

A paper of Marxist polemic and Marxist unity



# weekly **worker**

**Sadiq Khan: smeared by the Tory press. Why we need our own working class media**

- Voting on May 5
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- Global tax and capital
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No 1102 Thursday April 14 2016

Towards a Communist Party of the European Union

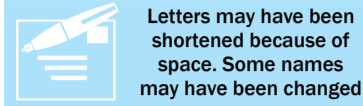
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## June 23 referendum

# AN IN-OUT KABUKI DANCE



# LETTERS



Letters may have been shortened because of space. Some names may have been changed

## Philo-Semitism

Peter Manson's letter, while at least correctly stating that comrade Gerry Downing and myself are not "personally" anti-Semitic, nevertheless cringes in the face of the ideological witch-hunt being waged against Labour by pro-Zionist Tory and Blairite politicians, which the Labour leadership is showing major tendencies to capitulate to (April 7). His allegation that our forthright opposition to the dispossession of the Palestinians and exposure of the racist, ethnocentric politics of its supporters in western countries has "in no small way played into the right's hands" is anti-Marxist in its logic.

That is how all capitulators to bourgeois politics and class-collaboration react to those who reject such politics. Manson says that our belief that Zionism, both in Israel and in terms of its bourgeois supporters in western countries, is a specifically Jewish ethnocentric - ie, racist - movement is "irrational". It is irrational to consider that the overrepresentation of Jewish bourgeois among the ranks of American billionaires, relative to the Jewish population in general, is of any significance. Jews are only around 2% of the American population; the count of Jewish billionaires, according to some Jewish sources, is around 40%. It is easy to find both Jewish and anti-Semitic sources to corroborate each other about this. But comrade Manson thinks it is "irrational" to even consider that this plays any role in the formulation of imperialist policy towards the Palestinians.

He also considers Israel's Law of Return irrelevant in this regard. This gives the right of Israeli citizenship to people of Jewish birth who have never lived in current Israeli territory, while denying the same to many Palestinians who were born there. Apparently, for Manson, this material fact is irrelevant and irrational to mention. I suppose he also thinks that the Marxist understanding of the state - that it is the collective executive body of the capitalists of the nation - is irrational too.

Therefore it is irrelevant to him that there is a significant and powerful layer of American bourgeois who have a material relationship not only with their own state, by virtue of being American bourgeois - and therefore a say in its operation that working class people, whether Jew or gentile, do not have - but who also are in a similar situation *vis-à-vis* the Israeli state, by being bourgeois citizens of that state and therefore being among its collective owners. This produces a somewhat unusual phenomenon of an overlap between parts of the ruling classes of separate imperialist states. Israel has similar relationships with the US and other less powerful imperialist countries. It should be recognised that imperialist policy is the result of a parallelogram of forces within each imperialist state. This overlapping layer, by means of its quasi-nationalist consciousness and its cohesion, plays an important role in determining imperialist policy - it punches above its weight in that regard.

Manson's attitude is not to try to prove that these material facts are untrue. He cannot argue with them either empirically or in terms of Marxist theory. So he argues against it in similar terms to the 'safe spaces' crowd: 'By criticising me, you are oppressing me' - that is effectively his political response to this concrete materialist analysis of the interplay of the class nature of the state and a complex, problematic national question.

He writes: "As with all examples of racially or ethnically based discriminatory politics, this 'theory' is totally irrational. First of all, it assumes that all Jews - or, shall we say, the overwhelming majority of Jews within the ruling class - are outright Zionists. Even if we accept that the statistics Donovan quotes regarding

Jewish 'overrepresentation' are correct (a big 'if'), why does it follow that Jew = Zionist? There is a specific *anti-Zionist* trend within Judaism - amongst orthodox Jews, for instance. The most you can say is that Jews are more likely than not to be *sympathetic* to Israel - they certainly do not act as a powerful, disciplined, homogeneous force."

There is so much wrong with this nonsense. First of all, there is the notion that merely pointing out the material facts about this amounts to "racially or ethnically based discriminatory politics". So pointing out racial inequality is 'racist'? What poppycock. These material facts give Jews an inordinate degree of power in the US *vis-à-vis* Arabs, Muslims and even American blacks. In fact, the underrepresentation of American blacks in the US ruling class is a key indication that US blacks are excluded from the benefits of capitalism (insofar as there are any), and therefore a specially oppressed layer within American society, Obama notwithstanding.

The idea that it is wrong to investigate and analyse questions of overrepresentation and underrepresentation in positions of class privilege implies that it is wrong to investigate questions of racial inequality in general. This indeed is the CPGB's approach to racism, and how it comes about that they - and Peter Manson has been one of the key people arguing this - credit the bourgeoisie with purging itself of racism, in favour of an "anti-racist national chauvinism", as the CPGB puts it. Even as non-whites continue to fill prisons in massive disproportion to their overall numbers in society, the CPGB attests that the bourgeoisie is now "anti-racist". Why? Because they say so!

This approach means blindness to the real oppression of non-whites in the US - and the UK, for that matter - and the oppression of Palestinians, which is in part mandated by the unusual position achieved by Jews in the racial hierarchies in the advanced countries. Where principled Orthodox Jews act as active anti-Zionists, Marxist anti-Zionists will work with them in defence of the Palestinians. However, who knows of any such principled figures in the ruling class? Still less are there any principled, non-religious anti-Zionists among the ruling class. For very good reason - that is, that principled anti-Zionism belongs to the proletariat, and is part of its programme for anti-racism and human liberation. It is anathema to the bourgeoisie, whether Jewish or gentile. The Jewish-Zionist caste my theses describe is self-selected by ethnocentric politics, not ethnic origin *per se*. The clue is in the name!

As to whether the ruling class in general are stupid for supporting Zionist policies - well, no! They are carrying out their perceived class interest. But, unlike Peter Manson, we as Marxists do not believe that the bourgeoisie is a rational class. In fact, the imperialist bourgeoisie is bound to the nation-state and cannot break that association. However, a historical process involving two world wars has caused a revolutionary change in its attitude to the Jewish bourgeoisie. Prior to the Nazi genocide it regarded it in a very paranoid manner as pretty much a shill for the very strong, Jewish socialist-communist left. This was the source of the bizarre ideology of the *Protocols of Zion* - the ideological progenitor of Nazism. Nazi anti-Semitism was closely related to anti-communism. The elimination of much of the vanguard of the proletariat - including many revolutionary Jewish militants, who died in the genocide, whom we celebrate (including Abram Leon) - dissipated the basis for the anti-Semitic ideology of the *Protocols* among the bourgeoisie.

This has over time been replaced by something formally very dissimilar, but no less irrational - rampant philo-Semitism and pro-Zionism. The bourgeoisie, aware to some extent of its national limitations, sees the Jewish-Zionist grouping or

caste within it as a far-seeing layer with a very old and deep bourgeois culture whose vision at least partially transcends the limitations of the national state. For a class that is well aware of its outlived character and the danger to its class rule from a resurgent working class, if such were to emerge politically, the Jewish-Zionist bourgeoisie is seen as a crucial asset of the bourgeois class itself.

Unlike Peter Manson, whose belief in the rationality of the bourgeoisie is truly cretinous, we do not believe that this philo-Semitic ideology is more rational than the anti-Semitism that preceded it. It does, however, mean that it is in our interests, as a class, to remove this additional asset of imperialism through subordinating the settler population of Israel to basic democracy - one person, one vote - and through the right to return of all exiled Palestinians. This would not only resolve an extremely poisonous national question: it would also remove the unifying focus of the Jewish-Zionist bourgeois caste in the imperialist countries, and lead to its assimilation into the various national bourgeoisies. Thus robbing the bourgeoisie of an important asset as a class.

The idea that this theory is in any way racist is preposterous. It is the opposition to it that is racist in its logic - by saying that the specific ethnocentric project of Zionism on the international level should not be subject to criticism. And it is the passive acceptance that the bourgeoisie in the imperialist countries, gentile and Jewish, is not racist and indeed anti-racist by the CPGB that really underlines why it is still a nationally limited, almost entirely lily-white sect after 35 years of political activity.

**Ian Donovan**  
Socialist Fight

## Gerry can

Gerry Downing complains that I do not support him in his fight against expulsion (Letters, April 7). Whilst I oppose the undemocratic way in which he was expelled, I cannot support someone who is advocating anti-Semitic or racist politics. He has said on Facebook that I am behaving in an "absolutely unprincipled manner" because I hope to get "a better hearing" for myself. It is a "cowardly and a pathetic grovel".

I recognise that Downing has become a casualty of the Zionist attack on Corbyn. In normal times Ian Donovan's crazy theories about the Jews and Zionism would have gone unnoticed. However, we do not live in normal times. Having made his bed, Gerry must lie in it.

It is irrelevant on a personal level whether or not I am expelled from the Labour Party. But on a political level it is crucial that the Zionists, as represented by the so-called Jewish Labour Movement (the overseas wing of the racist Israeli Labour Party), is not able to secure the expulsion of a Jewish anti-Zionist from the Labour Party. My expulsion will be a defeat for supporters of the Palestinians and anti-Zionists within the Labour Party. It will be a victory for the Zionist movement.

Gerry's expulsion is barely mentioned by the Zionists, other than as 'proof' that the Labour Party has an anti-Semitism problem. Gerry's antics have been of enormous help to the Zionist movement. Unsurprisingly I want to have nothing to do with his campaign against expulsion.

I am indebted to Peter Manson for his references to Ian Donovan's 'Draft theses on the Jews and modern imperialism'. I had not previously read them. They are not only anti-Semitic: they are total junk. Donovan simply doesn't understand the origins of the Zionist movement, nor does he understand Abram Leon's *Jewish question: A Marxist interpretation*. Donovan has distinguished himself by his support for Gilad Atzmon, who

denies he is anti-Semitic. Perhaps either Gerry or Ian would tell us whether the following tweet from Atzmon - "I am not a Jew any more. I despise the Jew in me. I absolutely detest the Jew in you" - counts as anti-Semitism.

Donovan's 'Draft theses' adopt Atzmon's (and the Zionists') argument that Israel is different from most settler-colonial states because it has no mother country. The logical corollary being that the 'mother' is the diaspora Jewish communities. This is a false reading of the relationship between Israel and diaspora Jews. The latter are subservient to the former, not the other way around.

Furthermore, it is a complete irrelevance. Britain once acted as the surrogate mother, while US imperialism does so today. All settler-colonial states - Israel is no exception - rebelled against their sponsors: South Africa in the Boer War, the Australians and Canadians with their determination to secure dominion status and, of course, the United States itself with the War of Independence.

Donovan believes that "The strong influence wielded by the organised Jewish community in the USA in support of all Israeli policies must be taken into account in order to explain the Middle East policies of American administrations." This is completely wrong. The strongest supporters of Israel lie in the Christian Zionist and neo-conservative sections of the US bourgeoisie. There is a growing gulf opening up between American Jews and Zionism. To believe that the US ruling class would support Israel and shape its policies in the Middle East around the desires of the Jewish community, which as he says is numerically insignificant, can only lead in an anti-Semitic direction. How do they do it? How does this 2% of the US population wield such influence? His answer is clear: the massive overrepresentation of Jews amongst American billionaires.

Nor is it true, as Donovan claims, that "Zionism always was a quasi-national movement of the Jewish bourgeoisie". The Jewish bourgeoisie opposed, not supported, Zionism up until the Balfour declaration of 1917. Herzl wrote the anti-Semitic essay, 'Mauschel', because of the opposition of the Rothschilds and Hirschs. The English Jewish bourgeoisie only came over to Zionism reluctantly, primarily as a means of avoiding Jewish German refugees coming to Britain. People like Neville Laski of the Board of Deputies and the Conjoint Committee were originally vehemently anti-Zionist. It was only in 1934 that he attended a Zionist Congress for the first time.

The legal right to Israeli citizenship, which Donovan places such emphasis on, is racist to the core, but it doesn't explain the support of Jews for Israel. It is a way of strengthening the Zionist state via Jewish immigration. It is not a material factor in the support of the Jewish bourgeoisie for Zionism. Donovan asserts that "Jews are not a nation, but they have a pan-national bourgeoisie". A bourgeoisie without a nation - or a working class, for that matter. This isn't Marxism; it is fantasy.

