

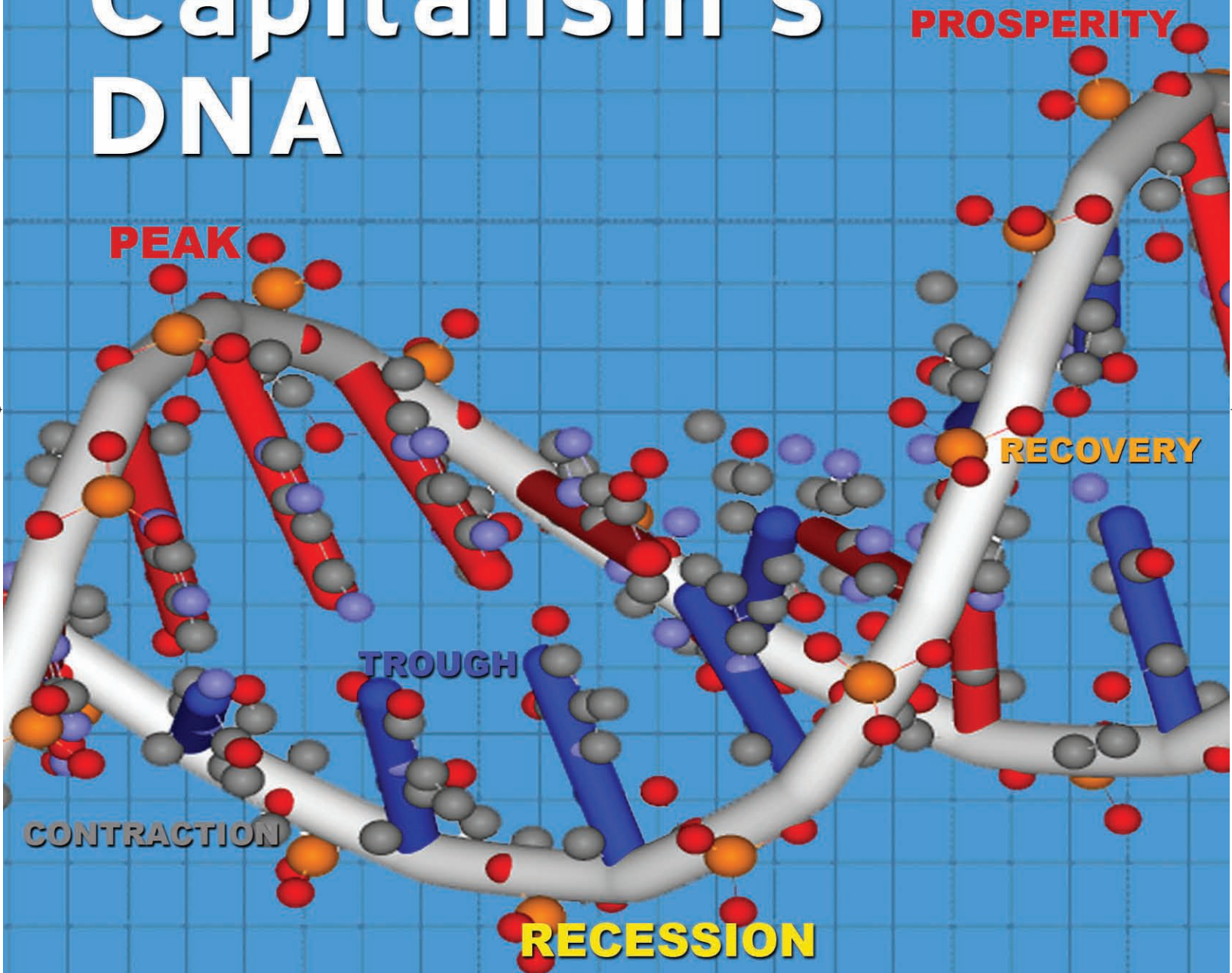
# socialist standard



March 2009  
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Journal of The Socialist Party of Great Britain - Companion Party of the World Socialist Movement

## Capitalism's DNA



Why the boom/slump cycle is inevitable



Opium wars  
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#### THE SOCIALIST PARTY OF GREAT BRITAIN

The next meeting of the Executive Committee will be on **Saturday 7 March** 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**  
**e-mail: [spgb@worldsocialism.org](mailto:spgb@worldsocialism.org)**

## 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

### It's capitalism that's to blame

IN THE space of a few months bankers and the rest of the financial sector have gone from being the self-styled "masters of the universe" to little more than "Scumbag Millionaires" in the words of the tabloids. Even social workers, teachers and imams are getting a better press these days.

On both sides of the Atlantic, bankers are being hounded by journalists and interrogated by politicians in televised show trials. They're having to hand back the private jet and cancel the company team building event at Florida. (Realising it might look bad to take the private jet, Bank of America's CEO slumped it on a train for 8 hours travelling to Washington to give testimony at the Senate hearing). Not all executives take well to the sackcloth and ashes: Eric Daniels, Chief Executive of LloydsTSB, tried to claim his £1 million was a "modest salary".

The blame game is in full swing with politicians, bankers and regulators all trying to place responsibility with someone else. And every so often of course, the working class are dragged into this and accused of starting the problem by daring to imagine that they could lead the lives of the class above them that have been trailed endlessly over the years in the media, so ending up over-stretching themselves to accept all those mortgages and other loans.

The current stand-off between the banks and the government exposes one of the hidden features of the market system. While the government has provided the banks with mind-bogglingly large sums of financial support, they still seem reluctant to lend. (There is even a joke doing the rounds. Apparently Gordon Brown has told the police that they should now turn

a blind eye when they see a bank robbery. The reason? - he's realised that given the current stand-off between the banks and the government, it's probably the quickest way to get some money into circulation).

But of course, while capitalism may be going through interesting times at the moment, that does not mean that the fundamental rules of capitalism are not holding. In fact we are going through such apparent upheavals *in order* to maintain an orderly and even conveyor belt of profit to the capitalist class. Recession is a natural part of the life-cycle of capitalism.

Economists may be confused, and financial modellers may be bamboozled, but capitalism is actually acting true to form. The fundamental requirement is for investment to deliver a return commensurate with the risk. The banks don't see many parts of the economy where they can confidently see a return on their investment, so they are refusing to lend. For the 5 percent of the world's population who don't need to work but instead live off their monopoly and the profit generated by others (or its close relations, rent and - with particular relevance to the banking sector - interest), this may be a period of uncertainty. But it's all in a good cause, ensuring the maintenance of a healthy profit stream into the future.

There will be many innocent by-standers caught in the cross-fire of this latest in the long list of economic crises of the market system, but ultimately it's an issue for the capitalist class. Workers shouldn't waste their time trying to sort out this mess, or to try and better regulate it. Instead its high time we posted notice on an economic system that creates chaos and is, by its nature always in crisis.

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## “We won’t be back”

Browsing through the science pages of any newspaper or online journal is to take an entertaining flight of fancy through the world of journalistic prediction. That is not to say, wild stories dreamed up by journalists and fed to a credulous public, but wild stories dreamed up by scientists and fed to a credulous press.

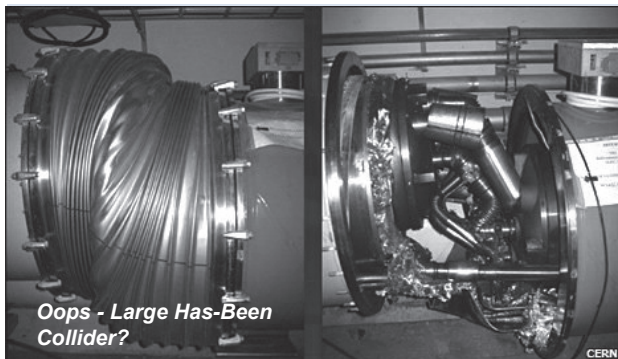
Some of these are just harmless fun, like the evergreen notion of life on other planets, (*Galaxy has billions of Earths*, BBC Online, 15 February). Harmless fun, and like as not hopeless fantasy, based as it is on the formulation known

as the Drake Equation, a well-known exercise in piling unknown suppositions upon each other and arriving at a number. With just over 300 exoplanets now discovered, and all of them gas giants that could kick sand in Jupiter’s face, there is no particular reason to predict thousands of intelligent civilisations in our galaxy, but that doesn’t stop scientists with one eye on the telescope and the other eye on the tabloids. (Our advice, by the way, if there happen to be any alien civilisations reading this column, is to stay the fuck away from this planet until we’ve sorted ourselves out, or we’re likely to be a very bad neighbour.)

Ray Kurzweil is another respectable scientist with a penchant for grandstanding, and his prediction that humanity is approaching a technological *singularity* figures prominently on his site *Kurzweil.net* and is regularly dredged up by newshounds on a sensation-hunt. A singularity is a point beyond which it is not possible to make any prediction whatsoever, and according to him, this event horizon will be reached when artificial intelligence overtakes human intelligence, perhaps 30 years from now.

Since human intelligence has got us where we are today, some might see this as a pretty good thing. However one can’t really blame hacks like Ed Howker of *The Independent* (4 February) for instinctively conjuring up images of Skynet, Cyberdyne Systems, and all the rest of the paraphernalia of the box-office hit *Terminator*. After all, the work is being developed today and as the director of Michigan’s AI laboratory frankly admits “Our noses are too firmly pressed into our work for us to ask, to really ask, should we be doing what we’re doing?”

One only has to watch state-of-the-art robots whizzing round the lab floor trying not to bang into things to realise that the Terminator isn’t going to kick our front door in just yet. The concept of inorganic evolution – your toaster will inherit the earth – is a pretty old and abused notion. It’s not that we could never build something which could destroy us. After all, look at the weapons industry, or even the car industry. It’s just that, when it comes to Terminating ourselves, we don’t need artificial intelligence to do it for us. We’ve got capitalism. That’s all the prediction you’ll ever need.



Oops - Large Has-Been Collider?

### Fancy a round of proton smashing?

You have to feel sorry for the nerds at CERN. Not only were their confident predictions about discovering the fabled Higgs Boson drowned last year in a media frenzy about high-energy particle physics being the death of us all.

When they turned the damn thing on, it broke. And now, months and millions later, they still haven’t got it off the starting blocks, and their rivals at the Chicago Fermilab Accelerator are laughing up their labcoat sleeves, predicting that they’re going to find the Higgs first (*Race for ‘God particle’ heats up*, BBC Online, 17 February). It’s all getting rather competitive, but then, it’s a nice kind of competition, the kind we’d want to encourage in socialism, rival scientific teams racing to the truth. After all, there’s no money in the Higgs. It won’t change anything. It won’t even prove anything, apart from showing that the standard model of physics still holds up. If the nerds at Fermilab pull it off, CERN will be red-faced, but science will benefit either way. There is such a thing as healthy competition. The mistake of capitalism is to apply it where it does damage. Socialism would cooperate over what mattered, like world production and distribution, and keep the competition for the fun things, like football and particle physics.

## HOW WASPS GOT THEIR STING

Curious that David Attenborough should produce the recent BBC programme *Charles Darwin and the Tree of Life*, just around the same time that *New Scientist* led with a cover-story

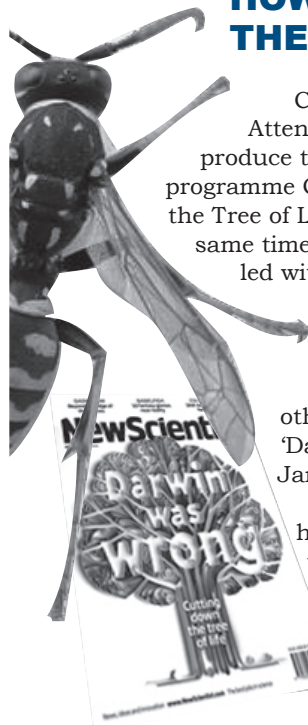
specifically refuting the notion of a Tree, and to the rage of Dawkins, Dennett and others, proclaiming that ‘Darwin Was Wrong’ (24 January).

Work in genomics has revolutionised the understanding of evolution, and classical definitions of ‘species’ and

‘inheritance’ are coming under new scrutiny. Up to fifty percent of genes, it is estimated, are not passed along any linear tree of descent at all. They pass horizontally between related and sometimes unrelated hosts, usually in the form of a virus. Horizontal gene transfer (HGT) is now thought to account not only for some of the most bizarre biological hybrids, but also for such commonplaces as a wasp’s toxic sting. This constant ‘viral rain’ may also account for anything up to ninety percent of the human genome and some of our most basic biological functions, such as placental development, immune-response and gene expression (*New Scientist*, 28 August 2008). Thus some evolutionary biologists now think the idea of a family ‘tree’ is obsolete. If there are any structures that look like a tree, they are local outgrowths

of a general evolutionary ‘web’. But does that make Darwin wrong? Maybe, maybe not. *New Scientist*, with an apparently airy disregard for the slaving orcs of the Discovery Institute over in creationist Mordor, has gone for the controversial sell.

