakhstan has been therefore quarantined from any potential colour revolution and preserved within the Eurasian orbit with everything to play for between Russia, China, and to a lesser degree, Turkey. Western expansionary ambitions in Central Asia have been thwarted for now and energies have been concentrated into making chaos in Ukraine.

Continued On Page 8

## Continued From Page 7

to foreign governments). For the Supreme Court to refuse Assange's extradition on any of those grounds would be an official accusation against the United States' integrity, and thus diplomatically difficult.

But the Supreme Court can refuse extradition on the one point now certified by the High Court, and it can be presented as nothing to do with anything bad about the USA and its governance, purely a technical matter of a missed deadline. Apologies all round, never mind old chap, and let's get to the claret at Simpson's.

Can there really be an end in sight for Julian? Is the British Establishment quietly sidling to the exit?"

**And from the front page of the Morning Star 25 January**

[https://morningstaronline.co.uk/system/files/pdfeditions/MorningStar\\_2022\\_1\\_25.pdf](https://morningstaronline.co.uk/system/files/pdfeditions/MorningStar_2022_1_25.pdf)

For an appeal to be considered by Britain's highest court, a case must raise a point of law for "general public importance."

Yesterday, two senior judges ruled that there was a point of law, but refused permission for the appeal.

But Lord Chief Justice Lord Burnett and Lord Justice Holroyde did agree that Mr Assange could ask to bring the appeal to the Supreme Court himself. Mr Assange's lawyers have two weeks to make the application to the court. His fiancée Stella Moris said the decision was a win, but warned that Mr Assange was still "far from justice in this case."

She said: "Let's not forget that

every time we win, as long as this case isn't dropped, as long as Julian isn't freed, Julian continues to suffer.

"For almost three years he has been in Belmarsh prison and he is suffering profoundly — day after day, week after week, year after year. Julian has to be freed and we hope that this will soon end.

"Our fight goes on and we will fight this until Julian is free."

National Union of Journalists general secretary Michelle Stanistreet also welcomed the decision, saying that the case "is damaging media freedom every day that it drags on."

She said: "The US is seeking to extradite Assange on charges that relate to the very business of gathering and processing news.

## Michael Heseltine on Privatisation

From Socialism to Popular Capitalism: 'the revolution where everyone is a winner'. The destruction of both British industry and council housing was a deliberate policy to get away from what Thatcher and Heseltine saw as socialism, the excessive influence of the state on the economy. They saw this as their crowning achievement.

Extracts from: Where there's a Will, by Michael Heseltine. Published by Bloomsbury Reader, London. 1987.

From: Chapter 3.

### Privatisation: From Tentative Steps to Irreversible Achievement.

"By 1977 *The Right Approach to the Economy*" was describing the Conservatives' long-term aim as being 'to widen the basis of ownership in our community' as well as to reduce the preponderance of State ownership. This was the first suggestion that denationalisation, as well as promoting efficiency, might also serve the cause of popular capitalism. But the 1979 manifesto did not echo this theme. In retrospect it looks extraordinarily unambitious. We promised to sell off, as circumstances allow,

the Government's temporary shareholdings in BP and other companies which were vested in the National Enterprise Board, and to interfere less with the running of those industries which remained nationalized. We also offered to sell back to private ownership the aircraft and shipbuilding businesses which had been taken two years before. Beyond that, the National Freight Corporation was the only State company in which we said we would offer shares to the public.

By 1983 there was no longer any doubt among Conservative politicians and our supporters that the best way to make the management of nationalised industries more effective was to require them to satisfy their customers. Our manifesto that year included a roll-call of shareholdings already sold — often to their employees — in Cable and Wireless, Associated British Ports, British Aerospace, Britoil, British Rail Hotels, Amersham International and the National Freight Corporation. There was a new confidence in the promise to go further, with Rolls-Royce, British Airways, British Shipbuilders, British Leyland and British Gas.

These changes of tone between 1976 and 1983 in the language coming out of Conservative Central Office record an historic change in the political development of the British people. We began slowly, and have moved further forward with growing public support only as we proved the effectiveness of our methods. The million new owners of their former council homes, the 3 million new share owners, the 400,000 who now hold shares in the former State businesses which employ them, are enjoying the fruits of a profound and wholly benign revolution in which there are no losers.

Only Socialism had been hurt. It is indeed a fundamental shift of wealth, and it has only just begun. The strength of this Conservative revolution is that, unlike Labour's compulsion towards nationalisation, it is not driven by dogma. It is hard to believe that Socialism in Britain will ever again be as assertive as it was between 1945 and 1979 — not, at least, if it hopes to earn a hearing from the electors. Equally I do not believe that the Tory Party will ever again be timid in proclaiming its belief in popular capitalism."



# Notes on the News

By Gwydion M. Williams

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## **Disgusted With Capitalism, Terrified of Socialism**

“Tony Blair today warned the UK is heading for ‘lower league’ status because Boris Johnson does not have a coherent strategy for the nation’s long-term future.

“The former prime minister said Britain’s standing on the world stage will continue to slip unless there is a ‘radical change in the governing of the country and its politics’.”<sup>1</sup>

Mr Blair can’t see the root cause as his own surrender to New Right values.

And the increasing failure of those values.

*Nothing at all* has been done to realise Thatcher’s small-state low-tax dream. The waking world has been a large-state high-tax system that lets the rich evade most taxes. Where taxpayer’s money for public-service duties goes to profit-making companies, however bad a job they do.

Yet Labour under Starmer reverts to Blair’s surrender to business interests.

The flood of new Labour members who joined under Corbyn have been weak and spiritless. They don’t dare try to vote him out.

Labour will not regulate or tax in the way Labour governments did before Thatcher. So the millionaire elite are no longer scared of Labour.

Is Boris Johnson being targeted because he sometimes sounds like a return to pre-Thatcher conservatism? Most of the rich are very sensitive to anything that might make cash demands on them. It is odd that events from many months back have suddenly become news.

The rich defend their right to pay as little as possible. They do charity, and can swank about it. Most pay less in charity than they should have paid in tax.

They also know how to work the system, but not how the system works.

The New Right have given them false beliefs that may kill the entire system in the long run.

While there was a Soviet challenge, they conceded a lot. And it was a conservative optimum for Western culture, particularly in the USA. Wealth creation was faster than it has been since the New Right freed them from rules and taxes they saw as

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1 <https://www.dailymail.co.uk/news/article-10422483/amp/Tony-Blair-warns-UK-heading-lower-league-status.html>

burdensome.<sup>2</sup>

We’ve seen their future, and it does not work. But the millionaire elite are being very slow to accept this.

Liberals moan about the loss of faith in parliament. But ignore the failure of parliaments to deliver what the majority actually want.

Democracy is manipulated, to make people feel powerless and unhappy.

Faith is lost in things that visibly fail.

## **Burning Bridges With China**

“Christine Lee has been embedded in the city’s legal scene for more than 30 years, owning restaurants and campaigning for British Chinese interests through ‘integration, representation, participation and education’.

“But now the respected 58-year-old immigration lawyer has been named as an alleged Chinese agent targeting MPs to make British policy more favourable to Beijing.”<sup>3</sup>

“As recently as 2019, Christine Lee was being awarded and congratulated personally by then prime minister, Theresa May, for helping Chinese-British cooperation and had been photographed with David Cameron during his time at No 10.”<sup>4</sup>

Part of a wide anti-China campaign, following on from long-term hostility to Russia.

A failing government will try to pick a quarrel with a foreign foe.

Likewise a failing elite.

I assume they no longer hope to win over China. People they once cultivated are now ‘surplus to requirements’. Much as Saddam Hussein was, after the Soviet collapse. They had saved him in 1987, when he was still needed.

Saddam was a tyrant, but also the last best hope of remoulding Iraq to Western values.

In the case of China, commercial ties cannot easily be cut. And business interests mostly refuse to make any sacrifices themselves. But those seeking ties of friendship rather than greed make convenient targets for propaganda.

China was never destined to be the cheap pool of outsourced labour that the West’s elite thought it was. And now they know better, Chinese links become convenient targets:

“U.S. Drops Its Case Against M.I.T. Scientist Accused of Hiding China Links...”

“The prosecutions have come under criticism for singling out scientists based on their ethnicity, and for overreach, blurring the line between disclosure violations and more serious crimes like espionage. Critics in academia say it

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2 <https://labouraffairsmagazine.files.wordpress.com/2021/10/problem-labour-47-millionaires-c.pdf>

3 <https://www.birminghammail.co.uk/news/midlands-news/city-lawyer-mi5-chinese-agent-22752852>

4 <https://www.theguardian.com/politics/2022/jan/13/profile-christine-lee-the-woman-at-centre-of-mi5-security-warning>

has instilled a pervasive atmosphere of fear among scientists of Chinese descent.”<sup>5</sup>

It seems that US courts still have qualms about convicting innocents. But convictions were never important. It was all about shifting attitudes and avoiding blame.

Politicians who failed to control Covid-19 found it easy to get the public angry with ordinary Chinese living in the USA. And even those who don't play that game don't explain how absurd and unjust it is. Do nothing to discourage racist attacks on Chinese.

But it's not just that. The New Right gained hugely from the Soviet Union declining and falling apart in the 1980s, after being unjust and aggressive in the 1970s. The heavy lifting in the Cold War had been done by socialists, and by the socially-concerned conservatives whom the New Right replaced.<sup>6</sup> But who remembers that?

After four decades of New Right policies, promises of better wealth-creation have been proved false. Given as much freedom as possible, the business elite don't do a better job for the rest of us.

They have done a much better job of putting wealth into their own pockets.

China flourished from Deng onwards with much tougher rules for the business elite than the West ever had. Unlike post-Soviet Russia, they never accepted any damaging 'Big Bang' of the sort the New Right urged.

Chinese rules for business were always tougher than they ever were in the West. President Xi has made them tougher still. Inequality no longer increases, and a reduction has been promised. But the media servants of the millionaire elite can't get much mileage out of that.

The public don't in fact reject harshness *as such*. It all depends on who it is applied to.

China has the death penalty for drug smuggling, like several other Asian countries. And less of a drugs problem. Most Westerners (including me) prefer to live with drug murders and overdoses, but are not vehement about it.

China has the death penalty for rape: inherited from the puritanical fervour of the Red Army. Women are much safer than in most of Asia. Attacks on foreign women are almost unknown. Chinese criminals are scared of the local police.

I'm not claiming that women in China are overall better off. Sexual harassment exists. There are few women in the top levels of politics. In the 1970s, when socialism was still respectable, the West overtook Global Leninism on rights for women. It was a factor in winning the Cold War.

What about rights of minorities?

You don't see headlines saying *China Harsh With Uighurs Seeking An Independent East Turkistan*. That's normal politics – consider what was done to Catalan politicians in Spain.

Say *China Harsh With Uighur Terrorists and Islamic Extremists*, and most in the West would say 'good for them'.

So the elite-dominated media omit facts that were freely reported in the 2010s.<sup>7</sup>

Tony Blair set a bad example by his drastic claim that Saddam in Iraq could deploy 'weapons of mass destruction in 15 minutes. Not mentioning that these were battlefield poison gas. Or that Blair himself showed no interest when Saddam was useful to the West, gassing Kurds and Iranians.

High-level dishonesty existed long before Boris Johnson. It will continue if he falls.

