

WORKERS

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HOW CAPITALISM CREATED BRITAIN'S HOUSING CRISIS

JOURNAL OF THE COMMUNIST PARTY



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IF YOU WANT TO REBUILD BRITAIN, READ ON

WORKERS

“Unity of the unelected

CAMERON, CLEGG and Miliband have all made noises about the need for a “government of national unity” in the face of “austerity”. What that really means is turning the unelected minority Coalition into an unelected broad front of all parliamentary political parties: unity of the interests of capital against the interests of the people of Britain, the working class.

We are told that the crisis is so severe, so unsolvable, that only a national government will suffice. The result will be fascism through parliament, and parliament as the mouthpiece of the European Union, ensuring an unelected, unchallenged, permanent dictatorship, like the “technocratic” rule of Greece or Italy.

The present crisis is the result of capitalism’s failure: systematic, prolonged and fundamental. But we, the working class, cannot

absolve ourselves of responsibility for this crisis. We have allowed capitalism to go on for so long without destroying it.

The huddling together of failed capitalist states in the European Union is the main source of the attacks on the British working class, which means we have to destroy the European Union. Destroying the EU will enable us to rebuild Britain – the first step in answering every question, query, worry or concern that British workers have about the future.

Reclaim our national assets, rebuild our industrial base, re-establish our health, education and housing services, create employment, rebuild infrastructure, abolish unemployment and underemployment, trade with the world, be beholden to no one, threaten no one. All are epitomised in “Rebuild Britain”. ■

The separatist trap

ANYONE WHO thinks it fine to detach Scotland from the rest of Britain falls straight into a baited trap. One way or another those in Britain playing for the EU team – covertly in the case of “give them a budget” Cameron or overtly with Salmond – are seeking more powers to dump Scotland into a pre-euro detention cell.

The EU’s fingerprints are dabbed all over Scotland’s fake “independence” menu. In fact,

Salmond’s underlying intent is entirely in keeping with the EU heritage of conniving in the partition and euro occupation of a country.

Rather than succumb to dictatorship, Britain needs to be out of the EU. The enemy’s silence in trying to deny a British referendum on withdrawal is deafening. Current economic and political delusions dividing us north from south need to be tackled head on. ■



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Surge in agency staff

DATA FROM de Poel, which says it is Britain's "number one procurer of temporary agency labour", reveals that the use of temporary staff rose by 13 per cent in January compared to the same period last year. The company says its figures "show that temporary workers are a popular choice as businesses continue to operate within an unstable and unpredictable economy".

The rise comes despite concerns that the Agency Workers Regulations (AWR), introduced in October 2011 following a European Union diktat, would deter companies from using temporary staff. The AWR grants temporary staff the same pay, holiday and working time rights as permanent employees after 12 weeks in employment.

There are now some 2 million agency workers in Britain, an ever-increasing proportion of Britain's estimated 28 million workers. The Arbitration and Conciliation Service (ACAS) believes a significant number, estimated as being more than 34 per cent, are migrant workers, especially from Eastern Europe.

Broken down by sector, de Poel's data shows that the biggest rise in temporary usage was in manufacturing, up by 35 per cent, with the business services sector up by 33 per cent. There was a 19 per cent rise in the care sector, and 13 per cent in construction, showing "the industries' need for a flexible and contingent workforce".

The British government resisted these regulations for many years, arguing they would undermine flexibility of employment. In fact, the surge in agency employment seems to be continuing. For their part, the British trade unions pleaded for them: in their defeatism, they essentially regard casual, agency and zero hours contracts as an established fact of the workplace. Has capitalism got so far into young workers' minds that insecurity, no permanency of employment, no responsibility are seen as acceptable, if not the norm?

While the British trade unions grovel for legislative succour we see a different response from trade unions elsewhere in Europe. Norway, which is not a member of the European Union, belongs to the EU-associated European Free Trade Association along with Iceland and Liechtenstein. What EFTA effectively means is that though Norway has rejected the EU and 76 per cent of Norway's population have expressed such a view in recent opinion polls, EU regulations and directives take priority over Norway's laws.

The proposal to implement the regulations in Norway produced a different response from the Norwegian union movement. Seeing it as an attempt to undermine permanent employment – unemployment in Norway is amongst the lowest in Europe – the Norwegian TUC responded by calling a general strike in January. ■

YOUTH

Attack on the young

CAPITALISM has caused an unprecedented rise in youth unemployment: 4.5 million in Britain between 2008 and 2009. The average increase between 1997 and 2007 was fewer than 100,000 a year. More than 75 million young people worldwide are struggling to find work. More than half of South Africa's youth, for instance, are unemployed.

Almost a third of children in developing countries are malnourished, with 150 million underweight because of chronic illness and poor diet. ■

NATO

Anglo-French machinations

AT THEIR meeting in Paris in February, Cameron and French president Sarkozy agreed to escalate their military co-operation, including by building unmanned drones that could be launched in 2020. During the air assault on Libya they had to rely on US drones.

France and Britain together already make up half of NATO's defence spending. Now both governments want to increase their capabilities. They also urged the Syrian opposition to unite, and called on other countries to do more to support the rebels against President Bashar al-Assad. They want to sabotage Assad's plans to hold a referendum and a multi-party parliamentary election within four months.

Support of the jihadist opposition could provoke a large-scale civil war, which will lead to even more NATO demands for intervention. Their current interference in Syria (see article, p9) by special forces and provision of communications equipment, was not mentioned. ■

If you have news from your industry, trade or profession we want to hear from you. Call us on 020 8801 9543 or email rebuilding@workers.org.uk

EUROBRIEFS

The latest from Brussels

Talking about a referendum

SENIOR EU Commission officials recently briefed bankers in Brussels that there is a growing belief that Britain will have to hold a referendum on EU membership by 2020. They think Cameron will have to include such a promise in the Conservative election manifesto to win an outright majority in the next election.

Opt-out call

OVER 100 Conservative MPs have urged David Cameron to opt out of 130 EU crime and policing laws, including the European Arrest Warrant and DNA data sharing. Under a transitional arrangement, that body of law will fall under the full jurisdiction of the European Court of Justice for the first time unless we opt out by 2014. The MPs said "We want the UK Supreme Court to have the last word on UK crime and policing, not the European Court of Justice."

