

Labour Affairs

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The Budget Statement Was Not Unfunded

We are told by almost every economics commentator in the main stream media that the markets panicked because, on 23rd September, Kwasi Kwarteng failed to explain how the government would fund the increase in spending implied by putting a cap on energy prices and reducing taxes.

Kwarteng's fiscal statement was unusual. Kwarteng understood that national debt would increase but seemed unbothered by that fact. When questioned about this, Kwarteng dismissed it as an issue of little consequence. Effectively Kwarteng was dismissing the previous 12 years pre-occupation with the size of the national debt. It was politically naive to do this without realising the political forces that he was taking on. The high-priests of the national debt, the Bank of England, Office of Budget Responsibility and the Institute for Fiscal Studies, made clear their outrage.

When subsequently challenged how the government would fund its increased spending, Kwarteng's courage failed him. He did not have the courage to say that it would be funded in the same way as Furlough and, indeed, all government spending is funded, by borrowing from the Bank of England.

UK government spending is always financed in the same way. The Bank of England creates the requisite amount of money and puts it in the government's account. The government then spends the money and the private sector is wealthier by that amount. And national debt has gone up by that amount. When spending into an economy,

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An Unconvincing Labour Party

It remains a distinct possibility that the Labour Party will form the next government. It is a position it will win because of the chaos in the Tory party rather than because it has won the hearts and minds of the electorate with brave, radical policies.

Labour are prepared to talk in generalities about creating a society where those who work hard will succeed but when pressed for policy details they become uncomfortable. A primary preoccupation with Labour is appearing fiscally responsible and being concerned with the size of the national debt.

This creates a major logical problem for Labour since any policy that they commit to will result in an increase in the size of the national debt. All government spending automatically increases the size of the national debt. That debt can only be reduced by taxation. But Labour does not want to be seen as the party of higher taxes. And so they are constantly limited in what they will be able to achieve.

The preoccupation with national debt and taxation is symptomatic of a more general problem for Labour on what is the role of the state in modern society. The Tories are for the most part clear that the size of the state should be minimised. Jeremy Hunt reiterated this position in his economic update to the House of Commons on Monday 17th October:

"... the Government are currently committed to cutting the basic rate of income tax to 19% in April of 2023. It is a deeply held Conservative value, a value that I share, that people should keep more of the money they earn, which is why we have continued with the abolition of the health and social care levy. But at a time when markets

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the UK government does not need to worry about where the money is coming from. It should worry about whether the spending will have inflationary consequences because it may be competing with the private sector for resources. If it finds that it is competing with the private sector for resources, then it can use taxation to reduce the private sector's spending power. The role of taxation is not to raise revenues. It is to remove spending power from the private sector so that the state has access to resources previously used by the private sector.

Issuing UK government bonds (Gilts) has nothing to do with funding government expenditure. There's a case for saying Gilts should not be issued. However, at present the government does issue Gilts with a value broadly equal to the difference between its spending and tax revenues. Whether the private sector wants to buy these bonds or hold or sell previously acquired Gilts will depend on its perception of the movement of inflation and/or the bank rate. Market behaviour after Kwarteng's statement suggests they were hoping for something from him that might limit inflation or the bank rate. 'Markets' did not believe Kwarteng's trickle down fantasies. They assumed continued low growth and an ailing British economy. Inflation would have a bad effect on the return on gilts and a high interest rate would also diminish their value. Hence the move to sell Gilts.

The government's decision to issue Gilts is unconnected to its funding needs. A primary role of Gilts in the UK is to

allow pension funds meet their liabilities with riskless assets. The government can, if it wants, control the yield in both primary and secondary Gilt markets. Unlike the Japanese government, the British government chooses not to do this.

This realisation of the true nature of government spending had become clearer during the pandemic. Sunak increased national debt by £300 billion. Taxes did not go up. Inflation did not go up. Kwarteng seems to have naively assumed that his spending would be financed in the same way.

Kwarteng's fiscal statement was both economically illiterate and politically unwise. It was economically illiterate to suggest that growth would come from lower taxes for the wealthiest people in the society and a reduction of regulations. It was politically very unwise to increase the spending power of the wealthy at a time when most people are experiencing a drop in living standards due to war in Ukraine.

Jeremy Hunt's decision to increase the corporate tax rate by 6% and not to lower the personal income tax rate is a clear signal that the state wants resources currently being used by the private sector. One may well ask for what purpose. Is it to spend into the NHS or the war in Ukraine?

As we go to press it has just been announced that Rishi Sunak will be the next Prime Minister. Sunak and Hunt are cut from the same cloth as George Osborne. They believe that the size of the national debt is an important statistic. Sunak had little interest in Johnson's levelling up agenda and often suggested that his tax increases would not be

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matched by equivalent increased government spending. Rather, his tax increases would be used to reduce the national debt to get the economy into a better state to deal with the next crisis. That would lead to increased unemployment which is hardly a recipe for winning the next general election. Tories in the red wall seats will view Sunak's election with some nervousness.

There is also the war in Ukraine. This has created a massive increase in energy prices and a broader increase in the cost of living. Workers are mobilising to defend their standard of living. This will add further to the inflation.

The Bank of England is tasked with controlling inflation. It can do little about imported energy prices. It can stop workers from defending their real standard of living by creating unemployment. The purpose of increases in the bank rate is to force the working class to accept the drop in their standard of living implied by the war in Ukraine. Sunak will support that.

The NATO war in Ukraine and the weakening of Russia and Europe has been a main project of British politics today under Johnson and Truss. The Labour Party will raise no objections to that project since it is also an ardent supporter of that war. It is unclear whether Sunak will be equally ardent. But have no doubt he will be cutting public services to control the national debt. And Labour will struggle to disagree with him.

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are asking serious questions about our commitment to sound public finances, we cannot afford a permanent discretionary increase in borrowing worth £6 billion a year.”

Labour had signed up to this cut in the personal tax rate when Sunak first floated it. Indeed, Rachel Reeves stated in an interview in December 2021 that she would like to cut the rate by 2p to 18%. The Adam Smith Institute were ecstatic. Reeves did not have the courage to say that what is needed today is a larger state committed to reversing much of the outsourcing to the private sector that has created such unimpressive results in areas like health, house building, education, transport, energy and social care. Now the Tories have cancelled the proposed 1% cut and Labour have had to sheepishly fall into line.

When, as seems likely, Labour form the next government in 2024 or earlier, it will remain pre-occupied with appearing as a low tax party. At the same time it will wish to be seen as the party that reduced the size of the national debt as a percentage

of GDP. Such concerns will effectively tie its hands and render it incapable of making significant change.

A Labour party committed to low national debt and low tax is a Labour party that has let the Tories decide the framework in which the society's problems can be solved.

Labour must make the case that increases in the national debt via borrowing from the Bank of England can often have a very good effect on society. Particularly when there are unemployed workers looking for work. The Tories increased national debt by some £300 billion to deal with Covid. Is anyone suggesting that was a bad thing?

Equally Labour should make the case that an increase in taxation is a good thing if taxation is the only way that the society can free up the resources required to implement projects that the society has deemed useful.

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The Trade Union Movement and the Arms Trade at the TUC Conference

In 2017 the TUC passed a motion calling for the diversification of the arms industry. In 2022 the TUC annual conference debated a motion to reverse this stand, in view of the war in Ukraine and the new possibilities for military contracts from the newly formed AUKUS (military alliance between the UK the US and Australia.)

From the Morning Star:

Peace activists rally against motion backing arms spend

by Our News Desk

PEACE campaigners rallied outside the Brighton Centre yesterday to lobby TUC delegates to vote against a motion backing weapons manufacturing and opposing the defence diversification policy adopted in 2017.

Composite 2, moved by GMB and backed by prison officers' union POA, argues that "defence manufacturing cuts have hindered the UK's ability to aid the Ukrainian people under brutal assault from Putin's regime.

"Congress believes that the world is becoming less safe and the policy carried in 2017 in favour of diversifying

away from defence manufacturing is no longer fit for purpose."

It also calls for government procurement to support British-based and owned manufacturers and condemns the outsourcing of defence contracts to foreign companies.

The Stop the War Coalition said the motion, due to be heard today, carried "serious dangers."

Activists chanted "Welfare not warfare" and passed leaflets to delegates arguing they should oppose it.

National officer Chris Nineham said if passed "it would imply that the labour movement is swinging behind the Tory drive for more military spending and foreign wars at a time when they are smashing working-class living standards and threatening more cuts to welfare.

"These are 100 per cent wrong priorities for the trade union movement. It's always working people and the poor who suffer from wars whether it's in Afghanistan, Yemen or Ukraine.

"We should be pushing for peaceful resolutions and for money to be spent on health and housing, transport and

green technologies, welfare and civilian infrastructure — things that working people need. Not weapons of mass destruction."

The GMB motion, supported by Unite among others, was passed by 2,556,000 votes to 2,469,000.

On the subject of Stop the War Coalition (StWC), the following letter was published in the Morning Star 22/10/22:

Is StWC being deplatformed?

TWO Stop the War Coalition "How to stop the war in Ukraine" meetings in Muswell Hill, north London, have been cancelled by those in charge of the venues.

The first was due in a local pub, until the new manager was harassed and intimidated into cancelling the booking.

The second was due in the local Friends' Meeting House but was cancelled after a lot of pressure was exerted.

This is worrying.

The markets and speculation: the case of LNG trading

By Eamon Dyas

More than 35 vessels laden with Liquefied Natural Gas (LNG) were drifting around the Mediterranean in October. The explanation I read was the limited landing slots in Spain. I suspect the reason is a combination of inadequate landing facilities and shippers taking advantage of this by using the tankers as off-shore storage facilities for a product that can only increase in value as the winter approaches.

However, I'm not sure how the contracts for these things work when it comes to LNG. In the case of grain the price is usually fixed by the purchaser prior to the point of the cargo's departure. This is also usually tied to the insurance arrangements.

Nonetheless, in the case of LNG, in the current volatile market I can well imagine that there will be many energy speculators who insert themselves between the original seller and end-purchaser and exploit the time lag between the departure and arrival of the cargo and see it as a guarantee of greater profits.

Such speculators will undoubtedly be aware of the logistical difficulties

created by the inadequate landing facilities in Europe when they have undertaken their investment in LNG. So "resting" their cargoes in the Mediterranean is all to their advantage.

The problem is that such enterprising capitalists are in the meantime clogging up the means by which LNG is delivered to the end user. There is a limited number of LNG-ready tankers available on the high-seas and the more of them that sit around waiting to unload their cargoes the lesser volume of that product that can be transported - a factor that in itself influences the market. When it comes to tanker-facilitated cross-Atlantic trade the mechanism for delivery and the inevitable time-lag between departure and arrival all lends itself to unscrupulous behaviour from which the consumer ultimately suffers.

The EU is arguing for and against setting an upper limit to the price of gas: if the price could not go up beyond a certain point, this would put an end to speculation. There was an agreement to set this cap, but the details of in what circumstances this would take place have not been agreed

according to the FT 21/10/22.

LNG (Liquid Natural Gas) tankers are queuing up to unload in Europe

On quantities arriving from US:

"U.S. LNG exports to Europe continue to be strong, despite the outage at Freeport LNG. In September, U.S. LNG producers shipped 87 cargoes of liquefied gas abroad, with the total at 6.25 million tons, Reuters reported earlier this month citing tanker tracking data. Of this, 70 percent went to Europe, the data showed."

And then, buried at the end of the article regarding the "queues" of tankers for unloading:

"... According to ICIS' Alex Froley, however, insufficient regasification capacity is not the only reason for the pile-up: prices for later deliveries of LNG in Europe are some \$2 per mmBtu higher than current prices, which may have motivated some traders to keep their cargo on the water until late November or early December."

Parliament Notes



Mick Lynch In His Own Words – the Trade Union View

Mick Lynch at the House of Commons Transport Select Committee, 12 October 2022

Wednesday 12 October 2022

Ordered by the House of Commons to be published on 12 October 2022. Watch the meeting

Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Ruth Cadbury; Robert Langan; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith; Christian Wakeford.

Witnesses

IV: Miles Hubbard, Regional Officer, Unite the Union; and Mick Lynch, General Secretary, Rail, Maritime and Transport Workers Union.

[This is the first part of the meeting only.]

Chair: Good morning to you both. We will start by asking you to give us your name and rank for the record, please.

Mick Lynch: I am Mick Lynch, general secretary of the RMT trade union. Miles Hubbard: I am Miles Hubbard, regional officer with Unite, with responsibility for Felixstowe.

