

# The Socialist Correspondent

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"Today we know what **THATCHERISM** meant for our country - victory in the Cold War, victory against unbridled union power, the sale of council houses, the liberalisation of the British economy.

Yet all of this was achieved gradually, by a government that knew it had to take public opinion along with it if real and lasting change was to be made."

DAVID CAMERON 31 MARCH 2008 (see page 6)



**Discussion, debate and authors' opinions**

To encourage the broadest possible discussion and debate around the aims of exposing capitalism and promoting socialism, we hope our readers appreciate that not all the opinions expressed by individual authors are necessarily those of The Socialist Correspondent.

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# The Socialist Correspondent

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## UK General Election May 6th 2010

A leopard can't change its spots. The Tories have not said much about what they will do if they form the next government other than that we should expect savage public service cuts.

They believe that their best chance of winning is to play on people's discontent with New Labour, and especially Brown's unpopularity. They do not want to remind those who suffered under the Thatcher government. Indeed, they are continually stressing how the Tory Party has changed, has reformed, has modernised and is more caring.

But, as Martin S Gibson points out in his article, "Vote Labour to keep out the Tories", it should be remembered that David Cameron sees himself as the heir to Lady Thatcher. Cameron said on 31 March 2008, "Those who say that the modern Conservative Party is breaking with the legacy of Margaret Thatcher are wrong."

Gibson makes the case for voting Labour as the lesser of two evils in a two horse race.



## The loss of council housing

The Thatcher Tory government introduced the 'Right to buy' legislation which led to the massive loss of some 2.3 million council houses to the private sector as outlined by Pat Turnbull in her article, "The tragic history of housing in Britain".

It was the best council housing which was bought first. That was the council housing built as an outcome of the Tudor Walters Committee's report.

In 1917 the government set up a committee under Sir John Tudor Walters - the Housing (Building Construction) Committee. It was asked to 'investigate the questions of

## Commentary



building constructions in connection with the provision of dwellings, for the working classes in England, Wales and Scotland'.

It was accepted that private enterprise could not provide enough working-class houses to let. And there were fears that the returning soldiers demanding a better life would turn to revolution given the mood and activity of the working class at the time.

The rent strikes mainly organised by women during the war were still fresh in the minds of the powers that be. 'Homes fit for Heroes' became the slogan of the time

## Tudor Walters

The Tudor Walters Committee set out standards for housing. Its recommendations included generous space standards with separate rooms for different functions and higher quality construction methods.

Estates were to be laid out at low densities (12 houses per acre) and were to include open space and planting. There was to be at least 70 feet between houses to allow sunlight. The house type recommended was a self-contained two-storey cottage type.

These recommendations became part of the Addison Act in 1919 and led to the best council housing in Britain to be built in the twentieth century.

Government money, 'grant-in-aid', would be made available for municipal housing over and above the money raised locally through rates. The Addison Act required local authorities to prepare and carry out adequate housing schemes. A completely new era in the supply of working-class houses, 'council houses', was thereby ushered in. As Pat Turnbull points out that era was ended by the last Tory government



A leading member of the Tudor Walters Committee was Raymond Unwin, whose life and contri-

bution to town planning is discussed by Maurice Parker in his "Town Planning with a purpose".

## Cuba and Vietnam

Cuba's contribution to healthcare in Africa and Haiti are examined in two short but inspiring articles. As James Thomson reports there is a deafening silence from the capitalist media about this unselfish support.

It is difficult to sustain socialism especially since the defeat of the Soviet Union and other socialist countries. Bob Bruce following a recent visit asks the question: "has Vietnam gone down the capitalist road and the revolution been abandoned?".

His outline of recent Vietnamese history and the issues faced by the people since the end of the liberation war will be new for many readers starved of information by our media.



# Vote Labour to keep out the Tories

General Elections heighten a people's political awareness for a short time. Voters understand they are electing the government that will manage their country for the next five years: it's important. They further understand they should not waste their vote; that they need to make their vote matter, make it count. That's why more than at any other election, a General Election tends to squeeze out all bar the two main contenders.

## MARTIN S. GIBSON considers the prospects for the General Election on Thursday 6 May

For nearly a century now, Britain's two main contenders have been the Conservative Party and the Labour Party. In the 24 General Elections held since 1918 - when the Representation of the People Act gave suffrage to most of the adult population (men over 21, women over 30) - the Liberals (1918) have won one, the Tories 11 and Labour 12.

Despite the fact that Lib-Dem leader Nick Clegg will be given the same status as the Tory and Labour leaders in the first ever live leaders' TV debates, it is safe to say that, like the last 23 General Elections, this one will be about whether the country will have a Labour or a Tory Government.

The two main parties deliberately seek to exploit the General Election squeeze syndrome as the Scottish Labour poster - It's a two horse race - (across) highlights. In Scotland and in Wales, where the nationalists are strong, Labour want to squeeze out the Scottish National Party and Plaid Cymru by scaring every anti-Tory voter into tactically voting Labour.

Labour's Transport Secretary Lord Adonis has urged Liberal Democrat supporters to turn to 'tactical voting' and back Labour in constituencies where their own party is unlikely to win.

For those of us anti-Tories who would prefer another choice, we will be squeezed until our pips squeak as the Labour Party guilt-trips us into voting for them to keep the Tories at bay.

That unspoken guilt-trip narrative

runs something like this, "Only Labour can beat the Tories. And wouldn't we feel awful on the 7th of May, if the Tories get in with a tiny majority, and we - as many commentators are predicting most voters will do - didn't vote or wasted our vote on Nick Clegg or a Monster Raving Looney."

That's why most of us socialist-minded voters will vote Labour, to keep the Tories out. The lesser of two evils, the lesser of two thoroughly capitalist parties.



And today, when working people are being forced to pay for one of the deepest ever crises of capitalism, with the near collapse of the world capitalist financial system, it is a sad comment on the state of the British working class movement that there is no meaningful socialist alternative at this General Election.

Make no mistake, it will be the working people of Britain and the rest of the world who will be forced to pay for this crisis of capitalism in huge cuts to all

our public services and in our standards of living.

These cuts are necessary we are told so that we can pay back the eye-watering billions our government borrowed, and is still borrowing, to bail out British banks.

This world crisis of capitalism which has still some miles to run, represents the utter bankruptcy of the exploitative and dehumanising capitalist system itself. Millions have lost their jobs and their homes and their dignity as a result of this crisis of the capitalist system. It proves once more that capitalism, based on usury and wage slave exploitation of vast millions of workers, is not rotten to the core, it is rotten from the core.

For socialists and those of a socialist inclination who believe the British working class and its allies should run the country, there has never been a General Election in which we have been offered a substantial socialist alternative to capitalism.

For despite 110 years of the trades union founded Labour Party, the choice for the British working people at every General Election since 1918 has been a choice about voting for those who would exploit them the least.

In past generations, the Labour Party's rhetoric may have been socialist, but its substance, as the first Labour Prime Minister (1923), Ramsay MacDonald was to prove in 1929 and again in 1931, was about how to manage capitalism, never to put an end to it.

Since the genesis of New Labour, following Labour's 1983 General Election humiliation, even the socialist rhetoric has gone. The Labour Party is now a thoroughly capitalist party and the only saving grace that it has is that the primary organisations of the working class - the trades unions - still remain affiliated but of course marginalised.

One notable exception is the railworkers union, the RMT, whose General Secretary Bob Crow recently helped launch the Trade Unionist and Socialist Coalition (TUSC) which aims to stand candidates at this General

Election. Who knows what the long term future will hold for the RMT-sponsored TUSC. One thing is certain: their presence, and that of other "socialist" candidates, in this election will be miniscule.

May 6 will still be largely a battle between Labour and Tory.

Because Labour under Gordon Brown has trailed in the polls for almost all of Brown's tenure at No. 10 Downing St., there has been much speculation that there could be a hung Parliament similar to that of the three-day week General Election called by Tory Prime Minister Ted Heath on 28 February 1974. Labour emerged as the largest single party but they were in a minority position, of 33. That led to another General Election in October of the same year when Labour's majority was a mere three seats.

That slim majority and Lab-Lib deals was enough to let Labour hold on until Thatcher's victory in 1979.

The BBC's Poll of Polls had Labour and the Tories on 24 March 2010 virtually neck and neck: Tories were 36% and Labour 34%.

No opinion poll can be 100% correct 100% of the time and all of them come with a health warning. Polling companies generally claim that 95% of the time, a poll of 1,000 people will be accurate within a margin of error of plus or minus 3%.

This means that a figure in the poll could be up to three percentage points higher or lower than that shown.

So if the Tories were on 36% and Labour on 34% (24 March), there is a chance that the Tories could be either on 39% or 33% and Labour on 37% or 31%.

All the main parties have their own private pollsters and conduct their own private polls and focus groups' research as to what messages might play best with voters. They will know to what extent their private findings match those in the public domain.

Buoyed by the 24 March polls and knowing this was as good as it was going to get, Labour strategists decided then that they should hold the General Election on 6 May, "the worst kept secret at Westminster", as Gordon Brown put it.

One other major psephological factor that all parties will be taking seriously is the impact of a very low turnout.

In the last issue - No.7 (Winter-February 2010) - of *The Socialist Correspondent*, it was suggested there was every possibility that fewer than half the voters of Britain will vote at this

year's General Election.

The advent of New Labour had turned the British electorate off voting because both parties' platforms were near enough identical; little has happened in the intervening period to suggest much has changed.

The Tories' all important economic narrative since their autumn annual conference has been consistent and dire: immediate and huge cuts in public expenditure to reduce Britain's £170bn borrowing deficit, resulting in the loss of many thousands of public sector jobs and cuts in all public services.

Labour's narrative is to continue with measures that will help an economic recovery; postpone serious public expenditure cuts until 2011 in the hope and expectation that an economic recovery will protect jobs and boost public finances thus requiring less in the way of public spending cuts.

Essentially the choice is huge Tory cuts now or maybe not so huge cuts later under Labour. Neither party is promising any kind of a future that does not involve many many billions of pounds of cuts in public spending. That will inevitably mean big cuts in all public services. Voting Labour is the lesser of two evils.

So how will these different prospec-



tuses affect the turn out? Our Issue No.7 prediction - based on voting trends since the 1987 election turn out of 75.3% - of a record low turnout that could be below 50% is not beyond the realms of possibility.

Another major turn-off for Britain's voters was the MPs' expenses scandals. Although not attracting the same headlines and attention as a year ago, this issue is deeply embedded in ordinary people's consciousness of politicians of all stripes and statures. Never has the currency of elected representatives sunk so low and it will take a significant sense of duty or party loyalty for many voters to be bothered to leave the comfort of their own home and go to a polling booth and vote for a breed of people for whom they have lost all respect.

Some final factors of psephology to consider are, can the Tories achieve enough of a swing from Labour - circa 11% - to gain the 'magical 40%' share

of the national vote that would give them the necessary 326 seats to have a majority? So far the polls have only put the Tories on a maximum of 38% (circa 292 seats) which is not enough to command an overall majority.

However, does the national swing matter as much as the local swings that are required to win those 120 or so key marginal or 'battleground' seats that would be gained by the Tories with a swing of between 5% and 9%.

The eight national polls carried out after Brown called the election suggest a swing to the Conservatives from Labour of 5.5% since the last election. On a uniform national swing this would leave the Conservatives just over 20 seats short of an overall majority.

The swing was also 5.5% in the latest marginals' poll, which shows that in the first week of the election there has been no boost to the Tories in these battlegrounds, where their expenditure has been heaviest.

After three successive General Election defeats, Lord "I love Belize" Ashcroft, Tory party Vice Chair and the party's most infamous billionaire donor and non-dom, decided to invest his many millions in battlegrounds seats on leaflets, advertising campaigns and focus groups.

Given that Labour's greatest electoral liability has been and still is Prime Minister Brown, the powerful and personal message the Tories are hammering out in all those Ashcroft targeted marginals is, "We cannot afford another five years of Gordon Brown."

That message is also being hammered out on a national scale thus adding weight to what's being delivered in the vital marginals.

Labour's key electoral strategist - Baron Mandelson - understands only too well Labour's weakness. That's why, when he choreographed Brown's announcement of the General Election date outside No 10, Mandelson put Brown in front of his full Cabinet, conveying the image of a powerful and competent Labour team.

Cameron's electoral weakness is exactly the opposite. His liabilities are his shadow Cabinet team, especially George - Gideon - Osborne which is why at his choreographed election announcement event, Cameron was on his own surrounded by young Tory supporters.

Electoral presentation and psephological considerations aside, when the British people go to the polls on 6 May, they may decide more than who will form the next government.

New Labour's origins go back to the resignation of the late and recently departed Michael Foot following Labour's 1983 General Election humiliation. Since then as Labour leaders we have had Kinnock, the late John Smith - but very briefly, and then the three key architects of New Labour: Blair, Brown and Mandelson.

For 13 years and three successive General Elections New Labour has been electorally successful. If the polls are right and New Labour loses or there is a hung parliament with the Tories being the largest single party, David Cameron will be called to Buckingham Palace and asked to form the next minority or coalition government. If that happens, what next for New Labour?

I can do no better in trying to answer that question than to present the very same questions posed by The Socialist Correspondent in Issue No.6, Autumn 2009.

Those questions were posed in the light of Rupert Murdoch's SUN newspaper's defection from Labour to the Tories. It was a time when the polls predicted a heavy defeat for Labour whenever an election was called. Today they are still predicting Labour's defeat but the prospect of a hung parliament now hangs in the air.

It was stated in Issue No. 6,

"That's the cold calculation

behind Rupert Murdoch's decision to pull the plug after 12 years. He and his ilk, especially Britain's ruling classes, have called time on New Labour because they foresee its electoral defeat in 2010, perhaps similar to that which the party suffered in 1983 under Michael Foot.

"They also know that Blair, Brown and Mandelson have done as much as they can to empty the Labour Party of every socialist tendency it ever had, without becoming the Tories. Their New Labour job is done and it is time for them to step aside and let the first party of British capitalism, the Conservative Party, take over once again.

"This should give no-one on the side of progress in Britain any comfort. The sad reality is that if we don't have a Labour Government, even a New Labour one, we will most likely have a Conservative Government.

"But let's think the unthinkable. If the sun is about to set on New Labour in government and if those sections of the British ruling classes who used to support it have now gone back to the Tories or the Liberals, what next for the Labour Party?

"If Labour's electoral humiliation in 1983 was the genesis of New Labour, will another humiliation in

2010 lead to the genesis of another new direction. And if so, which direction? Left, right or centre?

"Is Mandelson right when he said at Brighton 2009 that Labour is 'resolutely anchored in the progressive centre of British politics.'