Gerry Downing misunderstands Abram Leon. Leon makes it absolutely clear that the Jews' "specific economic role ends precisely where modern capitalism begins" (*The Jewish question: a Marxist interpretation*, p182). Leon goes on to say that in the capitalist epoch "the people class has become differentiated socially" (p221). In short, the people-class ended with the end of feudalism. In eastern Europe, in his memorable phrase, "The Jewish masses find themselves wedged between the anvil of decaying feudalism and the hammer of rotting capitalism." It was this that led to the growth of anti-Semitism in Poland and eastern Europe, as the Jews came into

economic competition with the middle classes, as represented by the Endeks.

I would hope that Gerry realises, even now, that the bankrupt theory that his organisation has adopted has no basis in Marxism and can only lead in a reactionary direction. Where he goes is his choice, but he cannot expect me to follow him or support him.

**Tony Greenstein**  
Brighton

## Slander

The Irish Republican Prisoners Support Group strongly denounces the attacks in recent weeks against our comrade, Gerry Downing.

Gerry has been subjected to a barrage of false accusations of anti-Semitism. This slanderous label has been thrown from both right and so-called left of the political spectrum. The ruling class is using such charges not only to personally attack comrade Downing, but also to attack all those who dare to take up the struggle against imperialism and colonialism and its modern forms, such as Zionism.

There is no truth to these accusations. Gerry Downing has been a consistent anti-imperialist and anti-racist. It is those who brand him with the label of anti-Semitism who are the true racists, precisely because they defend colonialism, imperialism and Zionism!

The whole ruling class of British imperialism has united in this accusation, along with their defenders on the British left. Firstly, it was the arch-imperialist Etonian, David Cameron, but he was soon joined in spreading these lies by the representatives of British reformism in the Labour Party. They are using these lies as a pretext to begin a purge of the Labour Party of anyone who dares oppose Zionism and imperialism in general. True to their function, the Labour leaders defend imperialism and Zionism. Disgracefully, there are those on the left who in order to protect themselves from similar attacks have sought to line up with the ruling class to attack comrade Downing also.

We call on all people who genuinely oppose imperialism and Zionism to defend Gerry Downing against these lies and slanders. It is not just a personal attack, but an attack on all those who support the liberation of the Palestinian people from unprecedented Zionist oppression.

**Irish Republican Prisoners Support Group**  
email

## Steel deal

I am truly perplexed by the decision of the CPGB Provisional Central Committee on Tata ('Nationalise Tata', April 7). The decision calls for the nationalisation of Tata's UK steel assets. It goes on to say: "We do not call for protectionism as a solution to the problem, which would merely be to export job losses onto workers elsewhere..."

But, these two statements are not compatible. Nationalisation, in this context, is by definition protectionism. It is action by a nation-state to protect a failing capital against competition from other, more efficient capitals. The statement goes on to say: "... or for subsidies to Tata or to new private owners, which are merely an indirect form of protectionism."

But nationalisation itself inevitably involves providing subsidies, and thereby provides such protectionism. The only way that subsidies could be avoided would be if Tata's UK steel production suddenly became massively more efficient, as a consequence simply of nationalisation by the British capitalist state, so that it could undercut all other steel production on the global market. If Tata's UK steel production continues on the same basis, merely in the hands of the British capitalist state, what does the CPGB think will happen to all of the



## ELECTIONS



Matsys: 'Descending' (inspired by Bridget Riley)

# Drawing lines of distinction

We need to look beyond 2020, urges Paul Demarty

Given all the excitement over Brexit and the prime minister's personal finances, recently it has been very easy to overlook the fact that there are elections coming up - the first significant trip to the polls of the 2015 parliament, with local elections in England and Wales, elections to the Scottish parliament and the replacement - oh happy day! - of the buffoonish plutocrat, Boris Johnson, as London mayor.

The polling data at this point is indecisive, with national polls generally putting the Tories a point or two up (although David Cameron's nightmare week over his father's offshore interests may redress that a little). But in London Sadiq Khan is on course for a solid victory. Unsurprisingly, then, we find the Tories in truly diabolical barrel-scraping mode. Having attempted to smear Khan initially for having a sister who used to be married to someone who apparently used to be an Islamist, to no visible effect, we now learn that Khan has defended Islamists ... in court, in his former day job as a lawyer. Heaven forbid! So that is the line of attack - vote Khan, get terrorism.

Zac Goldsmith, about whom the best that can be said is that he is not quite as weird as his late father, Sir James, declared that "London cannot afford a Labour mayor who opposed stop and search, whose party leader thinks shooting terrorists is a bad idea, a mayor whose career before becoming an MP involved coaching people in suing our police."

Khan calls all this 'dog-whistling', and it is difficult to disagree - would he really face this sort of vileness if he had a different sort of surname? In any case, we doubt it will work any better this time than it did before: London is becoming more of a Labour city in every vote, the exception being Boris's re-election in 2012.

North of the border, however, the outlook for Labour is pretty grim, with the Scottish National Party maintaining a 30-point lead and on course for a majority of the popular vote. Many in Labour had

hoped that a leftward shift in the leadership would repair the damage done by Better Together; but, hardly surprisingly, those wounds have not healed overnight. A further humbling is in the offing.

There is then the question of how to vote in these elections. The Provisional Central Committee of the CPGB is recommending a vote for Labour across the board, and campaigning activity in favour of leftwing Labour candidates (ie, those who support Momentum). We will take each of these recommendations in turn.

### Vote

The CPGB has, in recent history, tended to offer similar tactics in elections. We have recommended a vote for particular Labour candidates who meet certain conditions (in 2005 for example we urged a vote for all Labour candidates prepared to advocate an immediate and unconditional withdrawal of troops from Iraq, of whom there were a very small handful). Failing that, we recommended that people vote for far-left candidates where they were standing. We have refused to advocate voting for leftist petty bourgeois parties, such as the Greens or Scottish nationalists.

Our standing argument for voting Labour over the far left has been that the far left, with the exception of a few exotic outfits, such as the Socialist Party of Great Britain, has campaigned invariably on the political basis of left Labourism (in reality, a *fantasy* version of left Labourism acceptable to the conscience of the run-of-the-mill Trot). But there is already a Labour Party, deeply rooted - for better or worse - in the British working class movement. The far left's electoral tactics in this period have been based on the conjecture that there basically is no such party, thanks to Neil Kinnock's and Tony Blair's project of dragging Labour decisively to the right.

At this point, it is barely worth mentioning that this perspective is a heap of smoking ruins. Jeremy

Corbyn's election as Labour leader was, to use a sporting cliché, against the run of play. Yet it would not have been possible if the Labour Party had been as terminally stitched-up as the likes of the Socialist Party in England and Wales has pretended in recent history. We now have a Labour Party under leftwing leadership, and that leadership is unsurprisingly under constant and virulent assault from the Labour right and the press.

Recommending a vote for far-left candidates under these circumstances is not unthinkable. It *is* unthinkable, however, to recommend a vote for far-left candidates *standing for their own version of Labourism*. What was already wrong is now plainly *stupid*. The job of Marxists is to use the opportunity opened up by Corbyn's election to advance a universal, internationalist socialist project, as against the bureaucratic and nationalist socialism of the Labour left. In our tactical judgment, today that means voting Labour, *without* conditions, although not without criticism. To raise, as SPEW does, the problem of whether this or that councillor voted for cuts is monumentally ridiculous - an obsession over trivialities taking the place of a re-examination of mistaken political perspectives. As for its candidates standing on May 5 under the Trade Unionist and Socialist Coalition banner, we wish them the votes they deserve, which will be the votes they get.

### Campaign

Our recommendation for a Labour vote does not mean that we consider divisions within the Labour Party unimportant, however. For us, the Labour Party is a site of struggle - our aim is to transform it into a united front of the organisations of the working class, fundamentally changing its character. This is a long-term project.

The Labour Party is divided on political grounds between those who believe in some kind of socialism and those who believe only in ill-defined progressive sentiments, to the extent

that many are avowed advocates of neoliberal capitalism (the Blairites), and/or paid skills of corporate lobbyists.

The party is, however, almost entirely united on the idea that any Labour government is better than any Tory government, and that the crucial question is winning the next general election. The hard right pursues this aim by trying to overthrow the 'unelectable' Corbyn; the hard left imagines that *defending* Corbyn will deliver victory, on the basis that many of his most ridiculed policies actually enjoy a great deal of passive support among the electorate at large. Nonetheless, we are dealing, nearly unanimously, with a time horizon of 2020.

For the right, this is perfectly fine; careerism breeds short-termism (see David Cameron's inglorious tenure) and a lack of ambition to *actually* change anything. For the left, it is toxic. Just how toxic can be gleaned from erstwhile Trotskyist Paul Mason's recent conversion to the cause of renewing Trident nuclear missiles. An anti-nuclear Labour Party will never be elected, therefore opposition on this divisive issue should be shelved in favour of concentrating on 'popular' bread and butter issues.

Mason is a seasoned media apparatchik at this point, so he cannot seriously believe that the press opprobrium directed at Corbyn is solely in regard to his sentimental anti-imperialism. If it was not Trident, it would be something else - and it *will* be something else. What do we do then - retreat further? If so, then Mason is simply repeating Blairism. If not, then why give in on Trident in the first place? Corbyn's pitch to the electorate is that he is principled, above all on issues of war and peace. That is why people voted for him. *Without* those politics, we may as well have voted for Andy Burnham (perhaps Mason did).

The underlying point is that, by *current* operative definitions of 'electable', Corbyn *really is* a dead duck - nukes or no nukes.

The power in the country remains the capitalist class, its judges, its media, and all the rest. Our task is to rebuild the workers' movement as an independent force with its *own* sources of power: its own economic institutions (revived trade unions and co-ops, for example), its own media, and its own political parties. Above all, we need an organised expression of the idea that the working class should take over the administration of society internationally - a Communist Party. No Labour leadership election is going to change that by itself, even one as dramatic as last year's.

Pursuit of independent power, however, requires that we are willing to break with the right; which means being willing to spend time in opposition. It means that we must be willing to advocate policies that will *never* get support from the right - Trident being the present example - but also the breaking up of the corrupt judicial system (the 'rule of law') and other such matters of central importance. Millions must be convinced that the institutional furniture of the British state is utterly illegitimate. The Labour Party right does not agree; and, indeed, not a few of them *personally profit* from the corruption at the heart of capitalist society (most especially in its coupon-clipping British form).

For this reason, it is imperative that we draw a distinction between the left and right in the Labour Party. Thus, while we urge readers to vote Labour across the board, they should get involved in campaigning and canvassing *for leftwing Labour candidates only*. (We cannot, obviously, provide a comprehensive list of acceptable candidates; but, for the avoidance of doubt, Sadiq Khan is not among them.) The task in front of us is not a march into No10 as quickly as possible, but turning Corbyn's victory into the opening shot of an irrevocable transformation of British politics - a transformation that will leave the Labour Party's skills and cheap careerists behind ●

paul.demarty@weeklyworker.co.uk

MEDIA

# Smear tactics and our response

To combat the lies, we need our own independent working class media, argues Mike Macnair

In the campaign for the May 5 election for London mayor, Tory candidate Zac Goldsmith is running behind Labour's Sadiq Khan in the polls. A ComRes poll for LBC, published on April 6, showed Khan on 44%, Goldsmith on 37 and, after the elimination of other candidates (Liberal Democrats 7%, UK Independence Party 5%, Green 4%, Respect 2%, any others 1%), Khan on 55% and Goldsmith on 45%.