Chair: Mr Lynch and Mr Hubbard, welcome to you both. You have heard the panels that we have had on rail with regard to the strike action, and also with regard to the ports and strike action. We are very much looking forward to hearing your perspective, reflecting on what you have heard so far as well. We are going to start with Greg Smith and then go over to Grahame Morris.

Greg Smith: Thank you, Chair, and good morning, gentlemen. Could I start with you please, Mr Lynch? Coming from the perspective, as I fully accept and respect, that your job is to stand up for your members and to get what you believe to be a better deal for them, of the multiple

days of strike action that have taken place so far this year—there is clearly potential for many more to come—what is your assessment of how much money your members have lost through strike days?

Mick Lynch: It depends on what they earn. It depends on whether they are on strike every day. We do not have a ready-made figure, but they lose their wages for every day that they are out on strike. It depends on what shift they are on, how long that shift was and what rate they are on.

What I do know is that the Government are subsidising these strikes, we think by £30 million. Every time there is a strike, the taxpayer has to pay the companies £30 million, so there is no incentive for the companies. They have no capital at risk and they suffer no loss. Instead, the DFT and the Treasury pay them to conduct this campaign of aggressive action against our members, to cut their jobs, freeze their pay and rip up their terms and conditions. The greater scandal is how much money the Government are transferring to the private companies in lieu of the revenue that is being lost. That is why we believe they are taking so long to come up with proposals.

Greg Smith: I appreciate that answer, but I would really like to focus on the human beings who work on the railways, as individuals. I have a quote from you last June that the British worker needs a pay rise and job security. In these times, I agree that pay rises and job security are fundamentally good things, but to go through a process by which there are now so many days of strike, I would like to try to understand a little bit deeper—putting aside the points you made about subsidy to train operators—how much money those individual human beings are now down this year, on average, or

maybe segment them to different job types, as a result of strike action.

Mick Lynch: I do not have a figure because it depends on what you do. It depends what job you have, how many days you work and whether the strikes are on the day that you are rostered. I do not have a number for you. If you expected me to turn up with one, perhaps we could have calculated it in advance, but it will be a lot of money if you have been hit by the dates that strikes were on.

What we do know is that our members are fully committed to the action because they do not want the conditions that we have negotiated with these companies and their predecessors ripped up. Of course, you can only get a pay rise if you have a job. Network Rail and the train operating companies are proposing thousands of redundancies. At the same time, as you have just heard, they cannot run the railway without vast amounts of overtime.

The previous Secretary of State said that he was going to ban overtime on the railway, which is an illustration of the incompetence and lack of knowledge that is at the heart of what the DFT does. As soon as people do not want to do overtime, the railway collapses. What we need is a proper agreement. We need the right number of staff, and we need the right number of people in training so that there is a supply train of qualified staff coming through. We do not have that because these companies are only in it for the money they can get and not for the service that they can provide for our people.

Greg Smith: Thank you for that answer. Can I delve into this point about job security? That is very important to me. Many constituents of mine work on the railways and in many other sectors. Job security is vitally important.

We have seen, through the pandemic, massive change in rail use. Clearly, people were not travelling in the pandemic. As we have come out of it, patterns have changed significantly. I have seen analysis that suggests that, while the overall numbers are broadly back up, people are travelling at very different times and for different purposes. Some analysis suggests that that is leaving roughly a £2 billion hole in the finances.

Mick Lynch: A £2 billion reduction in Government funding. That is what has happened.

Greg Smith: We can look at it whichever way you want, but people are not buying the peak-time tickets as much. They are travelling on the cheaper off-peak tickets and weekend tickets. That has an impact on the bottom line. I have seen some analysis that suggests that is around £2 billion.

Mick Lynch: It has not affected the bottom line because they have continued to make profit due to subsidy. It has not affected the bottom line of the companies at all.

Greg Smith: I am very happy to come on to the profit point later, but I just want to look at this point. If the railways are, bluntly, to survive, they need people buying tickets to travel on them. The way people are choosing to buy those tickets and to travel appears to be changing, either through homeworking or more weekend travel and leisure travel rather than work travel.

Does the RMT accept that in order to secure everybody's jobs within the railways, something needs to fundamentally change in terms of making the railways attractive to people to buy tickets again, and that having uncertainty over whether the train will be running in the first place is equally driving people away from the railways and back into their cars, coaches or whatever it may be?

Mick Lynch: I think you are absolutely right. The railway needs fundamental change, but not the one that the railway companies are seeking. We need a railway that runs in the interest of the people and the interest of the economy and the environment, not in the interests of FirstGroup and others which are subject to private equity takeovers because they are so attractive.

The changes they wish to make, to strip out wages and conditions, are so that they can make increased profits going forward. They are doing that at the behest of the Secretary of State, and the previous incumbent in that job, on an ideological basis. What we need are

lower fares. We need incentivisation for people to get out of their cars and on to the railway. They will not do that with the current fare structure and the current industry structure. They will not do that with the industry structure that is proposed in the Shapps White Paper for Great British Rail, because you will keep the corrupt system of railway privatisation, where there is no risk.

These people have a one-way ticket to profit, as you have just heard. Even if they score zero on customer satisfaction and are unable to run the trains at all when there is no industrial action, because they have declared war on the staff and on the passenger, they will make profit no matter what happens because that is the structure that has been put in place. We need fundamental change, yes, but you do not need to attack the staff.

Greg Smith: What do you believe was the average profit margin for a railway operator pre-pandemic?

Mick Lynch: It was quite low, but there is no risk. There is no risk to them at the moment.

Greg Smith: Do you accept the 2% figure?

Mick Lynch: It is probably 2%, but if there are billions of pounds in circulation that is quite a comfortable living. If I was getting 2% of all railway income, I would be doing quite well. Normally, businesses have to put capital at risk, don't they?

Greg Smith: Yes.

Mick Lynch: That is why they justify their profit. This is a cartel of people who are working with the Government to produce surpluses at no risk to themselves. No matter what their reputation is in this industry, the Government will keep paying them. That is a ridiculous and, if I might put it, corrupt system because there is no incentive for them to make any change. The TOCs have taken £3.5 billion-worth of profit out of the railway since privatisation. They have not done anything for us because they have no risk. When they have had risk, they have handed back the keys.

Greg Smith: Mr Lynch, I would like to get into this profit point because I think these figures are disputed. I have seen things from your union that talk about £500 million or £600 million profits, and yet there is equally data out there that suggests that since privatisation—as you have raised it—passenger numbers doubled on the railways and have reduced roughly a £2 billion annual operating loss. Some of your figures do not seem to take into account the rolling stock costs and the supply chain.

Mick Lynch: They do. The rolling

stock companies are making vast profits. Last year, when there were virtually no passengers, they made £150 million-worth of profit.

Greg Smith: We will disagree on whether profit is a good or a bad thing, I am sure.

Mick Lynch: Profit is okay, but with return of risk though.

Greg Smith: I am trying to understand, for the evidence base of this Select Committee, where the real profit is. There is a lot of analysis out there that suggests the real operating profits of the railways are likely to be, post-pandemic, somewhere between £100 million and £150 million.

Mick Lynch: With no risk.

Greg Smith: I am sure we will agree that that is a lot of money, but that translates to about a 2% pay rise for one year and not the sort of numbers that we are talking about.

Mick Lynch: How does it translate to a pay rise? They could make the pay rises without getting rid of their profits. You have to ask the question: why are they in this business at all to make profit? We do not need private rail operating companies. We have LNER and several other operators who could not cope. We do not need the incentive of private companies.

Greg Smith: You just said that they could make pay rises without impacting their profits—

Mick Lynch: No, I did not.

Greg Smith: Where else is the money going to come from?

Mick Lynch: It does not necessarily wipe out all of their profit. I would be very happy if we had no private sector rail operators and we could pay the staff a proper wage.

Greg Smith: My last question is this, and I would be grateful for a brief answer to give others a chance to answer it. What will you accept in terms of change on the railway, either through greater automation or technology coming in, to ensure that costs can be reduced on other things, other than what we pay the human beings who work on the railways in order to secure job security?

Mick Lynch: We have accepted change constantly in my lifetime on the railway. We have had new technology constantly, whether that is the retail of tickets, the technology on rolling stock or the technology on repairing the track. We are constantly in dialogue with Network Rail about that.

What we will not accept is a decline in safety standards, where they are going to cut 50% of the maintenance standard

tasks; where they want to make our people work permanent nights, which we think endangers them; and where they want to make our people have a work-life balance that is entirely unacceptable. What we will accept is a negotiated change and an evolution of the railway. We will not accept a massive imposition where they require us to work overtime constantly because there are not enough people there any more.

For instance, they have just signed a new deal with the private sector infrastructure companies for £13 billion while they are looking to make their own people redundant. What we will accept is a negotiated change to our agreements, not an imposition.

Greg Smith: Thank you. I have tipped over my 10 minutes, but thank you for your candour.

Grahame Morris: I would like to ask Mick a couple of points of clarification, and then I want to ask about Felixstowe, so I will come to Miles in a moment.

I think you were here for the earlier session with Tim Shoveller. I am paraphrasing, but he said he was optimistic that it might be possible to get a settlement. He said that he sensed some kind of change in the atmosphere. What is your perception from the RMT's point of view? Can you elaborate on the role of the Secretary of State—the previous one and the current one—and is their sign-off vital to securing any agreement?

Mick Lynch: I am not sensing a massive change. You have to be optimistic in this game on both sides of the table, otherwise you will never get a deal. We are working with them. Both sides fully understand what is needed. At the moment their recipe for change is not acceptable to my union.

We do not get on to money. Everybody is asking about money and what we would accept. In most of these negotiations, we do not discuss money at all because the menu they are putting in front of us is not acceptable to our members. People ask, "Why didn't you put this or that to a referendum?" If we had put the last offer from Network Rail to a referendum, I suspect it would have gone down by eight to 10 to one. Our members are clearly not ready to accept what they are proposing. The changes in their lives that they are proposing are so dramatic that they will sink without trace if we put them to a referendum.

That is where we are. We will keep working on the problem with them, but they will frankly have to back down on some of the demands they are making to us.

In terms of the Secretary of State, the

previous one just kept abusing me and everybody else, calling me a baron, a militant and all this business. I do not think the people who support us—the people who are out on our picket lines—are a bunch of militants. I think they are men and women who want a square deal from their employer.

What it needs is a new atmosphere. They have cut the funding. They have cut it on London Transport as well, which is why we have difficulties there. It is £4 billion in total. We can settle this with a bit more funding. People do not want to hear that, but if you are cutting money, you have to put up with the consequences. We are hearing that all over the economy.

Creating a different atmosphere is helpful. I know that leading people like Sir Peter Hendy, the chief execs and various others have been to see the Secretary of State, which is good. I hope they get a new mandate. I think it is strange that Steve Montgomery is not here today answering questions as to what his role is as the chair of the RDG, and the person who is running Avanti directly. Why they have sent somebody who claims to know nothing about the disputes is beyond me, because they could have got direct knowledge on that.

Chair: To be fair, that would be my fault because I did not actually invite him. We wanted to hear about Avanti's operations and Network Rail's negotiations.

Mick Lynch: He is running the operations of Avanti at the moment. It is helpful that there is a different mindset and a different approach. It is helpful that she has met us, but we have to see something at the negotiating table that changes the formula, the paradigm or whatever the posh word is, that we are going to take forward. At the moment, we have not seen it.

Grahame Morris: Miles, we have heard that the basis of the dispute is not primarily about pay as far as Network Rail goes but is about terms and conditions. What can you tell us about the dispute at Felixstowe? What is it about? Is it pay or also terms and conditions?

Miles Hubbard: In a sense, I for once find myself agreeing with Paul Davey, in so far as it is principally a dispute about pay. However, the strength of feeling it has revealed goes to years of industrial relations going back a long way. It is notable that this is the first dispute at Felixstowe for 30 years. It is principally economic in its origin, and it is a local dispute.

To reiterate the point that Mick has just made, these are about as far from militant people as you could possibly ask for.

They live in the constituency of Theresa Coffey and some of them vote for her. They are hardly rampant militants. They simply feel that they have been given a deal they cannot live with, and they need to do something to improve their pay.

Grahame Morris: Can you elaborate on the current position in negotiations with the employer? I was rather confused when I heard the response from Mr Davey.