No declarations

A LITHUANIAN rapist was let into Britain despite previous convictions in Germany. Neither he nor the German authorities had to declare the convictions, which were only uncovered after a British police officer researched the rapist's background when he was arrested for a less serious offence.

Stay in Britain, says Strasbourg

RADICAL MUSLIM cleric Abu Qatada has been released on bail, after the Strasbourg-based European Court of Human Rights over-ruled our Supreme Court and ruled that he could not be deported to Jordan.

Admit it

HANS-OLAF Henkel, the former head of the German employers' federation, said, "to see the EU flag in protests in Athens in the form of a swastika would not have happened without the euro. Why don't we just admit this? The euro has become a threat to European integration."

Audit failure

THE EUROPEAN Court of Auditors found material errors in EU spending for the 17th consecutive year. For example 11 of the 22 EU agencies surveyed could not properly account for half the expenses they filed. Even so a qualified majority of EU finance ministers approved the accounts. ■



Union of Hotel Workers members demonstrating in Heraklion, Crete against the Greek government's austerity measures. The banner reads 'Hands Off Our Wages'.

Photo: Workers

Bailout woes for Greece

THE EU/IMF/ECB troika wants Greece to accept more austerity, including cutting 150,000 public sector jobs by 2015 and cutting minimum wages in the private sector by 22 per cent. The IMF sees the Greek economy contracting by 4 to 5 per cent this year.

In Greece, more than a fifth of workers are unemployed, and nearly half all people under 25 are out of work. The Greek private sector has shed 500,000 jobs in the last three years. Tax revenues are down 7 per cent over the last year.

Greek Economic Development Minister Michalis Chrysochoidis argues that EU subsidies have contributed to Greece's economic downturn. He claimed, "...over two decades, we have eroded our manufacturing basis, our industry and thereby our export capabilities ... While we were taking EU money with one hand, we were allowed to borrow money for low interest rates, which we have also done excessively."

Hedge funds used credit default swaps (CDSs) to short-sell Greek bonds, placing both the Greek government and the euro under stress.

Meanwhile Jacques Santer, the head of the European Commission when it was forced to resign en masse over a corruption scandal, is to head a Special Purpose Investment Vehicle, with the apt acronym SPIV, as part of the eurozone bailout fund.

And Greece is likely to face even more agony. On 24 February, Jean-Claude Juncker, the Luxembourg politician who heads the "Euro Group" negotiating with the country, said he could not rule out the need for a third bailout. ■

UNPAID LABOUR

Tesco shelves scheme

THE ATTEMPT by the Department for Work and Pensions to place unpaid unemployed workers in Tesco's supermarkets, giving the company hundreds of thousands of hours of unpaid work, has been dropped.

Tesco claimed the placements were an IT/typing error. It was overwhelmed as tens of thousands of customers bombarded Tesco's self-promotional social media sites with complaints over the exploitation of

young people by this forced labour.

More than 100,000 placements have been created to try and mask youth unemployment. But following Tesco's retreat, Sainsbury's, Waterstones, TK Maxx and others are scurrying away.

The Department for Work and Pensions and ministers brazenly deny that they were providing free, not even cheap labour, to the employers but the threat of consumer boycotts has quickly changed the employers' minds. It would be better named Department of the Workhouse as it oversees increasing unemployment – over 48,000 more in January 2012. ■

OLYMPICS**The slow road to hospital**

ONLY "BLUE LIGHT" ambulances will be authorised to use the VIP lanes being installed for the Olympics in London this summer under the Games organisers' diktat.

All hospital patients not deemed emergencies – kidney dialysis, cancer patients, disabled, elderly – will have to endure the expected road traffic log jam

that the Games will bring to London. Unless of course you are a politician, VIP, athlete, official or sponsor such as Coca-Cola and McDonalds. In that case, you will have free access to the 30 miles of inner London VIP lanes using the "free" 4,000-vehicle BMW transport fleet.

Londoners will die and the NHS will teeter as planned health care provision is abandoned for the Olympics idiocy. Every Londoner going to hospital should invade the VIP lanes: health not the VIPs, boycott the Olympics! ■

Guides against the EU

THE ASSOCIATION of Professional Tourist Guides has lodged a policy conference motion with Unite the union, opposing the latest EU directive on the professions. They say that new proposals by the Commission will make it easier for unqualified persons to come into Britain to guide at tourist sites and monuments.

The guides say that the Commission is tampering unnecessarily with its own directive (2005/36/EC) on cross-border recognition of qualifications – indeed the guides cooperated on that directive in order to mould it to their advantage. Now they point to a new shift of balance in favour of employers in the country of origin rather than the host state, and to the Commission's latest attempt to grab more powers for itself.

The Commission is dissatisfied with the way professionals prefer to work in their own country instead of obeying the laws of "free movement". This is manifestly the case with local guides, whose job is inseparable from the history, culture, bricks and mortar of their own nation, country, region, or city.

Tourist guides are differentiated from tour managers, who are highly mobile, have no recognisable qualifications, work for commission, and accompany clients from state to state. Their employers, the European Tour Operators Association (ETOA), would like them to have access to the guiding profession without investing in the required national training. ,

Guides refute the suggestion in the EU booklet YOUR SINGLE MARKET that they are "highly mobile", and are calling on the Commission to correct this misrepresentation of the profession in Britain. They received a reply in January this year denying the blindingly obvious. The Commission wrote: "Certain arguments have been put forward asserting an 'area-specific' qualification as a defining characteristic of a tourist guide.... [this] might create obstacles to the free movement of professionals which may not be in line with the principles of recognition of professional qualifications and the jurisprudence of the European Courts."

This bureaucratic insistence on universal mobility would be funny if it weren't so serious. They go on to say: "...the re-emergence of these questions presents a good opportunity to revisit the consistency of European standards in the tourism area...taking into consideration the views of other bodies representing professionals in the practice of tourist guiding". That last remark is a reference to the drawing up of British guiding standards in 2005, when the guides succeeded in having ETOA restricted to observer status. Guides have spent decades fighting for control of their own profession. It should now be clear that one directive just leads to another. They should go further—oppose EU membership and be done with it. ■

EDUCATION**Sixth-form strikes**

MEMBERS OF the National Union of Teachers (NUT) who work in sixth-form colleges have voted by a substantial majority to strike to defend pay and funding to the sector. Members of the Association of Teachers and Lecturers (ATL) in colleges are now involved in a strike ballot too, while NASUWT members are being consulted.

