

# socialist standard



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Journal of The Socialist Party of Great Britain - Companion Party of the World Socialist Movement

## Where dreams go to die



### The history of making poverty history



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child poverty  
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# SOCIALISM OR YOUR MONEY BACK

JULY 2008

## The capitalist century,

website: [www.worldsocialism.org](http://www.worldsocialism.org)



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#### THE SOCIALIST PARTY OF GREAT BRITAIN

The next meeting of the Executive Committee will be on **Saturday 5 July** at the address below. Correspondence should be sent to the General Secretary. All articles, letters and notices should be sent to the editorial committee at: The Socialist Party, 52 Clapham High street, London SW4 7UN.

tel: 020 7622 3811

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## Introducing The Socialist Party

The Socialist Party is like no other political party in Britain. It is made up of people who have joined together because we want to get rid of the profit system and establish real socialism. Our aim is to persuade others to become socialist and act for themselves, organising democratically and without leaders, to bring about the kind of society that we are advocating in this journal. We are solely concerned with building a movement of socialists for socialism. We are not a reformist party with a programme of policies to patch up capitalism.

We use every possible opportunity to make new socialists. We publish pamphlets and books, as well as CDs, DVDs and various other informative material. We also give talks and take part in debates; attend rallies, meetings and demos; run educational conferences; host internet discussion forums, make films presenting our ideas, and contest elections when practical. Socialist literature is available in Arabic, Bengali, Dutch, Esperanto, French, German, Italian, Polish, Spanish, Swedish and Turkish as well as English.

The more of you who join the Socialist Party the more we will be able to get our ideas across, the more experiences we will be able to draw on and greater will be the new ideas for building the movement which you will be able to bring us.

The Socialist Party is an organisation of equals. There is no leader and there are no followers. So, if you are going to join we want you to be sure that you agree fully with what we stand for and that we are satisfied that you understand the case for socialism.

## Editorial

### The return of bleak times

LAST MONTH both the Chancellor of the Exchequer and the Governor of the Bank of England announced, as they tucked into a slap-up meal at the Mansion House in the City of London, that austerity was returning.

First off was Mervyn King. He warned that real take-home pay would not keep up with rising prices. "It will not be an easy time," he said, "and I know that some families will find it particularly difficult." Alistair Darling made it quite clear that the government was going to help ensure this, declaring that "continued restraint on pay is required from both the public and private sector".

It's the same old story. Profits are being squeezed by rises in the price of oil and raw materials and the government is trying to protect them by squeezing wages. This, at a time when wages are themselves being squeezed by rising food prices and gas and electricity bills.

This was not what Gordon Brown promised when he was Chancellor. "My Budget choice is to lock in stability and never put it at risk", he said when introducing the 2005 budget, "at all times putting Britain's hard working families first."

In that same speech he proudly proclaimed that his policies had conquered the stop-go, boom-slump cycle. "Britain", he said, "is today experiencing the longest period of sustained economic growth since records began in the year seventeen hundred and one." He wasn't worried

then about rising oil prices. The British economy could take it:

"In any other period an oil price rise of over 100 per cent and rises in industrial materials and metals of around 50 per cent would have led to a surge of British inflation. But inflation - which went as high as 20 per cent in the 1980s and 10 per cent in the early 90s - has, every year in the last eight years, been 3 per cent or less - the least volatile and most stable of all the major industrialised economies."

Even in his last budget speech as Chancellor in 2007 he was still under the illusion that he had banished the business cycle, proclaiming "that after 10 years of sustained growth, Britain's growth will continue into its 59th quarter - the forecast end of the cycle - and then into its 60th and 61st quarter and beyond".

He got out just in time. He had been lucky: the up phase of the business cycle in the British economy had happened to coincide with his period as Chancellor.

As socialists who know how capitalism works - how it can't be controlled by governments and how it can never been made to work in the interest of wage and salary workers - we knew that sooner or later Gordon Brown would have to eat his words. And now he has to.

Now the crunch has come it is not "Britain's hard working families" that are being put first, but profits. As it has to be, and always will be, under capitalism.

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# Reprap Artists are Fab

You know what it's like when you need to buy a tap washer, or a small plastic bracket, and you go to some big hardware chain to find that they will only sell you the product in packs of ten? You know why they're doing it of course, because it's not worth their while to sell them individually. You also know that the other nine you've had to buy are going to end up, either lost in the back of the shed, or lying fresh and un-degraded in landfill for many times the lifetime of the appliance, or even of yourself, your house, your city or your economic system. While you're ruminating on this absurdity, your expensive digital camera fails because of a tiny piece of plastic which must have been deliberately designed to break, something that ought to be replaceable but isn't, except by buying a whole new camera and scrapping the old. Such, you conclude in disgust, are the peculiar and pointless ways of capitalist production and economics. So much energy, so much waste, so little useful result.

Those with overachieving memories may recall Pathfinders, back in August 2005, excitedly discussing the advent of 3D printers, which heralded the possibility of downloading and printing your very own tap washer, bracket or camera casing. The state of the art back then was less-than-durable wax and plaster, and the cost exorbitant. Well, things have moved on. Now they are working in durable plastic, and last month the Cheltenham Science Festival saw the first 3D printer capable of printing most of the parts necessary to make itself, in other words, a self-replicating machine (*New Scientist*, June 7). The replicating rapid-prototyper or Reprap, version 1, the 'Darwin', can only do plastic, and the metal struts and electronics still have to be bought off the shelf. It is a far-cry yet from the developers' own dream of creating the first Universal Constructor, an all-singing, all-dancing, cellular-based creation device first proposed by John von Neumann back in the 1940's. The range of things Reprap can make is hardly enough to inspire enthusiasm in anyone but technogeeks and ironmongers, but the next model being planned, the Version 2 *Mendel*, is expected to be able to print metal parts and electrical circuits too.



So why all the excitement, over a gizmo that can knock out the odd plastic sprocket or the various parts of another sprocket-making gizmo? There are several reasons. Innovation and design in an industrial manufacturing environment typically requires a retooling for each new model, and expensive one-time only prototype production costs, thus acting as a huge financial drag on the pace of development. The technology of micro-production in so-called fab labs in the last ten years has changed this, yet the cost of the fabrication machines, in tens or hundreds of thousands of pounds, has still been beyond the reach of most designers. Now that 'fabbers' are becoming cheap enough for even home amateurs, the pace of technological design may well accelerate geometrically. And not only that, the design process itself will benefit from Darwinian-type evolution as the ease of try-it-and-see approaches potentially leads to unplanned and unforeseen breakthroughs.

Another reason why we should be excited is that the designs and specifications for these cheap fabbers are not proprietary but are offered free to anybody under the terms of the GNU General Public Licence, with a view to 'democratising' design and construction. If you want one, you can have one yourself, for just the cost of the materials. This is the first time that the Open Source movement has broken out of the digital world into the concrete world of things, and although 'open source' isn't always the same as 'free gift', the two traditions of cooperative endeavour and free access are so welded together that this development inevitably raises a new and very interesting possibility, a new spectre perhaps to haunt not just Europe but the whole of advanced capitalism.

The spectre in question is the potential of free or near zero-cost production, the antithesis of the closed market, slayer of scarcity, enemy of poverty, destroyer of profit. And in case anyone thinks that is just fanciful talk, a quick glance at the Reprap homepage at [www.reprap.org](http://www.reprap.org) shows that the developers of these machines have not failed to foresee the possible long-term radical implications. Describing Reprap, somewhat immodestly, as a 'project to save the world', the developers claim as their ringing slogan the words 'Wealth without money'. Now there's a socialist idea if ever there was one.

Even so, the range of likely products issuing forth from this technology is not startling, and socialism will not come about simply because the bottom has suddenly dropped out of the plastic coat hook market. What really needs to happen for capitalism to be under threat is for the machinery to go super-small. An open-source revolution in nanotechnology could quite likely wreck the market system altogether, as it would make possible the production of almost any conceivable item in chemical vats at almost zero-cost, plus the replicators to create them, and most significantly, stupendous amounts of food reprocessed from junk biomass. The difference is that nanotechnology is still hugely expensive, probably decades away from self-replicating machines, and entirely proprietary.

It shouldn't really need saying, but technology won't save the world by itself, and not even a revolution in production will necessarily change anything unless social attitudes change too. Still, the idea of giving not selling is catching on fast, and it's now spreading beyond the domain of software into the material world. Socialists have long said that there is no need for global scarcity, even with today's technology. But if tomorrow's technology further reinforces the potential of global abundance, perhaps we might finally see the world usher its steam-age economic system into well-deserved retirement.

**So that's why . . .**

Dear Editors,  
Under the heading "Working classes 'have lower IQs'" the BBC reported on 22 May:

"Working class people have lower IQs than those from wealthy backgrounds and should not expect to win places at top universities, an academic has claimed. Newcastle University's Bruce Charlton said fewer working class students at elite universities was the "natural outcome" of class IQ differences. The reader in evolutionary psychiatry questioned drives to get more poorer students into top universities". (<http://news.bbc.co.uk/1/low/england/tyne/7414311.stm>)

So that's why I'm a bit thick and should know my place. Or does it say something about the validity of IQ testing or the disadvantage of just being poor and the limitations to knowledge opportunity? Or does it say something about a "science" that justifies the status quo or about what is "science" in this field of biological determinism which justifies the fundamental "rightness" of our social organisation based on a hierarchy where those with the highest IQs take their natural place?

Obviously university is not the place for me if this is the type of thinking that goes on there. I'm the better for it. I wish I hadn't been born stupid but apparently it's quite natural. I should respect my betters with their superior intellect. I'm not a prisoner of my genes but of my limited intelligence. I know my place!  
STUART GIBSON, Bournemouth

**MP's pay**

Dear Editors  
The ongoing row over MP's pay and allowances obscures that those elected to Parliament will always receive a remuneration far superior to the average income of their constituents regardless of what punitive measures are taken to masquerade it has greater equability.

Contrary to the conventional wisdom, MP's aren't elected to the House of Commons to represent their constituents in the running of the country's best economic and social interests. They are elected to assist in the running of capitalism's best interests and whatever personal style they choose to deal with the problems they encounter at their surgeries (all of which inevitably have their genesis in the traumas of the system), what they do and say will always be dictated by this factor.

Now that the underlying rottenness of the system is becoming more evident in the form of banks running dry, home repossessions, and global stagflation even the most opportunist of MP's particularly if they've used

New Labour as a political career platform are placed in a dilemma in how to explain the economic crisis to their anxious electors particularly if those electors actually voted for them personally.

Consequently the whole purpose of such excessive remuneration packages they receive is to act as an inducement to ensure that all of them, particularly if associated with the left, act in the highest traditions of parliamentary etiquette and bipartisan propriety so that none, apart from the odd maverick who can easily be marginalised, dares to challenge the wisdom in Parliament that there isn't an alternative to capitalism and the global chaos it causes when there quite clearly is!

This issue has all been comprehensively laid bare by New Labour's electoral drubbings in recent local elections and the Crewe and Nantwich by-election. Tory leader David Cameron was ironically 'right' when he said afterwards the results heralded the end of New Labour but not for the reason he infers. After ten years of an economy tied to the US dollar and credit, voters actually rejected the neoliberal economic policies New Labour had stolen from the Tories so that in effect politics, like the housing market has plummeted into a type of 'negative equity' where voters reject Tory policies by New Labour yet vote in official Tory candidates on the other.

Such apathy will persist as long as MP's are paid in a way that buys them off to defend or play down the woes of the system, regardless of what their previous political leanings were.  
NICK VINEHILL, Snettisham, Norfolk

**Would you credit it?**

Dear Editors,  
In your reply to my last letter (*Socialist Standard*, May 2008), you deny that banks create money by lending. This flies in the face of the facts – see any book on economics! How else do you explain the huge increase in the money supply over recent decades?

Yes, they do have to balance their books - so when they make a loan they account the money put into the borrower's account as a liability, and balance their books by entering the debt taken on as an asset. If the loan is not repaid, and has to be 'written off', then their books do not balance - hence their present woes.

You really ought to study the system. The fiction that they only lend money deposited with them is promoted to confuse the general public about this matter.

(At the end of the last World War, the government still did create almost half of our money – the notes and coins – and spent it into circulation; but with the decline in use of these,

it now only provides about 3%, the rest being created by banks and other 'financial institutions'.)  
BRIAN LESLIE (by email)

Reply:

We have been studying the system for over 100 years and it is because of this that we know that banks are financial intermediaries who channel and distribute purchasing power rather than 'create' it. The idea that they can create vast multiples of credit from a given deposit base is a total fiction – it is theoretically incorrect and empirically unsupportable.

It was a view that gained credence because of the 1931 MacMillan Committee Report into Finance and Industry that was written in large part by John Maynard Keynes. You may be interested to know that a significant minority of the Committee at the time opposed the view promoted by Keynes and several of those who went along with it did not understand or realise the implications of what they had signed up to – and we know this because some of our members at the time (including a member of the Editorial Committee of this magazine) were in correspondence with them about it.

Interestingly, in his most renowned work, *The General Theory of Employment, Interest and Money* (1936) Keynes effectively abandoned the view he had promoted on the MacMillan Committee just a few years previously, stating that "the notion that the creation of credit by the banking system allows investment to take place to which 'no genuine saving' corresponds can only be the result of isolating one of the consequences of the increased bank-credit to the exclusion of others".

