

Destroying Britain's workforce

Tory monetarists have a 'Northern Ireland' strategy against the unions, reports Susan Welsh.

"The crash of recession all around is music to the British government's ears," wrote the London *Economist's* editors on July 5. That opinion was justified. Last month, Britain hit a record unemployment rate of nearly 2 million people, and a manufacturing output below the 1973-74 recession levels when the country was on a three-day work week, all to achieve a .9 percent drop in inflation. This fact was hailed by cabinet officials as a "success for our policy."

Prime Minister Margaret Thatcher's "monetarist" policy is identical to what economist Milton Friedman has sold to the Reagan campaign in the United States, and—with fewer ideological overtones—is the current policy of the Carter administration, exemplified by Federal Reserve chairman Paul Volcker's high interest-rate policy which triggered the recession in the United States.

Thatcher, her mentor and closest adviser Industry Secretary Sir Keith Joseph, and their guru Milton Friedman of the University of Chicago have a conscious policy of the destruction of manufacturing industries, and intend to drive the unemployment rate up further still.

Britain is making the planned shift toward a "post-industrial society" in which the only industries remaining will be tied to military production, like certain kinds of specialty steel and the silicon microchips for computers of which Thatcher is so fond.

Two of Britain's largest industries, steel and shipbuilding, recently announced whopping losses for the 1979-1980 fiscal year, totalling £720 million (\$1.699 billion). The British Steel Corporation's £545 million loss was the largest ever recorded by a British firm.

The company is axing about a third of its workforce—52,000 workers by the end of this year. In addition to the eight steel plants closed since last year, plans were announced last month to further reduce steel production from 21.5 million tons last year to 15 million tons this year.

As the July 5 *Economist* commented: "Britain's ministers want a recession like America's, sudden and sharp, to bring down interest rates (and then sterling)—and, of course, wage settlements. Order books emptying like sieves; 40,000 redundancies [layoffs] a month; unemploy-

ment rising even faster: all add up to the ministers' best hopes of starting the new pay round with some settlements close to the 10-12 percent they need to haul price inflation down from today's 22 percent to the 13-14 percent the treasury has forecast for next spring.

An anti-inflation policy?

Although "Thatcherism" is billed as a bite-the-bullet program to combat inflation, the rate of inflation has doubled since she took office in May 1979, to its present official level of 21 percent. The money supply [sterling M3] has grown over 9 percent since February, or an annual rate of 23 percent, compared to the 7-11 percent target rate of increase.

Of all the major Western countries, only Britain has maintained sky-high interest rates even after the U.S. Federal Reserve began to ease up. This led the Confederation of British Industry to issue a new cry of alarm July 29, calling for a lowering of interest rates to prevent industry from going under. The statement cited the unprecedented drop in the prospects for export orders, employment, and investment. But the CBI national leadership is demanding a slight easing of credit availability—not a fundamental shift (referred to as a "U-turn") in government policy, and the Confederation supports the government's "anti-inflation" effort.

Neither is the opposition Labour Party offering any real resistance to Thatcherism, though every government pronouncement on the economy is met with boisterous catcalls and foot-stomping from Labour's back benches in the House of Commons. James Callaghan, the Labour Party head, called for a vote of no-confidence against the Conservative Thatcher government July 29, warning that "industry is now in danger of being sucked into a downward spiral of fewer orders, leading to lower output and lower productivity."

But nobody was listening, and Labour has come up with no alternative program. In fact, it was under Callaghan's Labour Government that the precipitous drop in manufacturing production began.

Now the Labour Party is riddled with factions on every issue from disarmament to nationalization, and

Bringing Hong Kong home to Britain

In a parliamentary debate July 28, Prime Minister Thatcher announced a "new" strategy to help industry and create jobs. The measures include a £25 million (\$59 million) package to the National Enterprise Board to establish the first silicon microchip production plant in the UK; a £6.1 million grant to the Dunlop rubber products group; and the establishment of seven "free enterprise zones" in depressed urban areas.

