



# London

James Laxer

Nonfiction

Scottish

separatism

rage

anti-immigrant

and

UKIP

In a time

of billionaires

LONDON:

In a time of billionaires,  
Scottish separatism, UKIP,  
and anti-immigrant rage

By James Laxer

London is sitting on top of the world---very precariously. This city---one of the world's richest---may yet muddle through. Or, like Humpty Dumpty, it could have a great fall. Money is always at the centre of things in London, even more than is the case in New York. The value of the pounds, dollars, Euros, Yuan and Yen that are electronically streamed through the financial institutions in the City, London's financial district, is equivalent to twenty years the national income of the UK. Hold it right there. This does not mean this vast sum belongs to the banks in London or to wealthy Londoners. It is passing through, as deals are made, as currencies are exchanged, and as stocks and bonds are bought and sold. London is the immense emporium where all this is done. Most of the commodities that are purchased and sold in London never come anywhere near the UK.

In London, it is said that the streets are paved with gold, because the price of real estate has been spiking at the rate of ten per cent a year. In some parts of the world, the rich get richer investing in petroleum. In London, the streets of the city are the equivalent of oil wells. Those who toil in cafes, restaurants, offices, driving buses or repairing the streets have a different take on London. One young woman who works in an office told me that hers is an Upstairs-Downstairs life. Those who are Upstairs automatically reckon they are superior to those Downstairs. While England, like other advanced countries, has a class system, its system has a strong tinge of caste about it.

In theory, social mobility is positively regarded in England. In practice, members of the Upper Classes are not altogether prepared to see people from the Lower Classes mingle with "their betters". A few years ago, I introduced a friend of mine who is a highly successful cameraman, who has done well for himself, setting up lighting and doing the shooting for television shows, to two recent graduates from Cambridge. The Cambridge grads prided themselves on having a critical outlook on capitalism and the free market. I thought the three of them would get along well over a few drinks. I was wrong. When the man and woman from Cambridge picked up a working class London accent from my friend, it was all over. They went after him at every turn, on every subject to reduce him to a level below them. I finished my pint, made an excuse, and left with my friend.

I've spent a lot of time in London and travelling around the UK over the past thirty-five years, conducting television interviews for TV Ontario---that's where I met the cameraman---and hosting a film series on the global economy for the National Film Board of Canada that was broadcast in Canada and the United States. I wrote a book titled *Inventing Europe* that was published by Lester Publisher in Toronto in 1991. In it, I devoted a chapter to Britain's distant and uneasy relationship with the European Union.

Over the last few years, I've spent up to ten weeks a year in London, writing and exploring this endlessly fascinating city, which is a world unto itself.

I spent the month of May 2014 in London, writing this account of the life and times of the city during a time of multiple crises. While London's rich have never had it so good, the Scots are contemplating seceding from the UK, and the English, under the prompting of the United Kingdom Independence Party (UKIP) and its fiery leader Nigel Farage, are contemplating voting themselves out of the EU. In London itself, as new capital gains pour out of real estate and financial markets, those who toil for the moneyed are finding it ever harder to live in a city that can't survive without their labour.

## LONDON: BRITAIN'S IMPERIAL STARSHIP

“Why, Sir, you find no man, at all intellectual, who is willing to leave London. No, Sir, when a man is tired of London, he is tired of life,” declared Samuel Johnson to Boswell in 1777.

I agree wholeheartedly with this declaration. For intellectual sustenance, I often long for London, but equally for Paris, and there I part company with those in England who see nothing worthwhile beyond Calais. When I arrive in London, I am happy to sit on the upper deck of the Number 14 bus and just ride from one end of the line to the other, enthralled by all the life, diversity, madness, and the grotesquely vulgar window displays at Harrods. If forced to choose one place you couldn't leave for a full year, what better choice than London could you make?

London has been made and remade countless times over the past two millennia, from its days as a walled outpost in the Roman Empire whose population grew to about sixty thousand people to its present status as a world financial centre, with a population of 8.3 million. During the English Civil War in the 1640s, London was a stronghold of Oliver Cromwell and the parliamentarians, during their struggle against Charles I, whose Royalist Army clung to nearby Oxford. During the years when Cromwell's forces occupied London and later during Cromwell's period in power as Lord Protector of England, London was forced to submit to a puritanical ethos of a kind that has been out of character during most of its history, including the era of William Shakespeare, the days of Swinging London and Carnaby Street during the 1960s, and today as hedonistic billionaires and highly remunerated bankers and corporate lawyers set the tone for the city.

In 1939, the population of Greater London reached 8.6 million people, but during the Second World War and the post-war decades the population declined to about 6.8 million in the 1980s. Then things turned around as London took off during the age of globalization and de-regulation to become an international financial centre whose population is soaring upwards.

For centuries, London was a manufacturing centre, home to thousands of establishments that turned out products for the market. Smokestacks from these workshops, often run by highly skilled craftsmen, pointed skyward. The city was notorious for the London fog that was the deadly byproduct of the heating of dwellings with coal and wood fires and the smoke that poured forth from factories, large and small. The city's power stations, such as the iconic Battersea Station on the Thames, belched out smoke from low-grade, sulfurous coal. Sir Arthur Conan Doyle often featured Holmes and Watson breakfasting at 221B Baker Street, while a “pea souper” enshrouded the great city. In 1952, the deadliest-ever killer fog, which took the lives of an estimated twelve thousand people with impaired lungs and weakened cardiovascular systems, struck London. After that, successful efforts were made to reduce pollution, but progress was slow and one further episode of severe fog hit the city a decade later in December 1962.

With the demise of its manufacturing, and the upgrading of home heating systems, London became a fog free city, a city that has relegated its memories of shrouded streets to the literary past, to novels and stories where gas lamps and fog set the mood.

Today, London is a digital, not a manufacturing, powerhouse, where banks and other financial institutions act as intermediaries in transactions affecting every part of the globe. Those who run these institutions and the key corporate law firms that stitch deals together are the “super-managers” whose earnings skyrocketed during the 1990s and the first years of the 21<sup>st</sup> century, with only a brief pause at the time of the financial crisis that began in 2007.

The face that personifies London is that of Mayor Boris Johnson. New York born Johnson---his English family returned to England when he was very young---is descended from a long line of noteworthy Britons, including King George II who was his eighth great grandfather. In addition, he has Turkish ancestry. Johnson first came to the attention of the public as a journalist and he assumed the position of editor of the *Spectator* in 1999. A former Conservative Member of Parliament, Johnson ran for Mayor of London in 2008 and succeeded in defeating the incumbent Labour mayor of the city, Ken Livingstone, aka “Red Ken”. Johnson was educated at Eton and then read Classics at Balliol College, Oxford.

He is famous for his long blond hair that flies over the tops of his ears and down over his forehead. The hair, which is said by observers to be rapidly receding, gives him an exterior that is friendly and approachable at first glance. The hair is a cover, a disguise, under which lives a man who is defiantly posh, upper class, exceptionally ambitious, shrewd, and calculating. He is constantly embroiled in battles with David Cameron (his eighth cousin), whose job he clearly covets.

Johnson is the perfect clown for the London wealthy. Always in costume, he appears to combine the personae of both Upstairs and Downstairs. Nothing could be further from the truth. Look below the hair at the piercing eyes and you will see the utter determination of the man who presides over London, the man who would be PM.

The super-managers and the billionaires who loom above them live and play in Boris’ London and use it as their base from which to make the world their oyster. In his global mega bestseller, *Capital in the Twenty-First Century*, French economist Thomas Piketty traces the spectacular takeoff of the super-managers over the past quarter of a century. The phenomenon has been most pronounced in the United States, where by 2010 the top 0.1 per cent of income earners garnered twenty per cent of the nation’s earnings. That is to say one income earner in a thousand took home one fifth of all income, leaving the other 999 with eighty per cent of the earnings. Piketty shows that the same phenomenon can be seen in Britain, Canada, Australia and New Zealand. While super-managers have seen a sharp rise in their income in Scandinavia, France and Japan, they have not grabbed as much of total

income as in the countries in the “Anglo Sphere.” Germany lies between the Anglo Sphere countries and the other continental Europeans in the proportion of income going to the super-managers.

