

Labour Affairs

Incorporating the Labour and Trade Union Review

No. 365 - March 2026

Price £2.00 (€ 3.00)

What Happened in Gorton and Denton?

The Green vote in Gorton and Denton increased by 10,170 votes from 4,810 in 2024 to 14,980 in 2026. The Labour vote decreased by 9,191 votes. In the 2024 general election, the Workers Party had got 3,766 votes yet decided, for local reasons, not to stand in this by-election. It advised its supporters to vote for the Green Party.

Assuming that the erstwhile Workers Party supporters had voted Green that would have given the Green Party 8,576 votes. Where did the Green party's other 6,404 votes come from?

It would seem reasonable to assume that it came mainly from the Labour voters who have been appalled by the performance of the Starmer government. That would suggest that the Green party got $6,404/9,191 = 70\%$ of the disenchanted Labour vote.

These calculation are somewhat approximate. For instance, the Lib Dem vote declined by over 700. Did they switch to the Green party? That would imply that the Greens may have only got some 60% of the voters who abandoned Labour.

It seems likely that the Greens got between 60% and 70% of the voters who abandoned Labour. This is interesting, since it suggests that a fair proportion of Labour voters see the Greens as a

reasonable alternative to Labour.

It also suggests that Reform got between 30% and 40% of the voters who abandoned Labour. Probably in the Denton part of the constituency which seems to have been more old working class.

Could Andy Burnham have rescued the situation for Labour had Starmer allowed him stand? Quite possibly. Many Labour voters might have stayed with Labour to get Burnham into Parliament and in a position to challenge Starmer as leader of the party. We shall never know. Starmer obviously thought it was very possible, otherwise he would not have blocked him from being candidate. Had he thought Burnham might lose, he would have used the by-election to bury Burnham.

Observers take an interest in by-elections because they attempt to use them to make predictions about the next general election. That's a somewhat foolhardy exercise given that the next general election is over 3 years away and it is very possible that Starmer will not still be the Labour Party leader.

But, insofar as one would dare to read something into the Gorton and Denton result, it is that the metropolitan elite in the cities could well abandon Labour for the Greens and that many of the more traditional working class voters will switch to Reform.

It is of course of interest to ask would the Greens have won if the Workers Party had put up a candidate. It's distinctly possible that Reform would have won. Certainly the vote would have been a lot closer. This will leave the Workers Party with a distinct problem in any future general election. Should it be prepared to split the Labour vote and risk letting Reform win in order to have its political views presented to the electorate?

The Greens and the Workers Party have sufficient views in common for the Workers Party to advise its supporters to vote Green. But, on perhaps the biggest geopolitical issue of the day, only the Workers Party puts the position that NATO must have primary responsibility for the war in Ukraine. It

is a shame that view was not represented in the by-election. Perhaps in one by-election it was acceptable that the view was not put. But in a general election the view must be put. An understanding of the true nature of the war in Ukraine may be the only thing that prevents the war developing into a more general European war. That understanding needs to include appreciation of the damage to British living standards that the war in Ukraine is causing. The Greens are, in relation to Russia, an imperialist, globalist party. Only the Workers' Party can lay the facts connecting Britain's economic woes and the Ukraine war before the electorate. It is essential that it is able to do so in future elections.

Labour Affairs

Contents

No. 365 - March 2026	ISSN 2050-6031
	ISSN 0953-3494
What Happened in Gorton and Denton? (Editorial)	1
Some initial thoughts on the Gorton and Denton by-election	3
War is making the UK poorer	4
The president's cake - film review	6
Palestine Links	7
Workers Party statements on Gorton and Denton	8
Newsnotes: The Wastrels of the Western World	10
Robert Skidelsky reflects on the Ukraine War	15
Central Banks and Government Spending – A Tale of Two States	16
Sahra Wagenknecht: Why doesn't Merz call Putin?	20
The Fraud: book review, part 2	24

Editorials and articles at our website, by subject, at

<http://labouraffairsmagazine.com/>

Also <https://labouraffairs.com/>

Check what we were saying in the late 1980s and early 1990s, which still reads well. Web pages and PDFs at <https://labouraffairsmagazine.com/very-old-issues-images/>

Or by subject at <https://labouraffairsmagazine.com/very-old-issues-images/m-articles-by-topic/>

Labour Affairs

Published by the Ernest Bevin Society
Editorial Board: Christopher Winch,
Jack Lane and Gwydion Williams

LabourAffairs@virginmedia.com
Websites: <http://labouraffairsmagazine.com/>
and <https://labouraffairs.com/>

Subscription: £20 for one year (10 issues)

Distribution: Dave Fennell
Editorial Addresses:

No. 2 Newington Green Mansions
Green Lanes, London N16 9BT

33 Athol St., Belfast, BT12 4GX

Some initial thoughts on the Gorton and Denton by-election

By Eamon Dyas

The only thing we can glean from this election is that Gorton and Denton is a constituency that is in an area which has experienced the classical manufacturing decline that's typical of the old Labour heartlands.

New Labour, under Blair, when confronted with the trajectory that Thatcher had established for the economy, instead of attempting to formulate policies that might have provided an alternative consistent with its social democratic traditions, choose instead to adapt the party to what he and his team saw as the future. It did this by basing itself on the interests of the consumer rather than the manufacturer. It was in that context that he opened the floodgates to cheap immigrant labour as a way to ensure lower prices for the consumer. The result has been a victory for a low-wage/low-price economy that in turn has left it open to even lower priced imports.

In the interim the sectors of the economy that thrived were in the low-employment financial sector and (relatively high) service industries - something that tended to accelerate the already existing economic disparity between the south-east and the north.

Having abandoned its natural affinity with the northern working class the Labour Party became

the party of the future by attaching itself to the youth. This wasn't only confirmed in Blair's policy of getting over 50% of young people into university but in the way that policies of climate change, inclusiveness and diversity were expanded to be dominated by a world fashioned around the young and trendy. "Cool Britannia" provided the base-line of how the party now decided to relate to the world. No more cloth caps and more virtue-labeling became the order of the day.

In the meantime, the old Labour heartlands continued to decline but the tradition of the old working-class families continued to provide the votes for a party that had long forgotten them but which they continued to hope would eventually remember them. Time after time they turned out to vote for Labour and Labour initially was saved a place in their souls by the fact that its betrayal was now concealed behind successive Tory governments since the days of Blair. Labour could hide its betrayal by pointing the finger at the Tories as the cause of their plight.

Corbyn partly offered them a genuine alternative to what the party had become. Yet, even though what Corbyn offered was no more radical than what the Labour Party under Harold Wilson had offered, it was not the kind

of Labour Party that the architects of the New Labour Party wanted - in fact it was the kind of Labour Party that they had hoped they had put in the waste-bin of history. So, Corbyn's idea of the Labour Party had to be destroyed. The architects of the new Labour Party knew they could not call on arguments around policies to achieve that aim as such a strategy would have exposed their antipathy to Labour's old social democratic values so instead they aligned themselves with the Zionist element in the party to concoct the anti-semitism charge.

Starmer is the result of that victory but it was a victory that came with the cost of converting his and New Labour's policies into reality when they won the 2024 general election. The verdict of the Gorton and Denton constituency is a verdict partially delivered by the old working class but it's also a verdict on a Labour Party that has for over a quarter of a century given up on the working class interest as its lode-stone and instead turned to a form of politics that is based on fashion and the impulses of the youth. Gorton and Denton shows that in such a political world there are always political expressions that can out-bid you.

The UK’s War against Russia has made it much poorer

By Dave Gardner

National polling and the result of the Gorton and Denton byelection has shown the British voters’ fury with the way in which the established political parties have damaged living standards over the past four years. Yet mainstream politicians are oddly reluctant to explain their failure, citing as one of the causes ‘the war in Ukraine’ or ‘Russia’s full-scale invasion’, rather than the actions of European countries in refusing to buy and sanctioning Russian energy products. Depriving Europe and the UK of cheap energy was a deliberate political choice of mainstream politicians, approved of by state and oligopoly owned media. Inevitably, as cheap

Russian energy was restricted, the cost of producing goods and services using energy increased vastly. As a result the British public has been misled about the energy price increase. Because all the political parties, barring the Workers’ Party, together with the mainstream media, deliberately fail to mention the cause of the hike in energy costs, the voters know *who* is to blame (mainstream politicians) but not *why* they deserve to be blamed. If they knew that, then they would demand an end to the war. They would be even more angry if some numbers were put on that cost. ‘Labour Affairs’ will outline just what these are.

First there are the direct costs. Since 2022, we have spent £21.8 billion in subsidising Ukraine. The UK government admits this. But they do not publicise the costs of increased energy. These are staggering:

According to analysis by the Energy & Climate Intelligence Unit (ECIU) and climate change think tank E3G, the UK’s dependency on fossil fuels led to **£183 billion** in direct economic impacts from 2021 to 2025 resulting from actions taken against Russian energy exports following the start of the Russian special military operation in Ukraine. These costs can be broken down as follows:

Component of Cost	Estimated Amount (£bn)	Description
Extra Household Energy & Fuel Costs	£59	Additional spending by households on gas, electricity, and road fuels since 2021 .
Extra Business & Public Sector Energy Costs	£65	Increased energy bills for businesses and public sector bodies over the same period .
Government Support Schemes (Net Cost)	~£55	Government borrowing for energy bill support (£64bn), partially offset by windfall taxes on energy companies (£12.5bn). The net cost to public finances is around £55bn.
Energy Supplier Bankruptcies	£4.5	Costs associated with the failure of over 30 energy suppliers during the crisis .
Total Direct Energy Crisis Costs	£183	The sum of the quantifiable direct costs from 2021-2025.

To put this figure into perspective, this £183bn cost is more than the **£177bn** that NHS England spent on health services in 2024/25 . It equates to approximately **£6,400 per household**. This figure gives us some idea of the costs imposed up to now. But ongoing energy costs will continue to impact on living standards and on the ability of the economy to grow. For example, the BBC reports: “Households struggling to make ends meet have fallen behind on energy payments, leading to a collective debt to suppliers of well over £4bn.” We are collectively freezing for Ukraine, without being told that that is what we are doing.

Although reindustrialisation is much trumpeted, it won't happen when energy costs are prohibitive. The *Financial Times* AI website 'Ask FT' gives a good overview of the impact of high energy costs on the economy:

First there is the impact on international competitiveness:

"UK manufacturers are paying significantly more for energy than international competitors. Industrial energy costs in Britain are four times higher than in the US and 46 per cent above the global average. UK industrial electricity prices are the highest in the developed world, with manufacturers paying almost four times more per kilowatt-hour than they would in the US."