The UK Polling Report blog comments: "As with all the other recent London polling, we've seen it puts Sadiq Khan in a relatively comfortable first place" - that is, other polls also show Khan ahead. London, in fact, is unusually pro-Labour overall: a March 31 general voting intention poll for London showed Labour on 45%, Conservative 34%, Ukip 10%, Lib Dem 7%, Greens 4%, while an April 4 national poll had the Conservatives on 33%, Labour 32%, Ukip 17%, Lib Dem 5% and Green 4%.<sup>1</sup>

Naturally enough, the Tories and the advertising-funded 'bought media' have responded by attempting to smear both Sadiq Khan and Labour more generally as 'soft on terrorism'. Theresa May attacked him for - in his professional capacity as a human rights lawyer - defending a terrorism suspect (who pleaded guilty). Shock, horror - lawyer acts according to professional ethics!

Michael Gove dug up Khan's suggestion in a 2004 discussion that Sharia inheritance rules might be used in English cases. Not referenced have been Khan's 2008 argument that Sharia is "not fit for the UK"; nor his November 2015 speech complaining that Muslims are "growing up in this country" without ever "knowing anyone from a different background".<sup>2</sup> Since both were published in Conservative papers at the time, the current spin is plainly dishonest.

Various 'sources' have been deployed, notably in *The Sun*, to complain about the fact that Khan's sister's ex-husband is a Salafist and has links to real jihadists - three degrees of influence, anyone? *The Sun* too complained - already in February - about Khan sharing a platform with Azzam Tamimi of the Muslim Association of Britain (in relation to the affair of the Copenhagen cartoons).<sup>3</sup>

Boris Johnson used his *Sunday Telegraph* column (for which, it turns out, he was paid £266,667 last year, or at his own estimation of the time involved, £2,200 per hour) to argue that Sadiq Khan's "extremist links" are connected to (sigh!) anti-Semitism scandals in the Labour Party. "We can't let the Corbynistas plant the red flag back on top of City Hall" his piece is headlined - as if Sadiq Khan was a Corbynista...<sup>4</sup> The *Sunday Mail* article similarly crudely combines the Sadiq Khan smears with 'Labour anti-Semitism' stories.

## Tony Greenstein

What Johnson calls the "cancer in Jeremy Corbyn's Labour Party" brings us to another very recent event. Some person or persons unknown, who must have connections in Labour's central offices - told *The Daily Telegraph* that Tony Greenstein was being suspended on charges of anti-Semitism - before Greenstein had been told himself.<sup>5</sup> (As is the normal Spanish Inquisition method - or that of other medieval heresy trials - favoured by advocates of 'safe spaces' policies, the detail of allegations and the names of the accusers are not revealed to the person against whom they are made.)

This allegation was a plain

actionable libel, and a very serious one in today's context - unless a court could be somehow (bizarrely) persuaded that Jewish opposition to Zionism, combined with open campaigning against real anti-Semitism, could count as "anti-Semitism". Faced with threats of legal action, on April 9 the *Telegraph* added to its story the statement: "Clarification: Since this article was published, we have been asked to make clear that we had not intended to imply that Tony Greenstein is anti-Semitic. We are happy to do so." And on April 11 the paper published Tony Greenstein's letter making clear his position.<sup>6</sup>

The question, of course, is whether this retraction without equal prominence will undermine the effects of the original smear. The answer is, regrettably, that it probably will not. I made this point back in 2004, when the *Telegraph* was forced to pay damages to George Galloway over its allegations - at the moment of the invasion of Iraq - that Galloway had for personal profit taken money from the Iraqi Ba'athist regime. No doubt the judgment gave Galloway justified 'vindictive satisfaction'; but the delay meant that the smear could be out there doing its political work at the moment - the early stages of the war - when it could potentially undermine political opposition to the war.<sup>7</sup>

The *Telegraph's* retraction without equal prominence does, however, cast into focus the weasel words offered by the Alliance for Workers' Liberty (probably better called the 'Alliance for Foreign Office Liberty') in its newspaper, *Solidarity* (probably better called 'Western Solidarity'). Here the AFOL, while condemning the secret character of the proceedings against comrade Greenstein, throws its little bit of kindling onto the execution fire for the *heretico comburendo* by not pointing out the obvious falsity of the charge of anti-Semitism against Greenstein.

Indeed, the AFOL in recent issues of *Western Solidarity* has been actively contributing to promoting the idea that anti-Zionism is inherently anti-Semitic, and that the only way to escape anti-Semitism is to accept 'Israel's right to exist'. They tell us that rejection of the Zionist colonising project amounts to double standards in relation to the Turkish state's oppression of the Kurds.

The argument would be plausible if the Turkish state was not only oppressing the Kurds, but also expropriating Kurdish-inhabited land in Syria or Iraq with a view to settling colonists of European or US origin on it... The reality is that the Zionist project is today the only continuing, active - as opposed to completed or defeated - project of European ethnic-cleansing settlement colonisation. That does not mean that it is right to call for the expulsion of the Hebrew-speaking inhabitants of Israel, but it does mean that opposition to the Zionist project is not inherently anti-Semitic. Indeed, as Tony Greenstein has repeatedly pointed out, the Zionist project presupposes that the world's Jews must separate from the *goyim* to have their own state, and this idea is perfectly consistent with classical anti-Semitism.

The AFOL view on Zionism is merely part of the same politics which produced 'Why we should not denounce intervention in Libya' (2011) (look at the results of the intervention...) and similar claims. Libya illustrated the fundamental nature of the AFOL's politics: for US and British military and diplomatic operations, not against 'Islamic fundamentalism', which these operations backed. With the

current smear campaign around 'anti-Semitism', the chickens are coming home to roost in terms of *British* politics, aligning the group with Boris Johnson and the rest. The AFOL, in short, has made itself part of the Tory and Blairite smear machine.

## Fighting smears

Tony Greenstein has secured a partial withdrawal of the *Telegraph's* libel, and a letter in reply to it, by threatening legal action. But it is necessary to be clear that this method will not work generally. The libel against Tony Greenstein is an exceptionally obvious one; and comrade Greenstein has a legal qualification and experience in fighting defamation claims as a litigant in person, not shared by most of us. Moreover, what is involved is - as I explained in 2004 when writing about the Galloway judgement - a gamble. On average, deep pockets win in litigation (the media are more likely to tell us when the little guy wins, precisely because this way round is a 'man bites dog' story).

The judiciary, moreover, is part of the state apparatus, and when the interests of the state are directly engaged and uncontroversial, is unlikely to give judgments which would directly interfere with state interests (even if judges are uncomfortable, they can and will postpone, or find a 'minimalist' or procedural ground for a decision which will avoid directly interfering with state interests. Delay, as I have already indicated, is sufficient for the smears to still have political effect. In this context, creating a culture of suing for defamation over political smears is dangerous to us. Such a culture is more likely to be used against the workers' movement than to be effective in its favour.

Paul Mason has recently argued for dropping opposition to Trident on the ground that to do so will let Labour win on economic issues.<sup>8</sup> OK, to reframe the point, suppose we admit that Leon Trotsky really was a fascist. In that case, we will be able to 'apply the transitional method' by concentrating on the 'real' (economic) issues... No doubt a similar motivation informs Jeremy Corbyn's and John McDonnell's simple denunciations of 'anti-Semitism' without enquiring into whether *real* anti-Semitism is at stake; and the expulsion of Gerry Downing from the Labour Representation Committee without any form of due process.

This approach effectively concedes to the smear campaign. The Miliband leadership pursued this policy in relation to the media's big lie about Labour's economic mismanagement. It categorically failed.

Equally, a commonplace line among Labour 'centrists' and journos is that Labour gets bad media because of Corbyn's, or his team's, failure to understand the media or incompetent media management. The reality is that this is complete BS. It reflects the bad conscience of media types and their consequent unwillingness to believe that they are paid to write fraudulently in order to serve their proprietors and the advertisers. It is also a conscious strategy directed against the possibility of the revival of something which was a perfectly well understood necessity in the past: the need for independent working class media.

It is by building independent working class media that it is possible to combat the politics of smears. Fraud works by walling off the defrauded from alternative voices. By building up independent working class media

to the point that it can actually compete with the corrupt, advertising-funded mainstream, it is possible to prevent big-lie stories like 'Gordon Brown's profligacy caused the crisis', 'Ed Miliband is incompetent', 'Labour is full of anti-Semites', and so on, taking hold as unquestioned common sense. It is, incidentally, for this reason that the Bolsheviks' decision to ban factions - even if it really was, as some claim, intended only to be temporary - led inexorably to 'Leon Trotsky was a fascist'.

The use of 'social media' is not a sufficient alternative. Consider the last few years: the left (and other dissident voices) have made extensive use of social media. But it is the mainstream, advertising-funded press which continues to set the news and policy agenda. This is not to say that social media and so on are useless. But the necessity is to go beyond the single-issue campaign - beyond even the peculiar form of single-issue campaign which is the campaign to elect Jeremy Corbyn as leader of the Labour Party or that to win the Democrat presidential nomination for Bernie Sanders.

We could do it. The CPGB produces this weekly paper with minuscule backing. *The Morning Star* is not a very exciting paper, and (partly because) it depends on backing from sections of the trade union bureaucracy and on overseas support. But it does succeed in keeping going as a daily even with very limited finances. Hence the trade unions certainly have the resources that could back an effective daily, and so could the Labour Party.

To make that choice they just need to grit their teeth and recognise that the advertising payments to the corrupt media are subsidies paid by capital to these loss-making outlets for the sake of a loyal political voice. Hence the labour movement needs to raise equivalent funds to create its own political voice.

It also needs to abandon the bureaucratic controls which make the far-left press (*Socialist Worker*, *The Socialist* and so on), as much as the *Morning Star* and the existing trade union house journals, grey and uninspiring.

The underlying question is one

of choice. Do we want a working class party which is capable of acting independently of capital and of capital's media, or just one which 'represents' the working class within the framework of capitalist veto powers over what may be said?

Labour under Tony Blair was the latter. It was not a purely capitalist party, and Gordon Brown's policy as chancellor was in a limited way redistributive in favour of the poor. The fact that New Labour still remained Labour was reflected in Brown's ousting of Blair, in Ed Miliband's defeat of his brother, David, and most recently in Jeremy Corbyn's victory.

But Labour under Corbyn is not yet a fully independent working class party: not just because of the strong presence of the right in the Parliamentary Labour Party and the apparatus; nor just because of the continued existence of bans and proscriptions under rule 2 (5) and of witch-hunting; but also (among other reasons) precisely because Labour lacks the means of going outside and against the dictatorship of the capitalist class, operated - at a very immediate level - through the corrupt media.

We need a party which has more radical aims than even the Labour left; and to such a party it would be obvious that it needed to promote independent working class media ●

mike.macnair@weeklyworker.co.uk

## Notes

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Sadiq Khan: ahead

## REFERENDUM

# The in-out kabuki dance

James Marshall of Labour Party Marxists says a passive boycott is not as good as an active boycott. But it is far better than participating in Stronger in Europe

Even before it officially begins, a floodtide of hyperbole has been generated by the stay-leave Euro referendum campaign.

HM government's £9 million pamphlet ominously warns that an 'out' vote will "create years of uncertainty".<sup>1</sup> Building upon the doomsday scenario, the cross-party Britain Stronger in Europe implies that three million jobs could be lost.<sup>2</sup> For its part, Another Europe is Possible, a typical soft-left lash-up, is convinced that "walking away from the EU would boost rightwing movements and parties like Ukip and hurt ordinary people in Britain".<sup>3</sup> Similarly, Mark Carney, Bank of England governor, maintains that a Brexit will put the country's vital financial sector at "risk".<sup>4</sup> As for Maurice Obstfeld, the International Monetary Fund's chief economist, his widely reported claim is that a leave vote will do "severe regional and global damage by disrupting established trading relationships".<sup>5</sup>

For its part, Vote Leave trades on the politics of a backward-looking hope. It wants Britain to "regain control over things like trade, tax, economic regulation, energy and food bills, migration, crime and civil liberties".<sup>6</sup> Same with the other 'leave' campaigns. Recommending the UK Independence Party's Grassroots Go campaign, Nigel Farage says that voters have a "once-in-a-lifetime chance to break free from the European Union".<sup>7</sup> In exactly the same spirit Get Britain Out seeks to "bring back UK democracy".<sup>8</sup> Not to be left out the *Morning Star* patriotically rejects the "EU superstate project" and likewise seeks the restoration of Britain's "democracy".<sup>9</sup>

Hence both sides claim that some existential choice is about to be made. Yet, frankly, unlike crucial questions such as Trident renewal, climate change, Syrian refugees and Labour Party rule changes, the whole referendum debate lacks any real substance.

