

WORKERS

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OCTOBER 2010 £1

FIGHT FOR THE RIGHT TO WORK

BOOK REVIEWS



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THE CRISIS



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WORKERS

“ The right to work

THE QUARTERLY unemployment figures published in September put an end to the attempt to play one region off against another over who is suffering most as government economic policy screws the country. Official unemployment figures range from 6 to 9.2 per cent across Britain, averaging 7.8 per cent with London at 9.3 per cent second only to the North East (9.4 per cent).

Whatever the rate the figure of just under 2.5 million unemployed workers is still an outrage and will obviously soar as further government cuts are implemented. It further ignores the fact that 7.84 million workers are

working part-time to try to survive. Of 184,000 “new” jobs created between May and August, 115,000 were part time.

The 184,000 jobs are no longer described as jobs or posts but as “roles”. Employers are undermining employment rights by having millions of workers on short-term, part-time, agency, flexible, job share, fixed term etc contracts.

There has to be a genuine campaign for the right to work in Britain. We have to define what that work is – useful or useless, skilled, trained – and the campaign focus has to be on “make it in Britain” and “grow it in Britain”.

No publicity, please: we’re centralising

THE GOVERNMENT has told District Councils they have until the end of this year to opt for a “leader and cabinet” mayoral system. Using Labour legislation, it is pressing for greater centralisation, removal of accountability and removal of scrutiny.

Though paying lip service to the more traditional committee system with councillors directly responsible to the electorate, the real drive, as with Labour, is centralisation. It’s best summed up in the local government minister Grant Shapps’ letter: “...any consultation now

about future governance arrangements [is] to be the minimal cost option. It will be for each council to decide, but in our view no more than a small newspaper advert/article or press release on your website may be proportionate and right in these circumstances.”

So, move to a mayoral system, cut out the electorate, hide behind a “small” newspaper advert. But grab as much control as possible now as they intend changing the system again next year with their Localism Bill, which will entrench these people even further.



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'Entitled to be angry'

ON 15 SEPTEMBER Mervyn King, the Governor of the Bank of England, addressed the TUC. He admitted, "There was nothing fair about the financial crisis. It was caused not by problems in the real economy; it came out of the financial sector. But it was the real economy that suffered and the banks that were bailed out. Your members, and indeed the businesses which employ them, are entitled to be angry..."

"In the five years leading up to the crisis, the balance sheets of the West's largest banks doubled – mainly because banks lent more to other firms within the financial sector than to the wider economy. And the proportion of capital held by banks shrank so that their leverage – the ratio of total liabilities to equity capital – rose to unprecedented levels. Immediately prior to the crisis, the leverage ratios of some UK banks approached 50. To say that was risky is an understatement: at such levels, a 2 per cent fall in the value of a bank's assets is sufficient to wipe out its capital and render it insolvent..."

"The aim should not be to prevent all bank failures. Just as with every other company in the economy, banks that get it wrong must be allowed to fail, without risk to ordinary depositors or taxpayers... When large bonuses are paid to people in organisations that only two years earlier were bailed out by the taxpayer it becomes somewhat harder to understand."

But when it came to policy for the future rather than analysis of the past, he toed the government's destructive line. Some delegates had more clarity, wearing T-shirts that said "Make Bankers Pay".

Meanwhile, the Institute for Fiscal Studies has concluded that the budget is deeply regressive. Cuts to benefits and higher VAT will hit the poorest hardest.

The poorest 60 per cent will lose between £450 and £510 a year by 2014. Higher earners will lose between £250 and £300 a year. An unemployed couple with children will lose 8.2 per cent of their income by 2014. This is revealing, but the fact remains that people need work not benefits.

Much talk about inflated salaries in the public sector feeds a view that public sector workers are generally overpaid, with "gold-plated" pensions – talk that serves the interests of a government intent on taking apart public services and feeding them to the privateers.

NHS Paying for the PFI



THE NHS will pay back to the private finance initiative £65 billion for hospitals built under the PFI and related schemes. This is over six times the cost of the new hospitals built. The payments will be spread over the next 30 years.

103 schemes cost £11.3 billion initially, now with consultant fees, contract variation, inflation and market forces they will have to repay £65.1 billion. A tenth of some hospitals' spending is effectively going straight to the banks, which can only deepen future financial crises, causing cuts and possible closures. The hospitals should default on the debt: health isn't for sale!

COUNCILS Mass sackings in Birmingham

THE LEADER of Birmingham City Council, Stephen Hughes, salary £220,000, has issued 26,000 redundancy notices to staff – effectively all staff bar those in teaching. The threat is simple: worsened terms and conditions in your contract of employment be sacked with three months' notice.

The key trade unions, Unison and GMB, are challenging Hughes.

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

EUROBRIEFS

The latest from Brussels

We don't love them...

SUPPORT FOR the EU has dropped to its lowest level in nine years. A recent poll conducted for the European Commission showed that 49 per cent of respondents from across Europe considered their countries' EU membership "a good thing", compared to 53 per cent last year. The level of trust in EU institutions also shrank to 42 per cent from 48 per cent a year ago. In Britain only 29 per cent considered EU membership "a good thing", while 33 per cent thought it "a bad thing".

We don't love the euro either...

OPINIONS ARE no better on the euro according to a survey by German Marshall Fund of the US (GMF), a non-partisan American organisation. This found that 60 per cent of the French, and more than half the German, Spanish and Portuguese respondents said that the euro was "a bad thing for their economy". Outside the eurozone, 83 per cent of the British, 53 per cent of Poles and 42 per cent of Bulgarians thought that using the euro would be bad for the domestic economy.

...and we don't want them to govern us

THE COMMISSION interpreted other recent survey results to mean that European citizens favour "European economic governance". The GMF results sharply contradict that view. It asked if "the EU should have the primary responsibility for economic decision-making in tackling the economic crisis." This option was the least popular in Britain (25 per cent) and in new member states – Bulgaria (24 per cent), Slovakia (22 per cent) and Romania (15 per cent).

Deportation 'illegal'

AS WIDELY reported, more than 500 illegal settlements have been demolished in France in recent weeks, including about 100 Roma camps. About 80 per cent of the people affected are French; around 1,000 Roma, mainly from Romania, have been deported.

The issue disrupted an EU summit intended to discuss economic reform. The EU berated France, saying that it had broken EU laws on freedom of movement within the EU. Under EU law, no government has the right to deport any EU citizen for any reason.