"Will that anchor hold fast in the storm of defeat? If New Labour is badly defeated as Murdoch anticipates, it is safe to assume that Brown will go and maybe also his fellow New Labour architect, Baron Mandelson.

"Who then will carry the banner of New Labour? And will it move further to the right to compete with the Tories? Will there be a New Labour renewal? Will New Labour become old hat? Could there be a New New Labour?

"More importantly, if the humiliation scenario does materialise, will there be any serious challenge from the left to the current New Labour dominance and orthodoxy? Will long-marginalised socialists, for example, be willing to fight for a place for socialism in the Labour Party? Or will they choose to abandon Labour altogether as a lost cause?"

More questions than answers and many of them will only be answered in the days, weeks and months that will follow on from the 6th of May.



**Conservative Party leader, David Cameron, is keen to convey the idea that the 'modern' Tory Party is very different from the one that Margaret**

**Thatcher led in the 1970s and 80s.**

**It is said that David Cameron will say anything to get himself elected as Prime Minister.**

**However, in presenting the Morgan Stanley Great Britons award to Margaret Thatcher on 31 March 2008, Mr Cameron said:**

**"Those who say that the modern Conservative Party is breaking with the legacy of Margaret Thatcher are wrong. Lady Thatcher was a moderniser, one of the great modernising prime ministers of our his-**

**tory ... She ensured that British business was manageable by restoring trade unions to the democratic control of their members, defeating the trade union leaders who were running firms from the shop floor...**

**"With Ronald Reagan she stiffened the resolve of the West to stand up to the Soviet Union and took the courageous decision to use British bases as a defensive shield against the threatened Soviet attack ...**

**"... She played a long game, literally stockpiling coal so that the country could withstand a long miners' strike. She cut back union power piece by piece, ensuring the slow death of the hard left ...**

**"Privatisation was not the centre-piece of the 1979 manifesto: it evolved gradually from the first successful experiment with selling the**

**government's share in BP. Full scale de-nationalisation followed as a response to the growing demand for market pluralism and public share ownership...**

**"Today we know what Thatcherism meant for our country - victory in the Cold War, victory against unbridled union power, the sale of council houses, the liberalisation of the British economy. Yet all of this was achieved gradually, by a government that knew it had to take public opinion along with it if real and lasting change was to be made.**

**"That change was made. Margaret Thatcher is a fitting recipient of the Morgan Stanley Great Britons award when we judge greatness as it should be judged: the scale of the legacy. She made the landscape in which we live today..."**

# Israel's Tory friends

David Cameron's campaign for the leadership of the Tory Party in 2005 was partly funded by the billionaire Poju Zabłudowicz.

## QUESTOR investigates the Tories' deep connections with Israel.

Zabłudowicz who funds the Conservative Party and the Conservative Friends of Israel is Chairman of the Britain Israel Communications and Research Centre (BICOM).

His estimated £2bn fortune derives from the Tamares Group, which has large real estate interests and casinos but originally it stemmed from Soltam, the Israeli arms manufacturer set up by his father, Shlomo Zabłudowicz.

To ensure that his donation to Cameron's campaign complied with UK election law he made the donation through his British subsidiary, Tamares Real Estate Investments.

Poju Zabłudowicz has a stake in a shopping centre in Ma'ale Adumim, a settlement which is seen as strategically crucial in ensuring Jerusalem remains in Israeli hands.

Netanyahu launched his election campaign in the settlement in 2005 and said, "Starting my campaign here is not coincidental (it is) because Jerusalem is in danger". Ma'ale Adumim lies on a hill east of Jerusalem and is considered to be an illegal settlement under international law.

In 2008 the Jerusalem Chronicle declared their 'top spots' on their second annual list of those who 'wield the greatest influence on British Jewry'. Zabłudowicz is listed at number 30.

The Chair of the Conservative Friends of Israel (CFI) is James Arbuthnot MP (NE Hampshire). Arbuthnot has been chair of the House of Commons Defence Select Committee since 2005.



James Arbuthnot MP

Funded by CFI he visited Israel in 2008 and again in 2009. He was Minister of State for



Michael Gove MP (left) receiving the Zionist Federation's Jerusalem Prize from Eric Moonman, Zionist Federation President, February 17, 2008.

Defence in John Major's government from 1995-1997. Simon Hoggart described his smile as being "like winter sunshine on a coffin lid".

The chair of the Executive Board of CFI until recently was Richard Harrington, the Tory prospective parliamentary candidate for Watford. He was appointed a Treasurer of the Tory Party in 2008 in which role he launched the Number 10 Club with Sir John Major.

When David Cameron addressed the 2009 Conservative Friends of Israel annual lunch, he said: "I would also like to thank James Arbuthnot, the Chairman of the CFI, the Chairman of the Executive Board of the Conservative Friends of Israel - Richard Harrington who has a very important day job and that is to win Watford for the Conservatives in the next election."

One of the CFI vice-chairs is John Butterfill MP, who was recently exposed by the Sunday Times Dispatches sting as very happy to lobby for money. Shailesh Vara MP (North Cambridgeshire) is one of the Tories receiving funding from CFI. He is Shadow Leader of the Commons.

Other Tory MPS in marginal constituencies receiving funding include Ed Vaizey (a member of Cameron's Notting Hill set), Brooks Newmark and Greg Hands.

Every new member of CFI receives a gift of a copy of the book 'Celsius 7/7' by Michael Gove MP (Surrey Heath), Shadow Secretary of State for

Children, Schools and Families.

The celebrated writer and historian William Dalrymple has criticised the book as a "confused epic of simplistic incomprehension". Prior to becoming an MP in 2005, Gove worked for the Times from 1995 as comment editor, news editor, Saturday editor and assistant editor.

Gove was previously chairman of Policy Exchange, a right-wing think tank. Joanne Cash, who works for Policy Exchange, is the Tory prospective parliamentary candidate for Regents's Park and Kensington North and her campaign is funded by CFI.

It is estimated that more than 80% of Tory MPs are members of Conservative Friends of Israel.

## BICOM

The Britain Israel Communications and Research Centre (BICOM) is a lobbying and political action group for Israel. The primary activity of BICOM is to provide daily and weekly media briefings on media coverage of Israel.

Until 2006 BICOM's Director was Daniel Shek. Prior to that job he was the chief spokesman and director of the press division of Israel's foreign ministry. He left BICOM to become Israel's ambassador to France. He was replaced

Bicom's annual dinner 30 December 2009.



Left to right: Hadas and Ron Prozor, Israeli ambassador; Anita Zubłudowicz, Martin Indyk and Bicom chairman, Poju Zabłudowicz

as Director of BICOM by Lorna Fitzsimons, the former Labour MP.

In 2006 BICOM agreed to lead a 3 year multi-million pound 'action plan' in collaboration with existing organisations engaged in pro-Israel advocacy, which includes the Jewish Leadership Council, the Community Security Trust and all three major political Friends of Israel groups.

Their aim is to promote Israel's image whilst also setting an agenda for the entire pro-Israel community.

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# The capitalist world in recession again

The recession that continues to beset the world is one of the most profound shocks that capitalism has experienced, yet it can be difficult to get a measure of this as much of the media plays down the bad news, plays up the good news and is devoid of any serious analysis or debate on the matter.

**HELEN CHRISTOPHER reports.**

Coverage has focused on banks and bonuses at the expense of the impact on the wider economy and the effects on ordinary people.

News of what is happening in other parts of the world and struggles against the slashing of people's living standards is just as scant.

Every effort is made to carry on as if it were business as usual to encourage consumer spending and the housing market. The mantra is "sort out the banks and all will be well", though what that has meant is prop them up at any cost, with people all across the world paying for the bail out in jobs, services and homelessness.

Much has been made of Britain's so-called climb out of recession with the economy growing 0.3% at the last recount – it was originally 0.1% – in the quarter ending December 2009. In some ways it is a measure of how bad things have been that this paltry achievement has been hailed as a turning point.

Britain, it could be argued, had a worse recession than any of the other major imperialist powers except Japan. Gross domestic product did not fall as much as Japan (8.6%), Germany (6.7%) or Italy (6.5%), but the decline lasted longer than in those countries.

In fact it was the longest of any G7 country. Britain's GDP fell by 6% from the highest point in 2008 to the lowest point in 2009. By contrast the USA's



Assistant Secretary, US Treasury, Harry Dexter White (left) and John Maynard Keynes, honorary advisor to the UK Treasury at the inaugural meeting of the International Monetary Fund's Board of Governors in Savannah, Georgia, US, March 8, 1946.

GDP fell by under 4% over the same period and its recovery started 6 months before Britain's. Of the top imperialist countries France's performance has been least worst with GDP falling by around 3.5% and recovery beginning after 4 quarters.<sup>(1)</sup>

It is worth reflecting on the fact that this contraction is the worst that the imperialist world has faced since the 1930s barring the effects of the 2nd world war, which makes it the second biggest crisis of capitalism in the imperialist era.

During the crisis manufacturing output in Britain slumped dramatically to its lowest level since 1987.<sup>(2)</sup> Manufacturing is beginning to grow again, but as with other indicators growth is weak and may be subject to reversal. A sharp drop in exports in January 2010, leading to an increased trade deficit demonstrated this fragility<sup>(3)</sup> and it happened despite the weakness of the pound, which ought to have stimulated exports.

## Foreign Direct Investment

As a further effect of the recession, foreign direct investment (FDI) inflows declined dramatically across the world during 2009.

That was to be expected, but what is interesting is how this affected different countries as the impact was very uneven. From the previous year, FDI into Britain fell by a whopping 93%, whereas China's only fell by 3% and the USA by 57%, whilst Germany and Italy actually attracted increased investment.

Despite its decline in the recession, the USA remains far and away the biggest destination for capital inflows. Britain, by contrast, is now way behind not only the USA, but China (2nd biggest destination for FDI), other major economies and emerging economies such as Russia, India, Brazil, Mexico. It is only just ahead of South Africa.<sup>(4)</sup>

During the crisis the balance of investment has shifted, with a greater percentage now going to emerging mar-

kets.<sup>(5)</sup> Whether it remains that way is another matter.

The budget deficit forecasts for 2010 show Britain in the worst position, followed by the US and Greece then France, Spain, Japan, Italy, Germany.<sup>(5)</sup> For both Britain and the US the huge budget deficits, reflecting the bank bail outs, will be a problem as governments try to balance the books again at the expense of the people of those countries. We can expect swinging cuts to public services whatever happens post the UK general election.

Unemployment and consumer debt are time-bombs which have still to hit the economy. There are particularly high levels of debt in the UK and US. In July of last year, average household debt in Britain was over 170% of disposable income up from a mere 100% in 1990 and in the US it was over 140% up from less than 90% in the same period.<sup>(7)</sup>

Though people have reduced indebtedness during the recession there will still be large amounts of debt which are not re-payable as unemployment increases. Remember it was un-payable mortgage debt that sparked the global crisis. In the last 3 months of 2009 the number of people becoming insolvent in England and Wales rose by 25% from the same quarter in the previous year.<sup>(8)</sup>

In Britain unemployment stands at 7.8%. Although the official unemployment rate fell slightly at the end of 2009, this was due to a continued growth in employment in the public sector, with job losses continuing to increase in the private sector.

The anticipated post-election onslaught on the public sector means that this dip is, therefore, unlikely to be sustained. The true scale of unemployment is further masked by temporary and short-term working and self-employment.

There are also underlying negative trends such as high levels of youth unemployment and increasing long-term unemployment. Consumer spending has also suffered from the re-imposition of the higher rate of Value Added Tax. Following the re-instatement of stamp duty the housing market has slowed again.

By so many indicators it can be seen that a) Britain was particularly badly affected by the recession and b) is struggling to emerge from it.

The varied performance of European countries also underlines tensions inherent in the European Union. Spain, Greece and Ireland have had very serious problems (not to mention aspiring

member Iceland) and the mechanisms of the EU have struggled to cope with Greece in particular.

Sovereign debt is a further lurking threat to the economic recovery, an issue which goes beyond Europe. The exposure of these difficulties has thrown into sharp relief the question of whether it is possible to grow the EU to an economic unit able to compete with the US and other economies, given the varying levels of economic development within the euro zone and political and cultural tensions.

### United States

What about the US? Despite being home to many of the financial institutions at the heart of the crisis it has not fared as badly as Britain, the world's other financial superpower.

The US economy is a lot bigger and has not descended to quite the same depths of parasitism as Britain. It has retained a higher level of manufacturing, particularly in the defence industry, which is also hugely protectionist. The



The New York Stock Exchange building in Wall Street.

US spend on defence “rivals the rest of the world’s defence costs combined”<sup>(9)</sup> and a lot of what it spends goes to US companies. There are more than 2m people in the US armed forces. The latest defence review emphasises more low level war-fighting capability than big arms spend, which is particularly concerning in terms of the military build up in Latin America.

But can the US sustain the role of world policeman against a legion of

supposed threats, the veil disguising its real interests in securing oil, resources and markets?

Just as in Britain, the “recovery” in the US needs to be treated with caution as improvements may only be temporary for a variety of reasons. Joblessness is still rising and consumer demand is weak. Debt has already been mentioned. Housing and commercial property markets are also weak and again, just as in Britain, there are public spending cuts in the offing.

15m Americans are unemployed. The economy lost 20,000 jobs in January 2010, though this compares favourably with the 700,000 lost in Jan 2009 and 2,100,000 lost in the first ¼ of that year. The household rate of unemployment sits at just below 10%. Long term unemployment is growing<sup>(10)</sup> and the average working week in the US is now 33 hours.<sup>(11)</sup>

Despite the bail out of the banks they are not out of the woods yet. Commercial bank failures are continuing to rise in the US and it is estimated that there are 702 banks with assets of \$402.8bn which are in trouble.<sup>(12)</sup>

It is clear that the economic impacts of the recession go way beyond the financial sector and have had a profound impact across the globe on manufacturing, trade, the provision of services and levels of employment. Indeed some of these trends are set to worsen and may yet pull economies backwards, especially those in parlous states like Britain’s.

While the rest of us suffer, the “geniuses” of capitalism continue to reward themselves handsomely amid the misery, mayhem and destruction that they have presided over. Wall St bonuses went up 17% last year totalling \$20.3 billion, which is their 4th highest level ever. At Goldman Sachs, Morgan Stanley and JPMorgan Chase they rose by 31%. Wall St employs 5% of workers in New York and pays 24% of wages...a city of vast inequalities<sup>(13)</sup> Whether or not the bankers think that they are worth these levels of reward in some ways is neither here nor there.