“You have made a lot of extra, unpleasant work for the scientists whose work you should be explaining to the general public”, fumes Dawkins et al (*New Scientist Letters*, 21 February), concerned that this ‘goof’ gives the god squad useful ammunition. Let’s not use the creationists as an excuse to make programmes so science-lite that they misrepresent the state of knowledge. If we, the general public, can cope with hierarchical trees, we can surely cope with HGT and webs. Socialists never had much use for hierarchies anyway.



Trade unions

Dear Editors

With reference to the *Socialist Standard* (50 Years Ago, February) referring to February 1959 showing Trades Unions in Maoist China were in practice organs of the State, Trotskyists in the SWP and other Trotskyists argue for unions to have power and rights. Yet when Trotsky was Lenin's right-hand man he argued for the banning of unions to represent workers' interests on the grounds it was not necessary in a workers state: instead they should express the state's viewpoint to workers. He advocated forced labour and military discipline to be attached to labour units. Hitler and Mussolini had similar ideas.

Please assure that even under socialism and communism you would recognise free powerful Trades Unions to advance workers' and other people's rights as a Fundamental Human Right.

ANDREW HARVEY, Carlisle.

**Reply:** We can't give you the assurance you ask for since trade unions, as organisations to negotiate with employers over the price and conditions of use of the commodity labour-power that their members are obliged to sell to get a living, will not exist in socialism. Neither will employers, nor wages. Instead,

production will be under democratic control on the basis of the common ownership of the means of production. No doubt there will be workplace bodies – which will be free and powerful – to ensure this democratic control but these will not be trade unions.

We hope you don't think we're Trotskyists. We are not but have always opposed Leninism and its 57 varieties including Trotskyism. We agree with you in denouncing Trotsky's attitude towards trade unions when he was a member of the state-capitalist Bolshevik government of Russia in the early 1920s – *Editors*.

Kropotkin

Dear Editors

I much appreciated DP's review of my Kropotkin pamphlet (January *Socialist Standard*). Of course Kropotkin, like myself, was clearly able to distinguish between Marx's advocacy of parliamentary government (State socialism) and Lenin's vanguardist approach.

What is important to recognise, however, lost on DP, is that Kropotkin and the anarchists repudiated both Marxist politics and Bolshevism and other anarchists (libertarian socialists) opposed Marxist State socialism – clearly spelled out in Iain McKay's recent *An Anarchist FAQ* (AK Press, 2008) and other pamphlets by the Anarchist Federation.

BRIAN MORRIS, Lewes, Sussex,

**Reply:** We would argue that Marx was not an advocate of "parliamentary government" but of the abolition of the state. As he wrote in *The German Ideology* "[The proletarians] find themselves directly opposed to the form in which, hitherto, the individuals, of which society consists, have given themselves collective expression, that is, the State. In order, therefore, to assert themselves as individuals, they must overthrow the State". It is unfortunate that after so-called "Marxism" became the official ideology of the ruling class in Russia his anti-state sentiments have been downplayed or distorted. "State socialism" is a contradiction in terms and was never used by Marx.

In all essentials, we would say the theories of Kropotkin are closer to those of Marx than are some others from the Anarchist tradition; the difference is one of *means* and not *ends* - a classless, stateless, moneyless, wageless common ownership society. However what it is more important, as we hope you'll agree, is not what Marx or Kropotkin said or meant to say, but how we can improve our current theoretical understanding by studying their works and criticising them in the light of later developments and our experience of the present. – *Editors*.

The real dirty work *Socialism will eliminate capitalism's dirty work*

'WHO WILL do the dirty work?' is a question that socialists often hear, whether from inveterate opponents or those who have just come across the socialist case. The questioner usually has in mind jobs such as collecting the bins, sweeping the streets or working in the sewers. The reason why people ask about this kind of work is that it is clearly useful, indeed essential: without collection of rubbish, for instance, towns and villages would soon disappear under a pile of filth and rats.

The standard answer to the 'dirty work' question is to say that a socialist society would try to automate such work, or make it less unpleasant, or organise a rota or call for volunteers. Since there will be no employment or jobs in socialism, certainly nobody will be condemned to do such work forty hours a week for years on end. Charles Fourier once suggested that children, who love dirt, should be the ones to do the dirty work. That will probably not be acceptable as a solution, but it at least illustrates one of the possibilities.

However, there is another way of approaching the question: to ask what work truly counts as dirty. For cleaning

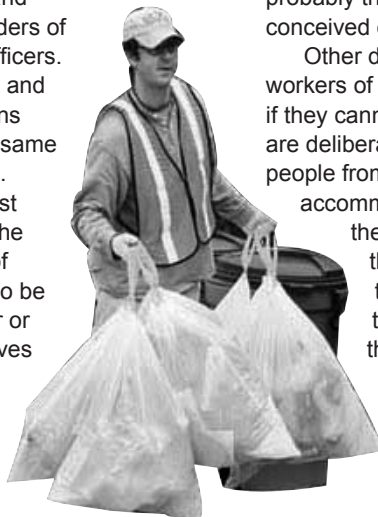
toilets and removing industrial waste may not be very nice, but there is other work which is dirty in the very real sense of being anti-human, concerned with damaging people rather than helping and benefitting them. This is work which will not be needed in socialism, where all human activity will take place to satisfy people's needs.

The armed forces, for instance, exist to defend the interests of the ruling class of whichever country they serve. To do this, their members must be prepared to kill, injure, maim and torture, under the orders of their commanding officers. Spies, secret agents and government assassins have essentially the same professional mission. And soldiers don't just kill: they also die in the interests of a class of parasites. Learning to be a good soldier, sailor or airman/woman involves unquestioning acceptance of

orders and soul-destroying drills intended to inculcate discipline and obedience. The humanity of soldiers and their victims are both dismembered by war and the training that prepares for war.

Those who work in arms factories, designing and building the weapons that soldiers use are doing another kind of dirty work. Making guns, bullets, missiles and bombs means making ways of killing and maiming other human beings. Socialist society will know no wars or armed forces, so using and making these weapons — probably the dirtiest work that can be conceived of — will simply not take place.

Other dirty work involves depriving workers of their homes, cars or whatever if they cannot pay for them. Bailiffs are deliberately concerned to prevent people from meeting their needs for accommodation and so on, including the most basic needs of all. Sadly, the poverty that drives workers to labour for a wage can lead them to take jobs that cause them to act in a thoroughly nasty and inhuman way to their fellow workers.



continued page 12  
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# Opium wars, old and new

**T**he phrase “opium wars” usually refers to the British military assaults of 1839-42 and 1856-60 that forced the Chinese emperor to allow British merchants to sell his subjects opium. The opium was grown in India, where the tax revenue from its sale maintained the colonial administration.

In 1839, imperial commissioner Lin Zexu wrote to Queen Victoria: “By what right do the barbarians use the poisonous drug to injure the Chinese people? Although they may not intend to do us harm, in coveting profit to an extreme they have no regard for injuring others. Let us ask, where is your conscience?”

He never received an answer.

### Poisoning “their own people”

Not only the Chinese suffered at the hands of the profit-coveting barbarians, who derived equal satisfaction from poisoning “their own people.” Britain imported 200,000 pounds of opium from India in 1840. It was consumed, quite legally, mostly mixed with alcohol in a flavoured concoction called laudanum, as an all-purpose painkiller, tranquilliser and sleeping potion. Society ladies used it to acquire the then-fashionable pallid complexion associated with tuberculosis, while the neglected and undernourished babies of the working class were dosed with it to keep them quiet while their mothers toiled long hours in the mills.

Nowadays trading in opium is illegal. That, of course, does not prevent its large-scale production, sale and consumption, mostly as heroin. It merely raises prices and makes the business even more lucrative, though some “drug lords” perhaps envy the respectability enjoyed by their Victorian predecessors – and by pushers of currently legal poisons.

### Opium and Afghanistan

At present the global centre of opium production is Afghanistan (accounting for 93 percent of opiates sold worldwide in 2007). To be more precise, production is concentrated in three border zones of Afghanistan: in the northeast, supplying the post-Soviet region through Tajikistan; in the west, for export through Iran; and above all in the south, for export through Pakistan. Sales within the country have also grown rapidly.

Afghanistan’s annual earnings from opium exports are estimated at \$4 billion. This is some 15 times larger than earnings from all legal exports combined (nuts, wool, cotton, carpets, etc.). Thus opium has greater dominance over the Afghan economy than oil, for instance, has over the economies of most oil-exporting states. The farmers who grow the poppies get about a quarter of the money, \$1 billion. The rest goes to traffickers and to the politicians, officials and military commanders who control the territory and protect the traffic (where they do not organize it directly).

As we know, Afghanistan and adjoining areas of northwest Pakistan are at war. This is Obama’s favourite war, so we can expect it to intensify. On one side: the

US and NATO, their client regime under President Hamid Karzai in Kabul, their allies in Pakistan’s governing elite. On the other side: the Taliban and their Islamist allies in Pakistan. In between, fluctuating in their allegiance (depending on who pays more): the local bosses or “warlords.”

What is the relationship between the war and the opium trade?

First of all, the predominance of opium in the Afghan economy is largely a product of prolonged warfare. The many years of war disrupted long-established patterns of food production and distribution. Unlike food crops, poppies do not require much tending and so are better suited to unpredictable and chaotic conditions.

### A new opium war

All players, except possibly the US and NATO, are closely involved in the opium trade. This applies equally to the Taliban, the warlords, and the regimes in Kabul and Islamabad. One of the biggest traffickers, for example, is Karzai’s brother. All, to varying degrees, are financially dependent on opium. Pakistan receives US aid and has other sources of revenue, but it too depends on opium money: the trucks that carry supplies over the border for NATO forces in Afghanistan return loaded with opium.

Thus to a large extent opium funds the war. It pays for weapons and hires fighters. And, in turn, the fighting is not only for control over territory, but also and especially for the control over opium production and exports that goes with territorial control. As in Congo, war is simultaneously a means and an end in the struggle to control a valuable resource – metallic ores in Congo, opium in Afghanistan. If Congo is a “mobile war”, then Afghanistan, to some extent at least, is a new opium war.

### Opium and the US role

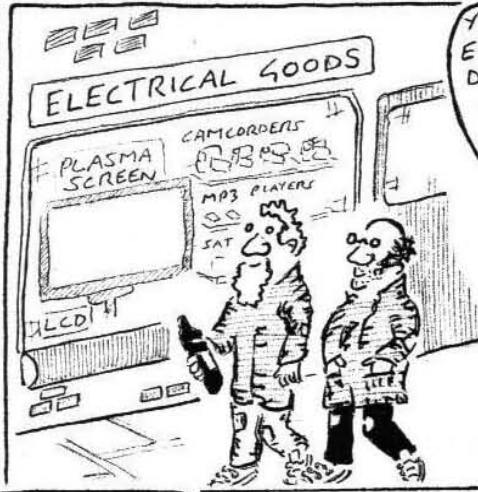
The role of opium in US policy regarding Afghanistan is more difficult to assess. The illegal status of the trade prevents opium interests from exerting open influence on the US government, although secret influence – through links between politicians, officials and illegal business (“organized crime”) – may be significant. However, the US market in illegal drugs is supplied primarily from other parts of the Americas, not from Afghanistan.

Officially, the US government conducts a “counternarcotics strategy” in Afghanistan. Farmers have been offered assistance in switching from poppies to wheat. In practice, even if the intentions behind such programs are genuine and even if they were to be adequately financed, the conditions of war and the reliance of US allies on opium money would still militate against their success. It may be worth noting that the CIA, which has traditionally been quite willing to cooperate with foreign drug interests (for so long as they served its purposes) and even sell drugs itself to raise additional funds, plays no part in anti-opium measures.