Indeed, what the simplistic model used in the Report had assumed was that banks kept a certain 'cash ratio' back for customers to access as a proportion of whatever is deposited with the bank (10 percent was assumed at the time though these days this would be far less). They then assumed that the whole of a new deposit by a customer could be held in cash to underpin the creation of credit nine times its value (i.e. operating with a 10 percent cash reserve an initial £1,000 deposit would enable the creation of £9,000 worth of credit). Bizarrely, it also then assumed that this cash was never called upon in practice. In other words, for the model to hold, they correctly assumed that banks kept cash in reserve for customer use, but then assumed that nobody ever withdrew any of it!

Very few economics textbooks today repeat this nonsense. Instead, they typically promote the version put forward by Paul Samuelson among others which explicitly rejects the approach used by the MacMillan

**continued on page 22**



# Sliding Into The Abyss: The Gaza Ghetto

*"In my childhood I suffered fear, hunger and humiliation when I passed from the Warsaw Ghetto through labour camps to Buchenwald. I hear too many familiar sounds today... I hear about "closed areas" and I remember ghettos and camps. I hear "two-legged beasts" and I remember Untermenschen. I hear about tightening the siege, clearing the area, pounding the city into submission, and I remember suffering, destruction, death, blood and murder... Too many things in Israel remind me of too many things from my childhood." Shlomo Shmelzman (Ha'aretz, 11 August 1982)*

In March a coalition of humanitarian and human rights organizations reported that the situation of Palestinians in the Gaza Strip was "worse now than it has ever been since the start of Israeli military occupation in 1967" ([www.oxfam.org.uk](http://www.oxfam.org.uk)).

## Under siege

Since June 2007 the strip has been under near-total siege – fenced and walled in on land, the five border crossings mostly closed, the shoreline patrolled by the Israeli navy. Together with the sanctions imposed by the United States and the European Union, the siege has progressively paralyzed public utilities and economic activity.

Without fuel to generate electricity, wells no longer pump water for drinking or irrigation and sewage is no longer treated. Bakeries have run out of flour. Gunboats sink any fishing boats that are still able to put to sea. The Israeli army conducts repeated cross-border raids with tanks, bulldozers and helicopters, demolishing houses, razing crops, shooting and abducting civilians (Dr. Elias Akleh, "Gaza's Imminent Explosion" at [mwcnews.net/content/view/23006/26](http://mwcnews.net/content/view/23006/26)).

The untreated sewage is dumped into the sea. The smell and the mosquitoes and other insects it attracts make life very unpleasant for people living near the shore. Another threat to health arises from the use of cooking oil as a substitute fuel in vehicles: its combustion releases carcinogenic hydrocarbons into the air.

## Lack of food or lack of money?

As unemployment approaches 50 percent and food prices rise rapidly, the proportion of families dependent

on food aid has reached 80 percent. On April 24, UNRWA (the UN Relief and Works Agency for Palestine Refugees in the Near East) announced that due to lack of fuel food aid is no longer being distributed.

The problem, as Erik Johnson explains, "is not yet a lack of food, but of money to buy it" ("A Visit to Gaza" at [www.roadjunky.com/article/1612](http://www.roadjunky.com/article/1612)). True, with no fertilizer or seeds being imported, there is no new planting, so the outlook for the future is grim. But there is fresh



Gaza airport

produce of the kind that is usually exported but cannot be exported now because of the siege. The trouble is that local residents do not have enough money to buy it all. So much of it – if the money system is allowed to function in its normally perverse manner – will go to waste in the midst of growing starvation.

## Ghettos: Europe, South Africa, Palestine

Observers have called the Gaza Strip "the world's largest open-air prison" (360 square kilometres), a cage, a concentration camp, now even a death camp. But a more accurate term for it, as well as for certain areas administered by the Palestinian Authority on the West Bank, is a *ghetto*. As in the Jewish ghettos of Nazi-occupied or late medieval Europe (the first was established in Venice in 1516), the inhabitants of the Palestinian ghettos are confined to closed areas but not directly governed by the dominant power. They have their own semi-autonomous though dependent institutions. This usage requires only expanding the concept to cover rural and mixed rural-urban as well as urban ghettos.

Another parallel that many draw is with the Bantustans of apartheid

South Africa. While officially Israel indignantly rejects the comparison with apartheid, former Italian premier Massimo D'Alema revealed that Israeli PM Sharon had stated at a private meeting that he took the Bantustans as his model ([www.informationclearinghouse.info/article19256.htm](http://www.informationclearinghouse.info/article19256.htm)). There is no conflict between the two parallels, as the Bantustan too may be regarded as a form of ghetto.

Besides its basic political function of confining and controlling a stigmatized group, a ghetto may perform economic functions. It may provide capitalists with a captive and therefore cheap labour force. This used to be an important function of the Palestinian ghettos. But as "closure" has tightened they have lost this function. Palestinians have been replaced in menial jobs by workers from Romania, Thailand, the Philippines, and West Africa. The number of unemployed among Israelis has also increased (to about 200,000). So Palestinian ghetto workers are increasingly superfluous to the labour needs of Israel's capitalist economy. This gives even more cause for concern about their fate.

## Torment by sonic boom

One of the worst miseries inflicted on the hapless residents of the Gaza Ghetto is sonic booming. The Israeli Air Force flies U.S. F-16 fighter planes low and fast over the ghetto, generally every hour or two from midnight to dawn, deliberately creating sonic booms. The noise and the shockwaves prevent people sleeping, shake them up inside, make their pulses race, ears ring and noses bleed, cause miscarriages, crack walls, and smash windows. Children, especially, are terrified and traumatized: they suffer panic and anxiety attacks, have trouble breathing, wet their beds, lose appetite and concentration. Many are thrown off their beds, sometimes resulting in broken limbs.

The sonic booming began in October 2005, after the Jewish settlements were evacuated from Gaza. Since then it has been periodically suspended but always renewed. An anonymous IDF source described its purpose as "trying to send a message, to break civilian support for armed groups." And yet the first wave of booming was followed by



the victory of Hamas in the Palestine Legislative Council elections of January 2006. (The US had ordered free elections, but neglected to give clear instructions on who to vote for. In view of the harsh punishment for voting incorrectly, that was most unfair.)

### Stupid monkeys or malevolent humans?

A key test of intelligence in monkeys is whether the monkey goes on using a means that has repeatedly failed to achieve its purpose. By this criterion, Israeli generals and politicians appear to be very stupid, even for monkeys. But perhaps they are not so stupid. Perhaps their true purpose is something else.

In the opinion of Professor Ur Shlonsky, that purpose is to "terrorise" the Palestinians and make

"daily life ... unbearable" for them in order to "encourage emigration and weaken resistance to future expulsions" ("Zionist Ideology, the Non-Jews and the State of Israel," University of Geneva, 10 February 2002).

Some do emigrate, but for the great majority that is not a viable option. As for expulsion, how will the Palestinians of Gaza be expelled? Will they be pushed into the Sinai desert? Will Egypt be compelled to accept them? It seems more likely that in the absence of strong countervailing pressure they will simply be abandoned to perish where they are, of disease, starvation and thirst - a direct consequence of Israeli, American and European policy.

**STEFAN**



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# Pieces together

## THE WASTEFUL SOCIETY

"World military spending grew 45 percent in the past decade, with the United States accounting for nearly half of all expenditure, the Stockholm International Peace Research Institute (SIPRI) said Monday. Military spending grew six percent last year alone, according to SIPRI's annual report. In 2007, 1,339 billion dollars (851 billion euros) was spent on arms and other military expenditure, corresponding to 2.5 percent of global gross domestic product, or GDP -- or 202 dollars for each of the world's 6.6 billion people. The United States spends by far the most towards military aims, dishing out 547 billion dollars last year, or 45 percent of global expenditure. (*Yahoo News*, 9 June)

## THE SCIENCE OF DENIAL

"The Bush administration has worked overtime to manipulate or conceal scientific evidence — and muzzled at least one prominent scientist — to justify its failure to address climate change. Its motives were transparent: the less people understood about the causes and consequences of global warming, the less they were likely to demand action from their leaders. And its strategy has been far too successful. Seven years later, Congress is only beginning to confront the challenge of global warming. The last week has brought further confirmation of the administration's cynicism. An internal investigation by NASA's inspector general concluded that political appointees in the agency's public affairs office had tried to restrict reporters' access to its leading climate scientist, Dr. James Hansen. He has warned about climate change for 20 years and has openly criticized the administration's refusal to tackle the issue head-on." (*New York Times*, 4 June)

## JAILHOUSE BLUES

"The United States has 2.3 million people behind bars, more than any other country in the world and more than ever before in its history, Human Rights Watch said Friday." The number represents an incarceration rate of 762 per 100,000 residents, compared to 152 per 100,000 in Britain, 108 in Canada, and 91 in France, HRW said in a statement commenting on Justice Department figures also released Friday. (*Yahoo News*, 6 June)

## PAY KILLERS MORE SAY THE CITY

"Now working in the City, Mr Galloway is also involved in campaigning against the limitations of Armed Forces Compensation Scheme. He hopes that by speaking out he can highlight the plight of men and women accustomed to risking their lives. "Everyone always wants a pay rise. But soldiers really do need to feel appreciated," he said." (BBC News, 5 June)



## Contact Details

### UK BRANCHES & CONTACTS

#### LONDON

**Central London branch.** 2nd Weds. 6.30pm. The Shakespeare's Head, 64-68 Kingsway, Holborn. (Nearest tube: Holborn.) Tel: Tristan 0207 6223811  
**Enfield and Haringey branch.** 2nd & 4th Monday. 8pm. Angel Community Centre, Raynham Rd, NI8. Corres: 17 Dorset Road, N22 7SL. email: julianvein@blueyonder.co.uk

**South London branch.** 1st Tues. 7.00pm. Head Office. 52 Clapham High St, SW4 7UN. Tel: 020 7622 3811

**West London branch.** 1st & 3rd Tues. 8pm. Chiswick Town Hall, Heathfield Terrace (Corner Sutton Court Rd), W4. Corres: 51 Gayford Road, London W12 9BY

**Pimlico.** C. Trinder, 24 Greenwood Ct, 155 Cambridge Street, SW1 4VQ. Tel: 020 7834 8186

#### MIDLANDS

**West Midlands branch.** Meets every two months on a Sunday afternoon (see meetings page for details). Tel: Tony Gluck 01242 235615

#### NORTHEAST

**Northeast branch.** Contact: Brian Barry, 86 Edgmond Ct, Ryhope, Sunderland SR2 0DY. Tel: 0191 521 0690. E-mail 3491@bbarry.f2s.com

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**Canterbury.** Rob Cox, 4 Stanhope Road, Deal, Kent, CT14 6AB

**Luton.** Nick White, 59 Heywood Drive, LU2 7LP

**Redruth.** Harry Sowden, 5 Clarence Villas, Redruth, Cornwall, TR15 1PB. Tel: 01209 219293

#### EAST ANGLIA

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Richard Layton, 23 Nottingham Rd, Clacton, CO15 5PG. Tel: 01255 814047.  
**Cambridge.** Andrew Westley, 10 Marksby Close, Duxford, Cambridge CB2 4RS. Tel: 07890343044

#### NORTHERN IRELAND

**Newtownabbey:** Nigel McCullough. Tel: 028 90852062

#### SCOTLAND

**Edinburgh branch.** 1st Thur. 8-9pm. The Quaker Hall, Victoria Terrace (above Victoria Street), Edinburgh.

J. Moir. Tel: 0131 440 0995 JIMMY@jmoir29.freereserve.co.uk Branch website: <http://geocities.com/edinburghbranch/>

**Glasgow branch.** 3rd Wednesday of each month at 8pm in Community Central Halls, 304 Maryhill Road, Glasgow. Richard Donnelly, 112 Napiershall Street, Glasgow G20 6HT. Tel: 0141 5794109. E-mail: richard.donnelly1@ntlworld.com

**Ayrshire:** D. Trainer, 21 Manse Street, Salcoats, KA21 5AA. Tel: 01294 469994. E-mail: derricktrainer@freeuk.com

**Dundee.** Ian Ratcliffe, 16 Birkhall Ave, Wormit, Newport-on-Tay, DD6 8PX. Tel: 01328 541643

**West Lothian.** 2nd and 4th Weds in month, 7.30-9.30. Lanthorn Community Centre, Kennilworth Rise, Dedridge, Livingston. Corres: Matt Culbert, 53 Falcon Brae, Ladywell, Livingston, West Lothian, EH5 6UW. Tel: 01506 462359 E-mail: matt@wsmweb.fsnet.co.uk

#### WALES

**Swansea branch.** 2nd Mon, 7.30pm, Unitarian Church, High Street. Corres: Geoffrey Williams, 19 Baptist Well Street, Waun Wen, Swansea SA1 6FB.