It is not just the likes of me who think it is all smoke and mirrors. Writing an opinion piece in the *Financial Times*, Andrew Moravcsik, professor of politics at Princeton, convincingly argues that, regardless of the result on June 23, "under no circumstances will Britain leave Europe".<sup>10</sup>

The learned professor equates the whole referendum exercise with a "long kabuki drama". Kabuki - the classical Japanese dance-drama known for its illusions, masks and striking make-up - nowadays serves as synonym used by American journalists for elaborate, but essentially empty posturing. Despite the appearance of fundamental conflict or an uncertain outcome, with kabuki politics the end result is, in fact, already known. Eg, surely, no intelligent US citizen can really believe that a president Donald Trump would actually build his 2,000-mile border wall, let alone succeed in getting the Mexican government to cover the estimated \$8 billion price tag.<sup>11</sup>

With Vote Leave, kabuki politics has surely been taken to a new level of cynicism. Formally headed by Labour's useful idiot, Gisela Stuart, and incorporating mavericks such as David Owen, Frank Field and Douglass Carswell, Vote Leave crucially unites Tory heavyweights, such as Michael Gove, Boris Johnson, Iain Duncan Smith, Liam Fox, Andrea Leadsom, Priti Patel and Dominic Raab. Yet, needless to say, their ringing declarations calling for British independence, an end to mass European migration and freedom



Utagawa Toyokuni: 'Chushingura' (1894)

from EU bureaucracy have no chance whatsoever of ever being implemented.

## Illusory

Britain's second Europe referendum, in point of fact, closely maps the first. Harold Wilson's June 1975 referendum was staged not because he was unhappy with the European Economic Community. No, it was a "ploy" dictated largely by "domestic politics".<sup>12</sup> Ted Heath oversaw Britain's EEC entry in 1973, having won a clear parliamentary majority. Nevertheless, Labour could gain additional general election votes by promising a "fundamental renegotiation" of Britain's terms of membership ... to be followed by a popular referendum.

Wilson also wanted to show Labour's Europhobes - ie, Tony Benn, Barbara Castle and Michael Foot - who was boss (he did so thanks to the *Mirror*, the BBC and big business finance). On June 5 1975, 67% voted 'yes' and a mere 33% voted 'no' to Britain's continued membership. Despite that overwhelming mandate, given the abundant promises that joining the EEC would bring substantial material benefits, it is hardly surprising that Europe became a "scapegoat for economic malaise": the 1974-79 Labour government could do nothing to reverse Britain's relative economic decline.<sup>13</sup>

The illusory nature of Britain's second Euro referendum is no less obvious. The European Union Referendum Act (2015) had nothing to do with David Cameron having some grand plan for a British geopolitical reorientation. By calculation, if not conviction, Cameron is a soft Europhile. And, despite tough talk of negotiating "fundamental, far-reaching change" and gaining a "special status" for Britain, just like Harold Wilson, he came back from Brussels with precious little. Apart from two minor adjustments - a reduction in non-resident child benefits, which Germany too favoured, and a temporary cut in tax credits - what Cameron secured was purely symbolic (ie, the agreement that Britain did not necessarily favour "ever closer union").

Transparently Cameron never had any intention of Britain leaving the EU. His commitment to holding a referendum was dictated solely by domestic considerations - above all, him remaining as prime minister. By holding out the promise of a

referendum, Cameron - together with his close advisors - figured he could harness popular dissatisfaction with the EU - not least as generated by the rightwing press. Moreover, in terms of party politics, Ed Miliband could be wrong-footed, Tory Europhobes conciliated and Ukip checked.

However, Cameron's expectation was that he would never have to deliver. Most pundits predicted a continuation of the Conservative-Liberal Democrat coalition after the 2015 general election. With Nick Clegg, Vince Cable and Danny Alexander still sitting around the cabinet table, there would be no referendum. They would have blocked such a proposal with threats of resignation. Yet, as we all know, despite the opinion polls, the Tories secured a narrow House of Commons majority. So Cameron was lumbered with his referendum.

At this moment in time, the two camps are running neck and neck: a recent *Telegraph* poll of polls has 51% for 'stay' and 49% for 'leave'.<sup>14</sup> Despite that, probably, the status quo will ultimately triumph. Backing from big business, international institutions, celebrity endorsements ... and fear of the unknown will swing popular opinion. Nevertheless, establishment critics are undoubtedly right: Cameron is gambling on an often fickle electorate. Referendums can go horribly awry for those who stage them, especially when issues such as austerity, tax avoidance, mass migration and international terrorism are included in the mix.

Yet, as Andrew Moravcsik stresses, the danger of losing would be a genuine worry for the ruling class "if the referendum really mattered". But it is highly "unlikely" that there will be a Brexit, even if a majority votes to leave on June 23. Sure, David Cameron would step down - but not to be replaced by Nigel Farage. There will still be a Tory government. It could be headed by Boris Johnson, Theresa May, George Osborne or some less likely contender. The chances are, therefore, that a reshuffled cabinet would do just what other EU members - Denmark, France, Ireland and Holland - have done after a referendum has gone the wrong way. It would negotiate "a new agreement, nearly identical to the old one, disguise it in opaque language and ratify it".<sup>15</sup> Amid the post-referendum shock and awe, the people would be scared, fooled

or bribed into acquiescence.

Boris Johnson has already given the game away. He is now using the standard 'leave' rhetoric: eg, the sunlight of freedom, breaking out of the EU jail, a once-in-a-generation opportunity to "take back control over our borders and control over our democracy".<sup>16</sup> But he readily admits that his support for Brexit only came after Cameron's final EU deal failed to include his proposed wording enshrining British "parliamentary sovereignty". Just the kind of meaningless drivel that could easily be conceded in future negotiations and be successfully put to a second referendum - an idea originally mooted by former Tory leader Michael Howard. Naturally, Cameron dismisses the second referendum option. He is in no position to do otherwise. But if Johnson were to become prime minister we know exactly what to expect. He would seek an EU agreement to a highfalutin phrase that he could sell to the British electorate.

So what the referendum boils down to is an internal power struggle in the Conservative Party. Eg, Theresa May decided, eventually, to stay loyal because she reckoned that this was the best way to fulfil her ambition of replacing Cameron; and Boris Johnson went rebel, at the last minute, in an attempt to achieve exactly the same objective.

Under these circumstances Jeremy Corbyn and John McDonnell appear to have adopted tactics that amount to a passive boycott. An active boycott that exposes the whole referendum charade would be far better. But even a passive boycott is far better than campaigning alongside Tories, Lib Dems, the Greens, Scottish National Party, etc, under the Britain Stronger in Europe umbrella. In Scotland the Better Together led to electoral disaster for Labour and there is every reason not to repeat such a popular-front exercise today. Understandably, Corbyn and McDonnell have no wish to rescue Cameron from the hole that he has dug himself into.

Hence the urgent call from the Blairite right - former shadow Europe minister Emma Reynolds, along with Chris Leslie, Ben Bradshaw and Adrian Bailey - for Corbyn to play a "bigger role" in the 'stay' campaign. They berate him for failing to recognise that the "fate of the country" lies not only in the hands of the prime minister, but the

leader of the Labour Party too.<sup>17</sup>

Obviously, utter nonsense. True, in the event of a 'leave' vote, the remaining 27 EU members might prove unwilling to go along with the new Tory PM. Frustrated by perfidious Albion, maybe they will insist on immediate exit negotiations. Not further rounds of renegotiation. Even then Britain will not really leave the EU though. It is surely too important a country to shut out - in terms of gross domestic product Britain still ranks as the world's fifth largest economy. Yes, it might have to settle for the status of an oversized Switzerland. To access the single market the Swiss have no choice but to accept the Schengen agreement, contribute to EU development funds and abide by the whole panoply of rules and regulations. The 2014 "popular initiative" against "mass immigration" into Switzerland is bound to be overturned.

However, a Britain-into-Switzerland outcome is extremely unlikely. The whole architecture of the US-dominated world order dictates that in terms of the immediate future Britain will continue to play its allotted role: blocking Franco-German aspirations of an "ever closer union" that eventually results in a United States of Europe. Washington will quietly bend both Brussels and Westminster to its will. Britain is therefore surely ordained to stay in the EU because of the hard realities of global politics ●

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## PANAMA PAPERS

# Close down offshore

Transnational companies and the super-rich routinely get away with not paying taxes. But, writes Michael Roberts, something can be done about it

The Panama papers contain 11.5 million confidential documents that provide detailed information about more than 214,000 offshore companies listed by the Panamanian corporate service provider, Mossack Fonseca, including the identities of their shareholders and directors. An anonymous source made the documents available to the German newspaper *Süddeutsche Zeitung*, beginning in early 2015.

Law firms generally play a central role in offshore financial operations and Mossack Fonseca is one of the biggest in the business. Its services to its clients include incorporating and operating shell companies in friendly jurisdictions on their behalf. They can include creating complex 'shell company' structures that, while legal, also allow the firm's clients to operate behind an often impenetrable wall of secrecy. The leaked papers detail some of their intricate, multi-level and multinational corporate structures. Mossack Fonseca has acted on behalf of more than 300,000 companies - most of them registered in financial centres which are British overseas territories. The firm works with the world's biggest financial institutions, including Deutsche Bank, SBC, Société Générale, Credit Suisse, UBS, Commerzbank and Nordea.

The documents show how wealthy individuals, including public officials, hide their money from scrutiny. The papers identified five government leaders from Argentina, Iceland, Saudi Arabia, Ukraine and the United Arab Emirates, as well as government officials, relatives and associates of various heads of government of more than 40 other countries. The British Virgin Islands is home to half of the companies.

Reporters found that some of the shell companies may have been used for illegal purposes, including fraud, drug trafficking and tax evasion. Igor Angelini, head of Europol's Financial Intelligence Group, recently said that the companies used for this purpose also "play an important role in large-scale money laundering activities" and corruption: they are often a means to "transfer bribe money". The Tax Justice Network has called Panama one of the oldest and best-known tax havens in the Americas, and "the recipient of drugs money from Latin America, plus ample other sources of dirty money from the US and elsewhere".

The most shocking thing about the Panama papers is not the criminality and drug laundering, but that it is legal. It is legal in most countries to set up an 'offshore' account for a company or trust, as long as the directors are not resident in the country where taxes should be paid. The company may be subject to local taxes, but these are minimal or non-existent. So if you run a fund and it is registered in Panama or Luxembourg and all the revenues go into that company if they were earned in the country of origin, no tax is paid at home. Of course, if you take the money out and put it in your home bank account, you are supposedly then liable to tax. But it can stay 'offshore' until you retire abroad, or you can use it to buy property or diamonds abroad. The British overseas territories like the Virgin Islands or Jersey operate for these purposes and are the main source of revenue for these islands. In the US, Americans can set up an 'offshore company' in Delaware or other states like Nevada - they do not



Fred Leavitt: 'Greed for sale'

even need to go to Panama.

Two-thirds of the purchases were made by companies registered in four British overseas territories and crown dependencies, which operate as tax havens - Jersey, Guernsey, the Isle of Man and the British Virgin Islands. British overseas territories play an important part in the role that British imperialism has developed as the global financial centre and conduit for international capital flows. These old colonies in the Caribbean were 'encouraged' to develop a financial services industry, by allowing the former colonies to benefit from tax treaties with the UK (and thereby access to the global financial system), while making their own arrangements regarding the local taxation of offshore shell companies.<sup>1</sup>

### Three ways

As I have pointed out before, large global corporations with many operations can switch their tax liability around the world to find the lowest tax liability through special companies set up in the so-called tax havens of the Cayman Islands, Channel Islands, Luxembourg and secret jurisdictions like the City of London itself. Barclays alone has 30-plus such 'shell companies' to avoid tax. In his devastating 2012 book,<sup>2</sup> Nicholas Shaxson exposes the workings of all these global tax avoidance schemes for the big corporations and how governments connive in it or allow it.

