

WAKE UP!! WAKE UP!! ITS YER CRASH 'N' BURNOUT...



SchNEWS

www.schnews.org.uk

Friday 19th September 2008

Free/Donation

Issue 647



BAIL OF THE CENTURY

AS GOVERNMENTS STEP IN TO PROP UP THE GLOBAL FINANCIAL SYSTEM

SchNEWS never thought that Neo Labour would do so much to boost the welfare state. Over the last six months the government has pumped an unprecedented (and gigantic) amount of cash into the welfare system. The only trouble is that this money is not heading for the needy, but the greedy as we're talking about the welfare state...for big business.

The country's wealth is being squandered supporting the very company shareholders that have been arguing for years that, in Maggie Thatcher's words, "the business of government is not the government of business." Interfering politicians hell-bent on regulating the market only serve to hamper the competitive spirit, say the profit-hungry capitalists. Unless, that is, the interference comes in the form of hard cash designed to prop up their ailing investments at a time of crisis.

Following 'Meltdown Monday' and the ensuing turmoil in the corridors of global capital earlier this week, rampant free-marketeers are now clambering for more government cash to bail out the banking and financial system. And we are talking intergalactic telephone numbers. After years of sucking out huge commissions, profits and bonuses (Krug all round!), recorded losses for the banking and insurance sectors are now running at £275,000,000,000 - and it is estimated that this figure will double over the next twelve months. So far the most 'market friendly' governments in the world have pumped enough money into the system to cover 80% of these losses. Some analysts are estimating that Western governments will spend \$1 trillion of public money bailing out the financial corporate sector and its shareholders. Shareholders who have been only too happy to reap the benefits in recent years, without ever worrying about how their miraculous wealth was actually being created.

It's worth remembering how this whole mess started. Offering loans at 'normal' rates of interest was just not profitable enough for some banks. They chose to lend to people on lower incomes and adverse credit histories, charging a much higher interest rate. If you can borrow money at 4%, why lend it at 8% if you can charge 40% plus fees? Typically such loans were secured on people's homes, so if they defaulted the bank could get the money back via repossession. But alas, the value of property has crashed, reducing the banks' ability to claim the cash back upon the sale of a house (the classic confidence supported pyramid scheme collapses) - meaning they have to write off all these debts.

The cost of these 'write downs' has sucked up all the available cash in the system, meaning that there's hardly any money available

to borrow, leading us into the 'credit crunch'. With two-thirds of the UK economy based on consumer spending (and most of that consumer spending taking place on the back of rocketing house prices) the system soon fell apart and we are now heading into recession - all because of the short-term profit aspirations of a banking sector we have no control over. Now the crisis is deepening as the value of these write offs start to exceed the value of the companies themselves - leading to their bankruptcy.

But never fear, the taxpayers can pay the price of all those failures! With government bailouts, shareholders' investments are being protected at the same time that the poorest in our society will bear the brunt of any economic downturn. On Tuesday alone, the Bank of England pumped twice the annual Housing Benefit budget into the banking sector. The debt owed by Northern Rock (£17bn) would be enough to pay for 900,000 nurses for a year!

CASH CONVERTERS

Over the pond in the heart of Neo-liberal capitalism - the US of A - the numbers get even bigger. In an unexpected twist to their economic policy, the Bush Junta has brought three huge private companies into common ownership. Of course we don't use language like 'nationalisation' anymore - this is a much more market-friendly form of 'conservatorship.' In the US Fannie Mae and Freddie Mac (two of those

recent purchases) are the biggest providers of secondary mortgages and they've really come a cropper in the recent economic crisis. Earlier in the month the US-treasury bailed them by guaranteeing their balance sheet to the tune of \$3.5 trillion - that's 200 times bigger than the Northern Rock bung and is the equivalent to ten years of US government spending on welfare.

For some time UK plc has been bunging its own wads of cash into business in the form of regeneration funding and hundreds of grants schemes for small and larger businesses alike. As the already-rich receive a new subsidy, the working poor are given a kick in the teeth. Back in April 2005, the Blair government said that it was 'inconceivable' for it to 'interfere in the market place' to prevent MG Rover going bust.

While a billion couldn't be found to save 18,000 jobs (not that SchNEWS really minded a car company going bust), somehow they could sling 40 times that amount to bail out Northern Rock, 28 months later.

One of the arguments put forward to not helping Rover was that the business was going to make a loss of £200m. But last month Northern Rock confirmed that its loss for the last year was £585m. Clearly the message is that if you're working class you can take a hike, but if you're a member of the business elite you can hold the government to ransom and there'll never be a need to worry about not having enough cash to pay your kids private school fees.

Continued overleaf...

THOSE MELTING MOMENTS

So tell me why I don't like Meltdown Mondays...In short, Monday saw the announcement of the 'worlds biggest bankruptcy' as prestigious US investment bank Lehman Brothers suddenly collapsed. The shock reverberated around the world as stock markets plunged at the news, with £93 billion being wiped off UK shares in two days - not helped by the little reported fact that all their computers crashed for most of the Monday. An overloaded system having its own meltdown or a conspiracy to slow down the panic selling - who knows?!