The underlying problem is that the managers of financial institutions are pretending to be in control of a system which has its own imperatives, cannot be contained and is becoming ever more dangerous to the well-being of humanity and the planet on which we live. It is the failure of the capitalism system itself that is the central issue.

### China

Another trend evident in the crisis is how well some emerging economies,



Hang Seng Bank headquarters in Hong Kong.

particularly China, have fared. China is now the third largest economy in the world and is set to overtake Japan soon to become second.<sup>(14)</sup>

In December last year China became the world's largest exporter, overtaking Germany. It now accounts for over 1/2 of the US trade deficit.<sup>(15)</sup>

China actually increased output of steel in 2009 during the recession while production fell in the rest of the world, with nearly half of world production now Chinese. But not only is China becoming a big manufacturer and exporter, it is seeking to develop its global presence by buying shares in other iron and steel companies<sup>(16)</sup>

It has pursued a similar strategy with oil where it has actively pursued acquisitions and contracts in, for example, Kazakhstan, Sudan and Iraq. It is also developing further investment and interests across Africa, Asia and Latin America and not just in oil. China is playing a part in what has been termed "the new scramble for Africa".

For tactical reasons purchases are sometimes of fairly insignificant assets which give Chinese companies a toe-hold in markets without confronting bigger interests, but they are by no means all small deals.

In the last 5 years the top 10 Chinese cross-border acquisitions in oil, totalled \$35bn, seeing the take-over of Swiss, Norwegian, Kazakh, Nigerian, Singaporean and Canadian companies or oil fields. Chinese interests also took a 99.49% share in a Russian company, a 1.6% share of Total, the French company, and a 1% share in BP. <sup>(17)</sup> Overall China's external mergers and acquisitions for all industries grew from \$9.6bn in 2005 to \$25.4bn in 2007.<sup>(18)</sup>

China clearly has global ambitions. The Chinese economy expanded 8.7% last year (about the same amount that Japan's contracted by) and is continu-

ing to grow. However other economies have risen and declined. Is China the same or different from them? It has some significant assets, such as, its huge internal market, sources of natural resources and pool of still relatively cheap labour.

The least developed economies have unsurprisingly borne the brunt of the crisis through problems such as fluctuating commodity prices, debt and cuts to aid and loans. This is dealt with in Gail Hurley's article in *The Socialist Correspondent* number 6.<sup>(19)</sup>

### Parasitic and Moribund

In conclusion, with the current crisis we have seen many trends which Lenin would have described as parasitic and moribund,<sup>(20)</sup> nevertheless it would be wrong to underestimate the dynamism and creativity of capitalism.

For nearly half of its existence imperialism was restricted in its ability to exploit much of the globe. However it got a new lease of life with the end of the former socialist world, re-opening that third of the world to exploitation and giving it the freedom to impose its neo-liberal agenda on the developing world. This was a huge gain for imperialism and the re-division and further exploitation of the world which we are now consequently witnessing is nowhere near its conclusion.

In this context, war-fighting capacity remains a central concern for imperialism in defending its strategic interests from Iraq to the Malvinas. Tensions round markets and control of resources mean that there are fault-lines developing between national interests and the potential for conflict is everywhere.

Yet the unbridled development of imperialism in the last couple of decades has led directly to one of the deepest crises it has seen. The recession is not necessarily over and recovery, such as it is, is far from secure. Many of the effects of the crisis are still to be felt in the "real" economy and by real people. Though it might not appear obvious in Britain, there is resistance to the effects of the crisis and imperialism from Greece to Venezuela.

Britain's increasingly parasitic economy is making it ever more vulnerable. Manufacturing's share of GDP fell from 21% in 1994, to 12% in 2008. Employment in manufacturing has declined by one third since 1998 and now stands at 10% of the workforce. Two fifths of manufacturing in Britain is foreign owned. By contrast the surplus in financial services tripled from £20bn in 1998 to £60bn in 2008.<sup>(21)</sup>

Capitalism will not and cannot kill off

its Frankenstein monster of a financial system and increasingly economies are reliant on the fictions that trade in derivatives create wealth and get rid of risk. There is little sign that governments are prepared to effectively legislate, regulate or attempt to roll back the use of these financial instruments which still represent a huge reservoir of threats to the stability of the world economy.

Financial systems now dominate global capitalism and are completely integral and necessary to its functioning. This is why, generally speaking, the big banks could not be allowed to fail. Non-financial services and manufacturing are affected, not just because they feel the effects of the financial crisis, but because they operate on the same terrain as the financial institutions.

Indeed big companies in services and manufacturing have themselves become financial entities. Tesco, to quote only one example, actually runs a bank and companies of all sorts trade in futures, derivatives, currencies and hedge risk.

The world which is still currently dominated by the US is one increasingly of shifting sands and instability.

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# We can't save both our planet and capitalism

If ever there was proof of the truth of Marx's and Engels' observation that, "the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie"<sup>(1)</sup>, it is the way in which governments have mis-managed their response to the effect of industrialisation upon the planet's climate.

## ALEX MITCHELL examines the outcome from the Climate Change Conference in Copenhagen.

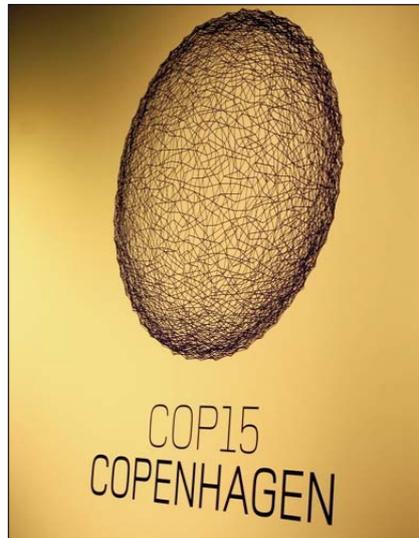
The so-called 'deal' between several industrialised and some developing countries, made in the closing stages of the Copenhagen conference on climate change, is inadequate on several counts.

First, the commitment to make "deep cuts" in the emission of greenhouse gases does not even match previous aspirations. At the G8 summit in Italy in July 2009, 12 industrialised and industrialising countries, including the USA, China and India, the European Union and the UN backed "substantial cuts by 2050" in order to prevent global warming exceeding 2°C.

Supposedly a 50 per cent cut by 2050 on the part of the world as a whole (with the industrialised countries reducing by 80 per cent) provides a 50:50 chance of holding global warming down to 2°C.

However, a 50:50 chance also implies that there is around a 25 per cent chance of reaching 3°C. Such odds are worse than those for playing Russian roulette with only three chambers empty instead of the usual five. To be sure, only one of the three bullets could kill, but why should humanity take the risk of inflicting major wounds on our planet's life support system? Yet the so-called Copenhagen Accord – and, incredibly, we still do not know which countries agreed it – sets no target at all.

In addition, the funding options pushed through by the industrialised countries at Copenhagen were dangerously self-serving. The Copenhagen Accord promises developing countries funding of up to US \$100 billion a year to help them create a low carbon economy. But in return it provided a backhand in the form of CO<sub>2</sub> off-set credits that allow companies to manage the transition to their advantage and at their own pace.



Achieving a just transition to low carbon development will not be easy for anyone. In fact we will all have to pay more for our energy so that we can abandon the use of fossil fuels. It is clear that the sooner we get on with it the better, but there is no point in trying to "build upon the deal". Copenhagen demonstrated that saving the planet and saving capitalism cannot both be achieved. Only one of them can escape this crisis unscathed!

### Runaway Global Warming

We know from the chemical analysis of ancient rainfall – trapped in the ice caps for hundreds of thousands of years – that the concentration of carbon dioxide, CO<sub>2</sub>, in the atmosphere has increased by about 35 per cent since the industrial revolution.

Scientists think that this period should have been one of gradual cooling, in line with the Earth's wobbles (which bring it slightly closer to the sun from time to time) and the sun's activity.

Instead there has been global warming of nearly 1°C. Concern among scientists led the United Nations to establish the Inter-Governmental Panel on Climate Change (IPCC) in 1988 to assess the evidence and make recommendations.

Its projections indicate that if emissions of greenhouse gases are allowed to rise at their current pace, and double from pre-industrial levels, the world would likely face a 2° to 4.5° C temperature rise by 2100, with a 3°C increase most likely.

The problem, in a nutshell, is that CO<sub>2</sub> is being released into the atmosphere faster than it can be re-absorbed by plants. In fact we are currently releasing twice the amount of CO<sub>2</sub> than the so-called 'carbon sinks', such as the forests, can cope with. So to avoid global warming accelerating we should cut the emissions by half straight away.

Had governments acted in the 1990s we would have stood a fair chance of restraining the increase in global temperature to 1.5°C, but, according to the Met Office, such a rise is now almost inevitable. The world is already on a path towards a 2°C rise and there is a risk that warming could amount to over 4°C in the next decades. Beyond such levels we face extinction.

The threat of mass extinction may seem extraordinary, but plants are sensitive to their environment. A few seasons of poor growth could eliminate plant life quite easily; we just do not know what the 'tipping point' could be. Without plants to eat we, and other animals, perish.

### Fossil fuelled lobbying

How have we got ourselves into such a mess? One factor has been the campaign run by the industrial lobbies sell-

ing oil, gas and coal.

The fossil fuels have been the prime energy source since coal replaced wood and water power early on in the industrial revolution. It was already clear by the 1980s that the fossil fuel era was at an end, but the industrial lobbies have been successful in postponing their own demise.

In fact the oil industry was probably surprised at its own achievement. They had set up the Global Climate Coalition in 1989 to counter the first IPCC report. The Coalition included Bethlehem Steel, Dow Chemical, DuPont, Kaiser Aluminium, Atlantic Richfield Coal, BHP Minerals, BP, Exxon, Mobil, Shell Oil and motor industry companies Chrysler, Ford, GM, and Goodyear Tyre and Rubber. However, as the scientific evidence mounted, the Coalition began to fall apart.

In 1997 BP broke ranks with the lobby group, re-branding as Beyond Petroleum in 2000 in an attempt to position itself for the low carbon era. Shell left the Coalition in 1998 and Texaco in 2000. At that point the writing was already on the wall but the election of George Bush as US president in 2000 meant that climate change sceptics were able to continue to fan the controversy well into the first decade of the new millennium.

The Guardian reported that an oil industry lobbyist edited the Bush administration's official policy papers on climate change to play down the link between greenhouse gas emissions and global warming (9 June 2005). George Bush only changed his mind on the causes of global warming at the end of his term. In short twenty years have been wasted.

While the role of the oil industry in promoting climate change scepticism is already well known, there has been a parallel track of political machination to permit industrialised countries to use a 'cap and trade' scheme to control emissions.

Back in the 1980s the clear favourite method for reducing greenhouse gases was a carbon tax. If CO<sub>2</sub> is a pollutant then its emission should either be banned altogether or taxed out of existence, on the 'polluter pays' principle. Even the most 'liberal' of newspapers, The Economist, has stated its preference for taxing greenhouse gases (5 December 2009). A major study by consultants McKinsey in 2009 on Pathways to a Low Carbon Economy stated that "stable long term incentives to encourage power producers and industrial companies to develop and

employ greenhouse gas efficient technologies" required "a [high] CO<sub>2</sub> price or a CO<sub>2</sub> tax" (p. 19).

But instead of taxing carbon the industrialised capitalist countries have been setting up complex emission trading schemes that are intended to allow companies sufficient flexibility to avoid denting their bottom line.

### Trading Permits to Pollute

The idea behind 'cap and trade' is that industries are licensed to emit a certain pre-assigned amount of CO<sub>2</sub> and other greenhouse gases, like methane. Therefore, if a country agrees to reduce greenhouse gas emissions by 20 percent, it issues licenses to its industries equivalent to only 80 percent of their emissions.

The companies must then reduce their existing emissions by 20 percent or buy permits from other companies to make up the difference. The European Union set up its emissions trading system in 2005. The market is used by electricity generators, steel, cement, and pulp and paper companies and oil refineries.

In future aviation will be introduced into the market. However, most of the trading, according to a Friends of the Earth report, is actually undertaken by speculators. There are 80 carbon

The methane can be burned to heat the barns. These are the same Mexican pig farms that were the source of the cross-over 'flu virus type A/H1N1 (swine 'flu) outbreak. As methane is a greenhouse gas, its capture and usage, which saves the farmers from having to buy electricity or gas to heat the pens, may be registered with the UN Clean Development Mechanism and be granted a certificate equal to the equivalent of the amount of greenhouse gas avoided. The farmers can sell their certificates, providing an extra incentive for them to invest in energy saving technology.<sup>(3)</sup>

In principle trading in pollution permits and off-set certificates encourages investment in the technology needed for a low carbon economy. But it also allows companies in the industrialised capitalist countries to continue with business as usual.

The caps on emissions will have to be brought down substantially to force industries to adopt alternative technologies if the scheme is to work. In practice governments in the EU have given out excessive numbers of permits to pollute, meaning that the cap has been too loose.

But even if the EU, and the USA, and others, were to set the cap lower, they can still help their industries by ensuring a ready supply of off-set credits from developing countries by funding energy saving measures or preserving forests. Industry will be able to buy up off-set certificates in sufficient amounts to avoid having to make more than incremental improvements.

The funding from industrialised country governments to developing countries to help them introduce mitigation measures, which can be turned into off-set certificates, is a key part of the Copenhagen deal.

In fact this is probably the real intention behind 'cap and trade'. Forcing companies to invest in expensive alternatives to fossil fuels would impact negatively upon profitability and the share price. Governments in Europe and North America are no doubt also worried that companies will shift their production to jurisdictions that are less restrictive on emissions, for instance to the countries of the former Soviet Union, China or developing countries, thus accelerating de-industrialisation.

The 'cap and trade' scheme means that both capitalists and governments can postpone the investment needed for low carbon development.

The industrialised countries will be able to pretend that CO<sub>2</sub> reductions are being achieved but this will be a mirage



investment funds managing US\$ 13 billion of investors' money. The European market is worth €67 billion with over three billion permits traded in one year (2008).<sup>(2)</sup>

There is also the option, under a United Nations scheme, to buy and sell carbon off-set credits from developing countries. For example, pig farmers in Mexico have installed extractor fans to capture the methane released by the farting swine – and our demand for meat is a sizeable contributor to global warming.

based on surplus permits or off-sets. (Indeed, a massive fraudulent market could easily arise.) There are other problems with 'cap and trade' as explained in the box on carbon pricing.

### Moving beyond the Copenhagen negotiations

Ed Miliband, the UK Secretary of State of Energy and Climate Change, gave the game away speaking on BBC Radio 4 on 20 December.<sup>(4)</sup> He stated that the main reason why "we" wanted to make "a deal" at Copenhagen, despite its limitations, was to allow for financial assistance to be made available to developing countries.