Then there is the collapse in manufacturing output:

"Output in the UK's energy-intensive industries fell by a third between 2021 and 2024, reaching a 35-year low. Specific sectors have been severely affected: Paper and paper products manufacturing contracted by 28.9% Petrochemicals plunged by 30.2% Inorganic non-metallic products (concrete, cement, glass, ceramics) fell by 30.6% Basic metals output dropped by 46.5%. Britain's domestic crude steel production fell to just 4 million tonnes in 2024 — the lowest total since the Great Depression of the 1930s"

Then there is stagnation in investment and growth:

"High energy costs are preventing manufacturers from investing in growth. Simon Boyd from structural engineering firm Reidsteel said the government's net zero strategy was "destroying" UK

manufacturing: "The whole strategy is anti-growth because now we are just trying to keep our heads above water, not invest". Stephen Phipson, Make UK's chief executive, warned of "passive deindustrialisation" and said that without addressing high industrial energy costs, the country risks its security." (*LA note: net zero may well be contributing, but it is dishonest not to mention the major cause of energy price hikes, namely the refusal to buy cheap Russian energy products*).

In other words, according to the fountainhead of international global capital, the *Financial Times*, the UK's security is imperilled by its war of choice in Ukraine, based on a lie.

It is worth recalling that when a peace settlement was on the table at Istanbul in April 2022, it was Boris Johnson, ex-prime minister who, with the approval of the US and UK governments, pressurised the Ukraine government to reject the deal, which would have allowed the Donbass oblasts of Luhansk and Donetsk to remain within the Ukrainian republic. Successive British governments have also opposed the Russian 'Istanbul plus' offer from June 2024 which could also have formed the basis for an end to the war. Currently they appear to be supporting Ukraine's desire to continue the way for another three years. When reasons are offered for this stance, it is stated that any 'appeasement' of Russia will lead to further aggression and invasion of Europe including the UK and that if we do not act 'we will all be speaking Russian'. That this is nonsense is confirmed by the head of US intelligence, Tulsi Gabbard,

who stated in January that the Russian military does not have the capacity to invade and occupy the whole of Ukraine, let alone other European countries. The government lies to the public about the so-called Russian threat.

The costs of the Ukraine war on the UK public and economy, past, present and future, are staggering. We are not even mentioning here the danger of annihilation in a shooting war with Russia, which the parties are apparently courting through their aggressive stance towards the Russian Federation. They are causing severe damage to our society. This war is based on a false premise and lies. Yet Labour, Liberals, Conservatives and Greens support this policy, as does Reform. 'Your Party' apparently opposes war, which is very nice to know, but they fail to address this vital issue, probably because imperialist sentiment is deeply embedded in the membership and leadership.

We should not be surprised that the British people are unhappy with the way in which the country is being run. Neither should we be surprised that they are being lied to by the political parties. All the parties, with the exception of the Workers Party, are a part of the vassalage to the US which we are all subject to, secured by the capture of Britain's political class by the US. It is a source of regret that the voters in Gorton and Denton were not given a chance to vote for the Workers Party in the recent by-election, although there were reasons for this.

The President's Cake

Review of the 2025 film, by Catherine Dunlop

This is a film set in Iraq in the early nineties, at the time of sanctions. It was written and directed by Hasan Hadi and produced by Western backers. It won the *Caméra d'Or* at the Cannes festival's parallel section, the Directors' Fortnight. The director, Hasan Hadi, has taught film in the U.S.

I was amazed that a film should be made telling the world what a bad man Saddam Hussein was and perhaps justifying the US/UK attack. In fact it's nothing like that.

If anything, it's a film about the reality of sanctions. It should then be a grim film, but it's not. The story is grim, but it's played by two nine year old children who are charm personified, living in the marshes of Mesopotamia as they were then.

They live in a wonderful water landscape and beautiful reed houses. The little girl Lamia paddles to school in her boat; we see her navigating along, with other boats all gliding beautifully along under a blue sky. The boat looks like no ordinary 'canoe', its shape is uniquely elegant.

The story is built to show the reality of sanctions, when an extra burden is placed on impoverished households such as Lamia and her grand-mother's, by the obligation to celebrate

the President's birthday. The school must celebrate it with an event on the Saturday that includes food and in particular a cake. The teacher threatens the pupils chosen by lot for the duty of bringing those foods with very serious consequences. The children know what these consequences are, as they were visited on another child and his whole family on a previous occasion.

Lamia has to make the cake, and the first problem is buying the ingredients. There is the absolute minimum in the house, when someone brings an apple it is a rare treat for the girl. Needless to say, she does not get to eat it. Lamia and Bibi the grandmother get a lift to the nearest town; they become separated but Lamia finds a friend from school; together they manage to scrape together the ingredients, getting robbed and swindled along the way.

Sanctions are mentioned explicitly several times, at school the children are made to chant 'Despite sanctions that make us poor, we follow you Saddam Hussein for ever'. At other times, shopkeepers explain they have nothing because of sanctions. At the hospital where Bibi is taken after collapsing with a diabetes crisis, doctors can't save her because the required

medicine is unobtainable due to sanctions. The grandmother dies.

The viewer is meant to understand that the despicable behaviour of some of the people the children come across is caused by the strain of sanctions. I felt that the film was an illustration of the word 'sanctions', a concept which can easily remain a bland abstraction. The grandmother had planned a foster mother for Lamia, knowing that her own life was threatened without diabetes treatment. That is what being under sanctions means.

But it's not a lesson in geopolitics because it doesn't feel like a lesson. The story makes sense, and it becomes a series of adventures which are believable and where the two children play an interesting role; the sequence when they fall out and quarrel momentarily is very well done. They are lively and courageous.

They play a game of 'who blinks first is the loser'. When their school is bombed and they hide under their desks, they play it again.

This film gives you an idea of what life must be like in Iran today, and other places subject to this barbarous war practice.

PALESTINE LINKS

[Israeli curbs risk halting World Central Kitchen in Gaza, authorities say \(Mera Aladam, Middle East Eye, 26 February 2026\)](#)

[Mike Huckabee lifts the veil on US backing for Israeli expansionism \(Soumaya Ghannoushi, Middle East Eye, 26 February 2026\)](#)

[In Gaza, we're still breaking our fast under the buzzing of drones \(Ahmed Dremly, +972, 25 February 2026\)](#)

[Modi flatters Netanyahu, assures support to Israel in landmark Knesset address \(Azad Essa, Middle East Eye, 25 February 2025\)](#)

[Arab League and 19 countries condemn Israel's 'de facto annexation' of West Bank \(Middle East Eye, 24 February 2026\)](#)

[Israel continues to violate Gaza ceasefire as sick infant dies after exit blocked \(Mera Aladam, Middle East Eye, 22 February 2026\)](#)

[Tony Blair claims crisis in Gaza due to 'extremism' and 'corruption' \(Imran Mulla, Middle East Eye, 20 February 2026\)](#)

['Board of Peace' members commit \\$7bn to Gaza relief, US pledges further \\$10bn \(Yasmine El-Sabawi, Middle East Eye, 19 February 2026\)](#)

[EU sanctions German journalist in shocking first over Gaza reporting \(Ali Abunimah, Electronic Intifada, 19 February 2026\)](#)

[Has Israel crossed the annexation threshold in the West Bank? \(Dikla Taylor-Sheinman, +972, 18 February 2026\)](#)

[No explanation, no appeal: Israel revoking entry authorization of foreign activists \(Liam Syed, +972, 18 February 2026\)](#)

[Israel's new separation wall will sever Jordan Valley from rest of West Bank \(Oren Ziv, +972, 16 February 2026\)](#)

[PODCAST: Documenting the settler takeover of the West Bank \(Oren Zvi, +972, 13 February 2026\)](#)

['We are not protected' says Hebron mayor as Israel expands West Bank control \(Lucy Williamson, BBC, 13 February 2026\)](#)

[High Court overturns Palestine Action ban \(Asa Winstanley, Electronic Intifada, 13 February 2026\)](#)

[Jenin and Tulkarm refugees fear permanent displacement – again \(Zena Al Tahhan, Electronic Intifada, 5 February 2026\)](#)

[Morgan McSweeney: the man running Britain and his ties to Israel \(Jody McIntyre, Electronic Intifada, 5 February 2026\)](#)

[Victory for Palestine Action as "Filton 6" acquitted \(Asa Winstanley, Electronic Intifada, 4 February 2026\)](#)

[The soil is everything \(Synne Bjerkestrandk, Electronic Intifada, 3 February 2026\)](#)

[How Netanyahu is sabotaging phase two of the Gaza ceasefire \(Muhammad Shehada, +972, 29 January 2026\)](#)

The Workers' Party not standing at the by-election in Denton and Gorton, 26 February 2026

We reproduce below statements by George Galloway and Chris Williamson

From Chris Williamson:

AFTER several days consideration, the Workers Party of Britain (WPB) announced on the evening of Sunday February 1 that it would withdraw from the Denton and Gorton by-election. Forty-eight hours later, Your Party followed suit.

The WPB's political committee felt that this was in the best interests of the working class because there is a real chance that Labour and Reform can be beaten in this seat. But that prospect would be diminished without an electoral agreement to avoid splitting the vote.

This wasn't an easy option, because the WPB has a solid level of support in that constituency. We secured over 10 per cent of the vote in the general election, while the Green Party achieved 13 per cent.

We also defeated Labour's deputy leader on Manchester City Council in May 2024, when Shahbaz Sarwar took the Longsight ward in the constituency for the Workers Party.

But a lot of political water has flowed under the bridge since then. Labour's approval rating has collapsed, Sir Keir Starmer's popularity is in the toilet, and the Green Party has a new leader.

This has seen its policy pronouncements moving leftwards to embrace a more socialist orientation. So, this by-election could mark the beginning of the end for the Labour Party. Sir Keir Starmer's leadership has shattered any illusions that the party is anything other than a puppet for corporate capitalism, a tool of the war machine, and an apologist for genocide.

That means there are even more disgruntled Labour voters in Gorton and Denton today than there were in the 2024 general election, when the turnout dropped by more than 10 per cent compared to 2019. Consequently, there are literally thousands of erstwhile Labour supporters who could be persuaded to vote for a different party this time.

I think the WPB could have significantly improved on the vote we achieved in the general election, but the Green Party is also likely to substantially increase its vote share as well.

If both parties had entered the fray, there was a very real danger that we would have cancelled each other out and made it easier for Labour to hold on, or Reform to win.

That is why the WPB made this principled decision. We had four excellent prospective candidates to choose from, who were ready to throw themselves headlong into a potentially bruising contest, which would have raised the WPB's profile well beyond Denton and Gorton.

But we put the interests of the working class and the wider national interest ahead of the party's interest.

On the national stage too, it's essential for the left to get its act together before the next general election. We have to collaborate to prevent the prospect of a proto-fascist party coming to power, or an increasingly authoritarian Labour government remaining in office.