**STEFAN**



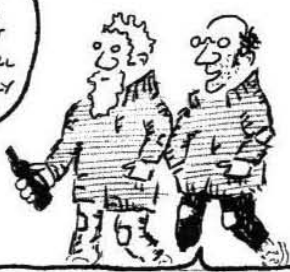
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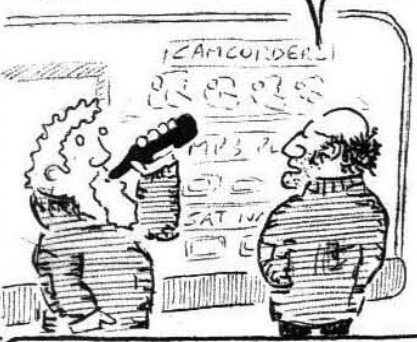
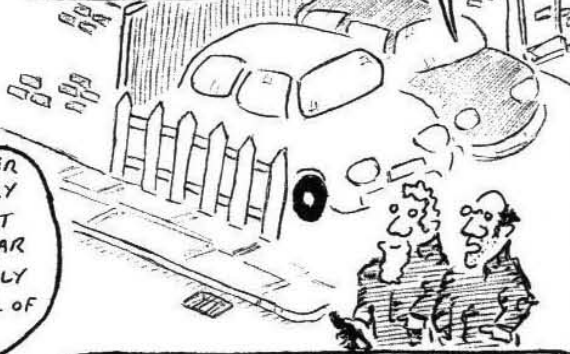
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ALL THIS MEANS HIGHER ELECTRICITY BILLS, HIGHER H.P. PAYMENTS, MORE DEBT, SO KEEP ON WORKING HARD! IF YOU'VE STILL GOT A JOB, WHAT WITH THE RECESSION. AND ALL THIS ENERGY WE'RE BURNING AINT EXACTLY DOING THE PLANET ANY FAVOURS, EITHER...



PEOPLE HAVE COME TO EXPECT THIS LIFESTYLE THOUGH. THE TWO CARS PARKED ON THE DRIVE, THE FOREIGN HOLIDAYS, THE BIG 'STOP HEATHROW EXPANSION' POSTER IN THE WINDOW.



THINK OF THE TWO NEW POWER STATIONS COMMISSIONED EVERY WEEK IN CHINA. AND THE FACT THAT THE NEXT BIG GLOBAL WAR IS LIKELY TO BE AN UNSEEMLY STRUGGLE TO SECURE CONTROL OF THE WORLDS INCREASINGLY SCARCE RESOURCES.

AND ALL THIS NEW LABOUR GOVERNMENT CAN THINK OF (BLESS THEIR TOTAL INABILITY TO THINK OUTSIDE THE FREE MARKET BOX) IS TO THROW MORE MONEY AT THE BANKS SO WE START BORROWING AGAIN, START SPENDING! THAT'S THE BASIS OF THE MODERN BRITISH ECONOMY..



I GUESS KEEPING UP WITH THE JONESES IS THE ONLY KIND OF RELIGION WE HAVE NOWADAYS. BUT, WE CAN CONSOLE OURSELVES WITH ALCOHOL, DRUGS, OR... ..GAMBLING!



... WE TAKE ON CREDIT THAT CRIPPLES US, SO WE CAN SPEND MONEY ON THINGS WE DONT REALLY NEED, OR WANT. IT'S LIKE A KIND OF NEUROSIS, REALLY. 'RETAIL THERAPY', - DOES IT MAKE YOU ANY HAPPIER?



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...SHAME SOME FOLKS TAKE LOSING SO BAD!

COME TO THAT, ISNT PLAYING THE STOCK MARKET JUST RESPECTABLE GAMBLING, TOO?





## GROWING OLD DISGRACEFULLY

"Miriam Gorman (below) wanted to retire more than a year ago, but steep financial losses in her retirement savings mean the 71-year-old bookkeeper now plans to work on indefinitely. 'I would have preferred to retire at the end of 2007, and then I was thinking at the end of this year, and now maybe it's next year. I really don't know,' said Gorman, who's been with an advertising company in Bethesda, Maryland, for 15 years. Across America, older workers are postponing retirement plans, dismayed by huge losses in the value of the investments they had depended on to fund their retirement. The U.S. recession has compounded the problem, with home values too low to provide the nest egg many seniors need and interest rates on safer assets close to zero." (*Yahoo News*, 17 January)



## OUT OF SIGHT, OUT OF MIND

"From the steam grates of Pennsylvania Avenue to the porticoes of the city's grand buildings, homeless Washingtonians who live inside the nation's tightest security zone are being encouraged to decamp during the inauguration for shelters in the city's outer neighborhoods. The security sweeps will probably begin Monday. Buses will make one-way trips to two of the District's largest shelters, which will remain open round-the-clock, said D.C. Council member Tommy Wells (D-Ward 6)." "Everyone has to be out of the perimeter by then," Wells said." (*Washington Post*, 15 January)

## MORTGAGE MISERY

"One house was repossessed every ten minutes in the third quarter of last year as the rate of seizures almost doubled, the Financial Services Authority said yesterday. The City regulator said that 13,616 homes were repossessed in the three months to September last year, a 92 per cent rise on the third quarter of 2007. There was also a rise in the number of homeowners in arrears, indicating that hundreds of thousands of borrowers could lose their homes. The FSA said that 340,000 borrowers were behind on mortgage repayments, a 10 per cent rise compared with the previous quarter of last year and a 24 per cent rise on the same period in 2007." (*Times*, 23 January)

## HARD TIMES

"Think pawnshops, and you probably conjure up old jewelry, desperate customers, and seedy storefronts. Hardly, it would seem, the ingredients for innovation. Yet amid recession, the country's largest chain, Cash America International (NYSE:CSH - News),



is using the credit-crunch boom time to lure new customers and expand. To woo the growing number of consumers facing a credit squeeze, Cash America is boosting the amount of short-term loans it offers online, and is adding a cash-advance feature to electronic payroll cards. Such cards are gaining popularity among employees with poor credit, or those without traditional bank accounts." (*Yahoo News*, 5 February)

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## Thieves fall out

When we talk about the capitalist class of a particular country, we sometimes refer to them as “they”. But this can give the impression that they are a monolithic bloc with the same interest. Of course they all share a common interest in maintaining capitalist property rights and the general conditions for capitalist production, such as a working class dependent on working for them to obtain the money to buy things. Beyond that, however, the interests of the different sections diverge.

“American exporters in last-ditch attempt to stop Obama raising the trade barriers” read a headline in the *Times* (26 January):

“A coalition of leading American exporters, including Boeing, Caterpillar and General Electric, is trying to stop a ‘Buy America’ clause being included in President Obama’s \$825 billion stimulus package. The American Steel First Act would ensure that only US-made steel was used in \$64 billion of federally funded infrastructure projects. The money, earmarked for roads, bridges and waterways, is aimed at kickstarting the economy, but the initiative by steelmakers, which secured support last week in the House of Representatives Appropriations Committee, is opposed by American exporters, who fear retaliation by foreign governments.”

This represents a clash of interests between capitalists producing for the home market such as, in the US, those with investments in steel production, and those producing for outside markets. The former favour protection, the latter free trade. At the moment the governments of most countries favour free trade as they are haunted by their perception of what happened in the 1930s.

Then, governments put up tariff barriers against each other’s goods, thereby further reducing world trade and so exacerbating the depression. These “trade wars” can even be seen as a precursor of the real war that broke out in 1939 when the countries that lost out in them, Germany in particular, decided that war was the only way to solve their problem of access to key raw materials and outside markets.

It remains to be seen whether governments will be able to resist pressure for protectionism from capitalist corporations producing for the home market, often backed by the unions organising their workers (Obama did get the proposal watered down). The *Daily Mirror* is running (yet another) “Buy British” campaign while construction site workers took up the populist slogan Gordon Brown raised at the 2007 TUC Conference of “British Jobs for British Workers”. Dismayed (as he knows very well that as a mainly exporting country most British capitalist firms would lose out if protectionism catches on), Brown tried to back-peddle on his demagoguery, and the BNP was delighted to be able to reclaim the slogan he had stolen from them.

Another division within the capitalist class is between those with investments in actual production and those engaged in various financial dealings. To judge by one incident at the annual Davos meeting of the world’s top capitalists and politicians, these two sections have fallen out big time, with one industrialist calling for some bankers to be jailed:

“John Neill, chief executive of Unipart, was given one of the day’s biggest rounds of applause when he declared that bankers who were involved in developing toxic products that caused massive damage to the global economy should be punished. If you knowingly make other kinds of toxic products, you go to jail. Why should bankers be different, he asked” (*Times*, 29 January).

Socialists look on at these arguments from outside as hostile observers. We don’t take sides. We don’t support either protection or free trade and we don’t oppose just the banking section of the capitalist class. In the words of William Shakespeare, we say: “A plague on both your houses”.

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# Is capitalism crumbling?

*Leftwingers are calling for the nationalisation of the banks. They may get their way. And then?*

**T**he severe economic crisis has dominated newspaper headlines – day after day for at least the past six months – like no other story in recent history. The massive layoffs, losses and bankruptcies have grown as familiar as the daily death-count in Iraq and Afghanistan. The ranks of the unemployed are overflowing and no job seems secure.

Not only is the situation spinning out of control, but workers are being reminded how little control they have over their lives. Their own futures are in the hands of business leaders

and politicians, who themselves can do nothing more than follow the inhuman impulses of capital.

One bright spot, however, is the market for solution-peddlers and doom-prophesiers, which is booming. On the one hand, there are the experts claiming to know the secret for getting capitalism back on its feet and curing the system of its manic-depressive tendencies; while on the other hand, there is the minority that views the crisis as the beginning of the final collapse of capitalism.

The pages of this magazine, in contrast to that commotion, might

seem calm, or even complacent. As in the quieter days before the crisis, we continue to advocate socialism in much the same tone and with the same arguments. Some readers might be wondering how this crisis affects socialists and how we are responding to it. How do we differ from those offering to solve the crisis or from those who say we are witnessing the end of capitalism?

## **Reformist solutions**

As workers, socialists do not necessarily relish an economic crisis, as we face unemployment

or wage cuts like everyone else. Being a socialist does not equip a person with a protective force-field to block the harmful consequences of capitalism. There's no question that the working class, including socialists, will suffer the most from this crisis.

It is in this atmosphere of anxiety that reformists of all kinds step up to offer sure-fire ways to relieve capitalism of its hangover and keep it sober forever more. Most on the Left remain confident that greater intervention and regulation on the part of the state will pretty much do the trick, pointing to how well it apparently worked back in the 1930s. That is certainly debatable, but these ideas will probably be tested by reality soon enough. Even if such measures are more or less effective, the crisis still may drag on for several years – although no one is really in a position to make clear predictions.

The clear aim of reformists is to get capitalism back on its feet again, yet many on the Left like to spice up their own Keynesian reformism with revolutionary rhetoric. They are able to get away with this thanks to the widespread misconception that any involvement by the state in the economy is “socialistic.”

The more imaginative reformists have viewed bank nationalization, for instance, as an integral part of measures to both overcome the crisis and put in place a new system of socialist production – rather than being a temporary measure to prop up the crumbling financial system. Their brand of “socialism” may be very attractive as it offers something for everyone, but they are in fact peddling a sort of state capitalism under a false label.

Take the Socialist Equality Party in the US, for instance, which back in September, at the time of the collapse of Lehman Brothers, confidently issued the following demand as part of a “socialist program”:

“The entire financial system must be taken out of private hands and nationalized in the form of a public utility under the democratic control of the working class, with provisions taken to safeguard the holdings of small depositors and share-holders. It must be subordinated to the social needs of the people and dedicated to developing and expanding the productive forces in order to eliminate poverty and unemployment and vastly improve the living standards and cultural level of the

entire population.” (“The Wall Street Crisis and the Failure of American Capitalism”)

The author, Barry Grey, presents this demand as one part of a “socialist program that places the needs of the people before the profits and personal fortunes of the ruling elite,” necessary because “there is no solution within the framework of the profit system” to the “crisis of the American economic and political system.” So we can only suppose his nationalized financial system is operating in a “socialist” society (or a society that follows a “socialist program”).

But with socialism like this, who needs capitalism! There will still be a financial system, so one would have to assume that goods

**“There are those who see the collapse as a return to a pre-industrial life, and advise people to head to the hills after stocking up on gold, guns and vegetable seeds”**

are paid for with money and thus produced for the market. There would be no need for any of that in a society where things are produced to *directly* meet people's needs, as democratically determined by them. It may sound nice to say that the financial system will take the “form of a public utility under the democratic control of the working class” and be “subordinated to the social needs of the people”, but what would that mean in practice? (Even that “socialist program” sounds a bit dodgy, with its promise to “place the needs of the people before the profits and personal fortunes of the ruling elite,” as it naturally assumes the continued existence of a wealthy ruling elite.)

