

STRIKING WORKS!

KEEP UP FIGHT FOR INFLATION-PROOF PAY RISES

- Reject unfunded insufficient pay offers
- Make the super-rich pay
- Prepare for a 24-hour general strike

SCOTT HUNTER
SWINDON SOCIALIST PARTY

The average worker is £11,000 a year worse off than they would have been had wages continued to grow at the same rate as before the 2008 financial crisis. In that time, the super-rich have only got richer.

Profits of Britain's biggest companies are 89% higher than before the pandemic, and the government can afford to give pensions tax breaks to the richest 1% of earners.

Inflation-proof pay rises, at or above the rate of RPI inflation, are absolutely possible, and necessary to stop the more than a decade-long assault on our living standards.

Budget Day, 15 March, saw the biggest day of strike action yet in the ongoing strike wave, with over 600,000 workers taking action.

The strike wave has boosted the confidence of millions of working-class people, demonstrating our power when

we act together. It has shaken the rotten Tory government.

From a position of 'no compromise' in January, in just a few short months Sunak's government has been forced to the negotiating table with new pay offers.

The Socialist Party campaigns to reject insufficient pay offers. None of the deals offered so far make any clear commitment to increase funding for schools or the NHS - key demands of striking health and education workers.

The fact that new offers have been extracted from the government is proof that striking works. Further strikes - with further days of coordinated action, backed up by a huge trade union-organised weekend demonstration between now and the May elections - can force the Tories to concede more. Action up to and including a 24-hour general strike could be enough to topple them.

The trade union leaderships must work together to organise this. The Socialist Party calls on the trade union leaders to immediately organise a conference of the elected leaderships of all unions involved in strikes - to discuss the next stages of coordinated strike action, but also to prepare a working-class political opposition, starting by preparing a list of workers' candidates to stand in the next general election.

Britain's bosses' budget as world teeters on brink of banking crisis



Socialist Party WHAT WE THINK

As tens of thousands of workers brought much of London to a standstill on 15 March - alongside hundreds of thousands more, around 600,000 striking in total - chancellor Jeremy Hunt announced his something of a nothing budget. A 'minimalist masterclass', Bloomberg reporters called it.

With his head in the sand to the real problems and crises across British society, his budget was mainly an attempt to satisfy the fears and concerns of 'the markets' - the spivs and speculators.

It was the third economic 'plan' in a year. Anything that didn't result in the PM or chancellor resigning and Britain paying a new 'moron

premium' on its gilt/debt repayments (as Kwarteng's budget did), would have been a success for the crisis-ridden government and Tory Party.

But there is still no gloss that the Tories can put on the cold reality of the situation in Britain, that Hunt's budget did nothing to address. Despite calls from the likes of the Institute for Fiscal Studies to spend £14 billion on pay rises for public sector workers, or to give the NHS the funding it so desperately needs just to get by, Hunt preferred to scrap plans to make mega-rich sovereign wealth funds pay corporation tax as they do even in the US!

More Tory cuts

Real terms cuts to public services and further attacks on disabled people surprised no one, but increasingly even sections of the capitalist class are becoming alarmed by the deteriorating health of workers in Britain, which is an additional reason for the woeful productivity of British capitalism. Productivity growth is at its slowest since the 1820s, and even the government's own Office for Budget

Responsibility admits British standards of living have seen no improvement in 20 years. Life expectancy is deteriorating in a society getting rapidly sicker.

The Bank of England's predictions for no real economic growth by the end of 2025 is a brutal reality check to the Tories' 'think happy thoughts' attempts to revive what is, in the eyes of the capitalist class globally, an ailing economy with increasing public and private debt.

But it's not just Britain. Recent events have seen the first tremors of a new stage of global economic crisis, brought on in the main by the record levels of both sovereign and corporate debt. The consequences of the huge debt levels in the economy are now beginning to be felt as central banks attempt to 'turn off the taps', and end 'cheap money' via rapid hikes in interest rates.

Bank failure

In the space of just a few days, the second and third largest bank failure in US history took place and the US authorities stepped in to close

Signature Bank and Silicon Valley Bank (SVB).