Although this sounds like a noble

gesture, it is a cornerstone of a global emission trading market. The EU already has a market in operation, while President Barack Obama is backing the establishment of an emission trading market, as is the Australian Labour Government.

But the emissions market will only help companies if there are sufficient off-set certificates for sale from developing countries. It is the reason why transnational corporations, like BASF, BP, Chevron, E.on, Fujitsu, IKEA, Rio Tinto, and Siemens, now back the process.<sup>(5)</sup>

This was the hidden agenda of the Copenhagen Conference. As Hugo Chávez and others have noted, indus-

trialised country governments have been keener to support the banks than to tackle the risk to life on earth. Our governments – captured by capital – have failed.

A popular movement for a low carbon economy must take up the challenge. The world should ban greenhouse gases (except for specified activities, such as agriculture, where emissions are unavoidable, under UN supervision).

The Labour Movement should not allow itself to be pulled down the blind alley of emissions trading and should instead promote a treaty on eliminating greenhouse gases to protect the atmosphere. It's really that simple.

### Carbon Tax and Carbon Price

When the UN member states established the Framework Convention on Climate Change at the 1992 Earth Summit in Rio to stabilise greenhouse gas concentration at "a level that will prevent dangerous human interference with the climate system", a lengthy process of negotiation was set in chain. The 1997 Kyoto Protocol to the Treaty permitted industrialised countries to meet their commitments to reduce emissions by 5 percent through "market-based mechanisms".<sup>(6)</sup>

To provide the incentive to make the transition to a low carbon economy, governments must make it too expensive to use fossil fuels. At the moment, the price for greenhouse gas emission permits trading on the market is around €15 per tonne of CO<sub>2</sub>. This is too low to force companies to switch away from fossil fuels. According to consultants at McKinsey & Co, the price needs to be at least €60 to provide a "good chance of holding global warming below the 2 degrees Celsius threshold".<sup>(7)</sup>

Unless the carbon price is high and stable (at €60 - €100 a tonne of CO<sub>2</sub>) the 'cap and trade' mechanism will not send the right price signal to industry. Speculators pushed the carbon price up to €30 in 2008, but in the recession the price dropped again. Nor have the dangers stemming from market instability been appreciated.

Speculation could easily drive the emissions trading market and the oil futures market in different directions. A rising oil price might encourage speculators to sell carbon off-set credits because they expect industry to invest more in energy saving and thus reduce industry's appetite for off-set credits.

With falling oil prices, speculators will drive up the price of carbon off-set credits because they expect less investment in energy saving and therefore fewer credits being offered on the market. A combination of a low CO<sub>2</sub> price and high oil prices means consumers are paying higher energy prices while emissions continue unabated. It will also encourage the oil companies to drill for oil in more difficult locations and exploit lower quality oil sources (from tar sands, for example), thus worsening the problem.

A straight forward way of making sure that households and companies save energy and invest in renewable sources is to tax emissions. France is introducing a carbon tax and others will follow. If a carbon tax is raised regularly over the next decade, companies will respond by switching away from fossil fuels decisively. Companies would pass on the cost of paying the tax to consumers, but pensioners and people on benefits could be compensated because the government would be raising more money overall.

### Low Carbon Development

A low carbon economy is feasible and could be put in place over twenty years. At its heart would be electricity, so that gas, petrol and coal can be phased out. Around the clock, base load, power would be generated from a new generation of safer nuclear power plants.

Peak load electricity demand would be met from wind, sea currents and solar power stations in the Sahara and Central Asia. In developing countries there is still scope for big hydro-electric schemes in the mountains, although the people living there would have to agree to be resettled. Rural electrification in Africa and Asia would allow people to move away from highly polluting wood or dung-burning stoves, also slowing deforestation.

Lighter hybrid vehicles using electricity and bio-fuels would replace petrol and diesel motors. Crop yields can be increased massively in many parts of the world – especially in Africa – through better land management, irrigation, and selecting suitable plant strains (GM is not necessary). So growing oil-seed crops need not be at the expense of food production. But all this will take state planning.

Because we use relatively cheap fossil fuels we waste energy. A higher unit price for energy (p/kWh) would encourage people to insulate their homes and companies to invest in energy-saving technology and use more durable and lighter materials.

With government subsidies for research and development new manufacturing processes would be developed that used proportionately less energy in production. So making the transition does not need to be permanently expensive for people, while governments can use the proceeds from carbon taxes to raise pensions and benefits.

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[www.copenhagencommunique.com/signatories](http://www.copenhagencommunique.com/signatories)

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# Yemen: new front in the war on terrorism

The catalyst for the recent intervention by the US in Yemen was the attempted blowing up of a US airliner on Christmas Day. Obama accused an Al Qaeda group based in Yemen of directing the operation. The Nigerian suspect is almost certain to face execution in the US.

**SIMON KORNER** investigates what lies behind US imperialism's interest in this former British colony.

Since then pressure has been growing for full-scale military action in Yemen. Democrat senator Joe Lieberman has called on the administration to "pre-emptively curb terrorism in Yemen", Carl Levin, chairman of the Senate Armed Forces Committee, has demanded the option of air and missile attacks, and Hillary Clinton has described the instability in Yemen as a 'global threat'.

The New York Times has joined in the interventionist chorus, saying that the "Christmas Day plot is a warning – we hope in time – of why it's so important to head off full chaos in Yemen."

According to the Wall Street Journal: "The Obama administration plans to increase its counterterrorism support to the government of Yemeni President Ali Abdullah Saleh from \$70 million in 2009 to roughly \$190 million this year, and the U.S. and U.K. have agreed to jointly fund a new counterterrorism police force inside Yemen." In 2006, the equivalent aid was \$4.6 million.

The Wall Street Journal continues: "The U.S. military's direct involvement in Yemen has already begun to grow.

In the weeks since the Christmas Day attack, the U.S. has increased the number of surveillance drones flying over Yemen, as well as the number of unmanned aircraft outfitted with missiles capable of striking targets on the ground... U.S. forces aren't involved in direct combat within Yemen, but special forces troops are helping Yemeni counterterror personnel plan attacks against al Qaeda in the Arabian Peninsula targets inside the country..."

The US insists all ground assaults have been "Yemeni-led", but even before Christmas, the US had carried out roughly 30 missile strikes on Al Qaeda targets in December, killing several suspected leaders. The number of US special forces now arriving in



Yemen marks a significant increase on the 200 or so stationed there, and many will remain for long tours.

Despite the Yemeni Foreign Minister's calls for internal issues to be dealt with internally, the recent London conference on Afghanistan and Yemen set up a new forum, the 'Friends of Yemen', to "support Yemeni government initiatives to strengthen their counter-terrorist capabilities, and to enhance aviation and border security."

The West and the Gulf states will oversee a clampdown on dissent and draconian spending cuts, including a 75% cut in fuel subsidies, and the

imposition of a general sales tax that will hit the poor; this after the IMF decreed that Yemen's current austerity cuts do not go far enough to address the country's projected deficit of 8-9% of GDP.

Such punitive measures are not new. When Yemen was a non-permanent member of the UN Security Council in 1990 and voted against the US military drive against Iraq, the US immediately withdrew \$70 million in foreign aid to Yemen while boosting aid to pro-American neighbours, as well as facilitating Saudi Arabian raids across the disputed border. At the same time the

Saudis expelled a million Yemeni workers.

The Americans have focused on Yemen since the attack on a warship in 2000 and the bombing of the US embassy in 2008. Obama adviser Bruce Riedel, a longstanding CIA man, believes the attempted blowing up of the Detroit airliner: "... underscores the growing ambition of al Qaeda's Yemen franchise, which has grown from a largely Yemeni agenda to become a player in the global Islamic jihad in the last year." Though US intelligence reports put Al Qaeda's numbers at only 200 in southern Yemen, the return of 2,000 veterans of Musab al-Zarqawi's anti-American Iraqi insurgency has strengthened it, and there is concern that Al Qaeda's recent statement of support for the secessionist rebellion in the south may boost the Southern Movement and help expand its own base.

#### Yemeni politics

Over the past year, the southern rebellion has grown into a broad nationalist campaign, due in part to the leadership of Tariq al-Fadhli, an ex-jihadist leader who fought the Soviet Union in Afghanistan, a former ally of President Saleh.

A central leading body – the Council for the Leadership of the Peaceful Revolution of the South – has been formed, consisting mostly of Yemeni Socialist Party MP's (the ex-ruling party of the People's Democratic Republic of Yemen, now a social-democratic party), and ex-army officers.

So far, the Southern Movement has denied any links with Al Qaeda, perhaps because it has little need, having a genuinely popular base, but the US fears the co-ordinating powers of Al Qaeda, particularly with its links to the Al Shabaab Islamists now asserting control of southern Somalia.

Al Shabaab has announced it is sending fighters to southern Yemen, while last year saw a record number of attacks by Somali pirates, with a dramatic increase in the past three months, a likely indication of co-ordinated action. There has been a recent call by Al Qaeda for joint action to close the vital sea-lanes in the Red Sea.

Meanwhile, there is also instability in the north of Yemen, where a Shi'ite tribal rebellion in the Houthi region is being put down using Saudi arms and direct Saudi intervention, backed by the US. Both the Yemeni and Saudi governments have accused Iran and the Iraqi Shi'ite leader Muqtada al-Sadr of arming the rebellion.

The revolt has been further fuelled by the Yemeni military's brutal methods, which have resulted in thousands of civilian casualties, the displacement of at least 130,000 people and indiscriminate detention without trial. Shias make up about half the Yemeni population.

Giving an overview, dissident US author F. William Engdahl says: "The picture that emerges is one of a desperate US-backed dictator, Yemen's President Saleh, increasingly losing control after two decades as despotic ruler of the unified Yemen.

Economic conditions in the country took a drastic downward slide in 2008 when world oil prices collapsed. Some 70% of the state revenues derive from Yemen's oil sales. The central government of Saleh sits in former North Yemen in Sana'a, while the oil is in former South Yemen. Yet Saleh controls the oil revenue flows." Lack of oil revenue has limited Saleh's ability to buy off opposition groups.

**The size of Yemen's oil reserves is a matter of dispute - Engdahl believes it may be sitting on some of the biggest oil reserves in the world and points to Total's investment in developing Yemeni oil production as an indicator.**

The right wing Center for a New American Security (CNAS) paints a similar picture of Yemen's instability: "Facing an active insurgency in the north, a separatist movement in the south, and a domestic al-Qaeda presence, Yemen rests today on the knife's edge."

The CNAS's main worries are the knock-on effect of a radicalised Yemen on Saudi Arabia, and the danger to Suez oil ships: "The consequences of instability in Yemen reach far beyond this troubled land, and pose serious challenges to vital US interests... A destabilised Arabian Peninsula would shatter regional security, disrupt trade routes and obstruct access to fossil

fuels... Yemen itself has limited oil reserves, but is strategically positioned adjacent to the vital sea lanes from the Middle East to Europe via the Suez Canal."

#### Oil and trade routes

The size of Yemen's oil reserves is a matter of dispute – Engdahl believes it may be sitting on some of the biggest oil reserves in the world and points to Total's investment in developing Yemeni oil production as an indicator.

It is the trade routes that are most immediately pressing to the US. The Bab el-Mandab seaway between Yemen, Djibouti and Eritrea connects the Red Sea with the Gulf of Aden and the Arabian Sea.

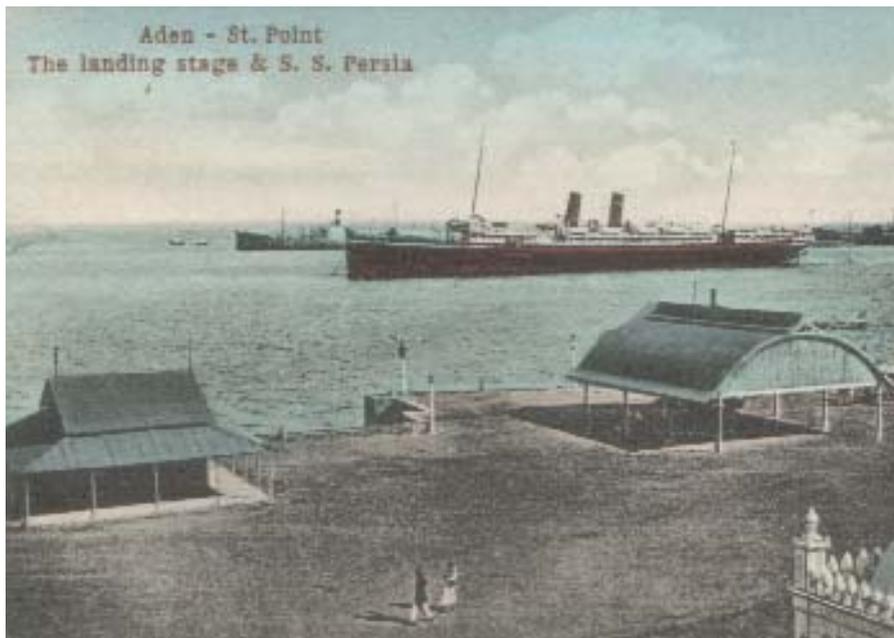
According to the US Government Energy Information Agency: "closure of the Bab el-Mandab could keep tankers from the Persian Gulf from reaching the Suez Canal/Sumed pipeline complex, diverting them around the southern tip of Africa. The Strait of Bab el-Mandab is a choke point between the horn of Africa and the Middle East, and a strategic link between the Mediterranean Sea and Indian Ocean."

Engdahl makes this analysis: "An excuse for a US or NATO militarisation of the waters around Bab el-Mandab would give Washington another major link in its pursuit of control of the seven most critical oil choke points around the world, a major part of any future US strategy aimed at denying oil flows to China, the EU or any region or country that opposes US policy. Given that significant flows of Saudi oil pass through Bab el-Mandab, a US military control there would serve to deter the Saudi Kingdom from becoming serious about transacting future oil sales with China or others no longer in dollars, as was recently reported by UK Independent journalist Robert Fisk. It would also be in a position to threaten China's oil transport from Port Sudan on the Red Sea just north of Bab el-Mandab, a major lifeline in China's national energy needs."

#### History

Yemen's strategic position, with its port of Aden, has exposed it to foreign domination for hundreds of years. The British took Aden in 1839, ruling it as part of British India – Aden's culture even into the 1950s was predominantly Indian rather than Arab as result.

