

Labour & Trade Union Review

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Jack Dunn

Israel's Land Grab

**Arms Sales and the Labour
Movement**

Saving The NHS?

Mayday In Spain

The Criminal Damage to Britain's Railways

In the wake of the rail crash at Potters Bar on 10 May, Stephen Byers told the annual conference of ASLEF that something had to be done about the existing arrangements for railway maintenance. He is five years too late. New Labour should have done something about it immediately they came to power.

It remains to be confirmed that the Potters Bar crash was caused by poor maintenance on a set of points, which led to four nuts coming off. The alternative explanation, favoured by the maintenance contractor Jarvis since it gets them off the hook, is that the points were sabotaged on two different occasions - a few days before the crash Jarvis employees discovered nuts off, and put them on again without reporting to their superiors. This seems unlikely.

It also remains to be seen whether the maintenance regime put in place by the Conservative Government in advance of privatisation in the mid 90s contributed to the accident, as it most certainly did to the Hatfield crash in October 2000. That regime separated the ownership of the railway infrastructure from the maintenance of the railway infrastructure, and did so under contracts that were so weak that the new owner of the infrastructure, Railtrack, was not in a position to order its maintenance contractors to fix anything.

Listen to this from Richard Middleton, an engineer with many years of railway experience (who became technical director of Railtrack after the Hatfield crash):

"The contracts were so weak that Railtrack was not even allowed to withhold payment if work was not done well. The infrastructure companies decide what is done, how it's done and where. We have no power to tell them, for example, to replace a specific set of points."

(This is quoted in **Broken Rails: How Privatisation Wrecked Britain's Railways** by Christian Wolmar, page 90. If you want to understand the scale of the criminal damage done to the railway system by the Major Government, then read this book.)

FATAL FLAW

Stephen Byers is also responsible for the new maintenance arrangements for the London underground. These put the owner of the infrastructure, London Underground, in a similarly powerless position vis-à-vis the so-called Infracos that are to be responsible for maintenance. London Underground will not be in a position to order any of the Infracos to fix anything.

This is what Bob Kiley described as the "fatal flaw" in the arrangements: in his words, London Underground will "own the system but not control it", which will leave its managers "with no practical means of effectively operating the transport system or ensuring the safety of its millions of daily customers". And unlike

the situation on the railways where the contracts are relatively short term (about 5 years), those on the underground are effectively forever - unless there is a major disaster.

CONTRACTS IMPOSED

It must be emphasised that Railtrack did not negotiate these contracts. The Major Government was responsible for negotiating them, and they were imposed on Railtrack. What is more, they were weak by design - so that the maintenance companies holding them, which were still publicly owned, could be sold off.

No thought was given to what was best for maintaining the railway system so that trains could run efficiently and safely. All that mattered was that the maintenance companies should not be saddled with onerous contracts, which would drive down their value and make it difficult or impossible to sell them off.

ARTIFICIAL DIVISION

The arrangements had an additional complication: the Government insisted that the maintenance and renewal functions be separated. This artificial division, which did not exist in British Rail, also had adverse consequences, as we shall see.

In preparation for privatisation, the maintenance functions of British Rail had been split off into 14 geographically-based service units. These remained a part of British Rail and were not transferred to Railtrack, which therefore had little or no engineering expertise when it was separated out from British Rail in 1994, initially as a publicly owned company.

(For an account of the minutiae of the fragmentation of British Rail, see the House of Commons Transport Select Committee report of 21 March 2001).

On 1 April 1995 these 14 service units, which were still part of British Rail but were looking after infrastructure now owned by Railtrack, were reorganised into 13 units, 7 maintenance units and 6 track renewal units. These became known as Briscos (British Rail Infrastructure Companies). This was done by British Rail on Government orders. At the time the Briscos had a total workforce of over 25,000 and a turnover of over £1bn.

FATTEN UP

The next step was to fatten up the 13 Briscos for selling off. To this end, the Government ordered British Rail to draw

up contracts making them sole contractors to Railtrack in their geographic areas for between 5 and 7 years and to make the contracts effectively unenforceable. As we said above, Railtrack had no part in drawing up these contracts, even though it had to put its signature to them, and to live with them for up to 7 years. They were drawn up by British Rail under instruction from the Government.

The Briscos were sold off between February and July 1996. In the main, they were bought by existing engineering companies, such as Jarvis, Balfour Beatty and Tarmac.

The end result was a Railtrack shorn of engineering expertise and saddled by the Government with largely unenforceable maintenance contracts. The contractors had no incentive to keep the infrastructure in good condition. Why should they spend money, and reduce their profit, in doing a good job, when Railtrack had no way of making them?

POLITICAL OPPORTUNISM

Christian Wolmar comments: "Again, the combination of haste and political opportunism meant that the needs of the railway industry and, ultimately, those of passengers did not come into the equation. The government forced on BR the separation of the maintenance and renewal companies, an artificial distinction that was widely seen as 'inappropriate'. Several Railtrack managers had resisted this separation, trying to keep as much of the industry together as possible.

"A compromise... would have been for Railtrack to have inspection and monitoring resources to identify what work was needed and then call in contractors to do it. However, that would have required an engineering department and it was felt there were not enough good, qualified engineers within the old BR to staff a Railtrack department and leave sufficient people to run the Briscos. Until the reorganisation prompted by the Hatfield crash, Railtrack therefore did not have an engineering department." (ibid, page 90)

There was an alternative, namely, to keep maintenance functions within Railtrack. But that would have meant a Railtrack with around 40,000 employees, most of them unionised, which would have left the unions in a strong bargaining position (and might have made Railtrack unsaleable).

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Christian Wolmar is of the opinion (ibid, page 92) that the hiving off of maintenance functions into 13 companies had the unspoken agenda of weakening the unions. He quotes a manager involved in creating Railtrack as telling him: "Ministers told us in private that they wanted to break up the unions, but of course they didn't say that in public."

Christian Wolmar describes the situation in which Railtrack found itself as follows:

"Railtrack was therefore saddled with contracts over which it had little control and which it did not have the resources or ability to monitor. At first Railtrack did not even check the work after it was finished, raising serious concerns about safety... While a checking process was gradually introduced during the first couple of years after privatisation, it was still

greatly inadequate...

As early as 1998, Railtrack had begun to recognise that the contracts were unworkable but could not impose changes without incurring massive losses. Instead, the company began drawing up a new form of contract involving a partnership between contractors and the company, with both benefiting from cost savings. However, these new contracts, which started taking effect in 2000, still placed an emphasis on costcutting rather than ensuring that the railway was in the best possible condition."

ADDITIONAL DIFFICULTY

The artificial separation between maintenance and renewals is an additional difficulty. The first thing to note is that maintenance companies have an interest in passing as much work as possible over to renewal companies, because they have fixed price contracts, so the less work they do the more profit they make. And renewal companies have an interest in getting as much work passed to them as possible, since they get paid per job. So two companies, plus Railtrack, may be involved in doing a job where one would do, which provides additional opportunities for communication failures with the potential for disaster.

Let us consider rail replacement. The maintenance company in its regular inspections of the track may recommend that a portion of rail be replaced, and draw this to the attention of Railtrack. But if the length of track to be replaced is greater than 600 feet, the job has to be done by the renewal company, and fitted in to their planned programme of renewals, perhaps for two years ahead, for which line closures have already been agreed and notified to the train operating companies. Railtrack have an interest in minimising unplanned line closures because it costs them money, since they have to compensate train operating companies for being unable to run trains.

THE HATFIELD CRASH

This morass of conflicting commercial interests brought about by the fragmentation and privatisation of British Rail led to the Hatfield crash in October 2000. The following account is taken from **Broken Rails** (pages 161-3).

It was caused by a broken rail, which had been recommended for replacement by the maintenance

contractor Balfour Beatty (since replaced by Jarvis) at least a year, and perhaps two years, earlier. But it was not until January 2000 that it was agreed by all parties - Balfour Beatty, Railtrack and the renewals contractor Jarvis Fastline - that the job would be done. Railtrack consented to a special 27-hour closure of the line on 19 March for this purpose.

But the job could not be done on 19 March - because two attempts to deliver the replacement rails failed (the first because the train was late, and the second because it was the wrong sort of train, which couldn't be unloaded without hitting overhead equipment). Two more attempts in April were required to deliver all the rails, but by then it was too late. Railtrack were reluctant to sanction another emergency closure, because the busier summer timetable was now in operation. The work was finally rescheduled for November, two years after the problem was first noticed - and a month after the Hatfield crash.

BLAME MAJOR

It would be unfair to say that all the railway crashes that led to loss of life in recent years were caused by the fragmentation and privatisation of the railways. But, with the exception of Selby, fragmentation and privatisation played a part - at Southall, Ladbroke Grove and especially Hatfield. Blaming the privatised fragments for these crashes, and for the poor service delivered, is all well and good, but the real blame lies with Major Government which created the fragments, and connected them by contract, and the Blair Government which has kept the fragments in being. It is a miracle that there haven't been more serious crashes.