We do of course have a number of programmatic and ideological differences with the Green Party on some aspects of foreign policy

and identity politics. For example, the WPB backs a de-zionised unitary state with equal rights for all its citizens, and rejects the so-called two-state solution, because that wouldn't resolve the injustice to which the Palestinians have been subjected since 1948.

By contrast, although the Green Party condemns the Israeli government as an apartheid state, they simultaneously strongly support the two-state solution.

Furthermore, the WPB explicitly repudiates Britain's membership of Nato, wants the UK to leave Nato, and opposes Nato's proxy war against Russia that is being fought in Ukraine.

Whereas the Green Party has a more ambiguous policy on Nato membership, and backs the proxy war in Ukraine.

On identity politics, let me be clear, the WPB is absolutely committed to upholding human rights for all citizens, including the trans community. The only difference of opinion is that we say the rights of one group should not diminish the rights of another.

But these arguments are like debating how many angels can dance on the head of a pin, and pose no threat to the neoliberal status quo nor to the warmachine.

Ever since the Corbyn project collapsed nearly seven years ago, I have been arguing that for the left to succeed, we need to agree where we agree and have fraternal disagreements where we don't. And we broadly agree on the most fundamental issues affecting the country like the need to reverse the damage done by the obsession of successive governments with neoliberalism and imperialism.

I very much doubt there would

be any opposition from the Green Party or Your Party to bringing about an irreversible shift in the balance of wealth and power for working people and their families. So, we must not allow ourselves to be divided over identity politics.

The left started substituting identity politics for class politics in the 1970s. This phenomenon accelerated during the Thatcher era. It enabled us to make important gains on women's rights, gay rights and in tackling racism.

But while progress was being made on these issues, economic inequality was going in the opposite direction. Around 15million Britons are now living in poverty, more than six million people are in precarious employment, social security has been decimated, and homelessness has gone through the roof.

The collective left took its eye off the ball and therefore failed in its historic mission to defend the working class. But we now have a chance to put that right by working together to build a good society where poverty is eliminated and no-one is left behind.

But that means discarding petty sectarianism in favour of thrashing out sensible electoral agreements across the country.

There are some constituencies where the WPB is best placed to prevail, others where Your Party would do well and others, like Gorton and Denton, where the Green Party should take precedence. The fate of the working class is dependent on the left rising to the challenge. The big question is whether the left is capable of doing so. I sincerely hope it is.

Chris Williamson is a deputy-leader of the Workers Party. He was formerly MP for Derby North from 2010-15 and 2017-19.

From George Galloway:

An Important Message to the Electors of Manchester.

In Thursday's by-election in the Gorton and Denton constituency we ask all our many supporters to vote for the Green Party candidate.

Led by our esteemed Shahbaz Sarwar, councillor for Longsight in the constituency we have been patiently explaining to the voters who would prefer to be voting for Cllr Shahbaz why we stood down in favour of the Greens. Especially important as the hypocrites from Labour have been door to door highlighting the very policy differences we and many of our voters have with the Greens: drug policy, identity politics issues, sexuality etc.

This despite the fact that the so-called Labour Party is daily revealed to be a drug-fuelled bordello

of sexual degeneracy and deviance. Peter Mandelson is merely the tip of the suppurating poisonous organ that is Keir Starmer's government.

While we have important differences with the Greens we also have significant shared objectives.

To punish the Starmer government for its open transparent undeniable collaboration with the Netanyahu Ben Gvir Smotrich murder gang in Gaza. This collaboration openly stated from the start by Starmer himself and echoed in word and deed by his minions in the House of Commons scarcely needs accentuating to supporters of ours but it can only be punished by your going out to vote. To curse injustice in your mind is not enough when you have the right and ability to curse it with your hand at the ballot box.

To halt the state sponsored rise of Nigel Farage and his race-baiting imitators in Reform et al who promise and will if they can to tear our society apart on racial and religious grounds. The recent election interference by Manchester United co-owner Sir Jim Ratcliffe was a clear indicator that if all else fails race will be the answer for the British establishment.

To end the scapegoating of the British working class for the failures of our economic and political system which has brought our country low, lower than it has ever been and in a more isolated and dangerous place than we have been since the Battle of Britain in 1941.

For these, frankly existential reasons we decided despite our significant support in the constituency to stand down and support the Greens. We will be back with all guns blazing at the local elections in just a few weeks' time. And at the general election whenever it comes.

We will expect a clear run at the general election in the three parliamentary constituencies where we came second in 2024, Rochdale Birmingham Hodge Hill and Birmingham Yardley.

And in every constituency where we have elected councillors we will make the case for Workers Party candidates to be the sole challenger to Labour and Reform. Elsewhere as we have proven in Denton and Gorton we will back other candidates with a better chance to win.

This is our template. I take full and personal responsibility for it. I hope you will help ensure it succeeds.

On Thursday in the by-election in Manchester Vote Green. The fate of Keir Starmer's hated government hangs upon it.

George Galloway
Leader of the Workers Party of Britain

Notes on the News

By Gwydion M. Williams

The Wastrels of the Western World

Envy?

Elon Musk Praises England As It Never Did Exist

Downgrade Motherhood, Be Astonished at a Lack of Babies

Epstein and a Wider Malaise

Snippets

Sympathy for the ‘Devil’s Alternative’

From Russia With Self-Incrimination

Venezuela – Trump Lawless But Not Dumb

Guilty Hangovers from Puritanism

Nuremberg Trials – Lynch Law in Fancy Dress

Trumpism Without Trump?

Drug Barons and Drug Customers

The Wastrels of the Western World

Thatcher and Reagan sold us the lie that taxes and government regulations were stifling us.

That if the Superior Rich Persons were only free to use their own money as they saw fit, wonderful wealth would trickle down to the rest of us.

They may have believed it. But their heirs evade or ignore the failure of the economy to grow any faster than when the half-socialist Mixed Economy was the norm.

We were promised a copy of US success. But they flourished by taking in gigantic numbers of new immigrants after scrapping racial quotas in 1965. Which they had room for, and the ‘White Race’ who killed most Native Americans had no right to hog North America. But actual growth might have been as good or better if they had stuck to the Mixed Economy.

US GDP increased by 184% in real (inflation-adjusted) terms between 1945 and 1980. Between 1980 and 2015, it managed

another 152%, according to *AI Overview*.

Deregulation and tax cuts brought no benefits.

“1945–1980; Real GDP increased by roughly +200% to +230%; The economy became about 3.0–3.3× larger; Average annual growth: ~3.8–4.0%

“1980–2015; Real GDP increased by roughly +140% to +170%; The economy became about 2.4–2.7× larger; Average annual growth: ~2.6–2.8%” (ChatGPT)

It might have been worse, had the New Right not kept the parts of the Mixed Economy that suited the rich. The West would have lost had it really returned to the failed capitalism it had hung onto in the 1920s and 1930s. (<https://labouraffairsmagazine.com/problems-magazine-past-issues/the-mixed-economy-won-the-cold-war/>.)

Britain also saw a decline, though less drastic. So after Thatcher, John Major tried to restore Normal Conservatism. But then Tony Blair chose to be a Capitulationist on economic matters.

He then joined the class of flourishing multi-millionaires, winners in the Thatcher / Reagan aberration.

“Blair has earned substantial fees for international speaking appearances.

“Fees have reportedly ranged from £100,000–£250,000 per speech at corporate and global events.

“He has spoken at business forums, universities, and leadership conferences worldwide...

“In 2010, he published his memoir, *A Journey*.

“He reportedly received an advance of around £4–6 million.” (ChatGPT)

All entirely legal. But the people who’d have a lot to lose if British politics had normalised must have seen the merits of using a small amount of that extra wealth to boost friendly politicians.

Setting an example that they could hope for later generations of politicians to follow.

And a false belief we needed to cherish the rich or else be ruined if we lost them. Entrepreneurs are needed, but there are

always plenty. And they often do their best work before becoming rich.

From 1944 to 1980, the USA's richest 1% got a smaller slice of a larger cake: their wealth increased 20% to 40%. Since 1980, it has been 180% to 250%. Entirely at the expense of 90% of us, with the 'Next Nine' neither gaining nor losing.

In Britain, this 1% went from 0–0.8% per year to 2.7–3.5%.

I'd not mind people having millions if they had earned it by doing things that really benefited others. But in as far as business people are useful, they managed when they only got 10 or 20 times as much as the people whose work were the basis for that wealth. There was no need to give the Superior Rich Persons hundreds of times as much as the rest of us.

They don't do a better job *for others*. They find ways of getting more for themselves, sometimes by wrecking the long-term prospects of a corporation that once had much to be proud of. Boeing is a sad recent example. Not just Artificial Intelligence systems that override the pilot and insist on plunging into a fatal crash. But also their part in the program to return the USA to the moon has been almost unusable. (<https://www.bbc.co.uk/news/articles/cm2x3nlxg9jo>).

Elon Musk has done a respectable job, but that's because his grand idea is to

get humans to Mars, or at least a few superior humans. The parts of his project needed to get people to the moon are behind schedule. His brilliant achievements with reusable rockets might have waited, except that they are part of his dreams of Mars.

Envy?

I've just described the limits of the Superior Rich Persons. But the rest of us get accused of 'politics of envy' when we point out such things.

No envy on my part, for certain. I am living an ordinary middle-class life, because my mother's mother cared more about human values than becoming rich. She was an owner of a large chunk of urban housing. A widow with six children, she also did not want to squeeze her tenants to get the best return.

Another reason for my lack of wealth is that when my father Raymond Williams unexpectedly became famous for serious academic work, he continued to work modestly for Moderate Socialism. He could have made a lot more money, had he been willing to twist what he knew in the service of the rich and powerful.

Had he done what a lot of supposed socialists or lapsed once-honest individuals have done with whatever share of intellectual credibility they might once have had.

Had things been otherwise, I might have inherited substantial wealth without having done anything extra to justify me having it.

In this generation, neither my sister nor I were the sort of person likely to become rich: nor did we ever wish to be. My brother did quite well for himself, but nothing like what he might have got had he compromised with his own principles.

So why should I feel inferior? Why look up to people who are massively overpaid for whatever useful work they have actually done?

Most of them just learned how to make a lot of money out of things that others discovered, and which were going to happen anyway.

Are happening and perhaps superior in China, where the super-rich are made to obey the rules.

Elon Musk Praises England As It Never Did Exist

"For a country to survive, there has to be a common culture. Nobody dies to defend a 'multicultural economic zone'! American culture, with its English-Scotts-Irish [sic] origin, is great and worth fighting for. Some may not realize it, but that's why people come here" (<https://x.com/elonmusk/status/2022919799752294493>).