Meanwhile, in New York, the Lehman workforce was left high and dry due to the ease at which capital is moved around the world. Each day, usually all the company's capital was transferred out of America to circulate on the high seas of the international markets. Except on this day, with the bank going belly up, the employees realised that no money was going to be coming back - leaving them whis-

ting for their outstanding pay. So as the news broke, they downed tools and hastily stripped the offices of anything of value before heading to local bars for the mother of all binges before their expense accounts were frozen.

The fallout saw Western governments desperately shovelling cash into other once-all-powerful institutions threatening to go the same way (the Federal Reserve pumped in \$85 billion to prop up failing insurance company AIG), and rubberstamping the creation of new banking mega-monopolies. The Bank of America took over Merrill Lynch for a nominal sum in the US whilst here in the UK, Lloyd's merged with HBOS, owners of the Halifax. The new company will be barely troubled by the burdensome competition so revered by free-marketeers as it alone will control over a third of all the savings and mortgages in Britain. All the precarious financial eggs seem to be going into ever fewer baskets...

INFORMATION FOR ACTION

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Against this backdrop, welfare benefits for the sick and disabled are, according to Neo Labour, - "no longer affordable in the modern age." (See SchNEWS 516) Now ministers are planning to push people off Incapacity Benefit and Disability Living Allowance and into dead-end menial McJobs. If they refuse, a US-style welfare-to-work scheme is proposed where people who've been out of work for more than two years without 'good cause' will be forced to work on the cheap for various corporations in order to get their benefits (See SchNEWS 614). So a lone parent on £125 per week would earn less than £3.50 an hour for a full time working week - just 40% of the minimum wage.

The UK spends £20bn a year on these sickness and disability benefits - £5bn less than the 'loan' fund it donated to the banking sector in just one day. Meanwhile new cash injected into the Social Fund - a source of interest-free loans for people on low incomes, including grants to help the mentally ill return to the community and emergency loans to re-house families who've lost their homes due to fire or flood - stood at just £81m for the whole year.

Whilst there has been a little talk about more regulation, nobody has stood up in parliament and called for a major rethink about the way we run our economy. And no wonder - all their pensions are linked to the value of shares in the very businesses the government is propping up!

But the hypocrisy doesn't stop there. For years we heard the same old story about how there's never any money for a liveable benefits system or a decent minimum wage, but somehow UK plc finds billions of spare cash to support corrupt businesses that are in a mess only because of a greed that has benefited no one but their shareholders. For years we've heard the mantra that the free market must be allowed to run unfettered - yet the most 'capitalist' governments are nationalising huge companies left, right and centre. It just goes to show that capitalism is a myth and the sooner we stop wasting money propping up a failed system that will never work - the better.

* Next week SchNEWS will take a deeper look at how the government spends its loot. We'll uncover how the government hides some expenditure and reveal some interesting figures, like the fact that UK plc spends 100 times more money on decommissioning nuclear power stations (whilst simultaneously proposing loads of new ones) than it spends on clean energy. Stay tuned!

IT'S NOT CRICKET

The coroner's inquest into the murder of Jean Charles de Menezes by police, at Stockwell Tube Station in July 2005, begins on September 22nd and will go for three months. Menezes, a Brazilian working in London, was murdered in the aftermath of the 7/7 bombings in a tragically botched operation when police thought he was a terrorist. Nobody was ever prosecuted for the murder (See SchNEWS 552, 508).

Members of the public will be allowed, but space is limited (overs) with the inquest being held at The Oval cricket ground in Kennington (you'd think they could fill the stadium). The Justice 4 Jean campaign will be there to put on pressure for a fair, transparent and accountable inquest. They want people to join them on the 22nd, 9am, to call for the inquest to be moved to a larger venue, and on the 30th when police - granted anonymity behind screens - start to give evidence.

* For more info call 07944 069 956, email justice4jean@gmail.com. A running blog will be maintained at <http://inquest.justice4jean.org>

TO BE SHORE

Yes, more from Rosssport, Ireland - because more developments keep happening! (See SchNEWS 646, 645, 643 to catch up on the story). During two intense weeks of direct action - including at sea in small inflatables - the focus was on trying to stop the pipe-laying ship *Solitaire* doing its job in a short time frame. The big news is that it left Irish waters on Thursday, having not even started work! Shell claims the ship had a technical hitch and it was nothing to do with the pressure from protesters - honest! - but this is a major setback for Shell.

It means that Maura Harrington can end her ten day hunger strike outside Shell's compound in Glengad. On Wednesday (17th), activists occupied the roof of Shell's offices in Belmullet, for a banner drop and demo - demanding the *Solitaire* leave - the two climbers were arrested and released soon after.

