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Serps
More on Workers'
Control in
Germany in
Germany

Russia

Notes on the News

Parliamentary Diary

Conference Issue

The Prospects for Pensions

Two years ago the restoration of the link between the basic pension and average earnings was the burning issue at Labour Party conference. And the proponents of the view that Labour should stick to its commitment to restore the link, led by Barbara Castle, narrowly failed to impose their view on the New Labour leadership.

Defeat was headed off by Harriet Harman promising, on behalf of the National Executive, that there would be a comprehensive review of pension provision (and by twisting the arms of a few trade union leaders to cast their block votes for the leadership).

The link between the basic state retirement pension and average earnings was abolished by the Conservative Government in 1980 and replaced by a link to prices. The net effect of this up to now has been that the retirement pension for a single person is about £20 less than it would otherwise have been and for a couple about £30 less.

And the long term effect is that the basic pension will continue to fall as a proportion of average earnings: it fell from 22.6% in November 1980 to 17.4% in April 1996 and, assuming that earnings rise on average by 2% per year more than prices in future, it will have fallen to 10.8% of average earnings by 2010 and to 7.3% by 2040, by which time it will be 'nugatory', to quote Michael Portillo when he was Financial Secretary to the Treasury.

Old Labour was committed to restoring the link with average earnings. In addition, prior to the 1992 General Election, John Smith, who was then Shadow Chancellor, proposed an immediate increase of £5 for a single person and £8 for a married couple in order to make up some of the deficit which had grown up since 1980.

At the 1996 conference, New Labour abandoned

that commitment.

As a result of the erosion of the value of pensions since 1980, increasing numbers of pensioners have to rely on income support to supplement their income: approximately 1.6 million of them at the moment (and about a million more who are eligible don't claim).

A Green Paper on pensions is due to be published before the end of the year. There is no sign that the restoration of the link between the basic pension and average earnings will be proposed. Rather, all the signs are that New Labour will endorse the erosion of the basic state pension initiated by the Conservatives. What is more, they will also endorse the downgrading of the State Earnings Related Pension Scheme (SERPS) which the Conservatives carried in the 1980s. They may even do further damage to SERPS.

There is a lot of vague talk these days about the need for a second tier pension, for example, the so-called Stakeholder Pension which was mentioned in the Labour manifesto and yet again in the Social Welfare Green Paper, *A New Contract for Welfare* (Cmnd 3805) published last March. The fact that there already is a second tier pension, that is, SERPS, is rarely mentioned. Although the Labour manifesto promised that SERPS would be retained "as an option for those who wish to remain in it", including "new entrants to the Labour force", Baroness Hollis, Labour Social Security spokesman in the House of Lords, cast doubt on this commitment when she said (in answer to a question by Barbara Castle in the House of Lords on 15th December 1997) that "Representations on the future of SERPS beyond the present Parliament are being considered as part of the present review". (Quoted in *Fair Shares for Pensioners* by Barbara Castle et al).

The Green Paper is ominously silent about the future of SERPS.

SERPS was introduced by Barbara Castle in 1975 when she was Labour Minister of Health & Social Services. It was to provide an extra pension, over and above the basic retirement pension, amounting to about 25% of earnings of an individual's "twenty best earning years". This was designed to benefit workers whose earning peak is in mid-life and for whom a final salary scheme is therefore inappropriate (final salary schemes were then the norm for

occupational pensions in private industry as well as in the public sector). It was also beneficial for people whose working lives are interrupted for whatever reason, including mothers taking time off work to bring up children and carers who have to stay at home to look after sick relatives.

Like the basic pension scheme, it is a 'Pay As You Go' system: existing National Insurance contributors pay the pensions of existing pensioners. To enable this to be done, every employee earning above a lower earnings limit (£64 per week today) was required to pay an earnings related National Insurance contribution (6.5% in 1979 when SERPS came into operation, 10% today). The employers, contribution was 10% in 1979, as it is today. (The self-employed were exempted from SERPS).

Employees could contract out of SERPS (and pay a much smaller national insurance contribution) providing they were in an occupational scheme which guaranteed the same sort of inflation proofed pension, for example, a final salary scheme like the one teachers have. Indeed there was provision for payments to be made out of the National Insurance Fund to company schemes to bring them up to the standard required to make them into an acceptable alternative to SERPS. Thus SERPS set the benchmark for second tier pensions.

The advantages were considerable:

(1) The pension a contributor can look forward to is well defined at 25% of his average salary in his best twenty earning years. This contrasts starkly with the generality of non-state pensions (including most occupational schemes in the private sector) in which a fund is built up by an individual (and his employer in the case of an occupational scheme) and invested in the stock market. On retirement the fund is normally used to provide an annual income for the rest of the person's life (25% of the fund can be taken as a tax-free lump sum). Of course, given the vagaries of the stock market the size of the fund at retirement cannot be predicted. Also, the size of the annuity the fund will buy is a variable quantity: today it takes nearly twice as much money to buy the same annuity as it did 10 years ago. Contrast this with the relative certainty of SERPS.

(2) Compared with non-state pensions the administrative costs are

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small because there are no insurance salesmen to pay and no dividends to pay to the shareholders of insurance companies.

(3) SERPS doesn't suffer from the problem of portability which some occupational pensions have, namely, contributors cannot take their fund with them when they change job. With SERPS people continue to pay into the same state fund.

The legislation setting up SERPS (and linking the basic pension to average earnings) went through Parliament in 1975 with barely a word of dissent. The Conservatives didn't oppose it. It was also welcomed by the pensions industry because after years of uncertainty about

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Gwydion M. Williams

Notes on the News

Equal under the law?

In view of the widespread interest in the latest leaks of supposedly secret Grand Jury testimony about the private life of President Clinton, I have a modest proposal.

Let all Senators and other members of Congress, all Governors and similar dignitaries be required to give sworn testimony about any sex they may have had outside marriage: what they did and with whom (or what) they did it, if they did it.

Then let a committee of bitter political enemies be set up to investigate each claim, with the threat of criminal charges if some of these claims seem false. There would be immunity from perjury charges for any witness who will help the prosecutor nail a political foe.

Alternatively, one could admit that what Clinton did was normal and trivial.

Surreal law

The attitude of the Clintons is unhelpful. They weaken their case by talk of 'conspiracy'. Rather, there was a widespread campaign to limit the power of a President who sounded as if he might do something for the whole society rather than just the top 10%.

One should remember the abnormality of American economic life since the 1970s. The whole benefit of a flourishing economy has gone to the Overclass, or top 10%. By contrast, in 'deferential' Britain the majority of the society did OK under Thatcher, even though our Overclass got an unfair share of the cake. Only in 'free' America can the majority of the society be cheated out of their normal rights.

For both countries it was also the worst period of economic growth since the war; far from improving on Keynesianism, the New Right have not been able to equal it. And the crisis of 1987 left them too scared to risk a wholesale demolition of the mixed economy.

Clinton sounded as if he might take advantage and actually go back to fair shares for all. There was talk of a National Health System, of replacing the American snarl-up that combines great expense with a system where even middle-income people may not be able to afford the treatment they need.

The prospect of even very limited social justice stirred up a lot of people. Some of the million millionaires who dominate America were keen for a change of government. But almost all of them were united in a campaign to stop it going very far.

A campaign is not a conspiracy. People can very often separately agree on a common goal just by talking openly, or maybe reading the papers. Clinton is unlikely ever to be charged with anything.

A Grand Jury is an odd leftover that was once supposed to protect people from spurious charges, but now serves mostly as a means for prosecutors to ruin the reputations of people whom they could probably not convict in a real trial with the normal checks and balances.

On the news I heard an expert on such matters saying that an accused should on no account bother trying to convince Grand Jury of anything. All Anglo-American law says that one need only represent one's own side without regard for truth or justice. But in the case of a Grand Jury there is also no balance. There is a prosecution but no defence, and no need to prove guilt beyond a reasonable doubt.

Using nebulous suspicions of conspiracy is very American. It is a society that fetishises law and all the arcane rules inherited from 18th century Britain, rules that are not there to ensure justice, but to ensure you cannot do without lawyers.

Clinton's defence is just as silly. He managed to deceive without technically lying—maybe. By a very complex form of words he may squeak through. Once can just imagine prostitutes employing

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the jargon: "Care for a physical encounter that would be genuinely distinct from a physical relationship, and thus deniable without risk of perjury, love?"

Meanwhile Clinton generates some political support at home by being equally casual with the rights of foreigners. If America had such a good case against the Sudanese factory, why do they show such a lack of interest in having it investigated by someone not under their control?

Productive murderers

To generate one murder needs almost 160,000 Belgians, but a mere 1587 inhabitants of Washington DC. Amazing, isn't it?

These killings include the briefly newsworthy efforts of Russell Weston, the man arrested for the Capitol

shootings. He killed a pair of security guards who bravely stopped him taking a gun into a building full of US politicians, whom he apparently planned to kill on a fairly bipartisan basis.

Weston's original gripe stemmed from his childhood. He reckoned that the Federal Emergency Management Agency didn't re-house his family properly after a Mississippi flood.

The American concept of self reliance is a variable absolute truth. Americans are stoical about other people's misfortunes, but not their own. They are the first, and so far only, people to be wholly made and reshaped by state power. First the British state, which propped up its sickly transatlantic colonies until they became self-sustaining. And then their own state power, which has flourished amidst empty rhetoric about freedom and individualism, a public hypocrisy that is in line with the private views of the nation. Americans as a whole believe that rules should apply to other people but not to them. Welfare and subsidies should be made to them and not to other people. And when you feel cheated, go off and shoot someone!

Rolls Royce (Volkswagen) and Rolls Royce (Bavarian Motor Works)
Ich bin ein Frankfurter?

We've been assured that the decline of British manufacturing would be more than made up by our highly sophisticated financial services. Also, that the once-mighty German economy was going down the plug-hole.

That particular plug-hole must have led to a trampoline! For Germany has completed the immense task of breaking down the ex-Leninist society of East Germany and more or less absorbing it. The economy is strong once again.

