

around £7bn per year. If we tot up the increases in spending in different areas needing such an increase we come to some startling figures.

To raise pensions to roughly the level of most other EC countries would take an additional £24bn per year. To return public spending to the level of 1979 would take another £5bn. To bring spending on railways to the European average would take an additional £1bn per year. Germany spends roughly £8.5bn on supporting her industry, Britain spends £2bn. Research and development could do with an extra £1billion a year. Overseas aid is paltry compared with other countries. Training and industrial education is in a state of virtual collapse in Britain.

It isn't just a financial problem. Education spending is not in theory lower per head than in other European countries but they appear to have a far better performance than this country. The spending per head on health care is higher in the United States and yet they have 40% of the population without any care and a further 40% with only limited care.

Both these areas need an injection of cash but they also need a radical rethink of the ideology underpinning them.

To bring this country to a reasonable level of spending, in line with our industrial competitors would require something in the region of £40bn per year. That isn't outrageous or unreasonable, in many cases it would simply return us to the spending level in 1979. As we are at the moment large sectors of our population live on the borders of poverty. The number of pensioners dying each year from hypothermia in Britain, for instance, is far higher than in the Scandinavian countries.

If you compare the income and expenditure tables there is a £40bn difference. In real terms the gap is £50bn which is currently the deficit the government is running.

So really the cost of reconstructing our economy and our services could be in the region of an additional £65 billion in government spending. The reduced unemployment resulting from an expansion of spending on services and industry would make up the difference between an increase of spending of £90bn and the £60bn quoted.

THE WAY OUT OF THIS MESS

Our defence budget has to be reduced to the level of our industrial competitors and funding for industry increased to the level enjoyed by our competitors.

We cannot cut the defence bill and leave the arms industry to collapse. If that happens new industries will not spring up in their place and our capacity to produce the wealth to fund services will have gone.

The peace dividend makes sense as part of an industrial strategy

it has to be a part of the way our government spends its money and how it decides tax policies. Funding industrial regeneration is not something which can be relegated to second place in what we argue for in the peace and trade union movement because it is upon the strength of our manufacturing base that the funding for infrastructure and social services is based. Cutting the defence budget will not solve all the problems facing this country but it is clear we will not be able to resolve them without a cut in the defence budget.

HOW THE GOVERNMENT SPENDS MONEY AND HOW THEY RAISE IT

(Source - HMG Autumn Statement October 1992)

Income 92/93	Planned spending for 1993/94	Reasonable increases in spending
60bn Income Tax	65bn Social Security	24bn Pensions
40bn VAT	26.66bn Scot/Wales/NI	2.7bn Overseas aid
8bn Community Charge	24.22bn other	1bn Rail
17bn Corporation tax	23.52bn Defence	5bn Housing
12bn Petrol	3.49bn Foreign Overseas	1.5bn Education
39bn Social Security receipts	2.82bn Agriculture	1bn NHS
5bn Interest and Dividends	2.59bn Trade and Industry	1bn R&D
5bn Drink	3.74bn Employment	3bn Industrial support
14bn Business rates	6.43bn Transport	
7bn Tobacco	38.82bn Environment	
HAS YOUR MP SIGNED EDM 2181	6.12bn Home Office	
	9.25bn Education	
	0.99bn National Heritage	
	29.88bn Health	

IS YOUR BRANCH AFFILIATED TO CND?

Thebranch of.....(Union) wish to affiliate to CND

Name of Secretary.....

Address.....

.....Postcode.....

Fees are:- For Trades Councils and branches with up to 300 members £12. Branches up to 1,000 members £17. Branches up to 5,000 members £45. Branches up to 10,000 members £75. Branches up to 50,000 members £150. For branches with more members than this contact the office.

Please make cheques payable to TUCND.