Tel: 01792 643624

**Cardiff and District.** John James, 67 Romilly Park Road, Barry CF62 6RR. Tel: 01446 405636

### INTERNATIONAL CONTACTS

#### AFRICA

**Kenya.** Patrick Ndege, PO Box 56428, Nairobi.

**Swaziland.** Mandla Ntshakala, PO Box 981, Manzini.

**Zambia.** Marxian Education Group, PO Box 22265, Kitwe.

#### ASIA

**India.** World Socialist Group, Vill Gobardhanpur. PO Amral, Dist. Bankura, 722122

**Japan.** Michael. Email: worldsocialismjapan@hotmail.com.

#### EUROPE

**Denmark.** Graham Taylor, Kjaerslund 9, floor 2 (middle), DK-8260 Viby J

**Germany.** Norbert. E-mail: weltsozialismus@gmx.net

**Norway.** Robert Stafford. E-mail: hallblithe@yahoo.com

### COMPANION PARTIES OVERSEAS

**World Socialist Party of Australia.** P. O. Box 1266 North Richmond 3121, Victoria, Australia. Email: commonownership@yahoo.com.au

**Socialist Party of Canada/Parti Socialiste du Canada.** Box 4280, Victoria B.C. V8X 3X8 Canada. E-mail: SPC@iname.com

**World Socialist Party (New Zealand)** P.O. Box 1929, Auckland, NI, New Zealand.

**World Socialist Party of the United States** P.O. Box 440247, Boston, MA 02144 USA. E-mail: wspboston@covad.net



# Suffer the little children – under New Labour

*Despite the promises child poverty is  
still widespread under Labour*



*More... children in poverty*

**B**eginning a letter to Labour Party Prime Minister Harold Wilson on 22 December 1965, AF Philip, Chairman of the newly-formed Child Poverty Action Group wrote: “There is evidence that at least half a million children in this country are in homes where there is hardship due to poverty.” He ended his plea on behalf of Britain’s deprived minors thus: “We earnestly beg you to see that steps are taken at the earliest possible moment to help these families.”

So confident that child poverty would be quickly eradicated by the amazing magical wand that Wilson often wielded, Labour suggested the CPAG would be obsolete within a year, the problem it was set up to help eradicate a thing of the past.

In 1997, when the Labour Party took political power from the Tories, Britain had the highest rate of

child poverty in the industrialised world – ostensibly the result of 18 years of Conservative attempts to make capitalism work in Britain, via Friedmanite policies. Prime Minister Tony Blair castigated the Tories for their past treatment of Britain’s poorest families and promised to make ending child poverty a ‘New Labour’ priority.

In March 1999, Blair famously remarked: “Our historic aim will be for ours to be the first generation to end child poverty forever, and it will take a generation. It is a twenty year mission, but I believe it can be done.” He went on to commit his government to a series of targets: New, caring Labour would reduce child poverty by a quarter by 2004–2005, halving it by 2010

Fast forward forty-plus years and the Child Poverty Action Group is amazingly still in existence,

despite Harold Wilson having optimistically predicted its death four decades earlier, and we find Blair, despite no dent at all having been made in child poverty figures since Labour had taken power, confidently replying to a letter from the CPAG on 20th January 2006:

“I can promise you that we share your ambition to make child poverty history in our country. It is why we have publicly said we want to halve child poverty by 2010 and eradicate it completely by 2020.”

What was nauseating about this is that here was Blair is telling the CPAG, who in 1965 complained that there were officially half-a-million children in poverty, that by 2010 he will halve child poverty – in other words, slash the number of impoverished children from 3.4 million– the figure for child poverty reported that year – to 1.7 million. So over 40 years after Labour said they would end child poverty, here is ‘New’ Labour setting a figure which was three times the actual 1965 child poverty figure as an achievable target!! Well, at least Blair was cautious in saying child poverty would be eradicated within 20 years – Wilson, after all, promised a year! Moreover, this was Blair writing a year after Labour had failed to keep their promise of reducing child poverty by a quarter by 2005.

That same week, in early 2006, the United Nations would report that children growing up in the United Kingdom suffer higher deprivation, poorer relationships with their parents and are exposed to more risks from alcohol, drugs and unsafe sex than those in any other wealthy country in the world. The report compiled by Unicef said that the UK was bottom of the league of 21 economically advanced countries, trailing the United States which came second to last.

Worse was to come on 10 June

**“Children growing up in the United Kingdom suffer higher deprivation, poorer relationships with their parents and are exposed to more risks from alcohol, drugs and unsafe sex than those in any other wealthy country in the world.”**

this year when the government reluctantly released a plethora of figures in a 200-page report known as the Households Below Average Income statistics – and that was before Scotland’s situation was documented. The Scottish figures aside, the report revealed that there are up to 6.4 million children and pensioners in Britain below the poverty line.

The statistics were originally scheduled for release around the time of the 10p tax debacle and before to the Crewe and Nantwich by-election, but it seemed there was only too much bad news the public could take and perhaps Labour now realised there will never be a good day in the foreseeable length left of this parliament on which to bury the proverbial bad news.

Commenting on the latest figures, the Institute for Fiscal Studies (IFS) noted that inequality in Britain was equal to its highest level since figures were available in 1961. They reveal that across the UK, the number of children in ‘relative’ poverty rose by an average 100,000 year on year to 2.9 million (or 3.9 million after their family housing costs are taken into account), 2006/7 was the second year in a row that child poverty had drastically shot upwards.

As in 2006, with the Unicef lambasting Britain’s record on the treatment of children, and at a time it was revealed there had been no impact on the reduction of child poverty in Britain, so too now do we find Britain’s treatment of its minors coming under scrutiny in the week that the new child poverty figures were released.

A report to the UN Committee on the Rights of the Child from the four UK children’s commissioners, on 9 June, painted a harrowing picture of life for Britain’s kids.

Sir Al Aynsley-Green, England’s children’s commissioner, said: “Poverty is, in our view, the single most pernicious influence that is blighting the lives and prospects of our young people. We are one

of the richest countries in the world. Yet Unicef has found that we have some of the highest levels of poverty. Poverty underpins most of the other social issues we are concerned with.”

The report demanded that the Convention on the Rights



*Wilson: Poverty would be eradicated in a year*

of the Child to be incorporated into UK law so that children’s rights are recognised and legally binding, observing how children’s rights have deteriorated in many regards since the last time the UN committee reported on the Government’s track record.

Kathleen Marshall, the commissioner for children in Scotland, demanded the UK fully implements the UNCRC, saying: “We have highlighted areas that remain a concern, including significant differences in juvenile justice in some parts of the UK and the public’s attitudes towards children and young people.”

The commissioners argued for “urgent reforms” noting that the age of criminal responsibility is among the lowest in Europe: eight

in Scotland and ten in England, Wales and Northern Ireland. Neither, did they feel, was custody being used as the very last resort, predominantly in England and Wales, where there are presently 2,837 children in custody,

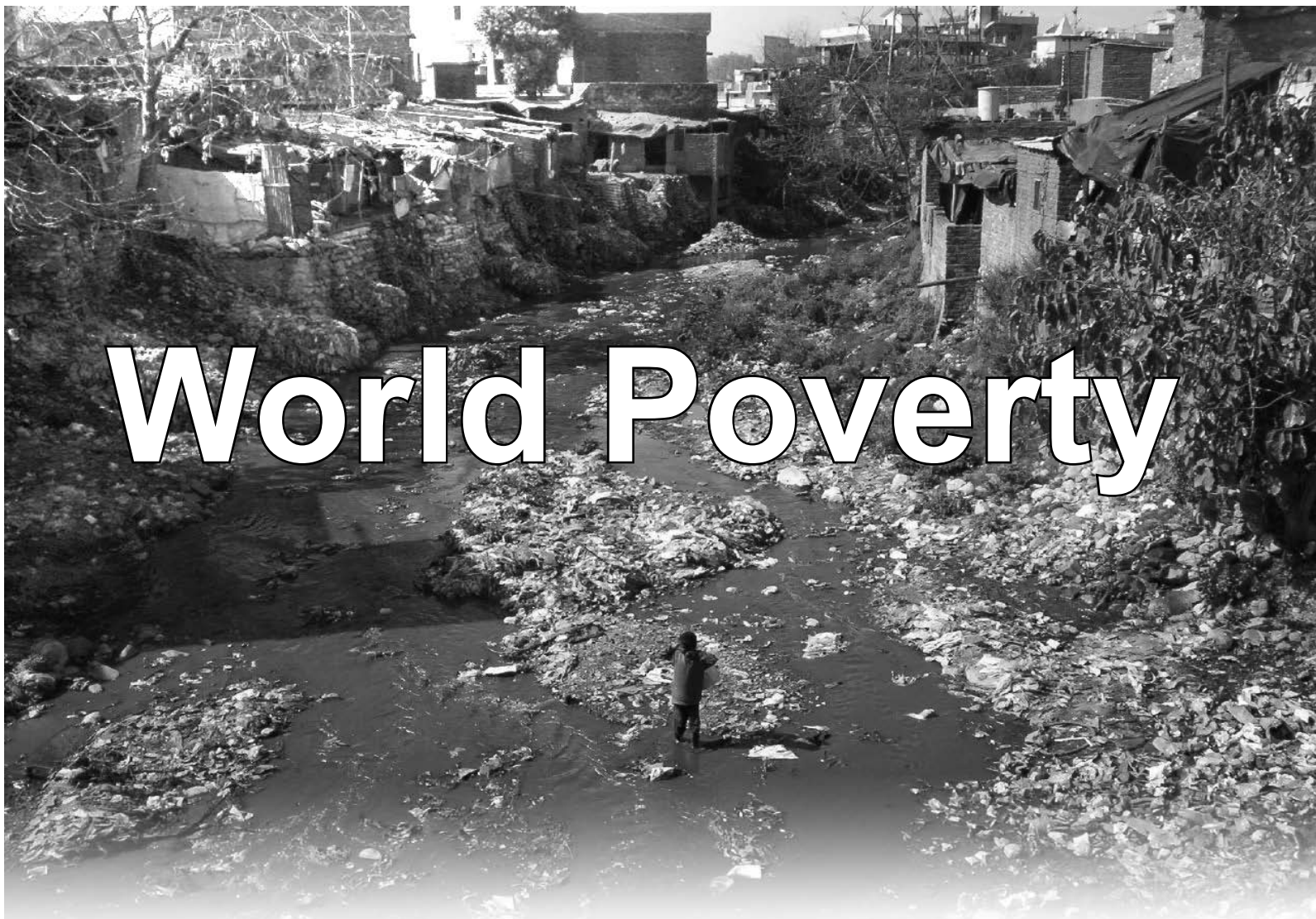
Frances Cook, director of the Howard League for Penal Reform, was one of many already aware that the governments hankering after more juvenile justice contradicted the reported drop in juvenile crime and urged that the use of physical restraint on children be banned.

With Labour keen to be seen “tough on crime and tough on the causes of crime”, though few in government will openly admit that poverty causes crime, ever ready to ride the waves of moral panic, it is no more likely that we’ll see cops giving ‘hoodies’ and infantile chavs a friendly pat on the head than we’ll see the total eradication of child poverty in Britain by 2020.

Rather than distributing wealth and claiming to have, as its priority, the eradication of child poverty, improving the education and prospects of our children, Labour in fact redistributes poverty like no other government in the industrialised world.

Of course, come election time, Brown and co will make the same staid old pronouncements on their commitment to eradicate child poverty, hoping working class historical amnesia will carry them through to a fourth victory, confident their lies and betrayals and rampant hypocrisy will be concealed by an excess of promises for the future and pathetic excuses for past failings. Meanwhile, their Tory and Lib-Dem detractors, ever critical of New Labour’s record on children will be presenting us with their own visions of smiley face capitalism in which the profit-driven market system will be magically made cognizant of the needs of children.

**JOHN BISSETT**



# World Poverty

## Why it will never be eliminated from the capitalist system

Everyone has a notion of what global poverty is. Many tut-tut and wish someone would do something about it. Some give funds, a little or a great deal, in the hope of relieving some of the worst effects here or there. Governments and global institutions spend vast sums of money on getting together regularly in luxury hotels to discuss, repeatedly, what could/should be done, where and how it should be done and how much in money terms each of them will *pledge* for the current initiative. The bottom line – how much of these pledges the donors actually divest themselves of compared with the self-seeking public pronouncements they make about their grand schemes – reveals huge discrepancies.

Apart from concerns of *absolute* poverty of billions living on less than one or two dollars a day there are also plenty living in relative poverty who know only too well the feeling of sinking deeper and deeper in the last two or three decades into unmanageable debt through falling incomes (in real terms), through job-loss and no hope of replacement, through long-term illness or injury, through losing their homes from natural disaster, conflict

or falling house prices and foreclosures, through unfavourable global tendencies, through simply always having more months than money. Awareness of global poverty, whether relative or absolute, has probably never had as high a profile as currently but much of the data compiled by such institutions as the World Bank and available in publications geared to promoting an unquestioning belief in the continuation of the economic norms of the capitalist system convey information slanted to support particular agenda. That schemes are afoot to tackle and abolish the worst ravages of poverty is an illusion manufactured to veil the truth.