Of course, the Blair Government is aiming to change the largest fragment, Railtrack, from a PLC to a not-for-profit company. But it is still a fragment, connected by contracts with the other fragments around it. And it is still a commercial company making its money by squeezing as much money as possible out of its contracts, while delivering as little as possible to its customers, the train operating companies. If it doesn't operate in this way, the taxpayer will have to subsidise it to an even greater extent.

There is no sign that the Blair Government is going to put any of the fragments back together again. In particular, there is no sign that the new Railtrack will be told to bring maintenance back inhouse, as

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Editor
John Clayden

recommended by the Transport Select Committee in March last year. Byers told the ASLEF conference:

"A new relationship is needed with contractors, one based on best value, not lowest cost, providing a quality maintenance and renewal programme for railway track that puts the interests of the travelling public first."

Jack Dunn

by Conor Lynch

I saw in the April L&TUR that the Kent miner's leader, Jack Dunn had died. I first saw him about 1975 when he addressed a group of Workers' Control activists in London. We had previously had a talk (or lecture) from the CPGB industrial organiser, Bert Ramelson. Ramelson's and the CP's line was that industrial democracy was impossible under capitalism and you suspected they wouldn't be too keen on it under socialism either. And here was Jack Dunn, a lifelong CP member, speaking our language. A bit confusing and very refreshing.

Jack Dunn dedicated his life to the betterment of the working class. His membership of the CP was a public declaration of no compromise over that dedication. I rarely saw him on visits to the Kent coalfield. But the evidence of his presence and his influence were everywhere there and wherever you met Kent miners. All the local officials reflected a belief in a strong and democratic union, active both in the workplace and in the local community. Even the Deal sailing club was down to the NUM. The union along with the local Labour Party had a constant stream of visitors addressing local gatherings big and small.

Travelling around the country in the mid-seventies the labour movement conferences - especially about industrial democracy - I always ran into a large group of Kent miners, especially the younger ones. Mostly one saw new faces, as the Kent NUM rotated its delegations to give as many men as possible as wide a labour education as possible. Always these young miners would regale us with tales of recent union sponsored trips to France, the Soviet Union and anywhere else that dug coal. Arrangements were also made for lectures to miners with Canterbury University.

The Kent coalfield opened about

the time of the General Strike and many of the original workers were men who had been blacklisted elsewhere and came from all over Britain. This began a tradition for thoughtful militancy and open-mindedness not quite matched elsewhere in the industry except maybe in two or three collieries in Yorkshire.

Victory in the 1972 and 1974 strikes were the result of almost unprecedented organisation of nationwide solidarity, inside and outside the industry. There is a myth about traditional mineworkers solidarity. Within a particular colliery or even area, yes. Otherwise an organisational nightmare. But Joe Gormley pulled it off (and again in the now purged from history strike of 1981). But if any area stands out in those strikes it is Kent. Their responsibility was the London area where, along with the much maligned men from the Midlands, they stopped the supply of coal to the power stations, as well as charming Londoners wherever they met them. The "battle of Saltly Gates" is the most remembered incident of these strikes - Arthur Scargill has seen to that. It was certainly of symbolic importance. Especially the march on the Gates by the 6,000 Birmingham engineers who actually shut the gates. But it was the only occasion I know of when Scargill was a victorious leader. The strike was won however, in and around London.

I last saw Jack Dunn when he debated Workers' Control with Arthur Scargill in Pontypridd in the Welsh Valleys in 1976. This was at the time of the Bullock Inquiry into industrial democracy in the private sector and a parallel inquiry concerning the nationalised industries. It was the issue in the Labour movement. Dunn spoke robustly for Workers' Control, here and now, and Scargill opposed. The audience was mostly made up of miners from, I think, 23 South Wales collieries. They voted overwhelmingly for Jack Dunn's position. (Incidentally, this was the only

occasion where I came across Kim Howells - I only remember him talking rubbish even then.)

A year later the NUM held a special conference in Harrogate to decide its position on workers' control. Arthur Scargill won the day with his brazen and deceitful assertion that no trade union could represent its members if it also has responsibility for the hiring and especially the firing of workers. Every NUM branch secretary in the country had these responsibilities, especially where a worker was a threat to the safety of his colleagues. Scargill knew this as did his debating opponent Peter Heathfield. But Heathfield chose not to publicly admit the facts of life in the coal industry and conceded defeat to Scargill. This was a turning point in the whole national debate.

[see 'THE HARROGATE DEBATE' Athol Books]

After Jack Dunn retired, his successors carried on both the spirit and the letter of his work. In the strike of the mid-eighties, Kent was, so far as I know, the only area that did not have to be picketed out. At the time of Orgreave the Kent miners staged a far more effective occupation of Betteshanger Colliery, for which their leader, Terry Harrison, a close colleague of Jack Dunn, was sacked and blacklisted from the industry. (Last I heard he became the NUM official at Kellingley Colliery in Yorkshire, another pit with a great militant spirit and one which in the seventies gave a warm welcome to workers' control activists.) At the beginning of the strike, the Kent miners again moved to London.

Thousands of leaflets were produced but their distribution was forbidden by Arthur Scargill. He objected to the leaflet's support for a national ballot and for workers' control. The rest, as they say is history.

Arms Sales

Kevin Brady

Every year Campaign Against the Arms Trade (CAAT), which works for the reduction and ultimate abolition of the international trade in arms, publishes information on the shares held in the UK's major arms manufacturing companies. These shares are held on behalf of charities, churches, local authorities and trade unions, bodies one would not normally associate with such a distasteful activity. And every year there is an outcry/denial that the shares are actually held in their names.

CAAT is very careful to point out that the information in its report, 'Clean Investment 2002', may be subject to human error and not therefore absolutely accurate in every detail, and recommends that this is kept in mind when referring to it. But even if some of the information is not absolutely accurate/up-to-date, the report nevertheless paints a sad picture of how pension fund trustees, driven by the need to get the best possible return, invest the savings of thousands of employees in the production of weapons of mass destruction.

Baptists, Jews, Methodists and Muslims are among those in the religious field who have investments in British Aerospace Systems. GKN and Rolls Royce, as do charities like Cancer Research, the Royal National Lifeboat Institution and the RSPCA. While almost one hundred local authorities, many of them in the London area, invest heavily in these companies.

The most interesting, and revealing, investments are those by trade unions such as the MSF, NUT, UNISON/NALGO and USDAW, with the TUC also holding almost a million shares in BAE Systems. Investing their pension funds in arms manufacturers would seem to be contrary to their adopted policies of opposition to the 'arms race'. One can only assume that trade union staff and members are unaware that their future welfare is bound up with this odious activity.

It is not however, surprising to find, that the Labour Party, otherwise known as the G W Bush Party, has 27,490 shares in British Aerospace Systems. It is wholly appropriate that a Party, led by the greatest warmonger in its history, should be supporting the production and sale of weapons of war. When, eventually, Blair and Bush launch an attack on Iraq it will be comforting to Labour Party staff to learn that their investment is helping to defeat the 21st century's equivalent of Hitler.

The case for arms production and sales, articulated by Defence Minister Geoff Hoon and others, is that it is a net economic benefit to the UK; that the costs of production and government subsidies are outweighed by the revenue from sales. But is it? In July 2001 the Oxford Research Group and Safeworld published 'The Subsidy Trap', which showed that the sale of arms is actually a net cost to the UK Treasury. The report revealed that we paid a subsidy of £763m for military exports in 2000/01. This worked out at around £8,500 for each of the 90,000 jobs in arms production.

British Aerospace Systems, in which the Labour Party and the TUC have a huge stake, is the world's largest arms producer, with military equipment accounting for around 75 per cent of total sales. The USA is its primary customer. Many of its staff belong to the engineers union, the AEEU, which makes it rather odd that according to CAAT's report it holds no shares in any of the arms manufacturing companies.

Following the Scott Inquiry into the export of defence equipment in February 1996, Labour promised to tighten the legislation governing the export of arms. A White Paper was published in July 1998 and this was followed last year by the Export Control

Bill, which includes a number of the recommendations in the Scott Report. The Bill is currently in the House of Lords and is expected to become law before the Parliamentary summer recess.

Among other things, the Bill requires the Secretary of State to report annually to Parliament on the controls imposed on both strategic and cultural exports under the Bill. This is a step forward, but the more important step taken is Parliamentary scrutiny of secondary legislation made under the Bill. We will not really know what effect the Bill will have until details of the secondary legislation are revealed, and whether in that event Parliamentary scrutiny really matters.

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Le Pen

Conor Lynch

Jean Le Pen may have driven the final nail into the coffin of the European Social Project. That was the European Union. Its last substantial defender was Lionel Jospin. Jospin stood for a European Federation that stood for Liberty, Equality, and Fraternity: for a levelling of society, for protection for victims of capitalism and for curbs on the excesses of capitalist development.

But by the time of the French election his was a voice in the wilderness. The EU, under the increasing influence of Britain, is standing for untrammelled capitalism at home and abroad, for imperialist foreign adventures, and for the destruction of stable society. France alone could not change this.