#### Ukraine – Arming the Useful Idiots

Listen carefully, and you learn that Russia's demands are modest:

“Russia demands Nato retract pledge to admit Ukraine and Georgia.

“Moscow issues first detailed list of proposals after US offers European security talks with transatlantic alliance.”<sup>8</sup>

Gorbachev trusted a hazy promise that NATO would not march east if he pulled out his own troops. He could have got a binding agreement, but he thought he was dealing with friends.

Gorbachev can be forgiven for not realising that they were fools. Conceited bunglers who destroyed the only force in Iraq that had both the wish and the ruthlessness to impose Western values. People who thought they could reshape Afghanistan.

Foolishness has got worse as the New Right spread their anti-socialist message, and claimed wisdom for themselves.

The best interests of newly-

independent Ukraine were never served by quarrels with Russia.

And back in World War 2, it wasn't very bright for Ukrainians to team up with Nazi Germany. Hitler had been open about his dreams of clearing away the entire Slavonic population and replacing them with Germans.

But people often are fools. The bulk of Ukraine is run by people who make heroes of men who began and ended the war on Hitler's side, even though they fought him in their middle period.

Which was also not a sensible way to fight a war. But the Hard-Right are mostly foolish and self-defeating. The USA's Klu Kluk Klan was twice re-created after lapsing. All three versions self-destructed by not knowing when to stop.<sup>9</sup>

Ukraine has been tricked into deploying itself against Russia. Losing regions with ethnic-Russian majorities was the foreseeable result.

But the West possesses a culture of expert deceivers. They encouraged Hong Kong to acts of defiance that might sensibly be expected to lose them the limited right of criticism they once had. Back in 2019, I called it *Hong Kong Committing Suicide?*<sup>10</sup> I find it hard to believe that no one else could see this.

#### “Let The World Suffer, Unless India and China Stay Low”

The biggest current increase in Greenhouse Gases comes from India and China. Western leaders made much of this, with Western media mostly following respectfully.

But *per head*, Westerners and US citizens produce far more Greenhouse Gas. And historically, most of the past changes are our fault. And we can pay more easily.

But the rich from the 1980s have refused to pay their share. And others do most of the suffering:

“Climate change: Huge toll of extreme weather disasters in 2021”<sup>11</sup>

California has yet more forest fires, in regions once safe.<sup>12</sup> Even though it is winter there.

Summer south of the equator:

“‘Furnace’: Argentina roasts in record-setting heat wave.”<sup>13</sup>

9 [https://en.wikipedia.org/wiki/Ku\\_Klux\\_Klan](https://en.wikipedia.org/wiki/Ku_Klux_Klan)

10 <https://mrgwydionmwilliams.quora.com/Hong-Kong-Committing-Suicide>

11 <https://www.bbc.co.uk/news/science-environment-59761839>

12 <https://www.bbc.co.uk/news/world-us-canada-60092300>

13 <https://www.reuters.com/world/>

5 <https://www.nytimes.com/2022/01/20/science/gang-chen-mit-china-initiative.html>

6 <https://labouraffairsmagazine.com/problems-magazine-past-issues/the-mixed-economy-won-the-cold-war/>

7 <https://mrgwydionmwilliams.quora.com/West-Reports-Only-Propaganda-on-Xinjiang>

8 <https://www.ft.com/content/d86f8961-15c1-4f73-8cee-8251ab139204> (pay site)

"While extreme cold has gripped parts of the United States in recent days, the very opposite has been true below the equator. In the Southern Hemisphere, summer is in full swing and a heat wave could shatter century-old temperature records in South America."<sup>14</sup>

"Hot dry weather, driven by the Pacific Ocean's La Nina weather pattern, has made the South American nation the hottest place in the world."<sup>15</sup>

"Record-breaking Western Australia heatwave"<sup>16</sup>

We can expect more for our own summer:

"Past seven years hottest on record..."

"Europe lived through its warmest summer, and temperature records in western US and Canada were broken by several degrees. Extreme wildfires in July and August burnt almost entire towns to the ground and killed hundreds."<sup>17</sup>

Also hurricanes going further north, hitting cities once safe from them.<sup>18</sup> Probably not Britain, but unexpected things keep happening.

But while most people suffer, the millionaire elite do fine in secure little enclaves.

Some of them hope to move to Mars.

### Pay Less, Care Less

"Charitable donations by Britain's top earners fell by more than 20 per cent during the past decade even as their income increased significantly, according to research that suggests the wealthiest are becoming more Scrooge-like."<sup>19</sup>

"Covid created 20 new 'pandemic billionaires' in Asia, says Oxfam

"While wealthiest got richer, 140m people fell into poverty as jobs were lost, wiping out years of gains for

[americas/furnace-argentina-roasts-record-setting-heat-wave-2022-01-11/](https://www.upi.com/Top_News/World-News/2022/01/12/argentina-Argentina-blackout-heat-weather/5461642037795/)

<sup>14</sup> [https://www.upi.com/Top\\_News/World-News/2022/01/12/argentina-Argentina-blackout-heat-weather/5461642037795/](https://www.upi.com/Top_News/World-News/2022/01/12/argentina-Argentina-blackout-heat-weather/5461642037795/)

<sup>15</sup> <https://www.independent.co.uk/climate-change/news/argentina-heatwave-blackouts-global-warming-b1991491.html> (pay site)

<sup>16</sup> <https://www.theguardian.com/australia-news/2022/jan/21/record-breaking-western-australia-heatwave-has-days-to-run-before-it-moves-east>

<sup>17</sup> <https://www.bbc.co.uk/news/science-environment-59915690>

<sup>18</sup> <https://www.bbc.co.uk/news/science-environment-59775105>

<sup>19</sup> <https://www.ft.com/content/35aefcc0-9612-4213-88cd-80cc7ace17ac> (pay site)

poorest, report finds"<sup>20</sup>

After World War Two, the elite in the West admitted past faults and promised to do better. Often they really did do better.

From the 1980s, this was denied. Capitalism was Virtue, Socialism was Foolish, and Communism was Senseless Wickedness.

"Global inequality 'as marked as it was at peak of western imperialism'

"Super-rich have grabbed an increasing share of the world's income, economists' study finds..."

"Although the World Inequality report found inequalities between nations had declined since the end of the cold war, it said inequality had increased within most countries and had become more pronounced as a result of the global pandemic of the past two years..."

"The wealth gap between rich and poor was even wider than the income divide, the report added, with the boom in asset prices last year resulting in the sharpest increase in billionaires' wealth on record.

"The research showed the richest 10% of the global population currently taking 52% of global income, compared with an 8% share for the poorest half. On average, an individual from the top 10% of the global income distribution earned \$122,100 (£92,150) a year, whereas an individual from the poorest half of the global income distribution makes \$3,920 a year."<sup>21</sup>

## Snippets

### A False Meritocracy

"Why homelessness is still with us

"It is not selfishness but an innocent trust in the outcomes of the market..."

"If you believe there is a solid link between deserts and reward, you must believe — you must — that rough-sleepers have it coming. You have left yourself no room for the role of luck in human affairs: of mental illness, of birth into a hopeless family, of dire education or mid-life tumbles down the potholes of circumstance. You are guilty of epic, almost operatic naivety. But you are not vindictive, per se. You are not selfish. You are Candide, not Scrooge.

"This difference is more than academic. The left will never build

<sup>20</sup> <https://www.theguardian.com/global-development/2022/jan/14/covid-created-20-new-pandemic-billionaires-in-asia-says-oxfam>

<sup>21</sup> <https://www.theguardian.com/business/2021/dec/07/global-inequality-western-imperialism-super-rich>

support for a welfare state until it gets inside the heads of the hold-outs. At present, it has a cartoon-villain idea of what drives the Congressional Republican, the libertarian billionaire or even the middle-income normie for whom rough-sleepers are 'bums'. If it were just cold self-interest, these people would, I think, support a social safety net. The per-person increase in tax to fund it would be small. The prize — not having to run a gauntlet of syringes and ordure in major cities — is huge. You don't need to know your John Rawls to see that the selfish case for a higher economic minimum is as strong as the righteous one."<sup>22</sup>

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### Life, Liberty and the Avoidance of Happiness

"A striking new ... suggests the universe of people who find our [US] politics a torment might be much larger than I'd realized.

"Politics is a pervasive and largely unavoidable source of chronic stress that exacted significant health costs for large numbers of American adults between 2017 and 2020 ... The 2020 election did little to alleviate those effects and quite likely exacerbated them.'

"Around 40 percent of Americans, he found, 'consistently identify politics as a significant source of stress in their lives.'..."

"But I'm also interested in the role politics plays in the disastrous state of American mental health, which is one of the overarching stories in the country right now. For all our division, there's a pretty broad consensus that the country is, psychologically, in an awful place."<sup>23</sup>

This is a liberal moan. It does not see the root cause as Reagan in the 1980s. Plus the 1990s surrender by the liberal left to those same values. Feed-the-rich economics, and a bid for world domination after the Soviet collapse.

\*

### Communist Subversion in the 1950s

"The Fifties,' by James R. Gaines, a former managing editor of Time, People and Life, reminds us that a trip in time to much of America then would resemble 'The Handmaid's Tale' more than 'Ozzie and Harriet.' A racial caste system was harshly enforced

<sup>22</sup> <https://www.ft.com/content/b84f806a-3e60-4f2a-9fe6-4a7baed84d9a> (pay site)

<sup>23</sup> <https://www.nytimes.com/2022/01/21/opinion/trump-politics-mental-health.html> (pay site)



throughout the country, while strict norms on religion, gender and sexuality compelled millions into the shadows. The government experimented on its citizens without their consent or knowledge; corporations operated without checks.

"Some Americans did fight back. And they're the subject of this short, very potent primer on four groups of people usually left out of the general hallelujahs for the Greatest Generation, even though — or maybe because — they opened the first cracks in those structures of oppression..."

"The length also keeps Gaines from fully explaining the fractious, changing nature of the American Communist Party, which served as a rallying point for the likes of Hay and Lerner. Though he writes the party was 'easy to love' during the Depression, those who joined post-Bomb tended to care more about the balance of power than the dictatorship of the proletariat."<sup>24</sup>

The book is not yet out. It seems unusual in admitting that the US Communists did play a large positive role. I'll have to read it, to see if it admits that the global pressure of the Cold War also mattered.

Hatred of Stalin means that most left-wingers prefer to cover this up. If they even understand it.

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### Chinese Success Ignored

The face of global trade has just changed. Western media ignore it. I learned of it from al-Jazeera.

"Who will benefit from the world's largest free trade deal?"

"The Regional Comprehensive Economic Partnership (RCEP) comes into force on January 1, 2022.

"After 10 years of work, the world's largest free trade zone is opening for business on January 1, 2022.

"The Regional Comprehensive Economic Partnership (RCEP) covers 15 countries across the Asia-Pacific region, and promises to improve business for 2.2 billion people.

"It will be the first free trade deal between China, South Korea and Japan.

"The United States is not a part of the agreement, even though it is in the Asia-Pacific region, and India pulled out at the last minute."<sup>25</sup>

<sup>24</sup> <https://www.nytimes.com/2022/01/21/books/review/james-r-gaines-the-fifties.html> (pay site)

<sup>25</sup> <https://www.aljazeera.com/program/inside-story/2021/12/31/who-will-benefit-from-world-largest-free-trade-deal-rcep>

It recreates Globalisation as it was before European Imperialism.