Perhaps we should compliment the Socialist Equality Party for being “ahead of the curve” on this nationalization issue, as any good “vanguard party” should be, now that many capitalist governments are thinking about implementing that measure. And we might compliment them further if bank nationalization

succeeds in stabilizing the financial system. But this organization and so many like it deserve our contempt for dressing up reformist measures to look revolutionary. Their sweet-sounding promises only block the path to revolution by utterly distorting the meaning of socialism.

### **A collapsing theory**

On the other extreme from the reformists, or at least it would seem, are those who argue the final collapse of capitalism has begun and that efforts to prop up the system are doomed to fail.

The reasons given for this inevitable collapse vary quite a bit, however. Some argue, as many Marxists did back in the 1930s, that it is the result of capitalism's internal contradictions, such as the tendency towards a declining rate of profit. But many more, including the adherents of peak oil theory, view the collapse as the result of capitalism colliding with some outside force that prevents the further accumulation and expansion that is the lifeblood of the system.

Not only are there a myriad of reasons offered to explain the inevitable collapse, but there are starkly different conclusions reached about what will replace capitalism. There are those who see the collapse as radicalising the population and bringing workers around to a revolutionary standpoint; while others depict a prolonged period of social anarchy or even a return to a pre-industrial life, and advise people to head to the hills after stocking up on gold, guns and vegetable seeds.

Regardless of those particular differences, however, the idea of an inevitable collapse of capitalism clearly implies that a great historical change could take place regardless of our actions. Instead of socialism replacing capitalism, based on the conscious decisions and actions of workers, we would have capitalism ending at some point, and that collapse then stimulating a great social change – for better or worse.

One might wonder, though, what sort of society would exist in the interim, however brief it might be, between the collapse of the old and the emergence of the new. It would be “non-capitalist,” one would assume, but what would be the dividing line between the two? Is it possible for a society to *not* be capitalist, but still not be anything else either?

The reason for much of the confusion among the

“catastrophists,” as they are sometimes called, is that – just like the reformists who confuse nationalization with socialism – they do not have a clear understanding of what capitalism is, exactly. That is to say, instead of understanding capitalism on the most essential level, as a system of commodity production in the pursuit of profit, they get caught up in the various forms of capitalism, and imagine that some are more capitalistic than others.

It is certainly true that forms of capitalism or particular governments can collapse, but this should not be viewed as the collapse of capitalism itself. There are many examples of collapses to choose from, most notably the fall of the Weimer government in Germany that was followed by a fascist regime. For over a decade, Germany went through economic crisis, political upheaval, and a catastrophic war. With no exaggeration, one can speak of that period as a collapse of civilization. Yet throughout it all the capitalist system remained intact.

It is easier to speak of the “collapse of capitalism” if a person has no clear idea of what capitalism means. And if its meaning is unclear, then the understanding of socialism will also be a muddle (just like those reformists who mistake state capitalism for socialism). It is important, therefore, to distinguish between an economic or political collapse, and the *end* of capitalism itself, which only workers can bring about by replacing it with socialism.

### **Optimism in depression**

The criticism of those two tendencies might lead some to believe that we offer no solution to the crisis, or that we ignore the objective factors of reality and overemphasize the subjective ones.

We do in fact have a solution to this crisis and to economic crisis in general. But our approach to the problem is similar to how we approach other problems, such as the destruction of the environment or war, in that we do not propose a separate solution for each problem. This isn't because we are indifferent to the problems, but because we recognize the relation between individual problems and the capitalist system.

In a sense, to solve one problem requires the solution of all of them. The fundamental solution to the problem of crisis, for instance, requires the introduction of a

new system of production and consumption no longer mediated by the market, where there would no longer be any basis for crises. In other words, socialism is the solution to this particular crisis and the problem of crisis itself, along with every other social problem that is *specific* to capitalism.

As for objective versus subjective elements, we would certainly recognize that the objective reality of the crisis will have an impact on how people view capitalism. This new situation may create a more favourable environment for explaining socialism.

Already, in the past six months, there has been a tremendous shift in “public opinion”, so that now it is almost fashionable to rebuke bankers for their greed and ignorance. There is no question that more people than ever are wondering whether capitalism is indeed the best of all possible worlds.

Of course, even while the changing reality has stimulated thought and debate, the conclusions people are reaching vary. Many see the crisis as the bankruptcy of “neo-liberalism”, rather than capitalism itself, while the religious minded might even say it is punishment from God. No matter how much the objective reality may influence ideas and test theories, it will not directly deposit the concept of socialism in a person's mind.

So we still have the task of explaining socialism, and it is more important than ever as workers suffer under the crisis. That explanation, as always, is based on the recognition of the fundamental contradictions and limitations of capitalism, and the realization that this (obsolete) system cannot be reformed beyond a certain point. It is during a crisis that those contradictions and limitations are most evident. Marx describes how the “contradictions and antagonisms of bourgeois production are strikingly revealed” during a crisis of the world market, which is a moment when there is a “real concentration and forcible adjustment” of those contradictions (*Theories of Surplus Value*).

With the problems so plain to see, and the limitations of capitalism so palpable, the explanation of socialism as the solution may very well begin to seem more concrete and practical – and urgent – than before.

**MICHAEL SCHAUERTE**

### **from page 5**

Many would no doubt include employment in slaughterhouses as another example of dirty work: killing animals, often in appallingly unhygienic conditions, so that people can eat meat. Much other employment is numbingly routine, repetitive and boring, perhaps taking minutes to learn and yet forming the basis for a lifetime of labour. This is anti-human too: it reduces people to mere appendages of a machine (whether lathe or computer) and robs them of their freedom and creativity. Human work should if possible be interesting, varied and fulfilling, and such routine work is none of these. William Morris wrote an essay with the significant title ‘Useful work versus useless toil’, and boring unhuman labour is definitely toil.

We have not even mentioned work that is part and parcel of the money system, from banking to insurance, from shops to accountancy. This cannot be compared to killing in the armed forces, but it is not about meeting human need, not about producing useful goods and services (food, homes, clothes, health care, transport, leisure activities). It is essentially useless work rather than intrinsically anti-human (though of course it can be just as boring as anything mentioned in the previous paragraph). Work which produces genuinely useful things is bound to be more satisfying than work which is pointless or just produces luxuries for the idle rich.

It should also be emphasised that, in describing some work as dirty and anti-human, we are not attacking those workers who are forced to do these jobs. They are exploited like all other workers, and their interests lie equally in ending capitalism and establishing socialism. No member of the Socialist Party is allowed to join the armed forces, since we are not prepared to kill and be killed for ‘queen and country’, but we do not regard soldiers, bailiffs and so on as enemies of the working class.

So if sceptics ask you about dirty work in socialism, get them to reflect on what really counts as dirty work. Under capitalism, much work is not just useless and wasted but actually designed to be anti-human and to kill and damage people. This is the true dirty work, just the kind of degrading labour that will not be necessary in a socialist society.

**PAUL BENNETT**

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# Helicopter Ben and the money supply

*Governments now call it “quantitative easing”. It used to be simply called inflating the currency. And it’s now official policy.*

In the 1930s Keynes suggested burying banknotes and then paying people to dig them up. Ben Bernanke, current chairman of the US Federal Reserve, is said to have come up with a modern version:

“The most radical option is to send the newly-minted money directly to the US Government. It could then be handed out to citizens via tax relief. This form of monetary expansion would be equivalent to printing money and dropping it from helicopters for people to pick up – a graphically extreme proposal that earned the Fed chairman, Ben Bernanke, his nickname of Helicopter Ben” (*Times*, 18 December).

The present crisis is confirming some of the truths of Marxian economics. First, that banks cannot “create credit” out of nothing. Second, that the rise in the general price level, popularly but inaccurately called “inflation”, is caused by the government’s bank, the central bank, issuing more currency than the economy requires for its various transactions such as buying things, settling debts and paying taxes.

Inflation, which up to now politicians have been telling us is the main economic problem to avoid, is now being seen as one supposed way out of the deepening depression. After years of propaganda blaming inflation on wage increases, they now want the general price level to rise, and know how to bring this about – not by raising wages of course but by the government over-issuing the currency by printing more and more of it.

Seven years ago, when he was still only a governor of the New York Federal Reserve Bank, Bernanke explained how, with overissuing a paper currency that was not convertible on demand into a pre-fixed amount of gold, governments could create “positive inflation”:

“[U]nder a fiat (that is, paper) money system, a government (in practice, the central bank in cooperation with other agencies) should always be able to generate increased nominal spending and



inflation, even when the short-term nominal interest rate is at zero. (. . .) US dollars have value only to the extent that they are strictly limited in supply. But the US government has a technology, called a printing press (or, today, its electronic equivalent), that allows it to produce as many U.S. dollars as it wishes at essentially no cost. By increasing the number of US dollars in circulation, or even by credibly threatening to do so, the US government can also *reduce the value of a dollar in terms of goods and services, which is equivalent to raising the prices in dollars of those goods and services*. We conclude that, under a paper-money system, a determined government can always generate higher spending and hence positive inflation.” (Talk “Deflation: Making Sure It Doesn’t Happen Here”, 21 November 2002 at <http://www.federalreserve.gov/boarddocs/speeches/2002/20021121/default.htm#f8>)

What Bernanke describes here is simply inflating the currency, even though it’s now being called “quantitative easing”. Marx had already explained this 150 years ago in his *A Critique of Political Economy*, where he discussed what would happen if a government overissued what Bernanke calls “fiat money”:

“Let us assume that £14 million is the amount of gold required for the circulation of commodities and that the State throws 210 million notes each called £1 into circulation: these 210 million would then stand for total of gold worth £14 million. The effect would be the same as if the notes issued by the State were to represent a metal whose value was one-fifteenth that of gold or that each note was intended to represent one-fifteenth of the previous weight of gold. This would have changed nothing but the nomenclature of the standard of prices, which is of course purely conventional, quite

irrespective of whether it is brought about directly by a change in the monetary standard or indirectly by an increase in the number of paper notes issued in accordance with a new lower standard. As the name pound-sterling would now indicate one-fifteenth of the previous quantity of gold, all commodity-prices would be fifteen times higher and 210 million pound notes would now be indeed just as necessary as 14 million had previously been. The decrease in the quantity of gold which each individual token of value represented would be proportional to the increased aggregate value of these tokens.

*The rise in prices would be merely a reaction of the process of circulation, which forcibly placed the token of value on a par with the quantity of gold which they are supposed to replace in the sphere of circulation.*

This artificial bloating of monetary demand is what inflation, strictly speaking, means. Governments now want to consciously use this process to exert an upward pressure on the general price level to try to stop it falling as it would otherwise tend to in a deep recession. It might be thought, in view of all the publicity put out by supermarkets and chain stores about how they have all slashed prices more than their rivals, that falling prices would be a good thing. But this is not how the government sees it. They think that this would make the current depression worse, as they want to encourage people to spend whereas, with falling prices, people might postpone spending in the hope of prices falling even further.

Inflating the currency to try to stop money prices from falling is now the official policy of both the government and the Bank of England. That this is what is happening is being openly admitted. For instance, the financial journalist, Anatole Kaletsky, wrote in the *Times* (18 December) that "today the threat is deflation, not inflation" so that "central banks are right to flood the world economy with newly printed money – so long as they know when to stop", conceding that "a central bank that prints money to finance large-scale government spending is, in theory, moving into territory occupied by Zimbabwe and Weimar Germany".

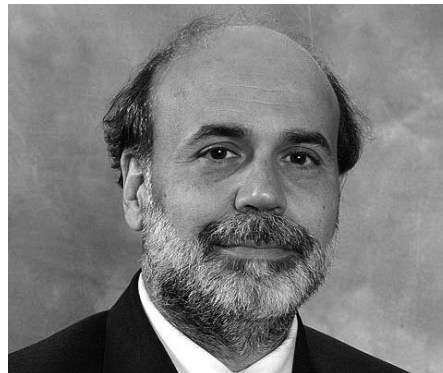
In a previous article (15 December) he had attempted a more sophisticated analysis, introducing the concepts of "monetary base" and "money multiplier". He gave the definition of the first as:

"banknotes issued by the Bank of England plus coins from the Royal Mint plus private bankers' deposits at the Bank of England and therefore

available at any time for conversion into banknotes with literally zero risk".

This is rather more than the currency as it includes deposits from banks at the Bank of England, which do not circulate and so do not have an effect on the general price level. Nevertheless, the currency makes up over half of this "base money".