In an article in *Dissent* winter 2008, "Growth and Inequality" Thomas Pogge (of the Centre for Applied Philosophy and Public Ethics at the Australian National University and soon to be in the Philosophy Department of Yale University) debunks the myth, promulgated by the *Economist*, the World Bank and others who subscribe to this unfounded belief, that "growth is good" for all across the spectrum. Statistics can be and are manipulated and displayed to back up a pre-chosen outcome. Pogge shows example after example of how this is done. The cherry-picking that follows is designed to present a part of what he reveals about growing inequality without misrepresenting his main thrust. An early example compares figures from the World Bank tabulating the Gross National Income of the high-income

countries alongside *the rest of the world*, with his own figures extrapolated from the World Bank's data placing the Gross National Income of the richest countries alongside the GNI only of *the poorest countries* (each group constituting 10 percent of the world's population). The difference between the two comparisons is striking. Over a 25 year period, 1980-2005, in the World Bank's table, the high income countries had between 15.8 and 23.2 (fluctuating up and down slightly in different years) times more than the rest of the world; however, in the same period in Pogge's figures derived from the World Bank's World Development Reports, he shows the difference between richest and poorest increasing from 60:1 to 122:1. In an example from the *Economist* whose author sets out to prove that faster growth is more beneficial for the more populous poor countries (e.g. China and India) than the less populous ones Pogge explains that the *Economist's* author is erroneously comparing Gross Domestic Product rather than Gross National Product/ Gross National Income, thus inflating the figures and grossly misleading the readers about the true state of income of the world's poorest. (Gross Domestic Product includes the earnings made by foreigners which is leaving the country and also includes earnings that residents derive from abroad – hardly relevant in an assessment of the wealth of the poor).

Within countries the variations in

income inequality generally happen to be greater in developing countries rather than in wealthier countries. It is shown that “substantial improvements in the position of the poor are possible at tiny opportunity cost to the rich” e.g. Bolivia’s richest 10 percent have almost \$13,000 per capita whilst the poorest 10 percent have \$77. Shifting \$200 from each of the rich to the poor would make an enormous difference to the poor raising their average income from 2.8 percent to 10 percent of average income whilst the rich would hardly notice the difference. A study by the Asian Development Bank in 2007 concluded that China’s economy is actually 40 percent smaller than previously thought. Purchasing power had been grossly overestimated and therefore the number of Chinese living on less than a dollar a day is three times more than previously thought, at 300 million. The same study also shows that the numbers in India on less than a dollar a day are double those thought – 800 million. Similar discrepancies occurred for those living on \$2 a day. These are huge errors in the World Bank’s figures and this shows only two countries. As for the true worldwide figure we are left to make our own conclusions. One conclusion Pogge comes to is that growth conceived from the standpoint of the poorer population segments would achieve far better results in avoiding poverty on the one hand and would reduce environmental degradation on the other.

Global, i.e. international, inequalities prove to be even wider than intra-national ones. Figures for 2000 show the personal wealth of the bottom 20 percent to be 0.12 percent, and that of the bottom 40 percent to be 0.62 percent in contrast to 39.9 percent being held by the top 1 percent of world population and 70.6 percent by the top 5 percent. Fascinating as the figures are, the reality is that to *double* the wealth of the bottom 40 percent of world population only 1.55 percent of the top 1 percent would need to be transferred. And to double the wealth of the *bottom 80 percent* would still only take 15.3 percent of the top 1 percent or 8.7 percent of the top 5 percent. This is not to suggest that such a redistribution of wealth should take place or even that it would much improve the standing of the impoverished in the short or long term but it is another simple demonstration of the sheer scale of the gulf between rich and poor and a reminder of the huge numbers of populations on the ‘wrong’ side of the equation because the current

**“39.9 percent of personal wealth is held by the top 1 percent of world population and 70.6 percent by the top 5 percent.”**

system requires the imbalance in order to function.

With regard to attempts at eliminating poverty; first, at the 1996 World Food Summit in Rome, 186 governments pledged to achieve food security for all and to halve the present level of hunger no later than 2015; second, at the U.N. in 2000, 192 governments came together to “proclaim the Millennium Development Goals” – the *commitment* to halve world poverty by 2015 referred to by Pogge as “the grandest global initiative.” The sleight of hand from 1996 to 2000 is one example Pogge reveals as to how these governments (Britain included) simply pay lip service to the goals they set. Apart from the U.S. immediately disavowing the 1996 ‘agreement’ suggesting that a fundamental right to be free from hunger is a goal to be aspired to and realised progressively but not one to give rise to any international obligations, the 192 governments *committed* to the Millennium Development Goals changed the goalposts by subtly changing the wording from halving the *number* to halving the *proportion*, in one word vastly reducing the target. The 1996 promise was to reduce the extremely poor from 1,087.8 million to 543.9 million by 2015. The MDG in 2000 promised a 17 percent reduction from 1,089.6 million in 2000 to 905.2 million in 2015. In real terms at least 361.3 million have been ‘lost’ in the revamping of the figures from number to proportion – the 361,300,000+ still

being people remember, and extremely hungry, vulnerable people at that. In addition, as each year goes by more millions are included in reports as being chronically undernourished. “Creative accounting” Thomas Pogge maintains, “is sustaining in affluent countries the belief that global poverty is disappearing and therefore does not require our attention.” His disgust is palpable; “thus far official concerns about poverty and

inequality are mostly rhetorical.”

Aside from the obvious fact that extreme poverty engenders widespread hunger, malnutrition, lack of clean water, death from easily preventable diseases, lack of access to healthcare, inadequate shelter, illiteracy and general lack of education, the poor also suffer from a plethora of other, less obvious inequalities. They have no influence in international decisions which affect their lives and livelihoods. They have no bargaining power. They have no lobbyists. They have no importance alongside foreign governments and corporations. They are there to be

ignored, discounted.

The marginalisation of masses of the global population is no accident, no simple mistake or miscalculation but an inevitable consequence of the deliberate policy of those who hold the power; those whose aim is to accumulate more and more of the world’s land, resources, wealth of any kind or just money, because this is what the capitalist system from which they benefit requires of them; and deliberate policy, too, of those in governments who do their utmost to assist, sometimes in the hope of gaining a few steps on the ladder. There is no altruism here. Even accumulating and then giving away \$x billion to a ‘worthy cause’ will only address a fraction of the problem for a short time (e.g. \$50 billion between 500 million people is \$100 each) and if, of the world’s wealthiest 1 percent, more than a handful were giving away such sums the world’s media would broadcast it large. No, there is no philanthropy on that scale. As the figures showed earlier a tiny proportion from the top 5 percent’s vast wealth would make differences that would not go unnoticed. It is Thomas Pogge’s opinion that “it is for the sake of trivial economic gains that national and global elites are keeping billions of human beings in life-threatening poverty-” his solution would be economic institutions and policies prepared to sacrifice “aggregate economic growth” as a “moral imperative.”

The facts are out there. The national and global elites understand the facts only too well. When the facts show that there are no moral aspects being factored in it must be time for the common people to realize that they, too, are part of the problem for having continued to swallow the bait proffered. Not the 1 and 2 dollar a day billions, as stated earlier they have no bargaining power; they are, as yet, dispensable. But what of the huge middle and upper sections, the 55 percent between the elite 5 percent and the 40 percent at the bottom? The vast working class of the world, lied to over and again by their own governments and by governments collectively in their pompous commitments on our behalf, is a sleeping giant. When it awakens, thoroughly sick and tired, this giant will be a force to be reckoned with. We can’t wait for a change of heart from the top. The top has no will to fix the system except to their own advantage and only a complete change will suffice. A world of free access for all and common ownership of the common wealth is the only way to eliminate poverty. The solution is in our hands.

**JANET SURMAN.**

# Tourism: can it be green?

*Commercial ecotourism doesn't spare the environment either.*

For those 'green consumers' who have adopted the principles of a green lifestyle eco-tourism fits neatly with the now familiar slogan to 'Think Globally – Act Locally' as a counter to environmental destruction. The adoption of a green lifestyle can include: buying only organic food; keeping a record of your carbon footprint; using bio-degradable products; ensuring your savings and pension fund is 'ethically' invested in bio-diversity products or sustainable projects; supporting 'fair trading'; participating in recycling schemes; being sparing on the use of plastic bags; and even endorsing the Body Shop empire. The solution is presented as an individual act rather than the collective action of individuals struggling for social change to put a stop to environmental destruction. Of course you can do all of these, but you shouldn't think that such activities will necessarily lessen the impact on the environment.

For instance, despite the claims of the eco-tourism operators that their priority is sustainability and biodiversity, the green consumer lifestyle facilitates the opening up of a new market where environmental concern is transformed into a commodity. When the market is presented as the saviour of the environment then green consumers, and eco-tourists in particular, need to be aware that they cannot disregard the logic of production for profit. Nevertheless, for socialists the idea of adopting a green lifestyle is not to be derided, because – despite these shortcomings – it is a tentative step towards working with nature, rather than against it.

By increasing our understanding of the interaction between the natural environment and the impact of human activity society will be in a better position to minimise the damage on natural resources, and be able to arrive at rational judgements on whether or not any interference in the natural environment is justified and warranted. But be warned that such environmental concerns are not on the capitalist agenda. For the priority under capitalism is to make a profit by exploiting the environment through market forces.

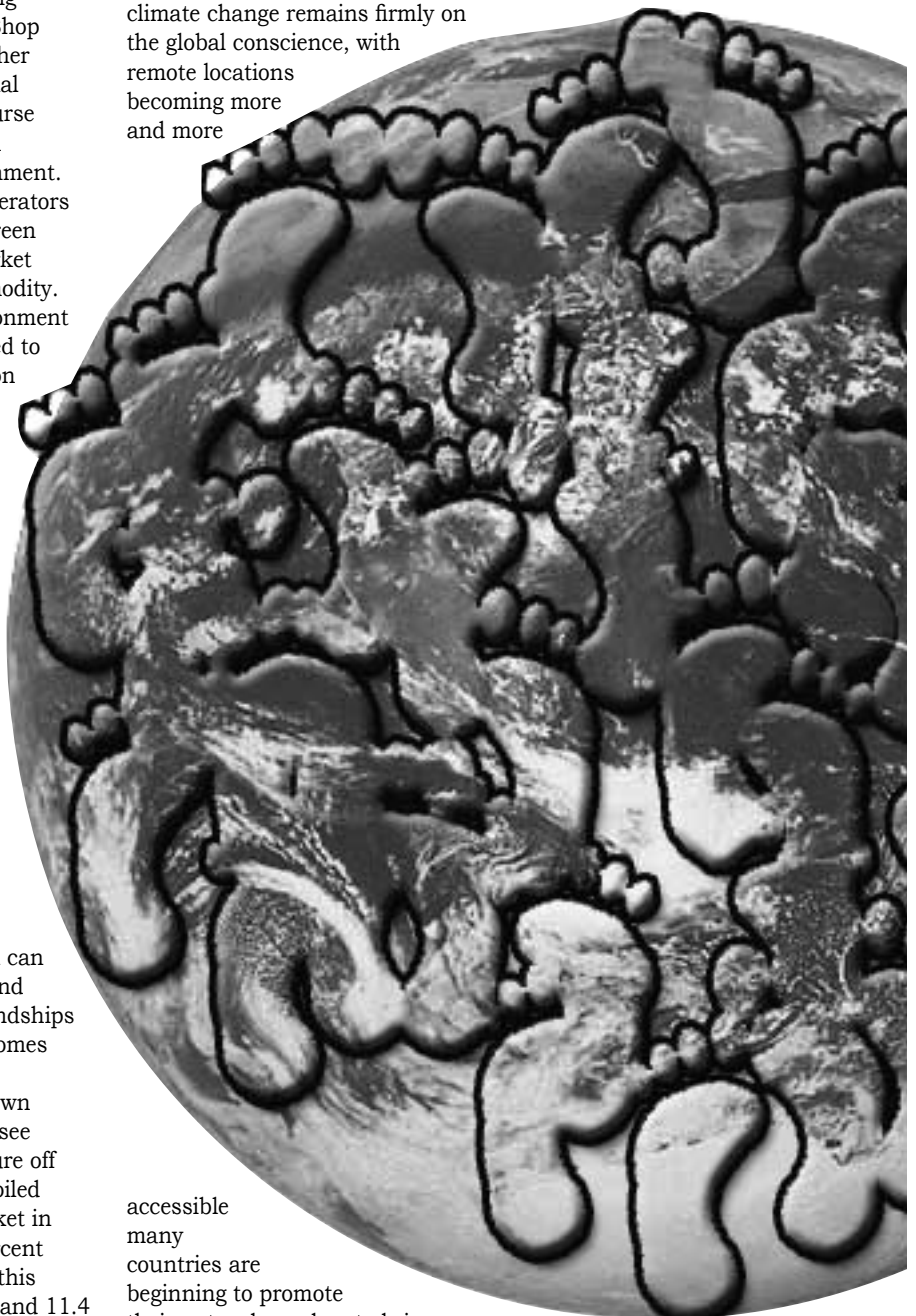
We travel for relaxation. We travel for adventure. We travel to escape the familiar and venture into the unknown. Tourism brings in money and creates employment: one in 16 jobs worldwide is directly or indirectly related to tourism. In Thailand, tourism is the leading source of foreign exchange. And although tourism can help to maintain a country's interest in its own cultural and artistic heritage and, at its best, can foster genuine friendships between different members of the human family this all comes with a price attached.

Increasingly, 'alternative travel' as eco-tourism is known in the tourist trade, is being marketed as the only way to see the world these days. And as more and more people venture off the beaten track to experience unique cultures and unspoiled nature, ecotourism is considered the fastest growing market in the tourism industry, with an annual growth rate of 5 percent worldwide. According to the World Tourism Organisation this represents 6 percent of the world gross domestic product and 11.4 percent of all consumer spending.