In Britain, heavily concentrated in London, the super-managers, the one in a thousand, take home about sixteen per cent of national income. There are about fifty thousand such individuals in the UK. They are far from being billionaires---of whom there are now more than a hundred in Britain (sterling billionaires), with seventy-two of them in London. This makes London the number one city in the world for billionaires. (You need more money to be a sterling billionaire than a dollar billionaire, since the pound is worth more than the dollar.) The super-managers constitute an exceedingly powerful cohort, not only economically, but politically as well. If you ask who has hold of the national steering wheel, this crowd is doing most of the driving. And because there are fifty thousand of them, most notably in London, in Chelsea, Kensington and Hampstead Heath with a smaller number in Fulham and Chiswick, along with the members of their families, they could fill several large stadiums. They are a “crowd” and they can’t help thinking of themselves that way. With the exception of the ever-larger number of people who work for them in a personal capacity as maids, house cleaners, gardeners, and tutors for their children, the people they really know are drawn from their crowd. And if everyone in your crowd lives this way, it’s very difficult to focus much on how the other 999 in a thousand actually live.

This has always been a problem for human beings. Not all that long ago we all lived in rather small tribal groupings. As few as several dozen people would have been our crowd. No wonder it’s easy for fifty thousand people and their families to think little about the rest of the population and to have what Marx would have called a “false consciousness” concerning their own condition.

But London is about much more than these people even if they are steering the vehicle. Hailing from Toronto, as I do---a city once described by Peter Ustinov as “New York run by the Swiss”---I often meet strange denizens in London, the sort of people who just don’t exist in the flora and fauna on the north shore of Lake Ontario. Today, as the hundreds of construction cranes pointed into the sky, bear witness, London’s population is rapidly growing, and is expected to hit ten million in a few years.

And among these millions, crowded into a quite small space, idiosyncrasy can flourish. Charlatans---a harsh term to use---or at the very least eccentrics, abound. There are people who have changed their accents to appear to have gone to the best schools, when they’ve never been anywhere near an Eton or a Harrow. I’ve met older women with accents as posh as the Queen’s who attend operas and are members of weekly coffee groups whose members discuss culture, politics and science. These women have left behind their working class origins and can put on airs quite as remarkably as Maggie Smith.

Then there are rogues who are even harder to figure out. Are they fantasists, fabricators or is some of what they claim to be their life stories actually true?

One of those is Albert Krause (I've changed his name). I think of him as "the man who came to dinner", the incomparable character who met my friend Pearl a while ago and moved into her sumptuous house in Chiswick, in London's west end, shortly thereafter.

Recently, Pearl (not her real name) kindly agreed to put me up for a few days while I was in London. I knocked on her door and she greeted me with a hug and pulled me down the hall into the kitchen and solarium to meet Albert. Fifty years old, Pearl is tall and blonde, a little plump, with a generous nose and lively brown eyes. Her hair is scattered and straight on this occasion, giving her a bit of a scarecrow look. Each time I see her, I have to get used to her New Zealand accent all over again. Pearl is a madcap character, with a very quick mind and a very short attention span. She escaped from New Zealand in her twenties with her lover, a young lawyer from Auckland, and they settled in London. They married and her husband, also named Albert, went on to become a highly remunerated solicitor, specializing in transportation law. He made millions of pounds working exclusively on the case of one shipwreck for a five-year period. Two children and fifteen years later, their marriage was a shell. They went on separate vacations and spent very little time together.

Then she encountered Albert Krause, whom I was about to meet. I'd heard about him in E Mails and phone calls. I had very little time to take in the splendours of the solarium and the garden behind it, before I was introduced to a tall, pink faced man with fading and thinning sandy coloured hair and a round protruding stomach of the kind you associate with drawings of Dickensian characters. Albert Krause welcomes me fulsomely, in a rich, rotund English that makes you swear he was an understudy to Richard Burton.

His presence pervades the household. He is a source of constant drama, starring in the kitchen, with its iconic Aga cooker, and solarium that form the spectacular back end of Pearl's house. Here, Albert Krause is king. Strutting about, he makes the kitchen a stage, with a glass of scotch on the rocks in his hand as he plans and cooks dinner.

The next day, when she is alone with me, Pearl tells me what she claims is Albert's life story.

Born in India, of a wealthy family---she swears he is actually a German baron--- Albert had his first love affair, with an older cousin, when he was only thirteen. He later was a British soldier, and after that he may have become a mercenary in one of those outfits that signs on for miserable wars in Africa. Krause loved the old British Empire and credited it with knowing how to deal with upstart peoples.

During his mercenary years, Pearl claims, he fell in love with an African tribeswoman, and fathered her baby. He insists that the people of her tribe, not prepared to accept the relationship, speared the woman and her baby to death. For Albert, this was only one of many romantic relationships. Several "marriages" and long-term affairs were punctuated with a myriad of brief encounters. If all of this makes him sound like a character in a John Buchan novel, that is how he seemed. There was little to admire in him, indeed I could only loathe his worldview, but as a colonial, I gazed at him in wide-eyed wonder.

After his African days, Albert Krause went on to become a high society man of business. He ran an advertising company that boasted 450 employees. Then his partner died suddenly, having failed to leave him the crucial leases to London properties, on which the business depended. At almost exactly the same time, Krause's mother died. Somehow her will was lost, and with it the locations of her various and extremely large secret financial holdings. On top of that, a bag of her highly valuable jewels vanished in the back of a toilet and was never recovered. The logistics of that are not clear to me. The consequence of the two deaths was that Krause was suddenly rendered penniless. Driven out of his comfortable digs, he ended up living in a park in the heart of London, and was taken in from time to time by friends. Eventually a woman friend took him in. Then he met Pearl.

Albert was in his best form the afternoon I met him, as he strutted back and forth, sipping scotch and filleting fish. He was full of lore about the royal enclosures at Ascot and the Henley Regatta. He chatted knowingly about the time he wrote the Queen's secretary for admittance to these sacred shrines of high society, about morning coats and the Cavendish Club, whatever that is.

By the time dinner was over, many scotches later, Albert had tears in his eyes. He told Pearl and me, that the evening, I don't know why, took him back to his days as a teenager, when his family had sent him to stay with a relative in Paris, as he put it, "to gain sexual experience."

In all honesty, I just don't meet people like this in Toronto, people who are full of tall tales and an unabashedly reprehensible outlook on things. Some of what Albert claims to be his story might even could be true.

But London has been remaking itself---over a very long time, it is true---into a city in which Albert Krause is an anachronism, a type who is becoming as rare there as he would be in Toronto. London is now the Imperial Starship of the British Isles. Today, it hovers over the kingdoms of which it is the capital. But it is London's status as a global financial centre that matters far more than that Westminster is the hub of government for England, Scotland, Wales and Northern Ireland. The Upper Classes in London, who hail from many points on the globe, have next to nothing to do with the rest of the UK and the same can said of most of the native English Londoners I know. The super-managers have a lot to do with this. The fifty thousand and their families, introduced above, have driven idiosyncrasy to the point of being a

vanishing phenomenon in London. The Albert Krauses are finding much less foliage in which to disguise themselves in today's London. The super-managers have put their own variety of Agent Orange to work in London. They have defoliated the city, driving the oddballs almost to the point of extinction. They are a hard-nosed phalanx, and most of them are not interesting companions. You would have found the wealthy rentiers of the Edwardian Age much fuller of outré insights into biology, evolution and history. Today, you are more likely to encounter oddballs in Bath or Cornwall than in London.