Almost overlooked by our pundits, the Swiss-German boss, Werner Seifert, has been putting together a pan-European alliance of share traders. "He has assembled a dazzling array of international alliances which have brought together exchanges in Switzerland, Austria and France. Now Mr Seifert has pulled off his biggest coup yet: an equal partnership with the London Stock Exchange to develop a stock market for Europe's 300 biggest companies". (*Economist*, 11th July 1998, Finance and Economics section.)

London "is not the force it once was in Europe. Much of its once-flourishing

business in French, Dutch and German shares has migrated back to the continent". Even though "by market capitalisation, London's exchange is still more than twice as big as Frankfurt's." (*Ibid.*)

As I've said before, 'privatisation' is a meaningless rebranding of denationalisation. And denationalisation denationalises. As a part-Welsh British-European, I am not greatly bothered. But I am amazed that those who ought to care seem not to.

Of course the City traders are still able to afford their Rolls Royces. That's now German too, another almost unnoticed little event. Two bands of enterprising Germans have taken over the name and the substance, respectively. All that's left is the aerospace side, where governments can keep anything afloat.

Don't Mention the War!

If all else fails, Britons perhaps have a role as global bother-boys. There are no longer any meaningful defence needs, as there genuinely were when the Warsaw Pact was in business. But there still is a world role for an army that can meddle in an inherently chaotic New World Order.

World War II was a War of Alternative Evils. Britain's mismanagement in the 20th century was due to its loss of a secure economic position. On the face of it, there was no need to do anything when Germany and Austria went to war with Russia and France, both old enemies. But to do nothing was unacceptable because Britain was being beaten under its own rules. Even then, Germany was doing better economically than Britain was. Thus the 1914-1918 war.

And yet it was never quite forgotten that Russia and France were old enemies. So Germany was never broken, and Britain in the 1930s was very equivocal about stopping Hitler. It is conveniently forgotten how many mainstream right-wingers supported Hitler for as long as he was merely a Fascist and anti-Semite and was not seen as a threat to British interests.

Bad and worse on Welfare

I'm not sorry at the departure of Frank Field. His notions were not even slightly radical, but grossly Victorian, in the classic punish-the-poor tradition. Blair and Brown sound more like traditional Tories, defending the

privileged, but seeing the poor as also deserving a cut.

Field was after continuing the Thatcherite folly of supposing individual effort can solve it all, while doing nothing to make it any easier. He was after Workhouse Liberalism. Had he had his way, the problem would have been to stop it being "New Labour, New Poor Law".

The real problem is that no one wants unskilled or unwilling workers. There is already a mass of unemployed eager for almost any work, but with no skills or the wrong skills. Jobs like supermarket shelf-stackers get hundreds of applicants these days.

Welfare was also blamed by Frank Field for the collapse of puritan values. This same collapse has occurred right across the social spectrum, including royalty.

Field wanted to put the blame on the weak and vulnerable. Blair and Brown have made some unpleasant noises on Welfare, but with luck may find it too much trouble. They are basically in power to get re-elected, and no effective policy is likely to be popular. "New Labour, New Poor Law" is possible, but much less likely than it was.

Poisoning rats is bad for their health

There are some valid grounds for worry about what is being done with genetic engineering. Producing crops that can be drenched with herbicides is not a good idea in itself. To do so using genetic engineering raises a very real possibility that those same resistant genes could be passed on to weeds—in much the same way as excessive use of antibiotics has produced germs immune to most available cures.

One scientist "crossed a herbicide-resistant strain of canola or oilseed rape (*Brassica napus*) with the related weed *Brassica rapa*. The offspring inherited the herbicide resistance, and within three generations produced a weed that retained the herbicide resistance and was otherwise as fit as normal weeds. Such weeds could quickly dominate fields being treated with the herbicide." (New Scientist, 15th August 1998.)

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Workers' Control in Germany

Christopher Winch

Part two: Does Co-Determination give the German economy a competitive advantage?

In the last issue, I looked at the growth of co-determination in Germany since the Second World War and noted that it coincided with the revival of Germany as a major economic power. The question is, Is this just a coincidence, or does co-determination not just protect the interests of workers but also help to make enterprises more competitive? One obvious consequence of giving workers some control over their firms is that they will not only be reluctant to agree to measures that cause them to lose their jobs, but they will also be in a position to ensure that their jobs are not lost. In other words, the existing labour force is, for management, a largely unalterable given, not something to be reduced or increased at will on the basis of short-term competitive or financial considerations.

In the context of the New Labour idea of 'flexibility', which is, basically, adoption of the Thatcherite hire and fire culture, this ought to be disastrous. If enterprises find themselves in a poor competitive situation, or in an economic downturn where they cannot find work for all their employees, while at the same time, they continue to have to pay them, then surely they will lose money and eventually go out of business? Furthermore, if workers, buttressed by strong unions, know that they cannot be sacked, won't they become arrogant and complacent, obstructing the need for different forms of working, the breaking down of barriers of demarcation and the need to acquire new skills? This is the conventional managerial wisdom in the UK and it suggests that co-determination ought to be a complete economic disaster. However, unless the German economy has been a success in spite of co-determination, this cannot be universally

true. Given the central place that it has in many of the key industrial enterprises in Germany, one must take seriously the possibility that co-determination is at least partially responsible for German economic success. If this means upsetting cherished notions of labour flexibility, then so be it.

In fact, co-determination *has* meant that the workforce is a non-disposable asset of the enterprise, but this does not lead to economic disaster, because the Germans have turned this fact to their advantage. If you know that your workforce is highly paid and permanent, then it is rational to use those attributes to give you a competitive advantage. Furthermore, a workforce which has a high degree of knowledge about the economic realities of the environment of the enterprise and which has a considerable degree of power to react to that environment in ways appropriate to its interests, is likely to take both the long and short term health of the firm very seriously. After all, even permanent workforces won't survive if the firm goes bust. In the fifty years since the war, successful German companies that have operated co-determination have developed strategies that make a virtue of the fact that highly-paid employees are a non-disposable asset. They have done so in a number of ways.

First, they have made use of the legislative framework provided by the German state, which ensures that the great majority of workers have a high level of training. Second, they have further developed training opportunities into the basis of a career pattern for employees who start as operatives on the shop floor. Third, they have made sure that the workforce is 'flexible' in the sense that individuals have a variety of

skills that can be used in the workplace and even have skills that are technically redundant but which can be used when the occasion requires. Fourth, they have encouraged employees to help with product innovation, particularly incremental improvements in production techniques. Finally, they have developed product strategies that have capitalised on all of the above. Specifically, this means that they have developed products with relatively high value-added, which are developments of mass production, but with relatively short and flexible production runs. The successful development and marketing of the Volkswagen Golf GT is a good example of this product strategy. More recently, advances in flexible production have led to dominance even at the lower, mass-production end of the market; witness the recent success of Volkswagen's small car, the Polo, sold at a competitive price.

The Current State of Affairs

The Germans have decided to take stock of the record of co-determination and Wolfgang Streeck, the well-known industrial relations expert, was recently commissioned to conduct a wide-ranging enquiry into the benefits, if any, of co-determination. The Streeck commission recently reported, to considerable publicity in Germany, on its findings.* They appear to have been virtually ignored in the UK. The Report is called *Mitbestimmung und neue Unternehmenskulturen* (Co-determination and new Enterprise Cultures) and was commissioned by a large German firm, Bertelsman and a research foundation, the Hans-Böckler Stiftung.

The conclusion of the report is positive. It argues that co-determination

has strengthened the control of the works councils over the supervisory board (see previous article), but this has been accompanied by various benefits. These can be summarised, ironically, in terms of British debates, as increased flexibility.

The Streeck report argues that co-determination has evolved into a settled form of corporate governance in those firms that have some form of it.** It has assumed diverse forms of operation suited to the particularities and traditions of individual businesses. The historical and contemporary evidence for the success of co-determination appears to suggest a small competitive advantage (expressed in shareholder value), especially in the older established areas of co-determination. This can be put down to a number of factors: increased ability to adapt to changing market conditions, even where this causes some pain for the workforce; increased firm-specific pay flexibility; a growth in trust between management and workforce without a loss of management competence; the development of structures which aid rapid consensus-reaching and decision-making. The report also suggests that German enterprises with branches abroad take steps to interest the local workforces in co-determination.

The further recommendations of the report cover the following: that co-determination be seen as part of a wider development towards greater autonomy within the society; that co-determination can further increase competitiveness through co-operative decision-making; innovation can be increased through the development of organisational flexibility based on co-determination within firms; localised forms of remuneration can be further developed within the structure of co-determination; the identification and dissemination of best practice in co-determined enterprises should be promoted.

In conclusion, co-determination has a well-established place within the German economy and its benefits are increasingly well-understood within Germany, not least because of the publication of the Streeck report. The challenge for trade unionists now seems to be to increase the number of co-determined enterprises, particularly amongst new-start firms and in the former eastern provinces. On the European

level, they should have an interest in informing workers in other countries about the advantages of co-determination and in ensuring that overseas branches of their own companies adopt, so far as is legally possible, such structures.

Writing six years ago, Streeck saw little prospect of the German model of corporate governance spreading throughout Europe. Now he is cautiously optimistic that it could have an influence. There are, of course, deep legal and cultural differences between the environment in which German and British businesses operate, but, as a means of demonstrating an alternative and more effective form of 'flexibility' to oppose the Blair-Thatcher version, co-determination looks very promising. It is time, perhaps, that the corporate governance, stakeholding debate that was started a few years ago, moves into a new phase, with the unions taking the initiative in suggesting new ways forward, perhaps advocating works councils on the German model with a reconsideration of worker representation on unitary boards of directors along the lines suggested by Bullock more than twenty years ago. This is not to say that some features of the German experience might not be hard to swallow, such as pay bargaining at a localised level, but the general point is that there is a wealth of experience of industrial democracy virtually on our doorstep, and that it is now time that serious attention was paid to it by the British labour and trade union movement.

This journal will continue to pay close attention to the development of co-determination in Germany, particularly as no-one else seems to think that it merits any attention.

* e.g. *Die Zeit*, No 22, 20th May 1998, 'Modell mit Zukunft'

** The proportion of the private sector without any co-determination arrangements appears to have risen from 50.6% to 60.5% over a period of ten years, due, probably, to the decline of the manufacturing and the growth of the service sector and, of course, the incorporation of the former GDR.