Whereas, previously, you enjoyed the values of the natural environment by joining the Ramblers or Youth Hostel Association, now its considered more adventurous (and expensive) to take part in white water rafting down remote rivers, or to go native in the Australian bush, stay with the indigenous people in the

Amazonian rainforest, enjoy the delights of the local wildlife and the taste of organic food at an eco-lodge in India. These eco-travellers are setting out on foot safaris in Africa, camping in the Mexican rainforest, and trekking to hill tribe villages in Thailand. You can also have a holiday in a tree-house in Costa Rica and enjoy the delights of a ropeway through the jungle canopy. And if none of these are to your taste what about some whale watching in Victoria B.C. where you can disrupt the breeding habits of the grey whale and walrus?

There are many more such holidays on offer and they are increasing by the day. At the last count taken in 2007 ten percent of the global travel market is now eco-tourism. And though the 21st century is considered an era of environmental sensitivity and climate change remains firmly on the global conscience, with remote locations becoming more and more



accessible many countries are beginning to promote their natural wonders to bring in the eco-minded tourist. But in doing so the market system is faced with a conundrum of trying to preserve natural resources and also trying to accommodate the vast numbers of tourists they will attract.

The ideal of eco-tourism, as defined by Martha Honey, the

executive director of the International Ecotourism Society, reads like a travel agents dream:

“Travel to fragile, pristine and usually protected areas that strives to be low impact and usually small scale. It helps educate travelers; provides funds for conservation; directly benefits the economic development and political empowerment of local communities; and fosters respect for different cultures and human rights.”

However, this ideal in many instances fails miserably to achieve its aim and in fact contributes to environmental destruction. For the reality is that in terms of human impact eco-tourists are no different – other than in scale – to the everyday tourist on a package holiday to the Costa Bravo. This is what an official for the World Wildlife Fund told Leo Hickman about on the impact of tourism in Thailand:

“The tsunami was nothing compared to the impact of tourism. It is a much larger, long-term problem. . . . I was born in 1972 and when I was eight or nine it was still largely virgin rainforest here on the island. By the late 1980s, though, it was mostly developed. We have now lost so much of the biodiversity and primary forest and the soil is destabilising in many places. The construction of hotels upstream is creating a lot of sediment in the water and this causes damage to the coral reefs when it washes out to sea. It also affects the mangroves on the east coast. A lot of our waste water – about 40 per cent – is still being pumped out to sea on the west coast where all the resort areas are.

Land is now so expensive here due to tourism; the cost of living is even higher than Bangkok – it has meant that many local people have been forced to sell off their ancestral home and have now lost their only real asset. There is even competition for schools here for the first time. And there is a lot of overfishing here; this is for export rather than for the tourists per se, but lobsters are now being brought in from Burma to meet the tourists’ appetite for these vulnerable creatures. The corals are also damaged by tourism. Snorkellers actually cause more damage than divers because they touch the coral more often....” (Leo Hickman, *The Final Call – In Search of the True Cost of our Holidays*, 2007).

In Costa Rica, whose parks are wildly popular with the millions of people who visit the country each year, the behaviour of some wild animals has been altered – some monkeys attack and bite tourists when not fed. Along the trail to the Mount Everest base camp in Nepal, deforestation is getting worse as locals cut down trees to heat meals and to provide hot showers for foreign eco-trekkers. And Mount Everest itself is becoming infamous for the amount of discarded rubbish left on the routes towards the summit. Some estimates put it at over 2000 tons which don’t include the remains of a helicopter. And in the lower regions of the Himalayan foothills the popularity of backpacking is not only causing serious soil erosion but water pollution.

And what has happened in Nepal is only one example where eco-tourism is becoming transformed into eco-vandalism through the insanity of the profit system. Another example is what is happening in Kerala in India which is marketed either as, ‘God’s own country’, or as, the ‘Gateway to Paradise’. Kerala is a unique water region famous for its lakes, rivers and back waters and distinct wildlife and fauna and is also an attractive stopover or base for the eco-tourists who visit the nearby National Reserve. However, what is not marketed by the Kerala Tourist Board is the lack of sewerage facilities and rubbish collection for its thousands upon thousands of houseboats and hotels and so called eco-lodges. Before Kerala became invaded by tourists the indigenous population ensured their impact on the natural environment was sustainable or recyclable. Now water

courses are becoming heavily polluted with sewerage and the plastic debris of a throwaway society.

Besides environmental damage there can be profound social and cultural consequences to travel as well. For example, what is occurring in Northern Thailand, home to many different ‘hill tribes,’ is a case in point. Uniquely individual in language, customs and dress, these semi-nomadic peoples share a history of ancestor worship and a close relationship with the land. However, with the introduction of eco-tourism they also share the experience of being in something akin to a human zoo. Hill tribe trekking operations sell ‘authentic visits’ to see ‘primitive peoples’. But what the eco-tourists are not told is that much of the so called culture on show has a tenuous relationship with the actual culture of the people they are visiting, for in actual fact the ‘traditional’ culture has been transformed into a commodity to meet the demands of the tourist market. In short the eco-tourist is being sold an illusion that the culture on display is ‘authentic’.

The ravages of eco-tourism and tourism in general are becoming so self-evident it raises the question what can we do to lessen the impact of human activity but nevertheless still enjoy a holiday – both at home and overseas? Firstly, it is essential to acknowledge that when market forces literally encourage an irrational human impact on the environment and natural resources, how can you also realistically expect those self-same forces to solve the environmental problems they created in the first place? Therefore, in the search for solutions it’s become vital that we look outside of the capitalist box where the social relationships of private ownership of the means of living constrain and restrict our constructive abilities to remedy environmental destruction.

In socialism where the principle of free access underpins the common ownership of the means of living our options and choices on travel and holidays would be extended and influenced by what positive contribution we can make to the country we are visiting. And with package holidays and mass tourism a thing of the past it is most likely holidays in socialism would not be restricted within a timescale of 10 to 14 days of hectic hedonism but transformed into an unique opportunity to stay in a particular location for as long as it takes to understand the history and

culture of that region. In effect the transformation in the social relationships from private property ownership to common ownership will radically alter our perception of travel.

Under such conditions eco-tourism will come into its own with visits to particular regions becoming combined with studies on the wildlife, fauna and local culture. On the other hand you may wish to take part in making housing improvements by demolishing shanty towns or transforming a former holiday hotel into flats for the local population. Alternatively you could help out in a health clinic, or even give a hand to clean up polluted waterways. In effect whatever your particular choice of holiday the aim will be to combine it with an understanding that the framework of socialism will assist everybody on the globe in meeting their needs for shelter, food, clothing, education and health. Indeed it’s time to start thinking of trashing capitalism not the planet.

**BRIAN JOHNSON**

**“It’s time to think of trashing capitalism, not the planet.”**

# Too little, too late

*That's the most that will ever be done under capitalism about the problems that global warming may bring.*

It's simply that the way the capitalist system works rules out the effective action at world level that is needed to begin tackling the problem. It even encourages economic activities that contribute to it.

Capitalism is based on production being controlled by profit-seeking enterprises which, supported by governments, compete on the market to buy resources and sell products. This competitive pursuit of profits is the essence of capitalism. It's what capitalism is all about and what prevents any effective action to deal with climate change.

## Fossil fuels

Nobody can deny that global warming is taking place. Nor that, if it continues unchecked, it would have disastrous consequences – such as rising sea-levels and increased desertification – through its effects on the climates of the different parts of the world. There can only be argument over what is causing it. Most scientists in the field take the view that it has mainly been caused by the increase in the greenhouse gas carbon dioxide in the atmosphere largely as a result of the burning of the fossil fuels, coal, oil and gas.

If this is the case, then one part of any solution has to be cut back on burning these fuels. But this is not happening. In fact, on a world scale, it's increasing. This is because this is currently the cheapest way of generating the energy to drive industry – and the

logic of capitalism compels the profit-seeking enterprises that control production to use the cheapest methods. If they don't, their competitors will.

There are other sources of energy, in particular hydroelectricity and nuclear power, and the various countries into which the world is divided rely to different degrees on burning fossil fuels. Which means that they would each be affected differently by having to reduce reliance on them. It is this that has prevented, is preventing and will prevent any effective international action to check the burning of coal, oil and gas. The 1997



Kyoto Treaty, which sought rather half-heartedly to do this, was not signed by the biggest emitter of carbon dioxide (the United States) and deliberately excluded the second biggest (China).

These two states – whose rivalry is likely to mark the 21<sup>st</sup> century – will never agree to limit their burning of fossil fuels and put their enterprises at a competitive disadvantage with regard to enterprises operating from other states less dependent on them. No government of either country could afford to agree to this. And nobody can force them to.

## Market forces

There are those who, recognising that governments will never agree to do anything effective, argue that market forces will eventually bring about a decline in burning fossil fuels. Oil is supposed to be running out. As it does market forces will bring about a rise in its price and to alternative methods of generating energy – such as wind power, solar energy and other non-polluting, renewable sources – becoming relatively cheaper. Capitalist enterprises will therefore switch to these other sources. That's the theory and maybe in the long run it might work. But the long run could be a long time, by when it would be, as we said, too little too late.

But there are arguments about whether oil really is running out and, as its price rises, so it will become profitable to exploit less easily extracted and previously unprofitable sources, such as the oil under the deep sea. Already the states surrounding the Arctic Sea are manoeuvring to be in a good position to exploit the oil underneath it. The same applies to coal, of which everyone agrees there's enough to last for many centuries. New mines are already being opened in China.

So, within the framework of capitalism, intergovernmental co-operation and leaving it to market forces will both prove to be ineffective. Are we then doomed to suffer the consequences of global warming? Is there then no solution?

## The right framework

There will be a solution and, given the right framework, humanity will find it. We already know that any solution will have to involve finding replacement sources of energy to burning of fossil fuels. What is needed is a framework which will allow rather than impede the implementation of this and the other measures. The capitalist system does not, and cannot, provide such a framework. It must go before anything lasting and effective can be done.

What is the alternative framework? First, the competitive struggle for profits as the basis for production must be ended. This requires that the Earth's natural and industrial resources become the common heritage of all humanity. On this basis, and on this basis alone, can an effective programme to deal with the problem be drawn up and implemented, because production would then be geared to serving human interests and no longer to make a profit for competing enterprises.

There will be those who say that we haven't the time to wait for the coming into being of this, in their view, unlikely or long-distant framework, and that we must therefore do something now. In this age of apathy and cynicism when any large-scale change is dismissed, this may seem a plausible argument but it begs the question. It assumes that a solution can be implemented within capitalism. But if it can't (as we maintain), then concentrating on something now rather than on changing the basis of society and production will be a waste of valuable time while the situation gets worse.

**ADAM BUICK**

# Capitalism versus nature

*Capitalism is bound to come into conflict with nature. It cannot go green because it cannot change its spots.*

It is by no means unknown for a society to collapse for ecological reasons, which is to say, because it did not treat its environment with care. By 'collapse' here is meant a drastic reduction in living standards and population, not that everybody who lives in a certain place dies. One example would be Easter Island in the Pacific, where the population had fallen to just a few thousand by the time it was discovered by Europeans in the eighteenth century. Deforestation had led to soil erosion and a consequent cut in crop yields, so that the isolated island could no longer support the numbers it had previously. Another would be the Mayan civilisation of central America, which declined gradually through the ninth century, leaving great ruined temples and cities behind. Though it is more arguable in this case, the probable reason was a combination of drought and deforestation leading to a big drop in agricultural production.

The collapse of present-day society, then, might involve far fewer people surviving and at a far lower standard of living, but it would not result in the end of humanity and certainly not of the planet on which we live. Yet how likely is it that there will be a societal collapse caused by climate change or other ecological factors?

In answering this question, we need to look not mainly at technical questions such as how energy is produced and how crops are grown, important though these of course are. Rather, we need to examine the economic basis of society and see the implications of the ways in which production as a whole is organised and of how priorities are considered.

For present-day society is capitalism, which means that it is based on ownership of the earth and the mines, factories, offices and so on by a small part of the population, leaving most people to rely on selling their labour power to an employer in return for a wage. Unless you're one of the small minority of owners, you cannot live under capitalism without working for a wage, or living with someone who does so. Moreover, production takes place because of the need of the owners to make a profit, and they have no choice but to strive to maintain and increase their position of power and wealth. Since production is guided by the profit motive, it inevitably comes into conflict with the rest of nature.

As a small example, many high-street shops leave their doors open because it looks more inviting to potential customers, even though it increases their heating bills and the amount of energy consumed. An instance on a grander scale was the recent decision by Shell to withdraw from developing an offshore wind farm in the Thames estuary. The sizeable initial investment needed and rising costs — including the impact of raw material prices on the production of the turbines themselves — mean that oil is currently more profitable than wind. Shell noted that reviewing existing projects and focussing on efficiency were simply normal business practice, and sadly that's just what they are: ecological concerns take very much a back seat.

Perhaps the worst single occasion of capitalism's priorities coming into conflict with the health of the planet and its people is the explosion at the Union Carbide factory in Bhopal, India in 1984. This saw toxic gas released on a wide scale, with up to eight thousand people dying immediately and many more in the aftermath, to say nothing of those made seriously ill. In *The Enemy of Nature*, Joel Kovel looks at the background to this disaster.