A massive demonstration of around 10,000 – the largest of any of the Pope's trips abroad – marched in London on Saturday 18 September to protest against his state-funded visit. Among the speakers in Whitehall was Professor Richard Dawkins, who called Ratzinger an "enemy of humanity" for his cover up of child abuse, oppression of women and his campaign against the use of condoms to prevent HIV infection.

Photo: Workers

GP concern over 'liberation'

THE COALITION government's plans to hand over financial responsibility for commissioning health services in England has met a concerned response from the people the new regime is supposed to "liberate" – the general practitioners.

As Workers went to press, the Royal College of General Practitioners (RCGP) had yet to give a final response to the White Paper EQUITY AND EXCELLENCE: LIBERATING THE NHS, but a "framework" document issued on 13 September gives a flavour of the concerns running through the profession.

Doctors' newspaper PULSE revealed on 16 September that it had received a phone call from the Department of Health expressing "the full force of the DH's displeasure as it attempted to stamp on signs of rebellion from GPs". The newspaper also called the RCGP's response "surprisingly strongly worded".

There were "a significant number of comments on the risks of these reforms to the NHS in England", the RCGP's framework response states. Primarily, "Rather than efficiency savings, both financial and human resources would be diverted away from clinical care and quality improvement into issues around commissioning and resource management." On top of that, doctors worry that the extent and speed of the reforms could damage the personal and economic relationships between health service organisations.

Among other issues, GPs are worried that different policies by local fundholding consortia will increase rather than reduce health inequalities. And they are acutely aware of the consequences of holding the budgets: "GPs will be seen as the purse-holders: this could reduce public trust and decrease their ability to advocate for patients, and they will be blamed for failures and cuts in services."

The response also says what many people have been saying about the proposals: that for most GPs commissioning requires time, skills and resources that they just don't have.

Privatisation is another worry. "The reforms open a door to increased involvement of the for-profit private sector in the NHS, and tax payers' money will be diverted into private companies and their shareholders," say the GPs. "This could be seen as the break up of the NHS with some private companies ready to take over the provision of services."

TRANSPORT**Threat to Freedom Pass**

LONDON COUNCILS have issued a seemingly innocuous consultation paper on the London Local Authorities (Concessionary Fares) Bill in advance of a Tory private member's bill going before parliament later in the year. The paper is a direct attack on the free travel arrangements, the Freedom Pass, for 1.2 million older citizens of London.

The consultation paper intends transferring "reserve powers" from the Mayor of London to a non-accountable so-called independent arbitrator. It would also remove overground trains from being covered by the Freedom Pass. The bill would allow any individual borough to opt out of the scheme, weakening the London-



Photo: Workers

wide Freedom Pass principles.

This is the third time since 2007 that the Tories have attempted to undermine the Freedom Pass. They have been defeated on the previous two occasions and pensioner organisations across London are mobilising to do it for a third time.

Cuts target shipbuilding

TALK OF cancellation of defence manufacturing and shipbuilding contracts is causing anxiety for the security of skilled jobs in the industry – 4,000 directly in shipbuilding and over 10,000 in industrial suppliers.

The Confederation of Shipbuilding and Engineering Unions' chairman, Jim Moohan, condemned the damage to the industry being caused by the rumours and uncertainty emanating from government statements. He pointed out that the store of skills and their future depends on the current orders – a capability that would be lost, even for possible future non-naval, merchant or passenger projects.

The BAE Systems vessels being built in the £5.2 billion contracts are the largest ever constructed in Britain at 65,000 tonnes and 280 yards long. Construction is taking place at locations throughout Britain, but the major work will be carried out at Rosyth on the River Forth and at Govan and Scotstoun yards on the Clyde. Orders for 80,000 tonnes of steel have already been placed.

Meanwhile, substantial orders forming a major upgrade to the Brazilian navy – mainly for frigates and destroyers – are close to being confirmed as a future source of work for these yards.

The recent turnout of all the workers at the yards at the funeral of one of the leaders of the 1971 work-in at those yards on the Clyde – Jimmy Reid – was a reminder of the approaching 40th anniversary of that historic action. At the time we called for that action to become "not a one-off, but a prototype" and indeed dozens of similar occupations and work-ins took place in the years immediately following. That spirit lies dormant and has to be rekindled.

EDINBURGH**£90 million axe poised**

EDINBURGH CITY Council is setting the pace in its eagerness to implement cuts and attack jobs. In the space of three years this city alone is aiming to cut £90 million from its budgets. Run by Scottish National Party and Liberal Democrat councillors and using out-sourced services, its cuts will lead to an estimated 3,500 job losses.

Swimming and other sports centres are already scheduled for closure, as are all public toilets. (Restaurants and pubs are to be encouraged to take on the burden of

"toilet services".) Reductions in funding to libraries, museums and other cultural activities are being readied – so much for the city's reputation as a leading centre for arts and festivals.

John Stevenson, the city's Unison trade union branch president, described the cuts as "completely unnecessary" and left the way open for balloting on industrial action in the future.

Similar plans are being hatched throughout Scotland's 32 local authorities, with Glasgow council considering 4000 job losses – and North Lanarkshire looking at 2,000 job cuts, with £70 million to be saved over the next two years.

WHAT'S ON**Coming soon****NOVEMBER**

Tuesday 16 November

"For a new industrial revolution"

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

Public meeting organised by the CPBML. All welcome. Come and discuss how to save Britain from the abyss that capitalism has led it to.

MARCH, COUNTERMARCH...**Police benefit in Bradford**

A MASSIVE hoo-ha erupted over the English Defence League's (EDL) plan to march in Bradford on 28 August.

Various so-called anti-fascist (UAF) groups proposed an opposing march. The vast majority of Bradford's citizenry wanted to get on with their lives, unencumbered by the pointless posturing.

West Yorkshire Police demanded of the Metropolitan City Council that it apply for a ban on marches that weekend. The council duly complied and the Home Secretary granted the request.

In the event, about 250 EDL and about the same number of UAF demonstrators turned up to hurl insults and a few rocks from the "Wastfield" site in the city centre, separated by 1600 police from 13 police forces. A few more "peace people" fumbled about with a little festival (?) as if we'd time-warped back to the 1960s.