Back in the year 2000, I wrote of 'Civilisation Alley'. A broad band of advanced cultures from North-West Europe to South India, with historic conquerors moving up and down it. And used the term 'Bamboo Zone' for the main alternative: the sophisticated and diverse cultures of East and South-East Asia. Regions where bamboo grows naturally, indeed. But also where several separate cultures flourished without much mutual conquest.

Has the Bamboo Zone now recognised its own distinctiveness? China sits at the heart of it, but China has seldom sought to rule the rest of it. Is not doing so now.

\*

Old newsnotes at the magazine websites.

I also write regular blogs - <https://www.quora.com/q/mrgwydionmwilliams>

## Victory for the App Drivers & Couriers Union

"James Farrar, general secretary of the App Drivers & Couriers Union (ADCU), said: "Rather than fix its broken business model, Uber was determined to double down on misclassification at the cost of worker rights, passenger safety and the avoidance of VAT.

"Our victory will now make misclassification unlawful, transform the London minicab industry for the better and finally eradicate sector wide worker rights abuses."

<https://www.bbc.co.uk/news/business-59549789>

### HIGH COURT SLAPS DOWN UBER CONTRACTOR MODEL

**TEST CASE:** Judges found hiring model is 'bogus' arrangement that misclassifies workers

by Matt Trinder, Industrial reporter

[https://morningstaronline.co.uk/system/files/pdf-editions/M\\_Star\\_071221.pdf](https://morningstaronline.co.uk/system/files/pdf-editions/M_Star_071221.pdf)

UBER'S application to declare its widely criticised gig economy business model lawful was rejected by the High Court in a landmark ruling on 6<sup>th</sup> December.

Judges found it is against the law for the app-based private taxi giant to force drivers to contract directly with passengers after Uber had argued its role was confined merely to that of an internet booking agent.

The App Drivers and Couriers Union (ADCU), which acted as a defendant against the company when the case was heard last month, has slammed the "bogus" arrangement as helping to misclassify workers as independent contractors.

This was despite the Supreme Court's historic ruling in February that Uber's drivers should be classed as workers with access to the minimum wage and paid holidays, the union stressed.

When passing judgment in that case, Lord Leggatt questioned whether forcing drivers to contract directly with passengers could be against legislation as regulated by Transport for London (TfL).

In its delayed decision yesterday, the High Court clarified the matter by declaring that operators like Uber are required by law to enter into a "contractual obligation with the passenger to provide the journey in respect of that booking."

The ADCU said that the ruling will "fundamentally restructure" the private hire industry in London as almost all 1,832 TfL licensed operators have used this operating model since the industry first came under regulatory supervision in 2002.

The union blasted the local government body and the capital's mayor Sadiq Khan for failing to regulate the industry correctly and allowing drivers to be "brutally exploited and passenger safety put at risk."

The union's president, Yaseen Aslam, said:

"The mayor must now order an urgent review of TfL to find out what went wrong, to bring the industry rapidly into compliance and to ensure passengers and drivers are never again put at risk like this."

GMB's national officer Mick Rix said that the judgement underlined the fact that "private hire drivers are workers and must be treated as such under law.

"GMB urges private hire operators such as Bolt and Addison Lee — who still refuse to give drivers the rights to which they are legally entitled — to change their business models in light of [the] judgment."

In a statement, Uber urged all private operators in London to "ensure drivers are treated fairly."

# Listening to Italy

by Orecchiette

## Towards a new President?

On 3<sup>rd</sup> February Italy's President Mattarella will have completed his 7-year term and a series of elections for his successor started on 24 January. The 1009 electors: "*I Grandi Elettori*" are the members of the elected upper and lower houses of parliament. Plus the five appointed Senators for Life, one ex-officio member and 58 specially elected representatives of the regional governments. Voting is by secret ballot. Because the election is continuing as this article is being written not all detailed information is available.

The parties have nominated a handful of candidates, although curiously any eligible person can receive votes. That is, any Italian citizen over 50 years of age who "enjoys civil and political rights". For example, in 2015 Beppe Grillo's *Five Star Movement (M5S)* nominated the Independent Ferdinando Imposimato. He was a respected anti-mafia judge whose brother was shot as a reprisal to his involvement in many high-profile cases. At first ballot he had a clearly dominant 100 votes. Four or five nominees received votes in two digits while 25 other nominees received 2 or more votes and another 48 received only one vote.

However the process can quite legitimately be manipulated by the parties. A two thirds majority is needed to succeed in the first three bouts, while a more easily attainable absolute majority wins if it continues to a fourth vote. And in 2015 the 1009 voters were balloted 4 times. Cunning moves from the *Partito Democratico's (Pd)* then-leader Matteo Renzi, (the centre-left had the political majority) ensured that their nominee Sergio Mattarella won. Significantly Mattarella only received 5, 4 and 4 votes in the first three rounds. Renzi had organised more than 500 of his supporters to make in excess of 500 blank and invalid votes for each bout. Mattarella won on the fourth ballot with an eventual 665/212 votes (to Imposimato). This fourth ballot is usually the decider. And if by 3 February there is no result the President of the Senate, or Upper House, currently Maria Elisabetta Alberti Casellati will become temporary Head of State.

The President and Head of State's position was created with the new Italian Republic on 1<sup>st</sup> January 1948. The President inherited many of the

ceremonial duties of the King and in addition has the power to appoint the Leader of the Government, the Prime Minister. In 2011 President Giorgio Napolitano appointed Mario Monti to head what was termed a technocratic government following Berlusconi and the debt crisis. Then in February 2021 Mario Draghi was appointed by President Mattarella.

This time the centre-right coalition has a numerical majority but not an overall majority and has the opportunity to control the choice of President. The leader of *Forza Italia (Fi)*, 85-year-old Silvio Berlusconi used his continuing charisma to pressure to nominate himself. The coalition includes Matteo Salvini's diminishing *Lega* and Giorgia Meloni's increasingly popular, fascist-leaning *Fratelli d'Italia*. Latterly in the campaign Salvini has been calling for other names, a reserve, because of the unreliability of Berlusconi and also the realisation that Silvio's popularity exists largely in his own imagination.

It also follows that the centre-right's interests could only be protected if their nominee was not a divisive candidate, and Berlusconi is always divisive. All parties held internal and external talks to find an agreed person to back but enthusiasm for other nominees was in short-supply. Stefano Folli discussed the options in *La Repubblica* on 19 January. He said that Italy needs an authoritative figure and the most bandied about phrase is: "*we must not lose Draghi*".

Other parties were not in sufficiently strong positions to influence the nominations. Giuseppe Conte, the previous Prime Minister and current *M5S* President, lost the loyalty of a significant number of senators and parliamentarians following defections and expulsions, and other *M5S* Senators and MPs frequently disagree with his decisions.

The centre-left coalition lacked the numbers and force that it once had under Matteo Renzi. Renzi with his newish (2019) and miniscule centre-left party, *Italia Viva*, now has little influence.

Mario Draghi would be a popular national choice for President but it's a role he couldn't combine with that of Prime Minister. One widely-touted scenario was for (the unwilling) Sergio Mattarella to stand again as President, the so called "*Mattarella-bis*". He would then resign in Draghi's favour when his government reaches elections in 2023.

One problem for Italy is that there are as limited a supply of electable and effective Prime Ministers as there are other candidates for President. Berlusconi was opposed to Draghi being President. His pre-election tactic as leader of *Fi* was to threaten to "*destabilise*" the government which he expected would provoke the election that the centre-right could win.

Draghi is a popular figure with between 65% and 70% approval ratings. His Premiership does have a small number of critics for reasons that the country is generally willing to stomach in exchange for the stability of firm governance. His government has operated under a two-year state of emergency since January 2020 and in December this was extended until March 2022. His critics are profoundly disturbed by what they see as an authoritarian use of decrees and a silencing of dissent. That this has occurred during the Covid emergency could almost be palatable or excusable but the precedent is questionable. References to what these dissidents call *Draghistan* is usually only found on the internet. Certainly there are no references in *La Repubblica*.

Silvio Berlusconi's tilt at the Presidency triggered a sequence of colourful national demonstrations. The *Popolo viola*, an internet-enabled pressure group revived itself with its old cry of *NO BUNGA-BUNGA!* This refers to the convictions (and later acquittal) from the case of Ruby and other call-girls, as well as extortion and bribery that had previously sunk his Premiership. The *Sardines-against-Salvini* also rose again to join the protests. Berlusconi was to appear in court for further consideration of aspects of the Ruby case (*Ruby-ter*) in the last week of January. It was postponed for a month because of health issues and also his nomination for the Presidency.

But Berlusconi never gives up! At one point he said that he would be happy to be made a Senator for Life (*Senatore a vita*), presumably instead of President. The constitution allows for only five such appointed Senators plus any ex-Presidents who stand as ex-officio. One can only smile at the inappropriateness of his qualification. A *Senatore a vita* is appointed by the President of the Italian Republic: "*for outstanding patriotic merits in the social, scientific, artistic or*

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# Who are ‘NHS Providers’?

Feergus ORaghallaigh

I found the story at the link below remarkable ...

<https://www.theguardian.com/society/2021/dec/13/hotels-being-used-as-care-facilities-to-relieve-pressure-on-nhs>

Here is a related story:

<https://www.theguardian.com/society/2021/dec/12/number-of-healthy-patients-stranded-in-english-hospital-wards-rises-by-80>

I have long held the view that the current NHS is actually a system of hospital-led private provision of health care (much of it provided on a for-profit basis) funded by the Treasury. I also take the view that this model, with its Trusts and procurement model was brought in by Blair (Thatcher played with the idea but eventually pulled back on realising what a full-fledged market model would entail). Blair knew well what was involved with his ‘reforms’, which is why he went for it.

The Blair privatised NHS plus Johnson’s chumocracy model for dealing with covid have turned the Treasury into a very large trough for the enrichment of private businesses and capital accumulation. It has also become the basis for bureaucratic aggrandisement and growth - witness the appearance of a body new to most people I suspect, **NHS Providers**. Who knew already of the existence of this body (a registered ‘charity’ by the way) before its mention and

featuring in the above two Grauniad pieces? Here is its web site where one can explore what it ‘does’: <https://nhsproviders.org/>

In a way the emergence of NHS Providers is understandable - once the centrally provided and administered service (the original NHS) was dismembered and broken up into trusts and foundation trusts as providers of hospital care and defining the health service as hospital-driven with ‘procurement’ (privatisation) at the heart of it all. NHS Providers has associate membership:

NHS Providers associate membership is open to commercial suppliers in the health sector who can bring new ideas, innovation and efficiencies to our members.

The scheme is designed to support you in your commercial ventures by helping you to understand what our members need, providing you with a range of exclusive benefits and increased visibility among our members.

<https://nhsproviders.org/partners/associate-membership>

Then there are its ‘partners’:

NHS Providers works with a small, but growing, number of commercial partners to identify solutions that other trusts have successfully adopted and that we believe can help our members deliver better outcomes for patients. All partners have demonstrated how their teams and services have worked

in and supported NHS trusts.

<https://nhsproviders.org/partners/our-partners>

Note the emphasis on the law among the partners listed.