The factory was losing money, so Union Carbide took various steps to reduce costs. Among other things, valves were not repaired, alarms were not maintained, and in general safety installations were inadequate. It may not have been 'an accident waiting to happen' exactly, but pursuing profit increased immeasurably the chances of an explosion taking place.

Equally, deforestation in the Amazon is caused primarily not by subsistence cultivators but by commercial interests clearing land for pasture. Cattle ranches occupy vast areas of cleared land and result in huge profits for the owners. The devaluation of its currency, the real, made Brazilian beef more competitive on the world market and increased the profits of the ranchers. The loss of animal and plant species and of renewable timber resources are simply not part of the profit-and-loss calculations.

Moreover, writers on energy constantly refer to economic considerations in discussing whether their technological proposals are viable. James Lovelock, for instance, regards renewable energy as 'inefficient and expensive', hence his support for nuclear power. The Severn Barrage, meanwhile, is 'an attractive business proposition'. In discussing ways to combat global warming, George Monbiot says he is looking for 'the cheapest way to cut carbon emissions'.

It must be admitted that there are counter-arguments to the effect that capitalism and the profit motive can after all solve ecological problems. Companies which are more efficient in terms of energy use than their competitors will have lower costs and so are likely to have higher profits. Thus simple economic arithmetic will lead to more sensible uses of energy. And more generally, there is profit to be made in industries which are ecologically-oriented, from the manufacture of reusable energy sources to biofuel companies and even the humble bicycle repair shop. It might be argued, too, that international measures have been and can be taken to solve the worst environmental problems, from the banning of the pesticide DDT in the 1970s to the more recent Montreal Protocol that reduced the use of CFCs.

However, energy production and global warming are far different, being integrated as closely as they could be in capitalist production in general. Combatting them would not be a mere matter of disrupting the manufacture of aerosols or weedkillers, but of changing something which is part and parcel of the capitalist system and on which all companies depend. No company will take action which endangers their profits, just as no government will pass legislation that puts the capitalists whose interests they represent at a disadvantage. Capitalism is about competition and profit-making, and this is something which can never be done away with as long as it lasts.

Capitalism, then, is bound to come into conflict with nature. It cannot go green because it simply cannot change its spots. Jonathan Porritt once reflected in an interesting way on what a green society would be like. Among other things, it would involve production for use and work as an end in itself. He's not a socialist, but in speculating on the meaning of greenness he did in effect realise that a society which lived as far as possible in harmony nature would be a socialist one, and that such a possibility cannot be realised under capitalism.

**PAUL BENNETT**





## Cooking the Books 1

### Passing on costs

In May the index of the factory gate price of manufactured goods rose by 1.6 percent. As this was the biggest monthly rise since March 1981, the media began to talk of "a summer of inflation" (*Times*, 10 June). Since they mistakenly regard any price rise, however caused, as inflation what they meant was that a spate of price rises could

be expected this summer which will affect not just those who buy producer goods but the rest of us too who buy consumer goods.

The manufacturers are arguing that they have to increase their prices because their costs have risen. It is true that their costs, particularly energy, have risen but manufacturers cannot increase their prices just because they have to pay more for their raw materials or energy (or, for that matter, wages). Prices are not determined by what the manufacturers would like but by what the market for their product will bear.

All firms aim to make as much profit as possible but will be satisfied if they can cover their costs and make the going rate of profit. This is the normal situation and is brought about by competition. If a firm tries to make a bigger profit by increasing its price above cost plus normal profit it won't succeed. Its product won't sell as those who use it will turn to other, cheaper suppliers.

This does not mean that they can never raise prices, or rather that the market will never allow them to do so. It is official government policy to inflate the currency so that the general price level rises at around 2 percent a year. So, other things being equal, firms can safely increase their price by this amount. As everybody will be doing it, it is something the market can bear.

Sometimes, due to an unexpected fall or interruption of supply, suppliers can increase their price to take advantage of this. This is the operation of the law of supply and demand: there are more paying demanders than suppliers so the price goes up. But this will only be temporary. Supplies will eventually be restored, even if by new suppliers being attracted by the higher profits, and prices (and profits) will fall again.

So, cost increases do not automatically lead to price increases (and this applies to wage increases as well as to other costs). This will only happen if the market will bear it. If the market won't then the capitalist firm, whether manufacturing or retailing, cannot pass the increased cost on to consumers. They have to "absorb" it, as reduced profits.

The figures for factory gate prices from the Office for National Statistics illustrate this well. They show that the index of "input prices" (i.e. costs) of manufactured goods has been rising faster than that for "output prices". While the index for these latter rose by 1.6 percent in May that for input prices rose by 3.8 percent. In the year ending May 2008 the index of input prices rose by a record 27.9 percent but the index for output prices rose by only 8.9 percent. ([www.statistics.gov.uk/pdfdir/ppibrief0608.pdf](http://www.statistics.gov.uk/pdfdir/ppibrief0608.pdf))

Clearly, to maintain their profits, manufacturers would have liked to raise the price at which they sold their products as fast as their costs. The fact that they didn't is sufficient proof that they couldn't. But there are limits to how far their profits can be squeezed. As Gary Duncan, economics editor of the *Times* pointed out:

"The double whammy of stalled spending by struggling households alongside rising costs for every kind of business means that companies' sales and profits are going to be under growing strain. This will spell cutbacks and layoffs. This raises the spectre that the economy could slide into a vicious downward spiral".

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# Capitalism: no deal

*Under capitalism most people must be losers.*



Daytime telly is a form of wallpaper: meaningless moving pictures to fill the time between adverts selling insurance or offering to unlock the equity in your home. The prime example of this form is the endless *Deal or no Deal*, fronted by the great survivor of light entertainment, Noel Edmonds. Ridiculous though the show is, it serves as an unwitting allegory of capitalism.

The premise is that 22 boxes containing a card each detailing a monetary sum between 1p and £250,000 are distributed among the players. One player is selected, and they will win the money represented in their box. The complication is that before they do that, they have to open everyone else's box, and at various stages a character called "the fat banker" will ring a phone and offer to buy the player's box.

The game is obviously entirely random – once the boxes are distributed, there is nothing more the player can do – at most, if they play it right, they can negotiate a good deal with the bank; but even that is down to the luck of which boxes are eliminated (the more lower score boxes are eliminated, the higher the banker's offers). To emphasise this mechanistic process, if a player accepts the offer from the bank, they are asked to keep on playing as they would have done, to see what they could have been offered, and see whether they could have won more. Players are shown what money could have been theirs, and encouraged to believe that

they have lost that money they never had.

If this sounds dull (and it is) the players are encouraged to pad the show out by devising complicated patterns of selecting boxes to eliminate. Even more, they are encouraged to give each other pep talks and egg each other on to think positively. Obliquely, this is associated with Edmonds' own advocacy of "cosmic ordering", by which you ask the universe for something and it gets delivered. All of which serves to pad out what is essentially a fairground game of chance into an hour of television.

So, just like capitalism, the wealth – in the boxes – is distributed randomly and unfairly, with only one player having more wealth than the rest put together in their box. Like a market, players have to try and sell their box without knowing what other boxes are out there, but they are encouraged to try and reach for the maximum prize. The players are tantalised and mesmerised by the prospect of £250,000, and very often go on to lose because the contents of their box, as eventually opened, are less than they were previously offered.

Like capitalism, the game disguises its true inhuman mechanics through a mixture of hope and delusion. The slim chance that one person can win is enough to entice the players to keep going, and to keep believing in their cranky positive thinking systems.

The fact is, in capitalism, the

fact of birth sets the opportunities available, and is as random as the distribution of boxes. Of course, a few people do manage to climb out of their situation – but it helps if a decent sum was dealt in the first place, and the way they play the game depends as much on luck as it does on their own skill; but the idea that they are self made, and got where they are today entirely through merit is entirely believed by the people who too wish to make the big win like they have. Just as many lose the game, entirely through no fault of their own, but are left with the lingering memory of what the banker said they were worth, and what they have lost.

It is just such thinking that the Tory Party rely upon. Until recently, they have been trailing massively in the polls. The good betting was that at the next election, the most they could hope for was a hung parliament (possibly with themselves as the biggest party). After all, the electoral system is currently against them, they need more votes absolutely to win enough seats to have an overall majority than the Labour party needs.

After years of assiduously refusing to give the Tories any leverage on tax, Labour slipped up, and abolished the 10p basic rate of income tax they had introduced – effectively raising the rate of tax on the lowest earners. That some of that was off-set by rises in the minimum wage, and (less obviously) by the increase in statutory holiday entitlement from 20 to

24 days. Such mathematical factors, though, weigh very little against the conscious fact that people will see the deductions on their payslip increasing in size, and they can be told that it is the government snatching their money away.

This is grist to the Tory mill – they were able to return to their old refrain of being for cutting taxes, and telling people how the highway robbers of Labour were taking their hard earned money and squandering it. Suddenly, they were able to spring into a massive lead in the polls, and romp to a massive victory in the Crewe and Nantwich by-election. A victory so massive, that were the swing to hold to the next general election, the Tories would be guaranteed a massive overall win. Suddenly, the hug a hoody and cod greenery were cast off, as the Tories found that their old dog whistle was working once more, and the promise of cuts and cuts and cuts of taxes became the effective way to make friends and influence voters.

Simultaneously, it shattered Labour's capacity to claim to be on the side of the poor – appearing to throw the burden of a tax cut on the poorest in the land. After all, it was to fund a cut in the 22 percent band that the 10 percent was abolished – Labour couldn't even point to a reform that the tax increase paid for. So, of course, the leftist rivals of Labour (and the party's own left wing)

managed to jump on the bandwagon and launch an attack on the tax cut, which benefited the Tories by playing into their game. Labour have paid the price for claiming to be able to run the game capitalism better than their Tory rivals.

The secret of the Tories success is that they can simultaneously feed off hope and despair. The hope that one day, with a bit of hard work, you too can make it if you're left to your own devices. The despair that you're being robbed by the government through taxes and that your money is being given to those who are living the life of Riley while you slog away. This is the political equivalent of cosmic ordering, of positive thinking. You have a chance – it doesn't matter how the boxes have been dealt, if you play the game right, you will make it in the end. The same thoughts animate the hopes of all those who pay the prole tax to phone into TV game shows, or buy national lottery tickets, for their big break out of their rut.

Of course, what people don't see is that they've been robbed before the tax man even arrives. Those who work for a wage or a salary are being taken for the value of their unpaid labour that their employer extracts from them through the sleight of hand that is the wages system. Just as the sleight of hand in *Deal or no Deal* is that the production company, Endemol, make many times more than they give away in prize money,

and indeed, wouldn't even run the game unless they did so. Recognising that, though, would require shattering the illusion of the game.

Seeing that the distribution of wealth means that there must be losers, that those who win got there by luck, that those who lose got there by luck, destroys the game itself. Destroy the cosmic ordering and you remove the incentive to keep playing the game. That the game of capitalism is itself pernicious and destructive demands that it be removed outright, not played as best you can. If a game is inherently unfair, no tweaking of the rules, no aspirations, no change of player is going to alter that.

It is socialists' job to arm our fellow workers with such knowledge and be a voice to cancel out the obscurantists calls for "thinking wealth" or other such mind candy that is the modern opiate of the masses. Latching onto tax campaigns, whether to relieve the poor or tax the rich, means keeping truck with the rules of capital – the game in which the winners are fixed before hand. So, when the fat banker asks us, "Capitalism: deal or no deal?" No deal! We say.

**PIK SMEET**



## Cooking the Books 2

### Profits before homes

"One of Britain's biggest brick makers is to close two of its largest factories", reported the *Times* (9 June). A few days later the same paper was reporting, as an example of what is happening all over the country in the building trade, that "Heatco Midlands has laid off its apprentices and told its employees that it cannot afford to pay them for a full

week's work because building work has dried up in the space of a month" (12 June).

Why? Why are brickworks being closed? Why are building workers being laid off or put on short-time? It is certainly not because the need for new or refurbished houses has been met. According to Shelter, "England is suffering a massive housing crisis. There simply aren't enough decent, affordable homes." Here are some of the figures they provide to back up this statement ([http://england.shelter.org.uk/housing\\_issues/the\\_housing\\_crisis#0](http://england.shelter.org.uk/housing_issues/the_housing_crisis#0)):

- 8.1 million homes in England fail to meet the Government's Decent Homes Standard.
- more than one million children in England live in bad housing.
- in 2006/07, 554,000 households in England were overcrowded.
- in 2007, almost 100,000 households were found to be homeless by local authorities - almost twice as many as in 1997.
- at the end of December 2007, 79,500 households were living in temporary accommodation arranged by local authorities. Nearly 60,000 of these households had dependent children.
- Nearly 1.7 million households are currently on local

authority housing waiting lists.

So, the need for more houses and better housing is still there. The problem is that under capitalism houses are not built with the primary aim of providing somewhere for people to live. They are built to be sold on a market with a view to profit. And, at the moment, there's a slump in what is openly called "the housing market". Which is expected to last for years; at least that's what the speculators think. On the futures market, "traders are betting that house prices will fall 50 per cent in four years and they do not expect prices to recover until 2017" (*Times*, 12 June)..