Britain was ousted from the southern region in 1967 by an armed uprising, while a bloody civil war raged in the north between Saudi-backed royalists,



Circa 1910: a postcard of the day depicts the strategically important port of Aden and the Steam Ship Persia. Aden was under British colonial rule from 1839 to 1967.

who'd ruled since the end of Ottoman rule in 1918, and an Egyptian-backed army coup. Of the two rival nationalist groups in the south, it was the more leftwing National Liberation Front (NLF) that emerged the stronger, partly because Egypt's defeat by Israel in the 1967 war discredited Nasser's model of nationalism. After independence on November 30, 1967, ties were strengthened with the USSR, Eastern Europe and China.

The new state redistributed privately owned land to co-operative farms, under the authority of a peasant militia. The means of production were nationalised and central planning introduced, including retail.

In 1970 southern Yemen was renamed the People's Republic of Yemen (PDRY) and all political parties were then amalgamated into a communist party, which became the Yemeni Socialist Party (YSP) in 1978. Alongside the militia, other mass organisations of workers, youth, women and peasants covered most parts of the country.

A Family Law, brought in to a chorus of protests by conservatives, began to transform women's lives, making Yemen's constitution the most feminist in the Arab world. Islam was marginalised, and religious endowments nationalised; the state paid the clerics' salaries and controlled any foreign funding of the mosques. A mass literacy campaign was begun.

The faction fighting that beset the PDRY was due in part to colonial pres-

ures. The state was surrounded by reactionary feudal regimes, whose influence led to splits within the Party over how to relate to these countries.

For instance, Abd al-Fattah Ismail, the Party's leftwing ideologue, took an uncompromising stance against North Yemen and the oil-rich neighbours Saudi Arabia and Oman, as well as promoting clearly socialist economic policies.

This line was challenged by prime minister Ali Nasir Muhammed, who forced Abd al-Fattah Ismail into exile and brought in a mixed economy, limited nationalisation and rapprochement with neighbouring states.

In spite of the instability within the party, the PDRY managed to produce half its food needs out of a mainly desert territory, eliminate unemployment, and provide free education. As with other populations that have experienced socialism, there is still significant support in southern Yemen for the gains made.

With the defeat of the Soviet Union in the Cold War, unity was forced through, and nationalised land in the south was returned to private hands. Women's rights were removed and sharia became the basis of law-making.

**A Family Law made Yemen's constitution the most feminist in the Arab world.**

A civil war in 1994 ended in defeat for the southern secessionists, with returning Yemeni mujahedeen from the Afghan war enlisted by President Saleh to defeat the 'socialist' south. The regime is now fighting these very same forces, the jihadists and tribal leaders.

### Poverty

Yemen is the 153rd poorest country in the world out of 192 nations. The Yemeni prime minister, in his keynote speech at the London conference, said that more than three million children in Yemen are not receiving education, and that half of the population is not receiving basic services like electricity, which only covers 42 per cent of the country, and water, only 26 per cent. 32 per cent of families in Yemen suffer from malnutrition and unemployment is at over 40 per cent.

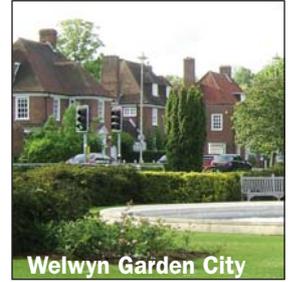
These figures are even worse for the million Yemenis expelled from Saudi Arabia. The recent doubling of the price of grain has pushed the country into a food crisis, and the government has pleaded for its foreign debt to be halved and for \$50 billion of aid over the next ten years.

This is the context for the upsurge of anti-colonial feeling in Yemen – expressed in a warning earlier this year by a group of prominent Muslim clerics, led by Sheik Abdul-Majid al-Zendani, that they will call for jihad if US troops occupy the country. Zendani, who has a large following in Yemen and is courted by the Yemeni government, told a news conference: "If any foreign country insists on aggression and the invasion of the country or interference, in a military or security way, Muslim sons are duty bound to carry out jihad and fight the aggressors... We reject any military occupation of our country and we do not accept the return of colonialism."

The BBC correspondent in Yemen has sounded a note of caution over current US strategy: "The government is corrupt and unpopular, so backing it to fight al-Qaeda is risky, while the use of US missiles and drones to kill al-Qaeda leaders is very sensitive. An overt US military presence is politically impossible, as Yemen is a conservative tribal society where hostility to the US runs deep."

But Conservative MP Mark Pritchard of the Parliamentary Yemen Group has urged Gordon Brown to take action to "shore up its struggling government". With broad western support for the re-imposition of colonial rule on Yemen, there are few signs that a bloodbath will be avoided.

# Town planning with a purpose



Welwyn Garden City

Planning for the future is an important strand of socialist thinking. It is usually taken as economic planning that could end the chaos of the market, redistributing wealth from the rich to the poor.

## MAURICE PARKER looks at town planning today and the 'Garden Cities' legacy of Ebenezer Howard and Raymond Unwin.

There is another kind, originally called town and country planning, concerned with how economic and social activity arranges itself on the ground. Its origins lie in the uncontrolled growth of industrial cities during the 19th century, creating great poverty in the midst of plenty.

Today's planning profession is mainly concerned with sustainable development, improved design, place-making, and regional integration of development policy. Much effort is being made to combat climate change, and to reduce the nation's carbon footprint. Some think that this urgent need has largely replaced the earlier preoccupation with improving the housing, employment, transport and social support of working class people.

### Post-War Practice

Great changes took place in the late 1950's and early 1960's. Large tracts of unfit housing in our big towns and cities were demolished, and a new generation of council flats and houses replaced them.

This had been tried before. From the 1920s the government promoted Arts and Crafts-style council estates as the "homes fit for heroes" promised after the trauma of the trenches in the First World War.

But this was different. Tower blocks of flats and walk-up maisonettes sprang up everywhere. Industrialised building was a new element, as governments went into partnership with the big construction companies. The architectural inspiration was the modern movement, especially the social designs of Le Corbusier.

Something similar was happening in the socialist countries of Eastern

Europe, where residential apartment blocks were provided with local shops, schools, laundries, pharmacies, crèches and so on.

In Britain, old housing was in a terrible state, especially near city centres where some streets had suffered war damage. There were parallels with Engels' descriptions of urban squalor, which he took not just from official reports of the day, but from his own personal knowledge.<sup>(1)</sup> People were poor, and slum clearance seemed beneficial.

But the planning profession was in a weak position. Few practitioners were trained as such. "The planners" were often borrowed from related professions. The Medical Officer of Health would declare houses unfit for human habitation, triggering redevelopment. In the big cities the Chief Planning Officer although formally independent, might still have to battle with the City Architect or Engineer. Elsewhere, the council's planning officer might have even less clout.

### Theories

Some thought had already been given to the planning, design and layout of towns and cities. The origins lay in Ebenezer Howard's concept of Garden Cities.<sup>(2)</sup> These would be a self-sustaining alternative not only to the uncontrolled growth, poverty and exploitation of the 19th century industrial cities, but also to the increasing isolation, depopulation and backwardness of the rural hinterlands.

Working class people would be the main beneficiaries of a new way of living, called "town-country". Small farmers within the town would provide local food.

His ideas chimed with the need identified by Marx and Engels<sup>(3)</sup> in *The Communist Manifesto*, whose revolutionary programme included:

"9. Combination of agriculture with manufacturing industries; gradual abolition of distinction between town and country, by a more equitable distribution of the population over the country."

After tentative experiments begun at Letchworth (1903) and Welwyn Garden City (1919), persistent lobbying by supporters resulted in the New Towns Act of 1946. From Stevenage (1946) to Milton Keynes (1967), three waves of new towns of increasingly large size were built around the largest conurbations.

They provided a test bed for ideas about design, layout, social organisation, and self-sufficient finance. Similar initiatives took place in other developed countries, both socialist and capitalist.

Some were better than others, and the results controversial. However, most were economically successful; even today many still have technically advanced manufacturing, contrasting with industrial decline in the cities. Thousands of working families were provided with a better life than they had before.

The Tories did away with the New Towns programme in the 1980s. It was too much like state planning.

### Garden Cities Realised?

Some consider that the garden cities as built were too suburban and failed to realise Howard's vision. Raymond Unwin and Barry Parker, architects for Letchworth and Hampstead Garden Suburb, "lacked Howard's confidence in industrialisation, harking back to a pre-industrial world, and idealising the traditional English village."<sup>(4)</sup>

The strength of Howard's vision lies in his rejection of uncontrolled migration from the countryside to the city, and the resultant human degradation. He intended to return the enhanced land value of Garden City ("betterment") to its tenants, initially in the form of a reasonable rate-rent. After

paying off a sinking fund for building the town, rate-rent would provide old age pensions for tenants. This challenged the market in property and land.

The New Towns did not retain the betterment as Howard intended. Nor were their profits retained to create a self-governing local welfare state; they went to the Exchequer.<sup>(4)</sup>

Today, Howard's supporters say that his notion of self-sufficient cities surrounded by open countryside, linked by properly planned rail and bus routes, needs to be rediscovered and applied to the 21st century world. They offer the best vision of sustainable development to date.<sup>(5)</sup> This is hard to dispute.

### Opportunism and Retreat

Unfortunately, thinking at this level has escaped most local authority planning departments, despite today's profession being better trained. Governments have manoeuvred them into co-operation with private developers to develop sites to timetable on a joint project basis, to meet market conditions.

If securing the long term interests of working class people is the yardstick of success, then town planning has a long way to go. Council housing has been scrapped. Housing Association rents are too dear for those on the minimum wage. Home ownership is too dear for those on an ordinary wage. Too few houses are being built. Regional employment distribution by the state was scrapped in the 1980's.

And Finally...

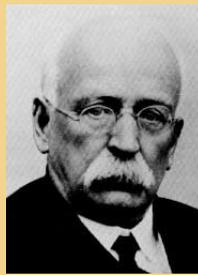
"The birth of modern town-planning did not coincide with the technical and economic movements which created and transformed the industrial town; it emerged later, when these changes began to be felt to their full extent and when they began to conflict, making some kind of corrective intervention inevitable.

"Even today town-planning technique inevitably lags behind the events it is supposedly controlling, and it retains a strictly remedial character. It is therefore important to examine the first attempts at town-planning that were applied to an industrial society in order to discover the reasons for the original time lag."<sup>(6)</sup>

The planning system's subordination to business interests through the market might help account for this time lag. Perhaps this should be ended if poverty and homelessness are to be consigned to the past.

#### FOOTNOTES:

1.F.Engels (1892): Condition of the Working



**EBENEZER HOWARD** was born in the City of London in 1850 to middle class parents in trade.

His early childhood was spent in small country towns in the south of England.

He left school at 15 and became a clerk in the City. At 21 he emigrated to America, where he failed as a pioneer farmer in Nebraska, but succeeded as a shorthand writer in Chicago where he lived from 1872 to 1876. The city had been known as the "Garden City" but lost that character in

the rebuilding after the great fire of 1871.

Howard returned to London during the social and intellectual turmoil of the 1870s and 1880s. John Ruskin and William Morris were advocating a new movement in architecture and design. Ruskin seems to have foreseen the Garden City movement with his descriptions of an improved environment, and the integration of town and country.

Morris wrote and lectured, promoting "decency of surroundings", including "ample space, well-built clean healthy housing, abundant garden space, preservation of natural landscape", and freedom from pollution and litter.

Peter Kropotkin, the Russian émigré anarchist, promoted industrial villages based on electric power.

Agriculture was in deep structural crisis following poor harvests combined with competition from the Americas and Australia. Between 1879 and 1900, cereal acreage in England and Wales fell by 25%. Farm rents had declined by up to 50%. In 1902, up to 20% of farms in Hertfordshire were unoccupied.

The recent Land War in Ireland influenced thinking in London. The English Land Restoration League was formed in 1883, and proposed taking all ground rent for public purposes. Land tax was being vigorously pursued in working class organisations. All wanted a new social order.

In his spare time Howard was fully immersed in these debates, which he pursued with vigour. When possessed of an idea, he would take it relentlessly to a conclusion. FJ Osborn, his supporter and lobbyist for new towns, commented: "Howard was not a political theorist, not a dreamer but an inventor."

Howard joined a freethinking debating society, and became acquainted with George Bernard Shaw and Sidney Webb. He read widely, ranging from William Blake to Herbert Spencer, from newspaper reports and Royal Commission evidence to Fabian Essays, attracted by anything that would refine his dissenting instincts.

His job as a parliamentary reporter exposed him to related debates at Westminster. He became aware of how difficult Parliament found it to find solutions to problems of housing and labour. All parties, no matter what their political, social or religious beliefs, were equally concerned about one issue: the endless migration from country districts to the overcrowded cities.

Howard sought his own solutions. He read Thomas Spence's pamphlet, who in 1775 had advocated the common ownership of land. H.M. Hyndman republished it in 1882. Every parish would become a corporation, taking collective land rights back from the landlords who had usurped them. A board of directors elected by and from the shareholders would collect the rents and use them for public purposes: building roads, houses, repairs etc with the surplus being spent on poor relief and schools, libraries and so on.

To acquire the land he supported John Stuart Mill's idea for re-colonising the land with a planned mixture of town and country. Edward Bellamy's book "Looking Backward" was a big influence, with its notion of a "socialist community" owning all the land, both agricultural and urban. Finally he settled for the industrial villages of Kropotkin, which offered progress independently of the state.

The writings of Karl Marx, however, seem to have escaped him.

Finally he drew on the notion of planned cities. In the 1830's Colonel William Light's plan for Adelaide, Australia, put forward a green belt limiting the city at a certain size. James Silk Buckingham's plan for a model town (1849) proposed a central place, radial avenues, peripheral industries, surrounding green belt, and the notion of starting a new settlement once the first was full.

William Lever's Port Sunlight near Liverpool and George Cadbury's Bourneville outside Birmingham provided examples, making a start on decentralisation of the city.

Class in England in 1844.

2.E. Howard (1898): *Tomorrow: A Peaceful Path to Real Reform*, facsimile republished 2003 with commentary

3.K. Marx and F.Engels (1848): *Manifesto of the Communist Party*  
4.P.Hall and C.Ward (1998): *Sociable Cities: The Legacy of Ebenezer Howard*.

5.A.Fyson (1998): *Planning (Journal)* 16.10.98.

6.L. Benevolo (1967): *The Origins of Modern Town Planning*.

7.S. Rowbotham (2008): *Edward Carpenter: A Life of Liberty and Love*.

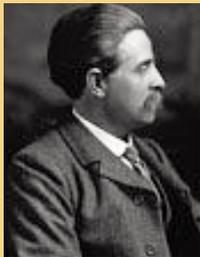
For useful background see also:

Wikipedia entries for Ebenezer Howard and Garden City Movement.