One might further note how what the system does is also being redefined. There is now a defined category of “being medically fit to leave” with its own performance (or non-performance) yardstick, “delayed transfers of care” (DTOC), and an on-paper seamless link-up with social care including in-the-home and residential (as required). Yeah right.

On the one hand there is a certain logic to the theory though as a practical matter the distinction between health care and social care, how they are funded and administered is a ready-made shambles. Health care is a matter for the NHS and the Treasury while social provision is dumped on expertless local authorities with no facilities and dependent on procurement (that word again) from the private sector. Thus the development of companies like Abicare (<https://www.abicare.co.uk/>) and the for-profit private nursing homes sector (and now hotels) with local councils as purchasers. My own view is that the model for social care is a left-over, a legacy going back to the poor law and a *de facto* hospital-led model of health service provision. The Treasury and Health Ministry should be responsible for the lot.

See also <https://www.theguardian.com/world/2021/dec/13/covid-nhs-in-crisis-mode-as-hospitals-told-to-discharge-patients-where-possible>

## Note.

See articles detailing the early days of the process of privatisation of the NHS in articles originally published in Labour Affairs, now available on Peter Brooke’s ‘Labour Values’ website at <http://www.labour-values.com/nhs/>

Wales and Scotland stopped the process when they gained their devolved governments.

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*literary field.*”

La Repubblica discussed opposition within Europe to Berlusconi’s public posturing for the Presidency and an article on 16 January said that although Berlusconi won’t win he “*is holding us all prisoner*”. Journalist Claudio Tito made similar points on 21 January and his title condensed his argument by saying “*who is thinking about the Country?*”

On 21 January Berlusconi withdrew his candidacy. He had, he said, sufficient votes and was truly grateful for all the support and encouragement he had received. But, “*Italy is now in need of unity*”, with the additional implication that other parties were not helping this. But he said, as his statement concluded, “*The Forza Italia line is that Mario Draghi doesn’t become President and stays as Prime Minister where ..... there should be no reshuffles and no new appointments.*” Obviously a return to his threat to destabilize the government, creating chaos and disunity.

Whether or not the election is concluded after this copy has gone to press the fall-out from what one writer justifiably called “*the haggling, deceits, cunning and snares*” of the 2022 campaign will certainly not have finished.



# 'Global Britain'

By Eamon Dyas

'But neither should a country, especially one with such a proud history as ours, slip gently into a lower league without a strenuous effort at least to prevent it,' said Tony Blair (20/1/22).

That's Blair's programme since 1997 in a nutshell. He had come to power with a promise to make Britain a "normal European country", join the Euro, revive manufacturing etc. But he was taken aside and shown the facts of life. The choice was a gentle decline to becoming another contented Holland, or one last big throw at the imperial dice ... We know the choice he decided on.

What follows is an attempt to explore the relationship between the people and its political culture and how that culture persists in performing the core function that it has always done since the British state emerged - the perceived right, nay duty, of Britain to inflict itself militarily across the globe as it sees fit. That this persists even when its capacity to do so effectively is in serious doubt is what fascinates me.

The emergence of Britain at the time when industrialisation was in its infancy and the way that the idea of Britain became associated with the emergence of the working class is also a factor in the continued persistence of the imperial notion. As the prosperity of the country increased during industrialisation it can't but have had a profound impact on the people's perspective on the world. In fact it could be claimed that the relationship between the working class and the imperial culture was symbiotic rather than a contradictory one and to the extent to which that imperial culture changed it changed on the basis of that symbiotic relationship. Heroic images moved seamlessly from Horatio Nelson to Tommy Atkins without a serious mis-step.

There was a time just before the First World War when there existed the possibility of a shift in working class perspectives. The emergence of the non-craft unions, the 1911 strikes and the expressions of solidarity among the British working class for the 1913 Dublin Lockout seemed to indicate the possibilities of a break to a more independent working-class outlook on the world. But then the First World War happened and all the groundwork previously laid down by the likes of Randolph Churchill and Lloyd George did what it was meant to do - ensure the basis of a continued working-class

affinity with the imperial perspective.

But let's not forget Robert Blatchford. More than any other working-class leader, Blatchford was aware of the limits of the British working class when it came to its imperial instincts. His Clarion movement was probably the most successful manifestation of the social mobilisation of the British working class in history. It reached into all facets of working-class life and embraced every conceivable aspects of working-class experience from the idea of Labour Churches to Cycling Clubs. It's difficult for us today to comprehend the sheer scale of his success with that movement and it's now something that's effectively been pushed to the margins of history by the Marxist historians that have set our understanding of working-class history since.

Blatchford achieved the success he did because he understood the relationship between the British working class and its imperial context. For that reason it was Blatchford's perspective that became the effective counterweight to any possibility of the emergence of a widespread non-imperial outlook among the working class in the decades prior to the First World War.

Then the war that changed everything happened. But not so for the British working class. There emerged the Labour Party as the main political expression of the working class interests but that party had by now received its political education from elements of the Liberal Party and as such provided no real threat to the prevailing way that the world continued to be perceived by the working class. The Irish democracy was defied by the use of the British Army without any serious dissent, The General Strike came and went without any real impression being left on the mass of the working class, the Great Depression happened with the most significant expression of working-class assertion being the hunger marches. And so on.

In the meantime, while the other "advanced" countries produced mass communist movements in response to the experience of the working class the British communist movement remained paltry in comparison. And Britain continued its imperial mission in Malaysia and Kenya without any serious challenge from the people.

There are obviously millions of people in Britain who work but there is no longer a British working class. The class that was given existence by the unique

experience of industrialisation no longer exists in sufficient numbers to exert a political influence in the same way it did in the past. That class came and went without any discernible influence on the imperial outlook which defined and justified Britain's actions in the world. While it influenced the evolution of the British State and it influenced the domestic policies of that state, it failed to alter that core component of Britishness.

That core component continues to exist as something independent of political influence in a most wondrous way. The explanation as to why it continues to exist in a post-industrial age was best explained some years ago by a First Lord of the Admiralty who was interviewed on the radio on the occasion of his retirement. Asked to explain why the British Exchequer should continue to sustain a significant Royal Navy while the NHS was in dire need of funding he responded by pointing out that a merchant ship hijacked in the Horn of Africa or anywhere else in the world created financial reverberations in the insurance markets of the City of London - irrespective of who owned that ship. It was the Royal Navy's duty and responsibility therefore to police against such possibilities and to do that required a significant navy.

Thus it occurred to me how the imperial perspective has managed to evolve independently of the erosion of the economic basis from which it originated. But it could only have succeeded in doing that because of the continuity of its existence from the time of its emergence to the present day. Yet, while we can rely on the First Lord of the Admiralty to provide a practical explanation that justifies the naval expression of that perspective (the Royal Navy was ever motivated by practical need) the real danger comes from the fact that the perspective continues to underpin the military adventures that are both justified and continue to reinforce that perspective.

My thoughts on Britain and its continued existence were provoked by the way in which the imperial perspective has survived the potential threat of a working-class alternative and the dissolving of the economic conditions which originally enabled it to flourish. As such it has to be seen as something that exists independently of economics and politics and therein, to me, is the nature of its wondrousness.

# Nordstream 2, Germany and the US

Jack Coldrick

I'm increasingly getting the feeling that the current security crisis in Ukraine is being fuelled by this issue.

Ultimately, the final decision was in Germany's hands and the agreement between Merkel and Biden was an acknowledgment of that fact. But the dynamics seem to have changed after the German election and this is reflected in the mood music coming from Germany. I don't think it's a coincidence that the Ukrainian security crisis was significantly cranked up after that election.

The Merkel-Biden agreement attempted to balance Germany's assertion of her energy interests with the American geopolitical strategy of "protecting" Europe from Russia. But it was an agreement signed with a German government that was about to receive the last rites in the forthcoming election - something that was already being predicted in July.

It's surely not possible that the US, with all its sophisticated intelligence-gathering machinery, was not aware of the fact that the German government was a "dead man walking" at the time it signed the agreement? And it's surely not possible that it didn't have some general idea of the political position of the likely government that would replace its co-signatory within a matter of months? In fact it wouldn't surprise me if the US was not already in consultation, through unofficial channels,

with the likely parties involved even before the German election.

Then, magically, and in record time after they were elected, the parties to the new German coalition manage to agree the make-up of their new government just before the scheduled Nord 2 sign-off. The new government then used an excuse for refusing it that somehow nobody noticed earlier.

The economic case for Nord 2 is unanswerable and the new German government knows that as well as anyone, but this is, and has never been, purely about economics. The US ensured that was the case when it threatened sanctions if Nord 2 went ahead. It was the strength of the economic case for Nord 2 that forced the US into such an extreme threat against its allies. But because that threat had the potential to alienate its allies it needed to find a way to appear to walk back from it if the opportunity arose.

Such is the economic power of the US that it was never likely that it would have to make good on its threat to its European allies - after all they are allies not on the basis of any sense of economic equality. It was always going to be enough that the threat was made. Then, having introduced reality into their relationship through the issuing of the threat the pretence of the nature of the relationship between the US and its allies had to be reconstructed

through the dead letter Biden-Merkel agreement.

The US, in signing that agreement, was undoubtedly aware of the limited political shelf-life of its co-signatory. It was also aware of the likely susceptibility of her successors to taking a different position on Nord 2. But of course the US could never know for sure.

It was still possible that Nord 2 would arrive in the aftermath of the new German government. After all, even if its instincts were to prevent it, the decision to stop it would depend on whether the new government could withstand the pressure of increased energy costs and the resultant consumer/electorate backlash.

To prevent such an outcome the US could rely on its capacity to create a crisis with the help of its Ukrainian creature. Between them and with the help of the U.K. they have been attempting to amplify the crisis with Russia in order to elevate the level of anti-Russian sentiment among the European electorates to an extent that nullifies the inevitable consumer backlash from any abandonment of Nord 2.

Of course in all of this the US can also rely on the capacity of the Green Party in the German coalition to sustain its zealous anti-climate-change agenda which views Nord 2 as a disaster for the planet.

## Toward a socialist foreign policy:

Introduction to helpful sources of geopolitical analysis (No.1, February, 2022)

- Michael Murray

December last the UN General Assembly voted overwhelmingly (130 majority) for a motion condemning the glorification of Nazism, neo-nazism and all forms of racism - past and present.

So what? You might ask. Ought not we expect that from the UN, an institution set up by the WWII victors to prevent Nazism ever happening again?

Yet, - 2 countries voted AGAINST: US and Ukraine. 49 ABSTAINED. On a vote condemning Nazism and racism ?

Included in the 49 abstentions was the UK.

The 49 abstainers on this motion were mainly the pro-US delegates.

How could a vote like that happen in 2021? Craig Murray was only recently released from a Scottish jail for attempting to function as an independent journalist. Labour's Jack Straw once sacked him from his diplomatic post in Uzbekistan - for not turning a blind eye to "information-gathering," using torture, by one of "our" tyrants there. So, he's not afraid to tell it like it is:

*"The truth about why the voting went this way? NATO intends to use the descendants of Eastern European Nazism against Russia much as Hitler did."* He has in mind mainly Estonia, Lithuania and Latvia - and, of course, the Ukraine.