As the first part of the campaign London NUT members struck in the afternoon of Thursday 23 February at 13 colleges spread over the region. College picket lines and events in Westminster were organised. Action outside of London is being planned.

The government's attacks will see year-on-year cuts of almost a fifth by 2015. The employers want a pay freeze and higher pension contributions alongside job losses and attacks on working conditions. ■

WHAT'S ON**Coming soon****April/May**

CPBML/Workers May Day Meetings

Destroy the European Union, Defeat War, Rebuild Britain

Saturday 28 April, 12.00pm. Fox and Newt pub, 9 Burley Street, Leeds LS3 1LD

Tuesday 1 May, 7.00pm. Word Power Books, 43 West Nicolson Street, Edinburgh EH8 9DB

Tuesday 1 May, 7.30pm. Conway Hall, Red Lion Square, London WC1R 4RL. Nearest tube Holborn.

See advertisement, page 8. All welcome.

HEALTH**Poverty and diabetes**

RESEARCHERS at Queen Mary College, University of London, have found poverty and ill-health have persisted in the London boroughs of Tower Hamlets, Hackney and Newham for more than 100 years.

The researchers used a colour-coded system to highlight the distribution of cases of type 2 diabetes, which is caused by diet. Analysis showed these areas were associated with poverty. The maps bore close comparison to Charles Booth's "poverty maps" of the 1880s and 1890s, in which each street was coloured to indicate the income and social class of its inhabitants.

The team mapped those they thought were most at risk of type 2 diabetes. Unlike the Booth maps, which were based on observation, this study used the electronic records of more than half a million people taken from GP surgeries in the area.

About 10 per cent of adults are categorised as at a high-risk of developing diabetes, but the map showed "hotspots" with up to 17 per cent of adults in this category. Type 2 diabetes is strongly linked with poverty and South Asian ethnicity, both of which are common in east London.

The study shows that diabetes risk is high where poverty is high. The project aimed to help councils and NHS services to direct health efforts where they are most needed. Some pockets of deprivation and ill-health have persisted for over 100 years.

This study, which concentrated on three of the "Olympic boroughs", highlights the dire need to improve health and longevity in east London. Shouldn't this aim be an essential part of the Olympic legacy, or is it merely a case of illustrating that so long as we tolerate the existence of capitalism "the poor will always be with us", and bread and circuses will come and go? ■

Forget about the self-serving squeals coming from Berlin: German eurozone now finds itself in. And, it turns out, this is an issue on v

Debt, trade imbalance, fake economic miracle

GERMANY SEEMED to many EU politicians a safe pair of hands to trust with the control of EU finances. But by relying on Germany's industry-based trade surplus as collateral, a number of countries have borrowed to the extent that their economic substance is now being drained. It turns out that EU politicians have merely fed the engine of European integration and lost the sovereignty of their states. This is not the first time such a scheme has been used by Germany to centralise political power.

"Beneficial crisis" is a term often used in EU think-tank circles. The credit/debt crisis is depicted as something that sprang out of the ground at around 2007/8 – but has this crisis really come about entirely unexpectedly? Is it really so surprising that many euro countries have sovereign debt problems?

Even a basic understanding of the economics of comparative advantage between trading parties would conclude that certain euro countries should not have been able to raise credit by implied reference to the yield on German bunds (government bonds). Or put another way, how can it be right that Germany monopolises manufacture, sells its output to other EU participants and builds up a huge surplus, at the same time as other countries have been deliberately deindustrialised while accruing massive debt through trade imbalance? Yet this is what has been going on for over 20 years.

Interest rates

The policy was rationalised by EU economic gurus under the cloak of the harmonisation of interest rates, first via the Exchange Rate Mechanism (ERM) and then the euro from 1999 onwards. At the outset the raising of euro credit was hailed as an economic miracle, but is now seen as the acquiring of credit using false criteria.

To set the record straight, it was the euro rather than profligacy that disfigured the long-term interest rates of those countries now in trouble. Normally, a number of credit risk factors are used to determine the rates of interest at which a

government or population can borrow. Such factors include the country's assumed future rate of inflation, its balance of payments position, its political stability, the level of existing debt and the likelihood of default.

Ignored

But under the euro this risk assessment was ignored on a country-by-country basis. Instead, a narrow range of interest rates was applied to the euro bloc overall, with particular reference to the rate of interest on 10-year German bunds. So if German bunds were yielding 2.5 per cent per annum, then in euro terms it was considered appropriate that the governments and populations of Portugal, Ireland, Spain, Italy, Greece etc. could obtain credit at marginally higher rates of 3.0 to 3.5 per cent per annum. The normal credit risk criteria for Portugal etc. had therefore been suspended under the guise of the harmonisation of interest rates.

But this convergence (effectively encouragement) for borrowing, came unstuck in around 2008/9 when it became apparent that on no account should a country such as Spain be accessing capital for a 10-year term at 3 per cent per annum, given its national economic characteristics. Reality took hold and it was recognised that the low interest rates that Spain and the others had secured on their debt was completely mispriced in terms of credit risk.

The rates for these countries, now that they are being separately assessed, are currently averaging around the unaffordable level of 7 per cent per annum or more, whilst 10-year German bunds have interest rates as low as 1.7 per cent per annum.

The political point to stress is that those who control the EU realised these dangers at the outset but considered it a race: Could their political objectives of dissolving sovereign states using the euro be achieved before the likely economic outcome began to emerge?

The claiming of economic miracles under capitalism, only for things to turn



Nuremberg rally, Germany, 1935.

out to be a disaster for the working class, is not new. One only needs to look at social and economic history to find examples of what can be described as 'pyramid' selling based on misplaced mass confidence. The recent mortgage boom under Labour is one example, and the circular financing under quantitative easing (QE) that is currently propping up British bank balance sheets by £325

ny has been directly and indirectly responsible for the mess the
which the country has some form, around 80 years ago...

cle. Yes, it's happened before. In Germany



billion is another.

A further example of a “funding miracle” was the fate suffered by the German working class in the 1930s when they convinced themselves that their economic problems had been resolved. Like now, this “miracle” involved the issuing of leveraged credit (that is, raising credit with little means to back it). It was organised by Hjalmar Schacht, who had

been appointed Reichsbank Governor in 1933. Schacht later explained: “It was necessary to discover a method that would avoid inflating the investment holdings of the Reichsbank immoderately and consequently increasing the circulation of money excessively.” So he had to find some means of getting credit “without meaning for it to be long term and without having it undergo the risk of depreciation, ie loss of value. That was the reasoning behind the Mefo bonds.”