Miles Hubbard: The response from the employer is that they have withdrawn completely from negotiations and will not talk to us. The only way they will talk to us about 2023 is if we completely cease all campaigning and being a trade union in every respect, and then they might talk to us. That has been their position all the way through. Their way of framing it would be, "We can't negotiate with a gun to our heads," but when we take the gun away, they do not change.

We have made it clear throughout that we are ready to talk to them at every juncture. This is a company that is awash with money. We can talk about exactly how much profit they made through the covid period, but it is in the hundreds of millions.

Grahame Morris: It would be useful if you could. I asked Mr Davey about the profitability of the company. I do not think he disagreed with the figure of £200 million, but in terms of justifying the claim on behalf of your members, what is the position of the company? It is profitable. What were the shareholder dividends over the last few years?

Miles Hubbard: I do not know the exact levels of shareholder dividends, but they are very high. In terms of the hundreds of millions figure, to settle this dispute would cost a tiny fraction of that. We have been clear throughout that we want to settle it.

Recent events, particularly the company's withdrawal from negotiations, mean it is difficult to conclude otherwise than that the company seems to want to keep the dispute going, with all the attendant disruption to the economy.

Grahame Morris: I am wondering about the role of Government in settling the dispute. Clearly, Felixstowe is a local dispute and a company that has had very good industrial relations over a long period of time, whereas the rail dispute is a national dispute involving employees from Network Rail and the train operating companies. Is there a role for Government in settling the dispute at Felixstowe?

Miles Hubbard: You would have thought so, wouldn't you? There is a

deal to be done, without a doubt. Nobody could seriously suggest that they cannot afford to do that deal. If you look at the cost of settlement versus the cost of keeping it going, it does not stack up. You have to ask the question, “Why are they doing this? Who benefits from this?”

As I have said all the way through, we are ready to meet with them to settle this dispute. It could be solved very simply. In fact, we signalled to them that we were prepared to reach a compromise, if you want to call it that. That was turned round on us and used in the most appalling manner, in my view. I will not go into the details because I do not talk about individuals, but it should not have been done.

I would like to make one other point. If anybody suggests that this dispute has somehow been timed to coincide with Liverpool or anything, that is absolute nonsense. It has arrived here because of the company’s reluctance to settle, and it started because of a survey of our members on what they considered a fair pay rise. Every decision is made by our members. No doubt you are going to ask me about balloting.

Grahame Morris: What were the figures in the ballot?

Miles Hubbard: The original one was 92% of those voting. I think it was—I cannot remember exactly—80% or something turnout. By any standards, that is a pretty respectable mandate.

Chair: Hasn’t one of the branches of Unite at the port accepted the deal? Miles Hubbard: Yes.

Chair: The members have accepted.

Miles Hubbard: Yes, that is the managerial branch. I hope that indicates to you—because it should—that nobody is twisting their arm to do something they do not wish to do. The members make all the decisions. The fact that that branch made a different decision on the facts they had available to them indicates that they are free to do so. That has been the case all the way through, despite the company suggesting otherwise at every opportunity.

Grahame Morris: I will conclude by asking, first Mick and then Miles, what do you think about the Government’s plans to legislate to compel trade unions to put an employer’s offer to the membership at the expense of the union?

Mick Lynch: I think it is ridiculous. I do not think it will work. It will incentivise an employer to make a daft offer. Inflation is currently 12.3% on RPI and a bit below that on CPI, whichever you want to take. An employer could turn round and say, “Here is 1.95%. Can

you put it to your members?”, knowing that it is going to go down like a lead balloon. You do that, and the next week they could say, “How about 1.975%? Can you go back and do that?”

I do not know how it will work and how any employer would then come to the table in an atmosphere of good will, as we always say. I know these are old trade union clichés, but you know when you are going into a room whether an employer wants to do a deal, and they know when we want to do a deal and it is not masquerading, showboating or whatever. No employer would want to do a deal on that basis. They can just make the union keep going back and back, spending more and more resources. It will be a distraction.

Every party knows when a deal is going to be done or when you have the basis for developing a deal normally. You do not need all that distraction. I think it just indicates people who do not really know what they are on about, in terms of industrial relations and running businesses.

Chair: Coming back to that, Grahame, have we put it to Miles yet?

Grahame Morris: I was interested because of the imposition of the 2022 award.

Miles Hubbard: Mick is exactly right. Anybody who has ever been involved in negotiation of any sort will know that, in the course of a meeting, you might throw 10 ideas across the table and bat them around. How are you going to measure what an offer is? It is absolutely ridiculous.

In the case of Felixstowe, as I say, you have to remember that all the decisions have been made by the membership. When that 7% was offered, we said, “They’re not going to accept it,” because we have reps in every department, and they talk to our members and they knew what would come back. The employers said, “No, you have to put it to your members.” They made a huge play of this nationally, in fact. Then they imposed it, so we had to put it to our members because we had to ask the question, “Do you accept this, or do we just stop now?” Far from saying, “We accept it,” they rejected it by another whacking great majority of 82% or 83%.

What turned out to be the case was that what we were saying was true. We had the temperature of the workplace, we knew what it was, and we were trying to do what was best for good industrial relations. Instead, the employers imposed it and angered people no end. Again, as I have already stressed, they have inflamed the dispute rather than

made an effort to solve it. I do not think it is going to work.

Chair: Coming back to your point, Mr Lynch, why would a company put a ridiculously low pay offer out there and think that is good practice? All that will happen is that it will get rejected 100% and give the unions the whip hand. I do not quite follow the logic of what you were just saying as to why companies would do that.

Mick Lynch: It would incentivise companies to keep making the unions go back to voting, and wasting our time rather than negotiating a settlement. With a raft of other things—you mentioned earlier in the session when a company can impose—they have to say that they have moved to the end of the machinery and that it has been exhausted. That is what happened with VTEC. We won the case against Virgin Trains East Coast, the predecessor of the current holder, because they had not exhausted it. It is illegal at the minute to impose, if that has not been exhausted. There is a case called Kostal.

I think the legislation that they are seeking to bring—obviously we need to see it before we can make a judgment on it—will end up with all of us in court quite a lot. There will be winners and losers in that, but what they are essentially trying to say is that effective industrial relations will be suppressed in this country, and it will be extremely difficult to have a ballot. Every time you have an offer that may be particularly punitive—let’s not forget that with the train operators we do not have any offer at all—you would have to keep going through these exercises, which I think would tie the unions in knots.

Chair: I agree that it could be deemed a waste of time, but a business would not necessarily want to give you the whip hand and waste the time. To your point that you cannot legally define an offer, by its very concept it is a legal definition. I was a negotiator for some years, and I would be able to define what would have been a negotiated offer. I do not share your scepticism that it would not work in practice, even though I understand why you would not actually want to—

Mick Lynch: Well, it would work for the business, wouldn’t it? That is the idea.

Chair: It could also work for your members. When we had a session with your deputy and Mr Shoveller, that 8% pay offer had just been made. Do you not think it would have been reasonable at least to put it to your members and determine whether they were willing to accept that or if, as you say, they would

not, you have your proof and your negotiating arm?

Mick Lynch: We put it to our members through their elected reps. Isn't that what you do in the Chamber every day? Are you going to put the Chancellor's Budget to a referendum? No, you are going to put it to elected reps and they will make the decision.

Chair: No, not at all. We all have our vote. That is the whole point. We do not refer to anybody else.

Mick Lynch: So do our reps, when we have a mass meeting. They get a vote.

Chair: But what about all of your members?

Mick Lynch: Well, what about all of your constituents? Will they vote on the Budget, or will you let their elected representatives vote on it?

Chair: Obviously, if we were going to be voters like that, then we would be in Switzerland.

Mick Lynch: Exactly. We would have exactly the same situation in the union. We have multiple companies. We deal with 400 companies in the course of a year. Unite must deal with 4,000, or 5,000, for all I know. We would be running around with referendums on a non-stop basis.

Chair: Following your logic, why do you bother putting anything to the members at all?

Mick Lynch: Because we get to a final position that may be at the point of either agreement or impasse, and we go to them for their endorsement. You did not put every version of the European treaty to the country. There was a long debate about that.

Chair: We tried it once. Mick Lynch: Exactly.

Chair: Coming back to Mr Hubbard, to be absolutely clear, the 7% was rejected. I do not know if you heard me mentioning this to the representative for Felixstowe. Your national officer, Robert Morton, said that he was looking for a figure of between 7% and 12.3%. What was offered was 7% plus £500, which seems to be within that window. Is there anything else that—

Miles Hubbard: I think what he was saying was that the current offer was one end and inflation was the other, and the answer lay somewhere between. That is what I would interpret him to mean.

Chair: He said a figure between 7% and 12.3% would be acceptable. Miles Hubbard: Yes, there you go. He is saying—

Chair: He was not commenting about the inflation rate. He was commenting

about—

Miles Hubbard: Well, the 12.3%. The wage claim is for 10%.

Chair: I recognise there is a big window, but you are within the window.

That was the point.

Miles Hubbard: Our members make that decision. As Mick has already shown, what all this is predicated on is a belief that our members do not trust us; there is no trust in the room; everybody is out to act badly; and there is never any agreement. Most of the time there is agreement. Particularly at Felixstowe—I cannot speak for the RMT situation—most of the time we reach agreement on things and have done for the last 30 years. By and large, there is trust and the system works. Sometimes it goes wrong.

Somebody said earlier there were all these days of strikes. If you compare it to 1979, there is a minuscule amount of strike action taking place—it was tens of millions of days lost. We have to get this in proportion. Most of the time the bargaining system works well and leads to harmonious industrial relations. It is only these anomalous situations.

Chair: You touched on this with Grahame, but we heard from Network Rail that they felt they could not impose their pay offer on the workforce. We heard from Felixstowe that they took the view that because negotiations had ended, they could, and that gave them the legal differential to justify it. You are saying that negotiations only ended because they would not continue to negotiate with you. How do you and your lawyers view the position?

Miles Hubbard: That one remains to be seen. We will find out, won't we? In terms of common sense, when one side says, "We have not finished negotiations," you would think that would be clear, wouldn't you? I do not want to go into the details of this because it will be argued out in due course, but Unite has been clear all the way through that we wish to bargain, and we wish to get back in the room to make a deal. We are prepared to look at all possibilities on that, but our members cannot live with what is there at the moment. To me, that is a reasonable position.

Chair: But negotiation, by its definition, is not a unilateral concept, so I take your point.

Mick Lynch: You are putting the case where it is purely money. If one side is offering 5% and the other one wants 9%, logically you might get a deal with 7%. All the negotiations we are having with the train operating companies and Network Rail are on the verge of fire

and rehire. It is all about conditions. It is all about the number of people who are going to work there and what the work-life balance and the nature of that work will be in the future.

What they are saying is, "If you do not accept what are basically new contracts of employment, we are going to make the redundancies and we are going to impose the changes." That is like fire and rehire. If you do not want that, you might have to take it to a tribunal as an individual or as a group. We never get round to the money because the money is at the end of the equation. We are constantly stuck in what your working life is going to be like. P&O made a different decision—that they did not want to discuss it at all.

Chair: Mr Shoveller did not give us that impression. In fact, if anything, he said he did not want to impose—

Mick Lynch: With respect, that is true. In fairness to him, that is what he wants, but they are saying, "If you do not get there"—they are now saying it is in a very quick time—"we will impose these changes, and we will impose them separate to a pay deal."

For our members, it is absolutely fundamental to what their life is going to be like. The TOCs have said to us that everybody will be on a new contract of employment. That is all the Sunday issues and all the premiums. For all the stuff that we have negotiated, they want a new model contract—without the detail, because there are hours of discussion—that will be entirely different from the one you have now. That is a version of "like it or lump it". You can either agree to it or you are going to have to take it as it is imposed, with the redundancies on top.

Karl McCartney: Mr Lynch, you have answered my question without me even asking it. I was going to ask for some details about the negotiations and what the sticking points were, because you said it was not about money.

If I can sum up, would you, on behalf of your members, ever accept driverless trains? Without you immediately saying no, say, for instance, a 50-year-old driver was offered severance pay for driverless trains to take place—say half a million; I am not going to go into negotiations with you at this point—would you put that to your drivers or just dismiss it out of hand?

Mick Lynch: We do not think it is safe to have driverless trains on the mainline railway. You would have to spend more money than Kwasi Kwarteng printed last week to bring in driverless trains in this

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Parliament

Notes (2)



Labour on Ukraine in Parliament

Shadow Minister for the Armed Forces, Luke Pollard, replying to a statement on Ukraine from Ben Wallace in Parliament 20 October 2022.