[www.letchworthgardencity.net](http://www.letchworthgardencity.net)

[www.whistonweb.co.uk](http://www.whistonweb.co.uk) for Raymond Unwin

Wikipedia entry for Socialist League



**RAYMOND UNWIN** (1863-1940) was born in Whiston, Rotherham. His father had inherited a tannery nearby.

To his father's disappointment he chose a life of social activism, rather than the Church. He was inspired by the ideals of John Ruskin and William Morris, and became friendly with Edward Carpenter, a wealthy man from

the south who founded a socialist community at Millthorpe just outside Sheffield in 1878. Carpenter was a thinker, writer, speaker, and agitator for many causes from socialism, democracy, women's suffrage, and prison reform to vegetarianism and free love.

Unwin declined a scholarship at Magdalen College in 1881 and became an engineering apprentice at Staveley Iron and Coal Company, Chesterfield. He spent much time at Millthorpe. William Morris recruited both Unwin and Carpenter into the Socialist League around 1885. Carpenter described Unwin as "a young man of cultured antecedents, of first rate ability and good sense, healthy, democratic, vegetarian."

For two years from 1885 he worked as an engineering draughtsman in Manchester, where he became Branch Secretary of the Socialist League. He threw himself into political agitation, speaking on street corners and making friends with John Bruce Glasier, who stimulated his interest in architecture. Glasier was also a League member until he joined the Independent Labour Party in 1893.

Writing for *Commonweal*, the League's Journal, Unwin said that no small community could be socialistic when surrounded by capitalist competition. Alternative co-operative values could be fostered though by a range of social experiments, and by "living in spite of conditions".

In 1887 he returned to Staveley Iron as an engineer, working on the development of mining townships, and joined the Sheffield Socialist Society. The SSS did not form part of the Socialist League because of the latter's anti-parliamentary stance.

He and Carpenter discussed focussing on specific projects whilst agitating for wider change, as by 1887 doubts about "immanent revolution" had already set in. Carpenter thought that small things might do some good while they lasted in case the "large change" were to fail.<sup>(7)</sup>

In 1896 he went into practice with his half cousin from Chesterfield, Barry Parker, having recently married the latter's sister Ethel. Their son Edward was named after

Early in 1892 Howard started talking about his ideas to the more progressive groups, and then more widely.

A Co-operative Land Society was formed with prominent representation on its committee from the Land Nationalisation Society, with which he broadly agreed. Funds would be raised by appealing to the rich.

None of his ideas were original, but he claimed his Garden City was based on "a unique combination of proposals."

His hope was that his ideal community would appropriate the land values it created by its own efforts, nationalising land by slow degrees without upsetting the bourgeoisie.

Carpenter, who was also his godfather. Parker and Unwin planned New Earswick Model Village near York for the Joseph Rowntree Village Trust, before designing the first garden city at Letchworth, followed by Hampstead Garden Suburb in 1907.

According to Rowbotham (2008) Letchworth was packed with "deeper and broader" alternative lifers – socialists, anarchists, Theosophists, vegetarians, whose books on



the shelf included Morris, Carpenter, Tolstoy, Japanese religion and so on.

Unwin later became a high-flying town planner, organising the Town Planning Conference for the Royal Institute of British Architects (1910), lecturing in

Town Planning for the University of Birmingham (from 1911), and becoming Chief Town Planning Inspector for the Local Government Board (1914), when his partnership with Parker ended.

He designed towns near munitions factories like at Gretna Green (1914-18), and became Chief Architect for the Ministry of Health.

Perhaps his most important contribution was to the Tudor Walters Report drawn up by the Committee on Housing (1918), and to the Ministry of Health's Housing Manual (1918). He retired from the civil service in 1928.

He was President of the RIBA (1931-33) and was given their Gold Medal (1937). He received many honorary degrees from European universities, and from Harvard. He was made visiting professor in Town Planning at Columbia University. His book "Town Planning in Practice" (1909) has become a classic, being translated into French, German and Russian.

His achievement in the improvement of working class housing in a simple vernacular style is enormous. The speed with which the state took up the services of this radical socialist is remarkable.

Raymond and Ethel Unwin were present at Carpenter's funeral in 1929. Among the two hundred mourners were representatives from trades councils, trade unions, Labour Party, ILP, Women's Co-operative Guild, and various left-wingers: "no-one of importance," according to one wry comment.

# The tragic history of housing in Britain

Successive British governments, running the country on behalf of the capitalist class, have aimed to spend as little as possible on working class homes, making money out of them wherever possible, while at the same time deceiving people about what they are doing, and dividing them to make it harder for them to fight for better housing.

**PAT TURNBULL investigates Britain's housing crisis and argues that it does not have to be like that.**

The state stood back from the working class housing problem until 1919, the aftermath of the 1917 October Revolution in Russia, and a period of considerable unrest in Britain.

Before 1919 in Greater London – to take an example – fewer than 1000 dwellings a year were being built. In 1919, 80 per cent of households rented from private landlords.

The 1919 Housing and Town Planning Act introduced government subsidies for council house building. By 1939 councils had built a million homes, still only ten per cent of the total stock.

During this period, depending on the relative strength of the capitalists and the workers, there had been withdrawals and reinstatements of the subsidy by different governments.

From 1933 to 1939, 66,000 units a year were also built for private rental. In 1957 about one-third of all households were renting homes from private landlords. The condition of these homes was often very poor. The 1965 Labour government Rent Act regulated tenancies and set up a system for setting 'fair rents' (which were still not necessarily fair). This system remained until the Conservative government's 1988 Housing Act deregulated new lettings.

The post Second World War decades were the high point of council house building. It reached a figure of 103,000 units in 1974. Even so, just six years earlier in 1968, in his book 'Heartbreak Housing', Frank Allaun MP was able to make a convincing case for a minimum programme of 500,000 flats and houses a year.

But today, 103,000 units looks utopi-



an. We look back nostalgically to the days when, in the words of a Daily Telegraph book review, 'capitalism wanted to show it could look after people better than Communism could' (Tom Payne, 6 February 2010). By 1996 the figure for council house building had gone down to 813. Housing association building was 32,500.

## The 'Right to Buy' bribe

The 1980s, that decade of sustained attack on the working class in Britain and the world, saw the British working class succumb to a huge bribe to 'buy into' property-owning capitalism.

The 1980 Housing Act gave the right to buy to council tenants, with generous subsidies to tempt them. By 1986 the maximum discount on houses was 60 per cent after 30 years' tenancy, and on flats 70 per cent after 15 years.

Council tenants were also given the right to get a mortgage from the local authority. Between 1979 and 1997 about 2.3 million public sector dwellings were sold to tenants. Council housing fell from just over one-third of housing stock in 1979 to little more than one-fifth in 1991.

From 1979 to 1997 council house sales generated almost £27 billion. But this did not go on building to replace the properties sold. Instead, it went to reduce the public sector borrowing requirement.

This mass sale has led to a huge reduction in the available council properties. When sitting tenant purchasers moved in the mid-nineties, figures showed that half the former council houses which were resold were bought by existing home-owners. By 1991 the loss of relets was well in excess of the new building in the public sector.

At the Barbican in London, 2000 council flats were built in the 1960s, on the site of houses destroyed by bombs in the Second World War. Now these are 98% privately owned. In 2008 flats sold for between £250,000 and £1 million. The 36 houses were worth several million each.

## Life as a Homeowner

Home ownership (one-third of housing stock in 1951) grew from 55 per cent in 1979 to 68 per cent of all households in 1991, mainly boosted by these council house sales. But what is a 'home owner' and what are the advantages of being one?

In Britain, unlike some other countries, mortgages are usually variable-rate products, whose monthly cost can rise and fall as interest rates vary. In these times of job insecurity and high rates of part-time working, the threat of losing your home is real. Between 1990 and 1996 over 345,000 households (more than a million individuals) had their homes repossessed.

A 'home-owner' has the responsibility for the upkeep of the house, a hard task if you are in a poorly paid job or a pensioner.

People saw their homes as something to pass on to their children. To date 48,000 pensioners have been forced to sell their homes to pay for their residential care, according to Joan Bakewell, government-appointed Voice of Older People (Daily Telegraph, 15.2.10).

Hence the advantage of council housing, with a secure tenancy and a reasonable rent, and the possibility of

keeping it reasonable by putting pressure on the elected council. But the dissolution of council housing stock did not end with selling off most of the best properties to council tenants.

The 1987 White Paper added a new feature. The long-term objective was now for local authorities to cease to be landlords, transferring stock to housing associations and so-called local housing companies. Mass transfers began in the 1990s. By 1997 a quarter of a million dwellings had been transferred.

Most of these former council tenants found themselves now tenants of one of hundreds of housing associations.

### Housing Associations

The 1964 Housing Act created the Housing Corporation. The corporation would lend housing associations two-thirds of costs to provide cost rent housing, with the balance being obtained from building societies.

But not much building ensued. In 1974 housing associations' share of the national housing stock was less than one per cent; by 1996 it had risen, but still only to four per cent.

When the Conservative government, in the 1980s, adopted the policy of dispersing council housing and proclaiming housing associations as the new providers of rented housing for the working class, generous subsidies were provided via the Housing Corporation.

Hidden in the small print was the intention of gradually cutting back subsidies and increasing the rents up to market value. By 1998/9 the rate of Housing Corporation grant had been cut to 54% in the teeth of furious opposition from the housing associations.

The gradual withdrawal of government subsidy via first the Housing Corporation and now its replacement, the Homes and Communities Agency (with its sidekick, the Tenant Services Authority, to handle relations with tenants) leaves housing associations relying on rents for almost their only source of income.

Government set formulae (2009 formula: Retail Price Index of 5% + 0.5% + up to £2 a week) allow rents to rise considerably in absolute terms year on year, inching ever closer to 'market' rents.

To talk figures: a 3-bedroom house in one of the London Borough of Hackney's housing associations has a rent of £110 per week (still high, by the way, compared to pensions, unemployment benefit and many wages). A nearby two bedroom flat at a market rent is going for £350 per week. A four-bedroom house has a market rent

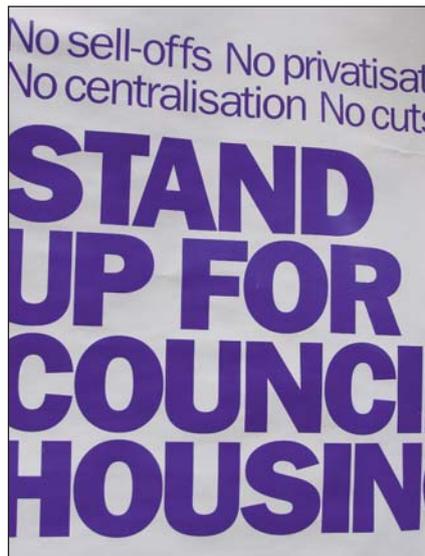
of £480 per week.

The breezy approach that rents should pay for services overlooks various features; for example, one housing association gets 85% of its income from rents, but its second highest item of expenditure, after management costs and before maintenance costs, is interest payable, at 27% of total expenditure.

### Housing Benefit

General government subsidy has been replaced by housing benefit attached to individual tenants, whether council, housing association or private tenants.

In 1972 less than ten per cent of council tenants received rent rebates. In 1982 housing benefit was introduced. The shortage of 'social rented' homes, increasing job insecurity and part-time working, the driving down of wages and the raising of rents has led to the situation where, by 1997, 67 per cent of council tenants relied on housing benefit to help them pay their rent.



From April 1990 provision for rent rebates was subsumed within the new housing revenue account subsidy, which meant those paying rent were subsidising those on housing benefit.

The government has attempted to cover up the shortcomings of its policies by using the term 'affordable housing' to cover housing which is far from affordable to most people.

Up to 30% of household net income is assumed to be affordable. 'Shared ownership', part mortgage, part rental, schemes are included in this category. An example in a housing association's 2008 brochure indicates a cost of £1,200 a month. 'Intermediate rent' also comes into the 'affordable' category; I have seen this described in one

place as the average housing association rent plus £25 a week, and elsewhere as 80 per cent of market rent.

There has been much debate about the existence of housing estates where most people do not work. Instead of looking at the real reasons for this and drawing the correct conclusion that more homes for reasonable rents need to be built, the government is pursuing a policy of creating 'mixed tenure' estates – in reality, estates where working class people cannot afford to live in most of the homes.

Take Kidbrooke Estate in London. 1900 council flats are to be demolished. Of 4000 new homes to be built, only 37% (1,480) come into the government's 'affordable' category; of these only 740 are to be socially rented. From 1900 down to 740 – some redevelopment!

The Labour government has told housing associations to use the high price of housing to build and sell houses for profit, in order to 'cross-subsidise' the homes on 'social rents'. But there is a striking contrast between this theory and actual practice – particularly now.

This is the complacent Executive Summary to the government's Housing Green Paper of 2007, "Since 1997, housing has improved for many people. Homeowners have seen the value of their properties increase. Social tenants have seen massive improvements in the quality of their homes. And concerted action has slashed homelessness and directly helped 77,000 households to buy their first homes.

"All of this has been achieved in a climate of economic growth and stability far removed from the boom and bust of previous decades. Low inflation and low interest rates have led to over one million more home owners over the last ten years."

### Today's Housing Crisis

And this is today's reality. In August 2008, in newsletter 'Onboard', Tom Dacey, Southern Housing Group Chief Executive, chair of the G15 group of major, London-based housing associations, was writing: 'Now the credit crunch has also arrived on the scene, with its triple whammy for affordable housing – a lack of capital liquidity to fund new schemes, a collapse in the financial viability of house-builders, and an acute lack of mortgage finance for those buying new homes.'

On 11.1.10 the Daily Telegraph wrote, quoting research by Shelter: 'An estimated one million families have used credit cards to pay their mortgage

# The tragic history of housing in Britain

Continued from previous page

or rent during the past year' – the only way they could afford to pay for their homes. The mortgage payers could face homelessness in 2010 as defaulting on credit card repayments can lead to their homes being repossessed.

On 12.2.10 the same paper reported: '...statistics showed that there were 46,000 repossessions last year, the highest number since 1995'.

'Council Housing: Time to Invest' the 2009 report of the House of Commons Council Housing Group, gives more detail on the current housing situation.

There are at the moment 2.6 million council homes. 1.8 million households (4.5 million people) are on council housing waiting lists and 565,000 households are living in overcrowded accommodation.

Since 1996 the number of homeless households living in temporary accommodation has more than doubled. The cost of such private short hold tenancies is £400 to £500 a week in rent.

According to the report, 'an estimated million buy-to-let properties now stand empty'.

It continues: 'Rent rises far above inflation have massively increased benefit dependency and increased the cost of housing benefit from £5 billion to £20 billion per year.' People cannot afford to go out and get a job because

they could not afford to pay the rent.

