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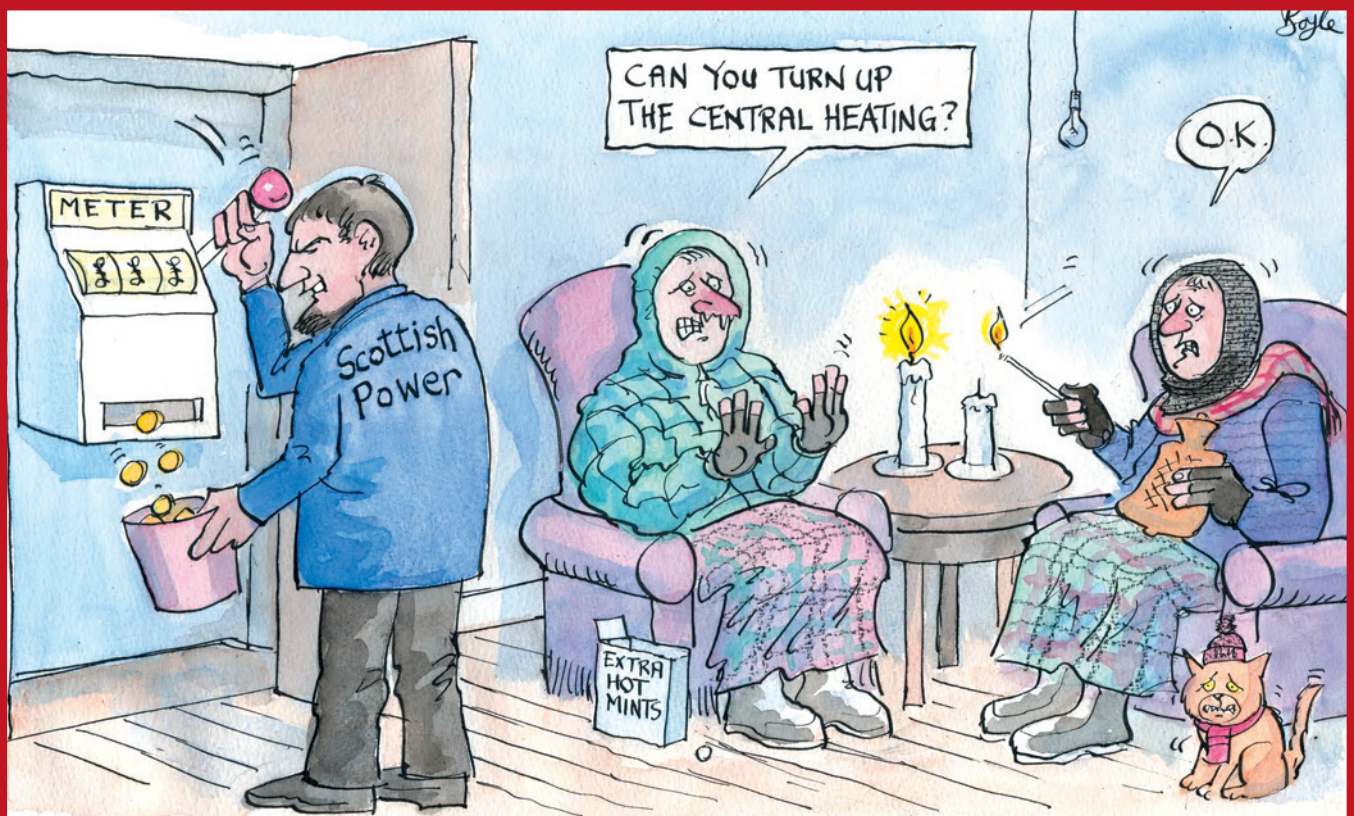
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UNION STEPS UP MURDOCH BATTLE

by Peter Murray, former President of NUJ

THE cascade of arrests and resignations due to the *News of the World* phone hacking scandal shows no signs of drying up.

The prediction from former editor and News International Chief Executive, Rebekka Brooks that she had to tear up the newspaper and sack scores of journalists with no notice after the Milly Dowler case because there were worse revelations to come, continues to shake senior politicians and police officers as well as the media world.

The shaving foam pie-in-the-face of NewsCorp's Rupert Murdoch from the UKUncut activist Jonny Marbles is a reminder that - just as Leo Tolstoy's unhappy families are each unhappy for different reasons - many of us have different reasons to hate Murdoch.

The National Union of Journalists has good reasons.

The NUJ was in effect banned by Murdoch when he moved the already Tory-loving, union-hating News International titles behind the walls and police cordons of 'Fortress Wapping' 25 years ago, as part of the newspaper bosses' crusade to break the Fleet Street print unions.

We have no doubt that the de-recognition of the NUJ quarter of a century ago is one of the reasons why Rebekka Brookes, Andy Coulson and other editorial executives like them felt so far above the law and so free to disregard ethical and regulatory codes against intrusion.

The standard processes of checking sources and facts,



the sort of on-the-job, upfront reviewing and criticising work which goes on in newsrooms where unions are strong and journalists can speak up against bullying and intimidation were absent in Wapping.