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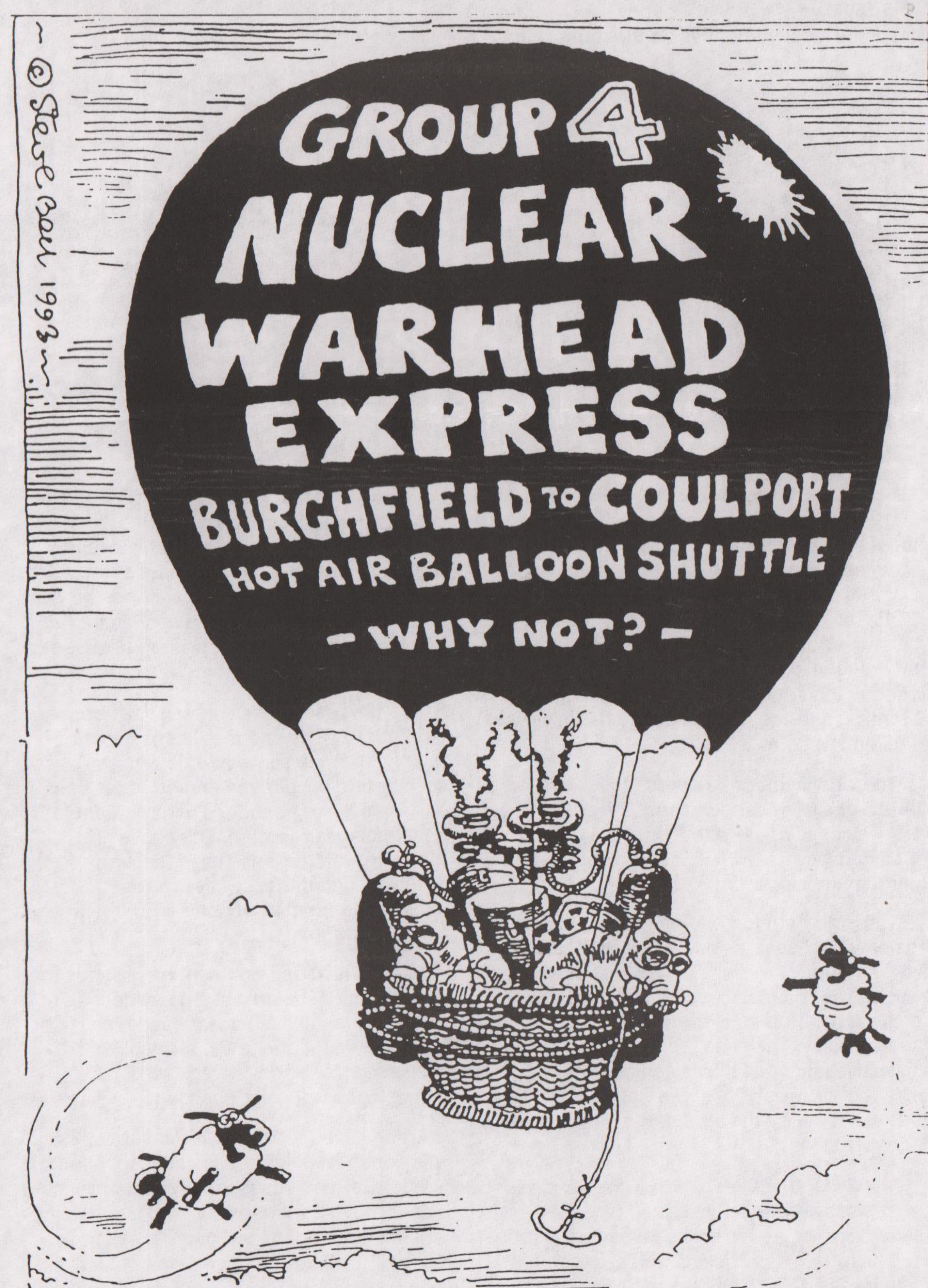
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HAS YOUR MP SIGNED EDM 2181

Early Day Motion 2181 is the motion calling for a halt to the movement of nuclear warheads by road. Your MP has until mid-October to sign it.

CAMPAIGN AGAINST THE MOVEMENT OF WARHEADS BY ROAD GATHERS MOMENTUM

TUCND recently helped initiate a campaign against the transport of nuclear weapons by road. This followed the publication of guidelines by the government to local authorities on what to do if there was an accident involving one of these lorries. Amongst other things these suggested evacuating a substantial area down wind and asking the population to stay indoors over a wider area.

Even as it stands the measures advocated would clearly have been wholly inadequate to deal with the risks. Also no local authority would be in a position to implement any of the guidelines. They simply do not have the resources even to train their staff, let alone implement any of the recommendations. Several protested to the government and asked that they cease the practice until it could be made safe.

Were a civilian carrier to have nuclear material and high explosives in the same load they would almost certainly be prosecuted and may well be given a prison sentence, and yet the MoD do this several times a month.

An Early Day Motion was placed in the House of Commons and MPs invited to sign. This stated :-

This house notes that many of the local authorities through whose jurisdiction nuclear weapons are transported by road, do not believe they could adequately implement the guidelines prepared by the Ministry Of Defence for action in the event of an accident involving a nuclear weapons transporter and, therefore, believe that the transportation of nuclear weapons by road should be halted until the safety of the practice can be guaranteed to the satisfaction of the local authorities concerned.

So far 40 MPs have signed it and a further 19 have signed an amendment which deleted everything after the call to halt the practice.

Strathclyde Regional Council have written to all the local authorities on the route taken

by the convoys of nuclear warheads asking them to ask MPs in their areas to sign the EDM. TUCND has also written to CND groups throughout the country and to Trades Councils asking them to lobby MPs in their area to sign the EDM.

