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Britain

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Peter Taaffe

Socialist Party general secretary

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2007 - a convulsive year - ended to the roar of the assassin's bullet and bomb, cutting down Benazir Bhutto, the fourth such civilian leader or president to be murdered since the foundation of Pakistan 60 years ago. Kenya is scarred by riots in protest at another 'stolen' election.

2007 has witnessed one million US families evicted from their homes, 'the unfortunate victims' of the US subprime housing mortgages disaster. Homeless people also froze to death on the streets of Paris just days before Christmas.

Yet "Gulfstream jets were taking off from Luton and Farnborough [airports] last week, crews poised to pamper elite passengers with champagne, as the super-rich decamped to millionaires' playgrounds where the biggest worry is whether you get too much sun while out on a jet-ski" (The Observer, 30.12.07).

But pity the rich who have their own 'problems' to wrestle with. Such is their financial pinch that we are informed that the City 'masters of the universe' have been denied the usual "dog-sledding trips to Austria", though million pound end-of-year bonuses were still doled out to the City highfliers.

The year also saw the 'saffron' revolutionary upheavals in Burma, which have temporarily run into the sand because there was no mass workers' organisation and leadership with the policies capable of overthrowing the junta. In Iraq, on the other hand, the slaughter continues, despite the claims of 'Emperor' Bush and his military pro-consul Petraeus that their 'surge' has been successful. \$600 billion have already been wasted in the sands of Iraq and the final bill is likely to be well in excess of \$1 trillion.

The wheels have come off

In Britain, the wheels have come off the Gordon Brown bandwagon and the same applies to his much-vaunted 'economic miracle', as the economic storm clouds gather on the international and domestic horizon.

But does 2008 promise to the world's poor and to the working-class people of Britain an improvement on this past year? The gloomy prognostications of the

soothsayers of the capitalist system make Cassandra appear optimistic. The world economy, weighed down by the leaden boots of the US housing subprime crisis, is 'heading for the rocks' while significant sections such as the US itself have already arrived there.

The International Monetary Fund, the World Bank and all the economic witchdoctors of capitalism scramble to find some sense in the chaos and contradictions caused by their system. They would gloomily settle for a slowdown in growth this year but they may get a recession.

In the last two decades, with no real mass opposition - given the betrayal of the leaders of the ex-workers' parties and trade unions - capitalism has faced no serious challenge. This was a period in which it would show its superiority in lifting humankind out of poverty, unemployment and environmental damage! Yet its stewardship has been shown to be a complete failure. It will not, however, vacate the scene of history without help from the working class and poor, who are the majority on this planet.

Socialism, which appeared to have been 'buried' or, at best, relegated to the margins, is once more becoming attractive for a layer of young people and workers, given the failure of the capitalist system. Democratic and socialist planning of the resources of society in place of capitalist barbarism will advance as an idea in the next year.

Socialism and democracy needed to reshape the world

The present crisis in the world economy has underlined Karl Marx's analysis of capitalism as a system that works blindly, behind the backs of society and without conscious human control. Subprime loans were given out to people who did not have a cat-in-hell's chance of ever repaying them; some were given 150 year mortgages!

A battery of financial 'vehicles' (which had no wheels but were just scraps of paper) scattered subprime mortgage debts throughout the world. Capitalist globalisation, which was supposed to guarantee the world against economic crises, 'internationalised' the problem. Now, in the words of Paul Krugman, US econo-

mist, "nobody knows where the financial waste is buried".

Even Ben Bernanke - chairman of the US Federal Reserve and one of the 'wisest of the wise' of capitalism's 'economic control group' - had to have a course to explain in simple terms what the 'financial innovation' of the past period actually meant. His teachers failed to enlighten the pupil because they had little idea of the consequences of their actions!

Krugman writes: "How bad is it? Well, I've never seen financial insiders this spooked - not even during the Asian crisis of 1997-98, when economic dominoes seemed to be falling all around the world." The 'domino theory' - which was in vogue at the time of the Vietnam War - and which Krugman now applies to the economic field, is a capitalist way of expressing Trotsky's theory of the permanent revolution; when a revolution takes place in one country, it will spread like wildfire to others, which is what actually happened after the 1917 Russian Revolution.

But there is little they can seriously do to avoid this economic meltdown. The central banks, including the Bank of England and the European Central Bank, joined together to inject \$112 billion 'liquidity' into the world economy just before Christmas. Invoking the example of the Iraq war, investment strategist Fred Goodwin described this as the economic equivalent of "shock and awe".

But Bush's laser show at the beginning of the Iraq war did not and will not secure 'victory'. Moreover, Gillian Tett in the Financial Times rebutted this claim: "[The] subprime [crisis] is starting to seem the financial equivalent of the Iraq war in US policymaking terms: namely a problem so fiendishly multifaceted that almost any step to resolve it risks unleashing new woes." And an economic crisis is like a war in destroying industries and jobs, with the main victims being the working class and the poor. Already, over one million workers in the US state of Michigan are receiving emergency food parcels, handouts from the state.