He mis-spells Scots, and omits the Welsh. The Kingdom of England, which had absorbed Wales, first settled North America under

the Tudor dynasty. Tudors and the Cecils had Welsh origins. Likewise scientist / magician John Dee, grandson of Bedo Ddu of Nant-y-groes, Radnorshire. England flourished because it was always willing to take in unfamiliar elements, including those they had conquered Britain from.

Failed with Ireland when the older population stuck to Roman Catholicism, but the new USA started out secular and incorporated them.

Beyond Britain, the Roman Empire, the Hapsburg realms, Tsarist Russia and the Ottoman Empire all had plenty of people ready to die for multicultural political units.

Much of its global cultural dominance is based on the work of Jews of Eastern European origin.

Someone should do a project to work out just who would be missing if the Know-Nothings had won out in the 1850s and stopped further immigration. Most of the people valued beyond the USA would be missing in such an Alternate Reality,

In the USA as it is, the white working class is discontent, but blames the wrong people. People like Elon Musk profit from the lack of the Trade Unions that once gave such people secure lives. And rich media owners stop the downcast working class from seeing it so.

Downgrade Motherhood,

Be Astonished at a Lack of Babies

From our beginnings as stone-age hunter-gatherers to the start of modern life, women lived in communities where everyone knew everyone else, with newcomers quickly absorbed. And where it was indeed 'a whole village to bring up a child'.

The immediate profits of modern society undermined that.

"Pursuing his researches into the state of the population in France, M. Lagneau, at the last meeting of the Academie de Sciences, stated that the number of marriages is decreasing and that the proportion now is not more than seven in the thousand, while the average age of those marrying is 30 for men and 25 for women. People residing in towns marry later than those in the country, while out of 1,000 men over 20 there are only 570 married in Paris and 609 for the whole of France. Births also continue to decrease, there being last year only one to every 42 inhabitants, while in the large towns the births are proportionately fewer than in the country - out of 100 married women between the ages of 15 and 45 there are annually only 19 births, while the number of illegitimate children born, - which is as much as 28 per cent. of the whole in the large cities, is also decreasing.

"M. Lagneau attributes this voluntary limitation of offspring to the desire of the parents to make ample provision for the children which they do have... The excess of births over deaths is little more than one in a thousand as against 13.7 per thousand in England, ten per 1,000 in Germany, and 12.9 per thousand in Russia. This slow rate of increase compared

to that of the other great nations would, in the course of half a century place France in a very disadvantageous position, and M. Lagneau intends to indicate at the next meeting what he considers may be done to accelerate the progress." (From: *The Times*, 22 July 1890, p.9. <https://trove.nla.gov.au/newspaper/article/96954802/9485970>.)

France was the mother country for Bourgeois Radicalism. This is anti-family in practice, while sometimes praising it in the abstract.

I also find it amazing that right-wingers believe that slum-dwellers are responsible for living in a slum. Slums will always have landlords, who drain the place of as much as they can. Tribal peoples will always look elegant and have nice dwellings, even when they are extremely poor. Likewise villagers.

Modern society and city life can improve on that, but it needs care. And it needs cash. Taxes.

France after World War Two had a huge Communist Party and a strong Socialist Party, and also a recovery in births. Which declined again when those things declined.

And if China has the same problem, they also conceded too much with Deng's opening-up. Being reversed by Xi, but perhaps not enough.

Epstein and a Wider Malaise

"What links Jeffrey Epstein

and Keir Starmer's government? A thick seam of contempt...

"Contempt everywhere. From Jeffrey Epstein's email exchanges to the scandal of Peter Mandelson's appointment, contempt radiates. Contempt for women and girls, for the law, for the public. A continuum of disdain runs from Epstein on the one end to our political establishment on the other. The other thing that joins them is a restless pursuit of power.

"Contempt is not a byproduct of that power, it is the point of it. Procuring, trading, objectifying and violating women and girls is the summit of potency for those who already have everything else: money, status, respect. To subordinate another human being to your urges, to reduce her in all ways, is to be initiated into a club of super-predators who are above the law. The Epstein emails are a demonstration of how misogyny – there really should be a stronger word for it in this context – is a currency, lavishly spent to show how much power you have. The gut-twisting way that casual references to body parts would come up in correspondence is part of a whole language of signalling. Referring to women as 'pussy' – or just 'P' – is to flash your exclusive club membership card." (<https://www.theguardian.com/commentisfree/2026/feb/09/jeffrey-epstein-keir-starmer-government-peter-mandelson>)

The ongoing troubles of the Former Prince Andrew have pushed out of the news a separate royal scandal in Norway:

"This latest embarrassment for the royal family comes on the eve of her son's seven-week trial in Oslo on 38 charges including rape and assault.

"Princess Mette-Marit married Norway's Crown Prince Haakon as a commoner when her son Marius Borg Høiby was four and is in line to become queen when her husband accedes to the throne." (<https://www.bbc.co.uk/news/articles/c1508llzw4qo>).

The lady grew up among minor criminals and drug abusers. Uplifted, her son functioned as one of the Entitled. And like many more of them, got caught.

Snippets

Sympathy for the 'Devil's Alternative'

How low can BBC News go? On 23rd February, they hyped Zelensky's claim that Putin has started WW3 and must be stopped. (<https://www.bbc.co.uk/news/articles/cvgj9p15y87o>.)

Putin in 2014 accepted the request of the elected regional government of Crimea that he annex them. This saved the vital naval base at Sevastapol, and it had anyway been part of Russia till Khrushchev moved it in 1954.

He wanted the Donbass to be autonomous within Ukraine. Sticking to Lenin's concession to the Ukrainian nationalism that Imperial Germany had encouraged when they held what had been two separate Tsarist provinces.

New Russia, East Ukraine, is east of what Kievian Rus had been before the Mongols conquered the Kievian part of it. Lands devastated by slave raids from Crimea when it was run by Tartars who were an outlying part of the Ottoman Empire. Settled by a mix of people who might identify as either Russian or Ukrainian.

A fluid mix that included the ancestors of Leonid Brezhnev. From a Russian-speaking region, but one west of the Ukraine oblasts (regions) that Moscow demands.

That Zelensky says cannot be conceded, even though he got elected with a promise of moderation on the issue.

Back in 1979, the dramatically successful novelist Frederick Forsyth had Ukrainian nationalists as villains in his 4th novel, 'The Devil's Alternative'. A novel scornful of Soviet values, but not thinking then of breaking up a fairly harmonious multi-national state.

It isn't only in the Former Soviet Union that you 'never know what's going to happen yesterday'. As late as 2014, the West remembered that Ukrainians sometimes identified as Cossacks had been unusually brutal servants of the Nazis. But these days, you get denounced for mentioning such off-message facts.

*

From Russia With Self-Incrimination

Back in 2019, I was very skeptical about the nerve gas attack on Sergei Skripal. A Russian dissident taking refuge in Britain, and with known criminal connections, so nothing odd if some hired gun shot him dead. But it seems the Russian state was determined to make it clear that it was them. And then failed to kill him. (<https://labouraffairsmagazine.com/the-soviet-past/3151-2/>.)

Alexey Navalny was in prison, where men are often killed by fellow prisoners. Or die of cancer or flu. But a bunch of European leaders affirm that the Russians showed a mysterious determination to incriminate themselves by using an exotic frog toxin.

Believable?

*

Venezuela – Trump Lawless But Not Dumb

"Venezuela approves oil sector privatisation in

major policy shift.

“Venezuela’s acting President Delcy Rodriguez signed a law on Thursday opening the oil sector to privatisation, reversing two decades of socialist policy. Lawmakers approved the overhaul earlier as Washington eased sanctions, expanding US firms’ operations weeks after President Nicolas Maduro was seized in a US military raid in Caracas capital.” (<https://www.france24.com/en/americas/20260130-venezuela-oil-sector-privatisation-policy-shift>).

In Iraq, Afghanistan and Libya, the USA demolished what existed. Had dreams of something better emerging spontaneously, but it never did.

In Syria, Trump backed someone who could actually rule. Working so far.

*

Guilty Hangovers from Puritanism

I’d seen *Lord of the Flies* once, and disbelieved. So I agree with this comment:

«It’s beautifully made, but it’s still telling the wrong story.

“A few years ago, I went looking for the *real* *Lord of the Flies*. I wanted to know: has it ever actually happened? Have kids ever been shipwrecked on a deserted island?

“It took me a year of research, but I found it. In 1965, six boys from a boarding school in Tonga stole a boat, got caught in a storm, and drifted for eight days without food or water. They washed up on ‘Ata, a remote, uninhabited island in the Pacific. They stayed there for 15 months, and what happened on that island was the exact opposite of William Golding’s novel.

“These boys set up a small commune. They built a food garden, stored rainwater in hollowed-out tree trunks, created a gym with improvised weights, and built a badminton court. One of them, Stephen (who would later become an engineer) managed

to start a fire using two sticks. They kept it burning the entire time.

“Of course they fought too. But when they argued, they had a rule: go to opposite ends of the island, cool down, then come back and apologize. As one of them told me: ‘That’s how we stayed friends.’...

«William Golding ... was a troubled man, an alcoholic who once said ‘I have always understood the Nazis, because I am of that sort by nature.’ I think he was projecting his own darkness onto children. And we turned it into a lesson about human nature that we teach to millions of kids around the world.

«I think the real lesson is the opposite. When real children found themselves alone on a real island, they didn’t descend into savagery. They cooperated, they took care of each other, they survived...

«Stories are never just stories. We become the stories that we tell ourselves.» (<https://x.com/rcbregman/status/2025144756775288947>.)

I’d add that rich greedy people who do financial crimes and spread lies find it very consoling to be told stories about everyone *actually* being just as bad.

*

Nuremberg Trials – Lynch Law in Fancy Dress

I’m not going to rush to see the new film about the trial of the surviving Nazis. Long ago, I accepted Brendan Clifford’s judgement that it was a cover to punish some of the defeated.

Vengeance dressed up as law.

I’d add that most deserved it. But Mussolini being lynched by people he’d hurt was neater, though I wish they hadn’t also strung up one of his ladyfriends.

So I am pre-disposed to believe this account of the 2025 film:

“Watched this, do not recommend. The whole thing is just about the Holocaust, makes it seem like it was the focus. The International Military Tribunal at the Nuremberg Trials was structured primarily around crimes against peace, meaning who planned and launched aggressive war that ended up killing 30 million Soviets and 10 million Germans. Less than 15% of the trials covered

the Holocaust...

“War crimes and crimes against humanity were prosecuted as well, including extensive documentation of SS Einsatzgruppen shootings in the USSR that killed roughly 1.3–1.5 of Soviet Jewish civilians, 14 million Soviet citizens total, the deportation of 12–14 million foreign laborers into forced labor inside the Reich with massive mortality (2 million), the mistreatment and death of Soviet POWs in the millions, and the operation of the concentration camp system.