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the involvement of the state in second tier pensions the matter had been decided; and the private sector had a well-defined role.

In 1975 Norman Fowler was the Conservative spokesman who waved the SERPS legislation through Parliament. 10 years later he was the Conservative Minister who systematically vandalised it on the grounds that it couldn't be afforded. The twenty best earning years formula was abolished, widows' pensions were reduced and the entitlement to 25% of best earnings was reduced to 20% of their earnings after 41 years. In addition, contributors were bribed to opt out of SERPS and invest their money in private pensions, and many got ripped off as a result.

There is, regrettably, no sign that New Labour intends to repair the damage. Instead of doing this and restoring the link between the basic pension and average earnings, there is to be a so-called stakeholder pension. The exact form of this is to be revealed in the Pensions Green Paper. One thing is certain, however, it will be a non-state pension suffering from the defects of such pensions: high cost in order to pay salesmen and shareholders and uncertain outcome at retirement age.

The reputation of the insurance industry as a provider of pensions is at a very low ebb. They have yet to complete the process of compensating clients for the last great rip-off in the late 80s. And day by day other instances of unscrupulous selling emerge: the Guardian of 8th August exposed the Prudential for selling inappropriate policies to self employed people. Can New Labour be serious about persuading (or forcing if the stakeholder pension is compulsory like SERPS) people to invest money with those sharks?

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Book Review

Angela Clifford

**The Future Of Welfare: A
Guide To The Debate.** John Hills.
Rowntree Foundation. £8.50

This is rather a belated review of a publication that has been overtaken by the New Labour development. When it appeared in November 1993, the Tories were in power and Labour threats to State mediation of welfare provision were not even a cloud on the horizon. Now, the changes in the New Labour thinking seem to be working back to the 'voluntary' sector. The Joseph Rowntree Trust was recently in the news with a proposal that Housing Benefit recipients be made to pay a proportion of their rents—to prevent them living at a level above their means, so to speak. People who pay the market rent for flats often find it difficult to find work that pays the rent. They are thus caught in a 'poverty trap'. Presumably the idea is to force such people into sub-standard accommodation. After all, in the 60s families were often brought up in furnished rooms (or bedsits, as they are called today), weren't they?

John Hills considers the Housing Benefit 'poverty trap' in *The Future Of Welfare*, and various ways in which it could be mitigated, including "tighter limits on eligible rents... or benefit could be based on less than 100% of rent".

He argues against these expedients as follows—

"However this could mean some with very low incomes and no choice of where to live losing out, unless general compensation was built into Income Support rates. But if such compensation was high enough to protect those with high rents, there would be no overall saving, probably the reverse. The experience with the 80 per cent maximum Poll Tax rebate suggests that there would be problems collecting small residual amounts of rent from those receiving full rebates." (p73).

Of course, fully compensating people through the Income Support system would defeat the object of the exercise—which is to force down housing expectations which rose unduly as a result of Labour and Tory reforms in

the long-distant past of a couple of decades ago.

The simple solution to the Poverty Trap and excessive Housing Benefit costs is, of course, to increase the amount of Council Housing at economical rents. The opposite has happened. Hills refers elsewhere to, "the switch from 'bricks and mortar' housing subsidies to Housing Benefit" (p23). He does not, however, propose a simple return to that system.

In fact, not only has public provision of social housing diminished, Council rents have risen quite steeply in the last decades. Part of the larger Housing Benefit bill results from compensating that trend. As Hills remarks: "higher rents for social housing" results in greater dependence "on means-tested Housing Benefit" (p73). Thus, part of the huge increase in Housing Benefit, which is toted as the imperative requiring reform, results from the fact that Local Authority tenants as a whole are paying 'economic' rents. There has been a change from cheap, Local Authority housing for all tenants to some tenants paying substantial rents, and others requiring assistance. This has increased the net income from rents, but contributed to the 'problem' of the poverty-trap.

Hills considers a number of alternative options to the present system: "The bulk of social housing continues to be run by local authorities. Options include transferring existing stock to new organisations, such as 'arm's length companies', or giving private landlords a role in providing new social housing." (p73).

He does not explain why Local Authorities should no longer run social housing, nor propose a return to the 'Bricks and Mortar' policy of low-cost accommodation provision on a non-discriminatory basis. But surely that would be the only civilised alternative to the present practice of subsidising landlords and creating poverty traps? By increasing the supply of housing, and

making it available not much above cost-price, that option would also help to reduce rents in the private sector. The uncivilised alternative, of course, is to force low-paid workers to accept cramped and over-crowded housing.

On a more general level, Hills points out that keeping Benefit entitlements in line with overall living standards is not as expensive as generally thought, even with an "ageing population". He says, "even if benefit levels kept up with overall living standards, the total net effects on public finances over the next fifty years would add up to an addition of about 5 per cent of GDP—no more than the increase (mainly due to the recession) over the past three years" (p4; in other words, maintaining benefit levels in sync with living standards would not cost extra over 50 years than had sustaining them during 3 years of recession: recession increases Benefits payable while reducing the Gross Domestic Product from which they are paid).

Hills also gives a neat summary of what the welfare state sets out to achieve, which Tony Blair would do well to note:

"The welfare state has much wider aims than just the relief of poverty. These include:

- * Insurance of all against risks like illness and unemployment;
- * Redistribution towards those with greater needs—such as for medical care, disability, or family circumstances;
- * Smoothing out the level of income over the life cycle;
- * Stepping in where the family fails—for instance, assisting lone parents." (p4)

The redistribution is not only between rich and 'poor, but also "has a major effect in evening out incomes between men and women". Taxation and National Insurance Contributions function as a kind of "savings bank", with people paying in during their high income years, and drawing out during lean years. Its rationale is Communistic: from each according to his means; to each according to his needs. This is the kind of message that is not fashionable in the New Labour era.

PS: Since this review was written, some extra spending on housing has been announced in the three-year Public Spending Review, but the bulk of this seems to be earmarked for renovating existing Council housing stocks.

PROBLEMS OF CAPITALISM & SOCIALISM

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Britain's Relationship with Iraq and Turkey

by Brendan Clifford

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Stop Press

Sean McGouran

The Baked Bean Connection

The Irish Independent is the ultimate reason why the London Independent's Sunday edition is called the *Independent on Sunday*, as opposed to the *Sunday Independent*: the former got there first, by about six decades. The Indy (a sobriquet foisted on it by *Private Eye*, probably never considered the Irish paper when it was launched in 1987. The *Daily Mail's* Sunday edition is also named in this awkward fashion because there is a *Scottish Sunday Mail*, which has been on sale for half a century or more. (It is a 'good-news' paper and apparently has something like saturation circulation in Scotland.)

It is an indication of the high competitiveness of the market for newspapers that the fact that the *Sunday Independent* and *Sunday Mail* are on sale in the minuscule Northern Ireland area market is probably the reason for a major change in the commercial nature of 'Fleet Street' organisation.

The "...on Sunday" suffix was just a means of distinguishing one product from another at first. But the logic implied in the titles has been taken up by the sort of management which some of the papers cheered-on—when it was being applied to other aspects of the economy. But rationalisation is now being applied to the Express papers, and the *Guardian* and *Observer* are being merged, (not without pain into one). The *Observer*, a comparatively ancient paper, is going to become the *Guardian on Sunday*, whether it likes it or not.

Indy And Indo.

The connection between the London and Dublin Independents is Tony (Beans) O'Reilly, one of the richest member of the Irish bourgeoisie, he bought the London papers after having acquired the Dublin titles ten years ago. The *Independent* was ailing and one scheme was to boost its circulation figures by selling it in Ireland (the geographical expression) along with the Irish Independent for only forty pence. The problem with this wee scam is that it showed a fair number of people in [Northern] Ireland, and in the rest of the geographical expression, just how appalling is the Blueshirts [i.e. fascists] own paper.

One reluctant reader was fascinated at the contents of the Letters column—it appeared to be a cross between the *Daily Express* at its worst and *National Front News*. The pathetically small trickle of unfortunate asylum-seekers into the pristine body-politic of Éire, were denounced as a flood of hard-faced blood suckers who wanted to suck the welfare system dry.

It was the sort of thing that should be required reading for the more starry-eyed united Irishlanders among the denizens of Belfast 7 (parts of which are something like a mirror image of Dublin 4).

Felon-setting

The *Independent* seems to be the paper that carries the Government's thoughts these days, and it swung-to with a will over the August 15 weekend, and the following week. The connection with the Irish Independent stood it in good stead: it got a piece by a young journalist—Martina Devlin—fresh out of the town. It was said in an editorial that the only people opposed to the Agreement were Paisley and the Real IRA. This is just about within the range of party political invective—if New Labour were not so wimpy about passion in politics.

But David Aaronovitch's column of Tuesday, August 18, was felon-setting of a kind which has not been seen for a very, very, long time in the UK media. He quoted members of the *Labour Left Briefing* discussing the Irish Question on their Internet site / domain. One piece (from May of this year) was entitled *A New Challenge For Republicans*, it claimed:

"the Continuity Army Council and the Thirty-Two County Sovereignty Committee are offering an alternative to the current Sinn Féin strategy. They argue, mistakenly, that they can prosecute a similarly successful guerrilla campaign... I don't for a moment doubt the sincerity of these dissidents..."

This is as printed by Aaronovitch, who was felon-setting Liz Davies, an Old Labourite who is trying to get onto the NEC (National Executive Committee) of the Party. The piece was headlined *Watch Out Labour; The Trots Are Back With A Vengeance*. Aaronovitch mentioned taking part in Student politics with these people, though he forgot to mention that he was a member of the Communist Party of Great Britain at the time. It is interesting to speculate whether or not his CPGB training was not coming out in this article: he simply took it for granted that the mere mention of the CAC and 32 County Sovereignty Committee would not need to be explained to readers. Anyone who took a comradely attitude to such people was virtually responsible for the deaths in Omagh. This is the old KGB (not to mention CIA and MI6) 'smear-by-implication' — so useful before House UnAmerican Activities Committee[s] and Soviet Court(s).