The financial hurricane has yet to reach the shores of Britain but Gordon Brown is already attempting to batten down the hatches. He claims that, through his actions, Britain remained unaffected by the Asian crisis of 1997-98, the collapse of the dotcom bubble in 2001 and the recession of the early part of this decade, and that Alastair Darling's economic wizardry will see Britain prevail in a year which Brown describes in a masterly understatement as likely to be "difficult".

The Chartered Institute of Personnel and Development (CIPD) predicted that the coming year is likely to be "easily the worst" in the jobs market since Labour came to office in 1997. Unemployment is expected to rise, unlike the earlier part of this decade

when Chancellor of the Exchequer Brown's long-delayed increases in public expenditure 'took up the slack' and kept it down.

Some capitalist economists have no doubt as to what is in store: "It is now perfectly clear that the British economy is moving into a serious slowdown. Meanwhile, the British banking system is on the verge of collapse, with total catastrophe only avoided by the biggest financial support operation ever offered to any private company [Northern Rock] by any government anywhere in the world" (Anatole Kaletsky, The Times, 6.12.07).

Because Britain has become largely an offshore island for finance - with industry playing an increasingly lesser role - the industrial crises of the past decade left Britain largely unscathed. Now, we have a full-scale financial crisis, which will bear down hard on the City of London, possibly resulting in serious job losses in the financial sector.

Myopic neglect of industry

The myopic neglect of industry - the slow inglorious decline of British capitalism - will consequently be revealed with all its devastating consequences in the next period. Finance and industry will suffer job losses. Will the government step in, as it has done in the attempt to rescue Northern Rock, or will it allow collapsing industries to go to the wall like British Leyland? It will be under enormous pressure to reverse its previous 'hands off' policies. The collapse of Northern Rock and the subsequent intervention of the government via the Bank of England, with de facto nationalisation, is a huge blow against the idea of the almighty 'free market'.

Economic heavyweights, hitherto champions of neo-liberal market capitalism, such as the Financial Times and The Economist, as well capitalism's equivalent of the Dalai Lama, Alan Greenspan, former chairman of the US Federal Reserve, have advocated nationalisation and government intervention. Not, God forbid, to bail out ordinary folk, but to help the 'markets', major shareholders and depositors. They propose a form of 'state capitalism', riding to the rescue of collapsing industries. Overcompensate the sharks that have brought them to their knees, renovate them and then, if possible, sell them back to the exploiters, they suggest.

Nevertheless, a cardinal rule of neo-liberal capitalism, that the state should not intervene, has been shattered. How ironic that New Labour, built on the ashes of Labour's old Clause Four of its constitution - eliminated in 1994 and which enshrined the idea of nationalisation - has been forced by the collapse of Northern Rock to resort to this 'primitive relic' of socialist ideology. The lesson will not be lost on British work-

ers in the battles to come.

This is already reflected in the decision of the British government, via Work and Pensions secretary Peter Hain, to compensate at least 130,000 workers who lost their pensions when their companies went bust. He agreed to put up an extra £1 billion of taxpayers' money to replace their savings. Unfortunately, a number of victims who campaigned for this measure have died before they saw a penny of their pension they had spent their working lives saving for.

But lest it be imagined that New Labour is about to return to its 'socialist ideology' of the past, contemplate the recent actions of mean-spirited John Hutton, the Business secretary, christened 'Hutton the mutton' by Paul Routledge of the Daily Mirror. He has ruled out new laws to protect the pay and employment conditions of those who work part-time or for job agencies. This is on top of blocking the EU directive on equal rights for part-time and agency workers. Yet the exploitation of agency labour is causing enormous problems, especially in the building and catering industries. It is widely accepted that full-time workers are being sacked and replaced by casual workers on less money, without holidays, sick pay or protection in the law.

Slave-labour wages

Many of those forced to accept slave-labour wages are migrant workers. It is not difficult to imagine that, as unemployment climbs, those without jobs and no leadership from the labour movement could begin to 'blame' immigrants for their plight with all the consequences for strife between workers of different nationalities arising from this.

Originally, under the Warwick agreement between New Labour and the trade unions in 2004, a law to protect part-time and job agency workers was agreed. Now, Hutton blithely declares that because he was 'not a party' to that deal it will not be implemented. What price then the craven support of right-wing trade union leaders for New Labour and the millions of pounds from the trade unions still paid into New Labour coffers to ensure those like Hutton are re-elected?

Even the conservative caste of encrusted trade union officials who currently constitute the Trades Union Congress in Britain warn of a 'simmering discontent', particularly in the public sector, at Brown's arbitrary 2% pay increase limit. The police are up in arms and have even been threatened by the government with bans against planned demonstrations in January in the 'vicinity' of parliament. Will other London policemen be deployed to stop them taking place?