“None of that is even mentioned...

“There really never has been a decent film about Nuremberg which is a shame because Crowe was a very good Göring.» (<https://x.com/CDMorlock/status/2025508438130720933>).

*

Trumpism Without Trump?

News is coming in of a man shot after illegally entering one of President Trump’s homes. In Florida, and Trump was elsewhere. But he apparently pointed a shotgun at Secret Service agents, who then shot and killed him.

Justifiable by their rules, but also dead men tell no tales.

The same people who raised up Trump might now want him dead. For he gets automatically replaced by J D Vance, who seems free of Epstein taint.

*

Drug Barons and Drug Customers

Riots in Mexico after soldiers kill a noted drug baron. Tragic for the society.

And shooting those evil characters fixes nothing. The problem is customers in the USA. The fabulous wealth from supplying them.

*

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

Four Years Later

Robert Skidelsky reflects on the Ukraine War (<https://robertskidelsky.substack.com>)

Note: See below some reflections of mine on the 4-year war in Ukraine. Interestingly enough, no one in the UK would publish it. It's still taboo to argue that the West had any responsibility for either starting the war or continuing it at incredible human cost.

Also, four examples of paranoia, which would be amusing if they did not carry a lethal charge. On 25 February 2026, The Daily Telegraph wrote that 'Russia tunnels immigrants into Europe...as part of its hybrid war on the West'. The same newspaper asked on 2 February: 'Was Jeffrey Epstein a Russian agent luring world leaders with girls?' An alternative interpretation, advanced by Philip Giraldi, portrayed Epstein as a Mossad agent. A fourth example comes from Tom Tugendhat (The Times, February 23 2026), who claimed that 'The Epstein files suggest a network of hostile states at the heart of our own government that demands action to protect the King, the country and our government'.

Four years after the so-called full-scale invasion of Ukraine, it is very hard to disentangle oneself from all clichés, lies, and reflexes in which the war is entangled. I have never lived through a 'full-scale war', nor served as a soldier in any war, big or small, so perhaps it was always thus. The Nazis greatly admired British propaganda in WW1 and Goebbels used it as a model. The great sin in war is to be objective, and this lesson has been well learnt by the protagonists in this one—the Russians, Ukrainians, and Ukraine's proxy allies in Europe and (till recently) Washington.

The great danger in forswearing efforts at truth is that what is imagined may come to pass, with the lies leading to the truth of a 'full-scale' war.

In the case of Ukraine the 'news' points my feelings and my intellect in different directions. On the one hand, one reads almost on a daily basis about the suffering and heroism of Ukrainian soldiers and civilians—of relentless Russian bombing, of kidnapped children, of schools

forced underground, and of course the testimony of Ukrainian refugees. The atrocities of the Russians, ventilated wherever possible, arouse one's moral indignation.

But I have long since learnt that courage and suffering, while rightly evoking admiration and pity, do not of themselves validate the cause for which they are incurred. An action can be brave without being good; suffering is piteous without being necessary.

We remember our war dead as having given their lives for freedom; the Germans remember theirs as victims of tragedy. Yet the soldiers on both sides fought equally bravely. Russian troops have also fought bravely in the Ukraine war, but we are never, or rarely, asked to admire their bravery, because their cause is deemed evil.

One can say a lot about 'cause'. In legal terms, the Russians 'caused' the Ukraine war by invading an independent country. They should not have done so; there were better, more patient ways of wooing Ukraine back into the Russian fold, where bits of it had lived for centuries. In current lingo, the Russian response was 'disproportionate'.

In addition, it was a miscalculation. Supposedly started to prevent Ukraine joining NATO, it has added two new members to the Alliance, and made most of Europe anti-Russian. Conceived as a 'special operation' lasting a few weeks, it has turned into the biggest war on the European mainland since 1945.

But efforts at truth would also acknowledge that the USA, Britain, and NATO provoked Russia to its action by actively working to prise Ukraine from Russia's orbit in order to complete their victory in the Cold War.

And does the West bear no responsibility for a war lasting years, with hundreds of thousands, if not millions, dead or injured on both sides, and much of Ukraine's economy in ruins? Did they not promise Ukraine 'all it takes' for victory over Russia? Would not the

war have ended years ago but for such promises? Was the cause of what the West defines as Ukraine's independence worth the cost in lives? Will the probable outcome justify the deaths, bravery, suffering?

A few of us, in this country, as well as on the Continent of Europe and in the USA, have been calling for a negotiated peace almost from the day the war started. We have resisted the comparison between Putin and Hitler. We have simply been cancelled. Nothing must be allowed which will weaken the national resolve to stand by Ukraine. Press self-censorship and disinformation in this proxy war have equalled, and even exceeded, that during the 'real' war against Hitler. Now Donald Trump has broken up the united front. Russia, he says, was not the cause (or at least the only cause) of this 'unnecessary' war. And for that he has been excoriated by all right-thinking people in our part of the world.

I am driven once more to reflect on the mature wisdom of an essay by the young John Maynard Keynes when he was a student at Cambridge in 1904. War, he writes, should be approached with 'much prudence, reverence, and calculation,' and that includes the propaganda which is its messenger.

'Our power of prediction is so slight, our knowledge of remote consequences so uncertain, that it is seldom wise to sacrifice a present benefit [i.e., peace] for a doubtful benefit in the future.' Moreover, 'it is not sufficient that the state of affairs we seek to promote should be better than the state which preceded it; it must be sufficiently better to make up for the evils of the transition.'

Was the humiliation of Russia sufficiently bad in 2022 to justify its invasion of Ukraine? Was the situation in Ukraine sufficiently bad in 2022 to justify its resistance? Above all, was the state of affairs which the West sought to promote sufficiently better to justify it provoking Russia and prolonging this dreadful war for four years?

Central Banks and Government Spending – A Tale of Two States

By Michal Lerner

In this article I compare the role of the central banks in government spending in two large capitalist states, the UK, the US. I have chosen these two states because they are both states which are the monopoly issuers of their own currency. In a later article I will look at the role of the central bank in Japan.

The Role of the Central Bank in Government Spending in the UK

In the UK, government spending is ultimately authorised politically rather than constrained by the availability of money. To see how this works in practice, I examine the roles of Parliament, the Bank of England (BoE), the Treasury and the Debt Management Office (DMO), as well as the policy conventions that affect their interaction.

The Bank of England

Although originally established as a private joint-stock company in 1694, the Bank of England was nationalised in 1946 and reconstituted as a statutory corporation, with the Treasury as the single shareholder. While it operates with statutory operational independence, this independence is delegated by Parliament and could be altered by legislation.

The rate of interest

We will argue below that changes in monetary management were much driven by the desire of the BoE to retain effective control of the rate of interest. The BoE is a firm believer that there is a strong correlation between inflation and unemployment, that to reduce inflation it will need to increase unemployment. It believes that if it increases the rate of interest it can reduce demand in the economy and so increase unemployment and therefore reduce inflation. We shall not consider here the truth of this

theory, merely make note of it.

Parliamentary authorisation

The government can only spend amounts that have been approved by Parliament through *Votes of Supply*. These votes provide the legal authority for expenditure. They do not, however, involve the government first collecting money or securing funding in advance in the way that a household or firm must.

How government spending is executed

Once spending has been authorised, payments are carried out through the Bank of England (BoE), which acts as the government's banker. When the government purchases goods or services from the private sector, it initiates payment via the BoE. The recipients of these payments hold accounts at commercial banks (such as NatWest or Lloyds), not at the BoE itself. The suppliers' commercial banks credit the suppliers' deposit accounts, increasing the liability side of the commercial banks' balance sheets. In settlement of this payment, the BoE credits the reserve accounts that those commercial banks hold at the BoE, increasing the asset side of the commercial banks' balance sheets.

Operationally, the Bank of England does not verify the existence of pre-existing funds in a government account before making these payments. Instead, it creates the necessary reserves as part of the settlement process. The result is an increase in private sector bank deposits and the level of reserves held by commercial banks, equal to the amount of government spending injected into the economy.

This does not imply that the Bank of England operates without constraints or independently chooses to monetise government

spending. The BoE is operationally independent and acts within a framework agreed with the Treasury and Parliament. However, within that framework, the Bank of England is legally required to create the reserves necessary to ensure that authorised government payments clear without disruption to the payments system.

Government revenue and debt issuance

At roughly the same time as government spending takes place, an agency of the Treasury, called the Debt Management Office (DMO), estimates the difference between total government expenditure and total government revenue, the latter consisting largely of tax receipts and revenue from government bond sales. When government spending is greater than revenue, this difference is commonly referred to as the government deficit.

Under current policy conventions, the DMO issues government bonds, known as Gilts, to match any deficit. Gilts are financial instruments that promise interest payments and the repayment of principal at specified future dates. They are sold to the private sector via auctions, with the price determined by investor demand. In this process, the government acts as a price taker.

In practice, cash management, reserve levels, and gilt issuance are carefully coordinated between the Treasury, the DMO, and the Bank of England. Issuance is planned in advance and adjusted to maintain orderly financial conditions. At a system-wide level, the purpose of gilt issuance is to drain reserves that have already been created through government spending. It is not to provide the government with the money required to spend in the first place.

The practice of auctioning Gilts, equal in value to the deficit, reflects what is known as the full funding rule, introduced in 1985. Under this rule, bond issuance works to drain an amount of reserves broadly equivalent to those reserves created by government spending in excess of taxation, as part of the management of liquidity and interest rates. Importantly, this rule is a matter of policy rather than law, and could be altered or abandoned by political decision.

From the BoE perspective, reserves should be drained so that it can retain control over the rate of interest. Excess reserves would have caused the interbank rate of interest to drop below what the BoE thought was the required rate of interest to control inflation. The BoE believed this in the period from 1985 to 2006. In 2006 the BoE introduced payment of interest on all the reserves in a reserve account (called reserve remuneration). In the post 2006 world, excess reserves are, as we shall see, less problematic.

Contrast with the Pre-1985 Monetary and Fiscal Regime

Prior to 1985, the UK operated under a markedly different framework for coordinating fiscal policy, debt management, and central bank operations. While government spending still required parliamentary authorisation, the mechanisms used to manage deficits and liquidity did not rely on the full funding rule or on the appearance of market discipline.

Under the pre-1985 regime, the government determined the terms on which Gilts were issued, including their price. If the private sector did not purchase sufficient quantities of Gilts to cover the government's deficit, the remaining shortfall was financed directly through the Bank of England. This financing took the form of an increase in the government's *Ways and Means*

account at the Bank. The Ways and Means account is essentially a limitless overdraft facility that the government has at the BoE.