In the old days, this would have destroyed the opposition, but Liz Davies is no wimp. She struck back, and did so with considerable force:

"When David Aaronovitch was debating with the International Marxist Group, I was doing my O-levels. When David Aaronovitch saw his old comrades shouting at Michael Foot in 1982, I was starting my first term at university. I have spent the whole of my adult life in the Labour Party and in no other political party, unlike David Aaronovitch. And I have campaigned for the Labour Party in every election since I joined in 1979."

She then goes on to point out that the *Briefing* has no "line" on Ireland, and that she is not a Trotskyist. It is a fine, fighting performance, but Aaronovitch may have done her campaign terminal damage—if he has, undoubtedly he will receive his reward sooner rather than later—such is the way of the Blair. •

Kevin Brady

Parliamentary Diary

Crime Rates

Home Office figures show that the number of racial incidents recorded by the police in England and Wales has increased by 160% since 1989. Most of these were of a relatively minor nature, but the number of serious offences continues to remain worryingly high. In 1996/97, the last year for which figures are available, there were 3,151 racial incidents, of which 414 were in respect of serious crime, including three murders, two attempted murders, 158 attacks involving explosives/arson and 251 serious assaults.

The overall figure could possibly be higher if there was an official Home Office definition of 'racial incident', but the figures are determined according to a definition by the Association of Chief Police Officers: "any incident in which it appears to the reporting or investigating officer that the complaint involves an element of racial motivation, or any incident which includes an allegation of racial motivation made by any person". The lack of an official definition leaves it entirely to the personal judgement of a police officer, who may be inexperienced or unwilling (for personal reasons) to make a proper assessment. It is a most unsatisfactory state of affairs.

Last year crime clear-up rates in England were substantially lower than those in Wales; 28% compared with 41%. But Wales' figure is boosted by the 61% and 51% clear-up rates in Dyfed-Powys and Gwent respectively. In England, Lincolnshire with 48% has the highest clear-up rate, with Humberside and Greater Manchester, at 20%, having the lowest. On these figures it certainly appears that crime pays or that in England, at least, there is about a 1 in 4 chance of being caught.

Leaving aside the increase in racial incidents in recent years, one of the most worrying signs is the rise in the numbers of vehicle owners found guilty of driving after drinking alcohol or taking drugs. The figures are only exceeded by the

numbers of speed limit offences. In the London Metropolitan area the figures have remained steady at around 15,000 a year, but in England and Wales there has been a gradual increase from 89,700 in 1994 to 95,705 in 1996. Only a small proportion, around 13%, of those charged with the offence escaped punishment.

Healthy Signs

Shortly after the Chancellor announced his comprehensive spending review in July, Health Secretary Frank Dobson trumpeted loudly that spending on the NHS was to increase by £21,000 million over the next three years. But this figure is arrived at by counting the cumulative effect of the extra spending (year on year); so the extra spending in the first year is also counted in the second and third years. The actual increase in spending is closer to £10,000 million and represents an average increase over the three years of 4.7 per cent; higher than inflation but less than what the NHS needs to meet its demands, which is believed to be 3% above the rate of inflation.

The rate of increase for the next three years at least is somewhat higher than the 3.1% average achieved between 1979/80 and 1996/97, when the Tories were in power, but lower than the 5.8% average in the early 1990s. The increased spending will result in an extra 30 new hospitals, but an increasing proportion of this expenditure will come through the Private Finance Initiative. PFI investment is set to increase from £310 million in 1998/99 to £610 million in 1999-2000, with additional expenditure in the following two years. Over this period the contribution from NHS receipts will be £272 million a year.

Crime Time?

The Criminal Justice (Terrorism and Conspiracy) Bill received the Royal Assent on 3rd September, within 24 hours of it being debated on the floor of the House of Commons (and before it was

actually passed by the House of Lords). The Bill has been widely condemned by civil liberties groups, but it was also criticised by an unusual combination of MPs during the debate itself. Even Ian Paisley, not noted for being soft on terrorism, said that, "it does not affect only people who call themselves the Real IRA. Anybody can be lifted under the terms of the Bill", while Tony Benn complained that, "we are being used to rubber-stamp what a Government have decided to do, but they do not know what to do".

A number of MPs expressed concern about Clause 5 of the Bill which relates to "conspiracy to commit offences outside the United Kingdom". This appears to be a catch-all clause which could affect almost anyone involved in activity against any government in the world, even where opposition is both necessary and desirable as in the case of brutal, tyrannical regimes. David Winnick put it thus: "There is a possibility that people who have genuinely sought asylum and been given it, who are in no way involved in the plotting of conspiracies abroad of murder or any other kind, could be caught up in its provisions".

One of the best speeches against the Bill was made by Kevin McNamara, who described it as "dangerous". He said that, "we are taking upon ourselves a power upon a power upon a power", when experience shows us that extra powers taken in the past have largely failed. "Tougher laws", he argued, "will increase the opportunities for more horror and more tough laws. It is that more than anything that may undermine the Belfast agreement".

In his reply, the Minister of State, Adam Ingram, said nothing to assuage the fears of MPs concerning the effect of Clause 5 of the Bill. If anything he rather muddled the waters when he said "the authorities, including the Attorney-General, will consider the public interest, the human rights situation in the country in which the offence is to be committed (which) maybe a relevant factor in that consideration". Given the Government's record on the sale of arms to countries that infringe human rights, the Ministers' "assurance" is not very encouraging.

Power for the People

Energy Minister John Battle told the House of Commons on 3rd September that the Government was still committed

to a target of 10% of electricity generation from renewable sources by the year 2010. To this end a review of policy is currently taking place and a report is expected in the near future. Two sources of renewable energy—solar and wind—are being developed rapidly in the USA, Japan and Denmark. The jobs potential of both is enormous, as is their contribution to carbon dioxide emissions reduction, but development in the UK

will require Government support and encouragement to industry on a bigger scale than hitherto.

Solar power in housing is very under-developed, but experts believe that it could contribute 10% of households' electricity needs by 2010 if there was a firmer commitment from government. Off-shore wind energy also has great potential, given that Britain is an island. The problem for both, however, is that

costs remain high relative to traditional sources, such as gas and nuclear. And in a competitive energy market, where short-termism is dominant, the prospect for renewables is not good. But if the Americans, Japanese and the Danes can get costs down, as many expect, the future, for solar and wind power at least, will look much rosier. Britain should get in on the act before it is too late. •

Mountain Greenery

Sean McGouran

Readers might think that the odd 'dig' at the Green/environmentalist/ecologist movement in this magazine is over-done. The Greens in these islands are not, after all, connected with the political extremes (though there are plenty of 'nationalist' environmentalists lurking in the undergrowth) or, at least, they have not had a major PR disaster yet. They still appeal to young people (some of them very vigorous and confrontational: the 'eco-warriors'), and, in the nature of things, some of their activities are actually useful. Some are in the general working class interest (and also in the interest of all citizens): one is getting huge and dangerous loads off the roads and onto a revived and extended rail network. Rail workers, in the nature of rail, are in a stronger position than drivers. If lorry drivers go on strike, or work to the book, they can be replaced with other drivers, especially if they are employed on a sub-contract basis. A train driver doesn't just walk in off the street, but has to have expensive, prolonged, training (why do you think the railway system was run-down, in the first place?)

One of the largest environmentalist groups in the US has been caught with its trousers all the way down, round its ankles. It is a profoundly 'pukka' organisation called the Sierra Club, which is (though possibly the past tense is in order now) celebrating its centenary this year. It has half a million members (possibly more, as it has family membership), and a 28,000 strong student group. It started in California, but has spread throughout the United

States; it is big in New York and it is anxious that Alaska's population does not grow larger (an exceedingly unlikely prospect: these people seriously prefer polar bears to people).

For some reason, the Club issued two interlinked proposals to the membership. One was to the effect that the United States' population growth should be ended, partly by a "reduction in net immigration". The "net" presumably means that clever, educated honkies and orientals can enter El Norte, but not Spanish-speaking peasants with dark skins, no education, and an exterminatory government. The other proposal was a general one on limiting global population. This one got through by a majority of 60% of the vote of the membership, which means that a barely credible 40% voted, in effect, to close the USA's borders. Even if the turn-out was small, this means that thousands, and possibly (in fact, probably) tens of thousands, of educated, concerned, people approve of post-Cold War America being turned into a fortress.

They include Paul Watson, a founder of Greenpeace, and an ex-US Senator, one Gaylord Nelson, who initiated Earth Day. They were backed by the Federation for American Immigration Reform (no Spics, please, we're pinko-gray), and the eugenicists joined in the fun.

Some people in the organisation tried to oppose the more blatantly racist elements of these propositions (as 'native [white] Americans' have small families anyway, it is obvious that those who are going to carry this policy are the Blacks, Chicanos, and to an extent, the Native

Americans). The rather feeble argument of these people was that immigrants only indirectly injured the environment by being part of the economy, presumably largely the industrial economy. Latin Americans, in particular, work in agribusiness: the giant, industrialised, rationalised, food-production process, which is probably killing an awful lot of people in the US.

Not every argument put forward by the Greens is inherently wrong: it is just that they are taken to a point of absurdity. It is a great pity that many species are dying out, but it is not in the least a pity that the human race is growing. We live in a world of abundance (super-abundance, even): the environmentalists, and ecologists have put the horse before the cart. (They would probably approve of this image.)

The world, as we all know, is *ill-divid*—or, to put it another way, the philosophers (aka ecologists) have described society: the point, however, it to change it.

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Gwydion M. Williams

Russia's Decline and Fall

What do you call a bankrupt debtor with a nuclear arsenal? A case meriting sympathetic treatment.

America has managed to turn its bloodless victory in the Cold War into a global disaster by thinking that freedom was whatever they chose to say it was. It imagined that a Cold War victory stemming from Keynesianism and intelligent social planning was a vindication for New Right ideals. Having now been hit by a collapse of their friends in Russia, they have little idea what to do. The key error was to use a financial crisis in East Asia as an excuse for attacking an East Asian social consensus that had run very well for more than four decades. Rather than taking a conservative line, they chose to be radical-right. Disrupt everything in the interests of the rich and powerful and be very surprised when the house falls down after you have radically demolished huge chunks of it.