There are three ways that somebody (person or corporation) can reduce their tax or pay none at all. They can lie about their earnings (tax evasion); they can employ batteries of accountants to come up with schemes that are designed for no other purpose but to avoid paying tax (tax avoidance); or they can simply refuse to pay (tax compliance).

One of the most notorious cases of refusing to pay tax that is due under the law has been that of the global mobile telephone corporation, Vodafone. It owed the UK government £6 billion because it had salted away profits in a subsidiary, registered in Luxembourg, purely to avoid paying UK taxes. The law was clear. The UK government pursued the company for the money, but at the last minute a secret deal was struck whereby it paid just £1.2 billion - £800 million now and the rest over five years. The reason given for the deal - when it was exposed - was that it was a "good cash settlement". But that is only because Vodafone was fighting every inch of the way through the courts.

which financial and political elites in the north and the south conceal their assets. There is still a complete lack of transparency, as far as private assets held in tax havens are concerned. In many areas of the world, the biggest fortunes have continued to grow since 2008 much more quickly than the size of the economy, partly because they pay less tax than the others.

In the US, few big companies actually pay the official 35% corporate tax rate. Profits are up 21% since 2007, while corporate America's total tax bill has dropped 5%. American corporations are making billions in record profits, but 60 of the nation's largest companies are parking 40% of their profits offshore in an effort to escape US taxes, according to the *Wall Street Journal*.<sup>4</sup> In president Obama's last budget for 2016, he proposes to stick a "transition toll charge" of 14% on the more than \$2 trillion in corporate earnings parked overseas. The proposed one-time tax is aimed at just one of the various loopholes and manoeuvres that domestic businesses use to offshore their profits, beyond the reach of Internal Revenue Service.

The best known trick is so-called 'tax inversions': US companies can move their headquarters abroad, while keeping executives stateside, thus scoring government contracts and taking full advantage of public benefits for employees. And guess where 'inversions' were first started? Panama! Tax inversion was pioneered in 1983, when the construction company, McDermott International, changed its address to Panama to avoid paying more than \$200 million in taxes.

Inversions are not the only way to dodge the taxman. Foreign profits are not taxed until they are 'repatriated', so companies can hoard earnings in subsidiaries or divisions abroad. Between 2008 and 2013, American firms held more than \$2.1 trillion in profits overseas - that is as much as \$500 billion in unpaid taxes.

Piketty's economic colleague, Gabriel Zucman, recently published a book showing that \$7.6 trillion in assets were being held in offshore tax havens, equivalent to 8% of all financial assets in the world.<sup>5</sup> In the past five years, the amount of wealth in tax havens has increased over 25%. There has never been as much money held offshore as there is today.

### Falling profits

Apart from greed, there is a very good economic reason for a tax system that benefits corporations and the rich, and hits the average family and the poor. An increasing share of profits in the US capitalist system is coming from overseas and from the financial sector. This has arisen along with the pressure of a falling rate of profit under capitalism.

Rising inequality of incomes and wealth - well documented for most countries in the last 30 years - is not simply a result of greed and cheating on tax. It is the result of increased exploitation of labour by capital. There has been a rising rate of exploitation, along with a huge switch of value into the financial sector, which is owned and controlled by the top 1% - or even just the top 0.1%. The so-called 'neoliberal period' was characterised by holding down wages, globalisation, a reduction in job security and privatisation of public services - all of which boosted the rate of surplus value. So we

entered the world of super-managers, oligarchs and top families, avoiding and evading tax.

Lowering the corporate tax burden has been a big part of counteracting falling profitability of capital in the major economies. Look at the trend in the effective tax rate on US corporations, compared to the effective tax rate on their employees. The effective tax rate is a measure of what is actually paid compared to income, rather than the headline tax rate. Whereas in the 1950s US corporations paid an effective tax rate of around 40-45% of profits (without damaging profitability or economic growth then, by the way) by the 1990s that rate had fallen to 30-35%. In the last decade it dropped further to under 25% and reached an all-time low in 2009 at the depth of the great recession.

The trend is clear: corporations are being taxed less and less to preserve their profitability. In contrast, the effective personal income tax on employees has remained pretty steady at about 35%. Less tax for capitalists and more tax for workers. In his latest budget, UK chancellor George Osborne announced a further cut in corporation tax to a record low for G7 countries of 17% by the end of this current parliament.

While corporations and wealthy individuals pay less tax at home and salt much of their gains in tax havens abroad, the rest of us have had to pay for the loss of these tax revenues. As the effective rate of US corporation tax plunged, income taxes on households were static until the great recession led to unemployment and falling incomes. Median income in the United States is down 8.5% since 2000.

What needs to be done? In the UK, the government should end the tax-haven statuses of the overseas territories. Companies there must pay the same taxes as in the UK. If the poorest in these tiny enclaves suffer loss of income, then the UK government can compensate them. Governments should agree to an international agreement to end tax havens like Panama and impose economic sanctions against them if they will not. Above all, the tax-launderers and avoidance operators must be taken over. We need to take into public ownership and control the major banks and financial institutions that dominate the globe and encourage and provide services for the rich and corrupt elite (as revealed in scandal after scandal).

This would provide not only extra tax revenue to meet the real needs of people in public services and investment: it would also enable banking and finance to be put to use as a public service in providing credit for investment.

Of course, such measures will be vigorously opposed by most current governments and their rich backers and ignored by most left opposition movements. But without such measures the Panama story will continue ●

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## MOSSACK FONSECA



Available to drug barons, tax dodgers and prime ministers

# Panama and how we are ruled

Tax havens are an integral part of modern neoliberal capitalism, argues Yasmine Mather

Last week the initial reports about the Panama papers and the million of files from the database of one of the world's most important offshore law firms, Mossack Fonseca, were released. It is sometimes referred to as a family trust, but seems to specialise in money-laundering by 'third world' leaders who used the good offices of this 'reputable' firm to hide their own financial activities.

Twelve current national leaders, 60 past heads of state and another 70 senior politicians from around the world are named in the documents. They include Nawaz Sharif, Pakistan's prime minister; Ayad Allawi, ex-interim prime minister and former vice-president of Iraq; Petro Poroshenko, president of Ukraine; and Alaa Mubarak, son of Egypt's former president.

Of course, as the week progressed, it became clear that this is only part of a much bigger story: some 215,000 firms are named in the terabytes of data released by the leak. For all the talk of 'civil society' and 'law-centred democracy' in the west, it should be evident to anyone examining these documents that behind such terms lies a web of deceit, covering up semi-legal operations, such as the use of 'judicial arbitrage' (the exploitation of loopholes in tax law, playing one country's tax regimes off against another and concealing transactions in 'secrecy jurisdictions').

The revelations confirm that both senior politicians and owners of capital throughout the world, both amongst so-called pro-western democracies and 'third world' dictatorships, use major legal, accounting and finance companies to hide their wealth; and that in all these countries there is one law for the rich and powerful and another for ordinary people. In this respect the money laundering by rulers of Iran, North Korea, Zimbabwe and Russia share many features, not to mention a particular law firm, with the tax-dodging trust funds of the Icelandic prime minister or David

Cameron's father. They are given a helping hand by transnational, London-based accountancy firms, including KPMG, Ernst and Young, Deloitte, and banks such as HSBC, Credit Suisse and the Royal Bank of Scotland.

The current revelations are only the tip of the iceberg when it comes to offshore funds. The US National Bureau of Economic Research claims that roughly 15% of the countries in the world are tax havens. Transnational companies have numerous ways of reducing their tax payments and at any given time they use several types of tax haven.

Primary tax havens, such as Panama, are where subsidiary 'shell' companies are registered. These companies are entitled to collect profits from the given corporation's intellectual property through the transfer of funds from the parent company. Semi-tax havens, such as the Netherlands, are countries where 'flexible regulations' allow for the production of goods for sale mainly outside their own borders and such regulations - free trade zones, territorial-only taxation, and similar inducements - are sold as a means of encouraging job growth. Finally conduit tax havens, such as Luxemburg, are where income from sales is collected. They pay back money to the primary tax havens and in this way match outflow to income. They do not hold any capital and as a result of this their role remains invisible.

### Sanctions

So let us not be sanctimonious about the kinds of wealth hidden away in offshore accounts. For example, money gained as a result of the sanctions imposed on Iran by the United States because of its alleged military nuclear programmes (while ignoring similar programmes in Israel) is not less legitimate than the funds hidden by Blairmore Holdings. The media's attempts to make such a distinction in relation to the Panama papers has already backfired - as far as

most people are concerned, avoiding the payment of taxes by corporations and wealthy individuals is completely unacceptable, especially at a time when governments are imposing stringent austerity measures, which adversely impact upon the most vulnerable sections of society.

Historically, economic sanctions have a poor track record and the recent leaks confirm the role of western legal firms in allowing the rich and the powerful - indeed the very same people who are supposed to be targeted - to benefit from them. The leaders of other imperialist and advanced capitalist countries basically follow the US lead when it comes to imposing them. At times, sanctions have acted simply as a form of trade barrier (in contrast to the claims of those who champion free trade) and the targets are invariably countries who dare diss the United States.

However, no-one should have any illusions about these 'third world' dictatorial regimes, or the 22 individuals currently on sanctions blacklists drawn up by the US and the EU, and named as individuals connected to companies managed by Mossack Fonseca. Some were directors of such companies, while others were shareholders or beneficiaries, but they faced sanctions because the current or previous administrations in the United States sought to punish them for their political stance. Of course, this does not mean we should defend their respective idiotic positions (from Vladimir Putin's stance on the Crimea to Mahmoud Ahmadinejad's exaggerations about Iran's nuclear capability), but the fact that the Saudi royal family, the leaders of Persian Gulf countries and Turkey - all facing serious accusations of human rights abuse, as well as charges of backing Islamic State - are not facing any sanctions, shows their arbitrary nature.

Mossack Fonseca's clients include Russians close to Putin, a cousin of Syria's Bashar al-Assad, as well

as those associated with nuclear programmes in North Korea and Iran. The 'targeted sanctions' were supposed to stop dealings with individuals who may have supported a particular regime, or companies in key industries such as arms, oil and gas. Clearly that was not the case.

International lawyers tell us the world of economic sanctions is a complicated one. The Mossack Fonseca network could go where the USA's own 'tax havens' in Nevada and Wyoming could not - as far as these states were concerned, US sanctions on Iran, North Korea, Syria and Russia applied, but that was not the case in Panama. In the British Virgin Islands, European Union sanctions apply, but once again not in Panama. In the Seychelles, only UN sanctions apply. So it is possible to move funds from one place to another and no-one would be any the wiser.

Now in the west most people have forgotten about Ahmadinejad, but the Iranian people, who are still paying the price as a result of the sanctions imposed because of his nuclear programme, have not forgotten his time in power - especially now that he is embarking on a political comeback. Ahmadinejad was the candidate who claimed during his first presidential campaign to be a man of the people. He wore a simple sports jacket and promised to represent the poor and disinherited, so it is ironic that he ended up as a client of Mossack Fonseca, along with the very well connected (and 'well inherited') David Cameron, the son of stockbroker Ian!

Mossack Fonseca told *The Guardian*:

We have never knowingly allowed the use of our companies by individuals having any relationship with North Korea, Zimbabwe, Syria, and other countries or individuals sanctioned by the United States or European Union. Once these types of situations are identified, we routinely discontinue the provision of our services.

However, the leaked documents tell a different story. In some aspects they are very clear when it comes to Iran's ex-president Ahmadinejad. Mossack Fonseca acted for an Iranian state oil company, Petropars, which was blacklisted by the US, but registered in the British Virgin Islands. The Panamanian law firm also serviced another Iranian outfit called Petrocom. Leaked emails suggested that in the case of both companies the ultimate owner was ... Mahmoud Ahmadinejad.