So who gained from this game of charades? The EDL and UAF were exposed for the poseurs they are; the peace people had a nice day, the majority of Bradford's half a million souls ignored it all but couldn't reach what shops are left in the centre of the city, and the football club lost thousands of pounds because the scheduled match was moved to Friday night by the police.

And it was definitely the police who gained most of all. To be able to place 1600 officers and horses etc. in one city and co-ordinate their tactics was a major plus. To be able to track the people they wanted as they came in from Birmingham, Liverpool and Manchester, with the tactical support groups coming across the M62 three at a time during the morning, gave them useful know-how.

Protesting the cuts this winter? The boys in blue will be at the ready!

IT IS NO coincidence that as the TUC convened in Manchester, the Policy Exchange report on “Modernising Industrial Relations” was published. The Policy Exchange think tank, established by Frances Maude MP had Michael Gove MP as its vice-chair. It is praised as the most influential think tank on the right and has advisers around Cameron, who calls it his “favourite think tank”.

“Modernising Industrial Relations” has a 17-point strategy for destroying the trade unions. This 2010 report equates to the Nicholas Ridley 1977 Economic Reconstruction Group which devised the strategy to destroy trade unionism in Britain’s then nationalised industries. The Ridley report became the blueprint of attack which Thatcher followed to the letter.

What are its seventeen proposals?

1. Build into the ballot paper information to undermine the ballot, limit industrial action to be entered into, make the ballot process even more open to legal challenge.

2. Require all employees to be balloted, not just union members – a practice from Poland and Slovakia. In addition to balloting all employees, have a 40 per cent minimum threshold of trade union members voting yes for action.

3. Remove laws that prevent employers using agency staff to scab during disputes.

4. Drop the period of protection from unfair dismissal for strikers from 12 to 8 weeks.

5. Extend the period of notice for strike action to a minimum of 14 days.

6. Ban strikes in public services – again using examples from Poland, Slovakia, Slovenia and Hungary.

7. Undermine union recognition by ballots of all employees, scrap automatic recognition of workplaces with over 50 per cent of union members.

8. Require a trade union to have a minimum percentage of membership – say 10 per cent of a workforce – coupled with ballots of all employees before any ballot for industrial action can proceed. So a pre-ballot to undermine 2) above.

9. Empower employers to communicate directly with employees to undermine trade unions.

10. Enforce an annual third party audit of trade union membership.

11. Abolish the universal right to strike.

12. Use competition law to break monopoly in supply of labour.

13. Strengthen balloting processes to prevent national disputes based upon clustered ballots in the public sector.

14. Use competition law to undermine union services to union members and only one union in the workplace.

15. Remove any use of taxpayers’ money for funding trade unions, e.g. scrapping time off and facility arrangements for stewards.

16. Members to opt in to political funds.

17. No deduction of union subs from the pay packet.

So, a re-hash of proposals going back over 100 years laced with modern-day capitalist thinking in an attempt to make the functioning of trade unions well-nigh impossible.

The scientific establishment is uncut back research spending. It would understand the politics behind the

Science hit as capitalis

BUSINESS SECRETARY Vince Cable urged universities to do “more for less” and said that we should not back research that “is neither commercially useful nor theoretically outstanding”. In fact, he means research will not be funded that does not serve government policy. Most noticeably since the 1970s, governments have attempted to control research funding and those engaged in research through the research councils. These bodies have changed their missions to align with changes in government policy; they have not faced it or fought it openly when necessary. Instead, those that try and challenge the politics of the day – and we should not overestimate how many want to do this – have used subterfuge wherever they could to circumvent it.

But now the chips are down. Leaders of every eminent organisation proactive in the promotion of research are making their laudable defensive and indisputable statements, exposing the destruction to our productive capacity being wrought on behalf of capitalism by this particular government at this particular time. Science research is under threat, and all must defend it fiercely. With the morality of the City in charge, the gloves must come off.

False economy

Lord Rees, for example, president of the Royal Society, has elaborated on how cutting science funding would be a false economy. He said, “It is crucial that short-term austerity should not undermine our science and innovation capacity...Other nations, including the US, are raising their expenditure at the same time as our government plans to cut ours. This...risks sending a signal to young people that the UK is no longer a country that aspires to scientific leadership. A cut by x per cent would lead to a decline of much more than x per cent in top-grade scientific output. ...The question should not be can we afford the investment – it should be can we afford the cuts.”

Other scientists also have also attacked government policy on the importance of research. Imran Khan, the director of the Campaign for Science and Engineering, said, “It’s depressing that in one of the most exciting scientific eras humanity has ever seen, Vince Cable had nothing exciting or inspiring to say about government policy in this area. Direct investment in science and engineering pays huge dividends, and makes up less than one per cent of total public spending.”

He continued, “At a time when politicians should be looking to science and engineering to help rebalance the economy, they are instead focusing on erecting barriers to scientific collaboration, and damaging our reputation as a global research hub by cutting investment – just as our competitors are increasing theirs.”

Likewise, Richard Horton, editor of THE LANCET. He writes: “Any contraction in the UK’s science and higher education budgets will signal a narrowing of this country’s vision for its role in the world, a withdrawal from its current international leadership role in science. Our universities are second only to the US in terms of their contribution to knowledge creation and innovation. A reduction in the government’s investment in science will damage our ability to shape our national and international futures. It would be a cut too far.”

A recent report on the value of medical research by the Medical Research Council, the Wellcome Trust and the Academy of Medical Sciences concluded that every £ spent on public or charitably funded

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cardiovascular research yielded 39p a year – in perpetuity – from direct or indirect gains to GDP. According to the Higher Education Funding Council, the number of patents granted to universities between 2000 and 2008 rose by 136 per cent, and consultancy income rose by 222 per cent.

Inventions from university bioscience departments have led to the creation of more than 200 new companies over the past decade, and in 2007 alone these firms employed nearly 14,000 people and had a combined turnover of £1.1 billion.

Cable was also taken to task by Professor Steve Smith, president of Universities UK. Funding is already “strongly weighted towards world-leading research and internationally excellent research”, he said.

Professor Les Ebdon, chair of Million+, which represents new universities, agrees: “The UK does not fund mediocre research. It funds excellent research which is found in universities throughout the UK. Any proposal to cut the quality related research funding stream would damage the UK’s research base and the capacity for future innovation vital to our economy.”