Mefo bonds were structured around a dormant company, Metallurgische Forschungs-GmbH (Mefo), whose sole purpose was to leverage huge expenditure that would not be shown as outstanding debt on the Reichsbank balance sheet. With a start-up capital of one billion marks, which Hitler and Schacht arranged to be provided by the firms Siemens, Krupp, Deutsche Werke and Rheinmetall, Mefo was eventually leveraged at least 12 times over, meaning that for every 1 mark of equity capital put behind Mefo there were 12 marks of debt. Companies that serviced the Nazi order book had only to draw on Mefo for the amounts due.

These bonds, when presented to the Reichsbank, were immediately convertible into cash. The success of the Mefo programme depended entirely on public acceptance of the bonds. But because they were short-term issues that could be cashed at any time and bore interest at 4 per cent, the bonds were eagerly accepted and created 12 billion marks worth of credit, used for such projects as rearming Germany.

But there was a limit to how far the country could go without becoming bankrupt and Schacht believed Germany was approaching this limit. He was eventually ousted from the Reichsbank Governorship in 1939. By then the pyramid selling of Mefo bonds had propped up Nazi politics to the extent that the opportunity for European conquest had arrived. Hitler, fresh from annexing Czechoslovakia through French and British appeasement, said in August 1939: “For us it is easy to make the

decision to go to war. We have nothing to lose: we can only gain. Our economic situation is such that we cannot hold out.”

What is little known is that, following the pumping of credit and the outbreak of war, in July 1940 Walther Funk – who had replaced Schacht as Reichsbank Governor – made a speech in Berlin on the Nazi proposals for the economic reorganisation of Europe. To his audience of businessmen, Funk spoke on the question of currency union between Germany and the countries that had been militarily occupied or annexed prior to 1939. On currency he said: “Regarding the question of the basis of a new currency, which has recently been the subject of a particularly lively debate, the following should be said... the price level will have to be adjusted to that of Germany. But a currency union will bring about a gradual levelling of living standards.” What Funk meant by the “levelling of living standards” became apparent through Blitzkrieg and Auschwitz.

Nazi backdrop

It is from this Nazi backdrop that the notion of a European currency union was spawned in 1940. Now in 2012 the EU weapon of choice for levelling the price of production and workers’ living standards is the euro – Greece and the other indebted countries are being smashed to smithereens. The ‘peace in our time’ connotations concerning the importance of binding European countries together, that we hear so often from today’s currency union fanatics, is an ugly lie that is hiding the most horrible stench.

Let us not continue to believe the false claims of economic miracles under capitalism. Economic and political delusions need to be tackled which includes of necessity Britain coming out of the EU. We do not rely on it. More than 80 per cent of our GDP is not in any way dependent on the EU. Yet the other EU countries depend on Britain as their largest export market. Time to broaden our horizons and recognise that true internationalism begins at home. ■

CPBML/Workers MAY DAY MEETINGS



Saturday 28 April, 12.00 pm

Speakers and discussion

Fox and Newt pub, 9 Burley Street, Leeds LS3 1LD

Tuesday 1 May, 7.00 pm

Speakers, music and discussion

Word Power Books,

43 West Nicolson St, Edinburgh EH8 9DB

Tuesday 1 May, 7.30 pm

Speakers and refreshments

**Conway Hall, Red Lion Square, London WC1R 4RL
(nearest tube: Holborn)**

DESTROY THE EUROPEAN UNION, DEFEAT WAR, REBUILD BRITAIN

Across the states comprising the European Union unelected financial cliques or self-styled “right wing” governments are being installed in power to do the bidding of the European Union Commissioners, European Central Bank and International Monetary Fund. Greece, Italy, Spain, Portugal, Ireland are sacrificed to the obscenity of monopoly finance capital – the Banks.

In Britain, Cameron and his Coalition government, supported by Miliband, hint at the desire for an unelected “government of national unity”. Fascism, the unbridled rule of monopoly capitalism, grows with every breath the EU takes.

Every attack on British workers in the past 40 years has been orchestrated by the British ruling class hiding behind EU legislation and directives. The deindustrialisation of Britain, devolution, theft of our national assets, the assaults on education, housing, health, welfare, pensions, migration, the right to work – all are rooted in the EU. To save Britain we

have to destroy the European Union.

The EU breaks up nations, colonises nations within Europe and, as an armed camp, threatens Africa, the Middle East and Russia. The drive for a European Army and Police Force, in cooperation with NATO, is the greatest threat to peace in the last 60 years. Destroy the European Union and defeat the drive to war.

We are for the rebuilding of Britain. Independent, sovereign, determining our own affairs, trading with whom we wish, beholden to no one. Building the industry, skills, education, health, transport, housing, employment to meet the aspirations and expectations of British workers in the 21st century.

This cannot be achieved inside the EU. This cannot be achieved under the threat of EU aggression. It can be achieved by us, the British working class rebuilding Britain for the working class.

Celebrate May Day with the Communist Party. All welcome

With weapons pouring across borders into Syria to arm the opposition to Assad, the stage is being set for sectarian violence and invasion...

Syria: stop the intervention!

ANYONE WHO has any connection with Syria would have known since November 2011 that the offensive to retake three neighbourhoods controlled by armed Jihadi groups in the city of Homs, in the province of Idlib and in Dara'a would begin in the New Year. It is mischievous for those at the UN to argue that this offensive is the result of the failed UN Security Council resolution. Everyone has been making preparations for it. That is exactly why in Britain, for example, the Northern Region of the TUC, which has strong links with Palestinian refugee youth in camps in Syria, issued an appeal from its Regional Council in January for affiliated unions to raise funds to provide generators to Palestinian refugee camps in Syria.

Because of EU/US sanctions, there is a shortage of fuel to generate electricity, plunging the country into darkness for long periods of time, particularly in areas of conflict. There is also a shortage of petrol and diesel, food and medicines and the Syrian pound has collapsed making everything more expensive. So far, as a result of the Northern TUC's appeal, one generator is providing electricity to the Palestinian refugee camp at Homs and another is being sought for the camp at Dara'a. Palestinian refugees in Syria broadly take the view that the conflict is an internal Syrian affair and as guests in the country, it is not for them to get involved, despite attempts by some Islamists to draw them in.