France is nevertheless the country least instinctively likely to go along with it. That means withdrawing into itself. This is not the first time it has felt the need to do this and done it. De Gaulle did it.

I don't know if Chirac and whoever is Prime Minister after the June elections will adopt many of Le Pen's policies. But I predict that they will have to reflect his France First reaction to European developments.

Blair may have been delighted at Jospin's defeat. That conflict had got personal. But Jospin's opposition to Blairism had failed anyway. France and Germany had already been driven apart. And under Jospin's leadership France was being weakened and marginalised. French power and influence can only be recovered under the influence of mainstream French nationalism. Long term British assaults undermined the European Social Project to the detriment of all but the very richest Europeans. A resurgent France disrupting its neighbours just might bring about the opposite effect.

Tony Blair hailed Chirac's victory as a "triumph for democracy" and a defeat for "repellent" policies. I have tried, as best I could, to find a list of Le Pen's specific policies and found them all quite normal, I found many of them utterly repellent, as I have found the man himself, but normal nevertheless. Normal in the sense that they differ in no real way from New Labour's - except that Le Pen is not overtly anti-working class and favours leaving the EU. But Blair said he favoured leaving the EU to swing the

selection committee in Sedgefield when he won the selection by one vote as the Labour candidate. Maybe Le Pen was blustering when he proposed putting illegal immigrants into camps, and maybe he wasn't. But Straw and Blunkett have been actually building and filling up concentration camps for immigrants in Britain.

I suppose in a sense democracy did triumph in France. The will of the French people in its complications was revealed. But not as Blair would see it, in the triumph of "his" man, the corrupt thief, over the thug. Democracy at its best is a form of government which enables the relatively peaceful resolution of conflicting vested interests in a stable society. It is one step up from civil war. The alternative to both is benign or malign autocratic rule, depending on your point of view. With Blair, democracy is a meaningless use of a cherished word. It has nothing to do with the will of the people or even electoral forms. If Le Pen on the fascist wing wins an election it is not democracy. If Chavez, the President of Venezuela, wins (twice) from the left it is not democracy. This is because Le Pen represents the French petit bourgeoisie and Chavez represents the workers and peasants and dispossessed of Venezuela. And Blair despises all of these. Blair worships the God of money, lots of money. And only when he sees money triumph will he say that democracy has triumphed.

A few years ago I tried to explain Blairism to French leftists and trade unionists. But the British road to Capitalism was so beyond the experience of continentals that my efforts were totally futile. For them capitalism was something that developed with the connivance of the state and incorporated the society around it and even the state itself. Air France was *state* capitalist, which was a bit better than capitalist. The fact that they won the 35 hour week and a 30% increase in unemployment benefit under Jospin while Britain was going in the opposite direction didn't seem to impress them. The notion that British capitalism sought the utter destruction of society rather than incorporating it was simply not believed. Jospin was "one of them" and the left set out to undermine him rather than offer qualified support to him against the

British. As for the EU, well that was just another capitalist club and they were mostly indifferent to it.

The French left has excelled itself its undermining of Jospin. Le Pen will make the best use he can of their efforts. I doubt they will learn anything from recent events. They will count the few percentage points they gained recently and be happy. Another small step towards the revolution - or three revolutions since there were three conflicting trotskies in the Presidential election. (The Communist Party got a derisory vote and polls stated that many of their former supporters switched to Le Pen.) For all their playacting on the streets I found the left to be electoral fetishists of the first order.

A note on immigration. The number of foreigners in France fell between 1988 and 1998 from 6.8% to 6.3%. In the UK it rose from 3.2% to 3.8%. In Holland, where the ex-Marxist anti-immigration leader has just been assassinated, it remained the same at 4.2%. Austria's rate doubled from 4.5% to 9.1% as did Spain's from a low 0.9% to 1.8% (OECD figures.)

A tolerance survey at the same time showed Spain at the top at 77%, Holland at 64% Austria at 57%, France at 55% and the UK at 58%.

The Italian Left found Blair as incomprehensible as the French Left did. They now tend to describe him as a fascist - albeit one who can't even make the trains run on time. They are wrong in their description but at least it makes it possible to place him and therefore to understand that he is an enemy. On this basis there is a proposal in the Italian Socialist Party (formally the PCI) to expel him from the Socialist Group in the European Parliament. Best of luck to them.

The only European socialist I've met who tried to make sense of Blairism was the former General Secretary of the Belgian Communist Party. He said it all became clear as he saw his old comrades turn against socialism and re-arrange themselves around Tony Blair.

Economic-determinism + lots of money = Blairism

As Marx might have said.

Land Grab: Israel's Settlement Policy in the West Bank

by Yehezkel Lein

The following is a summary of a very informative report, published in May 2002, on the establishment of Jewish settlements in the West Bank after Israeli occupation in 1967. The report was researched and written by Yehezkel Lein of B'Tselem, the Israeli Information Center for Human Rights in the Occupied Territories. The full report and an accompanying map of settlements is available on the B'Tselem website, www.btselem.org. The summary was prepared by B'Tselem itself and is published in full here.

B'Tselem, which was founded in 1989, has produced a large number of reports on human rights violations in the Occupied Territories.

Historical Background

Since 1967, each Israeli government has invested significant resources in establishing and expanding the settlements in the Occupied Territories, both in terms of the area of land they occupy and in terms of population. As a result of this policy, approximately 380,000 Israeli citizens now live on the settlements on the West Bank, including those established in East Jerusalem (this report does not relate to the settlements in the Gaza Strip).

During the first decade following the occupation, the Ma'arach [Labor] governments operated on the basis of the Alon Plan, which advocated the establishment of settlements in areas perceived as having "security importance," and where the Palestinian population was sparse (the Jordan Valley, parts of the Hebron Mountains and Greater Jerusalem). After the Likud came to power in 1977, the government began to establish settlements throughout the West Bank, particularly in areas close to the main Palestinian population centers along the central mountain ridge and in western Samaria. This policy was based on both security and ideological considerations.

The political process between Israel and the Palestinians did not impede

settlement activities, which continued under the Labor government of Yitzhak Rabin (1992-1996) and all subsequent governments. These governments built thousands of new housing units, claiming that this was necessary to meet the "natural growth" of the existing population. As a result, between 1993 and 2000 the number of settlers on the West Bank (excluding East Jerusalem) increased by almost 100 percent.

International Law

The establishment of settlements on the West Bank violates international humanitarian law, which establishes the principles applying during war and occupation. Moreover, the settlements lead to the infringement of international human rights law.

International humanitarian law prohibits the occupying power to transfer citizens from its own territory to the occupied territory (Fourth Geneva Convention, article 4). The Hague Regulations prohibit the occupying power to undertake permanent changes in the occupied area, unless these are due to military needs in the narrow sense of the term, or unless they are undertaken for the benefit of the local population.

The establishment of the settlements leads to the violation of the rights of the Palestinians as enshrined in international human rights law. Among other violations, the settlements infringe the right to self-determination, equality, property, an adequate standard of living, and freedom of movement.

The illegality of the settlements under international humanitarian law does not affect the status of the settlers. The settlers constitute a civilian population by any standard, and include children, who are entitled to special protection. Although some of the settlers are part of the security forces, this fact has absolutely no bearing on the status of the other residents of the settlements.

Taking Control of the Land

Israel has used a complex legal and

bureaucratic mechanism to take control of more than fifty percent of the land in the West Bank. This land was used mainly to establish settlements and create reserves of land for the future expansion of the settlements.

The principal tool used to take control of land is to declare it "state land". This process began in 1979, and is based on a manipulative implementation of the Ottoman Lands Law of 1858, which applied in the area at the time of occupation. Other methods employed by Israel to take control of land include seizure for military needs, declaration of land as "abandoned assets," and the expropriation of land for public needs. Each of these are based on a different legal foundation. In addition, Israel has assisted private citizens purchasing land on the "free market."

The process employed in taking control of land breaches the basic principles of due procedure and natural justice. In many cases, Palestinian residents were unaware that their land was registered in the name of the state, and by the time they discovered this fact, it was too late to appeal. The burden of proof always rests with the Palestinian claiming ownership of the land. Even if he meets this burden, the land may still be registered in the name of the state on the grounds that it was transferred to the settlement "in good faith".

Despite the diverse methods used to take control of land, all the parties involved - the Israeli government, the settlers and the Palestinians - have always perceived these methods as part of a mechanism intended to serve a single purpose: the establishment of civilian settlements in the territories. Accordingly, the precise method used to transfer the control of land from Palestinians to Israel is of secondary importance. Moreover, since this purpose is prohibited under international law, the methods used to secure it are also unlawful.

Israel uses the seized lands to benefit

the settlements, while prohibiting the Palestinian public from using them in any way. This use is forbidden and illegal in itself, even if the process by which the lands were taken were fair and in accordance with international and Jordanian law. As the occupier in the Occupied Territories, Israel is not permitted to ignore the needs of an entire population and to use land intended for public needs solely to benefit the settlers.