Since Parliament is on its holidays, MPs can't sign until they return in October. Following the Queen's speech in mid October, however, all EDMs either have to be replaced or they fall. Until then MPs can carry on adding their names.

We are asking groups and individuals to lobby their MP to add his or her name to the EDM at the beginning of October, as Parliament reassembles.



IN SUPPORT OF THE LINK - MORTIMERS COLUMN

One of the lessons of the history of the Campaign for Nuclear Disarmament is that a political idea becomes a powerful force for change when it is embraced, both by conviction and activity, by millions of people. It is this potential which is fundamental to the maintenance of the link between unions and the Labour Party.

The unions express the basic employment aspirations of their members. These aspirations are centred not only on pay and working conditions but on legal employment rights, social security and job opportunities.

Trade unions are not infallible in their policy declarations but they do not permanently go wrong in expressing the basic economic and social interests of working people. This is why the link with the Labour Party ensures that in the ultimate, Party is anchored to the independent representation of the interests of labour.

To break the link would endanger the future of labour representation. There are so many examples in Labour's history of parliamentary representatives who climbed to influence and then defected because, as they saw it, they could more effectively pursue their ideas elsewhere.

In 1931 they included the leader of the Labour Party and other prominent Cabinet ministers. In the 70's Dick Taverne and Christopher Mayhew, both former members of a Labour government, defected and fought against Labour candidates. In 1980-81 a significant group of right-wing Labour MPs,

together with a former deputy leader of the Party and a number of former Labour Cabinet ministers, broke away to form the SDP. They then concentrated their attacks on Labour, and not least on its association with the trade union movement. There are plenty of other individual examples, including Reg Prentice, a former Labour Cabinet minister who ended up as a Tory.

The significant point about these defections from Labour is that they did not carry a single union with them. The unions provided Labour with its bedrock of permanent support.

The argument for 'one member, one vote' is not what it seems. Most of its advocates seek to deprive millions of trade unionists, who pay to maintain the Party through their political contributions, from the expression of any collective influence. Yet it is precisely this collective influence that is so important for the long-term stability of the Party as a political force for the independent labour representation.

Moreover, many of the advocates of 'one member, one vote' couple their proposed elimination of the collective influence of trade unionism with a proposed increase in the influence of MPs in any future arrangements for Labour Party internal elections.

The unions themselves, particularly the T&GWU, took the lead in suggesting that constituency party influence should be increased in the voting arrangements of the Labour Party. This was a sensible and

commendable proposition. But is a far cry from the elimination of the input of the collective voice of the unions. It was the SDP defectors who campaigned against trade union influence. It has now been taken up by the so-called 'modernisers' within the Party.

The proposal to weaken the links between the Labour Party and the unions comes mainly from the same people who succeeded, despite the ending of the cold war, in reversing Labour's commitment to unilateral disarmament. They have also disregarded the decisions in favour of reducing Britain's excessive military expenditure to the level of the European NATO average.

All this has been done on the grounds that it is electorally beneficial. The evidence of the last two general elections, despite mass unemployment, the poll tax, attacks on the social services and widening inequality, points in the opposite direction.

Trade Union influence in the Labour Party was not an issue of public controversy until it was raised by some who defected from the labour movement and was then taken up by others on the right-wing of the party. The campaign to reduce trade union influence is likely to have the same effect as other efforts to reverse the earlier policies of the party. It will be disillusioning to many who are active both in the unions and the Party and will serve to divert anti-Tory sentiment towards the Liberals. Labour does not gain from the stimulation of anti-union prejudice.

NEW RELATIONSHIP WITH CND CYMRU

TUCND and CND Cymru have set up a joint affiliation scheme for trade union branches in Wales. Up until now TUCND have had some branches affiliated, which were affiliated to CND at a national level and CND Cymru had others. There was some confusion about why a branch should affiliate to one rather than the other. It was clearly a problem and a source of some antagonism.

There is even a rumour that the General Secretary of Cymru CND, a joiner by trade, had a wax image of the General Secretary of TUCND into which pins were stuck and that it is only the latter's extraordinarily thick skin which kept him alive.

At root the differences which led to the antagonism are the differences in the political culture of the groups of people we each work with. CND Cymru believe that it is important to have material produced in Welsh and in English. TUCND believe that the language used and the form of the campaigns should reflect the political culture of the trade union movement. The two are different priorities.

The deal struck between us is that affiliations are joint and that union branches affiliated to CND in Wales and that both CND

Cymru and TUCND will attempt to embrace them in activity.