Echoes of Trump's right-hand man, Tillerson, here: *"We only condemn the human rights failings of our adversaries."*

Of the UK main stream media, only the Independent reported the vote, to my knowledge.

**Go to YouTube and enter: Alexander Mercouris: 'Russian Invasion scare' Unravels, Ukraine Breaks Ranks with US/UK, Denies Russian Invasion Pending**

- You're in for an eye-opener: as I had my eyes opened hearing so many senior Ukrainian government officials distancing themselves from the US/UK contrived hysteria about an imminent Russian invasion including the Ukrainian Prime Minister, and the Chief of Security and Defence Council both saying there was no need for Ukrainians to panic; that a Russian attack was not anticipated.

Also:

**Go to YouTube and enter: Alexander Mercouris: Theatre of the Absurd: UK's surreal Claim of Moscow's Plot to install 'Puppet Govt' in Kiev**

It does what it says on the tin: exposes another big lie of this phony war. Again, echoes of the Iraq "Dodgy Dossier" playbook.

- Locating these videos will lead to other well-researched sources, reporting almost daily on Ukraine and other geopolitical hotspots.

## Where will the money come from?

Dave Gardner

*Funding for universities through student loans: why this is a nonsense*

In a previous article I noted the inequality in funding between universities and vocational education. Universities get roughly five times as much money per student as do FE colleges. We are still to see per capita funding in the FE sector returned to the level that it was at before austerity bit in 2010. If the same level of funding was applied to vocational education as it was to university studies you can be sure that young people would be flocking to colleges.

However there is a major catch. Since 2011 it has been government policy to fund student tuition in universities through loans. Fees cost £9250 per annum (more than the cost of teaching a typical degree thus cross subsidising university based research) and loans are available for maintenance as well. A 4.5% compound interest rate applies to your loan from the moment you register on a university course. It is far from unusual for graduates to exit university after 3 years with a debt of £50,000 and mounting. The dogma that living away from home is a necessary part of the university experience exacerbates the problem. As these loans are written off after 30 years, only about half of the money lent will ever be repaid. The rest is on the books as government debt, which we are told, will have to be paid off. In the meantime, graduates have to find a job, start a home, raise a family and all this with a massive (although time-limited) debt hanging over them. It is now proposed that such a loan system be extended to non-university students, those on vocational courses. A rare glimpse of sanity is to offer adults who do not yet have a level 3 qualification the opportunity to get one without paying for it, but for the rest the loans dogma blights the years of early adulthood.

How did we arrive at this lunatic policy that loads students and the government with debt? The government debt we can ignore, as it is a fiction. The government marked up the accounts of students with created money about which it creates the fiction that it was borrowed from somewhere. But the debt is real enough for the unfortunate young people who have to take it out.

The idea of 'human capital theory' is that individuals will invest in

their education up to a point where a discounted lifetime net revenue gain disappears. So, since the so-called graduate lifetime earnings premium will exceed the cost of the loan they can and should take out the loan because they have an economic incentive to take out the loan. This is 'economic rationality' a dogma of economists and politicians who prefer to think in abstractions rather than the realities of life. One obvious objection to this scheme is that it fails to take account of relative earnings. If graduates are doing non-graduate jobs and are squeezing perfectly competent non graduates out of jobs that they could otherwise do, then the 'premium' is illusory. Only if there is a demand for graduates to do jobs that only graduates can do will there be an absolute premium and there is plenty of evidence that this is far from being the case.

*There is no problem about paying for education. The problem lies in deciding what education is worthwhile.*

But the problem is much wider than this. If our society believes that education is an investment in creating economic and other resources that it values, then there is no reason why it should not finance educational investment up to the point where further investment will not yield any further resources. Rather than an idiotic policy of loading young people with debt for courses they may feel forced to take in order to remain in the labour market, the government can pay universities and colleges for what they consider to be worthwhile education, vocational or otherwise. And they can take a generous view of this, recognising that some courses, for example in the arts may not make an immediately obvious contribution to national wealth but may do so in more subtle ways. But the biggest idiocy lies in the fact that carrying an enormous debt at the beginning of one's adult life is a crushing and demoralising burden that blights morale and inhibits the formation of households and the raising of families. Without these there is little hope for a society.

*Labour Affairs* has now argued for some time that a sovereign currency-issuing state like the United Kingdom is not money-constrained but resource-constrained. Investment in education should increase the productive powers of the society, not only through higher

levels of skill but through creating a civilised environment which in turn will attract investment. We have also argued that the model of university education prevalent in the UK is not necessarily an unqualified good and that a good case may be made for more locally and vocationally oriented institutions to take more of the load of educating 16+ year olds. This can be done without prejudice to allowing people, either when they are young or later in adult life, having the opportunity to pursue some personal study of their own. Indeed, we think that this should be a right of every worker. There is now slight but growing evidence that some companies realise that it may be better to employ school leavers and put them on apprenticeships in order to develop the specialist skills that they need.<sup>1</sup> Let us hope that this will be a growing trend. A major incentive for young people taking this route is that they will escape the crushing debt burden of attending university.

Education is obviously an investment. Today's young people form the main resource of any economy and if education is needed to make them productive in the broadest possible sense then money should be no object. Quite apart from direct economic gains in terms of productivity, allowing young people to form families and raise children seems to be an obvious way of ensuring that the society retains and renews its productive powers.

So who should be paying for vocational education? We suggest that the State should take a considerable burden, ensuring that colleges and equipment are built, suitable workers from industry are tempted into teaching and paid properly to do so and that investment should be directed to those parts of the country that most need it in a partnership between local authorities, trade unions and business associations working together to see that educational investments are wise and efficient and that other facilities such as transport are available, not to mention financial incentives of various kinds to encourage firms to locate there. However, businesses need to make a significant contribution as well as they

<sup>1</sup> <https://www.ft.com/content/5def6c76-4669-4e7c-8a07-b4bd5f153914>

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## How to Pay for it - 150,000 new council dwelling per year at social rents.

By Michal Lerner

To win the next general election, Labour must give bold answers to the question 'How will you pay for it?'. Let us therefore imagine an interview between an interviewer (I) and a member of the Shadow Cabinet (L) and suggest how the dreaded question should be dealt with in the context of providing 150,000 new council dwelling per year with at social rents:

I: At the 2021 Labour Party conference a motion was passed, to build 150,000 dwellings with social rents per year for the next 10 years. How will Labour pay £25 billion per year to achieve this?

L: The UK is a currency issuing state and so a Labour government would pay for it the way all currency issuing governments pay for things. It will instruct the Bank of England arrange the payments to those from whom the government wishes to buy products and services.

I: But suppose there are not sufficient funds in the government account.

L: Then the Bank of England will give the government a loan. The Bank of England will increase its liabilities by putting money into the government's account. It will then register the loan it has just given the government as an asset on the asset side of the balance sheet. This is sometimes referred to as expanding the balance sheet. It is all smoke and mirrors. The government owns the Bank of England, so it's effectively lending to itself. Note that the ability

of the Bank of England to create money came about in 1973, when the Bretton-Woods gold standard was abandoned. Before 1973, the Bank of England's ability to create money would have been limited by the amount of gold it possessed. Nor was it needed. There was not the bitter hostility to tax-and-spend that happened later. Money for social needs was always there. And wealth creation was at least as good then, in an era where business interests were not given everything they said they needed.

I: But the Bank of England is an independent institution. It might disapprove of this expenditure and refuse to make the payments.

L: By law the Bank of England must make any payments authorised by the elected representatives of the people in Parliament. It would be strange if the Bank of England could refuse to obey decisions taken by the elected representatives of the people in Parliament.

I: So the government does not need to borrow or tax to finance its spending?

L: The government of a currency creating state never needs to borrow or tax to finance its spending. As a currency creating state it has limitless money. But it is highly likely that it will choose to issue bonds or to levy taxes for other reasons.

I: But if it has limitless funds why does it choose to issue bonds and borrow?

L: For the most part bonds are

a form of welfare for those with savings who would like to put their money in a riskless asset which earn interest. So one could have some sympathy for granny bonds as a form of pensioner welfare. Another example might be war bonds which would also allow workers to earn interest on savings that they cannot spend. Which may also keep them onside for the duration of a war. Occasionally bonds might be used to regulate the interest rate on overnight borrowing between banks. But bonds are, most certainly, not used to borrow money to finance spending.

I: If a government has limitless funds why does it need to levy taxes?

L: Our individual experience of taxation is that we transfer money from our bank account into a government account at Her Majesty's Revenue Commissioners (HMRC). From our point of view, we are giving money to the government. But a currency creating government has a limitless supply of money. Its ability to spend is not increased by our money since it can always create as much money as it needs. (Rishi Sunak increased state spending by some £400 billion without raising taxes.) Yet a government does need to levy taxes to implement its policies. Since it does not need our money, we can only conclude that it must have some other reason for levying taxes.

I: What other possible reason could it have for levying taxes if it does not need tax revenue?

L: Having to pay taxes means that you can consume less of the products and services for sale. These products and services then become available to be bought by the government so that it can implement the policies on which it was elected. A currency creating state may have limitless money, but it doesn't have limitless resources. The purpose of taxation is to free up resources, not to raise revenues. A Labour government proposes to build 150,000 local authority dwellings per year for the next 10 years. The question that needs to be asked is, are the resources

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will be major beneficiaries of any such investment. The existing apprenticeship levy is one way in which businesses will contribute and, as *Labour Affairs* has argued, this should be expanded deep into the SME sector. A wealth tax can ensure that money is directed from wealthy individuals in wealthy regions to areas in need of investment and can be used to finance locally based banks.<sup>2</sup> Civic and individual components of vocational qualifications can be funded by the state as they are in Germany.

In short, there is no lack of funding for vocational education. The political challenge lies in mobilising and co-ordinating resources so that they are focused on the deindustrialised parts of Britain. A government serious about levelling up would be doing this. An opposition serious about it would be advocating a huge injection of money into the business of levelling up and would work with its regional leaders to develop a plan to do so.

2 <https://www.ft.com/content/7c23d4b3-d7dc-4543-9ef1-c59aa6b11e0d>

(land, workers, materials) available to do that. In 2022 the resources are most likely not available to do that. The issue of land availability is particularly complex. There's a fixed amount of land and it's not mobile. As regards workers, certainly the plumbers, bricklayers, roofers etc. are not available to build 150,000 homes per year. Available, in this context, means that plumbers, bricklayers, roofers etc. are looking for work. If they are currently employed by the non-government sector then they are not available for employment by the government.

I: But you said the government had limitless funds. Why doesn't it just offer higher wages than the private sector?

L: The government could lure these workers from the private sector by offering them higher wages. However this would have inflationary consequences which are best avoided.

I: So the houses won't be built?

L: We have many unemployed and underemployed workers in the UK. The government could develop a plan to turn them into the skilled workers it needs to build 150,000 dwellings per annum. Once this skilled workforce is in place, housebuilding can begin.

I: So nothing will happen for years?

L: Not if it depends on training a currently unskilled work force. However, the government could use taxation to acquire the resources it needs to build at least some of those 150,000 houses per year.

I: How specifically would taxation give the government the resources it needs?

L: Suppose the government determined that many of the skilled people it needed were employed in building hotels. It could introduce a tax on hotel building that led to a cut in hotel building. The workers previously employed in hotel building would then become unemployed and could be available for employment in the government's house building program.