In fact, according to documents presented to an anti-corruption court in Iran in March 2016, Ahmadinejad was the owner of a number of companies involved in money-laundering. His ally and co-conspirator was an Iranian entrepreneur, Babak Zanjani, who is currently facing the death penalty for tax fraud. Zanjani worked closely with Ahmadinejad during his presidency and it is alleged they pocketed considerable profits from sanctions-busting activities. In fact the current government under president Hassan Rouhani has claimed that corruption and the payment of illegal commissions thrived under Ahmadinejad's rule - Iranian media have put the sums involved as high as \$13.5 billion.

### International examples

Let us look country by country at some of the date released so far from the millions of leaked documents.

**Australia:** The leaked documents include 120 people linked to an associate offshore provider in Hong Kong. Amongst them is Philip de Figueiredo, partner at an accounting firm based in the Channel Islands, who was jailed for two years for running what amounted to a massive tax evasion scheme. Another partner, Philip Eglishaw, is under investigation - Interpol had issued an arrest warrant for him before the leak



- and the Panama papers list him as a facilitator.

**Azerbaijan:** The family of that political maverick, president Ilham Aliyev, who was 'elected' in 2003, when he took over from his father, clearly owns a major offshore empire. The leaked documents show that, in the summer of 2003, the then tax minister, Fazil Mammadov, set up a company called AtaHolding, which has since become a major conglomerate. While Mammadov remains a major beneficiary, the Aliyev family are also involved. AtaHolding has interests in Azerbaijan's banking, telecommunications, construction, mining, oil and gas industries. According to corporate data it filed in 2014, it held over \$490 million in assets. This wealth includes banking, telecoms, goldmines and London mansions.

Also among the Panama Papers is a firm called Exaltation Ltd. It belongs to President Aliyev's daughters, Leyla and Arzu. Exaltation was set up in 2015 specifically to buy and manage UK properties. Another firm of solicitors, Child and Child, which has offices in Knightsbridge, registered it, falsely claiming the two sisters had no political connections.

**Iceland:** The prime minister, Sigmundur Davíð Gunnlaugsson, and his wife, Anna Sigurlaug Pálsdóttir, owned a company registered in the British Virgin Islands, Wintris Inc. This was set up in 2007 with one aim: hiding Pálsdóttir's shares gained from the sale of her father's car business. In 2009, while he was a backbench MP, Gunnlaugsson sold his 50% stake in the company to his wife for a symbolic \$1. Both in 2009 and 2013, when he became prime minister for the centre-right Progressive Party, he failed to declare his offshore firm.

The people of Iceland have, of course, suffered from successive devastating economic crises. In 2008 the country faced economic meltdown as a direct result of the recklessness of bankers and businessmen - who, ironically, had used offshore companies to conceal their dealings in high-risk financial products.

**Argentina:** The country's recently elected rightwing president, Mauricio Macri, is linked to an offshore company based in the Bahamas in the years between 1998 and 2009. However, on two occasions - first when he became mayor of Buenos Aires in 2007 and then in 2015, when he campaigned to become Argentina's president - he should have listed the company in his declaration of interests. He failed to do so.

This is of particular interest regarding the 2015 presidential election campaign, which Macri contested on a platform of opposition to political sleaze. Prosecutor Federico Delgado, speaking this week ahead of an inquiry, said he wanted to determine if Mr Macri had "omitted with malicious intent" mention of his reported role in the Bahamas-registered offshore company, Fleg Trading. Argentina's national tax authority and anti-corruption office have been asked to provide information to the inquiry.

**Iraq:** Patrick Cockburn, writing in *The Independent* on April 8, refers to massive corruption in Iraq after the ill-fated occupation of the country. He describes how the billions of dollars of international aid pocketed by its Shia rulers were held in accounts in Arab and international banks. He adds:

There is no obvious link between the revelations in the Panama papers, the rise of Islamic State and the wars tearing apart at least nine countries in the Middle East and North Africa. But these three developments are intimately connected, as ruling elites, who syphon off wealth into tax havens and foreign property, lose political credibility. No ordinary Afghans, Iraqis and Syrians will fight and die

for rulers they detest as swindlers. Crucial to the rise of Isis, al Qaeda and the Taliban in Iraq, Syria and Afghanistan is not their own strength and popularity, but the weakness and unpopularity of the governments to which they are opposed.

The danger of citing extreme examples of corruption from exotic and war-ravaged countries like Iraq, Afghanistan and Syria is that these may sound like events happening on another planet. But the political and economic systems in Iraq and Afghanistan were devised under the tutelage of the US and allies like Britain. They were proponents of free-market economics which in the west may increase inequality and benefit the wealthy, but in Kabul and Baghdad were a licence to steal by anybody with power.

## Cameron

In this issue of the *Weekly Worker* Michael Roberts deals with the fallout in the UK following the leaks from Panama. However, the question remains, why did so many rich British individuals and companies place money in such a distant tax haven in the first place? Why not invest somewhere nearer home, like Monaco or Luxemburg? Mainly because those involved would have had to reside in those countries and taking up residence in Monaco would not go down well with the electorate. But also, when it comes to politicians and public figures, the main concern is hiding one's wealth in remote locations.

Obviously there is widespread anger about Cameron's family connections with Panama. His administrations have imposed austerity on ordinary citizens, claiming that the deficit in the country's balance of payments is a major reason for such policies. Yet, as everyone knows, every year tax avoidance costs the treasury billions of pounds. And, while the Conservative government tells us that reducing benefits for the disabled is an unfortunate but necessary measure to balance the books, the prime minister's own family has been involved in tax avoidance schemes.

In addition, now that doubts have been raised about one of his father's accounts, no-one believes this is the end of the story. Cameron's denials have done little to appease ordinary people. According to Downing Street, in 2011 the British prime minister received a gift of £200,000 from his mother. But we do not know where this money came from. Was it previously held in Blairmore Holdings or in other offshore accounts?

There is also some doubt over 'offshore discretionary trusts', sometimes referred to as family trusts. These are trusts where the beneficiaries and/or their entitlements to the trust fund are not fixed, but determined by the criteria set out in the trust instrument. One of their advantages is that they allow the trustees considerable flexibility when it comes to changes in circumstances (and, in particular, changes in revenue laws). Of course, it gets even more complicated if you are part of the government proposing and overseeing such legislation.

There is another reason why people are angry. More than a week after the revelations, it appears that the only concern of sections of the media is the speed with which the prime minister dealt with the issue. We are told his initial comment that this was a private matter, and then the 'drip by drip' admissions, amounted to a 'public relations disaster'. In fact in his statement to parliament on April 11, Cameron's *only* apology was over the way he dealt with the revelations about his father's account. The reality is that the way he dealt with the issue is only relevant in that it demonstrated his wish not to reveal the details of his connection to offshore accounts, despite the fact that the leaked papers had shown the link to the Panama-based firm.

In that respect the British prime minister is no better than Putin or Ahmadinejad, who also deny any wrongdoing. No-one in their right mind - in Russia, Iran or the UK - will accept such denials.

And, as far as Mossack Fonseca is concerned, there is no sign of admitting to any wrongdoing either. "We are not involved in managing our clients' companies," it said in a statement. "Excluding the professional fees we earn, we do not take possession or custody of clients' money, or have anything to do with any of the direct financial aspects related to operating their businesses." They only admit to one 'illegal' episode - the leaking of the documents!

Sections of the media are heralding all this as a victory for press freedom. And they claim that new regulations promised by the European Union and other international organisations will reduce the ability of the rich to hide their income in offshore accounts. However, the reality is that tax havens exist with the collusion of the major imperialist powers and are an integral part of modern neoliberal capitalism ●

yassamine.mather@weeklyworker.co.uk

## Fighting fund Ups and downs

Not a good week for our fighting fund, I'm afraid - just a couple of donations on top of the usual standing orders. One of them - a handy £50 cheque from JF - was particularly welcome, while the £10 PayPal contribution from KL (one of 2,965 internet readers last week) was also appreciated.

Together with standing orders - six regular gifts ranging from £5 to £25 - they gave us £155 to add to our running total for April, which now stands at £520. But that is well below where we need to be if we are to reach our £1,750 target by the end of the month - according to my calculations we should be on £758 by now if the flow of donations came in at an even pace. But, of course, things don't work out like that - there

are ups and downs. And I just hope that this week has been a particularly bad 'down'. Anyone like to help allay my fears?

How about following the example of JF? His letter accompanying his cheque contained this gem: "You must be fed up of people saying, 'Keep up the good work', so I'll just let this cheque speak for itself!" It has, comrade, it has. Mind you, I don't object at all if readers tell us what it is they like (and even what they don't like) about the *Weekly Worker*. Constructive criticism is always useful. ●

Robbie Rix

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## ITALY

# Renzi in the firing line

Scandals reminiscent of the Berlusconi era have put the prime minister under sustained pressure, writes Toby Abse

The resignation of Federica Guidi - for two years the minister of economic development in the Partito Democratico-led coalition government of Matteo Renzi - has created a major political crisis. Guidi was forced to quit as a result of intercepted phone calls to her fiancé, Gianluca Gemelli, in which she revealed privileged information about changes in the law of immediate benefit to his business interests. These related to an amendment which would have speeded up oil supplies through bypassing environmental regulations.

Renzi initially assumed that forcing Guidi's abrupt resignation in time for the main evening news bulletin on the principal state television channel on March 31, and presenting it as a momentary personal weakness of a woman excessively attached to her partner, would lance the boil.<sup>1</sup> This assumption was probably incorrect in terms of day-to-day politics, even if the failure of the opposition parties to unite behind a *single* motion of no confidence in the entire government<sup>2</sup> means that it is unlikely that Renzi will be defeated in the Senate, where his majority is wafer-thin and now frequently dependent on Denis Verdini's highly dubious group of recent defectors from Forza Italia.

Perhaps more significantly, however, the Guidi scandal exposes the class nature of this government - even to those who failed to acknowledge the viciously anti-working class and anti-trade union character of Renzi's appalling Jobs Act, which eroded most of the remaining gains of the Workers' Statute of 1970. It was a clumsily concealed front for Confindustria (the Italian CBI) in general and the oil companies in particular.

Federica Guidi should never have been appointed as a minister - especially in what is supposedly a left-of-centre government - and a case could be made that the conflict of interests between her own business career and her government post should have ruled her out even in a mainstream bourgeois government that took such matters seriously. The Renzi version of the story - seeing Guidi's behaviour as some love-struck moment of madness - is preposterous. This woman had a long business career behind her before her appointment - a career far more impressive in terms of both financial expertise and political skills than that of her fiancé.

Guidi is the daughter of a former vice-president of Confindustria, Gualberto Guidi, and eventually became managing director of the family business, Ducati Energia. In 2002-05 she was president of the Young Entrepreneurs of Emilia-Romagna, as well as Vice-President of the region's Entrepreneurs. In 2005 she rose to become national vice-president of the Young Entrepreneurs of Confindustria and by 2008 she was president. In 2008-11, she, like her father before her, served a term as vice-president of Confindustria, which must have greatly increased her range of associates amongst Italian business people, although her spectacular earlier career in the organisation had already demonstrated considerable networking skills.

In February 2014 she was nominated minister of economic development by Renzi. Whilst some readers may remember the stress Renzi placed on gender balance in forming his government,<sup>3</sup> given that Guidi is not and never has been



**Federica Guidi: making a quick call**

a member of the PD or any of its predecessor parties, and thus Renzi could have been under no political obligation to her, it is impossible to believe that he needed to appoint such a blatant embodiment of capital to such a key economic post. Moreover, somebody with a background in the energy sector was highly unlikely to be impartial in apportioning any government contracts in spheres linked to it, given Ducati Energia's longstanding dealings with ENI, the prime Italian corporation in the oil and gas industries - and even less likely to show the slightest sympathy for any environmentalists or local authorities that cut across the interests of the large oil and gas companies.