While Signature had placed one too many bets on crypto, SVB was a victim of the impending crisis in the tech bubble. A crisis fuelled by loss-making companies propped up by cash-burning venture capital that used SVB as its bank of choice. SVB itself invested heavily in what is supposed to be the safest and strongest possible asset, long-dated US government bonds.

However, the rapid increases in interest rates in the last year by the US Federal Reserve to counter inflation caused huge drops in the value of the lower interest bonds. SVB faced a doom loop. It tried to sell bonds to raise cash quick enough to meet its depositors' withdrawal requests, leading to a run on its reserves, before authorities stepped in to close the bank and try to stop further bank runs.

The idea that SVB was unique and an isolated incident was quickly jettisoned as the Fed and US government stepped in with emergency insurance coverage for all depositors. They

also established a new liquidity loan facility for banks to borrow from.

The US Fed, alongside other central banks, has introduced a new daily 'credit line' to improve dollar access and liquidity for banks across the world.

US banks, in panic, borrowed \$164.8 billion from Federal Reserve backstop facilities in a week. A record high, up from \$4.58 billion the previous week. The previous all-time high was \$111 billion in 2008.

In Europe, Credit Suisse has been the headline victim so far, but won't be the last. A \$54 billion lifeline emergency loan from the Swiss government was still not enough to bolster the bank, which has been in a state of crisis for over a year now.

Bank bailout

In a hastily put together bailout in all but name, it was bought by Swiss arch rival UBS with backing and insurances again from the Swiss government.

But in the same fashion as the lifelines given to banks failing in the USA, the can has just been kicked

down the road. Described by economist Nouriel Roubini as a 'too big to fail monster that is 220% of Swiss GDP', Credit Suisse is still riddled with all the problems - debt, bad bets and assets - that led to its demise.

\$17.3 billion of Credit Suisse riskiest bonds, meant to give bondholders equity/shares in the event of a default, have been wiped out. This 'crossing of the debt rubicon', as a Bloomberg commentator labelled it, and the potential precedent it sets, has sparked outrage from other banks and further contagion fears.

Central banks, governments and the biggest banks have desperately taken on more debt to hold off this current rupture. Even if they succeed temporarily, the crisis in the finance markets is increasing the already developing trend towards world recession in the 'real economy'. We are in a new period of increasing geopolitical and economic fragmentation, trade and currency wars, inflation, stagnation, climate crisis and corporate and sovereign debt crises.

As always, the capitalists will try to make sure it is working people globally who suffer and are made to pay for the effects of the sheer brutality of capitalism.

Further sovereign defaults, like Sri Lanka, will become the new norm. But so will the development of revolutionary opportunities as the working class reacts.

What is clear more than ever is the need to take the huge wealth, resources, assets and power that rests in the hands of the capitalist class into public ownership through nationalisation.

But not the 'nationalisation lite' that in 2008 left all the power and control in the hands of the very bankers, spivs and speculators that sparked the crisis, while ordinary people were made to pay.

Socialist nationalisation

Socialists fight for the nationalisation of the banks and major companies and industries that dominate our lives. Democratically controlled - with majority trade union representation at all levels, drawn from workers, including from the unions in the industry and the wider working class and labour movement, with the government also represented - the economy, including the banking system, can be run to meet the needs of the majority.

To end 'business secrets', which the bosses say should be kept hidden to maintain 'competition' and 'not to frighten the market', there should be a complete opening of the books to elected committees of workers, trade unionists and communities. Let's see where the profits have really gone, what the financial situation really is, and only pay compensation on the basis of proven need, to protect workers' pension funds and so on.

Socialist nationalisation should be just a first step towards the unification of all the banks into one democratically controlled system, to provide the vital lever to take on the many problems and crises affecting working-class people in Britain and internationally.

On this basis, working people can begin to reorganise society on socialist lines, to provide what is needed: jobs, services, health and housing, for all. To be able to live a decent enjoyable life with the freedom to develop, learn and explore the many untapped talents and potential that exists among the working class.

Another Tory budget for the rich

Tory childcare plans - too late, unfunded and not enough

TERRI-JAY ROSSER

CHILDCARE WORKER AND PARENT

At the moment, eligible parents can claim up to 30 hours of free childcare for three to four year olds, and 15 hours for some two year olds. The Tories are changing this, introducing their plan in stages:

- Eligible parents of two year olds get 15 free hours from April 2024
- From September 2024, this is extended to many children nine months and older
- In September 2025, it'll be increased to 30 free hours

But the Tories' plan fails on funding, staff recruitment and the availability of childcare spaces.