In this framework, gilt issuance was not treated as a prerequisite for government spending, nor was it required to match the deficit. Instead, bond sales were used flexibly as a tool for monetary management, while the central bank ensured that authorised government payments cleared. In this context, monetary management means, largely, controlling the rate of interest. Bond sales drained reserves and gave the BoE more control over interest rates. Note, the BoE only pays interest on a part of the money in reserve accounts before 2006. So it makes more sense to invest unused reserves in interest paying government bonds rather than leave them earning no interest.

Importantly, this pre-1985 arrangement did not result in operational instability or the breakdown of monetary control. The Bank of England kept the ability to manage interest rates and liquidity through a range of instruments, while fiscal policy remained what the elected government of the day wanted it to be. The existence of direct central bank financing made explicit that a currency-issuing government is not financially dependent on private sector saving in order to spend. The bond vigilantes were nowhere on the horizon.

The shift in 1985 marked a significant change in the political framing of fiscal policy. By requiring deficits to be fully matched by gilt issuance at market-determined prices, the full funding rule re-cast government spending as dependent on market confidence. This institutional change reinforced the narrative that public and private sectors compete for financial resources, and that public sector spending

can be limited by external discipline.

In contrast, the pre-1985 regime treated markets as participants in, rather than arbiters of, fiscal policy. Government debt issuance supported monetary operations but did not define the limits of fiscal policy. The move away from this framework simplified the BoE's task of controlling the rate of interest while introducing the idea of market based limits on the fiscal policy decisions of the elected government. The bond vigilantes had arrived.

Payment of interest on full balance in reserve accounts

Although the full funding rule reduced the likelihood of persistent excess reserves, the Bank of England later decided it wanted even tighter control over short-term interest rates. In 2006 it introduced payment of interest on reserve accounts at the Bank rate (called remuneration of reserve balances at Bank Rate). Once reserves earned Bank Rate, they became a risk-free asset yielding exactly the policy rate.

Henceforth, no commercial bank would rationally lend overnight at less than Bank Rate when it could earn that rate simply by holding reserves. In effect, paying interest on reserves created a firm floor under the overnight interbank rate. The Bank no longer needed to fine-tune the scarcity of reserves to keep market interest rates from drifting below target.

In that sense, reserve remuneration largely eliminated the operational need to worry about "excess reserves." That proved fortuitous after the dramatic expansion of reserves during the Global Financial Crisis and the Covid pandemic. Despite the enormous growth in reserve balances, the overnight rate did not drop below Bank rate, because reserves themselves earned Bank Rate.

This development raises a natural

question. If one historical purpose of issuing gilts was to drain reserves so that the overnight rate did not fall to zero, what is the point of issuing gilts once reserves are remunerated?

The answer is that gilts are not simply a mechanism for parking surplus reserves. They serve broader and deeper functions. Gilts provide safe long-term assets for pension funds and insurance companies, high-quality collateral for financial markets etc.

In other words, once interest is paid on all reserves, gilt issuance is no longer essential for short-term rate control. But it remains central to the structure of financial markets, institutional portfolio needs, and the overall functioning of the monetary system.

The pandemic and government spending

During the UK pandemic roughly a fifth of the workforce was furloughed. Without the scheme many would likely have become unemployed. The government paid up to 80% of wages, and when those payments were made the Bank of England created the corresponding reserves in the banking system. Although gilts were issued to match the higher deficit, the Bank of England's expanded QE programme absorbed a very large share of that issuance through secondary market purchases. It was a real-world demonstration that, when required, the UK state can mobilise monetary and fiscal coordination at scale.

In summary: In the UK, government spending is enabled by parliamentary authority and operationally supported by the central bank. The issuance of government debt under the full funding rule reflects a political and institutional choice about how fiscal and monetary policy are organised, rather than an economic necessity. Understanding this distinction is essential for informed debate about the role of government, markets, and the state in managing the economy.

The Role of the Central Bank in Government Spending in the US.

The Federal Reserve is the central bank of the United States, created by Congress in 1913 under the Federal Reserve Act. It has a distinctive federal structure that combines public authority with regional representation.

At the centre is the Board of Governors in Washington, D.C. The Board consists of seven members appointed by the President and confirmed by the Senate. Governors serve long, staggered terms (14 years), which are designed to insulate them from short-term political pressure. The Chair and Vice Chair are selected from among the governors for renewable four-year terms.

Alongside the Board are twelve regional Federal Reserve Banks located across the country (for example, in New York, Chicago, and San Francisco). These Reserve Banks carry out operational functions such as supervising banks, providing payment services, and implementing monetary policy operations.

Monetary policy decisions are made by the Federal Open Market Committee (FOMC). The FOMC consists of the seven Governors, the President of the New York Fed (a permanent voting member), and four other regional Fed presidents who vote on a rotating basis.

Although the Reserve Banks have a quasi-corporate structure and member commercial banks hold shares in them, ultimate authority rests with Congress, which created the system and can amend its powers. The Federal Reserve is therefore operationally independent, but constitutionally subordinate to Congress.

When discussing government spending in the UK we emphasised the fact that once spending is approved by Parliament nothing can stop that spending happening. Can the same be said of the US?

The Federal Government can only spend money that has been approved by Congress. Once such spending has been approved the government instructs the Federal

Reserve to pay the people from which it is buying goods and services. However, unlike in the UK, the Federal Reserve does not immediately do that.

The 1913 act that set up the Federal Reserve stipulates that government payments can only be made if there are sufficient funds in the government account at the FR known as the Treasury General Account (TGA). Before instructing the FR to make a payment, the Treasury must therefore insure that it has sufficient funds in the TGA account. If there are not sufficient funds then the Treasury must use taxation and/or bond sales to increase the amount in the TGA account to the required level.

The preferred method is bond sales. However, this can raise a problem because Congress also controls something called the 'debt ceiling'. The modern debt ceiling originates from later legislation.

Before 1917, Congress authorised federal borrowing on a bond-by-bond basis. During World War I, Congress passed the Second Liberty Bond Act of 1917, which introduced aggregate limits on certain categories of federal debt. Over time, those limits were consolidated into a single overall statutory debt limit in 1939. The debt ceiling is therefore a separate statutory mechanism governing Treasury borrowing authority, not part of the original Federal Reserve framework.

So Congress can authorise expenditure and at the same time use the debt ceiling to limit the ability of the government to spend.

During debt ceiling episodes

When the statutory debt limit has been reached, Treasury cannot issue new debt. It then uses "extraordinary measures" to conserve cash and manage the TGA balance. But it still cannot cancel congressionally mandated spending on its own authority. Payments may be delayed — not legally cancelled.

It's an odd situation. The existing debt is the level of debt which previous Congresses have brought

about. So, in a way, the current Congress is making an implied criticism of previous Congress decisions by refusing to increase the debt ceiling.

Typically Congress uses the debt ceiling to extract some other promises from the government that the government is reluctant to make. Eventually some compromise is reached and the pantomime ends. The United States is one of the few advanced economies that requires a separate vote to finance spending that has already been legally enacted.

In the UK system, the Treasury and the Bank of England operate within a different constitutional framework. There is no statutory debt ceiling comparable to the US one, and the executive (the government of the day) is drawn from Parliament, which makes spending control more unified politically.

At first glance this difference with the UK may seem significant. But it's not. Because ultimately Congress controls spending and the ability to issue debt, like Parliament does in the UK.

Once the debt ceiling pantomime is ended, bonds are sold, the TGA account reaches the required level and government spending can begin.

Suppose the market refuses to buy bonds or insists on a high interest rate on the bonds that it buys. This is similar to the UK situation since the full funding rule was introduced. In the UK the full funding rule is a government policy choice and could be set aside fairly easily.

The 1913 Act already gives the Federal Reserve the right to create unlimited money. It doesn't give the FR the right to create money to buy government bonds that are being sold by the government. But the FR can create unlimited money to buy government bonds that are being sold by other institutions. This is why the FR could engage in QE in 2010 and 2020 with no change in statutes required.

The 1913 Act was enacted by

Congress and it could change it to say that the Federal Reserve should be able to provide the government with an overdraft if the government did not want to sell bonds with the yield that the markets demanded. That would be politically difficult since it would require an Act to be amended. Abandoning the full funding policy in the UK would require no change in the law.

Real and Political Limitations to Government Spending

The purpose of describing the mechanics of state spending in the UK and the US is to make the point that the limitations to state spending in currency-issuing countries are not primarily financial. The UK and the US are currency-creating states. No one can create pound sterling or US dollars other than these states acting through their central banks. In operational terms, they can create as much of their own currency as they choose.

However, creating currency should not be taken lightly and must be managed. Both states have established central banks to oversee the creation and pricing of money. The Bank of England and the Federal Reserve both have the power to create reserves in whatever quantity is required to purchase certain classes of assets — notably government bonds in the secondary market. At the same time, they are normally prevented from buying those bonds directly from the government. These arrangements reflect institutional design choices intended to structure fiscal and monetary interaction.

Both central banks are creatures of statute — the Bank of England nationalised in 1946, and the Federal Reserve created by Congress in 1913. Each system builds in its own checks and balances regarding how fiscal decisions are financed and how monetary policy is conducted.

Perhaps the biggest visible difference lies in the US requirement that a congressional decision to spend does not automatically provide the executive with the operational means to finance that spending. The Treasury must first

ensure that sufficient funds exist in its Treasury General Account at the Federal Reserve, which in practice usually requires selling bonds. In the UK, no equivalent statutory debt ceiling exists.

Yet beneath these differences, the underlying reality is similar. When the legislature authorises spending, payments are made and reserves are created in the banking system. Government bonds are then issued largely to manage liquidity and influence interest rates — that is, to drain reserves and support the chosen interest-rate structure — rather than because the state must “find” pre-existing money.

At this point the real constraint becomes clear. As Stephanie Kelton argues in *The Deficit Myth*, the relevant question for a currency-issuing legislature is not “Where will we get the money?” but “Where are the real resources?” The true limit to public spending is not the stock of currency but the availability of labour, skills, technology, energy, and productive capacity. If spending pushes beyond those real limits, inflation follows. The discipline required is therefore macroeconomic and resource-based, not financial in the narrow accounting sense.

Congress could, if it wished, redesign the operating framework of the Federal Reserve. It created the institution and can amend its governing statute. The recurring debt-ceiling episodes reflect political design choices embedded in law, not a hard financial constraint imposed from outside the state.

In summary, in a currency-creating state, a legislative decision to spend will always be accompanied by the monetary operations required to make that spending possible. In the US these monetary operations are more complicated than in the UK. But in both states the spending will eventually always happen because they are currency creating states.

Sahra Wagenknecht Newsletters

26 February 26

Four years of war: Why doesn't Merz call Putin?