According to Kaletsky, this figure is currently around £100 billion. He then introduces what he calls "broad money" defined as "all private sector bank and building society deposits, money market funds and so on". Reverting to the language of before



**Ben Bernanke, Chairman of the US Federal Reserve**

the credit crunch when it was thought that banks would never have any problem to lend money, Kaletsky refers to this "broad money" as being "created by private banks". This is highly misleading in that what the banks lend out has not been "created" by them but is the result of them acquiring other people's money in one way or another. It reflects what banks do, which is to recycle the purchasing power of those who don't want to use it immediately. He does, however, admit that "the moment there is an iota of doubt, bank deposits cease to be true money, as demonstrated by the queues outside Northern Rock last year".

Whether it is "true" money or not (and Marxists would say that it is not) the figure for "broad money" is some £1,900 billion. So, in Britain, the "money multiplier" is 19. Kaletsky notes that in other countries it is much less. In Japan it is 11, in the Eurozone 7.5 and in the US 5.3. He says that this means that Britain can safely afford to issue more "base money" and suggests a doubling to a further £100 billion, so reducing the "money multiplier" to about 10.

If all of this additional "base money" were to be in the form of notes and coin this would amount to a massive inflation of the currency, bringing it way above what the economy needs for its transactions (especially as, in a depression, the

number of these will fall). Kaletsky envisages this to a certain extent as he mentions the Bank of England buying government bonds or even providing money directly to the government to spend, both of which would involve printing more currency

In fact, facilitating the buying of government bonds with new money has been the way that successive governments have, intentionally or not, inflated the currency in Britain since 1940 and why the general price level has risen continuously since then. Kaletsky explained in his 18 December article how this worked in the US. The Federal Reserve Bank, as the central bank, will buy government bonds and

"will pay for them simply by making electronic transfers into the bank accounts of the people or institutions selling. For every \$1 million worth of assets bought, the Fed will transfer \$1 million of new money into private bank accounts. This 'money' will come literally out of nowhere. It will simply be an electronic blip on the Fed's computer. Because electronic deposits at the Fed are the ultimate form of legal tender in the US system, the result will be that the US economy has \$1 million more money."

When these banks draw on the extra amount in their accounts extra currency is brought into circulation which, if it more than is required by the economy (as it has been), leads to the rise in general price level popularly called inflation

Kaletsky had already explained in a previous article (11 December) where the money to try to spend a way out of the depression was likely to come from:

"For the next year or two, the money for the British fiscal stimulus will come from the Bank of England's printing works in Dedham. In the case of the far bigger job-creation schemes and industry bailouts planned by Barack Obama, the money will come from the Washington and Fort Worth facilities of the US Bureau of Engraving and Printing, an institution rejoicing in the most succinctly descriptive internet address I have encountered: [www.moneyfactory.gov](http://www.moneyfactory.gov)."

Burying bank notes and digging them up again. Dropping them from helicopters for people to pick up. In fact even using printed coloured pieces of paper to have access to what you need. These are crackpot ideas compared with the simple socialist proposition to produce things for use not for sale at a profit, so ending the need to use money at all.

**ADAM BUICK**

# SIGNING ON



## As unemployment spreads more workers will experience the harsh new regime at their local JobCentre.

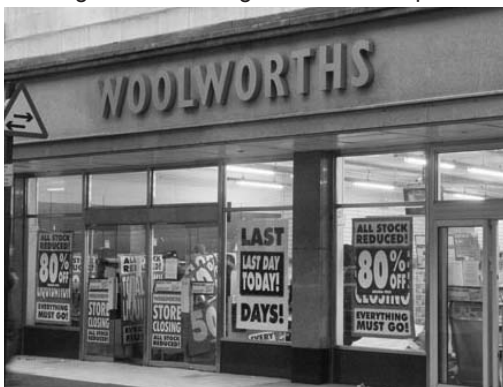
“British jobs for British workers” was certainly a catchy phrase for Gordon Brown to use, even if he did use it without thinking first. He has done this on a number of occasions now, using unguarded words that in the end have come back to haunt him, such as his oft-repeated claim to have ended the boom-bust cycle.

Our Gordon views protectionism as “the greatest danger the world now faces”. For sure, his British worker remark was never meant to offer a jobs guarantee. But as unemployment soars towards three million and beyond, so understandably workers will want to take this Prime Minister’s words at face value when many are becoming fearful of joining the ever growing and overflowing reservoir of unemployment.

What started off as a trickle following the much spoken about and on the face of it a new addition to the international vocabulary and language of economists, ‘The Credit Crunch’, has now evolved into a fast flowing river that around the world is sweeping millions into an ocean of uncertainty.

Rising unemployment in China has seen 26 million internal migrant workers from the countryside lose their jobs due to the economic slowdown, and in an almost a copycat move this state capitalist government announced a 4 trillion Yuan stimulus last November to prop up the weakening economy and spur on domestic consumption as the demand for its goods flags in Western countries. By focusing on the country’s 700 million rural residents with a campaign to persuade them to spend more, along with other measures announced such as state subsidies for farmers to buy electrical appliances, the government hopes these efforts will help rejuvenate flagging economic growth at a time when increasing unemployment has raised concerns about potential social unrest.

In a clear manifestation that the economic crisis is rapidly heading into a severe global clinical depression, US employers



purged 598,000 jobs in January, the most job losses in a single month since 1974. January’s firings in the US raised the unemployment rate there to 7.6 percent, the highest level

since 1992. Unemployment rose in Germany by an additional 387,000 in January compared to the previous month, for a total of 3.49 million without work. This pushed up the jobless rate by 0.9 percent, to 8.3 percent. Unemployment in the former East Germany, with a rate of 13.9 percent, is still twice as high as in the West, which stands at 6.9 percent.

In Britain likewise, workers have been sent off to the dole office in their thousands. Since Christmas we have all seen and read the reports of the 27,000 Woolworths workers laid off in the opening weeks of the New Year, and all indicators pointing to things getting far worse. Over the past year more than 3,000 UK firms went into administration – some 1,006 companies in the third quarter alone.

There have been a number of high profile casualties of which the retail chain store Woolworths, with some 800-plus stores nationwide, is the most notable. But it has been followed by the furniture retailer MFI, music chain Zavvi, furniture and home accessories store The Pier, menswear retailer The Officers Club, tea and coffee merchant Whittards of Chelsea, children’s clothing retailer Adams, fashion retailer USC and women’s clothing retailer Viyella. In total, some 40,000 jobs have been lost or are at risk.

As this economic crisis deepens at home and abroad, its human toll becomes even more evident. Thousands are facing job losses or being offered an enforced shorter working week as this malignant disease spreads. Ford, General Motors, Honda, Nissan, Toyota, Tata Steel have all announced job cuts or temporary shutdowns at UK plants. BT has said 10,000 posts are to be slashed – many of those in the firing line will be agency and contract workers, some of whom have worked for BT for years. In Construction, workers in an already battered Industry have been warned to brace themselves for an ‘avalanche of job losses’.

On 6 February, it was widely reported in the *Times* and other newspapers that Royal Mail intends to shed 16,000 jobs as it strives to cut costs. This new threat to jobs comes despite record profits, the proposed job losses — amounting to almost one in ten of the company’s workforce in a drive to reduce the wage bill by £470 million — come as unions prepare to fight the introduction of a commercial partner to the business.

According to the *Independent*, “unemployment “could easily reach three million by Christmas next”. The hardest hit will be workers with large mortgages, soaring utility bills and the mountain of debt accumulated during the so-called ‘boom years’ when many of us were pushed and persuasively encouraged by banks and others into using loans and credit cards to maintain a half-decent lifestyle.

And now as unemployment and the fortnightly visit to the local Job-centre-plus looms, it will undoubtedly become a routine and habitual preoccupation for many; the experience may have a profound impact on some who have never as yet sampled the devised arm-twisting of this government service increasingly given over to persuading the unemployed to take

up low paid employment. Indeed how the times have changed, and are changing, even for the unemployed, and the way they are treated at the local job centre. If you are one of the unfortunate unemployed you may be familiar with its ambience these days, it's a far cry from Charlie Drake's television show *The Worker*. Most job centres employ uniformed security guards equipped with radios to control clamant progression within the building and some display wall posters forbidding the wearing of baseball caps and hoodies. From day one of a new claim the claimant is forced into signing an agreement that sets out what he/she will do to find work, with the threat of sanctions for any ineffectual claimant's failure to provide enough evidence of actively seeking work.

Commentators have forecast that young people in particular will be pushed out of the labour market by the global downturn. With many anticipating an increase in youth unemployment—to levels last seen in the early 1980s, when riots swept many inner-city areas—the *Guardian* reported that “Brown was concerned by the recent youth riots in Greece, and feared something similar could develop in Britain.”

The recent ‘reforms’ introduced by New Labour’s Work and Pensions Secretary, James Purnell, in the last Queens Speech, represent an attack on some of the poorest people and their families in our society. They are more evidence that the poor will be made to suffer for an economic crisis that is not of their making. Purnell claims that the changes will “transform lives”, but it may prove in the long run to be a transformation for the worse. Even the Tory leader David Cameron heaped on praise, saying that he is “thrilled” with the plan.

All those currently on ‘out-of-work benefits’ will be affected, as benefits will be renamed (Employment Support Allowance) and altered. The main aim of the changes is to force at least one million people on out-of-work benefits into low paid jobs.

The draconian measures include forcing people to work for their measly dole money. After one year of unemployment, claimants will have to do four weeks of work. After two years, they will have to work continuously for their benefits, doing work “such as community work”, previously only undertaken by people with criminal convictions.

Incapacity claimants will face harrowing questioning and more frequent tests and a medical check from someone other than their own GP. Single parents will have to seek work when their youngest child is seven. Drug-reported addicts will be required to have treatment.

The proposals originally set alongside plans to increase private sector delivery, consequently reducing jobs in the public sector and ensuring that rich pickings for private enterprise come before all else. The government’s flagship policy to revolutionize welfare by paying private companies to find jobs for the unemployed has since been thrown into crises as firms said there were too many people out of work - and too few vacancies - to make it viable. Responding to warnings that his reforms will not work without major changes, James Purnell,

has abandoned plans to announce the preferred bidders for the multi-million-pound contracts. This follows demands from the firms involved for hundreds of millions more in “up-front” cash payments. The government



have dressed up the proposals as part of its fight against poverty, sometimes using the slogan ‘work works.’ But over half of children living in poverty are in working households with millions of people on low wages that make them little better off than being on benefits.

The world global economic downturn could see 40 million people lose their jobs by the end of the year with worldwide unemployment hitting between 210 and 230 million, with the inevitable consequences of more of the world’s populations cascading down into poverty.

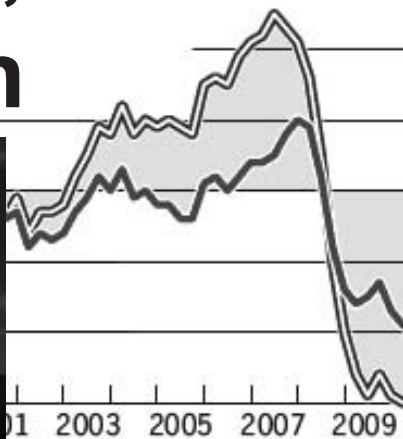
Unemployment is encrusting and besetting the world as workers in every industrialized county are made to pay the price as companies downsize operations in order to survive a crisis of capitalism of its own making. Workers the world over, have more in common with each other than the state frontiers and fostered patriotism of race hatred. It’s a mistake to fall for the theories or racial connotations which capitalism’s apologists use to excuse the many failings of the social system. The only protectionism that needs to be dismantled is that which still denies workers a shortfall of life’s essentials. By removing exploitation and the human suffering arising from both poverty and war socialism will enable men and women to be set free, living lives in the security of world community.

NL





# Boom, boom Brown



*Despite his claim to have stopped the boom-slump cycle being refuted, Gordon Brown still thinks he can stop the depression getting worse.*

There was a sketch in “The Two Ronnies” years ago which now comes irresistibly to mind. Ronnie Corbett played the sucker, the naïve innocent who had already bought a large black lump of “moon-rock” – from the coalman. The same man had now sold him “an Argentinian racing pigeon”, which was without any question an obvious and unmistakable duck. Ronnie Barker’s character desperately tried to get him to acknowledge the fact, without success. The more the details about the transaction came out, the less doubt there could have been.

“It’s got webbed feet, and goes quack quack.” – “It’s a duck!”

“No, really – it did escape, but I caught it again.” “Where did you catch it?” “On the duck-pond.” “It’s a duck!”

“No honestly, it’s got a name and everything.” “What’s its name?” “Donald.” “It’s a duck!”

It’s a slump

It’s exactly the same now with the present crash of the economy. It’s a slump!

Politicians and journalists call it a downturn, a credit crunch, a bubble bursting, a few greedy bankers getting it wrong, or a problem with American sub-prime mortgages. It’s a slump!