This is just a sample, to show that Labour and Conservative speak with one voice on Ukraine. On that particular day, both congratulate themselves on the British ability to act in a reasoned and considered manner to avoid accidental encounters with the enemy. Everything that we do is “considered and calibrated”, says Ben Wallace.

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op) - Hansard - - Excerpts

I thank the Secretary of State for advance sight of his statement. At a time of much Government chaos, I also thank him for his calmness and professionalism in the job.

The incident with the RAF Rivet Joint surveillance aircraft that the Defence Secretary described is serious. He outlines that the correct steps have been taken, the malfunction has been confirmed and the incident has now been resolved. It is welcome that RAF flights have restarted and that there has been a clear recognition from Russia that the aircraft was flying in international airspace. The RAF has this House's full support; we are grateful to it, to other

UK forces and to our NATO allies for their work protecting the alliance and protecting freedom. The incident is a serious reminder of the importance of avoiding escalation and miscalculation while continuing with the UK's united support for Ukraine.

Almost eight months on from Russia's criminal invasion of Ukraine, I pay tribute to the remarkable and continuing Ukrainian resolve in the face of Russian aggression. Putin has made a huge strategic miscalculation in invading Ukraine, which has resulted in Russian forces suffering heavy losses: the MOD estimates 25,000 Russian dead, tens of thousands injured, tens of thousands who have deserted and more than 4,000 armoured and protected vehicles destroyed.

At a time when Ukrainians have shown incredible resilience in defending their homeland, Britain must honour their bravery by remaining unwavering in our support for Ukraine. I am grateful that the Defence Secretary has set out the UK's continued support under Operation Interflex for training Ukrainian forces; we thank UK members of the armed forces for their work. I would also be grateful if he confirmed when the promised action plan for continuing UK support for Ukraine will be published, outlining the type and quantity of military, economic

and diplomatic support that Ukraine will receive. Putin needs to be in no doubt that our resolve will continue; whether the Defence Secretary's party or mine is in charge, that will not change.

I think it is time the Defence Secretary made a statement about the planned drawback of troops from Estonia and about how that decision can be properly scrutinised. I would also be grateful if he set out whether orders have been placed for the replacement next-generation light anti-tank weapon missiles and when our stockpiles will be replenished.

There has been a concerning increase in Iranian drone activity. I would be grateful if the Secretary of State set out what additional support can be provided by the UK and our allies to ensure that the Shahed 136 and Mohajer 6 drones from Iran can be properly intercepted and defeated to protect Ukrainian infrastructure.

In his speech last night, the Chief of the Defence Staff, Admiral Sir Tony Radakin, threw into doubt the planned rise in defence spending to 3% of GDP, referring to it as a “potential increase”. I would be grateful if the Defence Secretary spelled out the Government's position on defence spending and whether the increase is confirmed or—as Admiral Sir Tony Radakin says—only potential.

The Opposition's support for Ukraine is unwavering. The Defence Secretary knows that he has Labour's full support in the provision of military aid to our friends in Ukraine. Putin must fail in his aggression. As we enter an incredibly difficult period of the war, with cold weather drawing in, we must make sure that we support not only our friends fighting in Ukraine, but those civilians who are there fighting on its behalf. I would be grateful if the Defence Secretary set out what support the UK can offer to civilian infrastructure. The protection of energy sources is particularly important, not only for Ukrainian industry but for the Ukrainian people.

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country. It is the ability to detect cattle, sheep and people crossing. We cannot even work out level crossings in this country. Network Rail does not have the infrastructure. We do not have automatic signalling. It is only on one route, to Machynlleth, I think, at the moment. You are decades and decades away from that becoming a question.

If you want to go up to the highlands of Scotland and have a driverless train, you will have a train that is stopped forever because there is no infrastructure and this Government are not going to give it any investment, even towards getting a more efficient railway system. The only real new signalling projects you are getting are on things like HS1. There are little piecemeal bits around the system.

Karl McCartney: But you admit it works on DLR.

Mick Lynch: They are attended trains. Our members on DLR drive those trains as soon as they have lost coherence with the signalling system. There is always a person on those trains. DLR has exactly the same crewing requirement as a London underground train. There is a person who is capable of driving that train and is responsible for the dispatch. It is not true that it is a driverless train. The person on it is a qualified driver.

Notes on the News

By Gwydion M. Williams

Fall of the Last Thatcherite

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Militant Pensioners?

Have Fun, Kill the Poor?

Finding That Damn Asteroid!

Feed-the-Rich in 'Free' Ukraine

Fall of the Last Thatcherite

I've long held that the cleverer Tories don't believe the doctrines of Neo-Liberalism. But as I said last month, Truss and Kwarteng *did* believe, and acted as if it were true.

I'm reminded of how Newt Gingrich in the US went from hero in 1995 to zero in 1999. He really did think that the Federal Government was a burden that could be sensibly removed.

Decade-by-decade growth figures show anti-tax and anti-state policies don't boost growth.¹ In fact they don't work at all, if carried too far.

Thatcher initially won by seeming to be a genuine conservative, restoring something like the 1960s consensus after the left foolishly rejected advances like Incomes Policy and Workers Control. She didn't shrink the state, but her policies gave more wealth and power to a tiny more-than-millionaire elite.² But it was all done covertly. Truss's actions were too blatant.

She must also have offended by trying to roll back the small steps the Tories have taken to admit that Climate Change is happening and must be dealt with. King Charles had apparently been pressurised not to attend COP27, a feeble UN gathering due in November.³ And where he may now turn up, for what little it would be worth.

Parliamentary Democracy – Always an Illusion

People call the whole Truss episode a failure of democracy.

For me, it has simply exposed the illusions. It was always about an elite who see public opinion as just one

factor.

Parliaments were not invented to allow democracy. Medieval kingdoms used them to give the entire ruling class a limited voice in government. Governments that until the 19th century were genuinely chosen by the monarch. The British parliament was exceptional in that it could undermine governments, when it was so inclined.

Parliaments were adapted to contain and control democratic demands, when these got too strong to ignore.

Until the 1832 Reform in Britain, a couple of hundred rich families controlled most House of Commons seats. It was far from a democracy afterwards. A few constituencies had allowed votes to all householders. 1832 narrowed it to richer men – no women till 1918. It also gave them a vote everywhere, whereas many new cities had not had a vote before that:

"Prior to the [1832] Act, Scotland's electorate was only 0.2% of the population compared to 4% in England. The Scottish electorate overnight soared from 5,000 to 65,000, or 13% of the adult men, and was no longer a private preserve for a few very rich families."⁴

"There were only 165,000 French voters (0.52% of the French population) [in 1832], compared to 439,000 in Britain (2.66% of the British population). France adopted universal male suffrage in 1848."⁵

French voters had an unhappy habit of choosing representatives who really did them no good. Likewise in Britain, but it was only in the 1880s that a majority of men in the British Isles got the vote.⁶

British-Isles politics became more radical in 1918, with the Liberals split and with the Labour Party more than tripling its share of the vote. But also with Catholic Ireland sharply diverging. In Ireland, a clear majority voted for Sinn Féin, which had become the political wing of the Irish Republican Army. The IRA then fought a war that ended with Home Rule. Fianna Fáil as an offshoot of Sinn Féin later became a functionally independent Irish government, with the IRA there in the background to ensure that their electoral victories were respected.

Yet you still get people denouncing the IRA as a murder gang, rather than the practical expression of a nation that wanted independence.⁷ Also fighting to deny Democratic Secession to the Protestant and culturally British majority in the north-east; an issue that remains unresolved. Tragically unlikely to be finally settled without further

4 https://en.wikipedia.org/wiki/Scottish_Reform_Act_1832

5 https://en.wikipedia.org/wiki/Reform_Act_1832#The_franchise

6 <https://labouraffairsmagazine.com/m-articles-by-topic/40-britain/665-2/>

7 <https://www.belfasttelegraph.co.uk/news/northern-ireland/communities-minister-deirdre-hargey-wishes-ireland-womens-team-well-in-world-cup-endavours-and-says-pro-ira-chanting-has-been-dealt-with-42077267.html>

1 <https://mrgwydionmwilliams.quora.com/Trickle-Down-a-Swindle>

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

3 <https://www.theguardian.com/uk-news/2022/oct/01/king-charles-abandons-plans-to-attend-cop27-following-liz-truss-advice>

major violence, despite Protestants now being a minority.

The rest of the British Empire was supposed to obey the Westminster Parliament. Colonies where most voters were of what Britain defined as the White Race did get their own assemblies, with considerable powers. Where they were a significant minority, as in South Africa, voting was always on strictly racist lines.

China – a Very Different 20th Congress

However badly Parliamentary Democracy is seen to be working, the liberal-left remain convinced that anything different is appalling and must be denounced.

Yet the Chinese Communists remain a very successful government. The only important government that has refused to sacrifice the lives of its citizens to a popular wish to shop and socialise during the continuing Covid-19 crisis.

Government without an active opposition can be better at delivering what a majority actually want. Autocratic rule has positives and negatives, and to deny either causes muddled thinking.

Almost everyone on the left thinks that Khrushchev denouncing Stalin at the Soviet Communists' 20th Congress was wise and wonderful. An actual steady decline in Soviet power and influence after 1956 is somehow not seen as relevant.

Chinese Communism has always seen things differently. Mao would not have minded some moderate criticism of Stalin. He saw denunciation of Stalin as a betrayal, and actual events support this. And Deng as supreme leader certainly saw it so, keeping Mao in a place of honour.

The continuing power of Xi Jinping for another five years is in many ways a working-out of the schemes of Deng Xiaoping and his senior colleagues. Their plan after they avoided the collapse that destroyed Leninist regimes in Europe between 1989 and 1991. They tried to control who should lead for the next two decades:

"Before the opening of the 14th National Congress of the CCP in 1992, senior party leaders, including Deng and Chen Yun, were to select candidates for the CCP Politburo Standing Committee (PSC) to ensure a smooth transition of power from the so-called second-generation leaders (Deng, Chen, Li Xiannian, Wang Zhen, etc.) to third-generation leaders (Jiang Zemin, Li Peng, Qiao Shi etc.). Deng also proposed considering another candidate for a further future transition, preferably someone under fifty to represent the next generation of leaders.[27] Song Ping, as the organization chief, recommended Hu as an ideal candidate for the prospect of a future leader. As a result, shortly before his 50th birthday, Hu Jintao became the youngest (aged 49 in October 1992) member of the seven-member Politburo Standing Committee, and one of the youngest PSC members since the Communist Party assumed power in 1949."⁸

Hu did what Deng had probably wanted eventually – he curbed inequality. Official figures show that inequality got no worse during his rule, whereas it increased in Britain and many other countries. Another of those off-

message-facts that the plutocrat-owned Western media will very seldom mention.

Surprisingly, one of the numerous studies of Xi's rise in the *Financial Times* reminds readers of facts that I remember as being freely reported before the anti-China turn a few years back:

"Faced with the same powerful interest groups that Hu Jintao had been either unable or unwilling to confront, Xi began to weaken the factions that had come to dominate elite Chinese politics since Deng..."

"Among the first in a series of key military and political heavyweights to fall was Zhou Yongkang, the former head of China's internal security apparatus and a supporter of Jiang. The arrest of Zhou shattered an unwritten rule since the end of the Cultural Revolution — under Xi, even incumbent or retired standing committee members were no longer untouchable.

"Within just a few years of Xi taking power, 25 of the 205-member CCP central committee, the tier of party leaders below the politburo, were removed from their posts on grounds of corruption."⁹

Hu didn't choose Xi, as far as we know. But his presumed choice, Li Keqiang, has been Xi's deputy for the past decade. Serving as Premier, but the Premier did not get the 2-term limit removed, as was done for Xi as President.

There is also assumed to have been a behind-the-scenes struggle between Xi and the still-powerful Jiang. Who noticeably looked at his watch while Xi was speaking at the previous Party Congress. And this time was missing, whereas Hu at the start of the Congress got a place of honour. Points reported in the independent but pro-Beijing *South China Morning Post*, and I've not seen them mentioned elsewhere:

"A visibly frail Hu followed Xi into the hall, walking with the help of a young aide as Xi occasionally looked back and slowed his pace.

"Before Hu took his place to Xi's left, Xi gently touched his elbow and gestured for him to take a seat.

"After Xi returned to his seat after delivering the report, the two made eye contact and Hu smiled at Xi. But Xi was not seen shaking anyone's hand at the event..."

"Song Ping, 105, was the oldest party elder to make an appearance. Arriving in a wheelchair, Song appeared to be in good health, and occasionally picked up his work report on his desk to read it closely as Xi read out the document at the podium..."