The High Court of Justice has generally sanctioned the mechanism used to take control of land. In so doing, the Court has contributed to imbuing these procedures with a mask of legality. The Court initially accepted the state's argument that the settlements met urgent military needs, and allowed the state to seize private land for this purpose. When the state began to declare land "state land", the Court refused to intervene to prevent this process.

The Policy of Annexation and Local Government

The Israeli administration has applied most aspects of Israeli law to the settlers and the settlements, thus effectively annexing them to the State of Israel. This has taken place although in formal terms the West Bank is not part of the State of Israel, and the law in effect there is Jordanian law and military legislation. This annexation has resulted in a regime of legalized separation and discrimination. This regime is based on the existence of two separate legal systems in the same territory, with the rights of individuals being determined by their nationality.

Local government in the settlements has been established on the basis of the usual model inside Israel and is managed in a similar manner, ignoring the relevant Jordanian legislation that should apply in the West Bank. Twenty-three Jewish local authorities operate on the West Bank: three municipalities, fourteen local councils and six regional councils, including 106 settlements recognized as distinct communities. In addition, twelve settlements have been established in the areas annexed to the Municipality of Jerusalem in 1967 - areas in which Israeli law has been officially imposed.

The areas of jurisdiction of the Jewish local authorities, most of which extend far beyond the built-up area, are defined as "closed military zones" in the military orders. Palestinians are

forbidden to enter these areas without authorization from the Israeli military commander. Israeli citizens, Jews from throughout the world and tourists are all permitted to enter these areas without the need for special permits.

Encouragement of Migration to the Settlements

The Israeli governments have implemented a consistent and systematic policy intended to encourage Jewish citizens to migrate to the West Bank. One of the tools used to this end is to grant financial benefits and incentives to citizens - both directly and through the Jewish local authorities. The purpose of this support is to raise the standard of living of these citizens and to encourage migration to the West Bank.

Most of the settlements in the West Bank are defined as national priority areas (A class or B class). Accordingly, the settlers and other Israeli citizens working or investing in the settlements are entitled to significant financial benefits. These benefits are provided by six government ministries: the Ministry of Construction and Housing (generous loans for the purchase of apartments, part of which is converted to a grant); the Israel Lands Administration (significant price reductions in leasing land); the Ministry of Education (incentives for teachers, exemption from tuition fees in kindergartens, and free transportation to school); the Ministry of Industry and Trade (grants for investors, infrastructure for industrial zones, etc.); the Ministry of Labor and Social Affairs (incentives for social workers); and the Ministry of Finance (reductions in income tax for individuals and companies).

The Ministry of the Interior provides increased grants for the local authorities in the territories relative to those provided for communities within Israel. In the year 2000, the average per capita grant in the Jewish local councils in the West Bank was approximately sixty-five percent higher than the average per capita grant in local councils inside Israel. The discrepancy in the grants for the regional councils is even greater: the average per capita grant in 2000 in the regional councils on the West Bank was 165 percent of that for a resident of a regional council inside Israel.

One of the mechanisms used by the government to favor the Jewish local authorities in the West Bank, in

comparison with local authorities inside Israel, is to channel funding through the Settlement Division of the World Zionist Organization. Although the entire budget of the Settlement Division comes from state funds, as a non-governmental body it is not subject to the rules applying to government ministries in Israel.

The Planning System

The planning system on the West Bank, implemented by the Civil Administration, is one of the most powerful mechanisms of the Israeli occupation. As with the other bureaucratic systems, the planning system operates on two distinct tracks: one for Jews and the other for Palestinians.

This system is responsible for transforming the map of the West Bank because it is the planning system that approves the outline plans for the settlements and issues building permits for the establishment and expansion of settlements and for the construction of by-pass roads. Israel changed the composition of the planning institutions on the West Bank and transferred numerous planning powers to the Jewish local authorities, while expropriating these powers from Palestinian planning institutions.

While facilitating Jewish settlement, the planning system works vigorously to restrict the development of Palestinian communities. The main tool used to this end is to reject requests for building permits filed by Palestinians. In most cases, the requests are rejected on the grounds that the regional outline plans - approved in the 1940s during the British Mandate - prohibit construction in the relevant area of land. These plans do not reflect the development needs of the Palestinian population, and the planning system deliberately refrains from preparing revised plans. Houses built by Palestinians without building permits are demolished by the Civil Administration, even in cases when the construction took place on private land.

After the signing of the interim accord in 1995, planning powers in areas A and B - which account for approximately forty percent of the area of the West Bank - were transferred to the Palestinian Authority. While the vast majority of the Palestinian population lives in these areas, the vacant land available for construction in dozens of

villages and towns across the West Bank is situated on the margins of the communities and defined as area C. The Israeli planning authorities continue to control planning and construction in these areas.

Analysis of B'Tselem's New Map of the West Bank

The analysis of the map in terms of the geographical dispersion of the settlements and their ramifications for the Palestinian population is based on a division of the West Bank into four areas: three longitudinal strips extending from north to south, and the Jerusalem area, which has its own unique characteristics. This typology is applied solely for the purpose of analyzing the map, and has no legal or administrative significance. Within each of these areas, a distinction must be made between three types of land: land actually occupied by the built-up area of the settlements; open land surrounding the settlements and included within the area of jurisdiction of a specific settlement; and land included within the area of jurisdiction of a regional council, but not attached to any particular settlement.

The Eastern Strip includes the Jordan Valley and the shore of the Dead Sea. Approximately 5,400 settlers live in this area, mainly in kibbutzim and moshavim. With the exception of the Jericho enclave, almost the entire area of the Eastern Strip is included within the areas of jurisdiction of two regional councils: Arvot Hayarden and Megillot, which jointly occupy over 1.2 million dunam. The injury to the Palestinian population caused by the settlements in this area relates mainly to the restriction of possibilities for economic development in general, and agriculture in particular, resulting from the denial of the two resources required for this purpose: land and water.

The Mountain Strip is situated along the central mountain ridge that crosses the West Bank from north to south. Most of the settlements in this area were initiated by Gush Emunim. The population of the settlements totals approximately 34,000. Some of the settlements are dispersed in a string formation along Road No. 60 - the main north-south traffic artery in the West Bank. With the goal of protecting the safety of settlers in this area, the IDF imposes severe restrictions on the freedom of movement of Palestinians along this road, making it impossible to

maintain normal everyday life. In addition, these settlements block, to a lesser or greater extent, the potential for urban development in the major Palestinian cities situated along the mountain ridge (Hebron, Ramallah, Nablus and Jenin).

The Western Hills strip extends from north to south, and is ten to twenty kilometres wide. The proximity of this area to the Green Line and to the main urban centers of Israel has created great demand among Israelis for the settlements in this area. The total population of the settlements in this area is approximately 85,000. The seizure of land limits the potential for urban and economic development in the Palestinian communities. The transfer of powers to the Palestinian Authority under the Oslo Accords has led to the creation of over fifty enclaves of area B in this area, as well as a small number of enclaves defined as area A. These areas are completely surrounded by area C, which remains under full Israeli control. As a result, these settlements interrupt the territorial contiguity of the Palestinian villages and towns located out along this strip.

The Jerusalem metropolis includes the settlements established in the area annexed to the Municipality of Jerusalem (these settlements are referred to as "neighborhoods" in domestic Israeli discourse), as well as the settlements around the area of jurisdiction of the city that function as satellite communities. The settlements in this area include approximately 248,000 residents. The ramifications of these settlements in terms of the Palestinian population vary in the different parts of the metropolis. The establishment of the settlements in East Jerusalem entailed the expropriation of extensive areas of privately-owned Palestinian land; the area of jurisdiction of the settlements in the area east of the metropolis (Ma'ale Addumim and the adjacent community settlements) dissect the West Bank into two parts; the settlements in Gush Etzion, located south of the metropolis, block the urban development of Bethlehem and sever it from the adjacent Palestinian communities.

Almost two million dunam of land seized by Israel over the years, mainly by means of its declaration as "state land", have been included within the areas of jurisdiction of six regional councils, but not attached to any

particular settlement. Some of these areas, particularly in the Jordan Valley, are farmed by settlers or used by the IDF as training zones. The vast majority of this land, however, is empty, constituting reserves for the future expansion of the settlements and the establishment of new industrial and tourism zones.

Conclusions

Israel has created in the Occupied Territories a regime of separation based on discrimination, applying two separate systems of law in the same area and basing the rights of individuals on their nationality. This regime is the only one of its kind in the world, and is reminiscent of distasteful regimes from the past, such as the Apartheid regime in South Africa.

Under this regime, Israel has stolen hundreds of thousands of dunam of land from the Palestinians. Israel has used this land to establish dozens of settlements in the West Bank and to populate them with hundreds of thousands of Israeli citizens. Israel prohibits the Palestinians as a group from entering and using these lands, and uses the settlements to justify numerous violations of the Palestinians' human rights, such as the right to housing, to earn a livelihood, and the right to freedom of movement. The drastic change that Israel has made in the map of the West Bank prevents any real possibility for the establishment of an independent, viable Palestinian state as part of the Palestinians' right to self-determination.