By treating East Asians as rivals rather than allies when they ran into crisis has lost them Russia, probably. A falling oil price has some superficial advantages for America, but is also one of the sources of the Russian crisis. Russia's industry is in decline, and even as an exporter of raw materials they are being hit.

According to the *Financial Times*, "Russian elites have plundered the country's capital and funnelled most of the proceeds offshore". But the gross dishonesty of the new 'wealth-creators' was well known. It was freely compared to Jazz-Age Chicago (which was actually prosperous because it was the natural hub for a vast agricultural region with natural markets in the settled East Coast).

It should also have been remembered that America's 1920s boom ended in a grand slump. And that it needed major state intervention to get things going—intervention that has never really ended; Reagan merely cut away some of the benefits to the poor.

People knew that there was very little difference between Russian business and Russian organised crime. Yet it was supposed that unleashed capitalism would somehow make it all right. Even when the economy began to shrink alarmingly, this was assumed to be the pain before the gain. And of course the new business crooks were quite happy to be told that they needed to do nothing beyond feathering their own nests; that social responsibility was unnecessary and that the miracle of the market would make things right.

We're still waiting for the miracle to manifest itself in a country that took New Right rhetoric seriously and which tried to leap ahead of Western practice in free markets, as they once tried to leap ahead of social-democratic reformism.

The miracle of the market is rather slow to show itself in a country that has slid steadily down hill ever since Khrushchev decided to keep Leninist dictatorship but reject Leninist economic planning. A miracle from the Virgin Mary seems as good a prospect as one emanating from the market.

Market forces are like oil in an engine, only useful if the basic mechanisms are sound. Throwing away the engine and expecting the oil to do all the work is not a wise move. At the time of writing (1st September), there is a running battle to prevent a restoration of the very men who have failed so badly over the past few years. It is not only the resurgent Communists who reject Chernomyrdin. The leader of the liberal Yabloko movement was with them on this issue, commenting that "it was under this very prime minister that Russia became a world leader in corruption".

"Reform" has meant no more than creating a new elite who ship out raw materials and import expensive foreign goods for their own consumption. There has been no real regeneration. Unlike in China, corruption has been so blatant and stupid that no sensible foreign

investor will try to get involved in productive engineering. Russia's world-class engineering skills are going to waste. If someone in the 1920s had been seriously out to clean up Chicago, it would have been rather odd to begin by electing Al Capone as mayor.

It is said that exactly the same methods that have failed in Russia did succeed in Eastern Europe. In purely economic terms this may be true, possibly. You'd need a lot of detailed knowledge of the region to be sure. People are certainly careful to avoid mentioning that completely different methods have been a great success in China. Rather than taking rhetoric about freedom at face value, China followed the real practice of American and Germany and Britain and everywhere else that managed real wealth-creation. Keep your social structures intact, relax controls quite gradually and make sure everyone knows they have to stay in line. China has retained strict limits on capital flows, and has done well amidst the economic turmoil and despite some unprecedentedly bad flooding. Economics is not a law of nature but an aspect of human behaviour. If you remember that, some basic differences become obvious. China looks to its old traditions—as old and sophisticated as Classical Greece and Rome, yet also continuous with the present in a way that Europe is not. Yet Eastern Europe is looking to its old ties with Western Europe, recreating the "Mitteleuropa" that was destroyed by World War One. American influence is much less than in Russia. And Germany, in particular, is recovering its prosperity with most of its stakeholder attitudes intact. The two rival Western models are being tested, with some success for stakeholder values and with a developing crisis for New Right values.

There is also a difference of attitude between the new elites. In Eastern Europe they are sovereign once again, or as

sovereign as anyone can be in the global economy. In Russia they have lost an empire and not yet found a role. There is also a profound difference between being newly liberated subjects of the last colonial Empire and being confused citizens. Western Europe is big enough to take on at least part of Eastern Europe. Those people do not have freedom so much as a change of master. The new boss is more familiar, less demanding and gives more rewards, so why not call it freedom? Isn't freedom relative anyhow? Eastern Europe seems content to be Western Europe's backyard.

West Germany absorbed East Germany, or rather ate it. But the individuals who had constituted the alternative Germany were left not too discontented. Germany suffered for several years but avoided problems that might have lingered for decades. Kohl had sound reasons for a simple take-over which wrecked an East German planned economy that was generally accepted as efficient and productive. Attitudes changed overnight when it became clear that East Germany was to be junked. It is not only in the former Soviet Union that you never know what is going to happen yesterday!

Kohl was acting rationally from a German Christian-Democratic point of view. Had Germany been unified with Leninism intact, the rival German Social Democrats would have become the new middle ground, and Eastern Europe might have continued to function as a unit, rather than breaking up and suffering several years of economic decline.

Eastern Europe rose up from a humiliating Russian occupation. Russia fell down from the status of a superpower. And then found that they had not even sold out but were treated as delinquents who were supposed to be doing to their own country what the New Right had not dared try after the near-disaster of 1987. Financing such a demoralised set-up is like giving your gold to a leprechaun. You're not going to see much of a return. If you were in the Russian elite and wanting a return to nationalism, you could hardly have done it better. Find foreigners to blame, and there are not going to be too many questions about how much capital was spirited across the borders!

Non-communist Europe and non-communist East Asia took their cue from the United States at a time when it was

keen to emphasise its orderly semi-socialist side. This often-overlooked side of 'free' America goes right back to the British planting of colonies in the North American wilderness, colonies that needed a lot of support from the home country in the early years. And once free of Britain, States that might have claimed independence in the same way as former Spanish colonies preferred to set a new Empire over themselves. Federal power has never really been questioned, even the Southern secessionists created a new Confederacy for themselves with rather similar powers.

Americans keep order amidst wide theoretical freedoms by social pressure, the desire for the elite, especially, to be seen as respectable. Respectability is not so much of a force among Russians, rarely part of the Russian character, not a common concern in their literature. Dostoyevski may be an exception. His work shows a hankering after respectability, even if most of his characters don't quite achieve it. But for the typical Russian there is not even the hankering.

The trouble with freedom is that people will insist on using it. People who grow up in the United States of America can mostly be trusted only to use their nominal freedom in socially approved ways. This includes murder, and America has one of the highest murder rates anywhere. But even successful professional murderers wear suits and strive for a regular home life.

Russians set free are free indeed. That's why they opt for authoritarian regimes—they know their own nature.

Leninism's legacy not yet dead: *vide* especially the Adam Smith brigade's idolatry of Late Soviet Leninism. The Khrushchevites messed up a flourishing planned economy in the dogmatic belief that markets must be better. But they held out against Social liberalism: the Soviet Union at the last was one of the few holdouts against the world-wide tide of sex, drugs and rock-and-roll. They shared the view of right-wingers in the West, that these new forces were decadent and would in due course collapse. But both were wrong, people flourished and were happy under the new order. While imperfect, it was better than what it had replaced.

Having conceded that they had lost the Cold War, the Soviet elite dismantled their state. There would be no acceptance

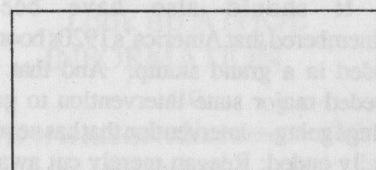
without democracy, and no more Russian dominance unless Russia seceded from the Soviet state, which is what in fact happened. The last of the world's colonial empires abolished itself, and the large fast-growing Central Asian populations found themselves on their own.

Russia under the New Order took seriously the New Right notion of tax as a burden and of self-reliance. So the New Rich—mostly the old Nomenklatura of Soviet days—bribe and threaten to avoid paying taxes. And this means that the whole society comes apart at the seams, and declines from what it was in Soviet days. For the reality is that Western success came from a mixed economy and continues because the attack on the mixed economy was discontinued after the near disaster of 1987.

It has proved impossible to tax the Russian New Right effectively. And the Russian Parliament has so far rightly rejected various plans to go after the little still possessed by ordinary people, though this seems to be happening anyway through the crisis. In dealing with Russia, Western politicians show operational sophistication and strategic folly. To them, Liberal-capitalist values are what is 'normal'. So it is both monstrous and unexpected for anyone to reject them, regardless.

Britain and France failed to see the need to support democratic Germany in the 1920s. And were then very slow to realise that Hitler was serious in what he said and would not be a convenient anti-Communist tool. America fails to see the need to support democratic Russia. Does it not see that a continued run of crisis and falling living standards is not good publicity for the Liberal-capitalist values that the Russians were very ready to embrace a few years back?

They call America's present position the Goldilocks economy: it is supposed to be "just right". With the world falling into chaos they find it just right. They wouldn't—would they?—be calling it the Goldilocks economy because it is based on trespass, theft, and being foolishly provocative with hungry bears?



More on the Evil Empire

Sean McGouran

This is yet another article on the continuation of the Cold War—it may seem that we have written at length about the matter, but the stories were mostly about Stalin. Stalin will be a big feature of such stories mainly because the sort of people who write them know, in their heart of hearts, that the war against Hitler was won on the soil of the Soviet Union. And there is nothing the average bourgeois hates more than the need to feel grateful.

The Sunday Times carried a review by Raymond Seitz, the US ex-ambassador to the UK, of a book *The Rise and Fall of the Soviet Empire: Political Leaders from Lenin to Gorbachev* (Macmillan £24.99). It was written by "three star general" Volkogonov, who is "the perfect guide" despite having "bought everything the regime had to sell, and he swallowed what he was told": Seitz's elegant phrase. It is nowhere stated what the latter's qualifications are to review such a book, other than he 'went native' when in London, and is an unreconstructed Cold Warrior).

He seems to think it is disreputable, or at least suspicions, that, "they all came from the far-flung provinces of the empire". Lenin was the only one with a powerful intellect, but the "ironic" (sic) practice was to produce a "mountain of ghost-written ideological claptrap" to be published in their name[s]. This is the first time the notion that Stalin did not write his own material has surfaced—the gibe used to be that it was third rate and couched in clichés. The lapsed-Trotskyite Polish intellectual, Isaac Deutcher's main complaint about Stalin was that he did not rise to the dramatic occasion—he treated the opening of Operation Barbarossa (the Nazi invasion) much the same way as he treated a bad

harvest or an industrial breakdown. (Would you want the person in charge to get themselves into a state of chassis about such matters? Barbarossa was a big, big problem, but it was still just another problem that had to be solved.)

