

never even contemplated that as an option.

At minimum, now was the time that Blair might be expected to recommend the long overdue installation of ATP. But, no. Instead, Blair recommended the installation of Train Protection and Warning System (TPWS), and he has stuck with that system even after the recent Paddington Station disaster. TPWS is less effective than ATP in stopping accidents, but it would cost £150 million to install, compared to the £1 billion or more to install ATP. Once again, cost. And, Blair does not intend to have even the TPWS safety system up and running for the whole system before the year 2003.

An interim report on the Oct. 5 Paddington disaster, issued Oct. 8 by the British Health and Safety Executive, stated, "On the basis of what we know so far about the speed of [the Thames] train, the accident was preventable by the Train Protection Warning System (TPWS)."

In 1998, Blair proposed to partially privatize the London Underground: The government would continue to manage the subway train system, but private contractors would be granted long-term leases on constructing infrastructure, and get a share of ridership revenues in return. Blair intends for it to go into effect in the year 2000. Not even Thatcher talked of privatizing the Underground.

'Reliability is down, fares are up'

The deadly accidents are only the more gruesome confirmation that the Thatcher-Blair privatization program is fatally flawed. There are other indications of the destruction of Britain's railroads. For example, Thatcher and Ridley claimed that privatization would put an end to "wasteful" government subsidies of the rail system. But, precisely the opposite has happened. Since the Oct. 5 disaster, Tom Winsor, Britain's national regulator, a newly created government post that oversees the private rail companies, stated, "Punctuality and reliability are down, fares are up, complaints are way up, and government subsidies have doubled since privatization. Even the simple things don't get done. Why can't they clean the toilets?"

Meanwhile, in 1998, a year of "high investments" in Britain's rail system, the railway companies' investments in infrastructure and maintenance were only one-third of what Germany's state-owned railway, the Bundesbahn, invested. Germany's system is more efficient and modern, and like several other state-owned systems in Europe, deploys the Automatic Train Protection safety system. Furthermore, in 1998, there was a 21% increase in the number of registered bad rail tracks in Britain's rail system.

The Oct. 5 Paddington Station crash bares the label, "Third Way." The destruction of the British rail system guarantees that more crashes will take place, that more lives will be lost. But, if policies are now finally changed, the Paddington Station crash will have helped consign the "Third Way," to oblivion.

Tony Blair's star is falling in Germany

by Rainer Apel

Not least among the shocks created by the train accident near London that killed more than 30 passengers on Oct. 5, has been the increased unpopularity of those among Germany's Social Democratic Party (SPD) who want to imitate Tony Blair's "New Labour" by creating a "New SPD." Most of the articles that have appeared in the German news dailies about the train catastrophe have noted, that while the misery of the British railway system began under the reign of Margaret Thatcher 20 years ago, the cost-cutting transportation policy of the Blair government during the more than two years it has been in power, is also to blame for the catastrophe. The fact that British labor union spokesmen have attacked the Blair government for its policy, is big news in Germany, where labor is in a similar confrontation with a Social Democratic-led government that wants to introduce a similar austerity policy.

This conflict was visible during the Oct. 4-6 Hamburg convention of the metal workers union, Germany's biggest labor union. In speeches there, as well as during the discussion periods, the neo-liberalist orientation of the so-called "Schröder-Blair" paper came under heavy attack. The peak of this controversy certainly came when Jürgen Peters, the vice chairman of the metal workers union, called on Chancellor Gerhard Schröder to renounce his joint paper with Blair and to put out a joint paper with French Prime Minister Lionel Jospin in its place.

What Peters called for, is becoming a prominent view among many German Social Democrats. Many in Germany are looking to France, where the Socialists are not only showing traditional resistance against the "third ways" of the British Socialists, but are also presenting their own counter-paper to the Blair-Schröder document, for the European congress of the Socialist International in Paris, on Nov. 8-10. This is not to say that what the French Socialists are putting on stage is anything that would seriously call into question the paradigms of Blair's "social monetarism," but it does pose a nuisance to the Anglophiles among the European Socialists.

Anglophilia in the SPD

Germany's Chancellor Schröder made clear in interviews already before he took office a year ago, that he feels "closer

to the British, than the French way,” and remarks like these have not earned him friends in Paris.

Also, the fact that in Berlin on Oct. 10, Schröder’s SPD lost another regional election, the sixth in a row this autumn, is adding to the view among French Socialists that the German Social Democrats have lost their minds, adopting the suicidal Blair way, despite the growing dissatisfaction of the German voters.