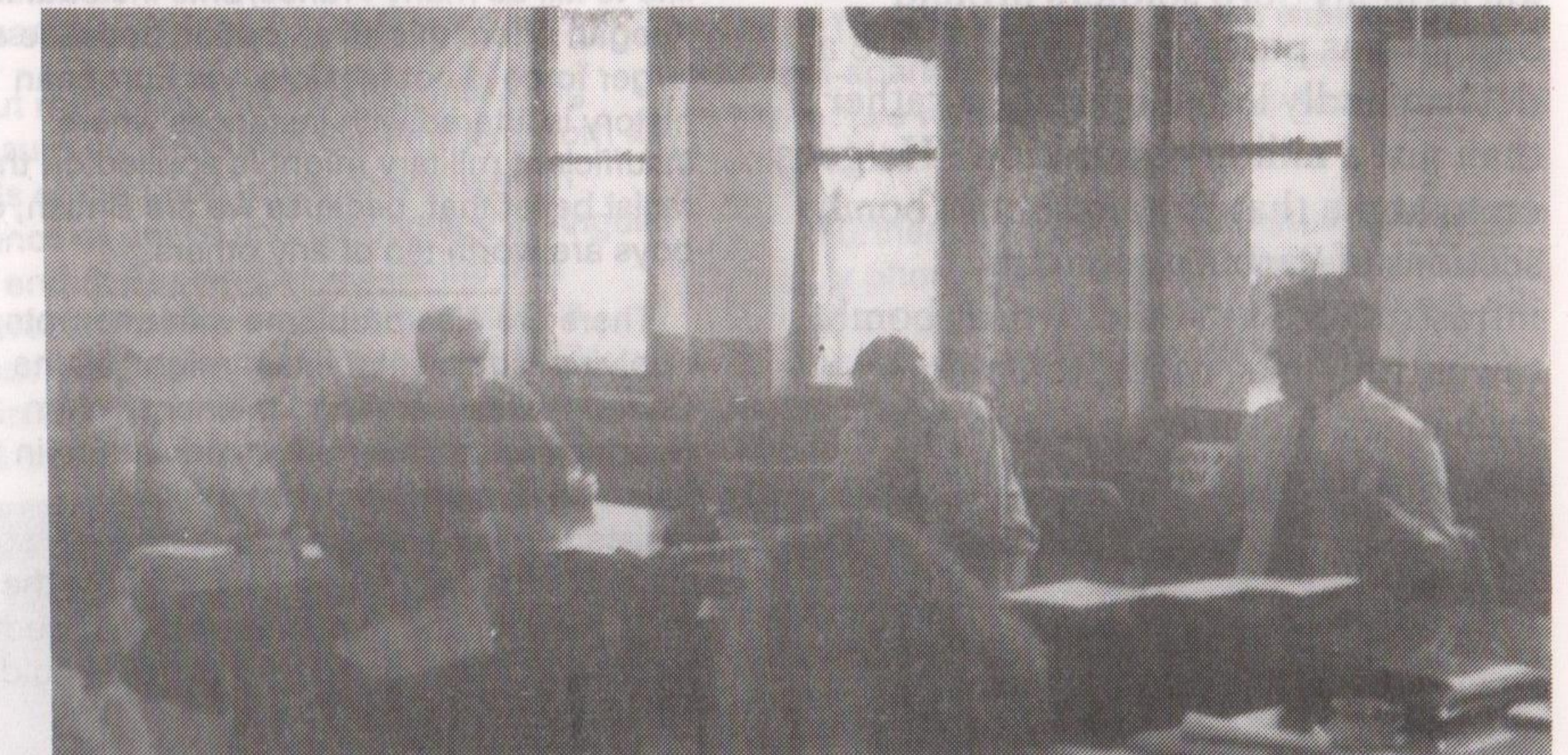
A joint leaflet has been circulated to union offices and trades councils in Wales with the request that they distribute these to branches in their area. A joint re-affiliation form has been drawn up. The affiliation fee will now be split between the two organisations.

One of the first events marking this new relationship was a joint seminar, held in Cardiff recently, on the Peace Dividend. Amongst the 30 people attending were trade union delegates and people from local CND groups predominantly from the southern half of Wales.

The first speaker was Jimmy Barnes from TUCND who went into the nature of the problems facing this country's economy and the relationship between the arms economy and those problems. There was an extensive discussion which covered some of the things which could be done to resolve those problems.

Eric Martlew MP, the junior shadow defence minister covering the Airforce spoke in the afternoon. This sparked a sharp, frank discussion which lasted throughout the afternoon.

Everyone attending agreed it was a very useful event to hear such detailed and closely fought argument.



Eric Martlew MP speaking at a seminar on the Peace Dividend organised jointly between CND Cymru and TUCND.

US BLAMES GERMANY FOR YUGOSLAV WAR

Secretary of State Warren Christopher, the US equivalent of the Foreign Minister, pinned the blame for sparking off the war between the former states in Yugoslavia on the Bonn government recently. In mid June in an interview with the US national daily 'USA Today' Christopher said "There were serious mistakes made in the whole process of recognition of the independence of the former Yugoslav states of Croatia and Slovenia and the Germans bear a particular responsibility in persuading their colleagues in the European Community" and "many serious students of the matter think the problems we face today stem from the recognition of Croatia and thereafter of Bosnia".