The NUJ has shown many times that the presence of a union organisation inside a newspaper will not just improve rates and conditions, but can - sometimes - help stop Islamophobic or sexist headlines from going into print.

In just one example, when she was a workplace rep, the NUJ's new General Secretary, Michelle Stanistreet helped organise one such campaign against the *Daily Star* printing a front page billed as the "Daily Fatwa".

We know that the union's ethical code of conduct and the conscience clause - which allows reporters to refuse to interview racists, for example - would have put the brakes on a culture at News International where executives simply believed they could ignore the law.

As recently as the last Scottish Parliament elections, the blessing of Murdoch's *Sun* newspaper was reckoned to put extra fuel in Alex Salmond's tank for the SNP landslide into a second term in government at Holyrood.

A matter of weeks later, no party seeking to hold office - possibly anywhere in the world, let alone Scotland or the UK - would want Murdoch's endorsement.

The phone hacking curse has not only put people behind bars, destroyed one of the country's leading newspapers, prevented a multi-billion pounds take-over of a TV network by what was meant to be the most influential media conglomerate on the planet, forced the resignation of the most senior police officer in the country and shaken the political class - all the way to the front door of Downing Street.

Murdoch's malign influence is also, we believe, at least partly responsible for the cuts to the BBC licence settlement last year which ultimately brought thousands

of NUJ members out on strike against job cuts last week for a second time in less than a month.

We want Murdoch's role in the BBC cuts to be on the agenda for the Leseson inquiry into phone hacking and the future of the media.

When she sped out of NI's 'Fortress Wapping' that fateful Friday night last month, Rebekka Brooks predicted worse to come. Just how bad can this get?

Very few would dare to predict.

However, it is heartening also to think that it might get better.

Since that Friday, journalists inside Wapping, as well as some of those sacked that night, have flocked to the NUJ.

We have always demanded union recognition at Wapping.

Sometime soon we may have enough people to tip the balance and call a ballot to win recognition.

After 25 years, a victory for workers over the media autocrats.

Gotcha!

IS THE TIDE TURNING FOR MILIBAND?

by John McAllion

NEW Labour leader Ed Miliband is widely perceived to have had a “good” News of the World hacking scandal.

He was the first senior politician to call for the resignation of News international’s Chief Executive Rebekah Brooks. He was ahead of Cameron and Clegg in calling for Murdoch’s BskyB bid to be abandoned. He succeeded in making the Coalition parties vote for a New Labour motion when

Parliament debated the scandal. He has led the calls for judicial inquiries into tabloid hacking and bribing of the police.

By contrast, Prime Minister Cameron has been left struggling in Miliband’s wake. Tarded by his own close association with senior News International figures, Cameron has toiled to keep the scandal away from his own door.

Why did he appoint as his press secretary a man who was editor of the *News of the World* at the height of the phone hacking? How close was and is his relationship with disgraced near neighbour Rebekah Brooks? Why was Murdoch one of his first guests in Downing Street after he became Prime Minister?

Cameron has laboured to provide a convincing narrative that will distance either himself or his government from the implosion of the News International empire.

If Coulson, Brooks and Murdoch ultimately fall in the wake of the on-going inquiries, his own survival cannot be guaranteed. Even before these inquiries get under way the opinion polls have begun to shift. Cameron is now less popular than at any time since he entered Downing Street. Miliband’s satisfaction rating



with the public has gained 8 points in the space of just one month.

So, as *Guardian* columnist Polly Toynbee has written, has everything now changed for Labour? Has Miliband’s high risk strategy of taking on the mass media’s mightiest mogul delivered against all the odds?

Will Ed now seize the day and the high ground and go on to crush the anti-democratic forces that have threatened good government for so long? Has the political tide at last turned and will New Labour now ride it all the way back into office?

The honest answer to all of these questions is no.

Firstly, Ed Miliband is neither the fearless figure nor the political David taking on the media Goliath that the liberal press like to portray.

Indeed, just like Cameron, and since becoming party leader, he has consistently courted senior News International figures including the editors of the *News of the World*, *The Sun*, *The Times* and *The Sunday Times*.

It is true that he had not yet managed face to face meetings with either of the Murdochs or with Rebecca Brooks. But then he is not the Prime Minister. His old bosses, Blair and Brown, more than compensated for this

omission by having a decades long and even closer relationship with the Murdochs and Rebekah Brooks than that currently enjoyed by Cameron.

Miliband was also spotted sipping Moët & Chandon champagne and tasting oysters at the News International summer party in the grounds of Kensington Palace just a few weeks before the Milly Dowler hacking story broke.

He was more than happy then to pay his respects to a man he would later denounce as a bully. Nor was he alone. Other New Labour high flyers present included shadow ministers Ed Balls, Yvette Cooper and Douglas Alexander, along with Labour Peer Lord Sugar. Indeed, there were more Labour figures grovelling at the Murdoch’s party than there were Conservatives on that June evening.

The reality is that when the latest phase of the hacking scandal broke, Ed Miliband’s public standing had collapsed to a negative rating of -22 per cent.

This was his lowest ever rating and made him even less popular than the hated Nick Clegg who had sold his principles for office or the hapless Ian Duncan Smith during his brief and disastrous leadership of the Tories.