The settlers, on the contrary, benefit from all the rights available to Israeli citizens living within the Green Line, and in some cases are even granted additional rights. The great effort that Israel has invested in the settlement enterprise - in financial, legal and bureaucratic terms - has turned the settlements into civilian enclaves in an area under military rule, with the settlers being given priority status. To perpetuate this situation, which is a priori illegal, Israel has continuously breached the rights of the Palestinians.

Particularly evident is Israel's manipulative use of legal tools in order to give the settlement enterprise an impression of legality. When Jordanian legislation served Israel's goals, Israel adhered to this legislation, arguing that international law obliges it to respect the legislation in effect prior to the occupation; in practice, this legislation

was used in a cynical and biased manner. On the other hand, when this legislation interfered with Israel's plans, it was changed in a cavalier manner through military legislation and Israel established new rules to serve its interests. In so doing, Israel trampled on numerous restrictions and prohibitions established in the international conventions to which it is party, and which were intended to limit infringement of human rights and to protect populations under occupation.

The settlements are unlawful, and their presence leads to the violation of human rights. Accordingly, B'Tselem demands that the Israeli government act to vacate all the settlements. This process must take place while respecting the human rights of the settlers, including payment of compensation.

Vacating all the settlements is obviously a complex and protracted task. However, a number of interim steps can be taken to minimize the violation of human rights and international law. Among other steps, the Israeli government should:

1) Cease all new construction in the settlements, either to build new settlements or to expand existing settlements;

2) Freeze the planning and construction of new by-pass roads, and cease expropriation and seizure of land for this purpose;

3) Return to the Palestinian communities all the non-built-up areas within the municipal boundaries of the settlements and the local councils;

4) Abolish the special planning committees in the settlements, and hence the powers of the local authorities to prepare outline plans and issue building permits;

5) Cease the policy of providing incentives that encourage Israeli citizens to move to the settlements, and direct the resources to encourage settlers to relocate to areas within the borders of the State of Israel.

Letters From Israel

by Ran HaCohen

Ran HaCohen was born in the Netherlands in 1964 and grew up in Israel. He has a B.A. in Computer Science, an M.A. in Comparative Literature and is currently working on his PhD thesis. He teaches in the Tel-Aviv University's Department of Comparative Literature. He also works as a literary translator (from German, English and Dutch), and as a literary critic for the Israeli daily Yedioth Achronoth. His "Letter from Israel" appears at antiwar.com

Palestinian Enslavement Entering a New Phase

The Israeli far-right - always the best indicator of Israel's true intentions - is quite outspoken: its aim is to make Palestinian life unbearable to a point that they would rather get up and go. Asked about his conception of "voluntary transfer" of Palestinians, Minister of Tourism (Rabbi) Benny Eylon compared the "voluntary" element to that of a Jewish husband who refused a rabbinical order to divorce his wife. Since rabbinical court cannot undo the marriage without the husband's consent, it should use force - excommunicate the obstinate husband, slash him, jail him etc. - until he "voluntarily" agrees to divorce. This is how the Palestinians should be "voluntarily" made to leave. And obviously, as long as they do not leave - because they cannot or will not - they should be struggling to survive rather than resist their oppression.

A New Draconian Measure

Analysing the Israeli oppression is like playing chess with the devil: the evil minds behind the occupation are always two steps ahead of you. What was the real aim of "Operation Defence Shield"?

The official pretext - "dismantling the infrastructure of terrorism" - cannot be taken too seriously. Now that resumed suicide bombings have to be explained, military experts suddenly claim that the simple equipment of the suicide bombers hardly needs any infrastructure at all. The further expansion of the settlements, mentioned in my previous column, is always an aim; "Defence Shield" has undoubtedly given it a great push, with Palestinians too weak and too frightened by the extent of Israeli terror to resist their on-going dispossession.

But Ha'aretz journalist Amira Hass has now reported a new draconian measure imposed on West Bank Palestinians, which may be the real break-through that "Defence Shield" was aiming at:

"The Israeli army has been tightening its grip on movement of

Palestinians in cities and towns in the West Bank by insisting that they obtain new freedom-of-movement permits from the regional administration to travel from one city to another. [...] Pedestrians, as well as drivers, have been left with one entrance into the area - which can be crossed only after receiving the proper freedom-of-movement permit. [...] The new measures have divided up the area into eight population regions, effectively isolated from one another, with traffic and movement control exercised by the Israel Defence Forces. The eight regions are Jenin, Nablus, Tul Karm, Qalqilya, Ramallah, Jericho, Bethlehem and Hebron."

East Jerusalem, once the economic heart of the West Bank, annexed by Israel and cut off from the rest of the West Bank, can be added as a ninth sealed-off enclave. And whoever believes Gaza is the tenth enclave, is too optimistic: the Strip itself has also been split in two, with the 200,000 residents of Raffah ordered to get a permit to go north.

From Closure to Siege

Curtailing Palestinian freedom of movement has been a central feature of Israeli occupation during the last decade. "Terrorism" has always served as a good excuse for this premeditated policy (and was served by it in turn). Up to 1991, Palestinians were free to move both within the occupied territories and to Israel; in fact, they formed the basis, in terms of a cheap labour force, of the Israeli economy. It was during the Gulf War that Israel for the first time closed its territory to Palestinians. The 1990's, especially the Oslo period since 1994, saw a gradual routinisation of this measure, for which the euphemistic term "closure" was introduced. At the same time, a massive import of cheap labour force from Asia, Eastern Europe and Africa replaced Palestinian workers. In 1996, the notorious "internal closure" was introduced, later known by the Hebrew euphemism "keter" (original meaning: "crown"!); correctly translated as "siege": cutting Palestinian towns and villages off from each other. Since October 2000, Palestinians are no longer given permits to enter Israel, and the closure policy has turned into a strangling siege.

Thus, step by step, Palestinians have been dispossessed and surrounded by settlements, military camps, by-pass roads and checkpoints, squeezed into sealed-off enclaves. Palestinian towns are besieged by tanks and armed vehicles blocking all access

roads. West Bank villages too are surrounded by road blocks, preventing the movement of vehicles in and out: three successive mounds of rubble and earth, approximately 6 feet high, with 100 metre gaps between them. All residents wishing to move in and out of the village - old or young, sick or well, pregnant or not - have to climb over the slippery mounds.

At present, this policy seems to have been perfected to an extent that it can be further institutionalised by long-term bureaucracy: a permit system, considerably worse than the "pass laws" imposed on blacks in Apartheid South Africa.

The severity with which the restrictions on movement are imposed was demonstrated again this week, when, in two different incidents, Israeli soldiers shot dead innocent Palestinians in the vicinity of road blocks. Since both Palestinians were Israeli citizens, the army "regretted" their killing; otherwise the incidents might have been dismissed as "self defence" or whatever. But the army made its point: movement in the occupied territories is an exclusive privilege of Jewish settlers. All other people - the local residents and their visitors - may pay for it with their lives. "Regret" or not, Israeli terror prevails.

Impoverishing the Palestinians

The damage to the Palestinians as a nation is obvious. Nation building often means political unification of a territory: think of Italy or Germany. Israel is imposing on the Palestinians a reverse process, hoping to reduce them to numerous separate groups with no collective interests, consciousness and institutions. The human catastrophe too is not hard to imagine: any movement outside your enclave becomes a tedious project, to say the least: going to school or university in a neighbouring town, moving patients or medical staff, not to mention "luxuries" like visiting friends or family.

But the economic side is just as essential. While travelling thousands of miles in the United States and in united Europe is free, Israel is putting towns and villages individually under siege, dividing the West Bank into nine separate "cantons" (Swiss tranquillity aside). The entire West Bank is about 130 km long, never more than 50 km wide, its eastern third a desert. Jenin is just 25 km away from Nablus; Tul Karm is 15 km away from Qalqilya; and Bethlehem is just a few hundred metres away from East-Jerusalem. The Gaza Strip is about 50 km long and just a few km wide, and has been cut in two. The Israeli travel permits are valid from 5:00 A.M. until 7:00 P.M., and must be renewed every month.

Amira Hass adds:

"Under the new system, goods can only be transported within the territories by using a 'back-to-back system' in which

a truck goes to a certain location where goods are unloaded into another awaiting truck, which then carries the merchandise further."

Imagine doing business (or just providing for a village) under such circumstances. There are reports of big price differences between towns: one town is flooded with cheap vegetables, in the other town vegetables are rare and expensive.

Real income per capita in the occupied territories has been proved inversely proportional to the number of closure days. Compared to 1994, income per capita was dropping 15% up to 1996, while closure periods were rising towards 80 days a year. In the relatively quiet Netanyahu years, 1996-1999, days of closure were declining towards zero in 1999, with income per capita on the rise, almost reaching the 1994-level. With Barak elected in 1999 and provoking the Intifada a year later, the tide turned once again. 2001 saw a record of 210 days of closure; Palestinian income level now lost 30% on its 1994-level. 2002 will be worse.