## MONEY PSYCHOSIS

Centuries ago, the capitals of feudal powers were surrounded by walls and a moat to keep out brigands who wanted a share of the spoils and to fend off those intent on sneaking in at night with knives and swords to stage a coup d'état. This is precisely how a group of thugs, the Grimaldis, in 1297 overpowered the guards at Monaco and seized power there, to which they have clung for over seven centuries.

The London Upper Classes have gone far beyond the Grimaldis, despite Monaco's famous casino, by erecting a virtual wall, a wall of avarice and wealth to protect them from those of the lesser castes, and that includes the peoples of the rest of the UK. London finance combines a variety of casino capitalism with a kleptocracy in which those who hold political power use it to enrich their friends and the whole of the Upper Class that resides in the London Imperial Starship. One way they do this, feeding the pocket books of the super rich, the rich and the merely would-be rich, is through policies that vastly increase the price of London real estate. The combination of low marginal income taxes for the wealthy, and very low interest rates has made London real estate a volcano of new capital creation. Marx would have termed it a novel form of "primitive accumulation". A new speculative class has sprung forth among those who buy property and rent it out (let it out, the English would say) to others. As long as the price of property rockets upward, the new class does brilliantly. Should the bubble burst and property prices decline, many of these property speculators would be unable to meet their multiple mortgages and would be driven into instant bankruptcy. Some of them would end up in the park where Albert Krause once spent the night. For now, though, London is their pot of gold.

In London, I am continually struck by the power of ideological dominance exercised by the ruling circles over the population at large. The effect is very nearly total, certainly in comparison to Canada where those who rule can only dream of having such a powerful thought-control machine at their disposal. In London, political leaders, the electronic media---both private and the BBC---the daily press, including tabloids and the broadsheets, the military and the royals, the advertisements screaming from television, newspapers and billboards, and the security apparatus exert their influence on the whole people. In tube stations, I'm constantly being urged over loudspeakers to report anyone who looks unusual. To my mind a hell of a lot of people in London appear weird---one of the attractions of the city---but I suppose the real point of the announcements is to keep us firmly reminded that Big Brother is everywhere.

Londoners are propagandized, cajoled, cowed, flattered, seduced and demeaned by the controllers. There is almost no escape. What is more, they believe they are where it counts, at the hub of one of the freest and most independent-minded peoples on earth. It's much easier for rulers to dominate people who have too high an opinion of themselves than to rule those who know they're being kicked around.

The waves from this powerful, multi-faceted machine pulse outward from London to the whole of the UK. Northward, however, the pulses from the centre steadily lose power. By the time they reach Birmingham, they are weaker, and they are weaker still in Sheffield, Manchester and Liverpool. In the north-east en route to Newcastle in the region that has been called the Detroit of England, the transmissions have lost even more of their force. At the Scottish border, the pulses run up against counter pulses emanating from the heart of Scotland. In the Home Counties, London's bedroom-playground, the waves from London are unimpeded. Indeed, there are areas such as Bermondsey and Brixton, in the south of London where the transmissions come through less clearly than in the bucolic Home Counties, London's shrines to perfection. The Home Counties psychically reside in a past that never was. In Somerset, to the west, especially in the splendor of Georgian and Regency Bath Spa, the messages are gratefully received. Wales is another matter. In that Kingdom, battered by poverty and still scarred by memories of hard scrabble coal mining for metropolitan England, the messages are received as blaring, mocking eruptions of vulgarity.

London is in the maw of a money psychosis. During my journeys to many parts of London, to cafes, to park benches on glorious days of which there have been a few lately, on buses and on the tube, people around me are talking about money.

In a Caffè Nero near Green Park---there are many higher quality cafes in London, for instance Monmouth and Allpress---a stylish, conservatively dressed woman, about forty is instructing a tall, handsome, well turned out man on how to make millions of pounds. The man is taking it in respectfully, clearly in awe of her expertise. She is telling him that giant capital appreciation is to be had through careful property purchases. "Buy to let," her message is hardly original, but it's everywhere in this metropolis. In the same café, on the same afternoon, four men in their fifties, not fashionably dressed, are entertaining each other with boisterous stories about ways they are making money.

A money psychosis is unendurably powerful. Midas has dazzled London, much the way the reflection from a downtown skyscraper, known as the Walkie-Talkie, melted part of a Jaguar that was parked below it.

Mark Carney, the Canadian who is the Governor of the Bank of England, has warned that the soaring price of real estate poses the single greatest threat to the continuation of Britain's economic recovery. He makes the point that massive borrowing to buy real estate could leave the British financial system with a dangerous "debt overhang". The International Monetary Fund has reached the same conclusion. Too many people are taking on too much debt that they may not be able to handle. The IMF has warned the Cameron government that its "Help to Buy" program, which provides mortgage guarantees to mortgage lenders who provide mortgages to people who buy a house with a deposit as low as five per cent, is pouring kerosene on the flames. Christine Lagarde, the IMF's managing director,

warned that Britain needs to prevent a further growth in the number of risky mortgages. She has in mind mortgages with a high loan-to-income ratio.

And then we encounter Midas. Midas was cursed because his wish came true and everything he touched turned to gold. That is what has been happening with London real estate, which has become a bountiful new source of capital for those who touch it. In our age, economic growth in the advanced countries is relatively slow. The way to become rich is through gains on capital that can take the forms of profits, rent, or interest payments. Returns on capital are now far outrunning the rate of growth in the economy as a whole. Working for a living by earning a salary or a wage places you on a treadmill. You can survive, even do quite well, but that's the limit. Actually, that's not entirely true. There is the crucial exception, of course, of the super-managers. If you manage to snag a top managerial post in a corporation, or if you are a partner in a global corporate law firm, based in New York or London or both, you can pull in enough income to convert it into capital. Then you can achieve takeoff.

That, of course, depends on saving some of the take, so you can invest it, or if you live in London, use it to make a down payment on some very promising real estate. Even for those pulling in a couple of million pounds a year as managers or corporate lawyers, that's not as easy as you might expect. To keep pace with the crowd at this level costs a great deal of money. And if you don't make the necessary outlays, you won't long survive where the air is so thin. You'll be seen as lacking "soundness" and you'll likely lose your position, or at least your chances of advancement to, let's say, the coveted post of managing partner in the law firm.

At this altitude, it is mandatory for Londoners to send their children to public (that is to say, private) schools. While only seven per cent of children in the UK are educated at the private institutions that are known as public schools, among corporate managers and top lawyers, it is the virtually universal practice. One top partner in a financial firm, a balding, roly-poly fellow, told me unabashedly that he believes it is "child abuse" to send a child to a state school. Apparently, he is not the least troubled about putting ninety-three per cent of British parents in the abuser category. Of course, a statement of this kind is not intended to refer to the large, grey mass of the population that is out there, but to "our kind of people". It is a reflection of the disapproval among this set that is directed at acquaintances who do not send their children to public schools.

Public schools are very costly for these high earners who are aspiring in the future to derive their principal incomes from returns on capital. At Eton College, a boys' only school from which nineteen prime ministers of the UK have come, the annual fee for non-boarders is over thirty-three thousand pounds a year. At the City of London School for Girls, and other top rank private girls' schools in London, the annual fee for non-boarders ranges from about eighteen to twenty-five thousand pounds.

Sending children to public schools for those who are arriving as capitalists is important for future generations in their families. These are training academies whose most important lessons, learned by both boys and girls, is that they are special people and they are very different from the common ruck of humanity. At Eton, attended by David Cameron, boys are taught to accept hierarchy and obedience in their early years. In their later years, they learn how to bully the younger boys, and in some cases to mete out physical punishments to them. All of this is very useful preparation for the real world later, when they will hand down orders to those below them in business or law firms, or from the very top of government, when they will need to bully the whole country.