The report goes on: 'For the financial year 2007/08, Leeds City Council spent nearly £2.8 million on temporary short-term leased accommodation / bed and breakfast accommodation; a further



£78.4 million was spent on housing benefit to support private and RSL (Registered Social Landlord – mainly housing associations) tenants...

'The 2009 Budget directs three-quarters of new housing funds into subsidising home ownership, with £555 million to private developers and lenders and £90 million to extend the stamp duty holiday. This follows £1.6 billion of similar subsidies in the 2008 budget. We welcome, of course, the £100 million of new funding for local authorities to build up to 900 homes over two years. But it is woefully short of what is needed.'

Raymond Pringle, Chair, Edinburgh Tenants' Federation, writes in evidence to the committee: 'The current plans to build council houses once again, even if some subsidy is provided (note that only £25 million has been allocated to support council house building across the whole of Scotland) will require the

council to build 50 per cent of the houses for sale in order to produce a cross subsidy ... the credit crunch and economic recession underlines the need for a radical change in policy ...'

## Divide and Rule

The effect, no doubt deliberate, of the changes of the past 30 years, has been to divide the working class and make it harder to fight the worsening provision of housing and the rising rents.

Council tenants are separated from housing association tenants, tenants of one housing association from those of another, mortgage holders from rent payers, private tenants from those in council or housing association property, housing benefit recipients from those paying rent. It makes it harder to fight. But it is never impossible.

The government is aware that it is vulnerable on the housing question. In 2009, council rents were due to rise by an average of 6.2%, but the government intervened and set a lower limit, 'adjusting the funding mechanisms accordingly' in the parlance of the corresponding government department. This allowed councils to increase rents by only 3.1%.

It ought to be possible, the year after billions were paid out to the banks, to convince present and would-be tenants that there is money enough to build houses at reasonable rents, if the will were there.

# Israel's Tory friends

Continued from page 7

BICOM held a fund-raising dinner at the Berkeley Hotel in Knightsbridge in 2008. The dinner raised £800,000.

BICOM launched the 'Stop the Boycott' campaign in order to prevent British universities boycotting Israeli academic institutions.

After the University and College Union (UCU) voted at its annual conference in May 2007 to consider a boycott of Israeli academic institutions, the PR firm Champollion was commissioned jointly by the Fair Play Campaign Group and BICOM to act as strategic advisor to the effort to prevent a boycott.

Champollion launched a campaign called 'Stop the Boycott'. Champollion states on its website: "We immediately

helped to assemble a broad coalition of respected individuals and organisations from academia and the Jewish community, including the Russell Group and the Board of Deputies, to make the case for academic freedom and for working with Israelis to achieve peace.

We have since advised on communicating in the media, the internet and advertising, to reach both national opinion formers and grassroots UCU members. PR firms Champollion and Populus were hired to promote the campaign."

The Fair Play Campaign Group (FPCG) is a new British group which aims to provide a coordinated approach to combating anti-Israel campaigns.

It was launched under the auspices of the Jewish Board of Deputies and Jewish Leadership Council. Joint chairs

of FPCG are Henry Grunwald, president of the Jewish Board of Deputies and Brian Kerner, a member of the Jewish Leadership Council.

BICOM and the Conservative Friends of Israel are closely linked to the American Israel Public Affairs Committee (AIPAC), estimated to be the second most powerful American lobby group after The American Association of Retired Persons.

There is a steady stream of Tory MPs visiting Israel. MPs Douglas Carswell and Daniel Hannan visited in January as guests of the Jerusalem Institute for Market Studies. David Lidington MP, Shadow Foreign Minister, also visited in January.

In February Shadow Business Secretary, Ken Clark MP and Shadow Attorney General, Edward Garnier QC MP visited Israel for five days.

# Exporting health care from Cuba to Africa

In universities across Cuba, the next generation of African doctors is being trained on scholarships that may prove more valuable than any foreign aid package to their continent.

**TOM FAWTHORP reports from Cienfuegos in Cuba on this remarkable trade. Originally published by Al Jazeera.**

When they graduate, the doctors will return home to treat patients in some of Africa's poorest countries, equipped with some of the best medical training in the world.

Their education and training will not have cost them anything, and many say they plan to use their skills to help those too poor to pay for treatment.

"I am from a very poor family in Eastern Cape," says Sydney Mankale Moroasale, a South African medical student currently studying at Cienfuegos University in Cuba.

"People all around me were suffering. I said to myself, 'Why couldn't I be the one to help them?' It was my dream to be a doctor."

A further 125 South African medical students study alongside Moroasale at Cienfuegos, while another 224 are enrolled in other Cuban universities. None of them would have been able to study medicine at all had it not been for the scholarship programmes.

A total of 286 African doctors have graduated from Cuba since the first batch in 2005. After the 1959 revolution, Fidel Castro, the former Cuban president, pioneered the creation of a dynamic and comprehensive public health system which has been praised by the World Health Organization for providing free healthcare to all its citizens.

Even doctors working in countries ideologically opposed to communist Cuba admit that the system works. "It is internationally known that medical standards are very high in Cuba, and medical training is very good," says Dr Arachu Castro, a Spanish specialist in social medicine at the Harvard Medical School.

## Community-based approach

Some South African doctors, mostly those working in the private sector, have questioned medical standards in Cuba, but in the main, public health



experts have defended the island's medical achievements - particularly its focus on primary healthcare. Dr Julio Padron Gonzalez, who runs the foreign student medical programme at Cienfuegos University, explains why this is so important. "The medical curriculum is patient-centred and orientated toward the family doctor and community-health," he says. "Ninety per cent of health problems can be dealt with at the level of primary healthcare." This approach has impressed many of the students studying on the programme.

Johanne Mkhabele is a South African student specialising in HIV/Aids prevention and treatment. "We have to learn from Cuba how to involve the whole community in preventing HIV/Aids, and not just leave it to the health workers," he says.

"Everybody has to be involved." Reversing the brain drain Dr Julio Padron says primary healthcare is a key part of the students' education. In recent years, South Africa has watched thousands of doctors leave the country in search of higher salaries in the West. The problem is not unique to South Africa - many African countries face a similar brain drain. Cuba has bucked the trend of poaching doctors from Africa, and its efforts to give, rather than take, doctors from the continent has impressed the African countries who benefit.

I don't know of any other country in the world that has 30,000 foreign students. Cuba has demonstrated you don't have to be wealthy to help other nations," says Segun Bamigbetan Baju,

the Nigerian ambassador to Havana.

"Cuba is a developing country making great sacrifices and denying itself so many things to help Africans," he adds. Since the 1970s, Cuba's programme to reverse the brain drain has seen 17,000 professionals, including doctors, return to African countries.

More than 50 per cent returned to practise medicine and nursing. In addition, Cuba has pioneered co-operation in establishing new medical schools in Ethiopia, Uganda, Ghana, Gambia, Equatorial Guinea and Guinea Bissau.

The students say it is not only the intense focus on primary healthcare that they would not pick up in a South African medical school. One of the first year subjects is medical philosophy and ethics, a course which stresses a commitment to patients, health as a human right and the moral obligation of doctors to provide services to the rural poor.

So what lies behind Cuba's commitment to training African doctors? "We are showing an example that it is possible to do things in a different way, even though we don't have many resources," says Clara Esther Gomez, a lecturer at the medical school at Cienfuegos.

## Globalising healthcare

Cuban doctors and medical professors refer to their international mission as 'Globalising Healthcare'. But in a globalised world, what is to stop some of the new doctors following their home-grown counterparts to the West to search for lucrative careers?

"I assure you with my life that no doctor trained in Cuba, once he starts practising back home, will ever leave the country," South African student Moroasale says emphatically when asked.

Of far greater concern is how far

Continued on page 24.

# Haiti earthquake: Cuba's cooperation

Media coverage of Cuban medical cooperation following the disastrous recent earthquake in Haiti was sparse indeed.

**JAMES THOMSON reports on the silence from the US media about Cuba's medical support for Haiti.**

That's the view of two academics who specialise in Latin American studies. Professor John M. Kirk of Dalhousie University in Canada and Emily J. Kirk from Cambridge University in England, believe, "Cuban medical cooperation in Haiti is one of the world's best kept secrets."

In a paper they have recently published on the subject, the academics claim international news reports usually described the Dominican Republic as being the first to provide assistance, while Fox News sang the praises of US relief efforts in a report entitled "US Spearheads Global Response to Haiti Earthquake" - a common theme of its extensive coverage.

They say, "CNN also broadcast hundreds of reports, and in fact one focused on a Cuban doctor wearing a T-shirt with a large image of Che Guevara, and yet described him as a 'Spanish doctor'.

"In general, international news reports ignored Cuba's efforts. By March 24, CNN for example, had 601 reports on their news website regarding the earthquake in Haiti - of which only 18 (briefly) referenced Cuban assistance.

"Similarly, between them the New York Times and the Washington Post had 750 posts regarding the earthquake and relief efforts, though not a single one discusses in any detail any Cuban support.

"In reality, however, Cuba's medical role had been extremely important and had been present since 1998.

"In 1998, Haiti was struck by Hurricane Georges. The hurricane caused 230 deaths, destroyed 80% of the crops, and left 167,000 people homeless.

"Despite the fact that Cuba and Haiti had not had diplomatic relations in over 36 years, Cuba immediately offered a

multifaceted agreement to assist them, of which the most important was medical cooperation."

John and Emily Kirk say that Cuba has adopted a two-pronged public health approach to help Haiti. First, it agreed to maintain hundreds of doctors in the country for as long as necessary, working wherever they were posted by the Haitian government.

This was particularly significant as Haiti's health care system was easily the worst in the Americas, with life expectancy of only 54 years in 1990 and one out of every 5 adult deaths due to AIDS, while 12.1% of children died from preventable intestinal infectious diseases.

In addition Cuba agreed to train Haitian doctors in Cuba, providing that they would later return and take the places of the Cuban doctors (a process of "brain gain" rather than "brain drain").

Significantly, the Haitian students were selected from non-traditional backgrounds, and were mainly poor. It was thought that, because of their socio-economic background, they fully understood their country's need for medical personnel, and would return to work where they were needed.

Also notable is the fact that the Cuban medical contingent was roughly three times the size of the American staff, although they treated 260.7 times more patients than U.S. medical personnel. It is also important to note that approximately one-half of the Cuban medical staff was working outside the capital, Port-au-Prince, where there was significant damage as well.

Many medical missions could not get there, however, due to transportation issues. Significantly, the Cuban medical brigade also worked to minimize epidemics by making up 30 teams to educate communities on how to properly

dispose of waste, as well as how to minimise public health risks. Noted Cuban artist Kcho also headed a cultural brigade made up of clowns, magicians and dancers, supported by psychologists and psychiatrists, to deal with the trauma experienced by Haitian children.

Perhaps most impressively, following the growing concern for the health of the country, due to a poor and now largely destroyed health care system Cuba, working with ALBA (the Alianza Bolivariana para los Pueblos de Nuestra América) countries, presented to the WHO an integral program to reconstruct the health care system of Haiti. This offer of medical cooperation represents an enormous degree of support for Haiti. Sadly, this generous offer has not been reported by the US media.

While the US media might have ignored Cuba's role, Haiti has not. Haitian President Mr. René Préval, noted, "you did not wait for an earthquake to help us". Similarly, Haiti's Prime Minister Jean-Max Bellerive has also repeatedly noted that the first three countries to help were Cuba, the Dominican Republic and Venezuela.

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## Exporting health care from Cuba to Africa

Continued from previous page

Cuban graduates can apply the community-based approach once they are integrated into a very different kind of health system back home.

Moroasale is determined to make a difference. "I am going to offer every patient what they need without checking first what they have in their pocket," he says.

But Gomez admits it may be tough for some of their graduates to deal with the medical establishment at home.

"The entrenched doctors in South Africa will not readily accept the Cuban-trained doctors and treating patients without payment," she says. "It will be a battle of ideas, but in this battle, humanity and health will win over money."

# Chile earthquake: 800,000 homeless

Well, that was the big one. Everyone knew it was coming - 25 years had passed since the last big slip of the rocky plates - but of course nobody knew exactly where or when.

**DAN MORGAN reports from Chile where the recent earthquake was equal to the energy released by 100 Hiroshimas.**

And it was big (the fifth strongest ever recorded). A friend of 78, who has experienced the last four big ones, said this was the longest; almost 3 minutes.

Because people are used to strong tremors and earthquakes, and most buildings are well-built, deaths were relatively few (between 350 and 450, probably). Even though the death count was badly organised, it is clear that a big majority died on the coast due to the tsunami(s), and that many of those should not have died (see below).

In a country of 16 million (a quarter of the UK), there are 800,000 homeless, and 260,000 homes, 25 hospitals and 4,000 schools destroyed or with serious damage.

## Buildings

Chile has had anti-seismic building standards for many years, successively strengthened pre- and post- the Pinochet dictatorship.

In the areas near the epicentre, though, many, many old houses of adobe (mud and straw) collapsed. In a country with gross inequality, of course, many poor people build their own houses as best they can, ignoring regulations, or live in the worst housing.

In Santiago, many of the worst hit were poor Peruvian immigrants in multi-occupation old adobe houses.

The exceptions, supposedly good, modern buildings that suffered severe damage, have caused outrage. Middle class homes jerry-built by fraudulent developers have also shown up.

The 15-storey block of 'decent' flats in Concepción that fell on its back went down with the first tremors, being built on made-up, unstable ground. Many other apartment blocks suffered severe damage, and the builders/developers have disappeared, or offer to repair the main structure but not internal walls,

shift assets into other companies, or are using other means to try and avoid giving real compensation.

## Aftershocks

I missed the big shock but two weeks later an 'after shock' of 'only' 6.9 Richter during the day still unnerved me, although it was 100 times weaker than the big one.

And you can feel the ground moving almost every day; this will continue, possibly with another major shock, for two or three months.

The political aftershocks have been stronger. The first was the horrific lack of warning of the tsunami, that took most of the lives lost. The Navy is responsible for giving warnings, and it has been shown up as totally inept and unprepared (seven major mistakes have been counted).

The officer on duty did not read English, so even the tsunami warning from the US agency (also broadcast on CNN) was not heeded. Communications were almost totally cut for hours but many people on the coast heard from radios that the tsunami warning had been lifted, returned to houses near sea level, and perished. Legal actions are now starting.

The head of the Hydrographic and Oceanographic Service has been dismissed and will leave the Navy. The head of the civilian Emergency Service also resigned. The lack of preparation was shown by the humiliating gift of a few satellite phones by Hillary Clinton, on a visit 12 days later.