His survival as leader was then in serious doubt as rumbles of discontent with his performance swept across his party. His decision to break with the Murdoch camp was born out of desperation, not principle. His siding with the victims of hacking was pure calculation aimed at boosting his public standing.

The idea of New Labour as the scourge of media moguls is laughable. It was a New Labour Government in 2003 that relaxed the rules on cross media ownership to open the way for the likes of Murdoch to own national newspapers and terrestrial TV channels.

During 13 years in office, Blair and Brown also ignored Murdoch’s creation of a vast global network of companies designed to avoid paying tax in countries where he was making profits.

His parent company News Corporation boasted no fewer than 152 subsidiaries many of them located in national and offshore tax havens.

As a result, his UK based company that owned *The Sun* and the *News of the World* was able to declare pre-tax profits in 2010 of £89million while paying not a penny in tax to the UK Exchequer.

New Labour and Tory governments alike turned blind eyes to all of this. So too did Ed Miliband as he rose from special adviser to Cabinet Minister under the tutelage of Murdoch’s best friend Gordon Brown.

Polly Toynbee may kid herself that Miliband is leading Labour out of the political wilderness. More objective observers will note that, under his leadership, nothing has really changed. New Labour, like the Tories and the Liberals, remain safely in the pockets of big business.

ACTION NOT WORDS ON FUEL POVERTY

by Roz Paterson

KEEP your fingers crossed for a mild winter because, according to the latest figures, up to a quarter of us will soon be struggling to heat our homes.

The recent announcement of an 18 per cent rise in gas prices, plus a staggering 11 per cent one in electricity charges, will thrust an extra 170,000 people into fuel poverty – that is, where more than ten per cent of your income is taken up with energy bills – in Scotland alone.

Fuel poverty figures are actually two years old, so in truth, the picture is darker, and if you're not a victim of the price hikes yourself, you'll know plenty of people who are.

Scrambling to find a cheaper energy deal on the internet, as advocated by consumers' groups, is only slightly effective, as all of the 'Big Six' energy companies will conform on the price rises in short order.

And advice to wear two jumpers and do star jumps when the temperature drops below freezing, is failing to acknowledge that many of the seriously cold this winter will be disabled, elderly or below walking, never mind star-jumping, age.

Given that successive UK, and Scottish, governments are incapable of thinking any more than two or three years ahead, short-term solutions are in order.

And there are plenty, if the political will is there.

Prices can be controlled, even in a free market, to ensure that those in need are not cut off, and that their utility bills do not force them to cut back on other essentials, such as food.



It would cut into the profit margin of the big suppliers, but when you consider that British Gas raked in a surplus £742million last year, equating to a 24 per cent jump in profits, there is a bit of fat to trim there, surely.

Another measure would be to offer discounts to those using pre-payment meters, the vast majority of whom fall into the lower-income and/or vulnerable bracket, including pensioners and households with young children.

It simply isn't acceptable that, in a resource-rich country like Scotland, a net exporter of electricity at that, children can't sleep at night because their homes are so cold.

And, with an eye to reducing energy needs, the Scottish government could, and should, offer 100 per cent grants for home insulation, on a universal basis.

This would be a one-off fix that would benefit households for years to come, not just in financial

terms but also in basic, quality of life .

On a long-term basis, there is clearly a need to bring the chaotic system of energy provision back into public ownership.

Even Ofgem, long credited with easing the passage of the nationalised energy industry into profiteering hands, admits that the free market approach is a failure, and that serious regulation, if not

re-nationalisation , is required.

Public ownership would not, as its critics would suggest, mean Stalin statues in every town square and forced labour for all in dangerous chemical factories.

Instead, it could deliver stable pricing, energy efficiency (for-profit companies don't like energy efficiency, as it saves you money), and reinvestment of profits in renewing the energy infrastructure, including development and expansion in sustainable technologies.

The government is

currently trying to strong-arm the privateers into a £200billion re-fit by 2020.

About time, of course. But the cost will not come out of the shareholders' dividends but instead be passed onto users via yet more price rises.

That's how the market works – it doesn't, if at all possible, pay for anything. You and me do.

Finally, if we are to achieve a shift to a post-hydrocarbon economy and the realities of the oil market, where cheap and easy crude is fast running out, and the horrors of climate change, currently presenting its symptoms in the form of hurricanes and heat waves, extinctions and famine – suggest that nothing else will do, we must do it as a society.

Such momentous, long-term, costly change cannot be done by a few capitalists trying to wring small change out of it at every turn.

We need to own our future, and we can't do that with Scottish Power et al flicking the lights on and off.

THE OTHER MURDOCH SCANDAL

by Murdo Ritchie

THE invisible man leaves the House of Commons humbled after getting caught invading others' privacy and bribing police officers. But his other previously unseen activities as a tax cheat are now noticeable.

Not only have the Murdoch family, News International in Britain and News Corporation, apparently its parent company, done well but have promoted a tax regime that shifted the burden onto the shoulders of ordinary people while enriching an ever more powerful transnational capitalist class.

According to the U.S. Government Accountability Office in 2008 News Corporation registered 152 companies, often no more than letter-box companies, in tax havens: 62 in the British Virgin Islands, 33 in the Cayman Islands, 21 in Hong Kong and also Bermuda.