As well as imbibing deeply important training on social class, boys and girls from these institutions also meet the people with whom they may well spend their lives. In this odd world of posh gender-divided schools, dating is set up among teenagers through encounters among the schools or through their rowing and theatrical clubs. One teenage daughter of a couple I know who attends a leading public school in London calls her boyfriend "Harrow Dude". The girl's father seems quite happy with this designation and says he knows and approves of the parents of "Harrow Dude".

Super-managers care who their daughters date (and their sons to a lesser extent) and undoubtedly hope they will marry well. The City of London School For Girls, not only advertises the high percentage of their graduates who go on to Oxbridge---all the private schools do that---but they reassure parents that the girls will be meeting the right sort of boys. "And when they have time," says their online blurb "they get together with City of London boys for drama productions, lectures and social evenings."

Spending forty-five thousand pounds a year on a couple of secondary school kids---make it sixty thousand or more once you throw in school trips abroad, skiing, tennis, rowing on the Thames---and the super-manager is only getting started on expenditures to stay abreast of his peers. De rigueur are a long list of purchases. Wine for the cellar, virgin olive oil for the pantry, and hunting costumes with Wellies for shooting and hunting parties in the Cotswolds or Switzerland. Wardrobes for all members of the family can be expensive in a set that does not frequent charity shops.

Memberships in top flight gyms, decked out with dining facilities, are expensive, as are personal trainers. Throwing weekend getaways for one's friends costs many thousands of pounds, but such hospitality is necessary, especially when one's friends own country homes in Somerset or rent chalets on Lake Como in Italy each skiing season for tens of thousands of pounds. Piercing the outer ramparts of the capitalist class is expensive. The trick is to keep something back from the lavish existence to invest so as to move over to a life of gains on capital. And for lawyers in London, that must be done by the time a top partner is in his (less likely her) fifties. After that, the junior partners, anxious for their own moments at the helm, begin their incessant campaigns to drive out the senior partners.

In 2014, senior partners in the most prestigious corporate law firms can pull in over two million pounds a year, including salaries, bonuses and the biggest chunk of all, firm profits. With a modicum of restraint on spending and an eye for moderately intelligent investing, our top lawyer can make the switch to returns on capital as his principal source of income. It's not a sure thing. Most of the people I know who belong to this category of Londoners are enormous spenders. Among other things, this makes them hugely resistant to any suggestion of tax increases. These people feel stretched.

Leaving aside the tribulations of our super-manager and his peers, we return to Midas and London real estate. In Germany, the country with Europe's biggest economy, there is a regulated rental market with tenant protection. German property prices are lower now in real terms than half a century ago (in part because of German reunification) and there is no mad rush for those with money to purchase real estate. Instead, they are inclined to invest in the industrial or service sectors and that is much more beneficial to the economy than a frantic rush to get in on the London real estate frenzy.

When the media report a nine per cent jump in real estate prices in England's south east over the past year, that is sharply at odds with what is happening in other regions of Britain. Real estate is on fire in greater London and parts of the Home Counties, and that is certainly not the case in the Midlands, the North, Wales and Scotland where property prices are only now returning to where they were in 2007 on the eve of the crash.

For well off Londoners, consider the advantages of diving into real estate. Let's suppose that a high earner has put away a million pounds to be invested in Central London. He could use it to make the down payment on four or five flats, whose price is four or five million pounds. Perhaps he is doing this in partnership with other investors who are making a similar play, on flats they intend to buy. Our investor could end up collecting enough rent to offset the mortgage payments and most of the outlays for taxes, heat, utilities and upkeep. If the property in question increased in price by ten percent a year for a couple of years, the investor's return on his investment would amount to about four or five hundred thousand pounds a year. If we assume the property was sold at the end of the second year, the return on the initial outlay of one million pounds would be in the order of forty per cent per year. Subtract from that the expenses listed above and the capital gains tax upon sale and we are left with a rate of return of about twenty-five or even thirty per cent per year. This certainly beats playing the stock market without insider trader information and, of course, the bond market in these days of low interest rates.

No wonder to such investors, both citizens of the UK and foreigners, the streets of Central London are paved with gold.

Warning! Many things could go wrong with such a venture----less than ideal location, problems renting the flats, or worst of all, the price of real estate in the area could abruptly stop rising. This could happen for a number of reasons---a new economic crisis, or a nail-biting geo-political showdown with Russia. The case above is an example of a highly leveraged investment, only for the red-blooded, who are prepared if the worst happens. They could lose their Bentley or they might be forced to pull their sons out of Harrow.

London's property madness is about much more than investment opportunities for high rollers. It dangerously distorts the economics and politics of the UK. Skewing British investments away from industry, infrastructure and services in favour of real estate gnaws away at the renewal of Britain's economy and critically stalls gains in productivity.

Over the middle to long term, the continuing rise in London property prices threatens to weaken the city's most important economic pillar, financial services. Soaring real estate prices make it ever more difficult for wage and salary earners to live in London reasonably close to where they work. More and more of them commute to their jobs from outside London.

If real estate prices and other costs in Central London become too high, there will be a tendency for financial institutions and corporate law firms to transfer some or all of their operations to other centres, principally Frankfurt or Paris. The financial services sector is what economists call a "footloose" business. Unlike, say, the steel industry, which locates near abundant transport, iron ore, coal or cheap electric power, there is no particular reason why banks, stockbrokers and corporate lawyers should locate in London. The city's chief locational advantage is that the main financial firms and associated businesses are already there. But that could change if London's costs become too high. Over the centuries, the world's leading financial hubs rise and fall depending on economic conditions, costs of transportation, wars and political factors.

London is a megalithic financial power that is dangerously near a tipping point. If things go wrong, the city could readily fall from the illustrious position where it is now perched. While many political observers and economists have warned of the dangers inherent in the London real estate market, those in power in Britain have done next to nothing to cool the rise in prices.

A number of steps could be taken that would slow, halt or reverse price rises. The Bank of England could raise interest rates. The current post-recession bank rate is an historically low 0.5 per cent. These low interest rates are an invitation to people to jump into the real estate market, especially in London where the promise of a very handsome return is so tempting. The other day, I was sitting in a café in Greenwich overhearing a young Italian woman explaining to her male companion that she had a million pounds she wanted to invest in London property and she was trying to figure out which financial institution to use to facilitate this.

If the Bank of England raised interest rates just high enough to affect mortgage rates (two percent would nudge them, three or four percent could cause high anxiety, even a panic), the move would apply the brakes to the London real estate market. The trouble is that this blunt instrument would not only slow the market in London, it would halt economic expansion in all of the regions of Britain where growth is weak---everywhere outside London and the Home Counties.

The British government could slap a wealth tax on the rich. In *Capital in the Twenty-First Century*, Thomas Piketty advocates a global wealth tax, as a way to offset what he depicts as the rising ratio of capital to national income in Britain and other advanced countries. Piketty predicts that economic growth will settle at a level of about one or one and a half per cent a year over the long term, well below the rate of growth in the post-war decades, and that capital will therefore, increase as a proportion of national income. This will mean, he says, that the holdings of the wealthy will rise in relation to the income of wage and salary earners and that income and wealth inequality could increase to levels that existed in Britain and France in the late 19<sup>th</sup> century and right up to the outbreak of the First World War. Piketty alludes to the way these economic and social conditions were brought alive in the novels of Jane Austen and Honoré de Balzac, novels in which the wealthy are solidly entrenched and a very large proportion of wealth is inherited. Just think of Mrs. Bennet in *Pride and Prejudice* gushing to her husband: "A single man of large fortune; four or five thousand a year. What a fine thing for our girls!"