What they and we know is that weapons are pouring across the Lebanese, Turkish and Iraqi borders for the armed Islamist groups. We also learn interesting snippets from British journalists, like the photographer who crossed the Lebanese border at night in a truck full of rocket launchers on its way to Homs, or the story from Robert Fisk that the Islamists are slaughtering their Alawite neighbours in Homs, and that one of the armed groups in Homs is named the Al Farooq Brigade after the "adviser" to the prophet Mohammed.

We know that unsurprisingly al Qaeda has pronounced against the Syrian government and for the Islamists – bringing them into an unholy alliance, not for the first time, with the US and EU. After



Lebanese army on streets of Beirut as tension rises over intervention in Syria

Photo: Workers

all, it was the US who created al Qaeda in Afghanistan to fight the Soviets and the Afghan government, and the US, Britain and France who armed the Libyan Islamic Fighting Group and put them in power in Libya.

Control

We should not be surprised at such contradictions because capitalism will ally itself with anyone and will perform contradictory acts to try to extend its control over markets. Witness the UN General Assembly resolution calling on Syrian President Assad to go. This was sponsored by the US puppet military junta in Egypt to give cover for US/EU intervention in Syria despite the fact that every year the US ignores a more overwhelmingly supported General Assembly resolution calling on the US to end the blockade of Cuba. The US has no problem with backward, repressive Islamic regimes, whether it's Saudi Arabia, Bahrain or Qatar. They provide reliable allies and good markets for their weaponry

What is happening in Syria has

implications for all neighbouring countries, which is why Lebanon, Iraq and Jordan are ignoring the Arab League's call for sanctions, as are other Arab countries who have suffered from Islamic armed violence. But it's also creating tension in neighbouring countries and there have already been outbreaks of violence between Sunnis and Shias in northern Lebanon, reflecting the sectarian nature of the conflict in Syria. The army is now on the streets of Beirut as a consequence. Syria also hosts over one million Iraqi refugees, themselves victims of sectarian violence in their home country.

But perhaps this is all part of the creeping war on Iran. Assassination of Iranian nuclear scientists, crippling US/EU sanctions on Iran's central bank and oil, and a bellicose Israel threatening to bomb Iran. We can expect more sabotage in the wake of elections to be held in Iran in April. One thing is clear. We must demand our government does not take us to war again, whether it's against Syria or Iran. We stand for peace while the US/NATO/EU stand for war. ■

Many people don't take video games seriously, not least the government. But the industry employs thousands in Britain...

More than just a game



Photo: Patricia Malina/Shutterstock.com

MAYBE IT'S an older generational thing, but the British video games industry has never been taken as seriously as it should be by those outside the industry. As the industry's trade association, TIGA, points out, the global market for video games will grow from \$52 billion in 2009 to \$86 billion in 2014.

Britain's video games industry is the largest in Europe. It boasts highly skilled workers and some of the most advanced studios globally that have developed some of the fastest selling entertainment products of all time.

The industry employs 9,000 skilled development staff, including software developers, game developers, designers, artists, programmers, testers and producers, 85 per cent of whom are employed outside of London.

Graduates predominate: 80 per cent of the workforce in game studios such as Blitz, Climax, Exient, Jagex, Kuju Entertainment, Rebellion and Ubisoft Reflections are qualified to degree level or above. British game developers spend

an average of 20 per cent of turnover on research and development. Modern personal computers owe many advances to the industry, including sound cards, graphics cards and 3D graphic accelerators, CD ROM, and DVD ROM drives.

Development

Although the hardware such as consoles and the DVDs are mainly produced in Japan or China, it's the games development side that features in Britain and employs the most highly skilled and talented workers. The British games industry grew by 23 per cent during the last 3 years and is expected to grow by 8.2 per cent each year to 2015.

There is a more serious side to games technology. Studios such as Blitz also use the technology to produce training "games" such as Patient Rescue, Triage Trainer and Interactive Trauma Trainer. The technology can be adapted to produce anything from logistics "games" to military war games options.

So with this business success story, what's the problem? Firstly the British government fails to support the industry in the same way that competitor countries do. For example, a games development studio in Canada will receive the equivalent of 23 per cent of its turnover in the form of tax relief, and a similar situation exists in the USA. As a consequence, US and Canadian studios pay higher wages and poach highly skilled and sought-after British workers.

Abroad for work

Between 2008 and 2011, the British workforce shrank by 10 per cent, of whom 41 per cent went abroad to work including many senior and uniquely skilled workers. Many of these are difficult to replace.

The second issue is that the industry is simply not unionised; there is nobody to speak for workers in the industry. No British union has even attempted to organise this workforce and consequently many of them are on individually agreed contracts. In contrast film industry unions in the USA have broken into the games development industry.

The issue of pay and conditions is two-edged. On the one hand the industry through TIGA lobbies the government for tax relief so they can retain staff. They argue that this is potentially a growth area and just the sort of industry that the government should be supporting in a recession. On the other hand, because nobody in the industry is a trade union member, there is no organisation to press the employers to increase salaries at the expense of profit.

Britain needs this industry for the skills and innovation it creates if we are to lead a high-tech industrial revolution. For that reason we want to see the government support it. But we also need this industry to be unionised. Most non-union workers when asked why they are not in a trade union, respond that nobody ever asked them. That's standard business for union recruiters; entertainment union BECTU needs to plan a recruitment campaign for this industry. ■

First they pump up housing prices, then they price people out of the homes they live in...

How capitalism created a housing crisis

LACK OF decent housing blights the lives of workers across Britain. We suffer overcrowding, crippling costs, substandard houses, and the inability of our youth to leave home and start a family. The building of affordable housing has virtually stopped, while existing supply is totally inadequate in areas like London where the population has soared, and prices have been inflated over a long period when banks offered cheap credit. Capitalism isn't working.

We have the lowest number of homes being built since WWII – 134,000 in 2010, yet an increase of 230,000 households per year, with concentrations in areas where workers come to search for work, increasingly falling victim to Rachman-type landlords. The overinflated house prices, and hence rents, of the boom period persist since we are propping up the banks that hold the inflated mortgages on their balance sheets.