It has been claimed they may operate up to 800 companies.

By registering a company in a so-called tax haven, a multinational company avoids paying so-called "double taxation" by paying a lower rate of taxation in a low tax area, while pushing up costs to avoid paying due tax in a higher rate country.

In its latest annual



statement the U.S. Securities & Exchange Commission revealed that Newscorp's real effective rate of taxation within the U.S. was probably around 20 per cent compared to corporate tax rate of 35 per cent.

The structure and internal transactions of News Corporation, News International and the individual members of the Murdoch family are so complex that it may never be fully understood by external scrutiny.

The Murdoch family own 40 per cent of the voting shares which is only 13 per cent of the total capital of News Corps. Along with a "light touch" on taxation enforcement, this vagueness has helped tax avoidance and tax evasion to grow.

In 1995, The Independent pointed out that in "the ten years since 1986[News

International had] made accumulated pre-tax profits of £979.4million (net of losses) to the end of June [1995] but paid only £8.3million tax."

One of the most profitable companies in the Murdoch stable is New Publisher registered in Bermuda.

It has almost no employees or any declared source of external income.

It is even more

profitable than BskyB.

It is one of the destinations that receive incomes and profits from other companies so that tax can be avoided.

In 2005, the Murdoch family firm Karlholdt, formerly known as Kayarem, relocated its stock market listing to Bermuda from the U.S.A. saving capital gains tax of up to £500million.

It had earlier relocated from Australia.

While most people experience paying tax as a compulsory obligation many multinationals and rich individuals have enough power to treat it as a voluntary contribution to be paid only when they wish.

The arrogance of News Corp in Australia was so blatant it became legendary. They registered tax declarations in Australian dollars of \$364,364,000 in 1987,

\$464,464,000 in 1988, \$496,496,000 in 1989 and \$282,282,000 in 1990.

These clearly artificial numbers reflected the pay-what-I want arrogance of the Murdoch clan.

The Murdoch use of the highly corrupt global accountancy firm Arthur Andersen, until 2002, now bankrupt after massive scandals, helped them evade real scrutiny for decades. Now News International's new auditors Ernst & Young must answer questions about how far they turned a blind eye to payments for possibly illegal acts, and how far this will harm their credibility as global auditors.

Following the banks' crisis, the MPs' expenses scandals, the new attention on the Murdoch empire will reveal just how corrupt and self-serving our capitalist class has become. This is only the beginning.

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BUILDING THE STORM AGAINST CUTS

by *Richie Venton, SSP national workplace organiser*

IN the month following the inspirational 30th June strike action against cuts, embracing 750,000 civil servants and teachers, Cameron and Clegg's Cuts Coalition have provided umpteen reasons for even bigger, broader action to stop their butchery.

Several of their most callous cuts to sick and vulnerable people – including the disabled and families with young children – have begun to bite.

They have issued blood-curdling threats of removing the rights of workplace union reps to function in defence of members, and to make it virtually impossible to win a strike ballot, with so many hurdles it would make the Grand National racecourse look like a bowling green.

Whilst denouncing those trade unionists who took strike action in defence of their pensions (and jobs, pay and public services) for being “premature” in their actions while “negotiations continue”, the same Millionaires’ Cabinet has declared the finer details of their savage attacks on public sector pensions...before the latest round of talks with the unions even started!

Sham talks

Unions such as the PCS (civil service) and UNITE quite rightly branded this cavalier announcement for what it is: a mockery, clear proof that the ConDem butchers have no interest whatsoever in genuine negotiations on the pensions of millions of public sector



workers, who are being asked to pay far more, for much longer, for drastically smaller pensions on retirement.

The government unilaterally declared vastly increased contributions from the overwhelming majority of workers from next April – in many cases at least double what they currently pay. Workers stand to lose tens of thousands of pounds.

They tried to sugar this poison with the promise that those earning below £15,000 would not face increased contributions. But only 4 per cent of civil servants, for instance, earn that pathetic wage.

The vast majority will be hammered by a potent

cocktail of low wages; years of pay cuts; rocketing inflation – and now this second tax on public sector workers.

For that is what it is: the increased pension contributions being stolen out of workers’ pockets will not even go towards their pension schemes, but straight to the Treasury, to help pay for the bailout of the banks and top bankers’ bonuses.

Gold-plated, my arse!

This declaration followed hot on the heels of a sustained propaganda offensive about ‘gold-plated public sector pensions’ – an undiluted lie that Hitler’s propagandist Goebbels

would have been proud of.

In fact the average civil service pension is £4,200 a year, and female NHS workers get an average £3,500 – in stark contrast to the £14,000 pension enjoyed by one of the bankers who helped wreck the economy.

Fred Goodwin. £14,000 a week that is, not per year! And part-time women council workers’ average pensions are £35 a week! As TV’s Jim Royle would say, “Gold-plated, my arse!”

Cracks in Coalition

In the wake of the united strike of 30 June which helped ram home the truth about public sector pensions, the ConDem Coalition wobbled behind their verbal

assaults. Even right-wing health and education ministers – Andrew Lansley and Michael Gove respectively – have expressed opposition to the full-frontal assault on public sector pensions by Danny Alexander, the ever-so-liberal-democratic boot-boy for the Cabinet.