Piketty's global wealth tax idea is a good one, in principle. In practice, the prospect of the major advanced countries agreeing to coordinate such a tax, at present, is vanishingly small. On the other hand, the Westminster government could implement such a tax in Britain. If a wealth tax were more than very minor, a mere formality introduced for purely political reasons, it could have the effect of redistributing income in the country. Such redistribution could come about through increased access to higher education, perhaps through lower tuition fees, or broadened health care options, perhaps through much improved retirement measures. The wealth tax would certainly have the effect of taking the steam out of the speculative London real estate market. Even before Piketty's book began selling out in London bookstores on the day a new shipment arrived---Waterstones on Piccadilly featured copies in the window with a sign saying the book was back---there was talk in the UK about a wealth tax. Even the mere hint of a wealth tax causes right-wing media to foam about Karl Marx and the deep immorality of such a tax. "The idea that those who happen to own a home in parts of the country where the price has gone up above a certain threshold 'don't deserve' their 'windfall' sets a dangerous precedent," read one op-ed piece in the *Daily Telegraph*. The same article noted in a macabre tone that "the thinker who has re-emerged, yet again, as the guru of the moment is one Karl Marx, buried in London's Highgate Cemetery 130 years ago and supposedly long since consigned to the dustbins of history."

Another way to cool the property frenzy would be to adopt measures to provide protection for tenants. Labour Party leader Ed Miliband has promised that, in power, his government would legislate to make three-year rental contracts standard in the UK, in place of the current system, which often allows landlords to expel tenants after six months with only two months notice. (Right-wingers rabidly attacked Miliband for this proposal that falls short of rent control. They claimed he was acting like one of the Venezuelan Chavistas.)

These measures and others could be chosen by Westminster to cool soaring London real estate prices, but the Cameron government has adopted none of them for a very simple reason. Politically, the Conservative Party represents the wealthy segments of London society that benefit so enormously from the rising value of their properties. The rich are riding the property tsunami to become richer and the near rich are nervously riding it to become rich. The adoption of some or all of measures I listed above would provoke an enormous backlash against the Cameron government in its core constituency.

For very solid political reasons, the Conservatives and the Coalition government are doing nothing to calm the real estate market but in adopting this course they are assuming huge risks, both for the future of London and the political viability of the UK itself.

Back to Midas and his fatal affliction. Turning the streets of London to gold could have the effect of pricing the city and its financial sector out of the game. Capitalism has never been more cut throat than today. London's competitors on the continent will strike when they smell blood. It's odd that the neo-liberals, committed as they are to them, are to the nostrums of global capitalism---the people who run the Coalition government---are so seemingly blasé about the threat that endangers London.

To further explore the dimensions of that threat, let me shift to the fiery political debates about the upcoming Scottish referendum, Britain's place in Europe and immigration.

## THE SCOTTISH WAGER

It may seem a stretch to claim that the rise of the London Upper Classes is what has provoked and fuelled the drive for the referendum on Scottish independence, but I believe a very cogent case can be made for this. On September 18, 2014, Scots will vote on whether they wish to remain in the United Kingdom or to establish their own sovereign state. Many have depicted this as an antiquarian melodrama having to do with the 700<sup>th</sup> anniversary this year of the Scottish victory at the Battle of Bannockburn or the revisiting of the consummation of the Union between Scotland and England in 1707.

The referendum is no such thing. It is very 21<sup>st</sup> century, a harbinger of social and economic struggles to come, and it raises issues whose relevance extend far beyond Scotland. In truth, the Scots are deciding whether they wish to secede from London. Dressed in national garb, the Scots are challenging how the decisions are made about who wins and who loses in today's neo-liberal order. The Scots are considering something truly momentous, but they are doing it in the manner Marx described for such ventures into the unknown: "Men make their own history, but they do not make it as they please; they do not make it under self-selected circumstances, but under circumstances existing already, given and transmitted from the past. The tradition of all dead generations weighs like a nightmare on the brains of the living. And just as they seem to be occupied with revolutionizing themselves and things, creating something that did not exist before, precisely in such epochs of revolutionary crisis they anxiously conjure up the spirits of the past to their service, borrowing from them names, battle slogans, and costumes in order to present this new scene in world history in time-honored disguise and borrowed language."

Some Londoners I know, who are closely connected to London high finance are fond of saying that they "don't give a toss" if the Scots vote to secede. "Don't give a toss," has rung in my ears on my last few visits to London. The sentiment among many of London's very well heeled ones is that the Scots should feel fortunate, even grateful, to be living in the same country as them. Who needs the Scots anyway? How uppity of them to think they could make it on their own. If they ever did opt for independence, they'd fall flat on their faces.

All of the Scottish National Party's (SNP's) vaunted plans for affordable higher education, a welcome mat for immigrants, and jobs for everyone would soon be exposed as a smokescreen for SNP Leader Alex Salmond's monstrous ego, posh Londoners believe. Salmond headed a minority Scottish government from 2007 to 2011. In the Scottish election of that year, he led the SNP to a majority victory, which has allowed him and his party to launch the referendum for independence. Salmond holds a joint M.A. in economics and medieval history from the University of St. Andrews. Before becoming the leader of the SNP in the Scottish Parliament, he won a seat for the party in the House of Commons. Beginning in 1999, he simultaneously

held a seat at Westminster and in the Scottish Parliament. He now sits exclusively in the Scottish Parliament.

To the members of London's Upper Crust set, Salmond is playing the "liberator" at the expense of his own people.

How can cosseted Londoners be so cavalier about the possible departure of a sizeable chunk of the United Kingdom?

In truth, the Upper Londoners who assert that the SNP looks at reality through rose coloured glasses, have a telescope of their own that affords them a highly distorted view of the world around them. The English, egged on by Nigel Farage, the leader of the United Kingdom Independence Party, are passing through one of their periodic tetchy anti-European moods. The current anti-EU fever has been spiked, of course, by the slow growth of Europe's economies, exacerbated by the austerity-centred nostrums of Angela Merkel's German government. Despite the slow growth policies of the Germans, which are remarkably similar to those of the British Tories, the EU and the narrower Euro Zone, with their hundreds of millions of inhabitants, are not about to go away.

Scotland, with its five million inhabitants, may be small, about as populous as Denmark, but the Scots are markedly more pro-European than the English. Centuries ago, the Scots and the French developed a positive view of each other, based to no small degree on their common distaste for the English.

The Scots who support the drive for independence reject the idea that their country will be isolated. After all, they anticipate that Scotland will be a member of the European Union. Members of the Cameron government have repeatedly declared that Scotland should not count on an early and smooth admission to the EU in the event of a Yes vote. Deeply anxious that the Catalans may try to follow suit with their own sovereignty referendum, the Spanish government has announced that it would vote to block Scotland's admission to the EU.

In addition to having not considered the devastating implications of the secession of Scotland for the standing of the UK as a global power, the posh London backers of the Tory Party have not thought through the almost certain implications of Scotland's departure for the internal politics of England. The other day, a well-heeled Londoner who works in the City, told me rather smugly that if Scotland secedes, the remainder of the UK would never elect anything but Tory governments in the future. This is a happy thought for him, no doubt, or at least some positive compensation for the loss of Scotland.

Imagine it! For decades to come the English would sail through an endless sea of blue. Cabinets would be stocked with Etonians and steeped in Oxbridge truths.

The problem with this utopian fantasy is that political parties that preside over the loss of important pieces of their territory do not fare well. Liberal David Lloyd George was prime minister when the Irish Free State broke away from the UK in 1922. Later that year Lloyd George was driven from office by the Conservatives who made up the majority of the MPs in his coalition government. No Liberal has been prime minister of the United Kingdom since then. There were a number of important reasons for the demise of Liberal England, but the departure of sixteen Irish counties was one of them.

The English electorate could be expected to lash out at the Conservative Party in the event that it presided over secession. Whether it would be the Labour Party or some other party that would become the “natural governing party” that would succeed the Tories is not knowable. What is highly predictable is that the shock of Scottish secession would shake English politics to the core. It would be a regime-testing event. Centralization of political power at Westminster would come under fire, not only due to its role in precipitating Scottish secession, but because it privileges London to the detriment of the other regions of England.