Funding

Nursery providers state that the amount the government pays for the current funded hours does not cover costs. The Women's Budget Group says the shortfall is £1.82 billion. A majority of nursery settings make up the difference by increasing fees for things like food.

The hourly rate that the government pays to local authorities for funded places for two year olds is increasing by 30%. But for three to four year olds it's only going up by 4%, way less than the rate of inflation.

The government has promised £4 billion by 2027-28 - way after its proposals come in - to cover the plan. That's far lower than what is needed.

Lack of qualified staff

The sector is already struggling to recruit and retain staff. Low pay is putting people off. In September,

the Tories will relax ratios rules. The number of two year olds one adult can be in charge of will increase from four to five.

The government claims this will give providers flexibility. But most providers say they will not implant these changes due to safeguarding and workload concerns.

Shortage of childcare spaces

When the plan is rolled out, more parents will be looking for a space for their child in a nursery or childminders. But there is a shortage of spaces now, plus long waiting lists for availability. Almost half of areas across England do not have enough spaces for children under two, and a third don't have spaces for three to four year olds.

The government is promising incentives to encourage people to work as childminders. But over the last five years, over 10,000 childminders have closed down, due to inadequate government funding - it's too low to meet growing childcare demand.

The government's plans do not solve Britain's childcare crisis. The way forward is to bring privatised childcare under local authority control. This must be fully funded, affordable, flexible nursery and childcare services, democratically run by elected committees of parents and childcare workers.

Childcare services should be made available for all from birth, including after-school and holiday clubs. And we should be paid a wage we can actually afford to live on, that rises with the rate of inflation, reflecting the social contribution made by the workforce.

Other parents in the Socialist Party respond to the budget.

● 'Far too late for me'

CATHERINE MILTON KEYNES

"Disappointed" and "underwhelmed" were the responses of mothers in the online support groups I frequent. Jeremy Hunt's childcare reforms are lacklustre and will be implemented far too late for anyone like me who already has a baby.

The 30 hours paid childcare is not

available to those on Universal Credit despite the fact that many are only claiming benefits because they cannot work or can only work part-time as a result of high childcare costs.

And the 'catch-22' of being too poor to be entitled to claim free hours remains. The government is also bringing in stricter rules for stay-at-home parents claiming benefits. Rather than encouraging women back to work, they are trying to force us back without the support we need.

"Tax cuts for rich, tax rises for us"

"The Tories announced more taxes for ordinary people and tax giveaways for the wealthiest. What a kick in the teeth to those struggling to keep public services afloat, to hear that on top of everything, they will now have to pay more for crumbling services, while the rich are helped to dodge even more tax."

Dan Smart, social worker in adult care



● 'Tories fail parents again'

HELENA BYRNE LONDON

Again the government has failed parents with young children. Childcare costs are above what many women are paid, so it's not surprising that many don't return to work after maternity leave.

30 hours or 15 hours free childcare hours 'per week' is misleading. The hours only cover term time - 38 weeks over the course of a year.

The government has also done nothing to stem the closure of nurseries. Many have closed their doors because of rising costs. If the government was serious about getting more people working as childcare professionals, it would provide free training for all childcare qualifications, and pay childcare workers a decent wage of at least £15 an hour.

Tory benefit changes - more draconian sanctions

"The Tories' benefit changes amount to more pressure on the already unwell to take up work. Plus draconian sanctions where you lose all support if you can't."

Lindsay Morgan, Socialist Party and Unite member

● Read more working-class people respond to tax cuts for the rich, benefit cuts, and the rest of the Tory budget on pages 6-7

FOSSIL FUEL 'STRANDED ASSETS'

HOW CAPITALISM IS FACING UP TO CLIMATE CHANGE

JIM HENSMAN

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“A banking crisis worse than 2008” could face the world economy, caused by measures to deal with climate change, a Guardian newspaper headline warned in January 2023. The article outlined economic losses worldwide, often referred to as ‘stranded assets’, as high as \$6.8 trillion (about £5.6 trillion). To get a feel for the size of this, the GDP of the UK in a year is currently about £3.2 trillion. About 13.6 million jobs internationally were estimated to be at risk in one case, 18.7 million in another. Given the critical necessity to deal with global warming, is this a real threat and if it is, how can it be dealt with?