In September 2000, 600,000 of about 3 million Palestinians were defined as poor, living on less than \$2 a day. At the end of 2001, the number of poor reached 1.5 million - half the population. After "Operation Defence Shield", it is estimated that 75% of the Palestinians have reached poverty.

So the main measure to subjugate Palestinians is not war, but closure and siege. This is why Israel is so anxious to institutionalise it. World Bank experts estimate the damage caused to Palestinian economy by Israeli military attacks at \$305 million in the first 15 months of the present Intifada (up to "Defence Shield"). The damage caused by closure and siege during the same time is estimated at \$2.4 billion. (Ha'aretz, 19.5.02.)

To Sum Up

Having pushed the Palestinians out of its labour market, Israel is now institutionalising their long-term seal-off in besieged enclaves by a system of "permits". It counts on the world community - "the donor states" - to finance the intentionally impoverished people through the Palestinian Authority. This dirty game must be exposed. As the "permit system" demonstrates, Israel is clearly the effective force ruling the occupied territories, and thus solely responsible for their welfare. It must stop the systematic destruction of Palestinian economy and society. Freedom of movement is a basic right; due to its disastrous human, political and economic implications, Israel's policy of curtailing this freedom should be fought against at top priority.

www.antiwar.com

Contributions - 520 S. Murphy Ave., #202 Sunnyvale, CA 94086 USA also via secure server.

<http://www.AI-awda.org>
Organisation for the right of Palestinians to return to their homeland.

<http://www.antiwar.com>

<http://www.amnesty.org>

<http://www.bigcampaign.org.uk>

Boycott Israeli Goods Campaign.

<http://www.btselem.org>

Excellent dissident Israeli research organisation.

<http://www.electronicintifada.net>

<http://www.freesaj.org>

<http://www.likud.nl>

<http://www.lawsociety.org>

<http://www.matzpun.com>

<http://www.openDemocracy>

<http://www.palestinecampaign.org>

Palestine Solidarity Campaign website

<http://www.Palestine Monitor>

Extensive web site for Palestinian civil society.

<http://www.Palestine Remembered>

<http://www.Palestine Report>

<http://www.Palestine Chronicle.org>

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BEVIN SOCIETY MEETING

at the

Labour Party
Conference

The Middle East

Monday 30th
September

7.00 pm

New Emerald Hotel

6-10 Regent Road

Blackpool

SAVING THE NHS ?

Peter McNamara

New Labour would have us believe that Gordon Brown's 2002 budget was the most significant event during their stewardship of the NHS. Not true. The most significant event was an interview given to the New Statesman in January 2000 by Labour peer Lord Winston, pioneer of IVF treatment, TV star, and a personal friend of the Prime Minister.

The interview was given as the NHS struggled to cope with a winter flu epidemic. It was devastatingly critical of Labour's stewardship of the NHS. It described, amongst other things, his 87-year-old mother's experience of waiting 13 hours in casualty before getting a bed, of not getting drugs on time, of missing meals and being found lying on the floor one morning.

Lord Winston's message was too blunt to be spun away by Downing Street, nor could the messenger's character be successfully assassinated. Something concrete had to be done. Within a few days, Tony Blair surprised everybody (including the Chancellor, it is said) by telling BBC 1's **Breakfast with Frost** on 16 January 2000 that it was New Labour's intention to bring overall health spending in the UK up to the EU average as a proportion of GDP. All subsequent announcements on NHS spending, including those in the Budget on 18 April, have flowed directly from that.

GRAND RHETORIC

Prior to the election in 1997, Tony Blair promised to "save the NHS". Despite this grand rhetoric, their 1997 manifesto merely promised to raise spending on the NHS in real terms every year. Not much of a promise, since the Conservatives had done that every year they were in power. The crucial question was by how much. In fact, in New Labour's first two years the figure was 2.2% on average, compared with 3.1% on average in the 18 Conservative years.

But after these two years of famine there was expected to be a feast of public spending, particularly on health and education. In July 1998, the Chancellor set out spending plans for the three years beginning April 1999. There was to be

£21bn extra for the NHS (and £19bn for education) over the next 3 years. Later, and long after the headlines had faded, it emerged that these figures had been arrived at by double and triple counting, that NHS spending would not be increased by £21 billion in 3 years time, but only by £9 billion at 1998-99 prices. In fact, the increase proposed was less in real terms than during the Major years.

Before the first of the three years was out, these spending plans were cast aside. The goal, announced by Tony Blair on 16 January 2000, was health spending at EU levels as a proportion of GDP. Substantial increases in NHS spending were announced in the March 2000 Budget, and even more on top in the pre-election Budget last year.

£40 BILLION EXTRA

The headline **£40 billion extra for the NHS** after this year's Budget is accurate: NHS spending is scheduled to increase by 7.4% in real terms every year from £65.4 billion in 2002-03 to £105.6 billion in 2007-08. Total health spending, public and private, is expected to rise from about 7.7% of GDP now to about 9.4%, taking UK spending above the present average for the EU of 8.4% (which may itself rise over the next 5 years).

As trailed by the Government since last autumn, the Chancellor is going to have to raise more revenue to pay for this. He has chosen to do so primarily by raising National Insurance Contributions (NIC). From April 2003, employer contributions will rise by 1% to 12.8% bringing about £4bn of extra revenue. This has brought howls of protest from business of a kind that hasn't been heard since New Labour came to power in 1997. Employee contributions will also rise by 1% to 11% and for the first time employees will have to pay NIC on earnings above the ceiling of £30,240 a year, but only at a rate of 1%. Income tax allowances are also being frozen from April 2003 for everyone except pensioners.

(The March issue of **Labour & Trade Union Review** said that NIC was

paid into the National Insurance Fund and earmarked for paying national insurance benefits, principally pensions, and could not be used for the NHS. That was not correct. A small proportion of the National Insurance Fund has always been used to pay for the NHS. Whether the proportion is fixed by law or at the discretion of the Chancellor, I don't know. Clearly, that proportion is going to increase after April 2003. In 1999, 12% of NHS spending was from NIC, 80% from general taxation and 4% from user charges.)

New Labour's 2001 manifesto promised that "over time we will bring UK health spending up to the EU average". It is inconceivable that the Chancellor was not aware last June that extra revenue was going to have to be raised to do this. But the manifesto is completely silent on that issue. On income tax, it says: "We will not raise the basic or top rates of income tax in the next Parliament". Raising NIC is not mentioned, yet within a few months the Chancellor was having his spin-doctors brief journalists that NIC was going to be raised to pay for the NHS.

It would, of course, have been far better to raise income tax rates rather than employees' NIC, since income tax is far more progressive, with a top rate of 40%. High earners will only pay NIC at 1% on earnings over the ceiling of £30,240 after April 2003. And there is no NIC on unearned income (which means that, for example, pensioners don't pay NIC).

CONSERVATIVES ON THE NHS

"I believe in the ideals of the NHS - comprehensive care, available to all, on the basis of need not ability to pay. It is 'there when you need it, open to all, no matter what your circumstances ... no ifs or buts, no small print'. These are ideals worth fighting for."

Surprisingly, this is the opening paragraph from Iain Duncan Smith's foreword to the recently published Conservative pamphlet **Alternative Prescriptions**, which compares methods of health care funding and provision across the world. Even more surprisingly, he is quoting Gordon Brown, speaking to the Social Market Foundation earlier this year.

The Conservatives have yet to suggest an alternative method of funding but judging by **Alternative**

Prescriptions, they have a preference for social insurance rather than income tax. By opting to increase NIC to pay for the extra NHS spending the Chancellor has rather shot the Conservatives' fox, or at least severely wounded it.

Chapter 4 of the Interim Report by Wanless, published last November, compares methods of health care funding in the UK and other countries. The possible sources of funding are: general taxation, social insurance, out-of-pocket expenses and private insurance. He concludes:

"There is therefore no evidence that any alternative financing method to that currently in place in the UK would deliver a given level and quality of health care at lower cost to the economy as a whole. Indeed other systems seem likely to prove more costly. Nor do alternative balances of funding appear to offer a greater degree of equity in the way services are provided."

The Conservatives have spent the last six months and more muttering about alternative methods of funding the NHS, but they have yet to contest that conclusion by Wanless.

HEALTH CARE DELIVERY

The problems of the NHS do not arise from how the money is raised, but from how the money is spent. Obviously, health outcomes - life expectancy, infant mortality, premature mortality, survival rates from various conditions - depend on the health care delivered rather than the money spent, and on a myriad of other more important factors (public health measures, living conditions, diet, etc). So, it would be very unwise to conclude that bringing total health spending up to the level of Sweden, for example, would give us Swedish health outcomes, which are amongst the best in the world and universally better than in the UK (see Wanless, Chapter 5).

Increasing total health care spending to the EU average as a proportion of GDP has become a fetish in the past couple of years, without it even being clear what average. In 1998, the proportion of GDP spent on health care in the EU ranged from 10.3% in Germany to 6.8% in the UK. The unweighted average across the 15 countries of the EU was 7.9%, but weighted according to income it was 8.4%.