How long after a Yes vote would it be before people in Newcastle, Liverpool, Manchester, Birmingham and Bristol would demand de-centralization, likely in some form of federalism. While Northern Irish Protestants would no doubt remain the last bastion of the current order, who knows what the Welsh would get up to.

With Scotland gone, the whole ramshackle structure of the United Kingdom would become unstable. At present, the UK reeks too much of 1688, the date of the Glorious Revolution, that achieved a *modus vivendi* between parliamentary and monarchical power. Britain remains a parliamentary democracy with an appointed House of Lords, an aristocracy into which commoners still seek to marry, and a monarchy that continues to provide cement to bind the kingdoms together.

Although Alex Salmond has declared that an independent Scotland would retain the British monarchy, the real question is whether the British monarchy would long survive a Scottish departure from the UK.

There are only two serious monarchies left in the world in 2014, the Japanese and the British. A century ago, on the eve of the First World War, Kaiser Wilhelm II, Czar Nicholas II, and Emperor Franz-Joseph, along with George V, all sat securely on their thrones, surrounded by a host of lesser European monarchs. The war that destroyed the Edwardian order and ended the Belle Époque overturned three of the four great monarchies, leaving only George V and the lesser monarchs on their thrones.

A century later, the House of Windsor seems to defy gravity, remaining effortlessly aloft. With a popular aging Queen, married to an even older, narrow minded prig, and in the next generation, an heir to the throne who annoys politicians and journalists with his wonky missives and who is not the darling of the British people,

the royal establishment sees light ahead with Prince William and even further ahead with Prince George.

Although the Royals spend a king's ransom on image-management---trying to make William, Kate and baby George look like a normal nappy-changing, middle class household---the staying power of the Windsors must rest on more durable pillars than baby pictures. Royalty connects Britain to its glorious past, its rule of the waves, its Empire, winning two world wars against the Germans, and its stolid revolution-free political history (unlike the nasty French).

In addition, and of no small moment, the Royal Family cements the Kingdoms together. Except, of course, when it doesn't. A failure of the Windsors to bind together the peoples of the Kingdom would expose them as conjurers who have lost their magic powers. The loss of Scotland could generate a tidal wave of republicanism, something Britain has not experienced for many decades.

Today's Britain with its reassuringly solid exterior is rotting within. Whether the rot has set in to the point that it is irreversible, or whether it may be amenable to amelioration is the question. Thomas Jefferson, in a remark that has always been frowned upon in ruling circles, wrote in a letter in 1787 that "I hold it, that a little rebellion, now and then is a good thing, and as necessary in the political world as storms in the physical." Later the same year, in another letter, Jefferson set out a broader formulation: "God forbid we should ever be twenty years without such a rebellion....And what country can preserve its liberties if their rulers are not warned from time to time that their people preserve the spirit of resistance? Let them take arms. The remedy is to set them right as to facts, pardon and pacify them. What signify a few lives lost in a century or two? The tree of liberty must be refreshed from time to time with the blood of patriots and tyrants. It is its natural manure."

If the fate of the monarchy could be affected by Scottish secession, what about that of specific English politicians? As the leader of the UK government who has guided the approach of Westminster to the Scottish referendum, David Cameron would bear principal responsibility in England should the Yes side prevail in Scotland. Cameron has already announced publicly that he will not resign as Prime Minister if the secessionists carry the vote. This is partly to dissuade the many Scots who hold him and the Tories in low political esteem from calculating that if they vote Yes they could thereby get rid of the PM. However, it is difficult to imagine that David Cameron---whose government agreed on the wording of the Scottish referendum question with Alex Salmond's Edinburgh government---would long survive the actual secession of Scotland.

When the English are asked by pollsters or in media street interviews what they think about the prospect of Scotland's departure from the UK, they generally respond with indifference or say they don't much care. In part, this can be put down to general cynicism about politics, a widespread mood in Britain, or to the preoccupation of people with the problems in their own lives.

I did find a group of people just outside Bath, in the beautiful hills of Somerset, who displayed a somewhat sympathetic attitude to Alex Salmond's project. One man, a freelance non-fiction writer, observed that he wouldn't mind seeing the Yes side win for no other reason than the pledge of the Scottish nationalists to insist that the British military remove the Trident nuclear missiles on submarines that are stationed on the Clyde.

Another man, a legal expert, picked up on the point about the Tridents and remarked that they would simply be redeployed to Portsmouth. He thinks that the record of the Scottish government in implementing measures that offset the neo-conservative social and educational policies of the British government has been an achievement on which an independent Scotland could build. He reckons though that while the referendum vote is likely to be close, the No side will prevail.

A few days later in the café in the National Gallery in London, I chanced upon three men who I learned attended art school together in Birmingham nearly half a century ago. One of them, who still lives in Birmingham, has gone on to become a renowned expert in the framing of portraits and paintings. He has trained others in his field in the United States, in Taiwan and other countries in Asia. A second man began painting decades ago and continues to paint. The third one is in business and has given up any direct involvement in the arts.

I briefly interrupted their reunion to ask them how they feel about the Scottish referendum. All three hope the Scots will vote to remain in the United Kingdom. The framer, if I can call him that, is troubled by what he sees as the inability of the No side in Scotland, called Better Together, to put a positive and cogent case for Scotland remaining in the UK. His friend, the painter, remarked that an English friend of his who works in Edinburgh, has been experiencing an increasingly negative attitude toward the English in the Scottish capital. Others I have met recently have made the same point.

Whenever I have visited Edinburgh or driven around Scotland, I have always received a warm welcome. But with a North American accent, sprinkled my American friends tell me, with the Scottish traces that are characteristically Canadian, the famous "Eh" and the abbreviated "out" and "about", no one in Scotland has ever taken me for English. In Scotland, from Edinburgh to Inverness and Perth, I have not encountered the caste style differentiations that are so marked in England. Scotland, it is true, is a country whose Highlands remain giant fiefdoms of a small number of owners, something the Salmond government says it wants to change following independence. But in general the society feels more egalitarian than England.

In the past when I have told Scots that I am Canadian, this strikes a chord. Scots like Canadians. Recently, in the park below Edinburgh Castle, though, I got a nasty surprise. A young woman campaigning for environmentalism approached me with a

leaflet. When I told her I was Canadian, she replied that she knew all about the Alberta tar sands and the anti-environmental stance of the Harper government. Damn, they've found out about us.

During the Scottish referendum campaign to date, the No side has consistently led in the polls, but the gap between the No and the Yes has been narrowing. A recent (late April 2014) poll put the No at 42 per cent and the Yes at 39 per cent. It is generally agreed, as I was reminded by my acquaintances at the National Gallery, that while the Yes has run a very effective campaign, the No---“Better Together”---campaign has been amateurish and counter productive. Rather than emphasizing the positive benefits to Scots if they choose the UK, the No side has drummed up fears of the dire consequences for Scots if they vote Yes.

In the winter of 2014, the three major Westminster political parties, Conservatives, Labour and Liberal-Democrats, issued coordinated statements warning that an independent Scotland would lose the pound Sterling as its currency. If anything, this shot across the bow offended enough people that support for the Yes nudged up in response.

Alex Salmond and the Yes campaigns have held out the reassuring prospect that the Scots will keep the pound Sterling, and will achieve membership in the EU and NATO without too much difficulty. Attempting to arm-twist Scots into remaining in the UK appears to provoke more resentment than fear.

## SCOTLAND AND QUEBEC: TWO MINORITY NATIONS

Having observed the rise and fall of Quebec nationalist challenges to the Canadian federal state over the past half century, I have certainly concluded that playing the fear card to keep minority nations such as the Scots and the Québécois within larger states is a perilous strategy. As a graduate student of history at Queen's University in the 1960s, my area of specialty was Quebec nationalism. While the Scottish referendum is now the focus of attention, there is no question that Quebec nationalism and the related drive for sovereignty was the premier nationalist struggle in the West for many decades.