A leaked letter from Lansley to the Treasury is a five-page demolition job on his own government's pension proposals, saying the plan will discriminate against women workers and cause people to drop out of pension schemes – leaving the social security budget to pick up the pieces.

Lansley also said that unless the proposals are changed “it is difficult to see how a negotiated agreement could be reached with the trade unions”.

This hairline crack in the Cabinet shows that escalated resistance could drive a wedge into this weak (but vicious) Coalition, and force a U-turn that would at least protect what modest conditions past

generations of workers gained through struggle.

Building the momentum

In the run-up to 30th June strike, the SSP called for immediate concrete plans to sustain the momentum, with a mass Scottish demo and united public sector strike in October.

On 7 July, examining the decisive turning point created by the biggest joint strike in 30 years, we wrote:

“The STUC and anti-cuts campaigns can greatly boost this process of renewing workers' confidence by building a mass Scottish demo.

“Timing is of the essence in any battle. A mass STUC demo, for instance on

Saturday 1st October as Tory party conference assembles, would be the best means to maximise involvement by tens of thousands in Scotland itself, both as a battering ram against the Tory boot-boys, and to embolden the 600,000 Scottish public sector workers to vote for united strike action that month.

“Further, it would help put the SNP government behind the 8-ball, by demanding they defy Westminster's cuts, instead of repeating John Swinney's scandalous attack on the June 30th strike, when he was a perfect echo of the Labour denunciations of the strike ‘whilst talks take place’.”

[See the full article ‘Now for a Red October’ on scottishsocialistparty.org]

Confronted by the power of workers' action, the government's subsequent hard-line attacks and signs of division both serve to reinforce the case for such a twin-track escalation of the resistance.

A mass demo that can maximise participation not only by public, but also private sector workers, plus communities and students under siege from the cuts – and a one-day stoppage of Scotland's 600,000 public sector workers.

October 1st – People First

To their credit, the STUC has now called a mass march and demo on precisely the date the SSP has argued for within the unions - entitled ‘October 1st People First’.

The unions are combining with faith groups, equality and anti-poverty campaigns to build a march, rally and other events that Saturday in Glasgow, to oppose the cuts and demand wealth re-distribution.

As the Tories assemble for their annual display of

upper-class arrogance, at least tens of thousands of Scots need to be mobilised onto Glasgow's streets, with the battle-cry “No Cuts – tax the rich – give us back our stolen £billions” - accompanied by demands on the Scottish government that they stop implementing Westminster's cuts and instead encourage a mass rebellion against a Twin Tory government with absolutely no mandate to rule and ruin Scotland.

Properly built in the workplaces, colleges and communities, this STUC march could be decisive too in strengthening the resolve of hundreds of thousands to strike together later in October.

Calls for strike day

At the September British TUC conference, motions calling for co-ordinated strike action have been submitted by the PCS, NUT, UNITE, and CWU.

Several unions have increasingly talked of co-ordinated action in an autumn day of action.

The PCS, NUT and ATL are openly committed to this, with UNITE, FBU, RMT and CWU also saying the right things.

The hour has struck for the unions to name the day for a united stoppage of the entire public sector.

The danger remains of the government deploying age-old delaying tactics and divide-and-rule tricks, by trying to dupe some national union leaders into thinking they can win protection for their own members' pensions through talks alone – to try and take the sting out of co-ordinated industrial action.

Block divide-and-rule tactics

The issues at stake are far too serious for union leaders

to retreat to sectional interests.

The slower they are to unite in action across union boundaries the greater the danger of no section winning protection from cuts to pensions. And the cuts to jobs, pay, conditions and public services are just as pivotal as pension rights.

Union activists, shop stewards, and branches should make sure there is no wavering on this by those national union leaders who have a history of inflated speeches and limited action. Attempts by the government and employers to divide-and-rule, by playing off workers in one pension scheme against another, must be resisted.

The unions should also appeal to private sector workers by demanding a decent state pension for all, and leveling-up of pension rights, not reduction of public sector pensions to the pitiful or non-existent levels suffered by many in the private sector.

It has just been reported that 14 million private sector workers are not in a works pension – mostly because low pay and inflation means they can't afford the contributions.

They will have to rely on miserly state pensions, costing the public purse hundreds of billions in benefit top-ups – because private employers lock them out of decent occupational pension schemes.

The time-honoured slogan “Unity is our strength” was never more applicable. By building for 1st October alongside preparations for a strike of potentially four million public sector workers later in October, we can take the battle to a government that might talk like thugs but are vulnerable if challenged, like any bully.

EUROZONE DEBT CRISIS

by Ralph Blake

THE public debt crisis that is currently at its deepest in the Eurozone has its roots in the general crisis of capitalism.

To attempt to solve capitalism's crisis of the 1970s and the dynamic path it has followed since then vast amounts of credit were made available over the last three decades.

The Roots of the Crisis

This was carried out to ensure: that there would be no deep over production of goods after capitalism's long post war boom and expansion, that is consumers had increased spending power to buy these goods; to counter the flow of investment capital to Asia which led to varying degrees of structurally weak western economies; to offset the declines in wages and real spending power as capitalism sought to restore the rate of profit in the west by cutting real wages; and to offset to the redistribution of wealth from the mass of consumers to the wealthy and corporations.