Lord Myners, the “City Minister” in the present Government (*Observer*, 25 January), said it was “a correction back towards an equilibrium”. It’s a slump!

Gordon Brown (*BBC Ceefax*, 26 January) claimed it was “the difficult birth-pangs of a new global order”. It’s a slump!

Gordon Brown again, in an interview on TV’s Today programme (23 January): “It’s a global banking crisis . . . It’s quite different from anything that we’ve dealt with before.” No, it isn’t, it’s a slump!

## Boom and bust

It might be worthwhile reminding ourselves of what all this boom and bust actually means. In a capitalist society, the whole power of the state’s propaganda

machine – press, radio, television, pulpits, government pronouncements, everything – is geared to one all-encompassing end: that the inescapable fate of the working class is to spend their entire working lives labouring for the benefit of the owning class. When nearly all the work force has knuckled down to this unavoidable destiny, it is called a boom. But every so often problems occur in the smooth functioning of this system; and they have occurred every so often ever since we’ve had capitalism. And when that happens, large numbers of the working class, despite having been brainwashed from early childhood into believing that there is no way to run society other than producing surplus value for the owning class – large numbers of them are then told they will not even be allowed to fulfil this divine decree, to work for the capitalists. On the one side, the work is obviously there to be done – food must be produced, clothing must be made, houses must be built – and all the raw materials are there, ready and waiting, or easily able to be produced. And on the other side, there are people desperately wanting to eat food, and to protect themselves from the weather with clothing and houses and so on: but where the owning class cannot see exactly how to make a profit out of it, then nobody is allowed to grow the food, make the clothes, build the houses, and all the rest of it. And it’s called a slump.

Then along comes Gordon Brown. Despite all the airy-fairy talk, all the fine-sounding speeches in which he even had the nerve to talk about “socialism”, all the hot air by which he was able to build his career in student politics, then on the back benches of the House of Commons, and finally as a leading member of the Government – despite all this, he then took over the job of running capitalism. Immediately he began to claim that he was bringing in enormous improvements. The working class would still have to devote themselves to producing surplus value for the owners; but at least they would be allowed to do it, without the threat of the sack, and then long months or

years on the sidelines, forcibly prevented from doing any of the jobs which obviously need to be done, wasting away in idleness. Gordon Brown was going to stop all these downturns, or recessions, or depressions, or slumps. No more boom and bust!

## Basil Brush

For years Brown announced to the House of Commons, to the Labour Party conferences, to anyone who would give him a platform, that he had at last transformed capitalism. From now on, there would be no more slumps: it would be just like Basil Brush, “boom, boom!” and boom again.

But capitalism goes on its own sweet way, ignoring the posturings of the politicians and all their promises. Ed Balls, Brown’s close ally, says the economic situation is the worst “for over 100 years”, which is a bit sad for the Labour Government, after nearly twelve years in power. So now the ducking and diving begins. Repeatedly Brown ignored the demands that he recant or apologize for what has now been revealed to be so much empty bombast. Finally, driven into a corner, he produced a lame apology: “I actually said ‘No more Tory boom and bust’ ” (*Daily Mail*, 11 October 2008).

Well, the statistics are that Brown boasted about ending “boom and bust” some eighteen times since 1997, and once, certainly, he linked this “boom and bust” specifically to the Tory party. He said to the 2000 Labour Party conference: “We will not put hard won economic stability at risk. No return to short-termism. No return

**“Brown has boasted about ending ‘boom and bust’ some eighteen times since 1997”**

to Tory boom and bust. Why did the Tory party give Britain twenty years of stop-go, twenty years of boom and bust? It is Labour that is now the party for stability and growth."

So there you are – according to this speech it was only "Tory boom and bust" that he was getting rid of. As if Labour boom and bust would satisfy everybody! But over and over again Brown has claimed that it is boom and bust as such that he has ended for ever. If he meant – when he asserted "I actually said 'No more Tory boom and bust'" – that he always said that, then the unfortunate fact is that any such implication is simply untrue. Apparently Brown's famous "moral compass", which he "learned from his mother and father", did not seem to work this time. Let us recall a few of the things which he "actually said".

### A new economic framework

Gordon Brown's first pre-budget report, 1997: "For over 40 years our economy has an unenviable history, under governments of both parties, of boom and bust. So, against a background of monetary uncertainty and instability in the global economy, we set about establishing a new economic framework to secure long-term economic stability and put an end to the

## "As I have said before, Mr Deputy Speaker, 'No return to boom and bust'." Budget Speech, 2006

damaging cycle of boom and bust." So if it was "under governments of both parties", it wasn't only "Tory boom and bust", was it?

Gordon Brown's speech to the British Chambers of Commerce national conference, April 2000: "The government has created a new economic framework to avoid the historic British problem – the violence of the repeated boom and bust cycles of the past."

Gordon Brown's speech to the Labour Party conference, 2004: "No longer the boom-bust economy".

Gordon Brown's speech to the Labour Party conference, 2005: "Why has it been that at every point since 1997 faced with the Asian crisis, the IT collapse, a stock exchange crash, an American recession, last year a house price bubble, this year rising world oil prices, why has it been that at every point since 1997 Britain uniquely has continued to grow? In any other decade, a house price bubble would have pushed Britain from boom to bust." So if that would have happened "in any other decade", Brown was again making the point that it wasn't only "Tory boom and bust".

Gordon Brown's budget speech, 2006: "As I have said before, Mr Deputy Speaker, 'No return to boom and bust'."

Gordon Brown's budget speech, 2007: "We will never return to the old boom and bust."

So Gordon Brown wasn't actually being accurate when he said it was only "Tory boom and bust" he had got rid of. Yet at each General Election, many voters solemnly believe the politicians' assertions that this time, capitalism is going to be run for the benefit of all. But it never is. It can't be.

ALWYN EDGAR



## Silly money

We mentioned last month that currency crank ideas flourish in a slump as the problem appears to be a lack of money, as implied by the term "credit crunch". The government itself seems to accept this view as it thinks that pumping money into the banks will solve the problem. As this is not working (because banks are not going to throw good money after bad by lending to firms they think won't make enough profit, due to the slump, to be able to share some of it with them as interest) others are coming up with other proposals.

One of these is the Green guru, Georges Monbiot. In his column in the *Guardian* (20 January), headed "If the state can't save us, we need a licence to print our own money", he endorsed the proposal for local communities to be able to issue their own money. He mentions various historical examples from Germany, Austria and Switzerland (he was discussing a book on money by a German author that he had just read). All these happened to be linked to the ideas of the German currency crank, Silvio Gesell, mentioned in this column last month, whose pet theory was that money should lose its value if it wasn't spent within a give time period. But they don't have to be.

Monbiot makes the following claim for local currencies :

"We need not wait for the government or the central bank to save us: we can set this system up ourselves. It costs taxpayers nothing. It bypasses the greedy banks. It recharges local economies and gives local businesses an advantage over multinationals".

Last September one such scheme came into operation in Lewes, Sussex. A "Lewes Pound" was issued and started circulating. But it seems more a scheme to get people to use local shops than an alternative, local, "green", way of encouraging people to spend the way out of the crisis. As the organisers themselves say on their site ([www.thelewespond.org/](http://www.thelewespond.org/)):

"[I]t is easiest to think of it as a gift voucher or a book token: A Lewes Pound is a voucher worth 1 pound that can only be redeemed at locally owned participating stores."

The Lewes Pounds get into circulation by people buying them for ordinary pounds and are convertible back into pounds on demand. In answer to the question "What happens to the sterling pounds that are taken when people buy Lewes Pounds?" the organisers explain: "All Sterling pounds are held in a safe deposit box with a local bank, so that we can access them at any time should people wish to trade their Lewes Pounds back into Sterling". They go on to say that this means that the introduction of Lewes Pounds won't have an inflationary effect "as there is no additional currency added to the total pool because for each Lewes Pound that is brought into circulation a Pound Sterling is taken out of circulation." In that case, then, it's not an alternative way of pumping more money into the economy for people to spend a way out of the crisis.

The organisers themselves don't make the wild claims for local currencies that Monbiot does. In fact they are surprisingly honest. In answer to the question "Isn't it just silly money? Lewes Pounds aren't going to make a difference" they reply "initially, it won't make a difference from an economic perspective, as the number of Lewes Pound released is minimal compared to the size of the Lewes economy".

That in fact is the whole point. All such schemes are only ever going to be marginal compared with the total amount of local buying and selling, debt settling and tax paying transactions. They are not going to make any difference in a depression. Their aim is essentially, as Monbiot puts it, to "give local businesses an advantage over multinationals". Another inter-capitalist dispute not to get involved in, then.

# Threats and threats

*Are there really terrorists round every corner or is this just government hype to scare us into supporting them?*

**W**hat's the biggest threat in the world today for most of the world's population? Judging by the airtime allocated by news media, the column inches of print media, the numerous books published in the last handful of years and the massive budget allocated worldwide to its defeat, it must be terrorism. Terrorism is good for sales and viewing figures. "Breaking News" is a sure-fire attention catcher. At the end of November Mumbai experienced a series of horrific, coordinated acts of violence which killed over 180 people, mainly civilians.

Sri Lanka has its ongoing struggle with the Tamil Tigers, Turkey the PKK, Spain ETA, Colombia the FARC, etc; all named "terrorist organisations." Acts of terrorism occur daily in both Iraq and Afghanistan, individual suicide bombers, car and truck bombs killing single figures, dozens or scores of victims whilst guided missiles from the coalition forces create death and destruction for countless thousands of innocent victims. Since September 2001 the world's biggest powers have allowed themselves every possible opportunity to wreak retribution wherever they have deemed there to be a terrorist threat, even against the will of the majority of their electorates. Around 3,000 deaths in New York and Washington, horrific, inexcusable deaths, have been the precursor to untold thousands since – each one as horrific and inexcusable as the originals – but most of these excused as collateral damage by the powerful.

President Obama has vowed to carry on the fight against terrorism in Afghanistan and to capture or kill Osama bin Laden. No doubt UK forces will be expected to continue to play their role too. By continuing the occupation many argue that more Afghans are and will continue to join the insurgency, the Taliban, because what they want more than anything is to remove the foreign occupiers from their soil. This is one of the poorest nations on earth but it is seen as one of the greatest threats to the richest nation on earth. Coincidentally, of the aid money actually contributed 40% has found its way back to the donor countries as consultant salaries and corporate profits. A mere \$9 billion of aid has been spent in Afghanistan since 2002. Aid commitments have fallen well short of the promises; US still owes half of its pledged \$10.4 billion; the World Bank still owes nearly half of its pledged \$1.6 billion; UK is one of a few which has nearly met its commitment. (Matt Waldman/ACBAR Advocacy Series 'Falling Short: Aid Effectiveness in Afghanistan' March 2008 – from *New Internationalist*, November 2008)

War, invasion or occupation is excellent business, especially for the wealthy and the wealthy are very happy to keep the media on board to help cultivate misconceptions and broadcast them loud, clear and often, subjecting consumers to manufactured threats until most of us believe the unbelievable: – That there is a terrorist threat. That there are terrorists around every corner, at every airport, in every subway, maybe even living in your street. But look at the numbers, at the actual threat. (The following statistics relate to the US and are taken from Michael Moore's *Dude, Where's My Country?*) For Americans, in 2001, the chance of dying in an act of terrorism was 1 in 100,000; as a result of murder 1 in 14,000; by suicide 1 in 9,200; in a car accident 1 in 6,500; or from flu or pneumonia 1 in 4,500. Statistics like these will vary from country to country but the general risk of death as a result of terrorism is much, much lower than

that of death on the road or from heart disease or even from suicide, but you don't see people getting paranoid about getting into cars day after day. Even if you are born in Afghanistan you are more likely to die of malnutrition or health-related factors – 25% of children die before they are 5 years old and maternal mortality is 1,800 per 100,000 (compared with 8 in the UK). To repeat: even in the year of the biggest terrorist act in the US the chance of dying from terrorism was 1 in 100,000, but year on year the chance of dying in childbirth in Afghanistan is 1,800 in 100,000. (UNICEF 2008)

Who knows this? Does it make any difference?

We need to get a sense of reality and balance. We need to recognise these manufactured, hyped-up threats for what they are. Terrorism will not be overcome by state-sponsored terrorism. Recognizing all lives as having similar worth would be an excellent start for world leaders – as they like to hear themselves called; even recognizing their own electorate as having worth on a par with their own would be an improvement.