The German government's response to these comments has been to say that they had not acted unilaterally and were following the lead given by the EC and that the statements by Christopher had been unjustified. The response has been led by Klaus Kinkel, the former head of the BND - the German intelligence service and currently the German foreign minister.

Some reports in the German press suggest that there had been a salient agreement in the US government not to rock the boat but that it was well accepted Christopher's interpretation was an accurate one.

A number of German opposition politicians agree with Christopher, and the link between the recognition of Germany's Croatian and Slovenian client states and the outbreak of the war is widely accepted outside of Germany, with the exception perhaps of Britain. This has been described in some of the German press as "the sharpest public criticism of Bonn policy by an American Secretary of State for decades".

GERMAN FOREIGN POLICIES

The question is whether they knew what they were doing at the time or was it a mistake.

The German foreign minister, at the time was Hans Dietrich Genscher. Although he had had a number of heart attacks he denied he was resigning on health grounds. Public criticism had been building up for some time over his role as foreign minister. Kinkel was his number two at the time and is now the foreign minister. Both were members of the German Liberal party, which is one of the constituent parts of the coalition.

Kinkel, together with Kohl, has been arguing for a change in the German

constitution to allow German troops to be sent abroad on 'peace keeping' missions.

Kinkel and Genscher were close politically, Kinkel being regarded as Genscher's protege. While in charge of the BND in 1982 Kinkel met with Shakir, the head of Saddam Hussein's secret service, and arranged for training for a number of their secret service personnel in the BND's Villa am Haarsee, near Weilheim in Bavaria. At the same time Iraqi police and secret police were trained by Bavarian police. It is possible that the group who were to attempt to kill George Bush had been trained by the German BND.

Kinkel also, apparently, made an unsolicited offer to give Shakir regular information on the Iraqi dissidents who applied to Germany for political asylum. Complete dossiers were handed over on a regular basis.

Willy Brandt's government was brought down because he had an East German agent working in his office. The agent, Gunther Guillaume, said that Kinkel was aware of the fact he was an agent for over a year before his arrest. At the time Kinkel was Genscher's deputy in the interior ministry. This suggests that he was working to undermine Brandt's government and the policy of cooperation with East Germany that Brandt was fostering.

Kinkel was also the architect of Germany's support for the disgusting Renamo guerillas fighting the marxist regime in Mozambique. These he supplied with a range of potent weaponry, including anti-aircraft missiles, as

well as funds. Their kidnapping of large numbers of women has been well documented. They have been responsible for setting fire to buses full of people as well as a number of other gruesome acts, yet Germany has given them systematic and consistent support.

So we have a foreign policy which includes support for some of the world's most ruthless terrorists, support for groups of people involved in genocide and the undermining of other governments. They bear a heavy responsibility for creating the circumstances which lead to the war in Yugoslavia and they are now trying to bring about a change in the

German constitution to allow them to send troops to fight abroad.

Given the track record of the key people in formulating the policy, it is certainly possible and looks probable that they were well aware that their policies would lead to war and that civil war was in fact what they wished to promote.

TELEGRAPH SLIPS INTO UNREALITY OVER BOSNIA

The Daily Telegraph Defence Correspondent on the 10th of August argued that Britain should send "... an air defence division - the British and French could put one together - and, with air support, simply kill as many Serb soldiers around Sarejevo as possible. This would be a determinedly lethal operation rather than just a military operation". He goes on to argue that Britain should bomb sections of Serbia's economic infrastructure - in other words bomb towns, rail links, roads, telephone exchanges, factories, water supplies etc. This would be worth trying he suggests.

In Croatia all men between 16 and 60 are required for military service. There is no appeal against this. If you attempt to escape and are caught, you are shot. Serbia has a slightly less draconian system and yet Mr Keegan is suggesting we kill as many as we can - in support of poor little Bosnia. At the

same time Mr Keegan is arguing we should bring added pain and misery to the peoples of Serbia by bombing the women and children.

There is a number of problems with this approach. One is that it is wholly unrealistic. Serbs might not like being killed and might like to kill as many Franco/Brits instead. Mr Keegan offers this as an option because a larger force is not feasible, yet European history is littered with instances where insufficient military might is applied on the racist belief that, because we are British, our boys are worth ten of any others.

There are also problems with attempts at applying 'sufficient military might' as the United States learned to their cost when Reagan tried a little military adventure in the Lebanon. Faced with a determined resistance there are situations where 'sufficient military might' would imply the total destruction of an area where, to quote Kennedy, "even the fruits of victory would be ashes in our mouths".