Whilst Renzi was clearly embarrassed by Guidi's leakage of confidential information to Gemelli - and his immediate transmission of this to the French-dominated Total oil company, from whom Gemelli obtained a lucrative €2.5 million subcontract in exchange for services rendered - the embarrassment seems largely a product of Guidi's recklessness in using the telephone. Renzi himself would have learnt from the wiretaps that helped to undermine Berlusconi that some matters are best spoken face to face.

Moreover, Renzi, as newly elected secretary of the PD, had been determined to undermine his predecessor, Enrico Letta, by any means available. He had joined in the calls for the resignation of the latter's justice minister, Annamaria Cancellieri, when she was found to have made compromising calls to her longstanding friends in the Ligresti family, when they found themselves facing criminal charges for the second time in two decades. The similarity of the two cases did not escape Renzi nor did the retrospective political capital he could make by pointing out that

Cancellieri never resigned, whereas he himself quickly put an end to Guidi's political career.

## Scandal

However, when it came to the substance of the now notorious amendment, neither Renzi nor his *de facto* deputy prime minister, Maria Elena Boschi, have shown the slightest regret. Boschi, who is supposed to check all amendments to laws submitted to parliament, has said she would gladly sign it off again tomorrow, whilst Renzi has stressed how important it allegedly is in terms of job creation.<sup>4</sup>

The substantive matters at the heart of the scandal are: drilling for oil in Basilicata; the construction of an oil pipeline from Basilicata to the Puglian port of Taranto; some extension of Taranto's docks to accommodate oil tankers; the creation of a new oil refinery at Taranto; and - centrally - the evasion of environmental regulations for the disposal of toxic waste products created by all this in Basilicata. As I pointed out in an earlier article about the Taranto steel works,<sup>5</sup> the unfortunate city has already been subjected to environmental devastation, and an abnormal number of tumour cases and early deaths, by unfettered capitalism.

Therefore, it is hardly surprising that the Taranto municipal government and the Puglian regional government have done their utmost to obstruct these schemes, even if the authorities in Basilicata - especially PD regional president Marcello Pittella, whose brother is a major figure in the PD group in the European parliament - are extreme Renzi loyalists, with no concerns about the environmental damage that their constituents will suffer and in all probability have already suffered.

It is this local opposition in Puglia that led Renzi to take a direct personal interest in the matter, showing his determination to override local environmental concerns, just as he has with the opposition of the maverick leftwing mayor of Naples, Luigi De Magistris, to his plans for the site of the Bagnoli steel works. The *Fatto Quotidiano* newspaper, whose investigative journalism has been a thorn in the side of Renzi's government, has suggested that both Total and Shell, along with various British and French diplomats, have lobbied Renzi directly over the oil-related matters in Puglia and Basilicata.<sup>6</sup> However, they have argued that Renzi did not need much persuasion to take a line in favour of the large foreign oil companies.

Incidentally any claim that drilling in the new oilfield will be of benefit to Italy in terms of its energy needs, lessening its dependence on Libyan oil or Russian gas, is totally nonsensical, since the oil is intended for export, not for the Italian domestic market. The affair exposes the sanctimonious hypocrisy of Renzi's claim that Italy is rapidly moving towards clean energy and renewables - a purely propagandist assertion, contradicted by the publicly available statistics - which he repeated during the very American tour whose ending was spoilt when he received the urgent news from Rome about the Guidi wiretap, soon to become public knowledge.

It is, of course, no accident that the PD under Renzi's leadership has taken the position of recommending abstention in the April 17 referendum called on the initiative of a number of regional governments, who want a ban on further drilling within a 12-mile radius of the Italian coast when the current concessions already awarded to the oil companies run out. The PD recommendation for abstention, strenuously opposed by the more principled elements amongst

the party's leftwing minority, is a cynical replica of the tactic frequently adopted by Silvio Berlusconi in the face of referenda, aimed at preventing the 50% minimum quorum of voters from being reached. Renzi is not genuinely uncertain about the question or really of the belief that the issue is too complicated for an uninformed electorate to decide upon; he is merely the willing puppet of the big oil companies. To his intense annoyance the Guidi scandal is likely to increase the turnout and thus the chance of a binding 'yes' vote - the kind of come-uppance that Berlusconi received from the electorate in the referenda of 2011.

Apart from the referendum, the reaction of Renzi and his acolytes to the Guidi scandal is increasingly panic-stricken and vicious, to the point of using *L'Unita* - the former communist daily, which in its revived form has become a dreary public relations agency for Renzi - to defame Roberto Saviano. This distinguished anti-Camorra activist - who has lived under police protection for 10 years - was labelled a "little local mafioso" for daring to cast doubt on Maria Elena Boschi's integrity. The PD's founder and first leader, Walter Veltroni, has condemned the attack on Saviano, but Renzi has not apologised.

Boschi was referred to in the Guidi-Gemelli phone calls by her first name, and she was summoned by investigating magistrates, who interviewed her on April 4. She had already been under pressure because of her role in introducing a law that saved a number of banks at the expense of their small shareholders' life-time savings. Such a law would have made victims of the often elderly, naive investors who had cynically been sold junk bonds by officials from failing banks rooted in small provincial towns, where they faced little competition and enjoyed massive local trust.

On top of this, there were very particular circumstances which added to Boschi's unpopularity. Her own father, Pier Luigi Boschi, had been for years on the board of directors of the Arezzo-based Banca Etruria, one of the four collapsing banks saved by the 'bail-in' law, and was for part of the period when its affairs were going seriously awry the vice-director of the bank. He has twice been amongst bank officials subjected to substantial fines in successive civil actions by the Banca d'Italia and is currently one of those under criminal investigation in connection with the bank's collapse.

It is doubtful whether Renzi's premiership could long survive another resignation, by the most famous of his female ministers, and his desire to protect Boschi at all costs has led him to make public attacks on the Basilican magistrates all too reminiscent of Berlusconi in his pomp ●

## Notes

- Guidi had resisted calls for her departure for some hours with the shamelessness of a Malcolm Rifkind.
- There is one motion from the Movimento Cinque Stelle (Five Star Movement - M5S) and another one from the rightwing bloc of Forza Italia, the Lega Nord and the neo-fascist Fratelli d'Italia.
- See my article, 'New beginning signals further attacks' (*Weekly Worker* February 27 2014).
- In reality it would have created some short-term jobs in drilling and construction, whilst destroying farmers' livelihoods for ever, and probably damaging the tourist industry too.
- 'Exploitation, despoliation, corruption' *Weekly Worker* August 6 2015.
- According to the *Fatto Quotidiano*, the British ambassador has admitted her role, but claimed that it is a normal part of her duties to help British companies in their dealings in Italy.

REVIEW

# Saint of mediocrity

Karl Ove Knausgaard *A man in love* Vintage Books, 2014, pp664, £8.99

Recently a friend gave me *A man in love*, which is the second novel in Karl Ove Knausgaard's saga, *My struggle*. Previously I had been content to formulate a rough criticism, based on my reading of the reviews, without actually getting it from the horse's mouth. But now I was obliged to read the book. This prompted me to attempt a proper critique.

*A man in love* was published to universal applause by the media in 2014. *The Observer* described it as "compelling" and "breath-taking"; *The Spectator's* literary critic hailed it as "my book of the year", whilst *The Independent* said: "... he gives readers impetus to reflect on their lives". Knausgaard's latest novel, *Some rain must fall* (hats off for his titles) has just been published. The fly leaf informs us that it starts with him becoming the youngest ever writer to be admitted to Bergen's prestigious writing academy; only to discover, by his own admission, that his writing is "puerile and clichéd". This drives him into a cycle of heavy drinking; he is in danger of becoming a helpless alcoholic, like his late father (the subject of an earlier novel). Nevertheless his latest novel too is heralded by *The Sunday Times* as the "literary sensation of the decade".

So does Knausgaard stand up to all the hype? He would be the first to admit that he cannot believe his luck; but, although he feels that he is a fraud - a mediocre writer, as he constantly reminds us, who also feels uncomfortable about being a celebrity - he remains at the top of the bestseller list and possibly the highest paid author in Scandinavia. Poor Knausgaard! He is a compulsive writer. He chose *My struggle* for his saga, because he's determined to be compared with his fellow greats, Ibsen and Strindberg (to whom he frequently defers). He believes that this can be achieved as a result of a "Protestant work ethic", if not talent. Furthermore, along with the booze, it is another way to forget he is a fraud.

But, according to the literary establishment, Knausgaard has invented a new genre for the novel called 'life writing'. The notion of truth through fiction is abandoned: ie, a story based on imaginary characters and situations, situated in a specific present or the past, which is fructified via experience, imagination and reflection (and maybe a degree of research). As he says himself, "The truth does not have to be one to one." Yet this is the method which he uses to write most of his books, for which he is acclaimed. He writes in the first person - this is a story about him; every incident is described from his point of view. (Therefore he runs the risk of offending relatives and friends, his future wife - who comes across as a manic-depressive - and not least other public figures, who do not have a chance to tell their side of the story.)

But the danger of causing offence is obfuscated by the fact that "One meaningless day's work follows another". The everyday in all its mundane detail is what he focuses on. Despite being a heavy drinker, he appears to have a prodigious memory. To safeguard himself, he says that some of the bad things he writes about might not be true; and that there are holes in his memory. Moreover he says - and once again, this is part of the narrative - I have never thought about issues which are "only about life, the way it is lived and which are not about philosophy, literature, art or politics". But that is precisely what he does.

He devotes 664 pages to meetings in cafes, drinking alcohol with his mates, parties, cooking (lobster in the shell washed down with champagne is a favourite), falling in love after a bad start, becoming a father ("We are going to have a baby, and so it was"), sharing the household tasks, such as washing up, changing nappies, childcare, holidays, the occasional funeral and shopping, of course. This is a book which starts and ends with the IKEA society.

James Joyce, on the other hand, does the banality of everyday life much better in *Ulysses*; because he makes it transcend itself. Shopping, cooking? Joyce vividly describes the butcher and his trade. When the hero of *Ulysses*, Leopold Bloom, prepares breakfast, Joyce makes sure you can see, hear and smell the pork kidney sizzling in the pan. He even makes Bloom's visit to the outhouse interesting - running to several pages - because he is reading a "titbit" from a newspaper at the same time. Ideas pop out as well! We get inside his mind; we share what he is doing, thinking and feeling! A day in the life of a secular Jew in "dear dirty Dublin"? It is depressing. He is an outsider; he knows that Molly, his wife, is unfaithful, and he has to attend a funeral at 11am ... Then there is the way Joyce plays with language itself. Whereas Knausgaard's language is mostly dull - his treatment of the banality of everyday life never rises above the banal. So much for this 'new' 'life writing' thing!

## Tedium

Knausgaard name-drops the works of Spengler, Marx (only once!), Kierkegaard (of course), Sartre, Bergman, Tarkovsky *et al*; but he never explores the relevance of these thinkers/artists to his own life experience. Once in a while he goes on a shopping expedition to buy erudite books. But he admits that he never reads them and they end up on his bookshelves, which are impressively large (a handy backdrop for his next interview). He starts to talk about the meaning of Tarkovsky's film, *Stalker*, but comes to a stop a few lines later, confessing that he has never got past the opening frames. Whereas he spends several pages describing a scene in a cafe: ordering food, meeting his relatives, dealing with his daughter's tantrum, and so on. As for his politics, he is, at best, a good Swedish social democrat (though he is Norwegian-born). Along the way we learn that, unlike Britain, thanks to decades of reformist governments and a degree of public planning, Swedish flats have communal laundries; but the walls are thin and the neighbours can be a nuisance!

Occasionally there are brief moments of lucidity amongst this morass of tedium: Money commodifies dissimilar things, he says; therefore even our dreams are alike. We live in an undifferentiated world, which leads to indifference: "That's where our night is" (surely it's not that bad!).

Several hundred pages later, he returns to this theme (briefly): "... sameness ... mass production ... uniqueness invalidated". On the other hand, *The Independent's* review of *A man in love* tells us that the author "reflects plenty about himself and his loved ones, but the people we learn most about ... are ourselves"; (a soothing reassurance that if submission to the IKEA society is Knausgaard's default position, it's OK for us too!)