"There were some notable absences, including former president Jiang Zemin, 96, and former premier Zhu Rongji, 93. Both Jiang and Zhu missed the party's centenary commemorations in July last year, raising speculation about their health.

"Also absent was disgraced former security chief Zhou Yongkang."¹⁰

Song Ping was the man who selected Hu back in 1992. Zhu Rongji was Jiang's deputy, and part of the move away
9 <https://ig.ft.com/xi-jinping-emperors-men/#myft.notification:daily-email:content>
10 <https://www.scmp.com/news/china/politics/article/3196163/peering-behind-masks-chinas-communist-party-congress>

8 https://en.wikipedia.org/wiki/Hu_Jintao#Candidacy

from socialism. So I suspect this was symbolism. Points that those who needed to know would have been easily able to read.

Xi's Hardening Line

I wrote the previous section on Friday 21st. But now it seems that Hu's faction have been shoved into powerless retirement:

"On Saturday the Communist party (CCP) congress approved amendments to its constitution, including the so-called 'Two Establishes' and 'Two Safeguards', aimed at enshrining Xi as being at the core of the party and his political thought as its underpinning ideology..."

"Shortly before Xi's speech began, former leader Hu Jintao was escorted out of the room, without explanation..."

"At its conclusion the Congress also confirmed the re-election of about 200 elite central committee members, who have voting rights within the party... It also did not include several party veterans, including four current members of the PSC."

"Those missing included Li and Wang Yang, who heads the Chinese People's Political Consultative Conference. Li was expected to retire from the premiership in March but whether he would fully retire from the CCP leadership framework was the subject of intense speculation."

"Wang, a pro-reform politician with a relatively liberal image and rich regional experience, was previously seen by analysts as a likely candidate for the next premiership."¹¹

I don't believe the Central Committee elections are a sham. They won't defy the top leaders, but they do test the balance of power. The shift seems to be from a range of Xi's supporters to definite Xi loyalists. No outsider would have seen it, but the private views of the 2,296 delegates are likely to have been canvassed by Xi's people.

My guess is that Hu's people were seen as well-meaning, but too soft

in a dangerous world. Hu's removal may have been a fluke, and the official line is that he was indeed ill. But it definitely communicated that whatever moderation his faction had once supplied is no longer there.

There is definitely a hardening of pro-state views:

"There is zero tolerance in the Communist Party for senior cadres who collude with business, President Xi Jinping warned, pledging the toughest penalties for any offenders..."

"[We must] resolutely put a stop to collusion between cadres in leading positions who become the spokespersons or agents of interest groups and powerful cliques."

"[We will] take resolute action to address the political and environmental damage caused by collusion between politics and business."¹²

The continuing small number of women – just 11 among 200 in the new Central Committee – may be another aspect of this view. Probably mistaken, but widespread throughout East Asia.

I had hoped that Xi would choose a new deputy who was young enough to be a plausible successor if he steps down in five years' time. Li Qiang, expected to be the next Premier, seems exactly that. And noted for both efficiency and toughness.

Snippets

Lukewarm Guilt Over Russia

"They are stealing Russia': Adam Curtis on how hyper-capitalism wrecked a nation – and why Liz Truss must take heed..."

"This economist who would become acting prime minister set out to create a perfect capitalist system in Russia. He had to do it fast, he said, to stop communism from ever returning. Overnight, he removed all controls over prices, while the government gave up on any attempt to manage the system. The aim, said Gaidar, was to create a new zone of perfect freedom in which, despite initial pain, the system would find its

own natural equilibrium.

"But if you look closer, you will see that his plan had little to do with freedom. It was in fact an odd, machine-like vision of the world driven by pseudoscientific ideas. Gaidar believed that by unleashing 'free market forces' on an extreme scale, they would act as 'market stimuli' that would then automatically lead people into 'rational' patterns of behaviour. In reality, it was a simplified engineering system where human beings would be reshaped, turned into the right kinds of beings to make the new system work. In that way, it was like a reverse image of the Soviet plan. It was still a way of controlling behaviour through levers, but just a different way".¹³

This is an opinion piece from *The Guardian*. But one still wrapped up in Classical Liberal illusions. And not mentioning that Stalin's version produced the economic outcome that Lenin had been looking for: Soviet Power and Electrification. Whereas the brief reign of the Russian Neo-Liberals ended with most Russians feeling cheated and anti-Western.

The Keynesian or Mixed Economy system turned enemies into friends: the former foes in Japan, Italy, and West Germany. But would *The Guardian* ever say that this was wisdom, and not the nasty 'corporatism' that liberals were so scared of?

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Xinjiang: the UN Accepts Normal Police Methods

"India and Ukraine are among 11 countries that abstained as the UN Human Rights Council (UNHRC) on Thursday (October 6) voted against holding a debate on alleged widespread abuses in China's Xinjiang region."

"This is a major setback for Western nations, which accused China of human rights violations. Some countries said that Beijing detained more than one million Uyghurs and other Muslim minorities, with the US even further accusing China of mass detention, torture, forced labour and genocide in Xinjiang..."

"After the voting, US ambassador
¹³ <https://www.theguardian.com/tv-and-radio/2022/oct/12/russia-adam-curtis-extreme-capitalism-liz-truss-traumazone>

¹¹ <https://www.theguardian.com/world/2022/oct/22/xi-jinping-tightens-grip-on-power-as-chinas-communist-party-elevates-his-status>

¹² <https://www.scmp.com/news/china/politics/article/3196293/zero-tolerance-corrupt-communist-party-cadres-business-links-xi>

to the council Michele Taylor ... said that inaction 'shamefully suggests some countries are free from scrutiny and allowed to violate human rights with impunity'.¹⁴

But the real protest is about countries *other than the USA and its friends* being allowed to use harsh methods against terrorism. The USA itself makes sure its own citizens cannot be touched by the International Criminal Court.

Terrorism flourished for a time among Uighurs in China, and now is extinct there. Exiles are often aligned with Islamic extremists in Iraq and Syria. Western media reported this 5 years ago, but now it is never mentioned.¹⁵

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Militant Pensioners?

Tory governments have looked after the very rich, and shown no loyalty to anyone else. And since loyalty is normally a two-way street, it is unsurprising that others also look after themselves:

"China has recruited as many as 30 retired British military pilots, including some who flew sophisticated fighter jets, to train pilots in the People's Liberation Army, according to Britain's Defense Ministry. A senior official said the ministry worried that the practice could threaten British national security...

"None of the retired pilots are suspected of violating the Official Secrets Act, the British law that covers espionage, sabotage and other crimes. But the official said that Britain was determined to tighten the controls on retired service members to guard against training activities that could contravene espionage laws...

"Britain, however, does not have obvious legal tools to stop retired pilots from accepting training contracts from the Chinese army. The contracts are lucrative — about \$270,000 a year — and are particularly attractive to pilots who

retired from active duty several years ago, the official said.

"China, the official said, has contracted the recruiting to a third party, a private test flying academy in South Africa.

"The British official declined to say which allies had been involved in investigating the practice, but he suggested that their pilots had also been targets for recruitment."¹⁶

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Have Fun, Kill the Poor?

"Over 330,000 excess deaths in Great Britain linked to austerity, finds study

"Research comes as government signals fresh round of public spending cuts...

"The authors of the study suggest additional deaths between 2012 and 2019 – prior to the Covid pandemic – reflect an increase in people dying prematurely after experiencing reduced income, ill-health, poor nutrition and housing, and social isolation."¹⁷

"Average COVID-19 mortality per million was 288.54 in countries without face mask policies and 48.40 in countries with face mask policies."¹⁸

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Finding That Damn Asteroid!

Most of you will have heard of DART. A harmless small asteroid orbiting a harmless larger asteroid was viciously biffed by a NASA probe. And its orbit has changed, even more than was hoped.

You probably knew that this was a test, to see if it would be possible to divert an asteroid that was likely to hit Earth.

But did you wonder why they needed this test? It turned out that finding and hitting an asteroid is not a simple task.¹⁹ Unlike what you see in space opera, asteroids are tiny dots

¹⁶ <https://www.nytimes.com/2022/10/17/world/europe/china-recruit-uk-military-pilots.html> (pay site)

¹⁷ <https://www.theguardian.com/business/2022/oct/05/over-330000-excess-deaths-in-great-britain-linked-to-austerity-finds-study>

¹⁸ [https://www.ajpmonline.org/article/S0749-3797\(21\)00557-2/fulltext#%20](https://www.ajpmonline.org/article/S0749-3797(21)00557-2/fulltext#%20)

¹⁹ <https://www.quora.com/Was-there-a-real-risk-that-the-DART-spacecraft-could-have-missed-its-asteroid-target>

in the blackness of space. Without a test, they had to worry about an intercept probe missing its target, and with too little fuel for a second try.

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Feed-the-Rich in 'Free' Ukraine

"Ukraine needs to revamp its labour laws and redouble efforts to privatise thousands of companies to repair its economy, its president's economic adviser has said...

"Labour organisations have expressed concerns over workers' rights amid the Ukrainian government's labour liberalisation, which has included a vote in favour of legalising zero-hours contracts earlier this year."²⁰

Ukraine before the recent invasion had the worst government in Europe. It had the same plundering of state assets in the 1990s that Russia did. But whereas Putin became a strong leader and stopped it, Ukraine has had a series of weak leaders who failed. Or might not even have wished to fix it.

The war with Russia is very convenient for those who want to carry on plundering. One reason why I think the West planned it, hoping to weaken or remove Putin. And unconcerned about how many Ukrainians are suffering.²¹

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Old newsnotes at the magazine websites. I also write regular blogs - <https://www.quora.com/q/mrgwydionmwilliams>

¹⁴ <https://www.wionews.com/world/india-ukraine-among-other-to-abstain-as-un-human-rights-council-rejects-debate-on-xinjiang-523103>

¹⁵ <https://mrgwydionmwilliams.quora.com/The-UN-Human-Rights-Council-Refuses-to-Condemn-China-s-Successful-Suppression-of-Uighur-Terrorism>

²⁰ <https://www.theguardian.com/world/2022/oct/04/ukraine-must-revamp-labour-laws-and-step-up-privatisation-to-fix-economy>

²¹ <https://gwydionmadawc.com/my-blogs/ukraine-the-current-conflict/>

Trauma Zone—Russia 1985-1999

By Catherine Dunlop

Comments on a Documentary by Adam Curtis, shown directly on BBC iPlayer, 13th October 2022

This is a documentary about Britain's current Enemy, Russia, made in the form of a collage of clips from suitably ugly and doom-laden old films. Yet what strikes the viewer is the sight of Bush, then Clinton, then the Queen, then Tony Blair, visiting Moscow to support a regime shown by Curtis to be corrupt and brutal. Tony Blair stood next to Putin, at the time when, according to Curtis, he was the oligarchs and Yeltsin's chosen puppet, destined to continue the regime of corruption, profiteering, intense poverty and crime.

Seven episodes of one hour each start in 1985 with contemporary BBC footage showing that socialism had failed, in standard anti-communist vein. The films make the country and the people appear as ugly as possible. There are 'artistic' portrayals of poverty in film, and this is the exact opposite. The square format and faded colours of 1980s film help with the impression of an outdated society on its way out. This style is kept up throughout the documentary. In the last instalment a Vogue representative exclaimed that before Vogue came: "Everything was so ugly!". A nature report in Belorussia even managed to make forest animals unpleasant to look at, for example deer, usually graceful beasts, are filmed wallowing in mud like pigs.

The BBC reports are split up into short clips made into a collage, occasionally with subtitles by Curtis; dialogue is occasionally translated. Curtis does not 'say' anything directly, he lets the juxtaposition of shocking pictures create an impression.

The only beauty allowed the Russians is the singing: we hear various groups beautifully

singing, in an effortless, natural manner that shows long habit. The context usually manages to spoil the impression. In Ukraine for example, graduating high school students, tawdry in cheap glad rags, sing marvellously, next to an open mass grave presented as results of events in the thirties. The two ceremonies, graduation and commemoration are on the same day.

In a different set of clips, a man on the piano teaches a small group of pregnant women to sing to their unborn babies; they sing gladly and naturally. But this is done 'to produce stronger men'.