There is little evidence that the bombing of Iraq's infrastructure seriously hindered their military capability but a great deal of evidence that it adversely affected the lives of

ordinary people there. Similarly there is evidence that the Blitz had the effect of galvanising the population into resistance against the bombers.

Bosnia, Serbia and Croatia are, at the time of writing, negotiating over a division of land. The threat of military intervention has had a profound effect on those negotiations as would any attempt at such an intervention.

The US threat of bombing is not realistic, and they know it. It would appear, therefore, the threat was more to do with the political game they are involved in of pursuing their long term interests in competition with those of Germany, Britain and others in the region. These are dangerous games. Unrealistic as those plans may be the US may find itself having to implement them - which would be tragic.

Mr Keegan on the other hand is simply blethering nonsense. It should be clear by now that there is no feasible solution there through the use of bombs. The only way out of this situation is a negotiated settlement, not because it might be a nicer way of doing it, because there is no other way. No amount of sabre rattling will change any of this, it can only delay and obstruct the process.

ANGOLAN WAR : URGENT ACTION NEEDED

In September last year, free and fair elections were held in the Southern African country of Angola, in line with a peace agreement and following 16 years of war against the MPLA government by the Unita rebels.

Unita had been heavily backed by both the United States and South Africa throughout those sixteen years.

The MPLA won a clear majority in the elections, and Unita lost out badly, both for the parliament and the post of president. However, their leader, Jonas Savimbi, then tried to implement a fallback plan to seize power by armed force. Despite UN monitoring, Unita had kept back a large standing army and heavy weapons, and from October onward began a vicious war to seize towns and cities and areas of the countryside.

Savimbi's war against the Angolan people is currently estimated by the UN to be causing no less than 1,000 deaths per day. Many are direct casualties of Unita's indiscriminate shelling and attacks on the civilian population. Many more are the result of the disease and famine caused by the dislocation of war, and the flight of two million refugees trying to escape Unita's onslaught.

The United Nations, and the British Government have responded to this emergency but too little and too late. UN resolutions have roundly condemned Unita and Savimbi for causing the war. But these words have not yet been translated into action. There need to be sanctions against Unita, and their complete isolation by the international community for as long as they persist in their war. Their offices throughout the world should be closed, bank accounts (swollen with the results of selling Angolan stolen diamonds) should be frozen and their Satellite telecommunications should be cut off.

At the same time, there is a need for medical, food and other emergency aid for Angola. The British government, NGOs and others could do more to meet the vast humanitarian needs, greater now than in the former Yugoslavia, but at the risk of being forgotten by the British media.

Since October the Anti-Apartheid Movement and the Mozambique Angola Committee have been working through a broad Angola Emergency Campaign to raise these demands. The Campaign already includes several national trade unions as participating organisations and has had some successes in presenting national petitions to Baroness Chalker, raising some medical aid funds and dispatching supplies to Luanda.

But more action is needed, including pressure on the British Government from all levels of the trade union movement, in defence of peace and democracy in Angola. The end of September will be the first anniversary of the multi-party elections, whose results are being swept aside by Savimbi's war machine. In Britain there will be a series of events to mark this tragic

anniversary. British trade unionists have already a proud record of support for peace and democracy in South Africa. The precedent of elections being subverted by armed force in Angola poses major threats to the process in South Africa.

We therefore appeal to trade union organisations at all levels

*To write to the British Government and to MPs, demanding action, not just words, to stop Savimbi's war.

*To send donations to AEC for medical aid to Angola

*To become participating organisations in the broader Angola Emergency Campaign

*To invite speakers, link up with local anti-apartheid groups, etc, for events during the "two weeks of action", end-Sept - start October.

Further information is available by writing to or phoning the Angola Emergency Campaign, c/o Anti Apartheid Movement, 13 Mandela Street, London NW1 0DW. Tel 071 387 7966.



TWO OF THE CND CAMPAIGNERS AT THE BARROW DEMONSTRATION

In the picture are Mrs Barnes and Commander Rob Green. Mrs Barnes has been in court about 30 times because of protests outside nuclear bases and Sellafield. She began demonstrating in this way because with the murder of 82 year old Hilda Murel. Ms Murel disturbed Burglars and it is thought by many they were trying to find information on the people giving evidence against the building of the Sizewell B nuclear power-station at a public enquiry. Her death has never been cleared up.

Commander Green is Ms Murel's nephew and was serving as a RN intelligence officer during the Falklands war. Although passionately committed to the Royal Navy he believes nuclear weapons have no place in it.

While Commander Green spoke at the rally outside the commissioning ceremony for the first Trident on 14th of August, Mrs Barnes and several others were being removed from the road where she had sat down to obstruct the traffic into VSEL.



Comander Green and Mrs Barnes

The Maastricht Treaty - Whose Foreign and Security Policy?