I: Would taxing hotel building release enough workers?

L: Most likely not. And you might not even want to cut hotel building.

But at least now we are thinking about the problem in the right way. We are thinking about where to get the resources needed to complete the building work and not about how we pay for it. Paying for it is not a problem, if the resources (land, materials and skilled workmen) are available to be bought. As Keynes once said, "Anything we can actually do, we can afford". By which he meant, if the resources are there to do the task, paying for it is never an issue. Keynes should have also said that the political will has to be there too.

I: Surely all governments want to see more houses being built?

L: Thatcher's agenda in 1979 was reduction of the size of the state and development of the market and private enterprise. Local authority spending on housing was seen as competing with the private sector and therefore something to be stopped. The figures for England show how successful she was.

Successful in destroying public housing. High prices are nice for those who already own a house or flat. And for the big buy-to-rent sector. But today's young people find it much harder to buy a home, unless their parents can afford to buy one for them. Many can't even afford to rent, and are unable to leave home. Thatcher's dream of a 'property-owning democracy' has failed. And when Jeremy Corbyn promised to be radical, young voters were strongly pro-Labour.

In **1969-70** the % of dwellings started by private enterprise, housing associations and local authorities was 51.8, 3.3, 44.9 respectively. Some 300,00 dwellings were built in total.

In **1979-80**, when Thatcher came to power, the % of dwellings started by private enterprise, housing associations and local authorities was 63.6, 7.5, 29.0 respectively. Some 210,000 dwellings were built in total.

In **1997-98**, when Labour returned to power, the % of dwellings started by private enterprise, housing associations and local authorities was 87.3, 12.6, 0.2 respectively. Some 150,00 dwellings were built in total.

**18 years of Tory rule had resulted in local authorities building less**

**than 1% of dwellings.** Total dwellings built had declined from 210,000 in 1979 to 150,000 in 1997, compared with 300,000 in 1970.

In **1969** local authorities built some **135,700 dwellings**. In **2021** they built **1,650 dwellings**. Thatcher's agenda was complete. Local authorities were building very few council houses, and very few dwellings were available to people at a social rent. Labour now proposes to reverse this. Which is to be welcomed. It will need massive planning and political will to put the resources in place to make it happen. Paying for it will not be an issue.

I: Let me summarize what you have said:

If a UK government wants to build 150,000 dwellings per year and if the resources (skilled workers, materials, land) are currently unemployed and available to be hired and bought then a currency creating government can achieve its objective by creating money to hire these workers.

L: That's correct. Always remember Keynes. If it can be done, it can be afforded.

I: But the resources may not be available. A government has then to work out how to get those resources. If there are unemployed workers they could be trained to learn the required building skills. This will take time but it may be the only option.

Alternatively the resources may exist but are not available for hire because they are already employed by the private sector. In this situation the government could use taxation to free up those resources.

L: Yes. The purpose of the taxation is to free up resources and not to raise revenues. And increases in taxation will typically have to be argued for politically. And the vested interests of the private sector will be strongly opposed to local authorities building dwellings to be rented at a social rent. The availability of land may be the most complex issue that a Labour government, intent on building 150,000 dwellings, has to deal with.

I: So there are many obstacles to building these 150,000 dwellings?

L: True. But paying for them is not a problem.

# The financial implications of the Right to Buy scheme

By Eamon Dyas

The Thatcher legacy that began as practical policies in 1979 and which continues to permeate British politics was based on a strategy consisting of three components. Firstly, the oft-repeated mantra of the need to roll back the influence of the “Big State” – a euphemism for the dissolution of the socialised economy that had evolved since the war. Secondly, the need to shift the electorate’s perception of the State’s primary role from one which saw it as responsible for the protection and welfare of its citizens to one which laid greater emphasis on its role as the “balancer of the budget”. And thirdly, to inculcate the idea of “a property-owning democracy” among the populace.

These components were viewed at the time as the three-legged stool on which the Tory strategy rested with each leg performing a role that supported and enhanced the strength of the others.

But, in reality, this was not easily achieved. Examined more closely we find that, as things turned out, the object of achieving “a property-owning democracy” via the Right to Buy scheme was to sit uncomfortably with the idea of “balancing the budget”. The extent to which this was the case, and the means by which that discomfort was overcome, will be explored in the following account of those events.

Looking back from a time in the 21<sup>st</sup> century when easy credit is the norm and a willingness of the populace to take on credit seems to be infinite, it is difficult to envisage just how different the current financial environment is from that which existed in the 1970s and early 1980s. At the time when Thatcher and Heseltine (for it was he who was the more enthusiastic exponent of the Right to Buy scheme) were encouraging council tenants to purchase their council properties under the 1980 Housing Act there existed a marked antipathy among a considerable component of the working class to enter into any arrangement involving significant levels of debt.

But there was also the issue of working-class access to such credit. Irrespective of the level of cultural resistance to credit, if it was not available in the first place the limits of that resistance could not be tested. In other words, the provision of such access was a necessary precondition to the erosion of that cultural reluctance. In order to meet this cultural challenge, it was necessary that the council tenants involved not only be induced by generous discounts, but have the financial means of taking advantage of such inducements. Short of handing over such homes for free this required that the hundreds of thousands of council tenants have access to a mortgage funding pool capable of facilitating their needs.

Traditionally, the building societies were the main suppliers of mortgages and at the time of the arrival of Thatcher’s government in 1979 they virtually monopolised the

mortgage supply industry.

However, they were highly conservative when it came to who and for what they were willing to dispense such mortgages. They were also obliged to prioritise existing members seeking loans, and while many council tenants were also members of building societies the council tenant was not seen as the typical customer of the building societies at this time. Nonetheless, the heavy discounts associated with the Right to Buy scheme meant that the building societies were more than willing to get involved in the provision of mortgages for council tenants. As one commentator explained it:

“Before 1980, building societies were cautious about lending to fund Right to Buy purchases. In the event, however, high discounts made the risks associated with private sector lending to Right to Buy purchasers very low, and this increased the willingness of building societies to finance Right to Buy purchases.” (The Right to Buy: Selling Off Public and Social Housing, by Alan Murie. Published by Policy Press, University of Bristol, 2016, p. 81)

But even though they were to view the provision of Right to Buy mortgages positively, the funds that building societies had at their disposal were limited by the savings invested by their members and those funds were totally inadequate to meet the anticipated sudden demand for hundreds of thousands of additional mortgages that came in the wake of the Right to Buy scheme.

Nor were the banks capable of providing mortgages for council tenants on the scale required by the Right to Buy scheme. At this time the banks were not real players in the mortgage industry. Insofar as they were involved at all it was in the small rarefied sector of the high-end housing market.

And yet, the Right to Buy policy was arguably the most significant success of the Thatcher legacy – a success despite the initial opposition and extensive obstruction by Labour at Westminster and in local government (covered in a previous article in this series). The question that needs answering is how was this significant social engineering feat funded if it wasn’t primarily through the building societies or the banks?

An obvious source for such funds would have been central government but the Government of the day had been elected on the basis of a commitment to “balancing the budget”. Reducing the Public Borrowing Requirement was one of Geoffrey Howe’s prime targets in his first budget as Conservative Chancellor in June 1979 and at the time:

“Government expenditure plans provide for a reduction in public expenditure housing in England from £4.256 million in 1980-81 to £2.230 million in 1983-84, a 47.6% reduction. Similar cuts are to be made in Wales and Scotland, so that, as the House of Commons

Environment Committee (1981) pointed out, housing expenditure will only account for 2.9% of total public expenditure in 1983-84, but accounted for 5.4% in 1980-81. The planned reduction in housing expenditure is thus a major feature of the government’s medium-term financial strategy.” (Housing Policies in the United Kingdom, by Danuta Jachniak. Published in Built Environment, Vol. 8, No. 1., 1982, p. 7).

This made it impossible for the Government to take any active part in the direct provision of mortgages to finance the Right to Buy scheme. Instead, the Government restricted its activities in this regard to one in which it sought to cajole and entice the established sources of such funds – the building societies and the banks – to increase their efforts in this area.

## Building societies and banks as suppliers of Right to Buy mortgages.

In the Summer of 1979 the Government had attempted to entice the building societies to be more proactive in the supply of mortgage loans to council tenants but this proved to be only marginally successful with the building societies arguing that its lending capacity was reliant on its ability to increase saver deposits. In that context, the recently appointed chairman of the Building Societies Association, Leonard Williams, criticised the action of Government in diverting public savings away from the societies into the increasingly attractive Government National Savings and gilts scheme then being promoted. Although at this time building society deposits had remained healthy enough to ensure they were capable of lending to the extent of £700 million a month, the rise in property prices meant that this figure was proving inadequate to meet even the demand for conventional mortgages. In other words, because of a 29% rise in house prices the number of conventional mortgages that the £700 million could service had dropped by almost a third from the year before. (See: Mortgage Men Hit Back, *The Guardian*, 3 June 1979, p. 24).

The banks, on the other hand, were also in competition with the building societies and Government National Savings products to attract public deposits. From some years past the banks had been arguing that the building societies had unfair advantages when it came to attracting saving accounts from the public. With the arrival of the Conservatives in Government the banks saw the introduction of the Right to Buy scheme as an opportunity to abolish those advantages. Within weeks of the arrival of the new Government, Robin Leigh-Pemberton, then chairman of the National Westminster Bank (he was later to become Governor of the Bank of England), made a public declaration critical of the continued advantages enjoyed by the building societies.

Among the advantages which building societies had over the banks was that they



paid tax on behalf of their depositors at an agreed "composite rate". That "composite rate" was determined between the societies and the Inland Revenue. Because this rate was generally lower than the income tax rate, the banking interests argued that it acted as an inducement to those depositors subject to income tax to place their funds with building societies rather than the banks. The building societies also paid a lower rate of corporation tax and were not liable to capital gains tax on sales of Government securities if they were retained for more than a year. Added to this was the fact that as mutual non-profit organisations they did not have to pay shareholder dividends and remained outside the financial system for the purpose of monetary and credit controls.

When it came to attracting depositor accounts the banks argued that these advantages constituted unfair competition and were responsible for the changed circumstances since the early 1960s which had led to the building societies becoming the main custodian of the public's savings during that period.

"This is demonstrated startlingly by an analysis of the distribution of deposits in the United Kingdom in the period 1962 to 1976. In 1962 the London clearing banks controlled 43.4% of the sterling deposits of UK residents other than banks. At the same time the building societies controlled half as much at 21.2% of sterling deposits.

"Move on 10 years to 1972 and the London clearing banks share has plummeted to 30.7% and the building societies have overtaken them with their control of some 35.6% of the deposit market. This is broadly equal to £13.3 billions compared with just £3.5 billions 10 years earlier – and that is before Britain was overcome by the great inflation of 1973 and beyond.

"In the mid-sixties the banks managed to pull back some ground and their share had recovered to 34% of the deposit market by 1974 before drifting down to 31.2% in 1976. Over the same period however the building societies were steadily gaining ground increasing their deposit base to £26.3 billions – or 37.7%. A far cry from the 21.2% market share of 1962.