To tackle the causes of the housing crisis, the government would have to take on the banks and the European Union. Instead, it opts instead for divide and rule: make those on housing benefit and the elderly move out of their houses. And it seizes the chance to allow easy and profitable development on green spaces, enabling developers to make a fortune while robbing us of our precious heritage.

Dismantling social housing

The Welfare Bill, much of which concerns the capping of housing benefit (HB), is contentious and divisive. In the Lords it was repeatedly defeated. But the government is determined to push it through, replacing an admittedly complex system of benefits with an electronic “universal credit”, incorporating HB.

The scandal is that housing benefit is a public subsidy for private landlords. It should be dealt with by imposing rent controls. But there is no intention to do this. The real agenda is to use the latest crisis of capitalism to chip away at the public provision of housing and put families further at the mercy of unregulated private landlords, with devastating consequences.

The other stated aim of the Bill was to get families out of dependency into work,



High-rise student accommodation under construction at Tottenham Hale, North London

Photo: Workers

or “changing the psychology” (Lord Freud). Support for this more laudable aspiration is virtually unanimous. People don't want benefits – they want jobs, and homes they can afford. But where are the jobs? And what sort of jobs – will they pay for housing?

The implications of the benefits cap have been documented in *WORKERS* (May 2011). Nearly a year on, the government has firmed up plans for a HB cap of £26,000 a year net, regardless of family size, special needs or local property values.

Social cleansing

Eight million people occupy social housing in England, often in relatively affluent areas, ensuring a mix across the whole spectrum of the working class and discouraging the emergence of “ghettos”. This is all due to change.

Councils warn of an impending mass

exodus out of central London, the pressures building up as arrears mount and families are evicted, removed from their support networks of family and friends. They warn of the destruction of mixed communities, increased applications for transfers, greater demand on bed and breakfast accommodation, reluctance of private landlords to let, marital break-up, and growing waiting lists, which already stand at 5 million across Britain.

Families are being pushed into a nomadic existence, drifting to de-industrialised areas such as northeast England or south Wales, or swathes of London, with a high degree of unemployment and poor housing. After all, they say, in this brave new world of free movement don't we all expect to move house throughout our lives? That is

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capitalism's plan for us, enforced through device of "mobility", more accurately described as social cleansing.

Housing minister Grant Shapps attacked what he called a "lazy consensus" of tenants and landlords preventing reform of social housing. In addition to the current system of two-tier rents, Shapps now proposes that councils should offer "fixed" or "flexible" tenancies to new tenants instead of the secure tenancies, or relatively secure "assured" contracts. This is in line with the Localism Act of 2011, which paved the way for many of the changes. It would end the right to pass a tenancy on to children after one's death, with the sense of security that gives to young people.

One aim of the Act is to recycle and cannibalise the inadequate supply that exists. So the housing vultures are eyeing homeowners not on benefit too, the so-called "baby boomers" with pensions and property. This is a vindictive piece of divide and rule.

With Labour support, Shapps has suggested that pensioners should move out of their homes to free up space for families. Councils could manage the old person's property on a sort of equity release basis while they rent a small flat. Labour MP Caroline Flint says Shapps pinched the idea from her. A pilot scheme in the London Borough of Redbridge is said to have been a rip-off, with pensioners not only sacrificing their homes, but also losing disposable income. With a fifth of the population over 65 by 2020, the elderly are seen as expendable, easy pickings.

Transit camps not homes

Encouraged by Labour's Frank Field, Shapps wants working people to be means tested regularly: if their earnings fluctuate above a certain level they should move out to make room for new tenants, or pay 80 per cent of the market rent. So they must choose between trying for higher pay or keeping their housing.

Under the Act, councils must prioritise those at a temporary crisis in their life, with



Canoeist and narrow boats on River Lea, East London, along which developers want to build more housing.

only five years' residence being the expected norm. This fundamental shift in policy shows there will be less, not more, social housing, and that it will come to resemble a transitional hostel system rather than universal provision for those who need the option of renting. The right to build a family home has given way to the lesser right simply to be "housed" during a period of hardship, as in the Poor Laws.

On 6 January Shapps announced his master plan for solving the crisis. Amid collapse of the markets, he talked about inheriting a "broken" system, where lenders won't lend, builders can't build, and buyers can't buy. True, small construction firms have been struggling to stay afloat since 2008; the supply chain has been severely affected; 360,000 construction jobs are lost each year; and there has been a 99 per cent fall in affordable house building.

There are currently 1.2 million designated housing plots lying dormant and one million empty homes in need of refurbishment in Britain, many of them publicly owned. Landlords claim they are too expensive to renovate. Shapps announced that for existing social housing tenants the level of the Right To Buy (RTB) discount would be raised. Money from RTB sales would go to fund new affordable homes or renovate old ones. He proposed a private, new-build scheme for helping young people on to the housing ladder. A £400 million building fund would be set up to get builders back on to sites where construction has stalled.

But buying that rented flat or house "at half the value" under RTB – this turns out

to be an entirely empty promise in the light of today's house prices, and raising the maximum discount now to £50,000 makes not a jot of difference – it is not enough for a deposit in areas where social housing property is valued in the millions, as in many parts of London and the South East, where quite ordinary housing is double the national average. Buy-to-let landlords, subsidised through tax breaks, continue to buy up new housing in areas of high need, forcing up prices locally. And do we really need more sub-prime mortgages?

Try a shed

We are bringing up a generation who cannot afford even to start a family. Housing charity Shelter says a fifth of 18-to 34-year-olds still live with their parents. Civilised standards on living space were removed under Labour. The Fire Brigades Union reports that an increasing number of people in London are letting out wooden sheds with beds in their back gardens. Hospital burns units confirm a rise in injuries due to this type of shelter.

According to new research by a recruitment website, half of all foreign professionals (banking, law, telecommunications, creative industries) would rather move to London for work than to any other major city in the world. Many of them head for Canary Wharf in London, causing prices there to rocket. They displace the less well-off British financial sector workers, who are forced to migrate to old industrial districts, buying up council houses, former warehouses and factories, with a deposit that would have bought a whole house a few years ago. They



Photo: Workers

ore highrise flats. Local people have organised to protect such green spaces.

displace in their turn the working class established there. The Welfare Bill is speeding up the process.