Public spending was used to support structurally weak economies as a result of capital flowing east and the credit bubble was exacerbated by the US cutting interest rates sharply to lessen impact of the

dot.com bubble bursting and the resulting recession at the turn of millennium.

A European Twist to the Tail

There was a specific manifestation of this phenomenon caused by Euro.

Weak economies with weak currencies entered the Euro – Greece, Portugal, Ireland and Spain. This made their domestic economies less competitive and this was compensated for by taking advantage of being able to borrow at low German Interest rates leading to differing outcomes. International and local banks took advantage of this new market for lending.

These different outcomes were:
 ■ borrowing took place at low rates to increase public spending;
 ■ a private housing bubble were



created;

■ a consumer Credit boom grew; and
 ■ speculative bank lending took place.

In summary a credit led boom not corresponding to the growth in real production and wealth.

Each country in the Eurozone followed this route to vary degrees of emphasis. The table below shows the variation across the so called weak PIGS (Portugal, Ireland, Greece, and Spain)'s countries and

Of course the credit bubble bust and what followed was the deepest global recession since the 1930s. This led to a bailout of the financial system by governments, the propping up of economies with stimulus measures with the costs borne by governments and the recession led to lost tax revenues and increased welfare spending.

All these costs were crystallized into record levels of public debt. This was the case right across the western world.

	Public Spending Deficit	Private Housing Bubble	Consumer Credit Boom	Speculative Bank Bubble
GREECE	High	Medium	Medium	Medium
IRELAND	Medium	High	High	High
PORTUGAL	High	Low	Medium	Low
SPAIN	Medium	High	Medium	High
GERMANY	Medium	Low	Low	Medium

The debt crisis in the US and the UK as well as the Eurozone is a result of this.

The bailout for the PIGS is a bailout of the financial system not the PIGS's countries' themselves. Public money is being syphoned through the European Union (EU)/International Monetary Fund (IMF) and European Central Bank (ECB) to give loans to the PIGS's countries. These loans are being used by countries to pay off loans and interest to private banks and take out new loans with the same banks. They are a further indirect bailout of the banking system. They are not a bailout of indebted countries' economies. All this is happening because governments fear another Lehman's, a credit crunch II and second deep recession that could lead to a depression

Another Lehman's?

What is the scale of the problem? Lehman's was a \$631 billion loss. European private banking exposure to each of the PIGS countries and Italy's public & private debt:

Greece - \$130 billion
Ireland - \$463 billion
Italy - \$783 billion
Portugal - \$194 billion
Spain - \$642 billion

US & UK banks have to sold \$100s of billions of insurance on this debt.

A default could lead to a domino effect with the losses much greater than Lehman's with a second contraction in credit and recession - essentially a depression.

Greece Crisis Not Over Yet

The Greece crisis is far from not over yet. The banks are being asked to accept a \$50 billion default on Greek deficit. It is uncertain that they will accept this in enough numbers. The EU claims this is a one off and will not be repeated in Greece again or in other PIGS's countries.

The financial markets have shown that they think otherwise.

A shortfall in accepting voluntary defaults and the fact that banks are not all willing to take losses will lead to big disagreements between Germany and France/ECB/IMF.

The next deal will be difficult to broker without more money from governments (more debt). On top of that there is quarterly review of Greece's progress in implementing austerity

measures and privatisations to see if next instalment of bailout is released. The Euro 50 billion from privatisations that Greece is expected to raise completely unrealistic.

The austerity measures are driving the economy into a spiral of decline actually increasing the deficit. This means there will be a quarterly debt crisis with eventually an involuntary default occurring either through non-payment, bond holders not accepting losses or a credit downgrade from the credit rating agencies. We are likely to see the same cycle repeated in Ireland and Portugal.

Spain too big to fail and too big to bail?

Spain has a huge housing bubble that has partially burst and has further to go with an oversupply of one million houses and 85 per cent of Spanish homes having mortgages. Exposure to this bubble is held by local building societies (Cajas) and losses will be in the Euro 250 to 500 billion ranges.

National Spanish Banks are exposed to construction and real estate companies to the tune of Euro 439 billion and Euro 100 billion to Portuguese private and public debt.

Spanish public debt is 400 per cent of tax collected and interest payments will grow from 18 per cent of taxes collected to 23 per cent by 2015. In addition there is a Euro 150 billion of debt held by the regions. This situation is not sustainable and a bailout looks inevitable in the next year but is likely to break the size of the European bailout fund (Euro 450 billion).

US and UK up their eyes in debt to

The debt crisis is real not just in the Eurozone but in the US and the UK as well. The roots of this crisis are the same in the US and in UK. In the US there is the added issue of US government bonds (deb) being held widely by the global banking system as a "safe haven" for capital.

These bonds are used as security in global financial transaction and as a cheap source of generating instant liquid cash for banks. A downgrade of US government debt by the credit rating agencies is inevitable even with the debt ceiling being raised as this like Greece merely postpones the problem.

This will lead around the world to higher borrowing costs and less capital

being made available just when the global economy is slowing down.