Then Curtis tells the story of the privatisation of the system, all that follows here is gleaned from his film. The economist Gaydar, counselled by Western economists, started the 'shock therapy' to turn a socialist society into a capitalist society in 18 months. He started with removing price controls overnight. Overnight people stopped being able to afford necessities, and factories stopped being able to buy raw material. The state distributed vouchers for people to buy shares in privatised enterprises. Individuals who had made money under Gorbachev's economic measures, and others, started buying up these vouchers from ordinary citizens selling everything they owned. This is the birth of the oligarchs.

This caused discontent. Parliament opposed Yeltsin who responded by bombarding Parliament from tanks (1993). From then on, oligarchs completed the plundering of Russian resources, still with the support of the West. Poverty became intense, crime and gangster warfare exploded, as shown in gruesome footage. Yeltsin and the oligarchs decided a war in Chechnya would be good for their prestige, to

occupy the army and to divert public opinion from economic problems. The war is illustrated with pictures more shocking than normally seen on television in war reporting.

At some point in the Yeltsin years, Queen Elizabeth came to Moscow to attend the ballet and a production of Hamlet.

In 1995 the Communist Party won a majority in the legislative elections for the Lower House. In response, the oligarchs put together a vigorous campaign to re-elect Yeltsin the following year, taking over all media, putting up a fake opposition candidate etc; this is when Clinton appeared in Moscow to support Yeltsin who won with a small majority.

As his health deteriorated, the oligarchs cast around for someone who would be a malleable successor whose task would be to let the system continue. They made Putin head of the Security Services to make him a public figure and chose him as candidate. Tony Blair came to Moscow to show his support.

A woman politician, friend of Gaydar and Yeltsin, drew a parallel between Russia in the 90s and Germany after WW1; both tried democracy, and look what happened. Democracy is a dangerous system, she said. Some people might come away from the film thinking that Putin is the new Hitler.

On the other hand, a Russian commentator is heard saying that the West recommended shock therapy because they wanted Russia ruined altogether. This comment is not endorsed by Curtis, but it's the impression one is left with. It seems to me that this film is a terrible indictment of the West's actions in Russia in the 90s.

Politics, the State and the Market in Land

By Eamon Dyas

A core component of the post-war political delineation between Labour and Conservative policies was formed around the question of the relationship of the State to the market. Ever since the foundation of the Labour Party this had been the main line of the ideological divide between the two parties but it was only after the 1945 Labour Government that the implications of that ideological divide began to express themselves in terms that the ordinary citizen experienced in their day-to-day lives. The areas where this had its most immediate impact were those of health and housing provision. For the first time, the post-war political environment provided the Labour Party with the opportunity to introduce policies which enabled the citizenry to experience a government that could help them overcome the adversity which the inequalities of capitalism inevitably brought in its wake. The State was to be made into a direct instrument in the struggle for greater equality and opportunity on a scale never experienced previously. From the Labour perspective, health and housing were considered the two areas of primary social need where an absolute reliance on the vagaries of the market was seen as anathema to the welfare of the wider society. And so it was that the National Health Service was constructed to deliver a first-rate health provision for the populace and the market in land was to be made to serve the wider needs of housing provision for the community. [For a detailed account of this see the previous article in this series].

In the immediate post-war years, such was the general political atmosphere that the Tories were compelled to operate a kind of *modus vivendi* in which they accepted the NHS and acknowledged the principle that empowered local authorities to compulsorily acquire land for the provision of public housing. But,

within the two distinct but related areas of health and housing there was a core difference which would ensure that, as time went on and the post-war political atmosphere waned, the principle of public health provision would out-live the principle of public housing provision within the British political consensus. While the NHS remained sacrosanct for much longer it only occupied that position because the principle of public health provision did not directly impact the area of finance capitalism on which the British economy became increasingly reliant in the decades after the war. It could be argued that finance capitalism had always been an important component of the British economic system and increasingly so during the years between the wars. While that would be correct, it was only in the decades after the Second World War that it began to assume the role of engine-driver of the economy. Because of this, land, an essential resource on which British financial capitalism had come to rely, became the arena of direct conflict between Labour and Conservative policies. This in turn meant that the Labour policy on publicly provided housing – a policy that relied on the movement of significant areas of land from private to public ownership – was inevitably going to be the one that first came under attack from the Conservatives. It was this difference between the principle of publicly provisioned health and publicly provisioned housing that ensured the latter would become the first of the two to crumble.

Yet, despite the gradual withdrawal of Conservative support for the underlying principle of publicly owned land – the principle on which the idea of a meaningful stock of public housing relied – all the post-war Labour Governments under Attlee, Wilson and Callaghan until 1979 adhered to policies that displayed a determination to retain

that principle. After 1979 there was no further support by a Labour Government for that principle. While Labour continued to advance that principle in the way it contested the 1983 General Election with a policy of reversing – or at least seriously modifying – Thatcher's "Right to Buy" legislation, that was a far cry from what the party had stood for during its last tenure in power. If we consider the principle of publicly acquired land as central to what Labour stood for in terms of its ambition for extensive publicly owned housing provision, then it has to be said that even before 1983 the Labour Party had ceased to view any serious role for the State in a resolution of the land issue that might favour social need over market greed. By this time that principle may have continued to have a formal existence but it had ceased to possess any vigour or capacity to serve a wider Labour perspective on society. Consequently, in terms of practical politics, it can be said that the idea of the State directly underpinning a significant housing sector – and with it, being a serious holder of land – began its demise as part of the political debate in British politics in 1979.

Labour then went into the 1987 General Election with no policy of reversing the Tory "Right to Buy" legislation. This proved to be the earliest indication that the party had thrown in the towel on any serious ambition to use the State as a proactive agency in shaping the market to serve the wider social interest and it was left to Tony Blair to formally abandon it at the 1995 Conference with his redefinition of Clause IV. After that, the arrival of the 1997 New Labour Government, finally delivered the coup de grace on any illusion that the party might continue to view the State as an instrument for directly confronting the market in areas deemed critical to the welfare

of the greater society.

From that point on, the market was no longer viewed as something to be confronted even when it was patently failing to serve the community. Instead, the market was to be “worked with constructively” to find political, rather than socially effective, solutions. In other words, the extent of the Labour Party’s ambition vis-à-vis the State was restricted to its use in policing the worst excesses of the market. Where previous Labour Governments had designated the State an active role in the service of a wider reconstruction of society, it was now to occupy the position of mere facilitator.

The Tories make the State serve the market

However, the arrival of the Thatcher Government in 1979 did not represent the end of the role of the State in the market. Where Blair was later to show a distinct lack of ambition when it came to the use of the State, Thatcher displayed a breadth of ambition that saw it being put to use in changing the entire post-war political landscape. Thatcher and the interests she represented set out not only to reverse the State’s post-war intrusions into the market but to ensure that the State would be permanently excluded from any future intrusions on any meaningful scale. In other words, the debate around the State’s role in the market that had characterised British politics over the previous 30 years was to be taken off the political agenda. The paradox was that Thatcher came to rely on the State to execute the policies that were to bring about such a removal.

In pursuit of that change in the political landscape the State was first set to work on establishing the legal right for council tenants to buy their own home. Aside from the role it was meant to play in the realisation of the Thatcher/Heseltine goal of creating the “property-owning democracy”, the “Right to Buy” scheme had the political advantage of effectively “buying off” of a significant sector of Labour’s traditional voting constituency. In other words, it made it difficult for the Labour Party to

reverse that policy without alienating those Labour voters who previously voted for the party and who now sought to take advantage of the right to buy their own home at give-away prices.

However, aside from the wider political and economic scenarios in which the Thatcher Government operated, there remained the important task of creating the specific economic conditions that would help prevent the chances of her flag-ship “Right to Buy” being reversed by any future Labour Government. But she was also eager to choke off the remaining stubborn adherence of certain Labour (and, indeed, some Conservative) local councils to the idea of local governments continuing to be a serious provider of social housing. In her determination to generate such conditions Thatcher showed that her commitment to the sacredness of the market was never an absolute. In certain circumstances the free market was treated as subservient to political needs if those political needs guaranteed an outcome that in the long term helped bolster the market against future State interference. In the case of land, the primary political object of the 1979 Thatcher Government and its successors was to ensure that local authorities were permanently removed from the position they previously occupied as major home providers.

This is the context in which the Thatcher and immediate post-Thatcher conservative governments became the most unlikely of conservationists in the way in which they dramatically increased the Green Belt areas around major cities between 1979 and 1997. (See part 7 of this series for an account of this). The enormous increase in the Green Belt area at this time is usually only seen in terms of its conservation impact. But there was another, more economically significant, impact.

The primary purpose of the Green Belt legislation was to impose a prohibition on the development of land surrounding major towns and cities. Whatever might be the case in favour of the protection of such land from the “despoiling” impact of development – commonly called

“urban sprawl” - the economic impact was to place a premium on the limited areas of land available for development within the boundaries that these Green Belts established. The effect was to add to the inflationary pressure on the value of land within those urban areas as the demand for development land was now compelled to find expression within the artificially limited geographical area inside these Green Belt boundaries. The result of course was to provide a stimulus in the price of urban land within these boundaries. In their eagerness to introduce these measures the Tory Governments between 1979 and 1997, in effect, showed a willingness to use the State to interfere with the operation of the market in land.

But, judging by its wider impact, that interference was to find a more significant expression in the way it served to thwart the use of publicly-owned land within the urban areas bounded by the Green Belts. From the viewpoint of the future of local authority housing the impact of the Green Belts expressed itself on two fronts. In the first place, the way in which it artificially inflated the cost of land within the urban boundaries made it difficult for financially strapped municipal authorities to compete with private developers in adding to their stock of land that was now commanding a higher price than the one the natural market would otherwise have determined.

What this went on to create was a situation where private developers, who continued to be able to access funding, were now more favourably placed than cash strapped local authorities which were compelled to operate under strict borrowing rules. It was, in effect, now the opposite to the situation which prevailed under the now repealed Labour Government’s 1975 Community Land Act and the 1976 Development Land Tax. While those articles of Labour Government legislation had interfered with the market in ways which provided a significant advantage to local authorities, that situation was now reversed. With local authorities no longer financially equipped to adequately compete with the private developer, the way was

now open for these developers to begin to dominate the house-building sector as never before. Construction companies like Barratt Homes, which in 1979 was building 10,000 new homes a year, four years later had increased its capacity by 65%. The situation also had the effect of pushing out the smaller private constructing companies as they too found themselves unable to access the levels of finance that serious land procurement now required. The result was an increasing tendency towards monopolisation in the construction industry. While the recession of the early 1990s slowed down this tendency, the trajectory was revived thereafter with the likes of George Wimpey buying out competitors like McAlpine Homes and then merging with Taylor Woodrow in 2007. There were admittedly some exceptions, but what eventually emerged from all this was a local authority structure in Britain which was increasingly unable to re-establish any significant foothold in the direct supply of public housing and fewer, ever larger, private construction companies providing the bulk of the house/apartment building capacity in the country.

Privatisation of urban public land

This brings us to the second front which the extension of the Green Belt brought to bear on the ability of local authorities to survive as serious providers of housing. Once established, the Green Belts had to be protected from encroachment. These encroachments usually took the form of officially sanctioned private building developments inside the Green Belt and they were justified as a means of alleviating the artificially inflated pressure created by the finite amount of development land that remained within their boundaries. It is here that the conservationist sentiment both within and outside the Conservative Party came to be put to use as leverage to diminish the surviving publicly-owned urban land within the Green Belt boundaries. In that situation, those who viewed Green Belt measures as protection against urban “contamination” of the countryside became a useful and

very effective means by which this pressure on publicly-owned urban land was exerted.

But before we get to this, it is useful to put it in the context of the general issue of public land and the way in which privatisation played its part in moving significant areas of that land into private hands.

The Thatcher policy towards privatisation developed independently of Heseltine’s housing policy and in fact grew out of the industrial unrest of the 1970s. In the aftermath of the defeat of the Heath Government by the 1973-74 miners’ strike the more gung-ho free market section of the Conservative Party began to gain influence and sought to develop a strategy which would destroy what they believed to be an obstacle to the full blossoming of the market as well as being a major cause of wage-induced inflation – the trade union movement. This section of the Tory Party cohered around what became the Selsdon Group with Nicholas Ridley as its first president and founding member. In 1977, in response to the earlier defeat of the Heath Government by the miners, Ridley produced a report on the nationalised industries in which he provided the blueprint for taking on and defeating the trade unions in what he saw as their strongholds. This blueprint in fact became the strategy of the Thatcher Government in its victory over the miners in the 1984-85 strike. In achieving this victory and through the introduction of various pieces of anti-trade union legislation Thatcher clipped the wings of the trade union movement and in the process effectively removed the main obstacle to the privatisation programme which had been part of the Selsdon Group’s agenda.