The report highlighted a key issue. To meet even the limited targets set by the Paris Agreement in 2015, which set an upper limit of a 2.0°C rise in global temperatures and hope to achieve one of 1.5°C, greenhouse gas emissions have to peak by 2025 and fall by over 40% by 2030. By 2050, nearly 60% of oil and natural gas and 90% of coal would have to remain unextracted.

Ownership

Authors of the report ‘One for One’ implied that the necessary move towards net zero would mean “the price of fossil fuel assets could plummet”. The world’s banks hold fossil fuel assets worth about \$2 trillion, according to the report’s estimates. Would massive bank losses require similar bail-outs to those made in 2008? In the UK, this amounted to £457 billion - which was ultimately paid for by us of course. To prevent this from happening again, one of the policies it suggested was that banks and other financial institutions should be required to hold one pound in reserve for every pound they invest in fossil fuel projects.

It’s not just banks, fossil fuel assets are owned by any number of financial institutions, and even nations too. A study into where ownership ultimately lay, and who would face potential losses, found unequal distribution. In the US, for example, it was estimated that the wealthiest 10% of households would sustain about 82% of losses. But such is the scale of their wealth overall, it was found they would face insignificant effects. Poorer oil-rich nations such as Nigeria and Kazakhstan would be affected - mitigated by the fact that much of these nations’ wealth is owned externally by capitalists based in richer capitalist nations.

In the UK, the risk to pension funds and other investments was noted. However, this must be put into perspective. When BP and Shell argued that tougher taxes on their profits would affect ordinary people’s pension funds, the Common Wealth think-tank responded to show that less than 0.2% of their shares were held by UK pension funds!

Banks and other institutions have started to ‘stress test’, trying to simulate different possible climate change policies and outcomes. Even taking up the banks and

financial institutions within their own economic framework, capitalism, one important point is that not dealing with climate change will lead to far greater losses and stranded assets!

As one major insurance firm put it in the title of a report: “No action not an option”. This report went on to state that, “The world stands to lose close to 10% of total economic value by mid-century if climate change stays on the currently anticipated trajectory”. Projections in the longer term, if climate change is ignored, are rather more alarming. As one bank put it, the situation would be such that “all financial and real assets would likely be worthless”. Another analysis wittily observed that global warming would mean that many ‘assets’ would be physically ‘stranded’, with major cities situated by the sea flooded.

Fundamentally, globally energy needs can be met by renewables. “The land required for solar panels alone to provide all global energy is... less than the current land footprint of fossil fuel infrastructure”, according to the climate think tank Carbon Tracker.

According to the International Energy Agency, in its last review in November 2022, record-high energy prices mean “Global net income from oil and gas production is anticipated to reach nearly \$4 trillion in 2022, which is double the level in 2021. If the global oil and gas industry were to invest this additional income in low-emissions fuels, such as hydrogen and biofuels, it would fund all of the investment needed in these fuels for the remainder of this decade” to achieve net zero emissions by 2050.

Profits

In fact the soaring profits of the fossil fuel companies gives them even less incentive to invest in renewable energy. As Tyler Hansen at the Technical University of Denmark concluded in a detailed analysis of energy profits: “The fossil fuel industry, in general, has enjoyed substantially greater profit margins than the renewable energy industry over the past decade”. To add insult to injury in the case of the UK’s limited ‘windfall tax’, companies get a 90% reimbursement if they make investments in the UK, not in renewable energy, but in fossil fuel production!

But shouldn’t the fossil fuel companies at least fear the future threat to their profits from stranded assets and act accordingly?

A few years ago, J.P. Morgan explored the ‘stranded assets scenario’, based on the policies governments said they would implement. Global temperatures could still rise by 3°C, with catastrophic implications - and even these policies aren’t being adhered to! The analysis found that, although there were stranded assets for coal, there were none for oil or natural gas - and in fact extraction could be expanded! At the same time as Fatih Birol, the executive director of the IEA, was saying in 2021 that: “If governments are serious about the climate crisis, there can be no new investments in oil, gas and coal, from now”, fossil fuel companies



Background colours: Warming stripes graphic depicting annual mean global temperatures (1850-2018, from World Meteorological Organisation data) CREDIT: ED HAWKINS/CC & OTHER PHOTOS: UWE ARNAS/CC & PAUL MATTHESSON

were committing to \$58 billion worth of new investment!