Wienerberger's chief executive, Wolfgang Reithofer, was perfectly frank about why the two factories were being closed: "It is a question of finance and this has impact. It will impact the strategy of housebuilders. They will not start new projects or will delay some other project."

He thinks that demand will eventually recover but by "demand" he doesn't mean the needs identified by Shelter but only paying demand, what the economists cynically call "effective" demand. The demand of the millions of people suffering from bad housing doesn't count – isn't effective – because it's not backed up by money. This, in accordance with the harsh economic law of capitalism of "can't pay, can't have".

The building industry has set up a charity to help the homeless called, ominously, "Crash" ([www.crash.org.uk](http://www.crash.org.uk)). This handing out of a few pennies to charities for the homeless while cutting back on housebuilding is just adding insult to injury.

Not that the solution to the housing crisis is to give people more money to spend on housing. That's not going to happen anyway. The solution is simple: build houses just for people to live in. But that's not going to happen until and unless we move on to a society where things will be produced precisely to satisfy people's needs instead of, as under capitalism, to make a profit and leave people homeless or in bad housing if they can't pay.

Oil and the Rest

Greg Palast: *Armed Madhouse*. Penguin £8.99.

There are three main themes in this book: the relation of oil to the US invasion of Iraq, the plight of American workers, and the way in which US elections are manipulated. Despite its American emphasis, it's well worth a read.

It is hardly original to claim that the Iraqi invasion was due to US concerns over oil supplies. Palast, however, goes much further than this and argues that there were two conflicting views within the American ruling class. The neo-conservatives wanted to sell Iraq's oil fields to various private companies, leading to a massive increase in production. This flooding of the market would undermine OPEC, which operates by imposing production limits, and so bring Saudi Arabia to its knees. In contrast, the big American oil companies opposed a sell-off and wanted the oil to be owned by the Iraqi state. That would make it straightforward to restrict production and keep prices high, thus boosting their profits and the value of their own reserves. The invasion, then, would not be about gaining access to Iraqi oil but about controlling the world price of oil (which was difficult with the unpredictable Saddam in power). Palast argues that Big Oil and their State Department allies eventually won the day — the price of oil now would seem to back this up.

Domestically, American capitalism is becoming more and more unequal. One percent of US households own 53 percent of all shares in the stock market. Median wages have gone down by 4 percent under Bush, but the bottom fifth of earners have lost no less than 20 percent of their income. Between 2000 and 2006 output per worker in America went up by nearly one fifth, but workers get less and less of what they produce. Nearly three million are no longer entitled to overtime at time-and-a-half after working forty hours a week. Modern-day capitalism needs a certain number of highly-educated workers, but the rest need to be identified early so that little money is wasted on 'educating' them.

Lastly, attacks on the electoral system go well beyond the 'hanging chads' of the 2000 presidential election. Palast presents evidence that both then and in 2004 many votes were simply not counted or wrongly rejected as spoiled. Electronic voting machines often don't work properly, and they exclude the possibility of recounts. Voting machines were removed from many areas likely to vote Democrat, leading to huge queues at voting stations. And many potential voters have been unable to register,

perhaps because they are wrongly claimed to have a criminal record or have no authentic ID. Less than half of Americans earning below \$15,000 a year are now eligible to vote, and generally poor, black and Hispanic would-be voters are given a hard time in both registering to vote and having their vote recorded.

It might be interesting to reflect on whether these last points have any implications for the idea of using the electoral system to demonstrate the existence of overwhelming support for Socialism when the time comes.

PB

Disaster capitalism

*The Shock Doctrine. The Rise of Disaster Capitalism.* By Naomi Klein. Allen Lane. Paperback. £8.99.



The author of *No Logo* has written another book strongly criticising features of capitalism while still arguing for reform

of the system rather than for its replacement. In her earlier book Naomi Klein (above) concentrated on the spread of globalisation. In *The Shock Doctrine* she aims to show that disaster capitalism treats natural and man-made disasters as exciting market opportunities.

She illustrates the main theme and associated sub-themes of the book by events in various countries over the last few decades.

In the USA the attack on the Twin Towers and the Pentagon that came to be known as 9/11 resulted in some 3,000 deaths. It also led to Bush's War on Terror, featuring big strides in privatisation, notably of the security industry. 9/11 exposed the security failures resulting from outsourcing government functions to profit-driven corporations: "the Bush team devised a new role for government, one in which the role of the state was not to provide security but to produce it at market prices."

After the New Orleans flood disaster in 2005 the public school system was almost completely replaced by privately-run charter schools. The teachers' union was shredded, the teachers were fired, and only some were rehired at reduced salaries. "Katrina was not unforeseeable. It was the result of a political structure that subcontracts its responsibility to private contractors."

In Chile in 1973 General Pinochet seized power by a coup d'état against

the previously elected regime which was called "socialist" but was really welfare-state capitalism. Before the coup Chile's US-trained economists had tried to introduce a policy of privatisation, deregulation and cuts to social spending peacefully. When that policy was democratically rejected the ruling class resorted to the use of force. Pinochet's battle was one-sided: more than 3,200 disappeared or were executed, 80,000 were imprisoned and 200,000 fled the country. Government spending was cut by 25 percent, accompanied by a package of pro-business policies.

The Falklands war in 1982 was fought between Britain and Argentina over possession of some tiny islands off the Atlantic coast. It cost several hundred military lives. It also served to boost the reputation of Mrs Thatcher as the Iron Lady. She went into Churchillian battle mode: after defeating "the enemy without" (the Argentine forces) she turned her attention to what she called "the enemy within" — the trade union movement and particularly the National Union of Mineworkers. Between 1984 and 1988 the Thatcher government privatised, among others, British Telecom, Gas, Airways, Airport Authority and Steel.

Klein takes 57 pages and quotes over 200 sources to analyse the complex, chaotic and profit-driven situation in Iraq. Here are some highlights:

"Develop the private sector, starting with the elimination of subsidies... investors could take 100 percent of the profits they made in Iraq out of the country, they would not be required to reinvest, and they would not be taxed... [the Iraq experiment] transformed the invasion, occupation and reconstruction into an exciting, fully privatized new market... BearingPoint, an offshoot of the major international accounting and consulting firm KPMG, was paid \$240 million to build a 'market-driven system' in Iraq." (pp342-8)

In 2005 a hugely destructive tsunami caused much loss of life, suffering and hardship for many people, especially in Sri Lanka. When the emergency subsided and fishing families returned to where their homes once stood, they were greeted by police who forbade them to rebuild. Hotels were encouraged to expand onto the valuable ocean-front where fishing people had lived and worked. An \$80 million redevelopment project was to be financed by aid money raised in the names of the victims of the tsunami. Loans from the World Bank and IMF were offered in exchange for agreements to open the economy to privatisation and public-private partnerships.

SRP

Workers against the

## Bolsheviks

***The Russian Revolution in Retreat, 1920-24. Soviet workers and the new communist elite.* By Simon Pirani, Routledge, 2008.**

One of the consequences of the fall of state capitalism in the USSR at the beginning of the 90s has been the opening up of the archives of the old regime, including those of its secret police. This book is a fascinating study, based on the minutes of meetings of soviets and factory committees as well as police reports, of the fight put up by factory workers in Moscow in the period 1920-24 to defend their interests under, and at times against, the Bolshevik government. Pirani also describes the beginnings of the emergence of members of the Bolshevik Party as a new, privileged elite.

In 1920 and 1921 during the civil war and its immediate aftermath, conditions in Russia were dire. Workers were paid in kind, but the rations often arrived late and were sometimes reduced. This led to protests and strikes, which the Bolshevik government was prepared to accommodate as long as these were purely economic and did not challenge their rule. The government was particularly edgy in 1921 at the time of the Kronstadt Revolt, whose demands for free elections to the soviets and a relaxation of the ban on private trading, had the sympathy of many workers. In fact, in the still not entirely unfree elections, to the local soviets that year members of other parties (Mensheviks, Socialist-Revolutionaries, anarchists) and non-party militants made gains at the expense of the Bolsheviks. Pirani concentrates on these "non-partyists" who seemed to have been factory militants who wanted to concentrate on economic issues, but with an acute understanding of the balance of forces and what could be extracted from the government.

In 1923 the government cracked down on the other parties, including their factory activists, and stopped them carrying out any open activity. Pirani notes that "no non-communist political organization worked openly in Moscow again until the end of the Soviet period". The non-partyists survived a little longer while the Bolsheviks tried to co-opt them into their party. What political opposition there was was confined to dissident Bolsheviks, inside and outside the party, some of whom adopted a pro-working class stand over wages and conditions, but eventually they too were silenced and many of them joined the members of the other parties in the labour camps of Central Asia and Siberia.

Lenin's attitude was typical of the one he had displayed twenty years

earlier in his notorious pamphlet *What Is To Be Done?*: that workers were not to be trusted to know their own best interest; judging this had to be left to an intellectual elite organised as a vanguard party. Pirani summarises part of Lenin's speech to the 11<sup>th</sup> Bolshevik Party Congress in 1921:

"Lenin argued that the Russian working class could not be regarded as properly proletarian. 'Often when people say 'workers', they think that that means the factory proletariat. It certainly doesn't', he said. The working class that Marx had written about did not exist in Russia, Lenin claimed. 'Wherever you look, those in the factories are not the proletariat, but casual elements of all kinds.'"

Pirani comments that "the practical consequence of this was that political decision-making had to be concentrated in the party". This distinction between the actual working class (who cannot be trusted) and the "proletariat" (organised in a vanguard party who know best) has been inherited by all Leninist groups ever since and used to justify the dictatorship of the party over the working class.

Pirani's book should be read by those who think, or who want to refute, that the state in Russia under the Bolsheviks could ever have been described as "workers". The workers there always had to try to defend their wages and conditions against it, even in the time of Lenin and Trotsky.

ALB

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## Meetings

### South West Branch

Saturday, **12th July**, 2pm - 5pm at the Village Pub in Salisbury, near Salisbury Railway Station. We are permitted to bring food to share in the pub's function room downstairs. Everyone very welcome. Real ale is available.

Then the following weekend, the 19th and 20th July, Tolpuddle Rally is on. A stall has to be set up by noon on Saturday, by 10am on the Sunday. Comrades will be able to meet up with the friendly South West Branch and obtain literature and promotional items, without the postage costs! Socialist literature and merchandise are available.

After the Tolpuddle Rally, there will be a social in Poole with veggie food, real ale and other refreshments. Please contact Comrade Veronica Clanchy if you are interested in coming to the social and have not done so already. Telephone 01202 569826.

### East Anglia

Saturday, **12th July**, 12 noon to 4pm.

12 noon: informal chat, and branch business

2pm to 4pm: "How can we Encourage the Growth of Socialist Ideas?"

Introduced by Alwyn Edgar.

Venue: The Conservatory, back room of the Rosary Tavern, Rosary Road, Norwich. All welcome.

### Summer School

Friday **18 July** to Sunday **20 July**

Fircroft College, Selly Oak, Birmingham RELIGION

Friday evening: The Real Meaning of Religion - Sandy Easton

Saturday morning: End Times Beliefs - Mike Foster

Saturday afternoon: Is Socialism a Faith? - Howard Moss

Saturday evening: Islam, Politics and Revolution - Gwynn Thomas

Sunday morning: Evolution and the God Hypothesis - Adam Buick

Full attendance, including accommodation and all meals, costs £120. Half price concessions are available. For more information, including last-minute availability of places, contact Mike at [spgbschool@yahoo.co.uk](mailto:spgbschool@yahoo.co.uk) [school@yahoo.co.uk](mailto:school@yahoo.co.uk).

### Manchester

Monday **28 July**, 8.30pm

Discussion on Morality

Unicorn, Church Street, City Centre

## Letters continued

Committee in favour of a multi-bank model. However, this model does not demonstrate anything more than that currency circulates around the banking system and can be used more than once in the process of customers' creating bank deposits – as opposed to banks somehow creating multiples of credit from these deposits (the July 1990 *Socialist Standard* dealt with this particular model in more detail).

If banks could create vast multiples of credit from their deposit base

then the recent problems of Northern Rock and others would never have occurred. In reality, their problems arose precisely *because* they wished to lend out more than had been deposited with them and to do this they had to borrow 'short' on the money markets to finance their long-term loans and mortgages. When inter-bank lending rates hit the roof, the game was up – and the Bank of England and the Treasury did not just tell them to go away and create some more multiples of credit from

their deposits.

Traditionally, banks have covered most of their loans through the generation of deposits by customers; Northern Rock was unique in that in its dash for growth it allowed its ratio of deposits to loans to go down to under a quarter, an unprecedented level in UK banking history (it was around £24 billion in deposits set against around £113 billion in loans and other assets at the time of its major crisis). The difference was not made up through 'credit creation' but

simply by borrowing on the money markets at the prevailing inter-bank rates of interest, as can be seen from an examination of its balance sheet.

Similarly, the current £12 billion discounted 'rights issue' of new shares by the Royal Bank of Scotland is an attempt to shore up its asset base partly because of losses it has made on investment vehicles tied to the US sub-prime mortgage crisis. So again, much to the chagrin of their shareholders, there is no easy way out of this crisis for banks by attracting some more deposits and then creating vast multiples of credit from them to magically cover their losses.