His friend, Geir, a fellow Norwegian, is a humble erstwhile writer. Geir tells him: "You put everything into yourself [including the negative things - those which reveal his lack of self-esteem]. That takes courage." "I don't give a shit about myself," Knausgaard replies. But he does really; because he makes a virtue out of self-deprecation. It is a sly form of narcissism. (Still he does reveal that he has yellow teeth! But, of course, he smokes too much and, despite countless descriptions of prosaic actions, such as opening a beer; taking a shower, he fails to mention cleaning his teeth. Perhaps he doesn't bother to use toothpaste with 'whitening'?) Despite Geir's sycophantic praise for his friend, Knausgaard describes him as a "hack"; to which the former replies that his hard-working, unassuming friend from Bergen is a "saint". For a moment he is tempted to compare himself with Beckett! (Really! One has verbal diarrhoea, whereas the other polished and repolished his words; brevity is a virtue, as well as a sign of aphasia.)

Knausgaard does not just "reflect plenty about himself", because a large part of this concerns his role as a successful writer and all that this entails. He describes not just the discipline of writing for several hours a day, meeting his agent, giving interviews to magazines about his forthcoming book, book signings, as well as public readings of his work. (How could he possibly make this interesting?) Unlike the past, to be a successful writer today, you have to be manufactured by writing academies, linked to the publishing business.

But the masses - the educated middle classes, to be precise - are gullible. The media and its literary hacks are there to convince them that he is a 'must read'; how else can one stay in touch with the cultural *Zeitgeist*?

Looking at the broader context, there are other, more important reasons behind this conundrum: how did a mediocre writer like Knausgaard become a runaway success; a hack writer who is applauded by the literary establishment, because he can evoke a sense of happiness, an "intense feeling of being alive"? (Well, not really!) Yet, at the same time, he is comfortable with the IKEA society? I think the answer is twofold (and interrelated): firstly, he gives succour to the middle class, by writing about the tedium of everyday existence within the *société de consommation*; assuming that everyone else, like him, is reconciled to the irreconcilable. It somehow makes the daily grind of "work, buy, consume, die" more bearable; it helps to suppress the nasty thought that this sort of existence might be irrelevant, because everyone wants to conform to the image that the system has created for them, whilst it goes on exploiting them. But once you're dead, you're soon forgotten - what does life mean?

Secondly, his success underlines the fact that literature - once a part of high culture, which required the reader to be a "cultivated person" (Marx's own term) - is being subsumed by the culture industry (compare film, which has already lost out to this, as the "last great art form"). Literary and artistic decadence was anticipated by Marx in his *Theory of value*:

Milton, who wrote *Paradise lost*, was an *unproductive labourer* ... [He wrote this] for the same reason that a silk worm produces silk. It was an activity of his nature. Later he sold the product for 5 pounds. But the literary proletarian of Leipzig who fabricates books ... under the direction of his publisher ... is a *productive labourer*; for his product is from the outset subsumed under capital, and comes into being only for the purpose of increasing that capital.<sup>1</sup>

Is this what the Knausgaard phenomenon means? If so, are we therefore closer to the nadir of the novel? Compare the classic novelists of the 19th and 20th centuries, who struggled - without knowing why necessarily - to defend the human essence in the face of an increasingly commodified society.

Besides, the sheer density of prosaic detail in his work does not create a new genre. It undermines the form itself, because it leads to a weakening of structure and the dimming of insight ●

Rex Dunn

## Notes

1. K Marx *Theories of surplus value* part 1, Moscow 1956, p389.

Karl Ove Knausgaard

## What we fight for

- Without organisation the working class is nothing; with the highest form of organisation it is everything.
- There exists no real Communist Party today. There are many so-called 'parties' on the left. In reality they are confessional sects. Members who disagree with the prescribed 'line' are expected to gag themselves in public. Either that or face expulsion.
- Communists operate according to the principles of democratic centralism. Through ongoing debate we seek to achieve unity in action and a common world outlook. As long as they support agreed actions, members should have the right to speak openly and form temporary or permanent factions.
- Communists oppose all imperialist wars and occupations but constantly strive to bring to the fore the fundamental question - ending war is bound up with ending capitalism.
- Communists are internationalists. Everywhere we strive for the closest unity and agreement of working class and progressive parties of all countries. We oppose every manifestation of national sectionalism. It is an internationalist duty to uphold the principle, 'One state, one party'.
- The working class must be organised globally. Without a global Communist Party, a Communist International, the struggle against capital is weakened and lacks coordination.
- Communists have no interest apart from the working class as a whole. They differ only in recognising the importance of Marxism as a guide to practice. That theory is no dogma, but must be constantly added to and enriched.
- Capitalism in its ceaseless search for profit puts the future of humanity at risk. Capitalism is synonymous with war, pollution, exploitation and crisis. As a global system capitalism can only be superseded globally.
- The capitalist class will never willingly allow their wealth and power to be taken away by a parliamentary vote.
- We will use the most militant methods objective circumstances allow to achieve a federal republic of England, Scotland and Wales, a united, federal Ireland and a United States of Europe.
- Communists favour industrial unions. Bureaucracy and class compromise must be fought and the trade unions transformed into schools for communism.
- Communists are champions of the oppressed. Women's oppression, combating racism and chauvinism, and the struggle for peace and ecological sustainability are just as much working class questions as pay, trade union rights and demands for high-quality health, housing and education.
- Socialism represents victory in the battle for democracy. It is the rule of the working class. Socialism is either democratic or, as with Stalin's Soviet Union, it turns into its opposite.
- Socialism is the first stage of the worldwide transition to communism - a system which knows neither wars, exploitation, money, classes, states nor nations. Communism is general freedom and the real beginning of human history.

# weekly worker

**A Labour Party  
mark two is  
now farcical**

## Carry on regardless

SPEW just will not admit it was wrong in its characterisation of Labour, writes Peter Manson

According to Clive Heemskerck, the Trade Unionist and Socialist Coalition is “likely to have well over 300 candidates in the English local council elections on May 5”<sup>1</sup>.

And comrade Heemskerck ought to know, since he is not only an executive committee member of the Socialist Party in England and Wales, but is Tusc’s national election agent. Amongst the 300 will be mayoral candidates in Bristol and Liverpool, and, says comrade Heemskerck, Tusc will also be standing a slate in three regions for the Welsh assembly elections, together with Scottish parliamentary candidates in six constituencies.

The figure for local candidates is, of course, well down on the number Tusc was able to stand on May 7 2015, which coincided with the general election. There were more than 600 candidates contesting local council seats - and no fewer than 135 standing for Westminster.

The reason for the large drop in Tusc candidates is obvious: the victory of Jeremy Corbyn in the Labour Party leadership election in September 2015. Many of those comrades who a year ago were rallying to the Tusc banner have since joined (or rejoined) Labour. So Tusc has been reduced to a hard core around SPEW itself, whose comrades were central to Tusc’s founding and continued functioning.

However, the Socialist Workers Party also remains on board. SWP national secretary Charlie Kimber has an article in the latest *Socialist Worker*, in which he states that the SWP still “supports” Tusc, although he does not say how many (if any) SWP candidates there will be among those standing next month. Comrade Kimber urges a vote for Tusc, which will not stand “against any councillor who is pledged to vote against all cuts or supports Corbyn”. Where Tusc is not standing, “the SWP thinks there should be a vote for Labour”<sup>2</sup>.

For his part, comrade Heemskerck does not state how he thinks we should vote where there is no Tusc candidate. Which is strange, for it is not as though he is completely ignoring the question of Labour. In fact he asks the rhetorical question, “won’t standing this time undermine Jeremy Corbyn’s aim to change Labour into an anti-austerity party?” After all, “With the election last summer of Jeremy Corbyn ... the political situation has changed since Tusc was formed in 2010.”

However, the “forces of capitalism organised within the Labour Party are heavily entrenched”, and “the battle between them and the anti-austerity forces that crystallised around Jeremy’s leadership campaign has still not reached its conclusion”. So we must carry on regardless, it seems - although comrade Heemskerck also pledges not to stand against “Labour councillors who have voted against cuts in the council chamber or new, Corbynista candidates who have made a pledge to do so”. Nevertheless, “over 90% of Britain’s 7,000



More comedy than serious politics

Labour councillors did not support Jeremy Corbyn for leader and still continue to vote to slash local public services. They are the candidates which Tusc is standing against.”

Comrade Heemskerck has even taken into account the fact that a poor result for Labour on May 5 will give the “pro-capitalist Labour right” the excuse to “move against Corbyn”. And it is just possible, despite its dismal results last year, that Tusc could just take enough votes off a handful of Labour candidates to deny them victory in a very close contest. But he immediately dismisses any concerns about this:

What is clear is that Labour is still not an anti-austerity party in practice. Despite Jeremy Corbyn’s leadership victory on an anti-cuts platform, six months later every Labour-led council has voted for further cuts to local public services.

Why didn’t they take SPEW’s advice and - wait for it - delay the implementation of government-enforced cuts? According to comrade Heemskerck, the “58 Labour-led councils with elections this year had combined, useable reserves going into this year’s budget-making meetings of £4.5 billion”. Thanks to these reserves, which could have been “supplemented by using councils’ borrowing powers”, no Labour council “would have needed to make cuts this year”. And that would have allowed time “to prepare a national confrontation with the Tories for more funding for local councils”.

Leaving aside the small matter of the likelihood - or otherwise - of rebel councils being able to persuade banks to lend them millions of pounds under such circumstances, what if the “national confrontation” never happens or fizzles out? In that case the rebel councils would have used up a good slice of their reserves and

possibly built up a larger debt. So what about the next year?

### Bourgeois party?

Note, by the way, the characterisation of the Labour left as merely “anti-austerity”. While SPEW is quite right to dub the Labour right “pro-capitalist”, shouldn’t the Corbyn wing be considered, at least in terms of its aspirations, as being ‘pro-working class’ (in however attenuated a form)?

But that, of course, is where SPEW’s real difficulties lie. For the last couple of decades it has been insisting that Labour is no longer a bourgeois workers’ party (Lenin’s description), but, thanks to the changes enforced by the Blairites, it is now a bourgeois party pure and simple. In that case, how on earth did Corbyn - a self-avowed socialist and anti-imperialist - manage to win so overwhelmingly? He not only gained a clear majority from newly signed-up “registered” and “affiliated”

supporters, but easily the biggest share (around 49.6%) of the first preferences of existing members. Surely that says something about Labour’s continued trade union and working class base?

Interestingly, SPEW deputy general secretary Hannah Sell, speaking at the group’s March 19-21 national congress, provided a description of the Labour Party with which we can concur. According to SPEW’s own congress report, she said that, while Corbyn’s election “hasn’t transformed Labour into a workers’ party”, in actual fact “Labour encompasses two parties - a capitalist party and a potential workers’ party”<sup>3</sup>. Absolutely!

Labour has always consisted of two poles and the ascendancy of New Labour, together with the subsequent marginalisation of the left, did not change that. The party continued to rely on the trade unions for financial support and the urban working class for votes.

In other words, SPEW is now trying to fit the reality into its recent ‘theory’ by implying that the “two parties” Labour encompasses is some kind of new development. Anything but admit they were wrong!

In current circumstances, while the renewed battle for control of the Labour Party is only in its initial stage, it would be ill-considered for revolutionaries to stand against its candidates even if they did so on a principled Marxist programme. But Tusc’s programme is far from that. It was set up specifically on the basis of the need for a new, broad “mass workers’ party”: ie, a Labour Party mark two.

Comrades, we have news for you - mark one is still alive and kicking, and that is where we need to concentrate our energies. The necessity of defeating the right needs no spelling out, but there is also the question of what sort of Labour Party is needed, assuming the working class pole gains full control. No-one should be satisfied with the continuation of the current bourgeois workers’ party. The aim must be to transform Labour into a united front of the entire working class.

If ever there was a need for a rethink, surely it is now ●

peter.manson@weeklyworker.co.uk

### Notes

1. *The Socialist* April 6 2016.
2. *Socialist Worker* April 12.
3. www.socialistparty.org.uk/articles/22446.

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