Seitz is right in saying that the "terror", "brutality", and "cruelty" of Stalin's activities were "merely logical extension of Leninist cant". (Though the use of "cant" seems to be suggesting that Lenin was not in earnest. The "cruelty" needs to be commented on, and will be, after the section on foreign policy). Seitz then writes "Lenin's surrender to the near-defeated kaiser in 1917 and Stalin's pact with Hitler in 1939 were perhaps the most cynical international examples of Leninism at work".

It is difficult to understand what he means by this. The Russian Republic in 1917 was in danger of being dismembered if it did not deal with the far from defeated Kaiserreich. This is an example of twenty-twenty hindsight: the entry of the Americans into the Great War almost certainly tipped the balance in the direction of the Entente Powers (Britain, France and their colonial empires, hangers-on, satellites, minor allies, and dupes (Irish Nationalists and Arabs being in the two latter categories).

If Lenin had pursued a "cynical" foreign policy, it would have consisted in openly allying Russia with Germany (he was accused at the time of being a covert German agent), thereby wasting the time of possibly millions of Allied troops, and huge quantities of equipment. The Soviet government simply let the world know about the dirty and dodgy deals the Entente had done to get the war off the ground (the defence of the rights of small nations quite emphatically did

not enter into it).

This is probably what Seitz is complaining about—he has settled into an Establishment which has always thought that other states should not have 'foreign' policies. The Foreign Office is often genuinely puzzled to find that other states and peoples have a view of their own place in the world which is not that handed down from Whitehall. (The 'Commonwealth' / Colonial Office input into the wisdom of the combined body has either been zero—or has reinforced the worst aspects of the palefaced 'Old Boy' attitudes prevailing in the FO.)

The characterisation of the Nazi/Soviet pact as 'cynical' is absurd. It had been the consistent policy of Moscow from at least 1926 (the year it was allowed to join the League of Nations) to come to an arrangement of some sort with the Western allies (the UK and France etc). They had equally consistently taken a hostile attitude to Moscow's wooing. Stalin, despite gibes at him being the head of a pseudo-religion, was not the 'prisoner in the Kremlin'. He was offered a treaty by a powerful neighbour and accepted it, (presumably on the grounds that, like everybody else, he assumed that the Poles would hold out for years against the relatively feeble German army, rather than weeks).

Seitz uses the word "cruelty" in regard to Stalin's "wholesale deportations", presumably of small nationalities. They were hardly gentle affairs, but neither were the deportations of literally hundreds of Native American 'tribes' during the eighteenth and nineteenth centuries. The twentieth century has not seen many deportations—but other aspects of the numberless treaties have been ignored. Especially if these people have had the

bad luck to be dumped on land that contained oil, or any other commercially viable minerals. Children have been kidnapped in their thousands and the deracination and Anglicisation of the smaller peoples is still going on.

Hollywood, after having made the 'Redskins' exemplars of savagery, has made some reparation, by representing them in a heroic light, or even as ordinary human beings with a different culture. The federal and most state government[s], and the Bureau of Indian Affairs still regard the people they are charged with looking after as a type of human vermin.

Stalin's deportations may have been panicky, but they mostly happened in the course of, or immediately after, the war with the Nazis and their allies. Racial hatred did not enter into matter—not that that excuses barbarity. Seitz's attitude is a fine example of the kettle calling the pot black, there are no longer any Crimean Tartars in exile for having ambiguous dealings with the Gestapo. There are scores of 'American Indians' in prison for demanding property rights to the land that treaties (often more than a century old) guarantee to them, for demanding basic human rights (including the right to actually vote in state and federal elections, or even within their 'tribal' forums).

The US is also, currently in the grip of a kind of chauvinist hysteria about the English language, and its (alleged) swamping by Spanish. This being the language of the people crowding into 'El Norte' from the Philippines and Puerto Rico (the one an ex-colony, and the other a current colony: some Puerto Ricans would like to become a State of the Union, but the fear of being "swamped" has kept them out for nearly fifty years).

Spanish is the language of Mexico, which is a member of NAFTA (the North American Free Trade Association). Despite that the authorities in California have built an actual wall to keep citizens of Mexico out of the US. Many other people, (some fleeing from brutal dictatorships shored-up by America), travel through Mexico to get into El Norte. Some die in the deserts of Arizona and New Mexico.

Far from welcoming these people, not all of whom are unskilled peasants, politicians (by no means all of them right wing Republicans) have wound up fears in the settled population that they will be forced to conduct their affairs in Spanish, and that, of course, these people will sponge off the welfare system (such as it is). This led to the introduction of Proposition 187 in 1994 (voted for by a good majority in California) this, among other things, refused even urgent medical attention to the children of actual immigrants. It also left Chinese and Japanese migrants of half a century's standing bereft of their pensions, and welfare entitlements, if they had not got around to becoming citizens.

The Democrats officially opposed this but they have done very little about getting the Proposition (now law) off the statute book. They also, in the course of the campaign over Proposition 187, demanded that the border be militarised! This has been done, with the encouragement of the federal government. Admiral Mahan may have made America an island. Clinton appears to be making it a fortress.

World Wide Web

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Newsnotes Concluded from p. 4

But what of other dangers? Is it really true that genetic engineering as such is a danger? You probably recall something about some rats. But in all the hype, the real story got lost:-

"The results that caused most alarm came from experiments in Scotland by Arpad Puztai at the Rowett Research Institute in Aberdeen. In the British documentary *World in Action*, Puztai described the first evidence that genetically engineered foods might harm consumers.

"Puztai and his colleagues gave potatoes a gene from the South American jack bean (*Canavalia ensiformis*) and fed them to rats for 110 days. The rats weighed less than normal, and their immune systems had only half their normal activity.

"But the product of the jack bean gene, concanavalin A, has long been known to be harmful. It is one of many toxic proteins called lectins with which plants defend themselves against insects. Other lectins include ricin, the poison used on an umbrella tip to kill Bulgarian dissident Georgi Markov in 1978.

"Iain Cubitt, chief executive of Axis Genetics in Cambridge, was alarmed by the publicity given to the findings. 'Everyone has known for years that concanavalin A is toxic, so if you put this in a potato and it ends up toxic, why is that such a surprise?' he says. 'What do we learn by doing it?'" (Ibid.) The next week it was reported that genetic engineering did not really come into it. The experiment in question had been planned but not carried out, the poisoned rats "had eaten ordinary potatoes spiked with the toxins".

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New World Market Order

Brendan Clifford

The world market—the market which embraces the world in a single economic form—globalism: this is less than ten years old. But already in mid-September 1998 has the feeling of having escaped catastrophe.

It missed catastrophe by a wide margin. But the miss was close enough to cause Will Hutton, on Channel 4 in early September, to see catastrophe as barely avoidable. It is true that Will Hutton is unduly excitable in his expression of economic apprehension, particularly as he has never devised a comprehensible programme for an alternative course of action. But the fact that he could predict all but certain disaster on prime-time television indicates the degree of uncertainty that was felt within the system about the viability of the system.

The sense of possible catastrophe arose from two factors: the sickness of the 'Asian Tigers', and the political crises in Russia. The Ameranglian world trembled for a moment in the face of these things, although both of these things were themselves induced by Ameranglian policy.

The strength of a few Asian capitalist economies was exaggerated for domestic political purposes in Britain, and the wealth of those countries by comparison with Britain was grossly and indecently exaggerated. Britain, even though its manufacturing sector has been in steep decline, remains one of the very richest countries in the world. This means of course that to a considerable extent it consumes what it does not produce. But isn't that the way of the wealthy? Domestically, the rich are rich because they have devised a form of economy through which others provide them with goods. And internationally much the same thing applies for Britain—though to a much less extent or in a very different

way for America. Britain created the world market a century and a half ago, when it was the world super-power, by means of a series of drastic measures beginning with the Opium War, and geared it to a financial mode which still enables it to live very well.

A few Asian countries constructed forms of national capitalism which enabled them to operate in the obligatory world market at a profit instead of being victims of it. Chief among these was Japan. It was followed by a few others which had come under Japanese rule in the Second World War and followed the Japanese example. In all these countries the state played the part of regulator of capitalist development, and the organisation of society for the purpose of enabling the economy to operate with advantage in its relationship with the world market was corporatist in one form or another. In this way the Asian Tigers were able to produce goods that sold in the world market.

During the era of the Cold War—which was the inevitable outcome of Britain's Second World War—Ameranglia was grateful that countries should develop any kind of capitalism because the very capitalist system itself was at stake. But when the Cold War ended—when the other system, which was challenging the capitalist system throughout the world, collapsed—then Ameranglia began to resent the activity of the natural capitalist economies in Asia which were successfully producing goods to sell in the world market but were not themselves open to the Ameranglian financial system.

And so a campaign of intimidation was launched against the Asians. Their systems were declared to be paternalistic, bureaucratic, corrupt. The intimidation of course presented itself as moral—and it was ideologically axiomatic in the

Hayekian view of Margaret Thatcher that the comparatively closed nature of these Asian economies was doing damage to themselves by holding them back. But at a certain point in the early 1990s the intimidation threatened to be more than moral. Very bellicose noises indeed were directed from America to Japan about what might happen if Japan did not de-bureaucratise and de-paternalise its mode of operation.

Japan was intimidated. It gave way and did what was required of it. This is not surprising in the light of its historical experience.

Japan is a country without the raw materials needed for its industry. When it was compelled to open itself to international trade by American warships in the 1850s, it embarked on a course of capitalist imperialist development itself, as the alternative to becoming a victim of Western capitalist imperialism, as China became after Britain forced it to open itself to the British opium merchants. When it became a strong capitalist state Britain adopted it as an ally against Russia and facilitated its acquisition of political control in Korea and China. This was at variance with American plans for the Pacific. In the early 1920s Britain ended its Japanese alliance and developed Singapore as a naval base for use against Japan. Then in 1941 America delivered an ultimatum to Japan that it must relinquish its colonial possessions—which were its sources of raw material—or else face an American naval blockade. And Britain under Churchill supported that ultimatum.