## Social Shocks

When you cannot rely on stability even of the ground beneath your feet, if you feel the danger of your house collapsing, the experience was shocking.

In a country with extremely limited

social protection, where 80% or more of the population has no access to first class health care or education because of the cost (or, at university level, even third rate education), and where individualism and consumerism are the supreme 'normal' values, the reaction of many people was to try and get some things, goods, anything.

This explains much of the looting that happened, mostly in the badly hit city of Concepción. There was also the fact that this was the end of the month, when people go en masse to supermarkets to buy food, and they were closed.

Many looters have been identified from videos, and arrested: 90% had no previous police record. In other places, shops were looted after the shop-keepers started to charge 2 or 3 times normal prices.

Other reactions, not so widely publicised, are the multiple actions of solidarity, of neighbours helping neighbours, social organisations helping similar groups, and the great wave of collections up and down the country (as well as the inevitable 'Telethon' featuring prominent businessmen and showbiz 'personalities').

Many of the hard-hit communities have organised soup-kitchens and other collective effort, the self-help measure that poor communities got used to during the 17 years of dictatorship.

Otherwise, Santiago seems extraordinarily normal. Some companies have taken advantage of the 'quake to sack workers with no redundancy pay, as allowed by law if they are forced to close because of earthquake damage.

Even the new right-wing government has shown some concern about this, and a building company rescinded its dismissals of 800 workers, because it 'discovered' it could redeploy them or give early holidays.

A partner of the firm happens to be the newly-appointed governor of Santiago Region. With this new government of businessmen, attention has turned to the shady past of many new names (not least, Sebastián Piñera, the new President), and the innumerable conflicts of interest.

# Is Vietnam still a socialist country?

Visitors to the Museum of the Revolution in Hanoi would be perhaps justified in concluding that the revolution has been lost, the area being surrounded by offices of western banks and financial institutions.

## **BOB BRUCE considers whether or not Vietnam's policy of Doi Moi - renovation - can succeed in creating a socialist orientated market economy.**

So has Vietnam, maybe like China, gone down the capitalist road and the revolution been abandoned?

This would be impossible to judge without looking at the history of Vietnam, the objective circumstances faced by the country and the ideology of the Communist Party of Vietnam.

Since Vietnam was colonised by the French in the mid-19th century there has been a struggle for national independence and freedom.

After the defeat of the Japanese in 1945 during which period 2 million Vietnamese died, Ho Chi Minh declared the Democratic Republic of Vietnam only to see the French attempting to recolonise.

The French were decisively defeated at the Battle of Dien Bien Phu by the liberation forces, the Viet Minh, in 1954. The country was to be reunified by elections two years later but the puppet government in the southern sector imposed by the west refused to hold elections.

The National Liberation Front of South Vietnam began a struggle which would see an escalation of US military forces in the country to more than half a million. More tonnage of bombs was dropped on Vietnam than was dropped by all countries involved in the Second World War put together.

The Americans made extensive use of defoliants and other chemical weapons which had a devastating effect on the land and people. The country was left with a landscape looking like the moon. More than 3 million Vietnamese died.

The US agreed to withdraw in 1973



Statue of Ho Chi Minh in front of the City Hall of Ho Chi Minh City.

and on 30 April 1975 Saigon fell to the liberation forces. Even then, there was more fighting when the Vietnamese were forced to invade Cambodia in 1978 resulting in the overthrow of the Pol Pot regime and to a brief invasion of Vietnam by China the following year.

After reunification as the Socialist Republic of Vietnam, it was no surprise that the country should suffer a socio-

economic crisis. The country was encircled and an embargo was imposed by imperialism. It is admitted that a number of mistakes were made which helped to precipitate the crisis: the inflation rate in 1986 was 774%.

In late 1986, the 6th Party Congress in the spirit of "facing the truth, accurately appraising the truth, and speaking the truth" adopted the policy of Doi Moi (renovation), a policy of a socialist orientated market economy.

This was based on:

(1) the decentralisation of the state economic management which allowed some state industries some local autonomy;

(2) the replacement of administrative measures by economic ones including market orientated monetary policies;

(3) adoption of an outward orientated policy in external economic relations in which exchange rates and interest rates were allowed in regard to the market;

(4) agricultural policies which allowed for long term land use rights and greater freedom to buy market products;

(5) reliance on the private sector as an engine of economic growth;

and,

(6) letting state and privately owned industries deal directly with the foreign market.

The implementation of this policy did not meet with instant success. For three consecutive years, inflation remained at 3 digits, the living standards of the people declined, state enterprises and cooperatives fell into crisis and thousands were unemployed, teachers abandoned their profession and credit unworthiness was widespread.

In 1988, there was serious famine. However, by 1989, Vietnam could export rice and the situation began to improve. Inflation was down to 67% by 1990. After the 7th Party Congress in 1991, which noted the significant improvements but also the fact that the country could not extricate itself from the economic crisis, the downfall of the Soviet Union and the world socialist system had a profound effect on Vietnam.

The traditional markets were upset and the US maintained its embargo. Hostile forces stepped up their efforts to overthrow socialism.

Despite these problems, the economy continued to grow and in the five year plan 1991-95 the annual growth in GDP averaged 8.2% against a target of 5.5% - 6.5%. The growth rate has continued at around the same rate since then despite the various economic crises of regional and world capitalism.

In 2009, in the midst of the worst international recession for many years, the economy has expanded at 5.2% with an aim of 6.5% in 2010 and 7% - 8% in the following years. The inflation rate for October 2009 was only 0.4% on a year to year basis.

The UN Development Programme has acknowledged that Vietnam is one of the rare countries of the world where poverty is receding. A major assistance in this process was the ending of the US embargo in 1994 which led to a 900% increase in exports to the USA between 2001 and 2007.

Vietnam joined the World Trade Organisation in 2007. However, it should be noted that the US continues to refuse to pay war reparations or to acknowledge any responsibility for the ongoing horrific repercussions of effects of its chemical warfare against the people and land.

There is a high level of debate in Vietnam about the political and social situation. Around the 10th Party Congress in 2006, 1400 letters were submitted commenting on the preliminary party report and many comments were sent to the media with discussion forums opened.

The predominant issue was a corruption scandal involving the Ministry of Transport which resulted not only in the resignation of the party officials involved but also in the President and Prime Minister of the country losing their party and state positions.

On a personal level, it was interesting to see an entire floor of the Museum of Vietnamese Women being devoted to a debate on a decision of the Hanoi Peoples' Committee to close down sites

used by women street traders: it involved an emotional and political argument in relation to the economic reasons which has led these women to migrate to the city and to rely on this work.

So, how does the party see Doi Moi relate to the building of socialism? The party has more than three million members and is firmly based in the working class. The Fatherland Front unites the party with the trade unions and mass organisations. Ideologically, its position is clear: the party is "based on Marxism-Leninism and Ho Chi Minh thought".



Prime Minister, Nguyen Tan Dung (pictured above) said at a 20 year review, "Doi Moi has to be used for the benefit of the people, based on the people, making full use of the peoples' initiative and creativity, suitable to reality and adaptability to change, based on making full use of internal strength while at the same time exploring external assistance, combining natural

**The party is still based on the working class but very many of them have not benefited from Doi Moi and in fact this has resulted in some of them becoming wage slaves, although trade union rights remain strong. In order to protect the living standards of the workers, the national minimum wage was raised at the beginning of 2008 and again in May 2009. A further increase has been announced for May 2010.**

strength with the strength of the time in the context of globalisation and international economic integration".

The period is described as being "in the transitional period towards socialism" when the "state sector can fulfil its leadership role, lead, guide and support other economic elements in their development" (political report 8th Congress). The state maintains control of strategic industry.

It is therefore difficult to reach a conclusion as to the question posed at the beginning of this article. Clearly, the Party programme and ideology is solidly welded to a socialist future for Vietnam. The direction of the economy remains under state control within the context of five year planning.

But can this be maintained in the face of the capricious nature of the capitalist companies now operating in the country and their pernicious influence? There is a significant number of rich Vietnamese closely tied to international capitalism. An even larger number of small entrepreneurs have grown up in commodity trading as well as poor self employed street traders.

The largest section of the population, the peasantry, have fallen behind in living standards, ironically many of whom live in the most revolutionary areas during the wars. The youth are susceptible to western culture (the first Hard Rock Café is about to open in Ho Chi Minh City) although the red scarves of the Ho Chi Minh Communist Youth Union are everywhere.

The party is still based on the working class but very many of them have not benefited from Doi Moi and in fact this has resulted in some of them becoming wage slaves, although trade union rights remain strong. In order to protect the living standards of the workers, the national minimum wage was raised at the beginning of 2008 and again in May 2009. A further increase has been announced for May 2010.

The question arises – who stands to gain from supporting the party and the socialist system? This is not a new question as the events in Eastern Europe have shown in the last 25 years. Hopefully, Vietnam will avoid the same fate for the good of humanity.

There is no question that the world is changing. New movements are arising in Asia, Africa and Latin America to challenge global capitalism. Will the renovation in Vietnam be a positive or negative contribution to this process? There has been little analysis in this country of the position of Vietnam in this developing situation – I would welcome contributions on my comments.

## READERS' LETTERS to The Socialist Correspondent

### NO FAITH IN EMERGENCE

In his letter published in issue 7 of the Socialist Correspondent Leslie Masters claims that by ignoring the original formation on living organisms from inorganic materials that I leave the door open for a 'god-creator'. Not so.

The 'god the creator' argument doesn't explain complexity. It goes: we are complex, therefore we must have been created by a god more complex than ourselves.

That is no explanation at all for our existence. Who/what then created god? A super god – created no doubt by a super super god and so on to infinity. That is no meaningful explanation of anything. It is just replacing one mystery by another.

The author, then referring to the concept of 'emergence', suggests that giving chemical soup long enough it will produce life. This is no better than religion as an explanation. It just replaces faith in god with faith in emergence.

A scientific explanation of the origin of life requires a chemical mechanism for the emergence of living material from the non-living. Chemists describe chemical reaction in term of mechanisms – how and under what condition atoms and molecules can combine or separate – thermodynamics of the process – quantities involved and so on. For a mechanism to be accepted all of these have to be measured and verified.

The fact is we do not know how life originally arose on this planet. In the mid 20th century Miller and Urey managed to produce numerous amino acids, in the laboratory from four simple molecules in a 'primordial soup'.

Work in this vein has continued and to-day complex proteins of the kind found in living cells have been synthesised from non-living precursors. One day we might well know by what mechanism life originated on earth but at this moment we don't. What we do know is that all living organisms on earth are related to all other living

organisms. This suggests that the original formation of life on earth happened successfully only once in 4.5 billion years. Thus the conditions necessary must be rare.

Evolution and genetics together provide a scientifically verifiable mechanism for the development of complexity in living organisms. To complete the picture we need a verifiable chemical mechanism for the transition from the inorganic to the living. We don't yet have that.

This does not mean that we need invoke a god into the process, it seems likely that the necessary chemistry will be understood in the future.

However we mustn't overstate Dialectical Materialism - with its enormous value in aiding our understanding of the political, economic and social spheres - by expecting it to explain all of science. We are a long way from a theory of everything.

**A. B. Cairns**

### PRETTIFICATION OF SCOTTISH TRADITIONAL CULTURE

In "To the Immortal Memory of Robert Burns", Bill Sweeney refers to the relationship between Burns and George Thomson, and the latter's publication of Scottish folk songs.

Thomson's work in this area should be seen as part of the attempt to sanitise Scottish indigenous culture, making it palatable to conventional bourgeois taste. And as part of the process of assimilating Burns – while he still lived – to that same taste.

When he requested folk song settings, first from Haydn then, after the latter's death, Beethoven, Thomson specifically instructed that they be for piano trio. This combination of instruments - piano, violin, cello - marks them out immediately as being targeted at a bourgeois audience: these were the instruments most likely to be found in bourgeois households with any pretensions to "high" culture.

Bill mentions that the music was sent to the composers stripped of the lyrics. This, too, had its function in the process of sanitisation – with a few exceptions, Thomson had no intention of publishing the music with its original words.

Instead, the "rough and ready" words of the (mostly anonymous) folk poets were to be replaced with those of "art" poets – including Burns. In the alphabetical listing of Haydn's settings, in the New Grove Dictionary of Music, the very first song uses the words of Burn's Ae fond kiss.

This process of replacing words that might offend the delicate sensibilities of the bourgeoisie reached ridiculous proportions in Beethoven's settings. Burns was not, as Bill points out, a folk poet – but, if we took seriously the "folk-song" element of Beethoven's settings, we would have to acknowledge Burns not only as a Scottish folk poet, but as an Irish folk poet, and even as a Welsh one. His words were applied by Thomson to arrangements of folk songs from both these latter countries – as were the words of other Scottish poets, such as Walter Scott, with rather less claim to being "men of the people" than Burns.

It should not be thought that Burns was an unwitting – or unwilling – accomplice to this prettification of traditional Scottish culture. The Wikipedia entry on George Thomson quotes from the first letter that Thomson wrote to Burns (September, 1792), proposing a working relationship between the two:

"For some years past, I have, with a friend or two, employed many leisure hours in collating and collecting the most favourite of our national melodies, for publication ... we are desirous to have the poetry improved wherever it seems unworthy of the music ... Some charming melodies are united to mere nonsense and doggerel, while others are accommodated with rhymes so loose and indelicate as cannot be sung in decent company. [My emphasis, LM.] To remove this reproach would be an easy task to the author of The Cotter's Saturday Night... We shall esteem your

poetical assistance a particular favour, besides paying any reasonable price you shall please to demand for it." In his response, Burns rejected the offer of money payment, but not the work.

Bill Sweeney's address presents us with a picture of Burns which offers us a clear view of the antagonisms in the position of the petty bourgeois (which Burns, as the son of a tenant farmer undoubtedly was) – at once the radical critic of society as he found it (his support for the American and French Revolutions) and its flatterer (the harmless "love and wine" verse that Bill refers to); the preserver of Scottish traditional song – and its bowdleriser.

Even his freemasonry can be seen in this context. Freemasonry today is a thoroughly reactionary institution, but in the 18th century (and, in many of the less socially advanced parts of Europe, even into the 19th century), it was one of the vehicles for enlightened ideas, drawing its membership not only from the bourgeoisie – the class from which those ideas originated, and whose interests they expressed – but from the more progressive elements of the aristocracy as well.

It was not, of course, a bourgeois revolutionary organisation, even then, and Burns' membership of various Scottish lodges – and his elevation to high position within them – shows that, whatever his support for the ideals of the American and French Revolutions, he was not about to advocate their methods.

**Leslie Masters**