The discontent is not restricted to the public sector.

Just before Christmas, as outlined in The Observer, a cycle courier wanted to be 'excused' from working on Christmas Eve. The firm he worked for, with an annual turnover of £46 million, summarily sacked him. It seems there are 1,500 people working for this firm, all characterised as 'sub-contractors', with low incomes. This is typical of the Dickensian wages and conditions enjoyed by millions of British workers in the alleged 'boom' of the past period.

At the same time, Brown's commitment to end child poverty has, in effect, been quietly abandoned. Also, reflecting the class chasm which exists in Britain, despite all the balm of New Labour, 'social mobility' in the UK remains far lower than in other advanced industrial countries, according to the London School of Economics. The possibility of a child born in 2000 moving to a higher income bracket than their parents is as low now as it was for children born in 1970! This is the legacy of New Labour, first under Tony Blair and now under Brown.

So also is the nightmare of David Cameron entering Number Ten and resurrecting Thatcherism. This has nothing to do with the unattractiveness of Brown's 'dour personality' but is rooted in his policies and those of his predecessor. He clearly now thinks that, given the rocky economic period ahead, the election can be delayed to 2010 and then won.

Colossal events internationally and in Britain

But he has reckoned without the colossal events internationally and in Britain which could rock this government even further in the course of this year. Rising oil prices combined with food price increases - lifted dramatically by the growing appetites of China, India, etc. - will fuel the colossal opposition to wage limits. The crippling consequences of household debt - which is now higher than gross domestic product - will also be revealed, in home repossessions and insolvencies.

The only thing that is holding back a massive public-sector strike is the rotten right-wing trade union leaders in the public sector, with the exception of a number of militant unions, including the PCS. But even this huge brake on consciousness and organisation of British workers may not be able to contain the anger of public-sector workers in the next period. In the private-sector also, battles on jobs, conditions - against "dictatorial management" (as described by the Financial Times) - will take place. Therefore, events are preparing a change in the outlook and understanding of significant layers of the working class. This is laying the basis for a profound anti-capitalist mood on a range of British and world issues.

The effects of the economic crisis will be most keenly reflected in the neo-colonial world. The rise in fuel prices threatens to completely undermine even the puny efforts to rescue Africa from its poverty and death trap. Recently, the World Bank 'revised' its figures for poverty in India from 600 million on \$1 a day to 900 million. For China, it said, the real figure for the poor was not the previous 300 million widely quoted but 600 million. At the stroke of a pen, the much-vaunted 'attack on poverty' of the world's capitalist institutions has been shattered.

The reality in Africa, Asia and Latin America is not the oft-quoted 'one billion poor' but the majority of people - desperately poor - who inhabit these continents. In the midst of what appears to be a tribal conflict in Kenya, the Financial Times commentator Quentin Peel correctly reported: "There are only two tribes in Kenya," says [an] observer, "the haves and the have-nots."

Not least of the threats posed before the peoples of the world in the next year is that George Bush, in a farewell 'present', may seek some kind of military action against Iran. The alleged reason for such action is the continued advance towards a nuclear weapons programme by the Iranian government. And yet, the CIA leaked a report in December that Iran halted its nuclear weapons programme in 2003 and that "the programme remains on hold" (International Herald Tribune, 4.12.07). This reflects the opposition to a military strike on Iran of the overwhelming majority of the US establishment including the army top brass. Notwithstanding this, George Bush could engage in such an adventure with catastrophic consequences.

All these threats show that it is urgently necessary to build the forces of Marxism in Britain and internationally. At the same time, it is vital that we help to lay the foundations for new mass parties of the working class, with a clear commitment to socialism and democracy, in order to reshape the world.

Overwhelmingly, the old capitalist parties have failed. The replacement of Benazir Bhutto by her teenage son through her 'will', mirrors Pakistani society. A feudal system controlled by a few families is paralleled by parties which are 'owned' by dynasties. Tariq Ali, writing in *The Independent*, was right: "Most of the PPP inner circle consists of spineless timeservers." Is this so far removed from New Labour, the Tories or the benighted, Nick Clegg-led Liberal Democrats? They are so much 'identikit' politicians that both New Labour and Cameron's Tories can vie for Liberal support for a future coalition government. Gordon Brown, it seems, phoned Clegg to congratulate him on his victory in the Lib Dem leadership contest!

None of them speak for the overwhelming majority of the working class in particular, who are looking for a new road, for decent well-paid jobs, increased social

services and a real 'work-life balance' through a cut in the working week without loss of pay. None of this is possible through an ailing capitalist system. Only socialism and democracy can open up such a vista for the majority of people of Britain and the world. This is what the Socialist Party will fight for in the coming year and the years after that. If you agree with us, join our ranks, give us your support, sell our paper - a beacon for socialism and struggle - send us whatever spare cash you have, in order that we can build a socialist force for the future.