The required course of action would have undermined the Japanese economy. Japan did not back down. It fought, starting with the bombing of Pearl Harbour. And it was finally defeated by the nuclear bombing of its civilian population.

Its great economic revival in the 1950s, as an unarmed state, was possible only because Britain's Second World War had made Russia the dominant power in Europe and the Japanese-American War had brought the Communist Party to power in China, and America had a desperate need of allies.

To anybody who was familiar with the situation in the Pacific in 1940/41, the anti-Japanese noises emerging from America must have seemed ominous. But Japan, without an Army, had little choice but to comply with American demands this time. It set about dismantling the national economic apparatus that had enabled it to become an economic power. It made itself vulnerable to financial speculation against it. And the speculators damaged it. Other Asian capitalist economies did likewise, with similar consequences.

It is not enough for Ameranglian capitalism in the post-Cold War era that the vast majority of countries in the world now function as capitalist economies, and that the remainder have made an ideological commitment to market development. What it now wants is that there should in effect be a single world capitalist economy, structured so that Ameranglian capital in the form of finance may operate freely in any part of it.

When Margaret Beckett was a socialist she opposed the European Community because it was capitalist, and was an influence holding back the development of British socialism. British socialism is now a distant memory. And when Margaret Beckett became President of the Board of Trade what she opposed in Europe was the social dimension of European capitalism. Europe was not capitalist enough for her. Her mission was to make European capitalism more 'competitive' by freeing it from the social functions it was shackled to.

She became a thorough Blairite and Brownite. We would have thought she was one of the better ones until she was sacked. It cannot be because of socialist hangovers that she was sacked. She hadn't any. Her sell-out was complete. But her fault was possibly that, because of her socialist origins, her understanding of capitalism was too detailed, too tangible. The vacuous, sneering clichés of Peter Mandelson and his Derek Draper-type creatures are much more in

the style of Blairite business-politics oriented on the Bernie Ecclestone variety of capitalism. Margaret Beckett has become much too earnest and conscientious a capitalist for her own good in the new political company she chose to join.

We do not think Brian Wilson will make that mistake. In fact we doubt that he has the ability to make it. He never made much sense as a Leftie, so he is suitably devoid of understanding to make a success of his position as junior Minister for something or other. We heard him in early September laying down the economic law for Russia. There must be no backsliding, he said. Russia must do what Yeltsin wants it to do. Even though 'economic reform' has made a mess of Russia, Wilson said that all it would be allowed to do was more of the same.

But when Yeltsin was faced down by Parliament a couple of weeks later, Ameranglia was very quiet. A KGB man took office promising that all foreign loans would be repaid, and relief flooded through the West.

The Russian crisis is different in kind from the Asian crises. Japan, Korea, etc., had constructed forms of capitalist economy that were functional, but the framework that made them functional was dismantled on American insistence in the name of freedom. The problem in Russia, on the other hand, was its mushroom growth of a free capitalism. The Russians had been taught by Western experts in capitalism that the market was an expression of human nature and that 'freedom' was all that was necessary to its emergence. They have found out the hard way that a market not constrained and regulated by the state is not functional.

In the days of 'Stalinism' money circulated universally in the Soviet Union. Goods were bought with money everywhere. But during the crisis of early September this year the television experts assured us that the situation in Russia was not half as bad as it seemed because over half the population of Russia now had no dealings with the money economy. They lived by subsistence cultivation and barter.

Communism made money universal throughout the Soviet Union. In less than ten years free capitalist activity removed the bulk of the population from the sphere of monetary activity.

The vast sums of money put into Russia by the IMF went into an economy

in which the sphere of money was contracting. But in truth that money did not go into Russia at all. Its purpose this autumn was to maintain the exchange rate of the ruble against the dollar. The ruble was going down in value because of the activity of money speculators, doing what is the most profitable thing to do in the globalist economy. The billions put up by the IMF states, who saw it as being in their interest to keep up the value of the ruble, went into the international money speculation market, not into Russia.

Since it was evident that more of the same from Yeltsin would only make things still worse, the parliament summoned up the nerve to defy him again. He was not able to direct shelling on it this time, and he didn't even dare to dissolve it and go to the country.

Five years ago the Parliament, acting under the guidance of its Speaker, Khasbulatov, an earnest and practical reformer, proposed Constitutional measures which were well designed to provide government that was both reforming and representative. Yeltsin, who would tolerate no Parliament that did not agree to rubber stamp his executive decrees, sent in the tanks. The liberal West cheered. And John Lloyd—former Communist, present Blairite, Russian correspondent of the *Financial Times* and Associate Editor of the *New Statesman*—wrote jubilantly about Khasbulatov cowering in the cellars as the shells tore through the Parliament building.

What followed? The Chechen war, which might well have been averted if Khasbulatov (a Chechen) had succeeded in his constitutional compromise; the general falling apart of the economy in the name of capitalism; the rise of what is called the Russian Mafia; the reduction of general life expectancy in the Russian population by at least fifteen years.

The cost in human lives in the last decades of the Communist regime was measured in individuals. The cost in human lives of less than ten years of capitalism runs to hundreds of thousands. But this is not a cost that is being counted.

We do not write this as supporters of the old regime. In the days of the Cold War we supported NATO, and Tony Benn and Ken Coates declared that we were agents of the CIA.

Five years ago we tried to explain the difference between reform and revolution, and pointed out that what

was being done in Russia was not reform. (We noticed that Clinton in Moscow this year equated reform and revolution: there must be "a democratic, market-oriented revolution". We also noticed his statement on his first day back after the report about "the need to channel the unruly energies of the global economy"—as if what he had been doing for six years was not breaking up the channels which were containing these energies.)

We also note that, under the impact of the Russian crisis, Norman Lamont has finally realised that capitalism is a highly artificial mode of existence that can only function under extensive state regulation. It's a pity Brian Wilson and his colleagues, having given up socialism, did not take the trouble to understand capitalism.

Editorial Note In the light of current events we are re-printing extracts from articles published in *L&TUR*. The first is from 'Reform Or Revolution in Russia', by Brendan Clifford, *L&TUR* No 35, May-June 1993.

Yeltsin Upholds Democracy

Mid-March 1993 marked an epoch in political history. Boris Yeltsin, the President of Russia, declared, as another Russian Boris did about four hundred years ago, that he had achieved the highest power. He issued a decree, on television of course, that henceforth he would rule by personal decree, and take no heed of any laws made by the Legislature or any judgments handed down by the Courts. He personified the will of the people. At some date in the future he would ask the people to recognise this fact in a referendum. But, for the time being, it would be a fact accomplished by his own will, which he recognised as having a unique part to play in the sequence of historical causation.

But Boris Yeltsin's personal political television broadcast was not the epoch-making event. It remains to be seen what his weight in Russian society is...

The epoch-making event is that the Prime Minister of Great Britain congratulated Yeltsin on his television decree, describing him as an upholder of

democracy and the rule of law.

Yeltsin made no claim to have acted in accordance with the law. He and his spokesmen declared their contempt for the law. The law was a remnant of the old rotten regime which it was their purpose to root out, therefore they despised it. Yeltsin set aside the law in the name of democracy. But the decay of British public life has now gone so far that the Prime Minister could only understand a plain statement setting aside the law in the name of democracy as a statement upholding the rule of law. Law and democracy—two quite distinct things—have been fused into a single blurred concept which leaves one with a definite idea neither of law nor of democracy. And that can be fairly described as an epoch-making event.

The present law of England was established long before there was Parliamentary government. And Parliamentary government was established long before there was democracy. The body of law developed before the establishment of Parliamentary sovereignty in 1688 was not taken as being invalidated by the Revolution of 1688. And the democratisation of Parliament (substantially in 1832 and formally in 1918) was not taken as invalidating the Acts of the undemocratic Parliaments.

Yeltsin acts on the assumption that, because he was elected President in a freer atmosphere (although not on a wider franchise) than the Parliament, all that was done before his election falls away as invalid, and that the only valid legislative and judicial functions are those latent in his will.

It is not surprising that he should have that attitude. He is a man with a blurred sense of mission and he accidents of fortune have favoured him so far. He is aware of himself as an exceptional individual. His sense of mission is to realise his own impulses in a form of state and society. If he believed in God he would believe that god had singled him out for great things...

There is nothing surprising about what Yeltsin has said and tried to do...

What is surprising is that Western liberalism, having deluged Leninism

with ridicule, should out of unreflecting admiration for Yeltsin have given new life to the concept of democratic dictatorship...

The BBC depicted the conflict as a "struggle for power" between Yeltsin, the reformer, and the "hardliners". No effort was made to discover and explain the actual issues of policy or orientation between the two. The public was left to understand that the 'hardliners' were diehard Brezhnevites who wanted to restore "the period of stagnation". We were not told that Khasbulatov, the Speaker of Parliament, was a reformer, and that he had acted with Yeltsin in the days of the attempted coup two years ago, and we were not told that one of the matters at issue was the form of the state—whether it was to be a Parliamentary democracy acting on the basis of law or a presidential dictatorship ratified by referendum.

The Constitutional Court wanted the text of Yeltsin's decree, which established government by personal fiat, in order to judge its legality. Yeltsin wouldn't release the text to the Court. The BBC thought that was very clever of him. A few days later he made a decree public, the Court having ruled on the basis of the television statement that it was illegal. But this decree did not say the things which the Court had judged to be illegal. And the BBC thought that that was remarkably clever. He had put one over on the reactionary Court and made it look foolish...

It was when Yeltsin, despite the best efforts of the media in Britain, began to appear silly, that we got an occasional snippet of an interview with a 'hardliner'. They were asked why they opposed the reforms, and they replied: *What reforms?*

The 'reform' was an ideological phrase, with as little basis in reality as any that Brezhnev had ever uttered. The 'hardliners' said they approved of reform and had come to oppose Yeltsin because he could not distinguish between reform and mere destruction.