In UK public debt is now over 80 per cent of real GDP and annual interest payments are sucking up 12 per cent of our centrally collected taxes – set to grow to 15 per cent by 2015.

The deficit is not under control and looks to be heading to £150 billion for 2011/2012 compared to government forecasts of £122 billion.

Comparisons to the post war period are irrelevant. We were bailed out then by the US to the equivalent at today's money of £250 billion on very favourable terms in exchange for the US becoming the dominant global financial and military power.

That is the nature of the UK's special relationship with the US. The debt to UK GDP ratio only looked so bad in the 1940s because the economy had completely collapsed when war production ceased. Expansion of the economy was rapid as it was rebuilt from the ashes of the second world war and capitalism boomed with high rates of profit allowing public debt to be paid off over a period of thirty years.

This is very different from today's stagnant declining economy built on a credit system now frozen and competing with the huge emerging economies China, India and Brasil.

Need to face reality and develop an alternative to austerity

The left is in danger of leading us blindly into a brick wall if they continue to ignore or downplay the debt crisis.

We are rapidly moving to some form of credit crunch II with all that implies. The answer to this from the right will be more cuts and austerity.

The left must develop a radical critique of the crisis and radical solutions that solves the crisis in the interests of the majority, that starts by taking the banking system under popular control and ownership and redistributes the wealth from the wealthy and corporations to the less well-off all around the world.

Otherwise we face a decade of hardship and poverty.

■ *Ralph Blake is the pen name of a former investment banker and his views are his own and not those of any of his current or previous employers*

LIBYAN 'HUMANITARIAN' LIES

by Ken Ferguson

WHEN ministers stage big 'announcements' in the imperial splendour of the British Foreign Office during a self righteous war you can be sure they are in trouble.

So with the British expulsion of Libyan diplomats and their formal recognition of the Benghazi rebels as the government rather than Gaddafi's regime, tough talk hides a growing panic.

Indeed no sooner was the ink dry on Hague's expulsion order than, amidst a rattle of gunfire, the deeply divided character of the Benghazi rebels was spotlighted by the killing of their military chief Abdul Fatah Younis.

Younis, Benghazi's prize Gaddafi defector, was head of the Colonel's special forces and, when he threw in his lot with the rebels, was put in charge of their forces.

Reports suggest he was shot by one of the Islamist militias backing the rebels who suspected - possibly correctly - that he was seeking a deal with Tripoli.

His murder is a hammer blow to the Hague hot air about the united nature of the Benghazi group and further highlights the debacle that the NATO is sinking in to.

Significantly the Younis killing came as Senator John McCain, Obama's opponent in 2008 and hard right winger warned the rebels that credible reports of human rights violations were weakening their support on Capitol Hill.

The humanitarian imperialists who support delivering human rights attached to depleted uranium bombs and cruise missiles



expected to remove Gaddafi in a brief bombing campaign are now mired in civil war.

Despite the militarily powerful and ruinously expensive NATO bombing support the shadowy rebel forces have failed to make the kind of human rights blitzkrieg capable of deposing Gaddafi and the prospect of a long stalemate looms.

Indeed despite much diplomatic hot air many meters of TV footage, breathless commentary and millions in bombs and missiles the Benghazi forces are effectively stalled.

In fact Gaddafi now controls 20 per cent more of Libya than he did at the start of uprising in March and it is this cold reality which is now driving imperialist policy.

When this is understood then the apparently puzzling zig-zags by NATO leaders who one moment want Gaddafi in the dock in the Hague war crimes court then offer him a retirement home in a Libyan Eastbourne next becomes clear.

As they were warned by their generals some weeks ago Cameron and co have neither the forces or the cash to sustain a long war in Libya and they certainly haven't planned for one.

A striking feature of the main supporters of NATO's war - Cameron and Sarkozy - is that both wanted a popular short war to bolster their flagging popularity at home.

Indeed it has been reported that Sarkozy planned to make the announcement of NATO's victory at the July 14th Bastille Day parade which marks the French Revolution but the stubborn Gaddafi hadn't read the script.

This increasingly means that NATO will have to find a negotiated answer to the problem and bodies such as the African Union previously dismissed by them will now

be brought into play.

More widely the Libyan adventure now raises serious questions for those supporters of the misplaced idea that the forces of the pro imperialist NATO can deliver human rights and democracy with bombs and missiles.

This most importantly includes much of the self described European "left" including New Labour which has played a crucial role in justifying wars from Bosnia to Libya.

Whatever the eventual end of the Libyan war the left and progressive forces will need to radically reconsider just what the relationship is between the NATO rhetoric on human rights and the reality on the ground as the bombs go off.

Once again the hard lesson has to be learnt that support by Socialists for wars waged by pro imperialist government - however they are dressed up - only delivers death and misery not the promised peace and democracy.

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PALESTINE CALLS ON RECOGNITION

by Bill Bonnar

IN September, Palestinian President Mahmoud Abbas, will submit a proposal to the United Nations calling for formal recognition of the Palestinian State.

At the moment, Palestine has Observer Status. Because the proposal must first go to the UN Security Council it will fail due to the American veto.