The free enterprise zones will set aside a maximum of 500 acres of blighted urban real estate to encourage business investment. Businesses will be offered investment allowances, exemptions from national and local taxes, and reduced bureaucratic red tape. A free enterprisers' paradise, the scheme is expected to cost about £20 million in capital allowances and £50 million in loss of tax revenues.

The enterprise zone concept was first established in the Far East, then reimported by Professor Peter Hall, a former chairman of the Fabian Society, after a visit to Singapore, Kowloon and Hong Kong in 1977. Sir Geoffrey Howe, Thatcher's Chancellor of the Exchequer, took up the idea and incorporated it into his last government budget.

The likely effect of the project will be to recreate the sweatshops and fleshpots of Hong Kong and Singapore in Belfast, Newcastle, and Manchester. It is as though New York's Mayor Edward Koch announced that the South Bronx was open to business tax free. What kind of business would it attract?

One Labour Party MP predicted, according to the *Financial Times* July 30: "Scrap metal dealers, warehouses, used car lots and sex shops—possibly the only imaginable development which would be worse than the derelict sites themselves." Manufacturers are reluctant to move into areas with poor transportation systems, inadequate housing, shortages of skilled labor, and a history of poor labor relations, the *Financial Times* reported.

One of the cities slated to receive a free enterprise zone is Manchester, which announced a £20 million package of cuts from its budget July 21. The cuts include £6.2 million from the education budget (\$14.6 million) and £1.7 million from other social services. Any industrialist thinking of relocating to Manchester will have to think twice about the skill level of the workers he may find there.

groupings from the left, right and center are all threatening to split the party if the policies of the others are implemented. Callaghan is widely expected to retire in the fall, leaving the leadership of the party up for grabs.

Thus the sole remaining vehicle through which the interests of trade unionists could be politically expressed in Britain—however inadequately—is now a shambles.

'Low-intensity operations'

A recent survey of British industry revealed that wage settlements averaged about 16 percent between last November and April, while retail prices were rising at 22 percent. Many firms anticipate holding wage increases down to 12 percent in the next round of negotiations—approximately the government's goal. In the public sector, Thatcher announced July 29 that wage increases will be limited to 9.6 percent, as an "example" to the private sector.

Despite this plunge in workers' buying power, there remain a few obstacles to the full imposition of Thatcherism. Last week, for example, a pay raise was granted to teachers way above target, due to government fears of an uproar in the House of Lords. The existence of unions, however weakened, remains a potential threat.

Therefore the government is gearing up what British intelligence calls "low-intensity operations" to finally obliterate those unions. The Civil Contingencies Unit (CCU) of the Cabinet Office, one of the most secretive of all cabinet committees, has been authorized to undertake a study of the feasibility of using civilian volunteers to replace striking workers in "essential industries." Although the army has been used before to break strikes, the idea of using civilian strikebreakers has been regarded "as both qualitatively and constitutionally different," in the words of the *London Times* July 17.

The investigation will be headed up by Home Secretary William Whitelaw, known as the Butcher of Northern Ireland for his role as head of the Northern Ireland Office during Edward Heath's tenure. Whitelaw presided over the largest bloodbath in modern European history outside of a declared war, as the British army's special forces carried out assassinations on a mass scale.

Whitelaw's tenure in Northern Ireland overlapped briefly with the deployment of Frank Kitson, an army counterinsurgency specialist and author of the book *Low-Intensity Operations*, as commander of the British Army's Belfast garrison.

Secretary of State for Industry Keith Joseph announced July 16 that Britain would end the 300-year-old government monopoly of the Post Office, and that private carriers would be allowed to carry certain classifications of mail. In the event of a strike by public-sector postal workers, Joseph said, private carriers would therefore be available to replace them.

The government has now listed the maximum number of labor pickets to six, while banning secondary support pickets unless the employer is an immediate supplier or customer of the employer in dispute.