There was a time when Tories would have understood what those 'hardliners' were saying. Toryism got its second life from the pamphlets of the Whig reformer, Edmund Burke. (Even Mrs Thatcher knew that Burke was one of the Tory

greats, even though she didn't know why, and she thought his name was Edward.) But nothing is more alien to the spirit of contemporary Toryism than the political philosophy of Burke.

One of the classic statements about reform was made by Burke in his venomous *Letter To A Noble Lord* (1776):

"It was my aim to give the People the substance of what I knew they desired, and what I thought was right, whether they desired it or not, before it had been modified for them by senseless petitions... I knew that there is a manifest distinction... between Change and Reformation. The former alters the substance of the objects themselves; and gets rid of all their essential good, as well as of the accidental evil annexed to them. Change is novelty; and whether it is to operate any one of the effects of reformation at all, or whether it may not contract the very principle upon which reformation is desired, cannot be certainly known beforehand. Reform is, not a change in the substance, or in the primary modification of the object, but a direct application of a remedy to the grievance complained of. So far as that is removed, all is sure. It stops there; and if it fails, the substance which underwent the operation, at the very worst, is but where it was..."

"I proceeded upon principles of research to put me in possession of my matter; on principles of method to regulate it; and on principles in the human mind and in civil affairs to secure and perpetuate the operation. I conceived nothing arbitrarily... I have ever abhorred... all the operations of opinion, fancy, inclination, and will, in the affairs of Government, where only a sovereign reason... should dictate. Government is made for the very purpose of opposing that reason to will and caprice, in the reformers or in the reformed, in the governors or in the governed, in Kings, in Senates, or in Peoples."

Burke pitted his immense powers of reason and persuasiveness against the French Revolution because the French National Assembly, instead of attempting to remedy, by particular reforms, particular features of the French state, scored out the old state and set about constructing a new state from scratch

according to a doctrine.

Burke's criticism of the French Revolution was the spiritual source of the Tory revival and it remained the core of Tory philosophy down to the 1970s. It was assimilated by the Liberals around the middle of the 19th century. And it became a philosophical consensus underlying party conflict. His Liberal biographer, John Morley, summed it up in these words: *"Revolutionary politics have one of their sources in the idea that societies are capable of infinite and immediate modifications, without reference to the deep-rooted conditions that have worked themselves into every part of the social structure"*.

But, in her ten years as Prime Minister, Margaret Thatcher erased inherited wisdom across the entire spectrum of the British body politic. We are all revolutionaries now. All thought is doctrine, even though we have no doctrine half as sensible as the French doctrine criticised by Burke. The public mind sloshes around in a welter of *"opinion, fancy, inclination and will"*.

With the media, and a Parliament which has become part of the media, forming a barrier against information about Russian affairs, it is hard to be sure of anything. But judging by bits of information that seep through, it seems as if the Speaker of the Russian Parliament opposes Yeltsin on the same ground that Burke opposed the French National Assembly—i.e., that Yeltsin is not a reformer but a destructive revolutionary. He has reformed nothing. But in his misconceived plan to change everything he has left nothing intact.

A reform, says Burke, is the direct application of a remedy to a grievance, so that *"if it fails the substance which underwent the operation, at the very worst, is but where it was"*. But in Russia nothing is where it was, and at the same time nothing has been established in place of what used to be. The plan to change everything in Five Hundred Days was a feasible plan of market reform. But it was feasible only on the condition that it was put into effect by the old state.

The term *"privatisation"* as applied to Russia is inappropriate. In England, socialist institutions were hewn out of the market, like clearings in a forest, and

the market existed all about them. Those institutions might therefore be relinquished to the market through *'privatisation'*. But that was not the case in Russia. The market was marginal to Russian economic life. Human nature there had not been hammered into commercial forms. The spontaneous flow of Russian culture did not tend to produce economic egoism, Lenin and Stalin did not so much suppress the market as take advantage of the fact that Russian society was shy of the market.

What was required for *'economic reform'* of the kind half-envisioned by Gorbachev and Yeltsin was not *"privatisation"*, but what might be called *"marketisation"*. The problem was not how to privatise state institutions, but how to establish the skeleton of a national market. *'Privatisation'* of institutions into a market which did not exist was not reform but disintegration. The jungle needed to be constructed simultaneously with the tigers which would flourish in it.

"I had a state to preserve as well as a state to reform"—that was how Burke saw it. A process of change which does not preserve the state cannot by any stretch of the imagination be seen as a reform.

The Russian state might have enacted drastic economic changes in a short period as a reform. The establishment of a national market could only have been done by the state—and because it was done by the state it would have been a reform. But the dissolution of the state makes reform impossible.

Note: The second of our two extracts is from a leading article entitled *'Russia: the Incompetent Capitalist Revolution'*, from *L&TUR* No 39, January-February 1993

Yeltsin Shells Parliament

All that we can find wrong with [Yeltsin's Constitution] is that the free Parliament and independent judiciary, which were functioning organs of state a few months ago, have now been reduced to paper. And that even on paper they have been placed under strict curbs to help them resist the temptation to reassert themselves as active institutions of state.

If Yeltsin could not tolerate the actual separation of powers established in the Courts and in Parliament by people who had been his colleagues in the opposition to the 1991 coup, is he now likely to restore what he destroyed?

The relationship between the Executive and the legislature is the most difficult of all relationships to establish when setting up a system of representative government. The Executive often feels a natural urge to strike off the head of the Legislature. What Yeltsin did to the independent Parliament was nothing unusual. All that was unusual was the wholehearted support given to him, even before the event, by the Anglo-American founders of the system of representative government. And we did not notice any dissent from the Labour Front Bench when Major declared support for the shelling of Parliament and the suspension of the Courts in order to *'safeguard democracy and the rule of law'*.

A few generations back an informal institution known as the Fourth Estate was considered necessary to liberal democracy. The Fourth Estate was the newspapers conducted by editors and journalists with critical faculties, and some independent knowledge of the world. But nowadays we only have the media. And any resemblance between the media and the Fourth Estate is illusory.

At crucial moments (as determined by the state) the media-creature must have the mentality of a serf. At less important times he is permitted to mimic a journalist of the Fourth Estate, but not when it counts. And we have noticed that amongst those to whom servility comes most naturally are some who not very long ago were active in the revolutionary vanguard. They have a similar political, or at least ideological, history to Yeltsin, and are therefore more attuned to him than the common or garden liberals of the *Guardian* variety because, like him, they are merely counterfeit liberals.

John Lloyd, the Moscow man for the *Financial Times*, formerly of the Communist Party, reported the shelling of Parliament under the headline: *"Hellish battle spells ignominious end for instigators of revolt"*. He informed

the world that *"for the instigators of the revolt, Mr Ruslan Khasbulatov and Mr Alexander Rutskoy... the end was ignominious. Witnesses who met them as the troops entered the building spoke of men breathless with fear, desperately pleading for their lives"*. (We quote from Mr Lloyd's article in the *Irish Times*, October 5th.)

Khasbulatov, as Speaker of Parliament, had been on the barricades with Yeltsin in August 1991. He was anxious to make functional compromises between Parliament and the Executive, but was not prepared to collaborate in reducing Parliament to a Presidential rubber stamp. Yeltsin had majority support in Parliament to start with. He lost that majority by a blend of arrogance and incompetence. He was given extraordinary powers by Parliament for a year to improve the economy and the system of government. When he failed to do either, parliament refused to renew his emergency powers. But he held on to them anyway in defiance of Parliament. Then he declared Parliament to be dissolved though he had no Constitutional authority for doing so.

When the Executive revolted against Parliament, Parliament responded by appointing a new Executive—which is in fact how Parliamentary government in England got established—as our Parliamentarians ought to know since every Autumn they go through the ritual of locking out Black Rod, commemorating the event by which Charles I was prevented from doing to Westminster what Yeltsin did to the White House.

(That the skirmishing which preceded the shelling of the White House had been contrived by Yeltsin as an excuse for doing what he did always seemed probable. The detail of it has now been given by Jonathan Steele in the *Guardian* of 13th November 1993.)

Yeltsin was not as squeamish as Charles I and so Khasbulatov is in jail instead of being Russia's John Hampden. And because he lost he is, from a certain point of view, contemptible. But from another point of view it is the journalist, with liberal pretensions, who sought to make Khasbulatov despicable in his moment of defeat who is contemptible.

Sometime later Mr Lloyd reported on Yeltsin's new draft constitution (the first draft of many drafts of the draft which was being redrafted up to the

moment of voting). The headline was *"Firm stand by Yeltsin for a new legal order"*. Maintaining every appearance of solemnity, Mr Lloyd reported that in the new legal order the President can strike down laws passed by Parliament; that though Parliament can impeach the President *"for treachery or very serious crimes, these do not include breaching the constitution"*; and that the President may dissolve a Parliament which passes a vote of no confidence in him.

If only Charles I had known that *this* was democracy and law, how different the course of English history might have been!

If Yeltsin's Constitution had been introduced six or seven years ago as a limited measure of liberalisation and guided democracy within the old state, perhaps it would have been progressive. But it is being introduced after the destruction not only of the old state but also of the framework of a liberal state functioning through a separation of the power which came into being after the 1991 coup attempt—and also after the dissolution of the social order by the elements which Yeltsin fosters and represents. In these circumstances it is as liable to be a prelude to fascism as anything else. (In our comment on the events of last Christmas we said Yeltsin seemed to be a sort of buffoon. That needs amending: he is a buffoon with artillery.)

The fascism of the twenties and thirties developed in the unstable condition of Europe brought about by Prime Minister Asquith's World War. That war had the effect of subverting what the British Government when declaring war said it was its intention to safeguard: the civilised order of Europe. In the post-war situation revolutionary socialist movements made government on the old lines impossible but were unable to dominate the chaos and produce a new political order. The various elements of society separated off from each other and tried to take off in opposing directions. The fascist movements in Italy and Germany took in elements from both right and left and restored a kind of national political life in the states in which the stalemate between left and right had broken it.

The great novelty in the Russian situation is that it is an incompetent capitalist revolutionary movement that has broken society up into its elements.

The Bevin Society

Labour Party Conference Meeting

Barbara Castle:

"Defending the Welfare State"

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