This is a victory for the moment and will delay the pipe-laying until next year. The ship is heading for a UK port now - location to be published on Indymedia - and Shell To Sea campaigners hope it gets a rousing reception where ever it goes. See www.indymedia.ie and www.corribsos.com

EVO STICK

In the last few days right-wing forces have cut Bolivia in half. Angry that ex coca-farming President Evo Morales and his "Movement Towards Socialism" has been, well, moving towards socialism, white separatists have cut gas pipelines and set up road-blocks partitioning the country - with the poor, populous and mostly indigenous half separated from the resource-rich, white 'Media Luna.'

Last Thursday (Sept 11th) over 30 pro-Morales peasants were murdered by fascist thugs in Pando on the orders of local governor Leopoldo Fernández. A thousand demonstrators were protesting the governor's armed takeover of the town of Cobija, and its airport, when they were ambushed by a paramilitary death squads.

Morales has called the events a 'civil coup' and likened it to the Chilean 9-11 (see SchNEWS 646). Bolivia has kicked out the US ambassador, Philip Goldberg (recently returned from newly partitioned Kosovo) for his involvement in the plans to kick out Evo. Venezuela has followed suit, and an emergency meeting called by South American leaders has shown its independence from the northern great Satan by giving full support to Bolivia's government.

In the words of a certain Sñr Chavez: "*The US is behind the plan against Bolivia, behind the terrorism. We're committed to being free. Enough crap from you Yankees.*"

But it's tough on the ground, where the main right-wing opposition to Morales is working in tandem with the semi-legal 'Santa Cruz Youth Union' (Unión Juvenil Cruceñista). The black-shirt Cruceñist have been acting as if they're the law (and above the law) in the areas that have declared 'autonomy'. Markets, government buildings and human rights organisations mes have been targeted in brutal attacks, whilst Morales, acting with restraint, has held back from putting the boot into the fascists.

The real complaint that the majority of Bolivians have with Morales and the MAS is that their reforms aren't happening quickly enough, but despite this he remains massively popular, polling over two thirds of the electorate in the last election. It remains to be seen how the patient and conciliatory approach of the Morales government pans out, but there's always a chance that events will spiral out of the government's control if the people are pushed too far. See www.boliviasec.org.uk

BATTLE WEARY

Today (19th), the docu-drama feature film *Battle Of Seattle* opens in cinemas across the US, produced independently by Hollywood actor, Stuart Townshend. There was some input from those involved in the actual WTO protests in November 1999, but no doubt for many the gap between the 90 minute dramatisation and the real thing will be too Grand Canyon-esque - even if it is largely sympathetic to them.

The film is being criticised for overly relying on several players - including a group of anarchists, but also a low-ranking riot cop with a young family to support (who one reviewer claims is the most three-dimensional character in the film), the mayor, chief of police, plus a European NGO delegate and an African trade minister. The opening screenings will be leafleted by groups hoping to re-ignite debate about what really happened - see www.realbattleinseattle.org

* To read SchNEWS' first hand accounts of Seattle see SchNEWS 239, 240

PRIORY ENGAGEMENT

It had less oxygen of publicity through SchNEWS lately, but Camp Bling, the protest camp set up to oppose a road widening scheme at Priory Park in Southend, Essex (see SchNEWS 573) is still very much in place after three years of occupation.

After an important East Saxon burial site was discovered on the proposed route, and with plenty of local opposition, the scheme has been delayed with the council only now about to submit a revised plan to the Department for Transport to get government funding of around £9.5m - 75% of the costs, and it is still casting around to gee the other 25%.

Whatever the outcome, the camp is intending to close down and vacate the site only if the scheme is scrapped completely and, meanwhile, they are launching a new website to extend their sphere of interest to include mass extinctions, peak oil and impending eco-gedden.

* See www.campbling.org.

...and finally...

With the party conference season in full swing, the boredom is sure to set in. Hours of irrelevant speeches made by identikit politicians is enough to send anyone to sleep. But delegates to this year's Tory party bash have a range of entertainment options to choose from. They're being offered a £10 discount voucher for a lap dancing club, 'conveniently' situated just metres away from the International Convention Centre in Birmingham where party faithful are due later this month.

The discount voucher comes inside a booklet given to party members together with other official party conference information - despite the Tories, only two months ago, saying that communities should be given more powers to block the opening of lap dancing clubs. Cameron's troops are invited to the Rocket Club, "an exclusive gentlemen's entertainment venue" which offers "up to 50 of the world's most beautiful girls from around the world." Not every Tory is, er, up for this however: "Can you imagine what our old ladies are going to make of it if they turn up there by mistake?" asked former prisons minister Ann Widdecombe.

But most members (fnarr, fnarr) will be interested in the deal says club owner Allan Sartori. He's planning for a surge in business during the conference - and he has even opened a VIP room for politicians for when they get too 'tired and emotional'.

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SchNEWS warns all readers - spending all your cash is no cure for depression. Honest!

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