Population growth

By 2025 the population of Britain is predicted to be 70 million people, caused in large part by a steady stream of inward net migration. Until recently, the impact of this on housing, health, education and other services has been impossible to measure accurately because no previous government kept coordinated records.

Three-quarters of all migrants from abroad head for London and the South East, while the heaviest domestic migration is by Londoners themselves to the South East. It has been calculated that 803,000 more homes will need to be built by 2031 simply in the “technology corridor” comprising Ashford, Thames Gateway, Milton Keynes/South Midlands, Stansted and Cambridge. Demand is also high in Sheffield, Bristol and Cardiff. Even if house-building rises by 25 per cent, we are still set to be short of 800,000 homes by 2033.

Figures recently published reveal a 600,000 rise in migrants from Eastern Europe alone since May 2004, while it is estimated by France that 400,000 French workers are currently living and paying tax in Britain rather than in their own country. Encouraged by London’s mayor, Boris Johnson, that number is said to be up 100,000 on five years ago. These figures are likely to underestimate the true picture.

The National Planning Policy Framework talks of creating “inclusive and mixed communities” for families, the elderly and disabled, based on changing demogra-

phics, but makes no mention of migration.

EU and the housing shortage

Unlike previous types of immigration, EU migration is unpredictable and unlimited, making planning a hit and miss affair. So long as Britain remains in the EU and subject to EU laws on free movement, governments will have no control over who comes here.

By the beginning of this year there were 370,000 migrants on the dole in Britain, originally admitted to work, study, or simply to holiday. If EU migrants lose their jobs or cannot meet their rent they are entitled to claim housing benefit and council tax and to apply for social housing, subject only to the deliberately vague “habitual residence test” (which is supposed to prove they have prospects and intend to stay). It is therefore obvious that the EU itself must be contributing substantially to Britain’s housing shortage.

Shapps’ solution encompasses a

massive programme of land-release between 2012 and 2015, including brown-field sites such as NHS property, urban markets, and high streets where contraction has resulted in blight. The Town & Country Planning Association estimates the release of public sector land to be worth £10 billion, but questions whether this will be for social need or sold to the highest bidder. Indeed the government talks of retaining 20 per cent “to ensure choice and competition in the market for land”.

Britain is a small island with a balance of town and country. British people want to keep it that way. We need and value all the green space and fresh air we can get. Desperate policies due to lack of forward planning and population control are now a serious threat to many greenfield sites, including farmland, village greens and sports fields, and the Green Belt around our cities preventing urban sprawl.

The revised National Planning Policy Framework will reduce 1,300 pages of planning regulations to around 52, with a “presumption in favour of development”, making it hard for local officials to reject inappropriate building proposals. Planning minister Greg Clark described presumption as the “golden thread” running throughout the reform. Opposition to the Framework, due to be finalised in March, is pouring in from bodies such as the National Trust, the RSPB, and the Campaign for Rural England. The government stands accused of favouring developers at the expense of the countryside. ■

A real national housing plan

Future issues of WORKERS will discuss what a national housing plan, which cannot be treated in isolation, should look like. Until then, here in embryo are a few thoughts on rebuilding Britain:

- Prioritise jobs and housing for British workers by getting out of the EU.
- Replace welfare and poverty with jobs, homes and infrastructure.
- Develop rail and air transport nationwide in tandem with jobs.

- In the short term enable people to stay in their own homes.
- In the long term develop a strategy for decreasing pressure on “honey-pots”.
- Prioritise secure and affordable social housing.
- Take urgent action to provide young adults with affordable first homes.
- Restore planning controls.
- Re-impose rent controls on the private sector.

This month, a look back at the history of the Durham Miners' Gala and an academic's criticism of free-market capitalism...

A hundred and forty years of miners' history

The Big Meeting: A History of the Durham Miners' Gala by David Temple. Hardback, 232 pages, £19.50 + £4 p&p, ISBN 1 901237 38 9. Softback, £14.50 + £3 p&p, ISBN 1 901237 39 7. TUPS Books in partnership with the Durham Miners Association (DMA), 2011. Send cheques/POs made to "Durham Miners' Gala Book Project" to DMA at PO Box 6, Red Hill, Durham DH1 4BB. Not available in bookshops.

SOME EVENTS typify the traditions, resilience and pride of the British working class. None more so than the annual gathering of the Durham Miners' Gala - known locally as 'The Big Meeting' - which has stubbornly refused to die, surviving even the deliberate Thatcherite destruction of the local mining industry. At last year's gala over 100,000 people attended. Centuries of adversity and struggle have forged the rituals of this great working class demonstration and, quite rightly, people are unwilling to let go of it.

In the preface, the Durham Miners' Association President recalls his childhood, "We came to know the ritual well. The gathering at the welfare hall; the parade through the village; the trip to Durham and the sheer excitement of marching with bands and banners through the narrow crowded streets. On the racecourse we met friends and relations some of whom we only ever saw on gala day. It gave us from an early age a deep sense of belonging and a powerful pride in our community."

Packed with detail, this book is a terrific, fast-moving account that charts not only the history of the gala since its inception in 1871 but also chronicles the political and industrial struggles of the Durham miners for 140 years. It records the galas warmly and refers instructively to important historic events. The opening chapter for example deals with the first gala on August 12, 1871, yet manages to raise in passing a host of thought-provoking matters - the reason for the birth of the Durham Miners Association in the 1860s, the making of picketing a criminal act in the 1870s, demands for a



Photo: Workers

Durham Miners' Gala: the mines may have gone, but the banners and the spirit live on.

Mines Inspection Act, the struggle to end the employment of children in the mines. The subsequent five chapters shift the historical story through the intervening decades up to contemporary times.

The later sections of the book profile who were the speakers at every gala, display a selection of historic gala photographs, present a photographic catalogue of the old and new banners of the Durham coalfield, and explain how the communities of the Durham coalfield kept the traditions of the gala alive following the pit closure programme.

There have been 127 Galas so far; the stamina of our class means there will be many more.

23 Things They Don't Tell You About Capitalism. Ha-Joon Chang, paperback, 286 pages, ISBN 978-0-14104-797-3, Penguin Books, 2011, £9.99.

"WE WERE told to put all our trust in the market and get out of its way; now the

global economy lies in tatters....This catastrophe has ultimately been created by the free market ideology that has ruled the world since the 1980s."