However, with the trade unions still at that time a potent force, the first Thatcher administration proceeded cautiously in terms of privatisation. The object at this stage (between 1979 and 1982) was to focus on privatising already profitable public companies in order to raise revenues and reduce public sector borrowing. With these considerations in mind profitable large public sector companies like parts of British Aerospace and Cable and Wireless became the earliest

privatisations. After this, during the period 1982 to 1986, we witnessed the likes of Jaguar, British Telecom, the remainder of British Aerospace and Cable and Wireless, Britoil and British Gas. Then, between 1987 and 1991 there was the privatisation of British Steel, British Petroleum, Rolls Royce, British Airways and the utility water and electricity sector.

But by this point, the electorate began to become uneasy with the accelerating progress of privatisation and the fear began to take hold that the National Health Service was not far off. This resulted in growing expressions of dissent with the result that any plan to directly privatise the NHS had to be taken off the table. Nonetheless, the mindset that continued to dominate government thinking ensured that market-driven “initiatives” continued to be imposed in the public sector, from the concept of the “internal market in the NHS” to John Major’s idea of the “citizens’ charter”.

That basically is a brief history of privatisation but what concerns us here is the implication of these privatisations for the value of land in situations where the artificially constrained pool of urban land continued to impact the capacity of private developers to produce what had been promised. If we look at the nationalised industries and companies that were privatised during this time it reveals that what was significant to the long-term evolution of the British economy wasn’t the businesses as such but the land that went with the sale of these businesses.

Brett Christophers explains this aspect of the privatisations as follows:

“In terms of land area, these nationalisations were very significant. The National Coal Board, which was the public corporation established to run the coalmining industry, owned 258,000 acres (just over 100,000 hectares) in the late 1970s. British Rail’s holdings, comprising primarily tracks and stations, were a little smaller, at 175,000 acres (in the same period). The National Health Service (NHS)

estate in England alone – ‘2,000 or so hospitals of various sizes, together with health centres, clinics, laundries, offices and residential accommodation’ – still amounted to around 50,000 acres in 1982, even after a ‘substantial increase’ in disposals since the beginning of the decade. To those one can add the nationalised water boards, area electricity boards, and local authority gas supply undertakings.” (The New Enclosure: the Appropriation of Public Land in Neoliberal Britain, by Brett Christophers. Published by Verso, London, 2018, pp.97-98)

Much of the land owned by these companies and institutions would never find its way onto the market and as a consequence the market was impervious to it. For instance, much of the land owned by the National Coal Board existed in rural locations or in areas where the worked seams restricted its future alternative use. Similarly, with the land owned by British Rail. Most of that land consisted of track and stations which placed it beyond the position of becoming, in itself, a transferable commodity. Nonetheless, in the critical urban locations the land did become a transferable commodity with places like station car parks, and railway arches and even the main railway stations (witness the way in which the likes of Kings Cross and London Bridge have in effect become shopping malls under private overlordship) did become part of the volume of public land that ended up as a transferable commodity under private ownership. Likewise, although some of it did end up, through post-privatisation re-sales, as investment land, the major proportion of the land owned by the privatised water boards and the electricity and gas board was in rural locations and critical to their ongoing operations and consequently could not be released to the general market in land.

Thus, despite the fact that a significant proportion of it ended up in private hands, the land associated with these specific privatisations didn’t, in itself, provide the main

impetus for the ongoing trajectory of the British economy set in train by Thatcher’s policies. In other words, these particular privatisations didn’t represent the most significant movement of public land into the private sector when defined in terms of its influence on land values.

Rather, these contributions, in the context of the market in land, only assumed a defined role in the context of an earlier and more seminal event, or more accurately, a series of events. In this context, Christophers goes on to explain that:

“In terms of land value, if not in area, the post-war expansion of the state’s role in investment in infrastructure broadly defined, was probably more significant still.”

In other words, it wasn’t the land that entered the market as a by-product of the privatisations of State-owned businesses that set the future agenda for land values. That was done through the release of land which had been accumulated by local and public bodies operating in a political environment that had previously been sympathetic to such accumulations. Christophers adds that during the 1950s and 1960s, those favourable land valuation policies meant that certain public bodies were able to compulsorily acquire land at its existing use-value rather than its potential future use value. As a result of this, swathes of land came under public ownership and was put to direct and immediate use for things like house building, town centre redevelopment and new road construction. However, aside from the land put to such direct use, many local councils, at this time and later, procured land which they put aside to hold for future contingencies. Christophers goes on to explain the significance:

“The upshot of all this public investment in urban land was profound: British urban space literally became, in considerable measure, public space, inasmuch as its ownership lay substantially with the state. The degree of state ownership of urban space varied considerably: studies of British cities in the 1970s and early 1980s showed publicly owned land proportions ranging from a low end of one-third (Birmingham,

Coventry, and Plymouth) to a high end of 65% (Manchester), with Newcastle (51%), Nottingham (55%) and Brighton (60%) falling in between. But whatever the variance, the average public share was clearly high – these were anything but private spaces.” (p.100).

By 1982, of the 65% of all the urban land in Manchester that was owned by the combination of the nationalised industries and public bodies, 90% of that publicly owned land was owned by Manchester City Council with the only other public body holding more than 4% being the British Railways Board. In terms of how Manchester City Council had utilised this land, Christophers provides the following breakdown by area as follows: “housing (34%), ‘land and development’ (28%), recreation (13%), cleansing (13%) and education (6%).” What is relevant here is the fact that 28% of the land held by Manchester City Council was designated under “land and development”. In other words, it was public land that remained unused. This was a situation that was repeated, to a greater or lesser extent, in many urban and metropolitan areas throughout the county. It was this land that provided local councils with the means by which they could theoretically overcome the constraints which the Conservative Government had placed on them through a combination of the cut in the Central Government Grant, the prohibition against raising funds through rate rises and access to loans, and the way in which the manipulation of the land market through the dramatic expansion of the Green Belt had inflated urban land values. Access to these reserves of land ensured that, under more favourable political circumstances, local councils could once again become big players in the area of housing construction and provision and because of this it was a resource that the Conservatives set out to remove.

The assault on the publicly owned urban land reserves

The Thatcher administration targeted this resource from the outset. The first objective was

the identification, location and quantification of such land. This was to be done through one of the main provisions in its 1980 Local Government Planning and Land Act. That Act involved the introduction of land registers. These land registers were to constitute a record of all land sites of over one acre (approximately 4,000 sq. metres) which were held by public bodies “for future operational needs but which are at present not used or used for temporary purposes.” Christophers describes the purpose of these land registers as follows:

“The registers scheme was mainly though not exclusively, directed at local authorities. Other bodies to which it applied included New Town Development Corporations, nationalised industries, so-called statutory undertakers (accredited companies that carry out development and highway works), health authorities and government departments. But there is no doubt that local authorities were in the spotlight, nor that central government had little confidence or trust in their actual registering all of the land they were expected to register. Regional officers of the Department of the Environment, which was responsible for the registers, were encouraged to ‘check the position literally on the ground [and] suggest sites which should be put on the register’. So too were private-sector developers.” (p.187).

So, in order to counter any attempt by local authorities to conceal their reserves of unused or underused land not only were officials of Heseltine’s Department of the Environment employed to scout their local areas for such land but also, “private-sector developers” were encouraged to act as spies. The launch of these public land registers took place in 1982 where a government spokesman reiterated the purpose of these registers:

“We want to see publicly owned land brought into use instead of lying idle. We hope the registers will act as a catalyst to bring as

much publicly owned land forward as possible for development, creating new wealth and jobs.” (Quoted in Christophers, p. 186).

It is significant that one of the loudest voices underpinning the government’s objective of moving publicly owned land to the private sector was also an advocate of the expansion of the use of Green Belts. That voice belonged to Conservative M.P., Anthony Steen. Steen was an early enthusiast for the expansion of the Green Belts and at the same time an inveterate opponent of public landownership. In 1981 he had written a booklet, “New Life in Old Cities”, in which he advocated the auctioning of surplus public land to the highest bidder. During much of the 1980s his was a constant voice counterposing the perceived infringements of the Green Belt by developers against what he viewed as the “national disgrace” of so much unused publicly owned land in urban areas. His reasoning being that such land, if freed to the market, would ensure the ongoing protection of the Green Belt from developers who, as long as that land was kept beyond their reach would inevitably seek land that was currently in the Green Belt.

For their part, local authorities, deprived as they were of adequate central government funding or the means of borrowing, increasingly leant on the sale of land to bolster their budgets. This was done over a prolonged period as neither the Thatcherite objective nor the interests of local councils were served by a sudden surge of such land onto the local markets in ways that created an oversupply and a corresponding drop in its value. In the meantime, at a point when it was deemed that they no longer served a purpose, and because there was no additional land being acquired on any significant scale by local authorities or public institutions, the land registers ceased to be published. The first registers, thirty-three of them, were produced in 1981 and by 1983, there were some 365 such registers. At that time these registers showed that the amount of publicly owned (and deemed to be un-used or under-utilised) land ripe for private exploitation was just short

of 180,000 acres across 11,000 sites at an average of 10 acres per site. Of this land:

“Local government accounted for the biggest share of registered land, with approximately 60%. Nationalised industries and statutory undertakers accounted for about a quarter of the total, the biggest contributors being British Rail (14,000 acres) and the electricity boards (almost 3,500 acres). Only two government departments, meanwhile, had registered a material quantum of surplus: Defence (a paltry 2,466 acres) and Health (2,185 acres).” (Christophers, p.187).

Christophers estimated that the total of publicly-owned land that was privatised since the end of the 1970s to be 2 million hectares. This includes all the land that was privatised consisting of the “active” land that went on to serve a private development purpose as well as the “static” land which, because it was intrinsic to the ongoing operation of the newly privatised businesses, could not serve that purpose. He estimates that the latter only constitutes 20% of the total in which case the other 80% constituting 1.6 million hectares of previously publicly owned land, went on to play an active role as a commodity in the ongoing land and property development market.

As to what proportion of this land consisted of land on which council-owned houses was built is not stated. However, regarding the percentage of the cost of building a house in relation to the other costs of materials and labour, the price of land was estimated at just over 25% of the total cost of building a house in the late 1950s and by 2013 this had risen to close on 70%. (“Is it time for housing policy to pay more heed to the costs and benefits of location”, by Brian Green, Building, 23 July 2013. This can be seen at: <https://www.building.co.uk/comment/is-it-time-for-housing-policy-to-pay-more-heed-to-the-costs-and-the-benefits-of-location/5058188.article>). Since 2013 that percentage had already hit 70% in 2018 as confirmed by the claim in Christophers’ book which was published that year.

As for the market value of residential land compared to other types of marketable land it has been estimated that in 2015 the average value of English residential land was £6 million per hectare which was 12.5 times that of industrial land at £482,000 per hectare and nearly 300 times more valuable than agricultural land at £21,000 per hectare. (See: Christophers, pp.114-15). Given that the relative positions which both residential and industrial land continue to occupy in the British economy it is certain that the 2015 disparity in the value of residential land has become even larger in 2022.

This dramatic increase in the value of development land has had implications not only for the way in which it contributes disproportionately to the cost of building homes and consequently the cost to the purchaser, but it also has had implications for the type of homes being constructed in urban settings. Cities are increasingly being dominated by tower blocks that have reached heights that were previously unimaginable as developers seek to optimise the number of units – and consequently, the retail value – of homes being constructed on increasingly expensive land. Geological factors which might previously have made the cost of high-rise constructions prohibitive now provide no such inhibition. In the case of London, its clay-based geology always made it difficult to construct buildings beyond a certain height as the deep-pilings required to raise a

building beyond a certain height made no economic sense. However, just like the price of oil in the 1970s and 1980s made it economically worthwhile for oil companies to invest in deep sea off-shore extraction, so too with the building-construction situation in London. The growth in the price of land reached a point where the balance between cost and return was soon reached and has resulted in a proliferation of high-rise buildings the likes of which London had never seen before.