This week marks the fourth anniversary of Russia's attack on Ukraine, which violated international law. Every day that this war continues is a bad day. It is a tragedy that the opportunity to end the war just a few weeks after it began, at a time when the conditions were much more favourable for Ukraine, was not seized.

Kiev's negotiating position is now worse than ever. The European 'coalition of the willing' bears much of the responsibility for this, having torpedoed every negotiating initiative in recent months with unrealistic demands and encouraged the Ukrainian government in its unwillingness to compromise. While the US has long recognised that the war can only be ended through negotiations and has stopped supplying weapons to Ukraine, Merz, Macron, Starmer and co. are labouring under the illusion that they can continue the proxy war against Russia at their own expense.

This loss of touch with reality in some European capitals is highly dangerous, as it carries the risk of escalation into a major European war. And it goes hand in hand with an unprecedented misappropriation of taxpayers' money. This year alone, arms aid to the corrupt Zelensky government is costing German taxpayers 11.5 billion euros, while the Ukrainian civilian population is paying for the continuation of the war with ever more suffering and deaths. This madness must end! Why doesn't Merz call Putin? Diplomacy is finally needed instead of perpetual war!

War in Iran?

The situation in Iran is tragic: while the mullah regime, which

uses brutal force against its own people, remains firmly in power, US President Trump is threatening the country with war if the Iranian government does not submit to his demands in the dispute over the nuclear programme and other issues.

Such an escalation, which would plunge the people even deeper into misery and the entire region into chaos, must be prevented at all costs! One thing is clear: Trump is not interested in supporting the courageous people in Iran who are taking to the streets to demand better living conditions and more freedom. Rather, the US wants to remove an unwelcome regime that opposes its power and economic interests. Washington's brutal wars and attempts at regime change in the Middle East have always brought only destruction and chaos.

This shows that democracy cannot be achieved by bombing! The German government must now pull out all diplomatic stops to prevent war and work towards a negotiated solution. An important step would be to lift sanctions against Iran in order to enable dialogue and prevent a further deterioration of the situation for the Iranian people. In addition, the German government should prohibit the US from using its military bases in Germany to support a war against Iran!

BSW in the election campaign: Come along!

In March, the BSW will be contesting the state elections in Baden-Württemberg (8 March) and Rhineland-Palatinate (22 March).

These federal states exemplify what is going wrong in Germany as a whole: neglected infrastructure, neglected regions, overburdened and over-indebted local authorities, dilapidated schools and closed hospitals.

There is a pressing need for a reliable opposition to the old parties' policies, which are out of touch with the citizens!

I am travelling to Baden-Württemberg and Rhineland-Palatinate to support our regional associations' election campaigns. On Monday, 2 March, I will be speaking in Stuttgart at 6 p.m. and on Tuesday, 3 March, in Mainz at 6:30 p.m. Come along and bring your family and friends! I look forward to seeing you! An overview with all the information on the BSW's election campaign dates can be found [here](#).

19 February 26

Merz soon no longer chancellor? Lawsuit officially filed!

A new recount

We have officially filed an election review complaint with the Federal Constitutional Court! The old parties are trying to prevent a recount at all costs in order to keep the Merz government in power. They do not want the BSW, an opposition party that consistently opposes their policies of military build-up, social cuts and economic decline, to enter the Bundestag. That is why the Bundestag, acting as judge in its own case, rejected our election appeal by a majority vote, thereby breaking with a fundamental principle of democracy – the correct calculation of election results. After all, with such a close result and proven counting errors, only a recount can clarify whether the parliament is constitutionally constituted and Friedrich Merz is a democratically legitimate chancellor. In an interview with [Servus TV](#), I explain why it is now up to the Federal Constitutional Court to restore the confidence in democratic institutions that has been declining for years by paving the way for a recount. I also talk about what a way out of the firewall trap might look like

and why the current debate on working hours is so dishonest.

Gas storage facilities soon to be empty?

Gas storage levels in Germany continue to fall and are now at a historic low of 23.5 percent. This is extremely worrying! If there is another cold spell, gas reserves are unlikely to be sufficient to guarantee supply until the end of winter. This would have dramatic consequences for the economy and households: already high gas prices would skyrocket, and forced shutdowns in industry would be possible. And the federal government? Instead of pulling out all the stops to prevent a gas shortage, Economics Minister Katherina Reiche is burying her head in the sand and claiming that there is no cause for concern. In other words, the federal government is gambling that the remaining weeks of winter will not be as cold as January. But what if they are? The fact that Merz, Reiche, and Co. are unable to guarantee a reliable—let alone affordable—energy supply for what is (still) the world's third-largest economy shows once again that we are being governed by amateurs!

End vassalage!

According to research by Der Spiegel magazine, the CIA was involved in Ukraine's plans to blow up the Nord Stream pipelines at an early stage. The US intelligence service is said to have exchanged information with the Ukrainian secret command several times in the spring of 2022 and approved the terrorist act. Even though Washington allegedly distanced itself from the plans later on, the US did not prevent the attack. We need to realize that Kiev is blowing up our critical infrastructure, our "transatlantic partner" the US was at least privy to the plans – and our federal government continues to send billions in taxpayer money, making Germany the main financier of the US proxy war in Ukraine? This vassalage must end! First of all, all payments to the Ukrainian Nord Stream terrorists must be stopped. Most other European countries have long since withdrawn from financing this bottomless pit, as has the US

itself. In addition, the German government should work to get the pipelines back into operation in order to free us from our dependence on overpriced US fracking gas. We finally need a government that confidently represents the interests of our country instead of acting as the US's lackey!

Merz makes people poor

The latest data from the Federal Statistical Office, which the BSW has requested, shows that the proportion of single parents at risk of poverty has risen sharply from 25.2 to 28.7 percent since 2022. Last year, that amounted to 1.26 million people. And the situation becomes even more depressing when you consider citizens living alone: over 5.2 million people are at risk of poverty. Against this backdrop, debates about part-time work, dental visits, and the welfare state can only be described as pure cynicism. When more and more single parents and families with children are sliding into poverty, it is a massive failure of economic and family policy. Instead of accusing people of choosing a lifestyle of part-time work, there should finally be full-day childcare for every child in Germany. If the federal government sticks to its plans to finance gigantic military spending by cutting back on the welfare state and scrapping benefits or increasing contributions, poverty will continue to rise in the coming years. Friedrich Merz is well on his way to going down in the history of the Federal Republic as the chancellor of poverty.

BSW explains: Covid policy

Even three years after the official end of the pandemic, there has been no review of the Covid policy and the completely disproportionate restrictions on fundamental rights. In Berlin, our BSW representative Alexander King has repeatedly rubbed salt in the wound with 50 written inquiries to the Senate, highlighting the shortcomings of the Covid crisis management. The results of this outstanding opposition work are now documented in the publication "[Corona in Berlin – Ein Schwarzbuch](#)" (Covid in Berlin – A Black Book). The book shows that an investigative committee is

also long overdue in Berlin. This is another reason why it is important for the BSW to enter the House of Representatives in the September election so that such a committee can be established.

12 February 26

We are filing a lawsuit: Recount NOW!

We are filing a lawsuit with the Federal Constitutional Court demanding a recount! This is not just about the BSW, but about democracy in Germany. Given the many irregularities and systematic counting errors to our detriment, it is highly likely that Chancellor Merz's federal government does not have a majority, as we would be represented in parliament if the votes had been counted correctly. This is apparently also the assumption of the other parties that rejected our election appeal in the Bundestag. But regardless of one's opinion of the BSW, every democrat should have an interest in ensuring that the election results are beyond any doubt. In a joint [press conference](#) held by the BSW with Dr. Uwe Lipinski (specialist lawyer for constitutional law) and Prof. Dr. Christoph Degenhart (professor emeritus of constitutional and administrative law, former judge at the Saxon Constitutional Court), we explained why a recount is urgently needed and why it is now up to the Federal Constitutional Court to restore confidence in democracy and the institutions.

Out of the firewall trap

[The 'firewall' is the process of excluding beyond a 'firewall' parties and people who do not conform to the prevailing ideas.]

It is profoundly undemocratic to exclude a party that is being voted for by more and more voters because the other parties no longer represent their concerns. We must finally get out of the firewall trap! As the BSW, we have learned from the mistake of entering governments in which there is too little agreement on content and whose only common denominator is to keep the AfD out of power. We therefore advocate a new approach: a cabinet of experts. Instead of party

politicians, competent experts should occupy the top political offices and form a government that then has to seek its majorities in parliament on a case-by-case basis. In an interview with [WELT TV](#), I discuss why this would be a real opportunity for democracy and an alternative to the failed firewall.

Number one war financier

The German government is turning German taxpayers into the number one war financiers. While the US has almost completely ended its support for Ukraine, Europe is stepping into the breach to continue financing the prolongation of this senseless proxy war. Germany is bearing the brunt of this, as shown by new data from the [Kiel Institute for the World Economy \(IfW\)](#). According to this data, European military aid will have risen by 67 percent in 2025 compared to previous years. This year alone, the German government wants to increase German arms aid to Ukraine to 11.5 billion euros. Added to this is the new EU debt of €90 billion pushed through by Merz, which has now been approved by the European Parliament and will ultimately have to be paid for mainly by German taxpayers. It is the height of cynicism: while the coalition makes new proposals for cuts affecting its own citizens on a daily basis, it issues Ukraine with one blank cheque after another. The financing of Ukraine has long been a misappropriation of German taxpayers' money, while the Ukrainian civilian population is paying for the continuation of the war with ever more suffering and deaths. Instead of continuing to burn billions in Ukraine, the German government should finally work seriously on a peace plan and also demand a willingness to compromise from the Ukrainian president.

The stupid voter?

For Roderich Kiesewetter, "good politics" means explaining to the population that they simply haven't understood things properly yet. According to the CDU agitator, Germany's problem is not the disastrous policies of the federal government, but stupid voters. So when the economy is in tatters, energy and food prices are rising, and many things in our country

are no longer working, is it all just imagination? No! We don't need politicians who gloss over problems and lecture citizens. The vast majority are quite rightly demanding that the government finally put the interests of citizens back at the center of its agenda!

Overcoming polarization

"Whether it's Covid amnesty, sensible energy policy, freedom of expression, social mobility, migration control, or the big issue of peace—the old parties don't want any of the things we are elected for." In an interview with the [Nordkurier](#), I talk about the BSW's mistake of joining state governments too early, the increasing marginalization of people who hold non-conformist opinions, and possible ways to overcome political polarization in our country.

The censorship complex

House searches for ironic posts, suspended prison sentences for memes – freedom of expression in Germany is coming under increasing attack. Behind these actions are often state-sponsored reporting centers where statements that are clearly protected by freedom of expression can be reported. These institutions are part of an increasingly coordinated effort against politically unwelcome opinions. In a study, the organization Liber-net has now documented the extent of this veritable censorship network: More than 300 organizations, including government agencies, NGOs, university working groups, fact checkers, think tanks, and foundations, are involved in the suppression of online content in Germany. The alarming results of the study can be found [here](#).