Interestingly, if the proposal was to proceed to the full meeting of the General Assembly there is every possibility that it would succeed despite needing a two thirds majority.

Already 112 nations have backed the proposal with their numbers rising every week.

Also interestingly a good number of European countries have indicated that they would back the initiative.

Given that it is certain to fall at the first hurdle, why are the Palestinian authorities so keen on this move?

The answer could lie in the response from the United States and Israel which ranges from fury to outright panic.

For the Palestinians this proposal contains a number of advantages.

It throws Tel Aviv and Washington onto the defensive.

Both have given lip service to the establishment of some kind of Palestinian state; why then oppose this moderate proposal?

Also by having the majority of members of the United Nations endorsing the proposal it would represent a significant diplomatic coup with world opinion shown to



be supporting the Palestinian cause.

For the Palestinian authorities it represents a clarification of aims and a growing sense of unity between rival factions. Palestinian strategy has often foundered on a basic division.

On the one hand are those, mainly Fatah, who believe that a two state solution is the only game in town and that Palestine should seek whatever accommodation it can with Israel to secure some kind of Palestinian state.

On the other are those, mainly Hamas, who believe that such a strategy has foundered in the face of Israeli intransigence and that even if such a state emerged it would be so weak and disjointed as to be unsustainable.

However, both recognise a basic reality. The state of Israel is not going away and therefore some kind of two state solution will ultimately emerge.

Both movements have shifted their positions in recent times. Fatah wants to see the establishment of a Palestinian state but no longer at any price. Hamas

have moved to a position of a kind of de-facto recognition of Israel if a viable Palestinian state can be formed.

However, something else is going on which relates to the whole history of the Palestinian struggle. From the founding of Israel in 1948 to the Arab defeat in the Six Day War in 1967, Palestinian strategy was to basically wait for the other Arab states to come to their aid, defeat Israel and help them establish the new Palestinian state.

The Arab defeat in 1967 demonstrated that the liberation of Palestine could only come about through the efforts of the Palestinian people themselves.

This lesson was reinforced during 'Black September' in 1970 when the Jordanian army attacked Palestinian forces and later when Egypt signed a peace treaty with Israel.

For many of these Arab regimes, Palestine rather than Israel was now the problem.

After the Six Day was, Fatah was founded under the leadership of Yasser Arafat to take the struggle directly to Israel. After the siege of Beirut in 1982 in which most

of the Palestinian fighters where defeated and dispersed there was great sigh of relief in Israel, America and in many Arab capitals.

The Palestinian problem had been solved. What they didn't see coming was the Intifada; an uprising of mostly young Palestinians in the occupied territories unwilling to wait for the fighters or for an increasingly ageing and out of touch leadership to return from exile.

This Intifada, to a great extent, has continued to this day. These events, again, showed that the liberation of Palestine, would be achieved by Palestinians within the occupied territories.

The proposal for international recognition follows from this. The strategy of engaging in secret, one sided negotiations with Israel in the hope that Tel Aviv will throw them a few crumbs, is no longer an option.

Driven by pressure from below, the different factions which make up the Palestinian leadership are increasingly taking the initiative leaving Israel and by extension, the United States to respond as they will.

The move for international recognition, the actions of the various flotillas trying to lift the ongoing siege of Gaza. the general movement for change in the Arab world and the emergence of mass protest movements in Israel itself has galvanised the struggle for Palestinian independence.

What was once a distant and often desperate dream has become a lot closer to reality.

UCS REMEMBERED

SHOP Stewards who were part of the UCS Work-In in the shipyards of Glasgow and Clydebank have announced a series of events organised to mark the 40th anniversary of the famous industrial dispute.

The main event planned is a major Gala Concert on Sat 1 October in the Mitchell Theatre where Tony Benn will be the Guest of Honour.

He was the Labour Minister who created the UCS consortium in 1968 and a prominent supporter of the Work-In when in opposition.

He will be backed by a line up of Scottish talent, some of whom played in fund raising concerts at the time. A specially commissioned suite 'Work-in at UCS' composed by Eddie McGuire, the prominent Scottish composer will also feature.

Jimmy Cloughley, a member of the UCS Co-ordinating Committee said: "The stewards who took part in the work-in felt that, following the deaths of two of the main leaders, Jimmy Airlie and Jimmy Reid, it was important to mark the 40



Anniversary positively.

"It is important when working people face increasing attacks on their jobs and conditions, to remember a successful struggle against a Tory Government bent on cutting them."

The list of artistes includes Pat Kane; Jimmie McGregor; Dave Anderson; Arthur Johnstone; Rab Noakes; Gary Lewis; Fraser Speirs; Kevin

McDermott; Simone Welsh; The Whistlebinkies; Alba Brass and Sax Ecosse. There will also be a number of yet-to-be-announced special guests.

In addition to the concert, an exhibition about the Work-In will open in the Mitchell Library on 24 September, and showings of contemporary films shot in the yard during the Work-In are planned.

The events will be mostly

funded by a grant from Unite the union

The Work-In took place in 1971 when the then Tory government removed funding from the UCS yards and planned to close and sell them off.

This provoked the Stewards Co-ordinating Committee to declare a 'work-in' which attracted huge support from Scotland, the rest of the UK, and around the world.



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