–Editors

## Socialists and General de Gaulle



SOCIALISTS ARE OPPOSED to what de Gaulle stands for on principle, because he stands for French capitalism, and Socialists do not support any capitalist faction anywhere or at any time. But the Socialist principle on which we oppose de Gaulle just as imperatively lines us up against the French political parties that oppose de Gaulle, the so-called "Communists" and the minority of the French party misnamed Socialist (its majority supports de Gaulle).

The immediate issue which so bewildered de Gaulle's opponents of a few weeks ago that many of them ended by voting him into power, was the alleged "defence of democracy." Faced with a threat of civil war from the rebel generals and French settlers in Algeria and their sympathisers in France, they chose what they thought the lesser evil, making de Gaulle head of the government in the hope that he could and would control the generals. The French Communist Party, which defends the Russian dictatorship and still applauds the bloody suppression of Hungarian workers by Russian troops in 1956, came out hypocritically for the "defence of democracy" against the

"Fascist" de Gaulle. We need waste no words on them except to wonder whether their failure to back up their outcry against de Gaulle with something more than words may not have been due to a lurking fear—that perhaps de Gaulle may do a deal with the Russian government behind their backs.

But although the Communist Party did not change its ground while the crisis was on, the French Labourites, the so-called Socialist Party, made themselves ridiculous with a series of somersaults. Starting with a resolution not to support de Gaulle in any circumstances, they followed this with a decision to let the M.P.'s have a free hand either to follow their leader Mollet, who backed de Gaulle, or to vote against him; then another decision a few days later to let them abstain from voting on the question of handing over power to de Gaulle. With Mollet and others of their leaders in de Gaulle's government the party is split into nearly equal halves; with the likelihood that more will swing over to Mollet.

(From front page article by 'H', *Socialist Standard*, July, 1958)

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## Declaration of Principles

*This declaration is the basis of our organisation and, because it is also an important historical document dating from the formation of the party in 1904, its original language has been retained.*

### Object

**The establishment of a system of society based upon the common ownership and democratic control of the means and instruments for producing and distributing wealth by and in the interest of the whole community.**

### Declaration of Principles

The Socialist Party of Great Britain holds

1. That society as at present constituted is based upon the ownership of the means of living (i.e., land, factories, railways, etc.)

by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.

2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle between those who possess but do not produce and those who produce but do not possess.

3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into the common property of society of the means of production and distribution, and their democratic control by the whole people.

4. That as in the order of social evolution the working class is the last class to achieve its freedom,

the emancipation of the working class will involve the emancipation of all mankind, without distinction of race or sex.

5. That this emancipation must be the work of the working class itself.

6. That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organize consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.

7. That as all political parties are but the expression of class interests, and as the interest of the working class is diametrically opposed to the interests of all sections of the master class, the party seeking working class emancipation must be hostile to every other party.

8. The Socialist Party of Great Britain, therefore, enters the field of political action determined to wage war against all other political parties, whether alleged labour or avowedly capitalist, and calls upon the members of the working class of this country to muster under its banner to the end that a speedy termination may be wrought to the system which deprives them of the fruits of their labour, and that poverty may give place to comfort, privilege to equality, and slavery to freedom.



# Weasels at Westminster

James Purnell: 'ambitious, ruthless, calculating'

"Ambitious" is a chameleon word, adapting itself to demands and conditions. An ambitious doctor may nurture an obsession to cure ravaging diseases. An ambitious sociologist may set out doggedly to unravel misconceived theories about the causes of crime, depression, homelessness. But...an "ambitious" estate agent? An "ambitious" tabloid hack? An "ambitious" politician?

James Mark Dakin Purnell is the Labour MP for Stalybridge and Hyde. Succeeding to the seat in 2001, he was swept into the Commons by an electorate not then recovered from the hysteria of the 1997 slaughter of Tories and the raptures of Tonylove. Purnell's was a well-worn path to Westminster; a "first class" degree at Oxford (Balliol College) in Politics, Philosophy and Economics, an Islington councillor, part-time holiday researcher for Tony Blair and then, after a couple of intimidatingly titled jobs, the dizzy heights of speech-writer to Prime Minister Blair. Being by then known as a "media expert" could have done him no harm but some may have reflected that twenty years before he could, with the same type of background, have fitted comfortably into the pattern of those other Oxford Firsts who, weighing up their chances, opted to favour the Tories with their talents. In the 2005 election, as the experience of Labour government induced a more stark realism in the voters, Purnell's majority was reduced but still held firm at 8348 – although, as the Labour vote crumbles away, even his seat cannot be considered to be entirely safe. But Balliol graduates are renowned for their superiority so there is reason to believe that his survival and future have been carefully planned.

## The DWP

Firstly, there is his experience in government, from more junior jobs in Creative Industry and Tourism (in which he "liberalised" alcohol licensing laws) and Culture, Media and Sport (which enabled him to offer to bemused Labour delegates vacuous speeches which included both the words "culture" and "community" without acknowledging any historical dependence between them). And then, in January 2008, replacing the sacked Peter Hain in charge at the massive, challenging and unhealthy Department of Work and Pensions (DWP) – a promotion described by TV's Andrew Marr as "from threatening the BBC to threatening the unemployed". Purnell had in fact done a previous stint at the DWP, which had earned him a commendation in *Which* magazine as Consumer Champion of the Year – something the unemployed may soon wonder about. He was given the testing job of opening the recent Budget debate, although a measure of his standing in the party was that this was to conspicuously unpopulated Labour benches. And now he is being spoken of as a possible replacement for Gordon Brown as Labour Leader – which cannot be entirely because the MPs are desperate about their security.

Purnell's future may depend on his success or failure in carrying through what Labour's welfare guru Frank Field, among others, once called "thinking the unthinkable" – to so "reform" the benefits system as to virtually force the unemployed (including the incapacitated) back to work. Purnell is in no doubt about his contribution to this. In his interview with Andrew Marr he promised: "For people who can work, we're going to require them to look for work, we're going to get a million people off capacity benefit into work, 300,000 more lone parents into work...so it's a major reform of the system". This "major reform" is planned to include roping in all claimants of incapacity benefit, who will have to submit themselves to a rigorous assessment of whether their claim fits in with what the government thinks should be incapacity. If it doesn't fit in they will be provided with something menacingly called "extra support" to get them into work. And what if they still don't toe the line? Purnell replies: "For those who don't play by the rules, there will be clear consequences from their behaviour". Those who are not on Incapacity Benefit but simply unemployed will be tested for their suitability for training; if they refuse to attend for this they will also face clear consequences – a

reduction in their benefit.

On 28 February, presenting something going by the resounding name of a Commissioning Strategy, Purnell proudly announced his own contribution as a minister to the unemployed statistics – "headcount reductions" (more precisely known as sacking people) of DWP employees leading to "increased productivity" of 11 per cent (more precisely known as making those who are not sacked work harder). And he summed up "Beveridge would be familiar with our goals, but not the methods by which we deliver them". Beveridge is not, of course, available to comment on this piece of historical distortion.

## Deception

Purnell is not the first government minister, and he will not be the last, to blame the unemployed for being out of work and to ascribe unemployment to the eagerness of the workless to luxuriate on meagre state benefits instead of to the intractable vagaries of capitalism's economic system. He is not the first to try to bolster his own ambitions and to try to conceal his own impotence by diverting popular anxiety and prejudice about a problem onto handily identifiable scapegoats, if at the cost of driving them deeper into apathy and despair.

So how does his own behaviour compare to the standards he sets for others? In September 2007 it was arranged for the five local MPs to pose for a group photo at the construction at the new Tameside General Hospital. But only four turned up for the photo; Purnell was 20 minutes drive away when the shutters were clicking and by the time he arrived the others had left. So a separate photo of him was taken and digitally added to the group shot, which appeared in the hospital newsletter. But a vigilant local editor noticed the deception, which meant that Purnell had some explaining to do – at which his customary confidence seemed to have deserted him. Grilled by a news presenter on BBC North West he squirmed as he doggedly insisted that the whole matter was a "misunderstanding", the deception was done without his knowledge. However the interviewer just as doggedly reminded him that his own press office had said repeatedly that he had consented to the doctored photo. This was a trivial matter compared to other New Labour deceptions – some of which Purnell will have to promote as a loyal minister and MP – such as cash for honours, bribes to sell arms to the Saudis, Iraq's weapons of mass destruction due to take off in a few minutes. But it illuminates the obsessive trickery bound up with capitalism's politics and, for Purnell, must raise the question of how many other "misunderstandings" should he own up to?

## Weasels

Perhaps to avoid such distressful episodes in future Purnell has engaged an aide – Phill Collins, who is not the famed multi-millionaire warbler of pop songs but an aspirant who recently upset a local Labour Party by sulking when he was not joyfully selected to stand as their MP. But the prospects of a constructively harmonious partnership between Purnell and his adviser are not good for they seem to have crucial differences on important matters. Purnell rates Gordon Brown as a leader who "has the strategy and determination to be a great Prime Minister" while Collins thinks "Brown doesn't need a speech writer. He needs a magician". On the wider issue of whether Labour has a future Purnell sunnily informs us that it "is not a tired government. This is a government which is excited about the reforms that we are bringing in" but Collins thinks that "Labour's future, after three terms, looks bleak". This confusion is a matter for Purnell and Collins to reconcile with their claim to have a clear-headed, consistent remedy for capitalism's inhuman anarchy. Meanwhile, it will be instructive to keep an eye on these two Westminster weasels – ambitious, ruthless, calculating but not yet clever enough to avoid the pitfalls which expose them for what they are and the system they represent.

IVAN



# Voice from the Back

## An Investment Opportunity

Many people see the recent rise in foodstuff as an unmitigated disaster. Millions of poor

# \$tarvation Surpluses

people see it as a potential death sentence, but we live in capitalism and many capitalists see it as an investment opportunity to make huge profits. "Huge investment funds have already poured hundreds of billions of dollars into booming financial markets for commodities like wheat, corn and soybeans. But a few big private investors are starting to make bolder and longer-term bets that the world's need for food will greatly increase — by buying farmland, fertilizer, grain elevators and shipping equipment. One has bought several ethanol plants, Canadian farmland and enough storage space in the Midwest to hold millions of bushels of grain." (*New York Times*, 5 June)

## Tory Turnaround

The recent increases in oil and food prices combined with the so-called "credit crunch" has led many economists to reconsider their viewpoints, but none more startlingly than that of the *Times* journalist and arch-conservative William Rees-Mogg. "All serious political analysis has a Marxist element. The core discovery

of Karl Marx as a political philosopher was the dominance of economic change in shaping the history of political society." (*Times*, 12 May)

## The Priorities Of Capitalism

"A California company will give five dog owners the chance to have a favourite pet genetically copied and brought back to life later this month. BioArts International has arranged an online auction to decide which dog lovers will qualify: at starting bids between \$100,000 (£51,000) and \$180,000." (*New Statesman*, 5 June) "Every 17 seconds, a child in the developing world dies from water-related diseases. In around



the time it takes you to read this paragraph, someone, somewhere, will die. Everyday, people in the world's poorest countries face the dilemma of having to trust their health and that of their children to the consequences of drinking water that could kill them. It's a gamble that often carries a high price - seeing children needlessly dying is simply heartbreaking." (*WaterAid* leaflet, June 2008) It says a lot about the priorities of capitalism when *WaterAid* are asking for £2 a month to help save children and someone can spend £90,000 to clone a pet dog.

## This Frightening World

It is always difficult if not impossible to predict where the next international conflict will erupt inside capitalism, but this piece of sabre-rattling by a prominent Israeli

politician gives us the heebie-jeebies.

"An Israeli attack on Iranian nuclear sites looks 'unavoidable' given the apparent failure of sanctions to deny Tehran technology with bomb-making potential, one of Prime Minister Ehud Olmert's deputies said on Friday. 'If Iran continues with its program for developing nuclear weapons, we will attack it. The sanctions are ineffective,' Transport Minister Shaul Mofaz told the mass-circulation *Yedioth Ahronoth* newspaper. 'Attacking Iran, in order to stop its nuclear plans, will be unavoidable,' said the former army chief who has also been defense minister." (*Yahoo News*, 6 June)

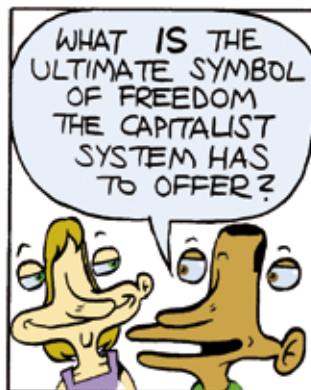
## A Murderous Society

There are many examples of how capitalism turns human beings into monstrous creatures, but we doubt if a more extreme example than this could be found. "A woman beat her grandmother to death with a garden spade because she feared her inheritance would be spent on her residential care. Joanne Hussey, 33, has been jailed for a minimum of 20 years for the brutal attack on 77 year old Annie Garbutt. ...The jury was told that Mrs Garbutt had the onset of Alzheimer's disease and it had been recommended she be placed in a home. Her savings of around £250,000 would have been dipped into in order to pay for the cost of her care." (*Daily Telegraph*, 11 June)



Next government Help the Aged programme?

## Free Lunch



by Rigg