In many ways the cost of preventing the despoliation of the green areas surrounding the cities has resulted in the despoiling of the towns and cities themselves with a corresponding depletion in the quality of life for their residents. In urban areas on the edges of the Green Belts, land that had previously accommodated the likes of local cricket clubs, tennis clubs and school playing fields have all succumbed to the temptation of the high prices offered by speculators willing to take a punt on the possibilities (usually realised) of gaining planning permission to develop that land. Similarly, and indeed more so, within town centres where working people usually reside and particularly in impoverished or semi-impoverished areas that are seen by speculators as the “next great location”. Local pubs, shops and libraries, and even small industrial and business estates, are fair game for the temptation of the big money offers of the speculators and

developers – offers that are not based on purchasing the business or the buildings occupied by those businesses but for the land on which those buildings lie. Then, once procured, in the place of these local amenities there arises another tower block where the apartments are purchased either by young professionals moving into the area or investment companies that have acquired multiple apartments which they use for their rental income.

Looking back from 2022, is undeniable that Thatcher was successful in how she used the State to refashion the political debate to one where land (and with it the prospects for a revival of a significant local authority public housing sector) has effectively been taken off the political agenda. Throughout the 21st century, with the exception of the ill-fated, and ultimately ineffective, Corbyn years, the Labour Party has shown no ambition to do anything more than tinkering with the problems created by the way the market has been bestowed by Thatcher – and every government that came after – with the main responsibility for housing the people. As long as that remains the case, not only will there be no solution to the housing crisis but there won't even be the political space in which any meaningful debate can take place on what that solution might be.

The Banshees of Inisherin

By Eamon Dyas

Popped into the local picture house for a matinee performance not realising it was a special showing for the hard of hearing. It seems that these places offer all kinds of special matinees including for people with Autism and Tourette's so I have to think that my mistake could have been worse.

Anyway, as it turned out there was only about thirty in the audience watching a film in English with English sub-titles and listening to a very loud sound track.

I found it to be an odd film but enjoyable and well-acted. Absence of Irish language jarred with the historical accuracy as it was supposed to be set in what obviously was the Aran Islands. Also the failure to directly acknowledge that it was the Free State

in power in 1923 and therefore responsible for the executions on the mainland was an historic cop out.

The film seemed to be a metaphor for the destructiveness of pride. The Brendan Gleason character early on at confession admitted to envy as one of his sins but added that he couldn't see how pride could be a sin. It was his pride in what he thought he could become in the larger world that led to his rejection of the human relationship with the Farrell character. He saw himself as better than what that relationship represented and set off on a voyage that ultimately led to the destruction of what they both had previously offered the world – Farrell's “niceness” and Gleason's ability to make music.

Overall it was worth seeing – though perhaps avoid the special matinees.

Kwasi Kwarteng's Budget Adventure.

By Dave Gardner

Did the then Chancellor of the Exchequer Kwarteng mention the need for extra borrowing when he presented his tax cutting plans to the House of Commons on 23 September? The answer is NO he didn't - although opposition speakers (including Rachel Reeves) did assert that substantial extra borrowing would be necessary, Kwarteng never admitted that any extra borrowing would be required let alone specify how much. However, earlier, on 7 September, a Treasury statement issued after he shared his plans with "market leaders" (ie bankers and other money men) contained the following:

"The Chancellor was clear this will mean necessary higher borrowing in the short-term whilst ensuring monetary stability and fiscal discipline over the medium term. He committed to ensuring the economy grows faster than our debts and keeping debt as a proportion of our economy on a downward path."

The Chancellor did an extraordinary thing on 23 September - he presented half a budget, the pleasant half containing a cornucopia of tax cuts, and kept the world in the dark about the other half, saying only that it would be revealed "in due course". Could there

be a more effective recipe for financial uncertainty, for a falling pound and an increase in interest rates on government debt? And as if he hadn't provoked enough uncertainty in his statement to the House of Commons, two days later in a BBC interview with Laura Kuensberg when talking about his tax cuts, he said "there's more to come" without being specific.

The answer to this question is, in essence, YES. The markets were expected to "fill in the blanks" of his half a budget which was stage managed in a way that was contemptuous of the markets. It was quite naive to expect the markets not to conclude that what he was proposing would involve additional borrowing. This realisation, on top of the inherited cost of Covid and the anticipated burden of support for war in Ukraine, proved too much for economic orthodoxy. This orthodoxy says that expenditure by the state not financed by taxation or other sources of income has to be covered by borrowing. The markets reacted very badly and his days were numbered. Economic orthodoxy requires austerity as a way of 'balancing the books' as the main method of dealing with the way politics requires extra expenditure to meet contingencies such as COVID or whatever

warmongering is currently deemed necessary.

But let's not fool ourselves into thinking that in terms of the public's grasp of economics that their default position isn't one that is shared by the economic orthodoxy. While the public's thinking isn't dominated by that orthodoxy - it is prepared to accept that the government at times needs to go all out on borrowing - it views such borrowing as something that will need to be paid back later. The household budget view of state expenditure is both one that the ruling party and the Labour Party are anxious to hold onto and which is intuitively held by the public who have but a passing interest in the intricacies of state financing.

Covid was the recent occasion when the public were not only prepared to accept the need for increased government borrowing but was actually demanding it. In this instance, politics trumped the economics. This came on top of the perceived costs of Johnson's "levelling up" political agenda - a borrowing agenda on which the public seemed to have adopted a neutral position, perhaps accepting that investment in the country's infrastructure needed attention after more than ten years of austerity. But in formulating his "levelling

up” policies Johnson showed that he was not fully in accord with the orthodoxy, or certainly not as fully in accord as it would have liked - he was after all a maverick politician. The Tory party itself was divided on the issue and some sections were deeply sceptical about Johnson’s aspirations. But the public’s support for Johnson couldn’t be prised away on the basis of a reassertion of a need for a return to austerity and so Johnson’s maverick nature - the nature that was originally viewed as an asset in countering Corbyn - came to be exploited as the means of neutralising him. Johnson’s already very well known qualities, on display in certain circumstances: laziness, disregard for rules and for truth, were portrayed as fatal character flaws disqualifying him for high office.

The reaction to the combination of the “distortions” of Johnson’s “levelling up” agenda and the cost of Covid showed that the economic orthodoxy may have to hold tight in the face of public fickleness but it won’t go away. Orthodoxy in the form of the Conservative parliamentary party and its supporters in the media, business and finance became the main instrument in first clipping the wings of Johnson’s ambitious “levelling up” agenda, then, in the aftermath of Covid, by exploiting Johnson’s maverick personality at a time when the destruction of Corbyn no longer provided political protection for him, in order to bring him down. Sunak, his chancellor was a key figure in clipping his wings and Johnson

was either too weak or too lazy to deal with this threat.

But even after Johnson was politically neutralised - and remember this happened way before he officially resigned - such was the residual political inheritance of the Covid emergency that the public remained sceptical as to the need for austerity. The feeling that the books may need to be balanced but not necessarily yet had gained enough traction to offer the prospect that this could become a new normal way of thinking. The need to support the US and the Ukraine in their war against Russia added to the orthodoxy’s nightmare. The idea that the good fight would need to be funded by yet more increases in government spending would inevitably bolster the continuing public scepticism about any immediate need to balance the books.

Then Kwarteng’s novel experiment arrived on the scene. The thing about the markets is that they do understand politics. Modern capitalism revolves around numerous teams of analysts, and economic models that attempt to anticipate the impact of political developments on the markets. Unusual political developments are factored into their calculations. So it was

quite possible for the markets to retain a critical stability throughout Covid and more likely continue to retain a stability of sorts throughout the war in Ukraine. Kwarteng’s problem wasn’t so much that his policies inevitably imposed increased government borrowing. That, after all, was already happening. His problem was that he failed to link it to a political and economic rationale and this, combined with the methods he used in both dismissing the prevailing mechanisms and appearing either not to know or deliberately concealing the impact of his policies on government borrowing, lost him the confidence of the markets.

The resultant turmoil in the markets proved to be a godsend for the economic orthodoxy as it managed to frighten the public out of their “illusion” that the task of balancing the budget could be deferred indefinitely. Whereas before Kwarteng austerity was seen as an unlikely political “sell” to the electorate it’s now become a necessary one. The economic orthodoxy can now rest content in the knowledge that all is, once more, well in its world. The Labour Party in Parliament is doing all it can to bolster this belief.

My political hero James Connolly made an apt observation at the beginning of the last century: “History, in general, treats the working class as the manipulator of politics treats the working man — that is to say, with contempt when he remained passive, and with derision, hatred and misrepresentation whenever he dares evince a desire to throw off the yoke of political or social servitude.” Well, the trade union movement is back and ready to fight to end the increasing servitude that workers find themselves in during this cost-of-living crisis.

From Mick Lynch’s article in the Morning Star October 2022

Italy, Greece and Ukraine

Italy and Greece, support for the Ukraine war, the least enthusiastic in Europe

YouGov-Cambridge has published the results of a survey of international opinion regarding the causes of the Ukraine war.¹

Looking at the table of results (all on one page, magnifying glass required) Greece, Italy and Spain to a lesser extent give more answers favourable to Russia, and Britain the least. Britain is consistently more anti-Russian and pro NATO than the rest of the world including the US.

Here is the list of questions asked:

“There are different views on the circumstances that led to the war in Ukraine... Thinking about this subject, do you think the following statement is true or false?

1. Before the war started, ethnic Russians living in Ukraine were being subjected to mass murder – or “genocide” – by Ukrainians

2. Before the war started, the Ukrainian Government had fallen under the influence of militant extremists who support the ideology of Nazism and Adolf Hitler

3. Before the war started, Western countries were seeking to establish a military infrastructure in Ukraine in order to bully and threaten Russia

4. Russia’s leader, Vladimir Putin, ordered Russian troops to enter Ukraine because he does not consider Ukraine a “real country” and wants to end its independence

5. Russia’s leader, Vladimir Putin, ordered Russian troops to enter Ukraine as part of a larger ambition to build a new Russian empire in the former lands of the

¹ <https://docs.cdn.yougov.com/0ma5boayqk/Globalism%202022%20-%20The%20info%20war%20for%20Ukraine%20-%20All%20markets.pdf>

Soviet Union

6. Russia’s leader, Vladimir Putin, ordered Russian troops to enter Ukraine partly because he wants to boost the international status of Russia as a great power in the world

Ukraine_Blame. Generally speaking, who do you think is more to blame, if at all, for the outbreak of the Russia-Ukraine War – Russia or Western countries?

If Russia Wins. If Russia achieves victory by achieving its current, stated aims in Ukraine, do you think this will make the world more dangerous, or more safe, or will it make no real difference either way?"

As an example, to the question Who is more to blame? 78% of Britons asked in the survey said Russia, against 37% of Greeks, 53% of Italians and 66% of Spaniards.

The statement ‘Before the war started, Western countries were seeking to establish a military infrastructure in Ukraine in order to bully and threaten Russia’ was judged to be true by 58% for Greece, 35% Italy, 27% Spain, and 16% GB.

This casts a new light on the election of Giorgia Meloni as the new prime minister of Italy, the only one of the right wing coalition who is consistently hostile to Russia, as explained by France 24 19/10/22:

“Meloni, Italy’s likeliest next leader, was said to be shocked and livid at the latest gaffe by the man long known as the *Cavaliere* (the Knight), slipping out of parliament by a backdoor on Tuesday evening to avoid the press. As Giannini said, Berlusconi’s latest bluster “shattered the already fragile pro-NATO and Europhile equilibriums that the leader of Brothers of Italy

was struggling to guarantee”.

Breaking a daylong silence, Meloni issued a statement late on Wednesday insisting that she would lead a government with a clear foreign policy.

“Italy, with its head high, is part of Europe and the Atlantic alliance,” she said. “Whoever doesn’t agree with this cornerstone cannot be part of the government, at the cost of not having a government.”

Meloni’s own far-right credentials and long history of eurosceptic tirades have raised eyebrows in some European capitals. But she has staunchly supported NATO and Ukraine in the war, offering strong backing to EU sanctions on Russia.

Her allies’ past proximity with the Kremlin, however, is cause for concern among Western leaders.

Berlusconi has a long, friendly history with Putin, whom he entertained at his Sardinian villa almost two decades ago. He even visited Crimea with the Russian leader in 2014 after Moscow annexed the peninsula from Ukraine. That same year, Meloni’s other main ally, [Matteo Salvini](#) of the anti-immigrant League party, was pictured in Moscow sporting a Putin T-shirt – a stunt he repeated at the European Parliament months later.

Salvini’s party colleague Lorenzo Fontana, who was elected Speaker of the lower house of parliament last week, caused further embarrassment for Meloni on Tuesday by describing EU sanctions against Russia as a “boomerang” for the Italian economy – prompting a swift rebuke from the European Commission in Brussels, which also noted that the sanctions ban imports “as well as gifts” of Russian vodka.”