Why would a government full of educated people be doing this? Lord May, former president of the Royal Society and



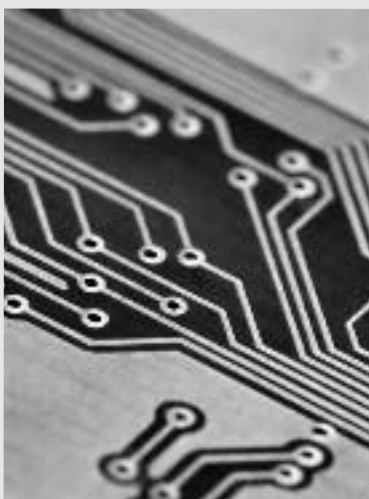
Scientific research: it's them or us.

government chief scientist, said: “[Cable’s] claim that public money should not be made available to research that “is neither commercially useful nor theoretically outstanding” is just “plain stupid.”

But Cable is not stupid. He must know that saying the government will fund “theoretically outstanding” research is a ludicrous statement. If the outcome of research were known before it was done, there would be no point in funding it. The policy would mean that the limited money available would go only to those rated outstanding in the past. The message to young scientists: go abroad.

It’s worse than stupidity. The Coalition is just not interested in science research because it has no long-term plans for Britain as a thriving economically independent country. Presumably other countries can do the research, just as they can do the manufacturing.

So it is a fight for the future of Britain, and it won’t be finished quickly. It will require not just the scientific “establishment” but all those who work in science to step up and lead fight. That means the trade unions: their relative silence and inaction is the greatest source of current weakness.



CPBML/Workers

Public Meeting, London

Tuesday 16 November, 7.30 pm

“For a new industrial revolution”

Bertrand Russell Room, Conway Hall, 25 Red Lion Square,
London WC1R 4RL. Nearest tube Holborn.

Modern Britain was founded on industry, which gave birth to the working class and to the ideas of socialism. No wonder successive governments have been undermining it. Come and discuss how the working class can rebuild industry and Britain. Everybody welcome.

The rise in cost of public and private sector final salary pension people living for a few years longer...

The real cause of the 'pensions crisis': ageing



Photo: Workers

Future pensioners hold up placards outside a union rally in London, 2006

IN 1990 a final salary occupational pension fund could provide a member with a pension at age 63 of £15,000 a year at a cost to the fund of £100,000. Today to buy the same pension of £15,000 a year as in 1990 would cost around £270,000.

At this point we normally have to read or listen to the piffle from a so-called pensions expert or lifestyle specialist rambling on about how the rising cost of pensions is due to us all living longer. A statement akin to a sugar-coated bullet follows, to the effect that workers have to accept a massive pensions downgrade and work to age 68.

Let's just nail this longevity sophistry once and for all: the rise in cost of public and private sector final salary pension schemes between 1990 and 2010 has very little to do with people living for a few years longer. The cost hike is primarily due to the way pensions capital requirements are linked to the changes in the yield of "gilts", the bonds the government sells to fund its debt.

Yields have fallen from around 15 per cent in 1990 to a record low in June 2010 of 3.33 per cent. It is this drop in yield together with the way that final salary pension funds now have to be costed that has led to the current stage we have reached.

Funds grabbed

First, in 1997, the Labour government and its myopic accountancy friends grabbed £5 billion a year from pension funds by scrapping the tax relief on dividends paid into pension funds. Then, two years later, it forced final salary pension funds to be costed on a market related basis.

By forcing this stance it knew full well that the ongoing decline in gilt yields would in turn produce the scary deficit figures needed to maintain the pensions attack of the previous Tory government. Of course, this attack baton can now be handed on as a gift to the Coalition government.

For example, it was estimated that the

liability for funded occupational UK final salary schemes jumped in June by a further £10 billion, notwithstanding previous inflated figures about pension fund deficits.

Was this deficit hike due to a discovery in June 2010 that people are living even longer? Of course not! It was entirely down to the way gilt yields fell from 4.04 per cent to 3.33 per cent between March and June this year.

The reality is that the funding of the population's pension benefits is a 60-year+ rolling project for each person, and this timescale should mitigate the fact that in 2010 it so happens that gilt yields are temporarily at an all time low. When British gilt yields rise again (and there is absolutely no doubt that they will) what in the meantime will be left of our pensions?

The experience of workers retiring on money purchase pension arrangements (often called defined contribution or personal pensions) has been awful. This is because, unlike with final salary funds or the state old age pension, workers retiring on money purchase arrangements take the full market hit (only 2 per cent of the population will benefit from the proposed change to buying pension annuities). But it is this sort of pension that is being hailed as the future.

The trade unionists who are currently involved in helping bring about the Government National Employment Savings Trust (Nest) due in 2012 (i.e. state-sponsored money purchase personal pensions) would be better deployed getting a large increase to the basic state old age pension. This would be far cheaper, more effective and would prevent the introduction of a Trojan horse designed to further destroy our state pension and occupational pension provision.

In essence the way pensions are costed needs to be examined. Instead of using government gilts and equities on the stock market, we should be investing our already-accumulated pensions capital in other ways to generate the necessary annual cash flow needed to pay our pensions each year.

For example, a British infrastructure

schemes between 1990 and 2010 has very little to do with

ng capitalism, not an ageing population

fund organised by the working class – and using a part of our £800 billion savings capital that is already held in pension funds – would go a long way towards breaking out from the prevailing lack of endeavour. In doing so we would be free from the government's long-held intent to waste our pensions capital by requiring us to buy its gilts and fund its indebtedness.

This is no isolated view – for example PIMCO, the world's largest trader in fixed-interest securities, recently described British gilts as a bed of nitro glycerine.

Creative accounting

Finally, the “we are all living longer” brigades need to be made aware that the pensions deficit figures employ forward projections of past statistical trends. This form of double counting then allows the life expectancy improvements of the last 30 years to be more than doubled up again and then put into today's current projections. This statistical inflating of figures is known as overestimating longevity risk based on statistical extrapolation of recent variation. Or to put

this another way, we are being robbed.

There is similar intent behind the so-called final salary “early leaver problem” that was the subject of so much government mock concern during the 1980s. At the time it was claimed that because people were mobile in their jobs and only staying for a much shorter period with the same employer, a final salary pension linked to each year of service with that employer was no longer appropriate.