A different threat, one which could claim the lives of untold numbers, suddenly and possibly without warning, is the nuclear threat. This threat is impossible to quantify. Proliferation is the name of the game now. Those with most of the nuclear weapons don't want those without to have any but keep on stockpiling themselves, refining and upgrading, supplying their favoured

clients whilst insisting that those without shall remain without. That the industrial-military complex is so vast and carries such clout with governments (politicians are prized among board members), coupled with the readily available terrorist threat with which to alert and frighten the public forever increases the possibility of disaster. Depleted uranium weapons have been in regular use for a number of years causing death outright to immediate victims, a slower, painful death following debilitating illness for other victims, war veterans and local populations alike and massively increased numbers of severe birth defects in the "theatre of operations" – not to mention environmental disasters. But this is only the tip of the iceberg. We can tolerate such horrors. The slow drip of outright cruelty

and inhumanity on mankind and its habitat can be borne, it seems.

Dr. Helen Caldicott, founder of 'Physicians for Social Responsibility' and a nominee for the Nobel Peace Prize explains in her book "The New Nuclear Danger" in clear and unequivocal language how close the world has already been to all-out nuclear war and how simple human or computer error could trigger the destruction of the planet at any time. It used to be called the nuclear "deterrent" but terrorists, especially suicide bombers, are hardly likely to be deterred. They haven't been so far.

If we do manage to progress without mutual nuclear annihilation then the other great threat is the one that millions of ordinary folk are focussed upon but which is being treated far too lightly by world governments, that is the challenge of global warming and climate change. Both the pamphlet *An Inconvenient Question – Socialism and the Environment* and the DVD "Poles Apart? Capitalism or Socialism as the planet heats up", recently published by the Socialist Party address this subject convincingly. There can be little doubt in anyone's mind that the threat to our environment is real and urgent.

Whether there is political will to confront this threat with the same enthusiasm and almost unlimited budget thrown at the war against terrorism and the continued development of nuclear weapons of all kinds is most definitely in doubt. It's clear there is repeat business and plenty of profit in weapons of all kinds but the environment is just another poor relation leaving us with the obvious conclusion that, in fact, it is capitalism itself which is our greatest threat.

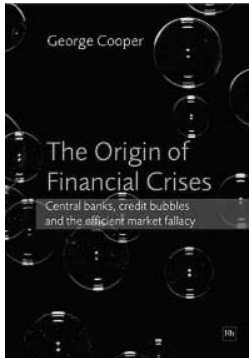
**JANET SURMAN**



## Inflation Monster

### The Origin of Financial Crises.

George Cooper. 2008. Harriman House. £16.99



Even though this book isn't written by a Marxist but by someone taking much of his inspiration from Keynes, it is for the most part well worth reading as an explanation of asset

price bubbles. It is also, at root, a good attack on 'efficient markets hypothesis' – the view that prices accurately reflect all known information at any one point in time and that markets are efficient allocators of resources.

Few conventional writers on economics come to the same conclusions as Marx without mentioning him or otherwise being aware of him, though Cooper seemingly manages it on two counts: his analysis of the causes of asset price bubbles, and his analysis of the cause of inflation and the role it plays within capitalism.

While he uses language more loosely sometimes than he might, talking freely about 'credit creation' when it is clear that what he means by this is the constant recycling of deposits into loans by the banking system rather than the creation of credit out of thin air, his explanation of asset price bubbles is sound. Essentially he takes the view that the process of the circulation of capital in the market economy is aided by the extension of credit and that this inherently gives rise to the possibility of financial dislocation and crisis (as did Marx, even if Marx argued that this possibility only became a reality when a crisis of overproduction for particular markets took place in the real economy).

Though it is something of a generalisation, Cooper contends that the tendency of markets for commodities to respond to rising prices through falling demand is not matched by the behaviour of markets for financial assets, which have a tendency to generate *increased* demand when prices rise (being typically intended for investment not consumption). This process can act in reverse, because when prices for commodities fall demand then

generally increases, but when asset prices fall, demand for them falls too, as in the current financial crisis.

This is partly because much of the credit extended to purchase the assets has been granted by the banks against underlying collateral that is losing its nominal value. In this sense, there is no supposedly efficient pricing mechanism to reallocate resources – merely self-feeding panic as falling asset prices lead to enforced asset sales, and then further price declines caused by this lead to yet more asset sales as a consequence: 'the process of collateralised lending generates one of the key destabilising forces in financial markets. Borrowers whose assets have already fallen in value may not have additional collateral to hand, and the bank's decision to sell their collateral, into what is by definition a falling market, may simply exacerbate the borrowers' and the bank's losses.' (p.100). This is essentially what has been happening during the credit crunch.

His analysis of what he calls the 'inflation monster' also largely hits the mark. While he does not overtly use a labour theory of value, he traces the origins of money through the establishment of gold as a recognised standard and store of value, and then considers the development of gold depository certificates and paper money as a consequence of this. He argues that with the expansion and contraction of money and credit during trade cycles, prices rise in booms and then fall in slumps but there can be no permanent tendency towards inflation while money is convertible into gold.

When convertibility into gold is suspended then the inflation monster can (and has been) unleashed by governments and central bankers: 'The new currency regime, without a gold exchange rate, is known as fiat money. The movement from a currency backed by gold to one with no fixed gold price represented a momentous shift in our financial architecture . . . Governments had now awarded themselves the right to create their own money without any corresponding liability; since there was no longer a promise to convert the printed money into gold, there was no longer a liability associated with printing that money' (p.69). In other words, governments could inject excess purchasing power into the system, in the form of an over-issue of inconvertible paper currency, that would only serve to push up prices.

Cooper identifies the collapse of the Bretton Woods international trading system in 1971 when the dollar was no longer pegged to gold as the definitive moment here, though in truth full convertibility had been suspended long before this in the US and all other advanced economies (in Britain it was as early as 1931 and by the time of the collapse of Bretton Woods in 1971 only around 1 per cent of the currency issue in the UK had even a nominal gold backing).

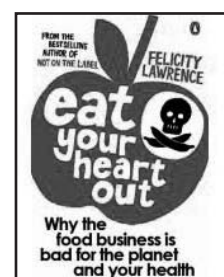
He argues that an excess issue of inconvertible paper currency can be directly used to finance government expenditure, as he thinks is about to happen now. He also makes the point – as have we – that there is a sense that governments prefer rising prices to falling prices partly on the grounds that it can increase their net tax-take, and perhaps because industrial unrest is more likely when workers have to resist falling wages than when they have what are generally rising nominal (if not real) wages under inflationary conditions. This partly presupposes that governments recognise a causal link between an excess note issue and rising prices, which is a moot point – though he also includes an interesting quote from Ben Bernanke, before he became chairman of the US Federal Reserve, which illustrates that there is certainly recognition of a linkage of sorts (even if they might view it as just one cause of inflation alongside others).

The tentative recommendations that Cooper makes later in the book for dealing with capitalism's financial crises need not detain us too long, though it is interesting to note that the inability of mainstream economics to adequately account for the current crisis is again leading others towards the type of analysis that has all too rarely been seen, in recent decades, outside the pages of the *Socialist Standard*.

DAP

## Food Business

**Eat Your Heart Out.** Felicity Lawrence. Penguin. £8.99.



Following on from *Not on the Label*, this is another book by Felicity Lawrence that exposes much that's wrong with the

food we eat and the way it's produced and, therefore, much that's wrong with capitalism as a way of running the world.

Lawrence describes conventional farming as 'a system for turning oil into food'. There is simply more profit in industrial food production than in plain healthy food like fruit and veg. Consequently consumers' food choices are manipulated, so that we 'want' what the food industry sells at the biggest profit and we buy what we have been persuaded to buy. This is mainly achieved by advertising, but also by more insidious means: adding massive amounts of sugar so baby food gets babies, and therefore children and adults, hooked on sweetness.

Let's take a couple of case studies. Processed cereals, for instance, represent 'a triumph of marketing'. And agricultural subsidies from government help to keep companies' costs down and profits up. The nutritious part of cornflakes is deliberately removed because it gets in the way of a long shelf life. As a result of this and the addition of sugar, breakfast cereals fatten you up but provide little by way of nutrition. Since relatively few countries eat much cereal, there is plenty of scope for global expansion, with Kellogg's targeting a potential 1.5 billion new customers, and prepared to spend massively to attract them.

The globalised pork and bacon industry has based its enormous profits on two elements: factory farming with little or no regard to the environmental impact, and low wages mostly paid to migrant workers. The farmers who contract to raise pigs for the processing companies make just enough to get by, and the buildings they invest in are likely to put them in debt to the bank. Meanwhile the big corporations enjoy enormous profits with relatively little capital investment.

As the cereal example shows, food produced with an eye to profit is not good for you, and may be positively dangerous. Sugar, for instance, has been described as being as harmful and addictive as tobacco. The evidence is not conclusive, but arguably the extent of cardiovascular diseases in developed countries is in part due to an imbalance of fatty acids (too much omega-6, not enough omega-3). Cancers, too, are in part caused by our diet. Soya is seen as a miracle health food, but it is in fact a key ingredient in the fried and oiled junk food market.

Lawrence has provided a graphic description of profit-driven food

## Meetings

### East Anglia

Sunday **8 March**, 12 noon to 4pm  
 12 noon: informal chat/branch business  
 2pm to 4pm: continuation, discussion of r Conference items and Party's website A-Z of Marxism.  
 Reindeer, 10 Dereham Road, Norwich, NR2 4AY.

Sunday **22 March**, 7pm  
 Film showing: *ZEITGEIST ADDENDUM*  
 With introduction, interval and discussion.  
 Garden House, 1 Pembroke Rd, Norwich NR2 3HD

### London

Film nights at Socialist Party Head Office, 52 Clapham High St, SW4.

Saturday **14 March**, 6pm

(documentary on the Israeli-Palestine conflict) Opener: Jim Lawrie.

Saturday **28 March**, 6pm

(Rural community of Dover, Pennsylvania, is torn apart in the latest battle over the teaching of evolution)  
 Opener: Simon Wigley

### Manchester

Monday **23 March**, 8.30pm  
 Branch meeting. Discussion on: THE PRIORITIES OF SOCIALISM  
 Unicorn, Church Street, City Centre

**Lothians Discussion Group**  
 (under the auspices of the Socialist Party of Great Britain's Edinburgh Branch)  
 Venue: ACE, 17 West Montgomery Place, Edinburgh  
 Every 4th Wednesday of the Month  
 Time: 7.30pm-9.00pm  
 Contact:  
 Fraser Anderson: Fraser@prolerat.org  
 Jimmy Moir: jimmy@prolerat.org

### Capitalism in Crisis: A May Day School for Socialism!

Saturday **2 May** 10.30am till 6.00pm  
 The Socialist Party, 52 Clapham High Street SW4 7UN Tube: Clapham North

IS THE PROFIT SYSTEM WORKING?

1. Capitalism & Economics - Brian Gardner (Glasgow Socialist Party)
2. Capitalism, Resources and the Environment - Gwynn Thomas ( South London Socialist Party)
3. Capitalism & Society - Simon Wigley (Cental London Socialist Party).

Food and Refreshments will be available:

#### Advance notice - Public debate

Thursday **23 April**, 7.30

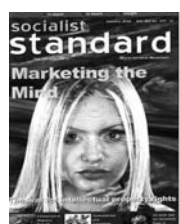
SHOULD CAPITALISM HAVE A FUTURE?

Yes: John Meadowcroft (Lecturer in Public Policy)

No: Richard Headicar (Socialist Party)  
 Brockway Room, Conway Hall, Red Lion Square, London WC1



production. We can't agree with her claim that what's needed is 'a fairer distribution of the profits', since that would leave the profit motive intact. But we have more sympathy with her conclusion that it's necessary to examine 'the power structures that control food supply', as long as this goes along with overturning the structure of all production and distribution.



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**p24:** Mexican border deaths - Tomas Castelazo, 2007, GNU FDL.

## Obituaries

### TERRY LAWLOR

We regret to have to report the death, in January, of our comrade Terry Lawlor at the age of 84. Terry joined the Party in 1942 when he was just 17. From a working class background, he studied hard to become a medical student and it was because of this that he was exempt from military service during the Second World War and served instead as an air raid fire warden on the roof of Chatham House, the home of the Royal Institute of International Affairs. Within a short time he had established himself as one of the Party's many notable characters in this period, becoming a prominent and vociferous Party

speaker, particularly on the outdoor platform in his main stomping grounds of South London, such as at East Street, Walworth.

The rumbustious image he had in the Party (immortalised in Barltrop's *The Monument*) was in some ways at odds with both his gentler, private persona and the career he developed as a consultant psychiatrist, even if at one point in the 1970s he was at the centre of a national controversy about the running of a psychiatric hospital in London, his supposed role in which he strongly denied.