5 February 26

Silent fascism: How the German government and the EU are destroying the rule of law

EU Sanctions on Europeans

No crime, no charges, no trial: under the pretext of combating 'Russian disinformation,' the EU began imposing sanctions on its own citizens for the first time last year. Those currently affected include Berlin-based journalist Hüseyin Dođru and Swiss publicist Jacques Baud, who lives in Belgium. Their

only 'crime' is to hold views that deviate from the mainstream. These arbitrary measures have resulted in the economic and social destruction of those sanctioned: their accounts have been frozen and their assets seized, they are no longer allowed to leave the country, and providing them with assistance is punishable by law. What is the purpose of the EU and the German government's sanctions policy? Why does this fascist-like approach threaten to destroy democracy and the rule of law? And why are our 'quality media' silent about this frontal attack on freedom of the press and freedom of expression? I discuss this in my latest weekly review.

Attack on high achievers

Exorbitant prices for pharmaceutical products, growing bureaucracy, rising rent and heating cost reimbursements for citizens receiving welfare – the welfare state in Germany has become more expensive, but the provision of services for the people is getting worse and worse. Instead of tackling the root causes of this problem, which lie in the profit-oriented nature of the healthcare system and housing market or an unfair pension system, the Merz government wants to continue cutting social benefits. In the case of the new basic income support, this mainly affects the high achievers in our society – namely the workers who are losing their jobs now or will lose them in the future because of the disastrous policies of the federal government and who, after a year, will then receive as much as someone who has never paid into our social security systems. Why the welfare state debate is dishonest, why we urgently need to become independent from the US, and why the space for debate in Germany is shrinking – I discuss these and other questions in the WELT talk show 'Freedom of Expression with Nena Brockhaus'.

Vassal Chancellor Merz

US President Donald Trump has decided not to annex Greenland militarily for the time being. This

Continued On Page 23

Continued From Page 22

probably had very little to do with the 13 Bundeswehr soldiers who withdrew after a two-day 'reconnaissance mission' on the ground. Nevertheless, in his latest government statement, Merz proudly rambled on about the 'happiness of self-respect' and a 'newfound self-confidence among Europeans'. A German head of government who confidently represents the interests of his people? That would really be something new! Unfortunately, a look at reality shows that Merz and self-respect are two things that actually have very little in common.

The economy is booming? Not at all!

Nursing homes are increasingly becoming a poverty trap! The personal contribution for a place in a nursing home has risen to 3,245 euros per month. This borders on expropriation of our older generation! Every second nursing home resident is dependent on social assistance because their pension and savings are no longer sufficient to cover the costs. Over 350,000 people are affected – more than ever before. During the election campaign, the SPD promised to cap personal contributions. The next election fraud! While there is supposedly no money for our elderly, the federal government prefers to increase the defence budget from €52 billion to €153 billion. What an outrage! I believe that dignified care in old age should not be a question of money. We need a cap on care costs of 1,000 euros! Looking ahead, we should also consider introducing comprehensive care insurance that covers all care-related costs.

Cross-party support for nuclear bombs

Cross-party support for Germany's nuclear armament is growing: following calls by AfD politicians for German nuclear weapons, CDU warmonger Roderich Kiesewetter and former Green Party Foreign Minister Joschka Fischer are now also advocating Germany's participation in a European nuclear bomb. What madness! The acquisition of German nuclear weapons would be a serious violation of Germany's obligations

under international law arising from the Nuclear Non-Proliferation Treaty and the Two Plus Four Treaty and would undermine the international system of nuclear arms control. It is not more nuclear weapons that increase our security, but diplomacy, nuclear disarmament and international treaties. Instead of fantasising about acquiring its own weapons of mass destruction and making itself a target for nuclear war by stationing US medium-range missiles, Germany should take the lead in a diplomatic disarmament initiative. The BSW demands: Withdraw US nuclear bombs! No US medium-range missiles in Germany!

BSW reveals: Merz sells out taxpayers

Chancellor Friedrich Merz has ensured that the EU will take on new debt amounting to 90 billion euros in order to continue financing corrupt Ukraine and equipping it with weapons for its unwinnable war against Russia. The German government claims that the loan is secured by future reparations payments from Russia to Ukraine – which, however, are unlikely to ever materialise. In a memorable questioning in the Berlin House of Representatives, BSW MP Alexander King elicited an admission from European Affairs State Secretary Florian Hauer that, in the end, German taxpayers will probably be asked to foot the bill for the billions in aid. Click [here](#) to watch the video.

Poster donation for the BSW

In March, the BSW will contest two state and two local elections. In Baden-Württemberg (8 March), Rhineland-Palatinate (22 March), Bavaria (8 March) and Hesse (15 March), a fundamental decision on the direction to take is at stake: will taxpayers' money continue to be wasted on weapons or will it be put to good use to meet people's needs? Support the BSW's election campaign with a poster donation – posters are already available for the state elections in Baden-Württemberg and Rhineland-Palatinate and for the local elections in Hesse. [You can select the location, period and desired theme on our website.](#)

Continued From Page 24

the investigation conducted by the Electoral Commission, not least because it refused FOI (Freedom of Information) requests for copies of its investigative report into Labour Together. He argues that there should be a reinvestigation of the matter based what is known now but wasn't known in 2020 and 2021.

Once again, Holden has done incredibly valuable work despite what I think are 3 thematic mistakes – the depiction of McSweeney as the evil genius, the presentation of Starmer as a largely empty suit and casting the Labour Left as being the innocent victims of what happened to them between 2016 and 2024. I also think he missed opportunities to make relevant points.

Firstly, why did the fact that Martin Taylor singlehandedly funded Labour Together in its early period not serve as a 'red flag' on top of the actions of Steve Reed and Lisa Nandy - two of its three MP directors?

Second, while the fine of £14,250 fine imposed by the Electoral Commission may appear to be quite small when set against the amount of donations not properly reported, the maximum fine that the Electoral Commission can impose is £20,000. The Electoral Commission is limited in its scope to put manners on the financial misbehaviour of the political class.

The third point is that the date on which donations of £147,500 made in early 2020 were eventually reported to the Electoral Commission (10 December 2020) was the day after the Electoral Commission fined the Conservative Party £17,800 for failing to report the donation of some £52,000 for the refurbishment of 11 Downing Street which was serving as Boris Johnson's residence, a controversy described in the UK MSM as Boris Johnson's Wallpapergate. Maybe the date and the decision to report some of Labour Together's donations was purely coincidental and not another example of some on the Labour Right looking for a good day to bury bad news.

The Fraud (part 2)

Book Review By David Jackson

“The Fraud: Keir Starmer, Morgan McSweeney and the Crisis of British Democracy” (Paul Holden 2025)

Part 2

This is a lengthy, significant and substantial book of almost 550 pages. It is supported by nearly 800 footnotes, which the author decided to place online. To do it proper justice, requires more than one review. The first part considered the early years of Labour Together and the rise of Morgan McSweeney, Keir Starmer’s recently departed Chief of Staff.

This review will consider how the book deals with the funding of Labour Together and its lack of transparency. This is an important story which needed to be given detailed coverage, coverage that was not provided in the other books about Starmer and his journey to Downing Street. Unfortunately, the book tells it in a convoluted and sometimes emotive manner. There are passages which seem to reflect the influence of legal advice or the exercise of a right of reply. I also sense that Holden is trying to appeal to different political audiences – the Corbynista Left, rules-based centrists and anyone who puts a premium on honesty and honour in the conduct of public life.

The lack of transparency revolves around the proper reporting of donations to the Electoral Commission (the body which regulates elections in the UK). Holden also points out that the Electoral Commission provides vital information about who funds politicians, political parties and related organisations like think-tanks. Individuals and organisations that fall under the ambit of the Commission are supposed to report (within 30 days) any donation made or received over £7,500. Details of the donation are made public via the Electoral Commission’s register which is searchable.

Between June 2017 and

September 2020, Labour Together received some £862,000 in cash and non-cash donations of which £739,000, according to Holden, were not reported in accordance with electoral law, within 30 days of receipt. During that period McSweeney was the company secretary of Labour Together until 4 April 2020 - the day that Starmer was elected as leader of the Labour Party and appointed McSweeney as his Chief of Staff.

In September 2020, the new company secretary of Labour Together self-reported its previous non-compliance to the Electoral Commission and following an investigation the Commission fined Labour Together £14,250, a fine which was paid in September 2021.

Within that sum of £862,000 given to Labour Together, 85 per cent came from two individuals. The larger sum (£585,992) came from Martin Taylor, who is briefly described as a hedge fund manager with interests in private healthcare. There is no mention of his investment activities in respect of Russia and Eastern Europe after the end of the Cold War.

The second is Trevor Chinn who contributed £175,500. Earlier on in the book, Holden describes him as a wealthy entrepreneur with a history of funding politicians on the Labour Right and then goes on for almost a page to outline his links with Israel dating back to 1973 right up to present times.

In the 2 years to June 2017, Labour Together received just £121,000 in donations, all from Martin Taylor and all duly reported. I was curious as to the £123,000 worth of donations between June 2017 and September 2020 that Holden considers were properly reported. Checking the Electoral Commission’s register, there were £123,000 of donations made between June 2017 and January 2018, with £88,000 received from Taylor and £35,000 from Chinn.

After early 2018, there is a major shift in practice when donations are not properly reported. Holden records that in late 2017, McSweeney who was now Company Secretary of Labour Together contacted the Electoral Commission. According to the Commission’s call log, McSweeney had queried whether Labour Together needed to declare donations as they were not a campaigning organisation. The Commission clarified that they still needed to declare donations in the appropriate manner.

Holden comments that McSweeney had already set out a strategy which demonstrated that Labour Together would be a campaigning organisation (against the Left and Corbyn) and contests much of what was advanced by Labour Together/McSweeney as to why they did not declare donations made between 2018 and 2020. Holden argues that Starmer benefitted from research of the views of Labour Party members in mid-2019 which enabled Starmer to frame his campaign for Leader of the Labour Party in early 2020, appealing to the Party members as a Corbyn continuity candidate.

He also points out that Labour Together received 4 donations of £147,500 - £120,000 from Taylor and £27,500 from Chinn – in January and February 2020. This was during the period of the Labour Leadership contest when Labour Together were secretly backing Starmer’s campaign while telling the public it was not supporting any particular candidate. Those donations were not reported to the Electoral Commission within the required 30 day period. And they were not reported until 10 December 2020.

As well as displaying scepticism and antipathy towards Labour Together, you can sense a degree of frustration on Holden’s part with

Continued On Page 23