It can be illuminating to compare the Quebec and the Scottish national struggles. Over the decades, both the Scottish and the Catalan nationalists have closely tracked the ups and downs of the Parti Québécois. They have also regarded the much greater political and constitutional autonomy of the province of Quebec as compared with Scotland and Catalonia with considerable envy.

While Quebec's national struggle is similar to that of the Scots and the Catalans in some ways, it is also notably different. Scotland and Quebec are minority nations belonging to a larger polity. Scotland forms the northern edge of the island of Britain, while Quebec is located on an immense territory---territorially the largest province in Canada--- but it is situated near the centre of the country, with the four Atlantic Provinces lying to the east of it. Quebec's population, 7.5 million people out of Canada's 34 million, constitutes a much larger proportion of Canada's total population than does Scotland's 5 million out of the UK's 64 million.

Overwhelmingly, Scottish residents speak English, albeit an English that is replete with Scottish idioms, forms of speech and distinct accents. Over 85 per cent of the Québécois speak French, constituting the largest French speaking population in the Western Hemisphere. The French language and associated culture form the principal heritage on which Québécois nationality is based. For the Québécois, in a way that is quite unlike the case of the Scots, the preservation of the French language and the struggle against assimilation into English speaking North America, are the critical goals. Both Quebec sovereignists and federalists share the objective of preserving the language and guarding against assimilation. The federalists argue that this can be achieved with Quebec as a powerful province within a federal Canada. The sovereignists insist that Quebec must be independent for the Québécois to realize themselves and preserve their language and culture in North America.

The drive for an independent Quebec began in the early 1960s, during the vast social and political upheaval that was known as the Quiet Revolution. With the election in 1960 of a Liberal government under the leadership of Jean Lesage, the long, dark age of the Union Nationale in Quebec came to an end. Maurice Duplessis, originally a lawyer from Trois Rivières, had ruled Quebec with one break from 1936 until his death in 1959, holding the province in the grip of his authoritarian nationalism. Duplessis kept the education of French Canadians under the control of

the Catholic church, fought fierce battles against the Quebec trade union movement, lavished money on the regions of the province that backed him and deprived those that voted for his opponents of paved highways and other infrastructure. Duplessis waved the Quebec flag and enforced the notorious Padlock Law, under which the police placed padlocks on the premises where Communist or Jehovah's Witnesses gatherings were held. While it appeared that Quebec was wholly resistant to change during these years, Duplessis was opening the province to rapid resource and manufacturing development under the guiding hand of U.S. multinational corporations, lured there by the provincial government with the promise of cheap labour and cowed unions.

When the Liberals drove the Union Nationale out of office in the historic election of 1960, the windows to sweeping change were flung open. The professional middle class and the working class had a government, at last, that was prepared to consider their interests. So revolutionary was the time in Quebec that intellectuals and student activists took to naming the year 1960, Québec Année Zero, Quebec in the year zero. Everything was beginning anew in Quebec and everything seemed possible.

Two political streams quickly emerged, what we can call the "new nationalists" and the "new federalists". The new nationalists, eventually led by René Lévesque, began by aspiring to an autonomous Quebec within Canada and then to a sovereign Quebec. In 1968, following René Lévesque's departure from the Liberals, he and other sovereignists combined to found the Parti Québécois. Article 1 of its program dedicated the new party to the quest for a sovereign Quebec.

Over the course of its history, the Parti Québécois has held power in Quebec a number of times beginning when René Lévesque led the party to victory in 1976. Twice PQ governments held a referendum to seek a mandate for Quebec sovereignty. Both times in 1980 and 1995, voters said NO. In 1980, the margin for the No was 60-40. In 1995, the No side won by a nail-bitingly narrow margin of less than one percent. In both cases, having studied the polls in advance on the issue, the PQ government did not post straightforward questions that asked the Québécois whether or not they wished to establish a sovereign Quebec, independent from Canada.

In 1980, the question read: "The Government of Quebec has made public its proposal to negotiate a new agreement with the rest of Canada, based on the equality of nations; this agreement would enable Quebec to acquire the exclusive power to make its laws, levy its taxes and establish relations abroad---in other words, sovereignty---and at the same time to maintain with Canada an economic association including a common currency; any change in political status resulting from these negotiations will only be implemented with popular approval through another referendum; on these terms, do you give the Government of Quebec the mandate to negotiate the proposed agreement between Quebec and Canada?"

Fifteen years later, in 1995, the next referendum question was even more elusive: “Do you agree that Quebec should become sovereign after having made a formal offer to Canada for a new economic and political partnership within the scope of the bill respecting the future of Quebec and of the agreement signed on June 12, 1995?”

By contrast, the Scottish referendum question is sparkingly clear: “Should Scotland be an independent country? Yes/No.”

In September 2012, the Parti Québécois, under the leadership of Pauline Marois, won a minority electoral victory, narrowly defeating a scandal ridden Liberal government. To distinguish the PQ from the opposition parties, the Marois government decided to introduce a Quebec Charter of Values. The Charter was intended to promote secularism in the Quebec state. Its highly controversial proposal, to be enacted into law, was a measure that would forbid employees of the Quebec government and the wider provincial public sector from wearing what were depicted as ostentatious religious symbols.

This meant that women wearing a Muslim head scarf or a hijab, men wearing a kippah, or other Jews wearing a prominent Star of David, Sikhs wearing a turban, and Catholics wearing a large cross would have to stop displaying these symbols while on the job in the public sector. If they refused to do so, they would be fired. Promulgated in the name of secularism, the Charter was immediately understood by many observers and religious groups as a xenophobic assault on religious minorities, most notably on Muslims. The idea for the Charter was inspired to some extent by similar steps against the wearing of Muslim headscarves and hijabs in France, although the French measures went much further.

The Marois government strategy was to use the Quebec Charter of Values as a way to build support among francophones in Quebec hoping this would be a springboard to winning a majority victory in the next provincial elections. Drawing political opponents and minority religious groups into battle, PQ insiders hoped, would mobilize the Quebecois majority in favour of the Charter and the Marois government.

As it turned out the strategy was a colossal failure. When the Marois government called an early Quebec election in the spring of 2014, everything went wrong from the start of the campaign. At a press conference, PQ leader Pauline Marois introduced her star candidate, business magnate Pierre Karl Péladeau, the former CEO of Quebecor Inc., Quebecor Media Inc. and Sun Media Corporation. Péladeau told the assembled media that he was running for the sovereigntist party because he wanted Quebec to become a country.

Not only were Quebec progressives and trade unionists horrified by the prospect of Péladeau, a staunchly anti-union businessman, as a PQ flag bearer, Péladeau’s pointed comment about Quebec as a country took over the campaign. While Marois had wanted to use the Charter to propel her government to a majority, she had to

deal with the question of whether a PQ government would call a third Quebec sovereignty referendum. That question dogged her until election day and she never figured out how to deal with it. Her formulaic answer to the question was to refuse to say whether or not she would call a referendum and that she would only call one when the Québécois were “ready”.

Such a vague answer on the critical question satisfied neither the opposition parties, nor the media and most important of all, it left the voters unsatisfied. The PQ lost the election to the Liberals, led by Philippe Couillard, who managed to win a majority victory after his party had been out of office for only one term. Marois lost her own seat, while star candidate Péladeau won his, positioning him as a strong contender to become the next PQ leader.

If the Parti Québécois historically has been the premier party of secession in the western world, it has fallen on hard times. The flag of leading independence party has now passed to the Scottish National Party. Alex Salmond’s strategy for victory in the upcoming referendum on Scottish independence could not be more different from Marois’ failed approach.