Anglophilia has existed among German Social Democrats for a long time, ever since Britain’s Fabian Society made contact with the SPD at the end of the last century. But with Blair’s taking power in May 1997, the pro-British line among leading Social Democrats became stronger than ever before. This has to do with the fact that when Blair came to power, the SPD was still in the opposition, and not certain to do well in the next national elections, which were scheduled for September 1998.

This set the stage for Bodo “Bobo” Hombach, a Social Democrat with close connections to Peter “Mandy” Mandelson, Blair’s chief spin-doctor. Hombach gained the role of chief campaign manager of then-governor of the German state of Lower Saxony, Gerhard Schröder, who was preparing his bid for the nomination as the SPD’s candidate for Chancellor. During the summer of 1997, “Bobo” used his contacts to “Mandy,” but also to the American spin-doctors around Clinton’s former campaign adviser Dick Morris, to shape Schröder into the German variant of Blair’s “Third Way” monetarist socialism.

Many leading Social Democrats first were justifiably suspicious of Hombach’s methods, but after Schröder won the SPD nomination for chancellor candidate in March 1998, that criticism died down, at least in public. However, when Schröder overruled his own party in appointing “Bobo” head of the Chancellor’s Office, shortly after the elections in September 1998, he made a big mistake: Hombach’s many enemies in the party also became Schröder’s enemies, and when Schröder replaced Oskar Lafontaine as SPD chairman in May 1999, he became an even more direct target of the anti-Hombach wind blowing in the party. A series of corruption affairs around “Bobo” created daily bad headlines for Schröder and his government, in the weeks after. In addition to the unpopular Kosovo War and increasing problems of the German economy and the labor market, Schröder came to realize that he had created a third front of criticism against his policy.

In June, when the European Union was looking for someone to man the new post of chief coordinator of Western aid to the Balkans, Schröder grabbed his chance and proposed Hombach for that post—to get him out of Germany.

Growing opposition on economic policy

The Schröder government’s plans for deep budget cuts affecting social welfare, public health, and the labor market for FY 2000, created outrage among voters, and the election

defeats resulting from that during the month of September have discredited Schröder profoundly, exposing his sympathy for Blair as sympathy for neo-liberalism and social deconstruction. There are more Social Democrats now than ever before, who are disgusted with the Schröder-Blair relationship, and that is why remarks that former party chairman and Finance Minister Oskar Lafontaine made on the issue in his new book, have attracted a broad audience (see last week’s *EIR*).

Lafontaine provoked hysteria among other SPD prominents, because he broke a taboo when writing the following about the British Prime Minister: “With Tony Blair, a type of politician also entered the European stage who was television-compatible. Tony Blair looks good, shows a constantly happy and optimistic smile, and possesses the rhetorical talent of a good preacher. . . . Tony Blair, for his part, succeeded in having his spin-doctors create the impression in Europe, that he was launching a completely new, rather than traditional social democratic policy.”

Lafontaine continued: “The fact is, that the real decisions of the Blair government in British domestic affairs are the opposite of is what is being pretended in non-binding, market-oriented (public relations) campaigns. Whatever the Blair government does, is being labelled as ‘modern’ and ‘new,’ and thus it can be sold on the spot. ‘New Labour, New Europe, New Everything,’ even people at Downing Street are complaining.”

Lafontaine elaborated his views on economic policy in an Oct. 13 speech, presenting his new book at the Frankfurt Book Fair. He called for “in-depth interventions in the international financial markets, especially a regulation of short-term, global capital flows.”

Furthermore, measures against concerted speculation operations by the big investment funds, which are able to force the currencies of entire countries to their knees, are needed, he said. He specifically referenced the Malaysian currency controls as a way of regulating speculative capital movements, saying that since the collapse of the socialist bloc, the free-market forces in the West have falsely termed the “support of social market economy a leftist position.” The transformation of the Western capitalist system has, however, also been criticized by people that are not all part of the leftist camp, such as former German Chancellor Helmut Schmidt, Lafontaine said.

Lafontaine also mentioned the so-called Tobin Tax, a proposal to impose a higher tax on speculative financial transactions. Not to regulate the “concerted speculations of the big investment funds,” would imply more large-scale currency flotations, he said, mass unemployment, and social misery. For the Social Democracy, regulation of the global financial markets is the “Archimedean point,” he said, without which nothing would improve. To simply accept the agenda of the financial markets, would be a sell-out of “fundamental values of European humanism,” he concluded.