"Clearly then the building societies have taken over the clearing bank's role as the largest recipient of deposits in the High Street – a not unimportant part of the clearing banks' business. Without their large small deposit base the banks have had to turn to the "wholesale" money markets for funds where they cost more and this could in many cases mean that borrowers from the banks – whether they be major corporation or an individual have to pay more for their money." (The Banks Hit Back at 'Menacing' Competition", by Alex Brummer. The Guardian, 23 May 1979, p. 21).

The leading position that the building societies occupied by way of attracting depositor accounts was reflected in the even more commanding position they held when it came to supplying mortgages. In 1979, the year before the Government's Right to Buy policy became the law through the 1980 Housing Act, building societies were

supplying 95% of the total mortgages to the housing market generally.

Yet, as indicated earlier, despite their commanding position, the building societies by the end of the 1970s were still not in a position to meet the growing demand for mortgages due to the way in which house prices continued to rise. This meant that the available building society funds were only capable of sustaining a smaller number of mortgages with each rise in property prices. Ironically, in many ways it was the success of the building societies in attracting depositor accounts throughout the 1970s that fueled the very property inflation which diminished the number of mortgages they could issue each year. With the growth in depositor accounts came the capacity to provide more and bigger mortgages but that very aspect of their activities provided a stimulus for house price rises that in turn diminished their capacity to meet the growth in demand for individual mortgages. And this was the case even prior to the opening of the Right to Buy floodgates.

With regard to the banks: although they were in a worse position to service the anticipated demand, they recognised that the Right to Buy represented a potential change in the nature of the mortgage market both in scale and volume that was here to stay. The Right to Buy would not only represent a significant growth in the residential property market in the UK but that growth would manifest itself in terms of the continuing demand for further mortgages further down the line. Such a demand would not only be sustained in the annual take-up by council tenants of their Right to Buy as ever-growing discounts enticed new sales (the right to purchase council flats also subsequently came on line as well as the idea of shared ownership) but also in terms of the next generation of resale of such properties by council tenants wishing to move on and take advantage of the equity between what their property was now worth as against the discounted price they paid for it.

All in all, as far as the banks were concerned, the Right to Buy scheme had ensured that the mortgage sector would become an area which promised the prospect of continual growth for the foreseeable future. As a result, and despite the continuing disadvantages they laboured under when compared to the building societies, we see a growing interest by the banks in this sector. In the summer of 1979 Lloyds Bank and the Midland Bank announced their involvement in the lower end of the mortgage scale for the first time with the Trustee Savings Banks making similar announcements.

Then, in August 1979 the Government announced that it was to undertake a review of the mortgage market. Among other things, the review was to look at how financial institutions could be enticed into a greater commitment to the mortgage provision market and was to be led by the financial secretary to the Treasury, Nigel Lawson. (See: Lawson Head Hunts for Extra Home Funds, by Colin Brown. *The Guardian*, 18 August 1979).

After the Trustee Savings Banks announced plans to provide mortgages for

the Right to Buy scheme the Treasury entered into discussions with them to establish the rate of interest to be paid by the tenants for such loans. These discussions continued in September and October of 1979. The ongoing context of these discussions was reported in the *Guardian*:

"The move will be welcomed by the building societies which provide around 95% of the mortgages granted in Britain. Mr. Michael Heseltine, Secretary for the Environment, has been pressing the societies to finance council house buyers but to date the pressure has been resisted because of the shortage of funds available. . .

"The demand for mortgages, which is incapable of being satisfied by the building societies, has apparently pushed the TSB into entering the market sooner than originally planned. However, only a relatively small proportion of the banks total assets of £5 billion will be committed to financing house purchases." (TSB Set to Lend for Council House Purchase, by Kevin Page, the *Guardian*, 1 October 1979, p. 18).

As things turned out, just like the efforts of the Government to extract the required investments from the building societies and the High Street banks, the involvement of the Trustee Savings Banks was to prove incapable of meeting the anticipated shortfall in council home mortgage requirements. The result was that, at least at the outset, the bulk of the pressure for such mortgages was to fall on the local authorities themselves.

The outcome of this situation has been explained in the following terms:

"Under discretionary sales policies most mortgages appear to have been provided by local authorities, which effectively replaced one debt with another that would be paid off, and yield receipts slowly. In the event, the proportion of Right to Buy sales in England financed by the private sector was 41% in 1981-82, 57% in 1982-83, 70% in 1983-84, 79% in 1985-86 and 93% in 1987-88. This pattern meant that public sector debt was transferred more quickly to the private sector, generating a windfall gain for the government." (Murie, op. cit., p. 36).

To provide perspective on the extent of local authority involvement as mortgage suppliers for the Right to Buy scheme, based on the above figures, it is worth considering that in England in 1981/82, 59% of the sale of 66,321 public property housing was funded by a local authority mortgage; in 1982/83, 43% of the sale of 174,697 such properties; in 1983/84, 30% of the 120,659 properties; [the percentage of the 1984/85 figure of 86,315 is not provided]; in 1985/86, 21% of the 78,433 properties; [the percentage of the 1986/87 figure of 77,114 is not provided]; and by 1987/88 a mere 7% of the 86,845 properties sold was facilitated by a local authority mortgage. (These figures are extrapolated from percentages supplied on p. 36 and table 4.1 on p. 66 of Murie, op. cit.). There is no reason not to believe that a similar statistical profile regarding percentages of local authority mortgages did not apply to sales in the rest of the U.K.

What this shows is that, in the initial years

of the Right to Buy, local authority mortgages were critical for the sale of council properties under the scheme. Their involvement as mortgage suppliers then fell dramatically from 1984 onwards.

The gradual supplanting of local authority mortgages by private sources was made possible by a number of fiscal and economic changes that provided a more favourable environment for the banks. Firstly, in the 1970s the Labour government, in an effort to rein in the money supply, had introduced Supplementary Special Deposit Scheme which became known as the banking “corset”. The effect of this was to compel the banks to restrict their use of interest-bearing deposits. At the same time, between September 1971 and January 1981, the banks were required under what was called the Reserve Asset Ratio to hold at least 12% of their eligible liabilities in the form of reserve assets. The percentage of banks’ reserve assets allocated under the Reserve Asset Ratio was reduced to 10% of their eligible liabilities in January 1981 and this in turn was temporarily reduced to 8% between March and April 1981. The banking “corset” was abolished in June 1980 and the RAR was finally abolished in August 1981.

These measures, on the one hand, had lent themselves to a situation where banks were inhibited from expanding their customer base for interest-bearing products such as those offered by the building societies (which remained exempt from these measures), and on the other hand, curtailed the banks’ use of their assets in any lending activities. This led to a situation where, aside from the advantages enjoyed by the building societies explained earlier, the banks were significantly handicapped by way of their lending capacity which remained reliant on their capacity not only to attract depositor accounts but on the permitted ratios of their assets which they could advance as loans, including mortgages. Such constraints played a significant part in their inability to optimise their activity in the provision of Right to Buy mortgages.

It was the easing of these restrictions in the early years of the Tory Government that provided the banks with the encouragement to enter the mortgage market. But, why did it take over two years after the Conservatives came to power in May 1979 for them to abolish these banking constraints?

The reason was that any easing of these restrictions would have created a sudden rush of interest-seeking capital into the banks at a time when a major policy platform of the new Tory Government was to pursue a policy of reducing the money supply.

The main measurement for money supply at this time was what was called M3 (measured as the total money in circulation plus bank deposits). The constraints originally introduced by previous governments (the banking “corset” and the Reserve Asset Ratio) had the effect of restricting the money supply as calculated by this M3 measurement. This was because such constraints helped to deflect the interest-seeking investor away from the banks (where such deposits would be calculable under the M3 measurement of money supply). Conversely, these constraints

ensured that the interest-seeking investors would be encouraged towards the building societies where they would be invisible to that M3 measurement as building society accounts were not treated in the same way as bank accounts for the purpose of measuring the M3. This was also the reason why successive governments did nothing about the advantages enjoyed by the building societies explained earlier. These advantages and the additional constraints on the banks had sustained a situation where savers increasingly invested their capital with the building societies rather than the banks and in so doing facilitated a more favourable interpretation of the money supply measurement than would otherwise have been the case.

As long as significant interest-seeking capital was held in building society accounts it remained outside of the M3 measurement but if the banks were to suddenly become as attractive as the building societies for interest-seeking capital the M3 figure for money supply would expand significantly in a short space of time. Because of this, the Tory Government was, in the early years, being pulled in one direction by its avowed policy of restricting the money supply and at the same time aware of the need to ensure that the banks were in a position to take up the slack in the mortgage lending business that was necessary to its Right to Buy scheme. Hence, its delay in easing the banking restrictions at the time. It was the abolition of these restrictions by mid-1981 that in turn created the environment where the banks could play their role in supplanting the local authorities in council mortgage lending in the following years.

But, in the meantime, under a Government intent on dramatically cutting the Public Sector Borrowing Requirement how did the local authorities manage to supply a significant component of the Right to Buy mortgages for council tenants?

### **Local authorities as suppliers of mortgages.**

In the years before the introduction of the Right to Buy scheme thousands of council properties were sold to their tenants annually. These sales were usually facilitated through mortgages supplied from a variety of sources including building societies and directly from the local authority itself. But, while this was something that could be managed when the numbers only amounted to thousands of such mortgages annually, it was a completely different thing when the demand equated to around a hundred thousand of such mortgages each year. As has been shown, neither the building societies nor the banks had the resources to provide mortgages on the scale required and the Government, for policy and ideological reasons, was reluctant to provide a central fund from which such mortgages could be drawn. Nor were the local authorities in a position to generate the required pool of funds through their own efforts. At the same time that the Government was pushing the Right to Buy scheme it was drastically cutting the central government grant and introducing rate-capping legislation which prohibited councils from raising capital

through an increase in the rates. Therein, lay the conundrum of the funding of the Right to Buy scheme.

Looked at conventionally it was very much a mystery how, despite this situation, hundreds of thousands of council tenants were financially empowered to purchase their properties while neither the building societies nor the banks were in a position to provide the bulk of such funds and while local authorities were having their funding cut and prevented from exercising the means of raising extra capital by Government rate-capping legislation.

The explanation requires taking a step back from the conventional tripartite relationship between borrower, seller and mortgage provider. That conventional relationship involves a borrower procuring a negotiated loan from a third-party provider in order to procure the property from the owner. However, in the case of a local authority property, where the local authority acts as both owner/seller of the property as well as mortgage provider, this conventional model ceases to have a relevance. Additionally, the fact that the local authority, as owner of the properties being sold, was a public body which had no shareholders to answer to meant, in this instance, that they could arrange payment as their circumstances dictated.

In April 1979 Michael Heseltine opened the Tory election campaign at his constituency in Watlington with a speech that committed a future Conservative Government to giving council tenants the right to buy their council home. In the course of his speech he stated that “hundreds of thousands of council tenants could buy their homes at half the market value”. He also said that the Government would ensure that:

“100% mortgages would be available to those who wanted and could afford them. Some Tory local councils already did this. It would involve no new public spending because the local councils had already borrowed the money.” (‘Tories Offer Half-Price Homes’ by John Grigsby, Local Government Correspondent, Daily Telegraph, 9 April 1979, p. 10).