Oil and gas companies start with what is ‘acceptable’ for their profits, and then formulate their climate policies accordingly, whatever the consequences to humanity - with governments accepting or even endorsing this.

A network of international legislation exists to obstruct countries carrying out measures to deal with climate change that threaten profits. For instance, under the Energy Charter Treaty (ECT), which over 50 countries are signed up to, five energy groups are suing four European governments for nearly €4 billion. Even if countries withdraw from the treaty, they are legally bound to its conditions for 20 years under a so-called ‘sunset clause’.

In January 2023, the prestigious academic journal ‘Science’ published an article analysing documents that the oil company, Exxon (now ExxonMobil) had produced in the past on climate change, and concluded that: “Since the late 1970s and early 1980s, ExxonMobil predicted global warming correctly and skilfully”. The article also stated that other documents had shown that the

“US oil and gas industry’s largest trade association had likewise known since at least the 1950s, as had the coal industry since at least the 1960s”. The twist was that these were internal documents kept secret, that were only unearthed by investigative journalists. Exxon, for example, just from documented sources, has spent around \$40 million financing scores of climate denial organisations and disinformation campaigns.

Even where there is no direct individual connection with fossil fuel interests, capitalism as a whole and the political parties which accept it can be relied on to support the quest for profit and all that it entails. The German firm Volkswagen (VW), once the highest-valued company in the world, was slow to get into electric or hybrid cars, compared to rivals like Toyota. When it came up against emissions regulations, it decided that the cheapest and most profitable way to meet these was to cheat. It fitted a mechanism to 11 million cars to fool testing equipment. Emissions were up to 40 times the legal limit. Studies estimated that about 1,200 premature deaths could be attributed to VW’s actions. But although

the company was fined heavily and a VW executive arrested and subsequently jailed for seven years, the German government and establishment rallied round to protect VW, and nobody was found legally culpable in Germany.

Of course, the fossil fuel industry and other industries connected to it, will talk the talk of environmentalism, while undermining measures to combat climate change in practice. Similarly, because of public concern about global warming, political leaders want to display their green credentials and make grandiose proclamations, as we saw with Boris Johnson at the COP26 summit in 2021. This hypocrisy was also demonstrated by Canadian prime minister Justin Trudeau, who has boasted about his commitment to the ‘green agenda’. However, speaking to a conference in Texas which included energy company executives, he stated: “No country would find 173 billion barrels of oil in the ground and just leave them there” - referring to Canadian fossil fuel reserves.

Any realistic strategy to combat climate change must therefore be willing to challenge the agenda of the fossil fuel companies and political forces and parties that

openly or tacitly accept it. This is what is missing in proposals such as the one made by the ‘One for One’ campaign.

Their suggestion, that financial institutions set aside \$1 for every \$1 invested in fossil fuels, and others like it, are interesting theoretical possibilities, but are ultimately utopian. What motivation is there for these capitalists to take such measures?

Capitalism is based on private ownership of production, for profit rather than for need. Even though, in the relatively near future, it is apparent that climate change risks the survival of humanity, short-term profit motivation means that the necessary and feasible measures to deal with climate change are not carried out.

Taking the energy industry out of private hands, by nationalising it under democratic working-class control and management, would make it possible to plan investment and a transition to renewable energy production. With a democratic say in the measures taken, workers in the existing industries could have confidence in a future with a well-paid secure job for them and future generations.

Organised on the basis of competing nation states, themselves acting in the dominant interests of their own capitalist classes, capitalism undermines the international collaboration needed to tackle climate change.

There are huge inequalities between nations’ contributions to fossil fuel emissions, their consumption of energy, their capacity to take measures to deal with climate change, and the vulnerability to the effects of climate change.