The US spent 12.9% of GDP on health in 1998, 55% by private medical

insurance, but about a sixth of the population has no insurance and is not covered by the federal safety net provisions. On many measures, the US experiences worse health outcomes than the UK despite spending almost double the proportion of GDP on health care (and nearly three times as much per head on average). On the other hand, Sweden has amongst the best outcomes in the world, yet spent only 7.9% of GDP on health in 1998, significantly better than Germany, for example, which spent 10.3%. The morale of this story is: the proportion of GDP spent on health care is far from being the overriding factor in determining health outcomes.

The UK has far fewer doctors and nurses per head of the population than the EU average and most EU countries. The relative position has worsened significantly in the past 20 years. In 1997, the UK had 1.7 doctors and 4.5 nurses per thousand of the population compared with 3.2 doctors and 8.2 nurses on average across the EU. Of course, the number of staff alone does not determine the effectiveness of health care delivery. That depends on a wide range of factors, including their skills and motivation and the other resources, particularly, technology, which support them. It depends crucially on the organisation of the delivery system, in particular, that skills are applied efficiently and not wasted on patients who don't need them or doing tasks which doesn't need that level of skill.

Does the UK need to spend more on health care? Does the UK need more doctors and nurses? The answer to both those questions must be YES, but how delivery is organised is all important.

INTERNAL MARKET

The Conservatives introduced an "internal market" in the provision of secondary care in the early 90s. This meant that a so-called purchaser/provider split was introduced into the NHS. Regional health authorities funded by central government were required to purchase treatments from hospitals under contract. This meant that for the first time hospitals had to put a price on every treatment carried out, and had to invoice the health authority for every treatment carried out. Later, the Conservatives also allowed GPs to buy services from hospitals - they had to opt to become "GP fundholders". All this obviously required a significant increase in administrative staff at every level within

the NHS.

(The previous arrangement was that health authorities attempted to ensure that the appropriate quantity and range of health care was available in their area of operation by requiring hospitals to provide services and funding them accordingly.)

New Labour opposed the internal market when they were in opposition. In particular, they made lot of capital out of the fact that patients of GP fundholders could often get treatment ahead of other patients. In 1997 you could have been forgiven for thinking that they intended to abolish the internal market when they came to power. I certainly thought so, as did Lord Winston - in the New Statesman interview referred to above, he complained: "We still have an internal market, but instead of commissioning by local health authorities, we have primary care groups. I think we've been quite deceitful about it."

But a close reading of New Labour's 1997 manifesto shows that they did not intend to abolish the internal market as such, merely the Conservatives' version of it:

"Labour will end the Conservatives' internal market in healthcare. The planning and provision of care are necessary and distinct functions, and will remain so. But under the Tories, the administrative costs of purchasing care have undermined provision and the market system has distorted clinical priorities. Labour will cut costs by removing the bureaucratic processes of the internal market."

NEW INTERNAL MARKET

The upshot of that has been that the internal market is still in being but, after another major upheaval in NHS structure, responsibility for purchasing secondary health care has been passed from health authorities and GP fundholders to newly established Primary Care Trusts (PCTs) in England, 302 of them in all, each covering close to 200,000 people on average. They may buy from private as well as NHS hospitals. PCTs are also responsible for primary care.

(It appears that the internal market has been abolished by the devolved administration in Scotland: the document "Health care systems in eight countries: trends and challenges" published with the Final Report by Wanless says: "In Scotland, NHS Trusts

and Health Boards are being unified thus creating integrated purchasing and provider units" (p107))

PCTs are run in the main by GPs and other medical professionals, and without local democratic accountability. Nevertheless, when they came into being in April they were touted by the Secretary of State for Health, Alan Milburn, as offering the ultimate in local control of the NHS, eventually handling 75% of NHS funding. In fact, their discretion will be limited, since they are required to stick to a vast range of guidelines laid down by his Ministry in the NHS Plan. For example, they will have to meet the so-called National Service Frameworks (NSFs), which prescribe the level of service to be delivered in various areas. Already NSFs exist for coronary heart disease, cancer, renal disease, mental health and diabetes and others are planned.

The devolution of power represented by the PCTs is more virtual than real. Their freedom of action is circumscribed by central guidelines. More importantly, they are run by central government appointees, and not subject local democratic control. If people served by a PCT are unhappy with the service, their only option is to make representations to central government to replace the people running it. If there has to be a local purchasing body for NHS health care, then it should be under local democratic control. It is rather dangerous to assume that doctors know best.

SPLITTING UP THE NHS

Of course, it makes no sense to have a purchaser/provider split in the NHS, if purchasers and providers are all within the NHS. In those circumstances, the previous arrangement whereby health authorities doled out money to hospitals to ensure that the appropriate quantity and range of health care was available in their area of operation was perfectly adequate. The split only makes sense if the providers are external to the NHS, that is, if the NHS is going to purchase to a greater extent from private hospitals and/or NHS hospitals are going to become independent corporate bodies, effectively outside the NHS.

The Government obviously intends to move in this direction. That much is clear from two announcements by Alan Milburn in late May: one said that the best performing NHS Trusts will be allowed to have more independence, the

other that the scheme for purchasing treatments from the private sector in order to reduce waiting lists, which was originally presented as a temporary expedient, is to be made permanent. The stated intention of the latter is to encourage the private sector to build more facilities in order to supply the NHS.

(Health care provision in the UK is unique in the world in that one corporate body, the NHS, provides the vast bulk of hospital care. Other countries tend to have a variety of independent providers, the majority of which are public owned, some by central and some local government. Private not-for-profit hospitals, owned by a variety of institutions, are also common. The least common, except in the US, are private-for-profit hospitals.)

Letter to the Editor

Dear Editor,

If You Say It Often Enough It Must Be True.

I would like to comment on some review articles and a TV programme, about Anthony Beevor's book 'Berlin: The Downfall, 1945', which discuss the rape of German women by Russian soldiers.

The heading of the Guardian article was - 'They Raped Everyone from Eighty to Eight Years'. And in a newspaper article by Ted Widmer on Friday May 24th about President Bush's visit to Berlin, he describes Berlin as 'the city Hitler ruled and Stalin raped'.

My mother, Biddy Youngday, lived in Berlin from 1928 to 1945 and she wrote down her experiences at the time. This is what she had to say about Russian soldiers in Berlin at the end of the war.

Just before the end of the fighting she was in a shelter near the Prenzlauer Allee. A small Russian soldier entered with an injured hand. She helped him bandage it and he gave her a sweet. When three bigger soldiers came in, they took the watches off the men, and a leather coat from the Nazi warden. Later some soldiers came in, borrowed

blankets, slept for a few hours and left. Most shared their food with the children.

My mother walked about Berlin, with me and a pram, looting food. The Russians had a command centre at Weissensee where they gave her bread and sausages. My ten-year old sister roamed the streets freely on her scooter. The Russians let her friends collect potatoes dropped from trains during loading at Weissensee Station.

My mother describes two incidents involving soldiers. One tried to loot her pram at Weissensee. She stopped him and a group of soldiers invited her into a room. A young soldier warned her not to go in and shut the door. On the second occasion she found a soldier trying to loot her flat. He tried to push her into a room but she was so earnest in her attempts to tell him her problems that he took fright and fled. In her account she says that, as far as she knows, nobody in her street was raped.

The Russians organised the distribution of food, clearing rubble and started up the schools.

Mary Brimacombe.

Continued from page 16

Another is to put a small tax on the capital gained when a house is sold - at the moment there is no capital gains tax on the sale of your home.

It is strange that modest proposals such as these are rarely mentioned, even though housing costs are a real problem for many people.

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May Day

Conor Lynch

It is a very long time since a May Day demonstration or any other occasion, brought a tear to my eye. But standing in a large group of perfectly normal people, i.e. workers, in a small town square, singing the Internationale, did the trick. And the sods knew three whole verses as well. O.K., about half of them did.

This was the UGT's day out. The Socialist Trade Union federation - the mildest federation. The speeches in Catalan and Spanish, insofar as I could follow them, were remarkably unparochial. A short summary was given of the main questions facing the working class in as many countries as the speakers could think of. Though naturally more emphasis was placed on the problems in such places as Argentina, Venezuela and Palestine.

The general theme seemed to be that there are brothers and sisters who are a lot worse off than us and we should be doing something to support them. A message to them on May Day would be a nice start.

I have a bit of a problem with the UGT. (Or rather it has a problem with me.) These people are sticklers for procedures and papers, and my work situation is a bit irregular to say the least. So I decided to hang around for the CNT, the Anarchists. They were late, very late. The giant paella waiting for them was getting cold and I had a ferry to catch. So another time!

May Day was extensively reported by the press and TV. Not for any "newsworthy" incident as in Britain but because the workers' fiesta is newsworthy in itself. There were extensive interviews with trade union leaders without any notion that their views had to be immediately "balanced" by somebody from the employers or the government. This was after all, the workers day.

A friend decided that May Day was a good opportunity to sneak into the small factory where he works to do a couple of private jobs. The boss's wife caught him and, assuming he was doing normal work, lectured him against working on "the day of workers' solidarity", as she put it.