Never one to shy away from public debate, Terry became known in the Party as probably the most

prominent advocate of the view that as the contradictions of capitalism must sharpen over time, then so must wars and world economic crises become progressively worse. When a major slump had failed to appear after the Second World War, the Party became more cautious about such pronouncements than it had been in the period when Terry had first joined, and he eventually left the Party in 1953 after a dispute over the issue.

He remained in contact with the Party, however, for decades, reading (and often selling) the *Socialist Standard*, before eventually rejoining in 1991. He then served on the Party's World Economic Crisis Committee (set up to re-examine the issue closest to his heart) and resumed speaking for the Party and writing occasionally for the *Standard* on economic issues, being influenced by his understanding of Marxian economics and also the views of business analysts like the 'bearish' investment guru Bob Beckman. It is a sad irony - not lost on his comrades - that Terry died in the middle of the major financial crisis he had long predicted.

DAP

## Mikoyan's Bluff Called



Recognition of the truth sometimes comes out of strange places and no one could have been more surprised than Mr. Mikoyan that it should have been Mr. Dulles who told him that he, Mikoyan, does not know what Socialism is. But so it happened.

It was at the end of the Russian Deputy Prime Minister's visit to America. When all the dinners and interviews, the speeches and cocktail parties were over, the time came to part. Mr. Mikoyan gave his farewell message to reporters at the airport, and said :—

"Socialist society in our country will develop whether you like it or not, and whether we want it or not. American capitalism is still strong. The conclusion is that we must be tolerant of each other and come to agreement." (*Daily Telegraph*, 21st January, 1959.)

Then came the slap in the eye from Mr. Dulles, in a telegram to Mikoyan :—

"The President is aware that you operate under a system of State capitalism, and he hopes that has been useful to you to have seen the progress of our people under our system of individual capitalism. We are sure that you have found the experience interesting." (*Daily Telegraph*, 21st January, 1959.)

We have no doubt that Mr. Mikoyan found it a novel and interesting experience to have his bluff called at top level about the fake "Socialism" of Russia, and bluntly to be told that Dulles sees it for what it really is, "State Capitalism."

May we hope from this beginning that the representatives of all the countries will, at U.N. and other international gatherings, develop the habit of calling State and private capitalism by their proper name everywhere and on all occasions ?

(Editorial, *Socialist Standard*, March 1959)

### AMBROSE COWAP

Central London are saddened to have to report the death in January, at the age of 75, of Comrade Amby Cowap. He joined the old Hackney branch in 1967 but left a few years later on returning to Ireland, where he hailed from. Back in London he rejoined in 1983. A roofer by trade, he redid the roof of our head office in Clapham and was always available to deal with repairs to it. On his retirement he left London to live in Lowestoft in Sussex. Our condolences go to his widow and family.

## 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.



# Brand Obama – more drivel

*Is there – can there be – a connection between Barack Obama and two West London Labour MPs?*

Obama has just moved into the White House at the head of the most powerful nation, controlling a military, diplomatic and economic force so huge as to be able to invade, distort and destroy the lives of the majority of the world's people. Against that the two MPs – Andrew Slaughter and Virendra Sharma – are notably low-key. Their constituencies – Ealing Acton Shepherds Bush and Ealing Southall – are unremarkable for their grime, chaos and disorder. The MPs held minor posts as Parliamentary Private Secretaries – Slaughter at the Foreign Office and Sharma at the Home Office – but their resignation from these provoked hardly a murmur of interest. The reason they jumped off the lowest levels of the Greasy Pole was their objection to the government's plans, in betrayal of a succession of pledges, to further develop Heathrow Airport, specifically by laying down a third runway. In Sharma's case this was something of an aberration, for he was not an active MP – apart from slavishly voting for the government line. If they had not already done so, Slaughter and Sharma might have learned something from this experience about the essential ruthlessness of politics, in the heat of which all promises and "principles" are devoured.

## Glamour

That is something of which Obama is fully aware, which explains why his drive to the Presidency, from its inception through its planning to its execution was, for its single-minded cynicism, such an historically prime example of it. He and his team touted for votes on the single word Change, which was compliantly accepted as an intention to simply get rid of George Bush and as much as possible of his policies, his supporters, his command style. It was made to sound so easy. But it was hardly enough to stimulate the kind of response – the blind devotion to the concept that one man could by himself wipe out the tragedies which had plagued so many lives for all those years. Such was the degree of hysteria that it obscured the fact that in 2004 a similarly psychotic process had ensured George Bush's triumphant return to the White House. But there was more to Obama than a promise for he is the kind of politician who trades on a spurious glamour. On that score, in terms of their respective political chicanery, McCain was shrunken and exhausted, with nothing to offer in combat. Obama's lissom confidence and the support acting of his wife and children composed a portrait of the ideal American family. And in a Presidential election there are few things more seductive: "It was like a scene from a Hollywood movie" blabbered the *Observer* describing Obama and his wife dancing at one of the inaugural balls "(which) created images of fashion and celebrity to rival anything that emerged from JFK's vaunted 'Camelot'". And in case we have not seen enough of them for a while, an invitingly smiling Mrs. Obama appeared all over the cover of the next issue of *US Vogue*.

## Heathrow

But the passion which greeted the emergence of the brand Obama should have had more than a

tinge of fear – which brings us back to our two London Labour MPs. At the last general election Slaughter had a majority halfway between five and six thousand, after a swing of 7.54 percent to the Tories. To complicate matters for him his predecessor in the seat was Clive Soley, once a probation officer notable as an assertive lefty in the union and, from 1997 to 2001, chair of the Parliamentary Labour Party. He left the Commons at the 2005 election, allowing himself to be created Baron Soley of Hammersmith and, to the dismay and anger of many of his admirers, become Campaign Director of Future Heathrow, which pushes unremittingly for the airport's future to be one of expansion. Living in Acton under the flight path, Soley admits that "...when I'm in my garden I have to raise my voice" but he thinks all who suffer in this way should bear it gladly for the greater profitability of British capitalism. Any embarrassment this causes Slaughter with his contrary views on Heathrow expansion are not to be dwelled upon.

Virendra Sharma won a by-election in Ealing Southall in July 2007, after the death of the sitting MP Piara Khabra (who also had an unenviable record as an inactive representative of his electorate) with a majority of 5070. Southall has a reputation as a strong Labour seat (in 1997 with a majority for Khabra of over 21,000). But since the last election the boundaries of both Sharma's and Slaughter's Ealing seats have been redrawn, the effect of which is uncertain. After ten years in power Labour is seen as outworn and sterile; many of their MPs must dream of a leader to inject some of the Obama appeal which, shallow and spurious though it is, promises to bring in the votes. But there is nobody in the Labour Party to compare in that way to the new US President. If leaders like Brown, Darling, Straw and Harman have any appeal to desperate, bewildered voters it is unlikely to be as seductive as Obama's. So Labour – including the likes of Slaughter and Sharma – are in trouble, being forced to face the reality that their time of deceiving enough voters to put them into power is probably coming to an end.

## Obama's War

It did not take long for the true Obama style of government, behind the media drivels, to assert itself. Only days after he had taken office, two American drone craft killed 22 people in Pakistan and it was announced that

Obama had approved the transfer of 30,000 US troops to Afghanistan – later raised to 60,000. The

war there will go on and many people will die in the interests of the minority owning class. So

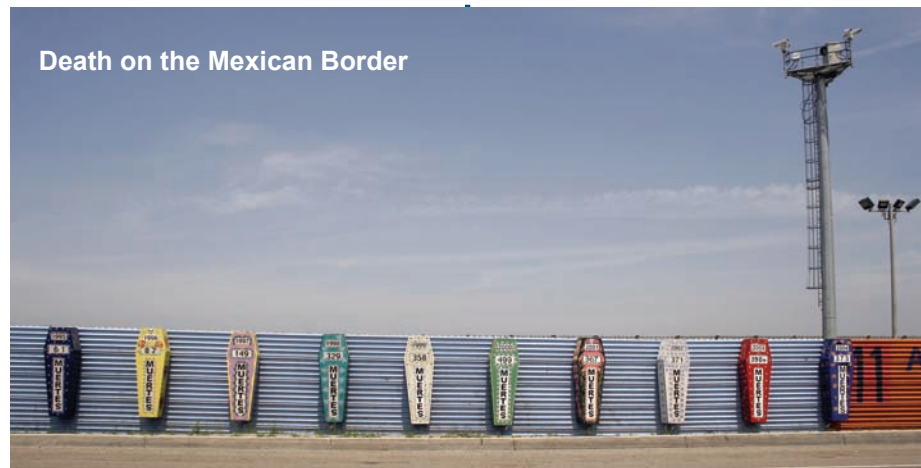
if Obama's election does have an effect on British politics, influencing the manner in which the parties here present their pleas to be allowed to run British capitalism, we can be sure that it will have nothing to do with human interests, with bettering our lives. That would be taking glamour too far.

IVAN





# Voice from the Back



## Death on the Mexican Border

### A Wasteful Society

Capitalism is a very wasteful society that spends millions of potentially useful labour time and ingenuity in protecting private property. All over the world men and women spent their time in organisations like armies and police forces. Here is a small example of the stupidity of a private property society, in this case the border between Mexico and the USA. "18,000 - the number of Border Patrol agents assigned to it in 2008 (up from 4,000 in 1993) 705,000 - the number of people caught trying to cross it illegally in 2007/2008, down from 1.6 million in 2000. That's the equivalent to 2,000 people a day. 1,954 - the number of people who died crossing it between 1998 and 2004, mainly of exposure, drowning or car crashes." (*Times*, 16 January) Inside world socialism there will be no countries and no national borders. Everyone on Earth will be free to roam the whole world without passports or visas. There will be no border patrols, people will be free to engage in useful work.

### Alternative Life Styles

Two pieces of literature came through many workers letter boxes recently. Here is one from the *Observer*, 8 February - "Prince Edward spent last week on an official visit involving lots of good works to Barbados, including lunch yesterday

at the Sandy Lane hotel (favoured by Michael Winner and Simon Cowell, with rooms costing around £3,000 per person per night) and an afternoon at the resort's golf course." Here is another from the charity *WaterAid* "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 consequence 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* suggest that the answer is to send them £2 a month. Socialists suggest that we get rid of this insane society even though it might interfere with Prince Edward's £3,000 a day golfing trip.

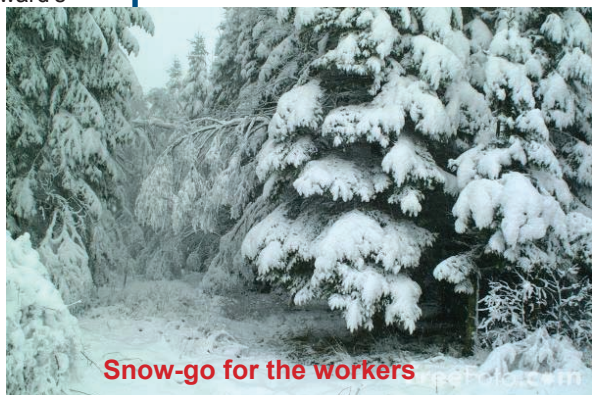
### Capitalist Priorities

As unemployment soars and re-possession increase it speaks volumes for the priorities of capitalism that military expenditure keeps on rising. "The cost of Britain's military operations in Afghanistan and Iraq this financial year has soared to more than £4.5bn, an annual

increase of more than 50%, figures released yesterday reveal. Operations in southern Afghanistan accounted for a little over half, nearly £2.6bn, compared with £1.5bn last year. Most of the money was spent on providing tougher armoured vehicles for soldiers who face a growing threat of roadside bombs. Surprisingly, as the government prepares to withdraw from Basra, the cost of Britain's military presence in southern Iraq this year increased to nearly £2bn, compared with less than £1.5bn last year, according to the figures released by the Ministry of Defence. ...The defence budget will be increased by more than £500m to reach a total of just over £38bn this year, the MoD said yesterday." (*Guardian*, 13 February)

### Snowfall

On Monday 2 February heavy snow fell in many places in Britain, and some workers failed to get to work. The British "Federation of Small Businesses estimated that continuing bad weather on Tuesday could cost the British economy more than one billion pounds", said Reuters (2 February). This is the usual news item which appears on those rare days when the weather stops industry operating normally. It just makes you wonder why, on all those ordinary, typical days throughout the year when industry is operating normally, there is nothing in the papers about the tremendous contributions to "the British economy" the workers have obviously made.



Snow-go for the workers

by Rigg

## Free Lunch

