



Credit crunch

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Why is it that the UK, according to a recent report (*Guardian 03/09/08*) by the Paris based OECD (Organisation of Economic Co-operation and Development) predicted recession for Britain, while the other G7 countries will see modest growth or at least a standstill?

In the gloomiest official forecast so far, the OECD said the UK economy will shrink 0.3% in the third quarter. It believes the UK economy will grow by 1.2% for the whole of 2008, well down on the 1.8% forecast in June.

Even the Chancellor of the Exchequer, Alistair Darling, has said: "Arguably the worst economic conditions in 60 years."

"We are facing difficult times – we are in a situation where you are facing the combination of the credit crunch with high oil and food prices and... this is unique, the IMF (International Monetary Fund) has said we haven't seen this since the 1930's"

According to *BBC News August 8th 2008* The Council of Mortgage Lenders (CML) said there were 18,900 repossessions in the six months to June, up from 12,800 in the same period last year. The sharp rise was due to the economic slowdown making it harder for some homeowners to repay mortgages.

Repossessions

Repossessions have been rising since the second half of 2004 but have now begun to accelerate even faster.

The number of mortgage holders behind with their payments has also gone up.

They rose by 29%, up from 120,800 in the first half of 2007 to 155,600 in the first half of this year.

According to a recent survey by The Recruitment and Employment Confederation, permanent placements have contracted for the fifth consecutive month in August, while temporary jobs fell for the first time since May 2003.

"The slide in the UK economy continues to hit the job market hard – with yet another sharp drop in recruitment" said Anne Nolan, Director at KPMG, which sponsored the report. (*Guardian 03/09/08*).

David Blanchflower, a member of the Monetary Policy Committee, said recently that there is a risk of unemployment rising by 60,000 a month, and hitting 2 million by the turn of the year.

So, back to the original question, why are the British and US economies doing so badly?

The elected politicians and governments over the past 30 years have adopted a technocratic approach to economic management of the economy, driven by neo-liberal ideology. This is a more virulent and exploitive capitalist development, compounded with deregulation, privatisation and minimum intervention by the state and government.

Basically, the "credit crunch" could be attributed to the deregulation of credit controls that were in place in Britain until the mid-eighties.

We have seen the UK government "bail out" The Northern Rock bank (formerly a building society) to the tune of £48 billion and more recently the United States government has Nationalised Freddie Mac and Fannie May, financial institutions that underwrite between them half the mortgages in the US, to the tune of several trillion dollars, the biggest bail out in US history.

Out-going CEO's Richard Syron and Daniel Mudd will get severance pay of \$23 million, while for the rest of us it is £50 a week "Jobseekers Allowance" - for six months - and nothing done by the government to help workers keep their jobs.

We have been consistently told that "flexibility of labour" was to attract inward investment.

We need to fight back with a popular political and economic alternative programme and strategy.

Around the Town & District

An International Festival of Culture was organised at Yeovil Town Football Club by the Somerset Polish Community Association, on probably the warmest Sunday of the year. The festival brought together nationalities from around the world that are working in the West Country.

The main and most popular event was the five-a-side international football tournament. With many countries represented, eventually two Polish sides reached the final. The winning team were the White Eagles.

It was a pleasure sitting on the Yeovil & District TUC stall alongside the Cuba Solidarity stall, basking in the sun and talking to the many visitors. Four hundred people wandered around the Huish grounds eating free food supplied by Indian and Asian restaurants, and were later entertained with music and dance from entertainers from various countries around the world.

The football tournament was keenly contested and played in a friendly spirit. The many stalls promoted animal welfare, the Somerset Polish Community Association, council welfare for visitors from around the world, and arts and crafts from many countries. The largest exhibit was the BBC van interviewing people and broadcasting from the festival.

There are plans for a festival next year which promises to be bigger and better still.

Tolpuddle Festival tops records

The sun returned to the Tolpuddle Martyrs' Festival in July and, with it, came record crowds eager to see Tony Benn, the Levellers and the Alabama 3. The event took on a new dimension as fans of the two bands mingled with thousands of trade unionists from all over the country. 'We knew we were in for a bumper year when around 1,500 campers turned up on the Friday night,' said organiser Nigel Costley, Regional Secretary of the South West TUC.