Aznar, and Berlusconi for that matter, have a long way to go to catch up with Tony Blair.

MISCELLANY

David Morrison

HAMID KARZAI & THE TALIBAN

Last November, Hamid Karzai was chosen by the US to be the new leader of Afghanistan and he was made Chairman of the Interim Administration by the Bonn Agreement. He is a Pashtun from the Popzalai tribe.

I recently came across an interesting account of his background in an article by Ahmed Raschid on EURASIANET.ORG (dated 10 December 2001). When the Taliban first emerged, he supported them with money and arms, and was offered the post of ambassador to the UN by Mullah Omar.

The following is an extract from Raschid's article:

"Until just a few years ago, Karzai, who speaks six languages - Pushtu, Dari, Urdu, English, French and Hindi - had not seen military action. During the resistance to the Soviet invasion of 1979-89, he served as a mujaheddin adviser and diplomat. In that capacity, Karzai was a frequent visitor of embassies in Islamabad. He also ran a small hotel in Peshawar.

"He maintained a relatively low profile following the departure of Soviet forces. Like many Afghans, however, he lamented the inability of the mujaheddin warlords to set aside their differences and rebuild Afghanistan in the early 1990s, following the collapse of the Soviet-supported regime of Najibullah.

"Like so many mujaheddin I believed in the Taliban when they first appeared on the scene in 1994 and they promised to end the warlordism, establish law and order and then call a Loya Jirga to decide upon who should rule Afghanistan", Karzai told me in an interview in late September.

"I gave the Taliban \$50,000 US to help run their movement and then handed over to them a large cache of weapons I had hidden away. I met Mullah Omar several times and he offered to appoint me as their envoy to the UN", Karzai said wistfully.

"The tragedy was that very soon the Taliban were taken over by Pakistan's Interservices Intelligence (ISI) and they

HUNTING DOWN AQT

What are our boys doing in Afghanistan? The official answer is that they are hunting down AQT, that is, al-Qaeda and Taliban.

Up to now they haven't been noticeably successful. This may be related to the fact that neither of the two parts of AQT exist in Afghanistan, and the Taliban doesn't exist at all as a political or military group. That much has been clear for six months or more, notwithstanding the continuous blather on the media about hundreds, if not thousands, of them hiding in the hills.

Al-Qaeda may exist outside Afghanistan as a network dedicated to attacking the US at home and abroad, though there hasn't been much evidence of that. But you can be sure that they got out of Afghanistan very quickly once the Taliban leadership gave up the unequal struggle last autumn.

As for the Taliban foot soldiers, the Afghans amongst them have gone home to the Pashtun areas in the south and east of Afghanistan, where most of them came from (if they aren't in the custody of the Northern Alliance). They may still be carrying guns, as large numbers of male Pashtuns do, but they are not carrying guns on behalf of a political group called the Taliban, which ceased to exist months ago.

The non-Afghans amongst them, the bulk of whom were from Pakistan, are sure to have gone home also, if they are not in custody. A few hundred of them have been declared al-Qaeda and taken to Guantanamo. With a few exceptions, these seem to be Arabs who went to Afghanistan to fight for the Taliban, rather than people who went to train in Osama Bin Laden's camps for operations against the US. If the US government had reason to think otherwise, some of them would have been before a military court by now.

So, my guess is that the reason why our boys have not been able to hunt down AQT is that it doesn't exist. A few unfortunate Pashtuns carrying arms have been killed, and declared AQT. More will be killed. The success of our mission demands it.

became a proxy for a foreign power. Then they allowed Arabs and other foreigners to set up terrorist training camps on Afghan soil and I began to organize against them', he said.

"By 1997 it was clear to most Afghans that the Taliban were unacceptable because Osama bin Laden was playing a leadership role in the movement. I warned the Americans many times, but who was listening - nobody', he added.

"From his home in Quetta, Karzai began to organize anti-Taliban opposition in 1998. He found support among some Pashtun tribal chiefs, who were angry with the Taliban for their close ties with Arab radicals. The Taliban reacted to Hamid Karzai's move swiftly. They murdered Karzai's father, Abdul Ahad Karzai, in 1999 - an act that appalled Karzai's Popalzai tribe. The elder Karzai had been chief of the tribe, a former government minister and immensely respected for his wisdom amongst the southern Pashtun tribes.

"Hamid Karzai was appointed the new Popalzai chief, even though Hamid has several older brothers living in the United States. The death of his father prompted Karzai to assemble a 300-vehicle convoy of tribal chiefs and mourners. Defying both Pakistan and the Taliban, Karzai took his father's body from Quetta to be buried in his home city of Kandahar. The Taliban did not intervene, fearing that an all-out war would break out amongst the Pashtuns of Kandahar. That single act of defiance helped Karzai shed the image of a lightweight and paved the way for his emergence as the provisional coalition's leader.

"Within days of the September 11 attacks, Karzai began to assemble arms, money and communications gear. His intention was to prepare a tribal 'lashkar' or militia, to enter Afghanistan and foment an anti-Taliban movement from within Afghanistan. He also approached the US, British and other European embassies for logistical support."

NO EURO REFERENDUM ?

Jonathan Dimbleby's programme on ITV on 10 March was devoted to the question of sterling joining the Euro. The Government had refused to put up a spokesman for interview and the programme took the form of a debate. The YES side was represented by Shirley Williams, leader of the Liberal Democrats in the House of Lords, and John Edmonds of the GMB, and the NO side by Francis Maude, now a Conservative backbench MP, and the

Chief Executive of Next, the clothes retailer.

A reasoned discussion followed which is unusual for such discussions in Britain. That it was reasoned was largely thanks to Shirley Williams who unlike many pro-Euro politicians attempts to argue her case rationally. But she lost the argument.

The central arguments from the opposition, which was also put in a moderate tone, were:

(a) that one interest rate was unlikely to be appropriate for the economies of all states in the Euro zone at a given time, which Shirley Williams acknowledged was a potential problem, and

(b) that there had never been any examples in this world of a successful monetary union without political union.

The only example Shirley Williams could cite in response was the monetary union between Britain and Ireland for 60 years or so after Irish independence. The analogy with European Monetary Union today is not obvious, since Britain set monetary policy for Britain in that period and Ireland had no say in the matter. The analogy might have some validity if, after joining, Britain continued to set monetary policy for Britain, and the other states in the Euro zone accepted that what was good for Britain was OK for them too (which would make the European Central Bank redundant).

At that point I concluded that if this was the best the YES side could offer in response to what is sure to be a central question in a Euro referendum, then there wasn't going to be a Euro referendum.

The problem of the "one size fits all interest rate" across the Euro zone is an issue that cannot be avoided in a Euro referendum. There is no answer to it, except by the EU acquiring substantial powers to tax and spend across the Euro zone. To be successful in the long term, monetary union requires political union, which none of the pro-Euro lobby in Britain is prepared to argue for, even if they believe in it.

PRUDENCE BECOMES RASHNESS

In opposition, New Labour constantly complained about the Conservatives having underfunded public services, particularly the NHS, for 18 years, which they did. The implication was that things would be different when New Labour came to power.

So, what did happen under New Labour? Overall public spending fell in real terms by 0.6% a year on average in their first two years. That was prudence taken to a ridiculous extreme.

Public spending as a proportion of GDP in New Labour's first four years from 1997-98 to 2000-01 was 39.2%, 38.4%, 37.6% and 38.2% compared with 43.6%, 43.2%, 42.6% and 41.0% in the last four Conservative years from 1993-94 to 1996-97. Those figures are in this year's Budget Report (p238) (quoted by William Keegan in the Observer on 21 April). Even allowing for extra spending on out of work benefits because of higher unemployment in the Conservative years, those figures are astounding.

The figures for public investment - public sector net capital expenditure - are equally astounding: expressed as a proportion of GDP they are 0.6%, 0.7%, 0.5% and 0.6% for the first four New Labour years and 1.6%, 1.5%, 1.4% and 0.7% in the last four Conservative years. These figures do not include PFI investment.

Prudence has now been cast aside and the Chancellor's expenditure plans look decidedly rash - since they rely on an average growth rate of 2.5%, plus a modest increase in NIC from next April. If the economy doesn't grow as fast as that, and it didn't grow at all in the last quarter of last year or the first quarter of this, then there will have to be either more tax increases or more borrowing (about which the European Commission may have something to say) - or a revision of spending plans downwards.

HOUSING COSTS

House prices are spiralling all over the country, but particularly in the South East, fuelled by the lowest interest rates in living memory, and a shortage of low cost housing for sale or rent. It is inhibiting the recruitment of public sector workers, and the government is having to offer additional allowances to counter this - and it is therefore adding to the cost of providing public services.

It is one of the factors that the Monetary Policy Committee of the Bank of England has to take into account when setting interest rates, and has added to the pressure for an upward move in interest rates. To increase interest rates in order to dampen down house prices would be to apply an extraordinarily blunt instrument, which would have effects way beyond the housing market.

There are much sharper instruments available. One is to tax the sale of houses more heavily, by raising stamp duty, which has been done in the past.

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