The Maastricht Treaty is shorthand for the new treaty of European Union which will have much wider powers than the European Community currently holds. "Title V" of the Maastricht Treaty commits us to a common foreign and security policy and ultimately a common defence policy (this was the reason why Rees-Mogg tried to get the treaty blocked in the High Court).

The stated objective for this common foreign and security policy will be to 'safeguard the common values, fundamental interests and independence of the union'.

But the key to this must be who decides what those interests are.

Article J3 states the Council of Ministers shall decide rather than the elected European Parliament, which will only have 'consultative status'.

The force of the binding nature of the Union is clearly stated: 'member states shall refrain from any action which is contrary to the interests of the Union or likely to impair its effectiveness as a cohesive force in international relations'. This throws into question the neutrality of Sweden, Ireland and Austria. Decisions will be taken by majority voting - a qualified majority will be 54 votes out of 76. Britain has 10 votes on the council of ministers, which on defence issues will be foreign ministers. It is they who will decide when the EU takes military action.

The union 'requests the Western European Union (WEU)... to implement decisions... which have defence implications'. And any action taken should be 'compatible' with the policy of NATO. Both NATO and the WEU are bodies whose policies are still based on nuclear deterrence.

Moreover they have gigantic budgets to keep going: NATO swallows \$2 Billion in its infrastructure alone. Already the French and Germans have formed the core of a unified army and an accord has been signed with NATO.

'Harmonisation' under the treaty has already been sought by the member states. Irish peace campaigners have warned of the dangers implicit in this. For example the Irish and the British are the only states not to have

CAMBODIA UPDATE

For some time TUCND News has been carrying articles suggesting that the United Nations peace initiative was facilitating the return of the Khmer Rouge to power.

They have considerable unofficial support in their campaign from the Thai army. US spy satellites have actually recorded arms being delivered to the Khmer Rouge from Thai Army trucks. A number of UN peace keepers were kidnapped recently while in Thailand and in the presence of Thai Army personnel.



A Cambodian government soldier

One reason for this is the amount of money being made by senior Army personnel involved in the illegal trade in logging and gemstones.

The weapons appear to be small arms and ammunition from China. It is clear from this and other instances, that despite the election result China is continuing to arm the Khmer Rouge.

The UN has a mandate for controlling and policing the area through an interim period while elections were held and a new government elected. These took place and the Royalist party, headed by prince Sihanouk's son, by a slim margin gained the most votes ahead of the previous Hun Sen government. Despite allegations that the royalists had rigged the election, with the UN observers being accused of turning a blind eye, a deal appears to have been struck between them now and they appear to be working towards a coalition government. A new constitution should have been agreed by the time this issue is distributed.

The Khmer Rouge boycotted the election but, since there was a substantial turnout, it is clear from the election that they have little support amongst the population.

However, part of the agreement was that all of the armed alliances were to be demobilised and their weapons handed to the UN. A new unified force was to be established following the election. The new force was to be made up from people drawn from a number of the different factions fighting the war, but not the Khmer Rouge who refused to allow their troops to be disarmed.

Some of the royalist troops forming the new force are now reported to have deserted to the Khmer Rouge.

John Pilger, in a New Statesman article, pointed out that the area the Khmer Rouge were active within before the interim government, was far smaller than the area in which they are currently active. The strategy would appear to be similar to that adopted against the US puppet government which the Khmer Rouge defeated. A ring is slowly being established around the major urban conurbations with a view to both strangling the country and swamping the cities with refugees.

The UN sponsored peace agreement has, therefore, been used as a stalking horse for the Khmer Rouge.

Sihanouk has made the suggestion that the Khmer Rouge be allowed a place in the government. The US has made it clear that they are deeply hostile to the idea which, given they were until recently supplying them with weapons and were responsible for the road infrastructure enabling the logging and gem mining which made the Khmer Rouge financially viable, is a bit hypocritical.

Cambodia is about to take either a massive step either forward to a democratic future or back to the carnage and genocide of the 70's. If it is the latter, then Britain, France and the US must bear a terrible responsibility for facilitating this.

The next couple of months will decide.

THE PEACE DIVIDEND AND HOW WE CAN ATTAIN IT

Britain faces a crisis in a range of areas. For years successive governments have spent massive sums of money on defence and consistently underspent on our services and on support for our industries. The net result is that our industries can not compete in the international market and we have slowly lost the capacity to create the wealth needed to support services.

But we are stuck in a gridlock. Our foreign, defence and industrial policies are interrelated to such an extent that it is proving very difficult to break the circle.

The Tories are cutting defence and will continue to do so. It is quite feasible that our defence budget will have reduced to the level the peace movement have been demanding for some years. But if they continue to do so in the way they are at the moment they may cause havoc with our economy.