China has the most greenhouse gas emissions, followed by the US, India, Russia and Japan. When looked at per capita, Canada takes top spot. Although these leading fossil fuel users are not immune to the effects of climate change, the league table of countries which are most affected is quite different, and includes countries that could disappear entirely under projected sea level rises, such as Kiribati or the Maldives, and countries like Pakistan where one third of the country was under water during floods in 2022. The contradiction this leads to is that, as one newspaper put it: “Nations most responsible for the problem have the least incentive to solve it”.

Increasing conflict worldwide, itself driven by rival capitalist nations seeking to extend their influence and maintain the best-possible conditions for their own capitalist classes to make profits, makes the situation even worse. One report described how “as Europe scrambles to replace the Russian natural gas that funds Moscow’s war effort, fossil fuel companies are using this moment to push for new gas projects all over the world”.

Dealing with climate change needs global collaboration impossible under capitalism. Collaboration between nations can only be on the basis of the shared interests of the international working class. Democratic workers’ states, with nationalised banking systems and publicly owned, democratically run planned economies, would be able to write off so-called ‘stranded assets’, without fear of financial meltdown - the other assets of the big capitalists incorporated into the planned economy and the wealth used to meet the needs of people and planet.

Numerous reports have emphasised the economic and social breakdown that the worsening effects of climate change are creating relating to food, water, health and living conditions generally. These crises will compel the working-class and poor masses into struggle, increasingly drawing the conclusions about the type of social and economic change needed - socialist change.

Research has shown that every degree that the earth warms means that a further billion people are unable to live where they currently are, threatening them with destitution and the need for mass migrations. The political implications of this were highlighted by a study led by Stanford University in the US, which estimated that “climate has influenced between 3% and 20% of armed conflict risk over the last century and that the influence will likely increase

dramatically”. Rosa Luxemburg’s phrase, “Socialism or Barbarism”, has never been more relevant and it is a race against time to build the movement which can create a socialist world.

Further reading

- *Global Warning: Socialism and the climate crisis - Socialism Today issue 262*
- *How to save the planet - Socialism Today issue 253*
- *Search online at socialismtoday.org*



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the Socialist

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Tory budget for the rich

FIGHT FOR NATIONALISATION TO SAVE OUR NHS! FUND OUR SERVICES



PHOTOS: MARY FINCH AND NUMBER 10/CC

RICHARD GINGELL
BLACK COUNTRY SOCIALIST PARTY

The Tory budget won't solve the cost-of-living crisis facing the majority of us, but it does look after the bosses. It ignores the hardship of the working class while moving more money to the wealthy elite and continuing to shred our services.

Included in the budget is: abolishing the £1 million tax-free limit to pension contributions, which no working-class person reasonably expects to reach; cuts in fuel duty to disproportionately benefit those with large, gas-guzzling cars or fleets of business vehicles; and raising

taxes on alcohol, tobacco and plastic packaging, which will disproportionately tax poorer workers higher.

It is clear who this budget is for – the rich, big-business backers of the Tory party.

The extension of the energy price cap, costing the government £29.4 billion in total, has been a bailout for the energy bosses to enable them to continue making huge profits, and we still can't afford our bills. Instead, we need to nationalise the energy companies, with compensation only paid on the basis of proven need, not to the rich.

The Tories have included an increase in the eligibility for 30 hours free childcare. See page

2 for the reaction from parents – if your family needs help immediately, you won't get it from the Tories.

Buried in the budget document there is a pitiful increase in funding for the NHS specifically to "tackle waiting lists". There is no mention of the ongoing systemic problems of NHS privatisation and funding. Absent is any increase in funding to improve the pay and conditions of health staff or indeed any public-sector worker.

The government is not increasing public spending beyond the 1%-a-year agreed previously. Inadequate when our hospitals, are crumbling, education funding is in crisis and all the services we need are under attack.

It will do nothing to address the cost-of-living crisis and is a continuation of the last 13 years of Tory austerity that got us in this dire situation in the first place. Keir Starmer's Labour take their cues from the same big-business backers: "I know we're going to have to be fiscally disciplined" translates to austerity under Labour too.

What we need is a socialist alternative – to nationalise the banks and big business and put that wealth to use. To democratically discuss and plan what we actually need in society, not what makes a profit for those at the top. And we need a mass workers' party that will fight for this.

WHAT WE STAND FOR: THE SOCIALIST PARTY'S MAIN DEMANDS >>> see column on page 14