The unemployed will provide the strikebreakers to destroy the unions. Unemployment is now officially 1.9 million, although trade union leaders charge that in reality it is over 2 million. Two and a half million people are expected to be out of work by the end of 1981, according to a recent survey by the Charterhouse Group.

The structure of unemployment reflects a number of new trends:

- For the first time, the wealthier southeast regions of England are showing high unemployment rates.
- Long-term unemployed (over three years) now consist of almost 25 percent of those out of work, triple the number ten years ago. Of these, about 75 percent are unskilled or semi-skilled manual workers. Some are almost illiterate, and over 60 percent are over 35.

- Youth unemployment is rising proportionately, as a third of the total unemployed are now under 25.

This huge manpower pool has generated a hideous system of exploitation known as the "Euro-lump," which has received growing attention in recent weeks. About 50,000 British workers are now estimated by the Foreign Office to be working in continental Europe, 20,000 "on the lump" (illegally, without paying taxes.) These workers are recruited by unscrupulous agents and brought to "human cattle markets" in Nijmegen, Holland, where they are signed up for construction work and other manual labor in Holland, West Germany, and even the Mideast. High wages are promised, but the agents frequently disappear before the workers are paid; 1,600 of these workers ended up penniless on the steps of the British Consulate in Düsseldorf last year. So far this year the figure is already higher, and this is just a hint of things to come. Thatcher is now calling for increased "labor mobility" to solve the unemployment problem.

The 'bonkers' Sir Keith

The influence of British Secretary of State for Industry Sir Keith Joseph on his Prime Minister, Margaret Thatcher, might best be compared to that of Zbigniew "Rasputin" Brzezinski on President Carter. A fanatical monetarist and member of the free-enterprise Mont Pelerin Society, Joseph is Britain's leading public advocate of the shift to a "postindustrial society." He and a few others in the inner clique of the Thatcher cabinet have effectively isolated the Prime Minister from differing counsel, including that of the "wets" (skeptics) in the Cabinet itself.

A recent profile of Sir Keith by Simon Hoggart, published in *The Guardian* July 31, included the following observations:

"'Keith Joseph?' the late Reginald Maudling used to remark. 'He's as nutty as a fruit cake.' It's a judgment that few people have felt the need to revise drastically since. It is often said that, with the significant exception of the Prime Minister, the Tory Party divides into two groups on the subject of the Industry Secretary: those who think he is mad, and those who think he is stark, staring bonkers. . . ."

"You can see how he got his reputation. When he is worried, which is usually, a vein throbs in his forehead giving an instant read-out on the state of his inner mental turmoil. A former Minister who chatted with him the other day said: 'His hand was shaking like

an alcoholic's yet I know he barely touches the stuff.'

"During election tours he appears obsessed by the need to avoid the public, terrified that he will divert them from their quotidian round. On public platforms he often sits with his head buried in his hands as if news has just been brought of some ghastly personal catastrophe. Now and again, if you listen to him on the radio, you can hear him sigh deeply. For years now, certainly since he was appointed to his present job in May last year, politicians on both sides of the House have been predicting his imminent nervous breakdown, yet, like Billy Bunter's postal order, it never comes. It seems that he is always like that. . . ."

"Some MPs . . . wonder why his considerable political skills should often be interlarded with the most amazingly back-handed behaviour. The most damaging example of this was his notorious Edgbaston speech in October 1974. In it he said that more and more children were being born to mothers in the lowest social classes, the people who were least able to bring up children because of the social deprivation they were already suffering. So, he said, 'the balance of our population, our human stock, is threatened.'

"What he meant was that a higher proportion of children are being born into poor and feckless homes and that, because of the 'cycle of deprivation'—his own phrase—they went on to produce yet more underprivileged children, in a continuous vicious circle. It's a fairly obvious point, almost a truism, yet it was phrased so badly that it sounded like a Nazi demand for genetic engineering. . . ."