The figures were cooked to make out that workers at the time were staying in the same job for about 2.5 years, rather than the 5.9 years average for the previous decade. (Redundancy figures were excluded but helpfully gave a perception of mobility.) After the damage was done and portable personal pensions were introduced in 1987, it was found that as opposed to 5.9 years, the time spent with the same employer had barely fallen and was in fact an average of 5.4 years.

Of course, with the introduction of personal pensions in 1987 came the change in legislation whereby workers starting at a new company were no longer

obliged to automatically join the company's final salary pension scheme. This made it tempting for workers not to pay the pension contribution that went with final salary membership but instead keep the money as part of their discretionary spend.

It is this backdrop that partly explains why over 65 per cent of workers no longer have final salary occupational pension provision. The same type of sucker punch is being tried today, but using longevity figures rather than cooked-up early leaver figures as the excuse. Wake up!

• As **WORKERS** goes to press, strike days have been set for action at the BBC over planned changes to the pension scheme that could axe huge sums from the value of pensions. Majorities of over 90 per cent for strikes – the journalists recorded 93.6 per cent in favour – have set the scene for a bitter battle. The first strikes will hit the Conservative Party conference and the Comprehensive Spending Review statement, among other events.

Change Britain,
Embrace Your Party



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Price
£2

New pamphlet: Change Britain, Embrace Your Party

This pamphlet brings together the statement from the Party's 2009 Congress with those from two former Congresses in 2003 and 2006. Also included is a statement on the European Union: “The fascist dream of a united Europe resurrected”.

The pamphlet represents a decade of thought and analysis of the situation in Britain, and considers how to move forward as a British working class.

Available now: £2.75 (incl. P&P).

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‘Development’ policies developed by the IMF and other financial institutions have locked many countries into capitalist dependency for the world. But there are alternatives for countries that choose to

Locking countries into capitalist dependency

THERE ARE conspiracies to prevent developing countries from climbing out of their poverty. The unelected, US-run international financial institutions – the International Monetary Fund, the World Bank and the World Trade Organization (WTO) – conspire to ensure the world’s workers and peasants pay debts incurred by their rulers to US and EU banks.

Likewise the European Union, by imposing Free Trade Agreements (FTAs), forces open markets for European goods, thereby preventing development. However, there are alternative models for those developing countries that choose to exercise their sovereignty and pull themselves up independently.

Some 360 million people have died from hunger and remediable diseases in peacetime in the past 20 years, more than died in all the wars of the 20th century. 1,020 million people are chronically undernourished, 884 million lack access to safe water and 2,500 million lack access to basic sanitation. 2,000 million lack access to essential drugs, 924 million lack decent shelter and 1,600 million lack electricity. 774 million adults are illiterate and 218 million children are child labourers.

Roughly a third of all human deaths, 18 million a year, are due to poverty-related causes, easily preventable through better nutrition, clean water, cheap rehydration packs, vaccines, antibiotics and other medicines.

Between 1980 and 2005, the peoples of the South paid \$4.6 trillion (equal to 50 Marshall Plans) to the banks of the North. Trade liberalisation has cost sub-Saharan Africa \$272 billion in the last 20 years. Poor countries illicitly transfer \$1 trillion a year to rich people in the developed countries as well as huge sums to their own corrupt elites. The financial crisis cut the revenues of 56 surveyed low-income countries by \$52 billion in 2008 and \$12 billion in 2009.

Some 7 million African, Asian and Latin American children die every year due to the burden of debt repayment.

The capitalist states and their international financial institutions promote



Sovereignty and mutual aid, not debt and dependency: Cuban doctors in Haiti.

Photo: Workers

these avoidable evils of massive poverty: they selfishly push policies that they know harm the poor, robbing the poor while claiming to aid them, to make profits.

In 1985 the World Bank said that in its standard “development” strategy, domestic consumption should be “markedly restrained”, support for education “minimized” and “less emphasis should be placed on social objectives”. Back in 2000, the US National Intelligence Council’s GLOBAL TRENDS 2015 said globalisation would lead to “a widening economic divide” and “deepening economic stagnation, political instability, and cultural alienation”. In law, predictable consequences are evidence of intent.

EU’s Free Trade Agreements

The EU has the largest number of Free Trade Agreements of any major power, with Euromed (9 countries), South Africa, Mexico and Chile. It is negotiating FTAs

with India, South Korea, the Andean Community (4 countries), ASEAN (10 countries) and Central America (6 countries).

The EU demands “far-reaching liberalisation of trade in services, covering all modes of supply”. It says other countries’ domestic regulation “must be done in a manner with the least restriction on trade, consistent with achieving other legitimate policy objectives”. The four modes of supply are: 1. the service itself can cross the border; 2. the customer can do the travelling; 3. the firm can set up a branch in the country; and 4. the person providing the service can cross the border to do so.

EU FTAs include matters that developing countries want left out – services, investment, intellectual property, public procurement and competition. The FTAs require developing countries to give access to EU providers of goods and services. But the FTAs never require EU

l institutions are just another weapon to attack the peoples of
o exercise their sovereignty...

cy: the EU's Free Trade Agreements

members to cut or end their huge agricultural subsidies – depriving developing countries of access to EU markets for agricultural produce.

These FTAs are just as bad for workers in EU countries, forcing the “free” movement of labour between countries and undermining wages and conditions.

FTAs are even worse for developing countries than the WTO's General Agreement on Trade in Services. They ban developing countries from attaching conditions to trade like price controls, entry controls, service targets and performance requirements (e.g. using and training local labour, ensuring technology transfer).

The EU has also pressed countries to allow full foreign ownership and board membership of their banks and to put no limits on foreign participation. Increased foreign participation increases capital flows, causing instability and capital flight. It also cuts access to credit for the country's private sector, especially its farmers, driving domestic firms out of business.

Acting as a bully, the EU threatens to bar market access to Europe unless developing countries sign the proposed agreements. It targets any protection against EU export interests, despite recognising that tariff cuts cause bankruptcies and loss of jobs and revenues in developing countries. By tying developing countries into dependent relations with the EU, the FTAs cut across the development of regional trade blocs based on fairer principles and mutual benefit.

An alternative

The international financial institutions are bad for us all. Countries do better when they ignore them. In September 2003, Argentina announced a temporary default to the IMF, until the Fund backed down. The result was rapid economic recovery: Argentina's economy grew at least 8.5 per cent annually from 2003 to 2007.