'With more people arriving to camp on the Saturday, the day-trippers and coaches coming on Sunday, the site was buzzing all weekend. The festival goes from strength to strength because the mix of music and politics is one that engages people at all different levels.

"It's no wonder this is such an important event in the trade union calendar."

Tim Lezard, South West TUC Chair, challenged the crowd to bring back friends next year and make the event even bigger. Can Yeovil meet that challenge?

He was followed by Brendan Barber, TUC General Secretary, who said 'We have a battle on our hands to win fair pay for all and to win back rights for workers. We know the law is against us, so we must keep fighting to deliver dignity for workers.'

Tolpuddle favourite Tony Benn received a standing ovation before even opening his mouth. 'Young people have a chance that none of us have ever had. They have the money and technology to change the world if they use them wisely. No matter how much technology changes, moral decisions don't change. Are things right or wrong? We should always look to treat people as we ourselves want to be treated.'

The new book of Tolpuddle memories, "My Tolpuddle", compiled by Tim Lezard and Nigel Costley, was launched at this year's festival and has won lots of acclaim. It even has photos of our own Dave Osborne and Bill Byrd. You can buy it on-line from www.tuc.org.uk/tolpuddle

Union membership holds steady in the South West

Trade union membership in the South West is holding steady at around 650,000 according to the latest government figures. Some 1.2 million people work in organisations with unions in the West Country.

Membership amongst women continues to rise and they are now just as likely to be union members as their male colleagues. Unions have continued to increase membership amongst managerial and professional staff.

The figures show a decade of stable union membership. TUC figures are more optimistic with the largest rise in membership in unions belonging to the TUC in a decade. This increase is almost certainly the result of the huge resources unions have put in to reaching out to young workers - the next generation of union members.

Nigel Costley, South West TUC Regional Secretary, said: 'It's good to see union membership holding steady despite this year's major economic difficulties, and my advice to workers worried about further shocks to the economy would be to join a union as soon as they can. If nothing else, these figures show **trade union members tend to earn more than non-members, earning an average of £12.74 an hour compared to £11.02 an hour.**'

Lisbon Treaty – the Irish “No” vote.

Irish voters reject plans for a neoliberal Europe.
By Sinead Kennedy

Irish voters have dealt a decisive blow to attempts to create a corporate, militarised European Union (EU) superstate by voting to reject the Lisbon treaty.

The treaty is substantially the same as the EU constitution that was rejected in referendums in France and Holland in 2005.

The Irish were the only people in Europe who got to vote on the Lisbon treaty.

The No vote in Ireland was achieved in the face of over six months of threats and intimidation as the media and politicians attempted to browbeat people into submission.

The corporate and state media not only refused to allow those opposed to the treaty fair representation, they also set the tone of the campaign and narrowed the terms of the debate.

For example, one of the most worrying aspects of the treaty is the provisions it introduces for privatisation of public services.

Yet every attempt by the left campaign to raise these fundamental questions was either ignored or suppressed.

The corporate right wing group Libertas – led and funded by a multi-millionaire businessman - was heralded by the media as the face of the campaign for a No vote. The media conveniently ignored the fact that Libertas had little, if any, grassroots support.

On the pro-treaty side, the bosses' organisation, IBEC, supported the treaty because it facilitates increased "liberalisation". It spent huge sums in order to get its message across.

The actual vote was sharply divided along class lines. An opinion poll conducted for the Irish Times in the last days of the campaign found that the Yes vote registered a majority only with better-off voters, while there was a big majority against the treaty among the working class.

The poll also found that one of the main issues

raised by business groups - preserving low corporation tax - only featured in the concerns of 5 percent of those who voted against the treaty.

Fault line

The media and politicians attempted to characterise the No vote as a narrow inward-looking debate on sovereignty. But activists campaigning on the streets found that people were concerned with a variety of issues including neutrality, militarisation, the lack of democracy and defence of public services.