HOW WE GOT THERE

Up to the turn of the century Britain spent roughly 3% of her GDP on defence. The first world war saw a leap in arms spending for the duration of the war but it returned to roughly 3% a couple of years later and remained there until 1938. At the end of the second world war, however, we did not return to the normal peacetime spending level but maintained a huge defence budget.

This was clearly for political reasons. No other major industrial power, with the exception of the United States, maintained spending at this level.

In order to maintain this huge defence budget we have to build the equipment here. If we don't do that then we wreck the economy through the balance of trade deficit. We can not afford the development costs for a modern weapons system so we have to export in order to increase the production runs and spread the costs.

Our foreign policy has involved the maintenance of some vicious nasty right wing regimes, such as Suharto in Indonesia, by selling them arms. If we did not maintain them in this way they would collapse.

One problem for us now is that the international market for arms is reducing dramatically leaving large chunks of our arms industry without a market. The bottom has fallen out of the warship-building market for instance, leaving Britain with a massive overcapacity in their production.

Other countries have devoted their resources to support for industry. Last year, for instance, Japan had over 40% of world shipbuilding orders while Britain had under 1.5%. This is an almost exact reversal of the situation after the war when Britain had 40% and Japan little or nothing. This has not been done on a low wage economy, even before the recent devaluation Japan had 20% higher wages than Britain.

Japan achieved this through a mixture of measures which included tax concessions for

investment in shipping, tax relief on civilian research and development, tax relief on capital investment, subsidies on research and development and straight subsidies on the building of ships.

Our industries have been shaped by government legislation. All of the major industries in Britain have been through a process of nationalisation and privatisation. So the fact that our shipyards are a number of small companies is a creation of our government. Mitsubishi Heavy Industries on the other hand is a bank, a shipping company, a steel industry, a heavy engineering company etc. The different aspects of the process complement each other instead of being in competition with each other, which is the case in Britain.

The expectation of short term profit is far greater in Britain than in the rest of the world. The average share dividend is twice the world average and ten times that in Japan.

Our economy, therefore, is distorted in a number of different ways. The idea that the world is a free market is a complete misnomer. We compete in an international market place which is built on systematic support for different aspects of industry.

The one factor which has militated against this situation is north sea oil. This has meant we have been self sufficient in energy for the past 15 years. However, this is now also coming to an end adding to government costs.

WHAT IS POSSIBLE AND WHAT IS NOT

Some of the motions to this year's Labour Party conference say that 'defence spending should be cut and the money spent on social and economic priorities including the NHS, pensions, housing, education and other vital services... the elimination of low pay and poverty'. They go on to refer to job creation, economic development and the need to fund our infrastructure almost as an afterthought.

The defence budget is not like a pile of coins that can be shifted from one fund to another. It represents industrial capacity. You can't simply call an aircraft factory a pensions scheme or a tank factory a hospital. What you can do is change the production in those factories so that they create the wealth which can then be used to fund services etc.

If the defence budget is cut to the average level in Europe this will result in savings of



The choice is an essential one but certainly not a simple one

⇒ conscription; 'Harmonisation' could therefore mean bringing back conscription to Britain.

There is little in the treaty that is reassuring about reducing the chance of violent conflict, either within Europe or the world. What is not in the treaty is as significant here as what is. There is no mention of curbing the arms trade, of disarmament or of nuclear disarmament, of the Nuclear Test Ban Treaty or putting more resources or real commitment into conflict resolution bodies, in particular the CSCE (the Conference on Security and Cooperation in Europe). This body has a pitiful budget - just \$2 million. Britain contributes \$200,000. It is difficult to see how this could carry out effective programmes with this type of finance. Finally there is no mention of disarmament and development.

THE ECONOMIC ETHOS BEHIND MAASTRICHT

Underpinning the Maastricht treaty are some fundamentally monetarist policies. This was a really dangerous aspect given the fragile state of our economy and the clear need for a massive shift away from a dependency on defence production. Britain is not a typical European economy. There is a peculiar dominance of financial capital in

Britain. We suffer from far higher defence spending than the EC average. We now have the thirteenth largest economy in the world but the third largest arms industry and are responsible for 20% of world arms exports. The bloated financial sector not only diverts resources away from productive activities but also imposes a short term attitude which hinders long term investment, for example in education, training and research and development. However this part of the treaty has taken a massive battering over the past year. For instance one aspect of the treaty is a stringent reduction in public borrowing. Last year Britain's Public Sector Borrowing ran at roughly 4.5% of the GDP. The limit in the treaty was 3%. That would have meant the British government would have had to cut another 15 billion per year from public spending. This process was related to the arguments for a single currency.

Although the brainchild of the British this aspect now looks faintly ridiculous. Lamont was unable to meet spending needs without a deficit budget and the collapse of the ERM.

What is significant here is that each attempt at resurrecting the corpse of these policies makes it that much more difficult for our government to fund the planned shift away from a dependency on defence.