Venezuela, Ecuador, Bolivia and Cuba are building alternative and better economic models. Cuba has a life

expectancy at birth of 78 years, a 97 per cent literacy rate, and an infant mortality rate of 5 per 1,000 live births (the USA's is 7 per 1,000). These achievements result from Cubans' access to free healthcare for everyone and from Cuba having the highest ratio of doctors to people (591 per 100,000 in the world).

Ecuador has protected itself against imports from neighbouring countries with devalued currencies, cutting its trade gap from \$7.5 billion to \$0.5 billion, boosting production and employment. It provides free universal education and health care and guarantees minimum incomes.

Venezuela and Cuba have created ALBA, the Bolivarian Alliance for the Peoples of Our America. With an initial \$1 billion, the Bank of ALBA will fund economic integration, infrastructural development and social, educational, cultural, and health programmes in member countries. Unlike the World Bank and the IMF, ALBA's Bank will not impose loan conditions and will function on the consensus of all members.

Sovereignty, the ability to control

one's own affairs, is vital to economic development. Economic sovereignty, backed by exchange controls and managed currencies, did better than the decades of Thatcherism under Tories, Labour and now the Coalition. Protectionism brings growth; imposed liberalisation harms growth.

If we had planning, not gambling, as the organiser of the economy, we could end poverty. \$296 billion, just 0.66 per cent of global GDP, would take everybody out of poverty. Instead, bank bailouts totalled \$20 trillion in 2009 and 2010.

Across the world, most low-income countries are cutting spending. Private banks have failed to respond to public funding by increasing their lending. But in Brazil, public bank lending provides 35 per cent of total credit.

Countries need to increase public spending, especially on infrastructure investment; they need to cut taxes and to subsidise production and consumption (food, fuel, transport, electricity). These measures are forbidden to them by international financial institutions.

Meet the Party

The Communist Party of Britain is planning a series of public meetings in London throughout autumn and spring 2010-2011. All meetings will be held in the Bertrand Russell room, Conway Hall, Red Lion Square, Holborn, London WC1R 4RL, nearest Tube Holborn, 7.30pm start.

M **The next meeting dates will be: Tuesday 16 November 2010; Thursday 3 March 2011; Thursday 23 June 2011. The meeting themes will be announced nearer the date. Interspersed with these public meetings, the Party runs regular political study and discussion groups for interested workers.**

M **The Party's annual London May Day meeting will be held on Sunday 1 May 2011, in the Main Hall, Conway Hall, Red Lion Square, Holborn, London WC1R 4RL, nearest Tube Holborn, 2.00pm start with speakers, food, bar and interesting political discussion.**

M **As well as our regular public meetings we hold informal discussions with interested workers and study sessions for those who want to take the discussion further. If you are interested we want to hear from you. Call us on 020 8801 9543 or e-mail to info@workers.org.uk**



A long and bitter struggle in the winter of 1989-1990 laid the foundations for the current transformation of ambulance workers into paramedics...

When ambulance workers drove a coach and horses through the Conservative government's pay policy!

A LONG and bitter struggle in the winter of 1989-1990 laid the foundations for the current transformation of ambulance workers into paramedics, by building the understanding, confidence and organisation of the workforce. We should never forget the dispute or the people who took part, and never permit the airbrushing of it out of our history.

In the small hours of a cold late February morning in 1990 at a South London, Elephant & Castle government building, a deal was struck between the unions representing ambulance workers (NUPE, COHSE, NALGO, GMB and T&GWU) and the Department of Health, after a marathon meeting throughout the night. This deal was to be put to ambulance workers as a way of trying to resolve the six-month-old national ambulance dispute.

A very tired Roger Poole, chief negotiator for the Joint Unions, came out on the front steps and, facing a forest of microphones, television cameras and Press, made his famous (infamous) "Coach & Horses" speech: "Today we have driven a coach and horses through the Conservative government's pay policy!"

The proposal inside that coach included a 16.9 per cent increase over two years, an extra 2 per cent for productivity, increases in London Allowance, and funding to develop the new role the paramedic for the future. The increases were to be backdated, with part of it paid as a lump sum.

In return for this the unions agreed, under duress, to withdraw a major part of

their claim – an annual pay formula linked to the pay systems of police and fire-fighters.

The full original claim from 1989 was:

- £20 a week increase to bridge the gap between ambulance staff and the fire service;
- A formula to determine pay in the future;
- An overtime rate for overtime work;
- A reduction in the working week and 5 weeks' holiday;
- Better pay and holidays for long service;
- An increase in standby pay.

By 13 March 1990 over 81 per cent of ambulance workers nationwide had accepted the offer.

So, after six months of a hard-fought dispute starting in September 1989 with a rejection of a 6.5 per cent pay offer amid an overtime ban and a work to rule; with police and the army on the streets doing ambulance work; Christmas and New Year without pay; marching and demonstrating in London's Trafalgar Square with 40,000 others; collecting money in buckets from a very generous and supportive public; being locked out of ambulance stations; breaking back into ambulance stations for "sit ins"; being called "van drivers" by the then Health Secretary, Ken Clarke; taking 999 calls straight from the public at stations in a kind of Soviet/commune atmosphere; presenting a 4 million plus signature petition, which at the time broke the British record for the largest ever collected (and may well still be the largest for an industrial dispute); having thousands and thousands of other workers stop work in support on one lunchtime: after six long bitter months...

At 07.00 on the 16 March 1990 ambulance workers across the country went defiantly and proudly back to work.

Those who can remember the ambulance dispute of 1989-90 will also remember the bad taste in the mouth that it left. Although the political, the moral, and the public argument was won, the six-month dispute ended with a settlement that didn't move ambulance workers on very far as a profession worth joining or

working in.

One reason for this was because a major component of the pay claim that year had been the establishment of a pay formula. But this was dropped.

The formula would have seen pay and terms and conditions improve year on year without an annual fiasco, and without putting patients at risk. It would have brought stability and professionalism into the ambulance service and at last seen ambulance staff gaining the respect that they deserved and were entitled to.

In addition to this, a pay formula would have been a way of creating a proper career structure based on training and experience.

Because of lessons learned from the dispute and a more disciplined, organised union (particularly Unison, particularly in London) ambulance staff now work within a modern, professional Ambulance Service alongside and among staff whose training, skills, career choices, pay and terms and conditions could not even have been dreamt of by the workers who stood at the picket lines and fought for their future back in 1989/1990.