Thus, it was Heseltine’s claim that no new public spending was required for local authorities to provide up to 100% mortgages “because the local councils had already borrowed the money”. What Heseltine was referring to here wasn’t the fact that the local authorities had already made arrangements to borrow the enormous pool of capital necessary to provide such mortgages – even if the required volume of finance was available to be borrowed, such an exercise would have required every local authority in the country to have foreseen not only the outcome of the 1979 general election but also the way in which the Right to Buy scheme went on to overcome the significant country-wide opposition from Labour – an impossibility in April 1979, the month before the general election. No, what Heseltine was referring to was the fact that the council properties requiring the mortgages had already been paid for in their construction over the previous decades through the borrowing of



local authorities.

At the time of their construction these properties were never intended to become commodified as part of financial transactions between the council as landlord-seller and the tenant as purchaser. It was only at the point when a political decision was made to treat them as such through the Right to Buy scheme that those properties assumed the form of pent-up value. But, aside from the minority of instances where the council tenant had access to funds provided by a third party, it was a pent-up value which only became nominally realisable at the time of the transfer of ownership from the local authority to the tenant. In the absence of a third party willing to fund the purchase the local authority, acting under the instructions of central Government, had no choice but to be a party to this nominal financial arrangement.

The way in which the Right to Buy scheme was made to succeed without any visible financial means of support was because local authorities, as the owners of the housing stock, were also the providers of the mortgages which they nominally provided to the tenant in order for the tenant to hand back to the local authority. If we think about it in terms of a scenario where the local authority handed over tens of thousands of pounds by way of a mortgage to the purchaser in order for the purchaser to hand it back to the local authority the farcical nature of the “funding” becomes apparent. Because of this no actual finance was required between the mortgage provider, the purchaser and the seller because, in this instance, the seller who owned the property was also the mortgage provider. For that reason, the mortgage was merely a nominal mortgage.

Heseltine’s insistence that local authorities act as nominal mortgage providers was confirmed six months later on 18 October 1979, after the Tories had formed the Government, when he said:

“Tenants who buy will be allowed to demand mortgages from local authorities based on a proportion of their income of 100% of the purchase price – whichever is the less.” (Half-Price Council Homes on the Way, by Tom Utley, Political Correspondent, Liverpool Echo, 18 October 1979, p. 1).

So it was that a significant percentage of the mortgages provided to tenants wishing to purchase their council properties did not to come from third party sources but rather from the local authorities themselves and therefore involved no transfer of actual monies. All the local authority had to do was to agree with the purchasing tenant the terms under which the property would be handed over. Central to those terms was an agreement of the period of the nominal mortgage, the rate of interest of the nominal mortgage, and the monthly payment rates by which the tenant was expected to pay off the nominal mortgage. The phantom nature of the mortgage was further underlined by the fact that an important part of the overall arrangement was that Heseltine had insisted that the monthly tenant-purchaser’s repayment on the nominal mortgage was not permitted to be below the previous rent of the property

which the tenant had previously paid when it had been directly owned by the council.

Insofar as there was any reality to the phantom monies associated with the nominal mortgages it related to the value that had been embedded in the bricks and mortar through monies invested in council properties by local authorities over the previous decades. In some ways it could be seen as comparable to the manner in which fossil fuel is laid down over many years previous to its release as energy by subsequent generations. In similar manner the Government Right to Buy policy compelled local councils to suddenly release the monetary value of the properties that local authorities had invested in over many decades.

However, unlike fossil fuels which dissipate on the occasion of their immediate release, the monetary value associated with council property does not dissipate but, combined with the oxygen of the housing market, tends to expand through the process of equity created by the sale and resale of that property in an evolving property market.

In other words, the council property involved in the initial transaction stimulates a new injection of capital when the tenant-owner subsequently sells the property. At such a point the conventional mortgage taken out by the new prospective purchaser (through a building society or a bank) is used to pay off the outstanding capital that remained under the terms of the local authority arrangement with the original tenant. Up to that point, the council (or more accurately as it turned out, the Government and the council which equally shared the receipts) had not been in receipt of any actual money (the “monies” it was allocating to itself as both seller and mortgage provider remained nominal until then) and the mortgage repayments were merely substitutes for the rental the property previously generated.

Although the local authorities took up a large chunk of the initial mortgage demand created by the Right to Buy scheme, this did not mean that the building societies and banks were not aware of the opportunity offered by way of profiting from future transactions associated with the ongoing sale of council properties at the point when the original purchasing tenant went on to resell the property. This, and the abolition of the financial constraints represented by the banking “corset” and the Reserve Asset Ratio meant that these institutions went on to develop lending strategies which involved a significant targeting of residential lending in the years since.

Between 1980 and 2015 more than 2.8 million council and social rented dwellings were sold in the United Kingdom under the Right to Buy scheme. This generated £50 billion in capital receipts for the Government. (See Murie, op. cit., p. 65 and p. 82). But it doesn’t end there.

Within a generation many residential properties will have been sold at least once and the significant financial underpinning

which the Right to Buy scheme generated for the property market ensured that the capital expansion from that original base went on to provide an enormous stimulant to the wider property market, the reverberations of which we are still experiencing today.

The nature of the property market is such that each sale of a residential unit creates equity – the difference between the price originally paid and the subsequent price of the sale of that property. If we look at the capital that the Right to Buy scheme was eventually responsible for injecting into the property market through the commodifying of what had previously been public property the figures are quite staggering. According to the late John Hills, Professor at the Social Policy Unit at the LSE, although warning that there is some difficulty in arriving at an actual figure, he estimated that the accumulated discounts on council home purchases had accounted for equity of between £150-£200 billion by 2015, representing 3-4% of total wealth (Murie, op. cit., quoting Hills, p. 94).

This kind of capital injection into the residential property market inevitably created a distorting impact on the “mechanics” of that market in particular but it had implications for other aspects of the wider market as it tended to divert investment capital from other sectors to the one where growth is seen as not only significant but reliable.

It achieved that characteristic of reliability because, in a liberal democracy, any significant expansion of the numbers of residential property owners among the electorate ensures that the interests of those residential property owners has to be taken into account by the political parties contending for government. Because this element of the electorate is also more likely to vote than those who are not property owners, the political system becomes skewed towards serving their interests.

In other words, once the ball represented by the Right to Buy scheme was set in motion it created a situation where the continuing growth in the financial value of residential property became a political as well as an economic objective which subsequent governments felt obliged to sustain.

The way in which this was done and the way in which pursuit of that objective came to compound the housing problem will be explored in the next instalment.



# Parliament Notes



## Russia's Grand Strategy

*Bernard Jenkin initiated this debate on 'Russia's Grand Strategy', 6<sup>th</sup> January 2022. MPs on all sides were unanimous that Putin's Russia is the enemy and a danger to the West and the UK in particular, Labour MPs being particularly vociferous. The Shadow Foreign Secretary David Lammy lambasted the government for not spending enough on the army. However, there was one dissenting voice, that of Sir Edward Leigh. His was the voice of reason.*

[ps://www.parliament.co.uk/debate/2022-01-06/commons/commons-chamber/russias-grand-strategy](https://www.parliament.co.uk/debate/2022-01-06/commons/commons-chamber/russias-grand-strategy)

Sir Bernard Jenkin versus Sir Edward Leigh 6 Jan 2022

Jenkin:

The constantly high level of Russian military activity in and around Ukraine and the attention being drawn to it have enabled the Kremlin to mount a huge disinformation campaign, designed to persuade the Russian people and the west that NATO is Russia's major concern, that somehow NATO is a needless provocation—I am looking at my right hon. Friend the Member for Gainsborough (Sir Edward Leigh), because I cannot believe how wrong he is on this—and that Russian activity is just a response to a supposed threat from NATO. That is complete rubbish.

Leigh:

I make no apology for President Putin and I do not defend him in any way, but I think the mistake of this debate is to assume, if there was any other conceivable leader of Russia, that their strategy would be very different. Many Russians felt deeply humiliated at the loss of territory that formerly belonged to the Soviet Union, and we constantly hear about the invasion of Crimea and the Donbass region. We hear very little in this Chamber about the fact that Crimea was of course part of Russia for 200 years. It was signed away by the pen of Khrushchev, without the Crimean people being consulted at all, in the 1950s. There is no doubt at all that Crimea is overwhelmingly Russian

and wants to be overwhelmingly Russian, and we have to respect its self-determination, and the same applies to many areas of eastern Ukraine.

... when people go on about the fact that Crimea was originally Tatar—no doubt America was originally populated by Red Indians, but we do not say that America does not belong to Americans—the fact is that we have to deal with the situation on the ground. All I am saying is that there is an overwhelming feeling among Russian people of a deep sense of humiliation during the Yeltsin years, and as in all countries, they yearn for strong government and leadership.

... The truth is that Ukraine is not going to join NATO. It would be a provocative act, and in constantly talking about it in this Chamber and in the west as if it is likely to happen, we are simply providing an excuse for President Putin to play the game of being the underdog and of Russia being threatened, so why do we do it? When we know NATO is never actually going to absorb Ukraine, why do we go on talking about it?

...[Ukraine joining NATO] is not going to happen, for this reason: President Biden is not the sort of President who is ever going to do it. He is a weak President and he is not going to suddenly elect Ukraine into NATO. We all know that, and that is the reality. We should let Ukraine into NATO only if we are prepared to fight for it, if we are prepared to spill American and British blood for the frozen steppes of eastern Ukraine, and nobody wants to do that. By the way, if we did do it, we would lose our nerve very quickly. Look at Iraq. Look at Afghanistan. After a few years, if there were just 300 dead British soldiers there would be tremendous pressure in this House of Commons to withdraw. Russia would simply stay—it does not mind if it has to wait 20 or 30 years. So it is never going to happen. Ukraine is never going to join NATO, and if it did join NATO it would be potentially disastrous. In talking about Ukraine joining NATO, we are simply playing Putin's game.

Now, the other talk we have had

is about Russia being a mortal threat to our country, but this is not the Soviet Union. Russian armies are not placed in the middle of east Germany. Where is this mortal threat? We hear about all this hacking. No doubt Russia hacks. No doubt it has rather ineffective campaigns on Twitter. Are we so lacking in our faith in our own parliamentary democracy that we think we are going to be overthrown or are under threat from President Putin? This is not a strategic interest of the United Kingdom. Of course all Russian Governments will seek to extend their influence. Any Russian Government will be mortally opposed to NATO expanding eastwards. This rotten Russian Government might try to subvert aspects of our life, but why do we not have self-confidence? Why do we not look to our own proper strategic interests? We have no historic or strategic interest as a country in Crimea or eastern Ukraine. We do not understand it. We do not understand the history. We do not understand the complexities of the region. We do not understand the Ukrainian state itself, which is divided.

Edward Leigh concluded:

Learn from history: look at Afghanistan. Look at Iraq. We in the west are not prepared to fight for these people. Why are we destabilising the region by pretending we are when we know perfectly well—everybody in this Chamber knows perfectly well—that we are not prepared to risk a drop of British blood? We have to live with this Russian Government. We have to stop talking about expanding eastwards. We have to stop playing Putin's game.

I know this is realpolitik. I know it is not redolent of great liberal imperialist speeches about how we must make the world safe for democracy, and that the Iraqi people, the Afghan people or the Ukrainian people have a right to live under a democratic regime. What nonsense I am talking—these are the facts of life. This is realism. Are we really prepared to muck up eastern Ukraine in the same way we have mucked up Iraq and Afghanistan?