The real fault line in the campaign was between those who favour a neo-liberal pro-business model and those who want to fight to achieve a more social, just and peaceful Europe.

The Labour Party – along with some trade union leaders who acted under its influence – mistakenly argued to vote for the treaty and balance the neo-liberal policies with a charter of rights.

In effect it gave cover to groups like IBEC that were completely upfront about supporting the treaty in order to achieve more privatisation.

Labour's enthusiasm to put itself in the service of corporate Ireland raises important questions about the need for a new radical left.

Despite campaigning for a No vote, the republican Sinn Fein cannot offer that alternative because it vacillates between opposing neo-liberal measures in the South and implementing them in the North.

The victory of the campaign for a No vote is a powerful signal to workers across Europe to step up the fight against corporate rule.

It is also a gesture of solidarity with the 200,000 trade unionists who marched against the treaty in Lisbon on the eve of it being signed in 2007.

Those protesters rightly predicted that if ratified, the treaty would "lead to an intensification of attacks against the rights of working people" and that a different type of Europe is necessary.

*Sinead Kennedy is an editor of the campaign website »
www.voteno.ie*

1 in 3 of future pensioners face poverty in retirement

One in three of future pensioners face poverty in retirement.

Britain's biggest older people's organisation, the National Pensioners Convention (NPC), has claimed that a Scottish Widows' survey, showing that 1 in 3 people cannot afford to save for their retirement, is further evidence that the government's pensions policy is beginning to unravel.

Joe Harris, NPC general secretary said: "Most financial experts agree that you need a pension pot of about £100,000 to provide an income in retirement of around £6000 a year, but millions of today's workers – even those in occupational pension schemes – will not get anywhere near that amount. The government's entire pensions policy has relied on means-tested benefits and good company pensions to take people out of poverty in retirement – but this approach is now beginning to unravel. A third of pensioners will still be means-tested in 2050 and good company pension schemes are becoming a thing of the past."

"The latest figures show that 1 in 4 pensioners already live below the poverty line of £151 a week – 62% of pensioner couples get by on £10,000 or less each year and it looks as if future generations will be even worse off than their parents and grandparents. Rising fuel, food and council tax bills are pushing people further into financial hardship, yet the government's answer to this looming pensions' crisis is to tell people to work longer, by raising the age of retirement to 68."

"A strengthened national insurance based state pension set above the poverty level and linked to earnings offers the most effective way of giving everyone – both now and in the future – real financial security and dignity in retirement." The National Pensioners Convention and the trade union movement are staging the first ever lobby of parliament on 22 October 2008 to focus on the need for a decent state pension for both today's and tomorrow's pensioners.

Further details available on www.npcuk.org

Fuel poverty facts

Nearly 90 per cent of all excess winter deaths are of people over the age of 65. There were 22,300 excess winter deaths of older people last year, and

260,000 since 1997.

Almost one in three older people live in homes with inadequate heating or insulation, making their homes more difficult to heat and/or keep warm.

More than one in four people living in fuel poverty are over 70 years old.

Average annual energy bills now exceed £1,000. This will absorb 16 per cent of the income of a single pensioner dependent on the pension credit minimum guarantee and the current £250 Winter Fuel Payment.

Information supplied by National Pensioners Convention, www.npcuk.org

"Workers are struggling to make others obscenely rich. This needs to be challenged."

- *Matt Wrack, General Secretary of the Fire Brigades Union, speaking at the TUC in Brighton.*

"Wage restraint is charity to bosses. They don't need it."

- *Bob Crow, General Secretary RMT, 23 June 08.*

"The Treasury has admitted that an estimated £97 billion to £150 billion is lost through tax avoidance annually".

"Executive pay has risen by 288% in the decade since 1993, and has continued to rise at around seven times the rate of the average worker's pay."

- *John McDonnell MP, in Another World is Possible, a booklet available at £2.50 from www.l-r-c.org.uk*

Yeovil TUC meets every third Wednesday of the month @ the address below. All union members welcome (though only delegates may vote). Meetings start @ 19:30hrs. Is your branch affiliated? Contact us for an application form.

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