Ideas and vision

All this did not come about by accident, nor was it simply given to ambulance workers. All this did not happen in a void. These gains and improvements are attached to an invisible umbilical cord stretching right back to the ideas, vision and strength of character of workers who went through the dispute and came out the other end still optimistic and positive.

The experience of the dispute certainly cleared a lot of heads and gave firm views of what trade unions ought to do and where ambulance services ought to be. A seed was planted in that national dispute that has been watered, tended and lovingly cultivated by workers who went through it. A belief and confidence sprung up alongside a determination that ambulance workers and ambulance services would never go back to those times ever again.

Clarity emerged that the police and fire service were not role models in the sense



Foundations for the current transformation of ambulance workers

and horses through government pay policy

of positioning ourselves within the public services as many politicians wanted. Ambulance staff knew that their position should be at the heart of, and central to, the National Health Service and that the pursuit of some kind of 'joint rescue sector' with the other emergency services was a red herring.

The dispute taught workers that with organisation and discipline they could stand on their own two feet. They have done that and their achievements in the ambulance service are many.


Agenda for Change is the modern version of the pay formula that was brushed under the table at the Elephant & Castle 20 years ago. Finally rescued, resuscitated and brushed down, it has not only brought parity with the police and fire service but has surpassed them.

Training

The need for properly trained paramedics was an idea that started to grow in the latter stages of the dispute when the unions were not only fighting a pay claim but, with their members, fighting for the survival and future of ambulance services and ambulance workers. Ambulance workers deserved better, the public deserved better and patients deserved better.

The union's full involvement in decision making was vital if they were to drag poorly funded, poorly paid, poorly appreciated ambulance services into the modern age, and although it took a further ten years to start the process of partnership working as one way to protect public services (a lot of wounds were still raw), the battlefield relationship between management and staff in 1989/1990 and before made it plain that things had to change.

One of the greatest visible links between the past, present and future of ambulance services is currently back at the Elephant & Castle. Who would have thought that the very building where that deal was struck in the early February morning of 1990 – the Department of Health's Hannibal House – would now be used as a training centre for London



**NOW THE
POLICE
WON'T
JUST PUT
YOU IN
HOSPITAL,**

**THEY'LL
DRIVE
YOU
THERE
TOO**

**Support the
Ambulance Crews**

Poster produced by ambulance workers during the dispute.

Ambulance Service at which student paramedics are trained at the start of an innovative three-year course?

How ironically full circle that the same rooms in the same place that had

witnessed many a difficult meeting in the midst and struggle of a national ambulance dispute to improve work, pay and job security, are the very rooms now being used to train the future!

Two books, one from either side of the Atlantic, tell the sorry tale when governments are in thrall to finance capital...

Tales from the front line: financial reporters

The Great Pensions Robbery: How New Labour Betrayed Retirement, by Alex Brummer, paperback, 226 pages, ISBN 978-1-847-94037-7, Random House Business Books, 2010, £12.99.

ALEX BRUMMER, City editor of the DAILY MAIL, has written a superb account of the pensions crisis and its causes. Before 1997 Britain's pension funds were solvent, with strong cash flows. £830 billion was invested in private pensions to meet future pension payments, more than the rest of the EU put together. We had the best occupational pension system in Europe. 90 per cent of private occupational pensions were final salary (defined benefit).

What caused the current pensions crisis? In 1997 the Labour government decided to remove the tax credit on dividends received by pension funds, which had allowed the funds to receive dividend payments tax-free. This was worth £5-6 billion a year. A fund receiving an £80 dividend, for example, could receive £20 of tax relief, which could then be reinvested in the fund to build up endowment for the future.

Warning

The Treasury and independent actuaries warned this decision would push pension schemes into deficit, close down many occupational pension funds, and cut pensions. Brown ignored these warnings.

We now have a broken system of private provision and a state pension that is among the worst in Europe, supported by humiliating and complex means-testing. Labour opposed restoring the earnings link for the state pension. Two million pensioners are trapped in poverty.

By 2002, Britain's pension funds were paying pensioners on average 28 per cent less than in 1997 and final salary pension plans were nearly dead: two-thirds had been closed to new members. Most firms that cancelled these plans moved future retirees into money purchase schemes, shifting the risk from employers and shareholders to employees.

In doing this Labour obeyed European



Pensioners: ripped off while the banks were bailed out.

Union diktats. The European Central Bank in April 2003 demanded "reductions in public pensions" and "measures to raise the effective retirement age".

Value

The value of assets in life assurance and pension funds fell from 176 per cent of GDP in 1999 to 128 per cent in 2008. In January 2009 the Office of National Statistics calculated that the deficit in defined pension schemes – the heart of Britain's occupational pension system – was £194.5 billion.

The government also refused to bail out Equitable Life's one million plus pensioners, who include Tesco and Post Office workers who lost out due to the government's regulatory failure and maladministration, although later it bailed out depositors with RBS and Icesave.

The government bailed out the banks, but ripped off all our pensioners.

Too Big to Fail: Inside the Battle to Save Wall Street, by Andrew Sorkin, paperback, 600 pages, ISBN 978-1-846-14238-3, Allen Lane, 2009, £14.99.

ANDREW SORKIN is the chief mergers and acquisitions reporter for THE NEW YORK TIMES. As he himself writes, the book is "a chronicle of failure", capitalism's failure. He gives a detailed account of events from 17 March 2008, when JP Morgan took over Bear Stearns, one of Wall Street's big five.

Sandy Weill, the architect of Citigroup, said in 2007, "The whole world is moving to the American model of free enterprise and capital markets." They promised a new world of risk-free investment. Wall Street firms had a debt/capital ratio of 32/1. Also in 2007, the Securities and Exchange Commission dropped its 1938 rule preventing investors continually shorting a falling stock. Lax regulation met greedy bankers.

e of what happens

s on the crisis

In 1999 Ben Bernanke (now chairman of the Federal Reserve) said the dotcom bubble was not a big concern, unless and until it fed inflation. Similarly, the Fed ignored the growing housing bubble.

Bush's Treasury secretary Henry Paulson, a devout Christian Scientist and huge fundraiser for Bush, asked a possible new recruit to the Treasury, "Are you a Republican?" Sorkin writes, "As luck would have it, he was."

Monsters, not masters

At a Goldman Sachs board meeting in June 2008, held to discuss a possible merger with AIG, nobody noted that AIG had overvalued its securities, even though they knew about it. Best and brightest? They may think so. They are the monsters, not the masters, of the universe.