So says Ha-Joon Chang, Reader in the Political Economy of Development at the University of Cambridge. One by one, in this very lively and accessible book, Chang destroys the main myths of the free market that has dominated and ruined the world's economy in recent decades. He calls these myths "Things" and in 23 self-contained, short chapters he tackles the harmful "truths" peddled by free-market ideologues and shows they are based on lazy assumptions and blinkered visions. Each chapter begins with "What they tell you" and "What they don't tell you" about each particular myth before going on to supply examples and evidence that demonstrate how the myth is wrong in practice.

Revealing the content of just five of the "Things" gives a flavour of the book's approach: Thing 1 reveals that "There is no such thing as a free market"; Thing 7

la, plus a Cambridge

y



declares “Free market policies rarely make poor countries rich”; Thing 8 emphasises that “Capital has a nationality”; Thing 9 demonstrates “We do not live in a post-industrial age”; Thing 13 points out “Making rich people richer doesn’t make the rest of us richer”.

“Thing 12: Government can pick winners” illustrates how government can make informed business decisions and pick winners through a good industrial policy. He cites the way the South Korean government in the 1960s and 1970s helped to create new steel and shipbuilding concerns into world leading companies. Without government planning and initiatives, nothing would have happened.

Although Chang believes in capitalism as an economic organiser, his criticism of free-market capitalism is very persuasive and highlights how the market really operates – which is usually the opposite of its claims. There is a better way than reliance on the market and this book formulates some useful ideas. ■

F FINANCE CAPITALISM

More from our series on aspects of Marxist thinking

The history of capital since the Industrial Revolution shows that increasingly it is sucked into the realm of financial speculation. Ever since early manufacturing capitalists had to move beyond self-generation to a stage where they needed to raise more capital to be able to fund their expansion (via the creation of joint-stock companies or closer relationships with banks and financial organisations), then initiative and power started to slip away from manufacturers and was handed over to pre-eminent finance capital.

Finance capital began to view the rate of return of profit from the real industrial economy as both too low and too slow, seeking instead higher and quicker returns from speculative, non-industrial operations. More and more new financial instruments have been designed to absorb this capital. Over time, this flaw in the accumulation process of capitalism produces a baffling contrast: ‘a speculative bubble’ squatting on and suffocating ‘a sluggish real economy’, before eventually it concludes with a spectacular, speculative bust undermining and destroying much of the real economy. We have been subjected to this recently.

Financial instability is an inescapable, inherent part of aged capitalism. As the trend towards satisfying the speculative orgy of finance capital grows within the capital accumulation process, there is even a possibility that the rising mountain and mind-boggling obligation of debt develops so far that it is beyond the capacity of capitalist governments to intervene effectively as “lenders of last resort”. If such a financial avalanche occurs then it will be a catastrophe for capitalism, pulling everyone down with it. We are now close to this nightmare with the mountain of debt of whole countries such as Greece, Italy and Spain.

The supremacy of finance capital is not a distortion of capitalism, merely an expression of its highest stage of development. When you consider what has happened in the current depression and in previous capitalist depressions, finance capital is now the ultimate fetter on production. Finance capital, which does not produce or contribute anything to society’s wealth creation or well-being, behaves like an unwelcome vampire sucking the life-blood out of the real economy. You cannot factor finance capital out of the equation of capitalism because it is now the controlling entity. So long as you stick with capitalism, then the processes of financial speculation will continue, likely on an ever-greater scale. We don’t have to wait for the catastrophe to act.

We need to create a society where economic policy advances the real productive economy, where social wealth is generated. In socialist society, banks and financial institutions would exist to re-allocate wealth to industry and social infrastructure. Economic crises and financial instability would become distant, fading memories.

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Back to Front – The standpipe system

‘The nub of the problem is rejection of anything that looks like a national solution to a national problem...’

PARTS OF BRITAIN once again face uncertainty over water supply after a second consecutive dry winter. An official state of drought has been declared for most of southern and eastern England. The media are dredging up old “crisis” related stories, with warnings of hosepipe bans, pictures of dried up reservoirs and stock footage of standpipes in the streets. There’s no sign of any effective action to deal with this lack of water, and certainly nothing like a national solution.

The government hosted a “water summit” on February 20 to find out how to deal with the drought. Predictably, no solutions emerged. Environment Secretary Caroline Spelman was left to mouth platitudes about using less water and getting used to drought as the norm.

At the same time the Environment Agency issues regular flood warnings in parts of the north and west of the country. In other words, there is too much rain in one part of the country and not enough in another. That pattern is not new; it describes both the problem and a potential answer. The idea of conveying water from where it is overabundant to where it is scarce isn’t new either.

Detractors argue that as water is heavy, unlike gas and electricity, and cannot be compressed, it is therefore expensive to move. The experience of Yorkshire Water since the 1995 drought illustrates the emptiness of that argument. Facing a catastrophic shortage of water in that year, due in part to failure to maintain leaking pipes, it embarked on a laughable publicity campaign to persuade people to use less. The chairman famously urged customers to take a bath with a friend, then suggested an alternative – evacuating Bradford. The public outcry was so intense that YW had to bring water in from Kielder Water in Northumberland by tanker, at a

cost of £3 million a week at its height.

Lessons were learned. The region now has an elaborate network of pipes whereby water can be moved easily from any part of the area to any where supplies are short. Though expensive to construct this grid, it would have been more expensive not to. The Institution of Civil Engineers echoes this sentiment, calling for a water network, similar to the national electricity grid, to help move water to drought areas.

Piping water from wet north to dry south has seemed like a good idea to a long line of people, most significantly the Water Resources Board, which used to look after what was then regarded as a national resource. It compiled a major report in 1973 recommending all kinds of infrastructure to aid the trickle-down: building fresh-water storage barrages in the Ouse Wash and Morecambe Bay; using canals to move water; extending reservoirs and building new aqueducts and tunnels between river basins. A year later, the Board was disbanded, replaced by regional water management bodies. The regional split was hardened by privatisation in the 1980s and remains so despite consolidation of water company ownership.

John Rodda, former director of hydrology and water resources with the World Meteorological Organization explains: “...there is no attempt to consider the national resources in a holistic way. There is no national plan... because the emphasis is always on each river basin providing resources that are used in that particular area.”

The nub of the problem is rejection of anything that looks like a national solution to a national problem. Profit-orientated companies like Yorkshire Water can see the wisdom of a grid, so why is the government so blinkered? ■

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