As the crisis began, the head of one private-equity giant whinged, "Everybody is just pursuing his self-interest." When Wall Street's top nine CEOs met the Treasury team, on 13 October 2008, to agree the bail-out, the first question was, "Why am I in this room, talking about bailing you out?"

The second, and last, question was, "What kind of protections can you give us on changes in compensation policy?" A Treasury man replied, "We are going to be producing some rules so that the administration will not unilaterally change its view." As soon as they heard that their unlimited bonuses were safe, courtesy of the taxpayer, the CEOs signed.

Workers outside held signs saying, "Jail not bail" and "Crook". The \$1.1 trillion bail-out was by Wall Street, for Wall Street. As Jamie Dimon, CEO of JP Morgan, asked, "Why would you try to bail out people whose sole job it is to make money?" Wall Street served and saved only itself, not its clients, not its borrowers, not the economy, not the American people.

Sorkin warns that "vulture investors" are looking forward to the collapse of commercial real estate. There have been no real changes to Wall Street, so "when the next, inevitable bubble bursts, the cycle will only repeat itself."

More from our series on aspects
of Marxist thinking

STATE AND REVOLUTION

IN 1917, after three years of world war, Lenin identified the nature and function of the state. He declared that a partnership exists between the state and the dominant ruling class with the former charged with serving the interests of the latter. In other words, the state is not neutral in the struggle between the working class and the capitalist class but serves the ruling class to maintain its power. Therefore, he concluded, the state could not be reformed but had to be vanquished and replaced by working class state power.

What comprises the state in Britain today? We have the police, armed forces, judiciary, prisons, parliament and its parties, intelligence services, senior civil service, border control, the church and the monarchy all serving to maintain the power of finance capitalism. And that's not to mention the European Commission and Parliament, Council of Europe, the European Court and judiciary and the coming EU Armed Forces representing a new dimension of the state serving finance capitalism across the EU.

However, as long as the state can maintain the consent of the working class, the issue of class power remains unresolved. In Britain today, workers are reluctant to engage with the implications of acting independently, and so by default give consent to the "democratic" capitalist state that maintains the power of finance capitalism. The temptation of reform give the appearance of consent remains powerful, with changes to Britain's voting system being the latest "radical" inducement.

But where consent is weakest is with the EU elements of the state and that is precisely why British politicians refused to allow us a referendum on the Lisbon Treaty, which was all about entrenching the EU state. 100 years after Lenin wrote *THE STATE AND REVOLUTION*, the nature of the state has changed and strengthened, but not its underlying function. The EU represents an extension of the state, another layer even more remote from workers.

So when finance capitalism needs a pool of cheap labour to undermine workers here, the state on its behalf can encourage mass immigration. To suppress trade unions, it can bring in anti-union laws and use its police. To determine what our children know of our class history, it can try to fix the curriculum. To determine what we are told in the news, it can seek to manipulate the media. And to tell us to behave ourselves and not become "aggressive atheists", it can bring on the Pope.

It follows that participating in capitalist "democracy" changes nothing. Our class has to change its thinking, finding the energy and courage to withdraw that consent from the state in order to challenge it and establish working class power.

Interested in these ideas?

- Go along to meetings in your part of the country, or join in study to help push forward the thinking of our class. Get in touch to find out how to take part.
- Get a list of our publications by sending an A5 sae to the address below, or by email.
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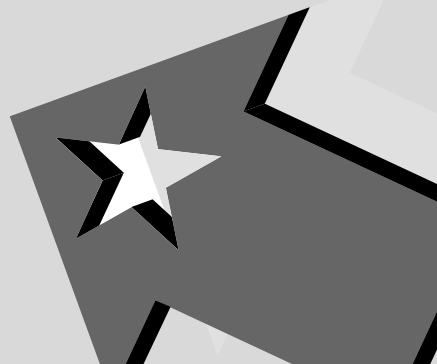
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Back to Front – A declaration of war

‘The moral high ground will rest with the TUC and affiliates but how will that translate into practice?’

GOODBYE MANCHESTER and the 142nd TUC, forward to the 143rd in 2011. Where are we now after the week’s deliberations?

Speeches from the great, good, devil incarnate, friends and enemies, all motions carried. Motions of emergency defending the London Underground, defending the Royal Mail, standing up to Tory brinkmanship in Birmingham City Council, resisting cuts, international causes and greenery to lose the proverbial forest and trees.

Mix in the Labour Party leadership streetwalking competition, the Governor of the Bank of England and John Monks, General Secretary of the European TUC and European Union fanatic.

The TUC has a simple policy for dealing with the Coalition government: take every opportunity no matter how unsavoury to talk to them and at the same time savage in detail the implications of the Coalition’s politics and policies.

Campaigning and lobbying will be righteous, the moral high ground will rest with the TUC and affiliates but how will that translate into practice? Much sabre-rattling, much posturing, much playing the victim, many more fine words but then almost a sense of unreality.

The reality is that all and sundry are waiting for the Chancellor’s statement on the Comprehensive Spending Review on 20 October. All are obsessed with the likely devastation of the spending cuts, 25 to 40 per cent (take your choice) threatened and trailed since the general election. Devastating though the

Chancellor’s economic strategy will be, our response cannot be one of fatalism or putting our own heads in the oven, or even pretending it’s business as usual.

Britain’s public services reflect for good or bad a level of civilised society expected by the British people. To brazenly propose such destruction is an open declaration of war on the people of Britain and we should respond accordingly.

The public sector cuts will not be resisted by a one-horse race called “let’s have a national demonstration and then another one”. It will flop. The two million strong anti-Iraq war demonstration, ignored by the government, is etched clearly into people’s minds. Demonstrations are no longer the way forward.

In fact demonstrations in Britain have never worked, not since the Chartists. If we have 15 per cent trade union density in the private sector and roughly 56 per cent in the public sector then the strategy has to be to recruit and build organisation. If 500 or 600 or 750,000 public sector jobs are under threat of redundancy or privatisation or voluntarism, then we have to have a class strategy which says wherever the work is, delivered by whoever, then we, the trade unions, are there. Our very livelihoods – our ability to survive as workers, in work, in a civilised society – are at risk.

We resist by organisation, discipline, unity. This is not Greece or France.

The TUC will call a national demonstration in the spring. Wags joke that the year hasn’t been specified.

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