The SNP has worked very hard to push narrow, xenophobic nationalists out of its ranks. Salmond presents Scotland as being more outward looking, tolerant, progressive, pro immigrant and pro EU than England. He is portraying Scotland as a country with its own unique identity that doesn’t belong in a union with Tory dominated England. The case he makes is that Scotland can pursue policies that are consistent with its social values more completely as an independent state than as a small country in the UK. He argues that Scotland is wealthy enough, buttressed by North Sea oil, which admittedly is a diminishing asset, to go it on its own.

In the autumn of 2013, the Salmond government launched its blueprint for independence, a 670 page White Paper titled *Scotland’s Future*. The vision the document presents is of a progressive country, similar in many ways to the Scandinavian countries that will provide a better future for its people. Among the policies it would advocate if elected as the government of an independent Scotland, the SNP pledges thirty hours of childcare per week during school terms for three and four-year-olds, as well as for vulnerable two-year-olds. In addition, there would be a minimum wage that would “rise alongside the cost of living.” According to the White Paper, Scotland’s finances were sounder than those of the UK, which would provide the foundation for independence and the social policies to follow it. Independence, however, would not cut all ties between Scotland and the UK, according to the White Paper. It envisioned Scotland continuing to share the pound sterling with country from which it was seceding. Within one year of independence, the White Paper proposed, Scotland’s Clyde would no longer serve as the home base for Britain’s trident missile nuclear force.

When he released the White Paper, Salmond claimed that the policies presented in it for an independent Scotland would address the “damage caused by the vast social

disparities which have seen the UK become one of the most unequal societies in the developed world.”

“What we need now are the economic tools and powers to build a more competitive, dynamic economy and create more jobs.”

“This guide contains policies which offer nothing less than a revolution in employment and social policy for Scotland, with a transformational change in childcare at the heart of those plans.”

“Our proposals,” he continued “will make it far easier for parents to balance work and family life and will allow many more people, especially women, to move into the workforce, fostering economic growth and helping to boost revenues---which will in itself help pay for the policy.”

Not surprisingly, the Better Together campaigners, those who favoured Scotland remaining in the UK, dismissed the White Paper as an air-brushed, fictional account of the benefits that would flow from Scottish independence. To the opponents of independence, the document, although apparently weighty, was little more than a wish-list of attractive promises unsupported by any serious analysis.

The emphasis in Alex Salmond’s vision of an independent Scotland was positive and future-oriented in contrast to the PQ vision of an independent Quebec, which focused on protecting the threatened national identity of the Québécois. In the first case, independence was represented as a way to throw Scotland open to the wider world, while in the second case, the project of sovereignty was pursued as a guarantee that a French language nation would survive on a continent on which Quebec was surrounded by the vast sea of English speaking North Americans.

## UKIP, EUROPE AND BRITAIN'S OTHER SECESSION QUESTION

While the Scots were considering their own national future, so too were the English who were in the midst of emotional and volatile debates about immigration and whether the European Union was exercising too much power in Britain. For wealthy Londoners, who peer through the wrong end of the telescope at Europe, and “don’t give a toss” about Scotland, the question of the UK’s membership in the EU ought to be a pressing one. The Cameron government has announced that if it is returned to office in the general election of 2015, it will hold an “In or Out” referendum on UK membership in the EU by 2017.

The English (not the Scots or the Irish) have always looked darkly at the continent. For centuries, in the role of Perfidious Albion, the English played off one set of European powers against another. The goal was always to keep the Europeans divided. The rise of what has become the European Union, beginning with the European Coal and Steel Community in 1951---whose members were France, West Germany, Italy, the Netherlands, Belgium and Luxembourg----and then proceeding to the European Economic Community en route to the single market and for most member countries to the single currency, to European citizenship and the right of labour mobility has been warily watched by the English. The UK became a full-fledged member of the EEC in 1973. While there have been pro-Europeans in Britain, the UK has always played a divisive role in the EU. Westminster’s objective, no matter who has been in office, has been to keep the EU from becoming a federation, with mobility and social rights and policies, as well as being an economic union. Ironically, the British favoured bringing in new members from eastern Europe after the fall of the Soviet Empire, not least to keep the EU “wide and shallow” so that it could not become “deep and federal”. Now, of course, the British are caught up in a great debate about the rise of immigration from eastern European EU member countries.

Nigel Farage, the court jester style leader of UKIP, has been driving the debate on UK membership in the EU. Farage is a preposterous character, a kind of horse-faced, thin version of Rob Ford. He is a right-wing populist, who revels in rejecting mainstream “elitist” politicians, and speaking up for the common man. And like Rob Ford, far from being a genuine man of the people, Farage is wealthy. He attended a public school, i.e. a private school. His stock in trade is ranting against foreigners and warning that millions of people on the continent, especially in places like Romania and Bulgaria are about to take advantage of EU laws that allow them to vault over the Channel to settle in Britain. He never mentions that Brits have an equal right to settle on the continent. In the south of France, in and around the hamlet of Beaumont du Ventoux, where I lived for a total of three different years, I have made many friends who fled rainy Blighty for a few square meters of Provençal sun. And they make full use of the local doctor and dentist in nearby Malaucène.

Farage travels to towns afflicted with high unemployment, such as Peterborough, and then tells the stories of young women who can’t get jobs in local factories

because they don't speak Romanian and wouldn't be able to communicate with the other workers in the plant who are all Romanian. When I was in Peterborough a couple of years ago, I could see the plight of the High Street where shops are closed and windows are broken. It never occurred to me that the problem was a surfeit of Romanians!

In fact, although Brits are almost never informed of this by the media, in early 2014, while there were 2.3 million immigrants from other EU countries living in Britain (many for a very long time), there were 2.2 million UK citizens living outside their country in other EU countries. Indeed, the figure for Brits living in other EU countries is undoubtedly too low because so many people from the UK who live in Spain or France most of the time never register with local officials. This is because these people are often retired and are not seeking jobs in Spain or in France.

Much of the fervour directed against immigrants from EU countries living in the UK is that they have arrived to take advantage of UK benefits. They are often described as "benefit tourists". Prime Minister David Cameron, who is deeply concerned about the hemorrhaging of Tory votes to UKIP, has made a great deal of the issue of benefit tourism, and promises that he will clamp down on it. The problem is that benefit tourism is largely a myth. First of all, not only do citizens of EU countries (that have been in the EU for a minimum number of years) have a right to migrate to other European Union countries, they also have the right to avail themselves of the health and social benefits that exist in the countries to which they emigrate. The one million British expats who live in Spain have a right to access Spanish healthcare. And the UK government, which rarely talks about this actually has an official website that instructs Brits on how to gain access to Spanish healthcare.

An EU study of the benefit tourism imbroglio concluded that EU migrants are on average much less likely to avail themselves of UK healthcare and welfare benefits than are native born UK citizens. In addition, migrants to Britain from other EU countries are mostly young and 83 per cent of them participate in the labour market. Only 1.7 per cent of EU migrants were on the UK government's jobseeker's allowance, a rate which is half that of Brits as a whole. Because these young migrants are overwhelmingly employed, they pay much more in taxes than they draw down in benefits. "Immigrants are overall less likely than natives to receive state benefits or tax credits," stated a study on the issue by experts at University College, London in November 2013. "European immigrants have made an overall positive fiscal contribution to the UK," the study concluded. The European Commission, the executive branch of the EU, has calculated that since 2004, when the UK began admitting migrants from East European EU countries, the presence of these migrants has boosted UK GDP by 1.2 per cent. For the past two years, well aware of the negative comments on EU immigrants being made by British politicians including the prime minister, the EU Commission has been asking Whitehall for evidence to back the claims regarding benefit tourism. So far all it has received are a few anecdotes.

Were Britain to push its case for restricting benefits to EU immigrants, other countries in the EU would undoubtedly hit back in reciprocal fashion. One hundred thousand British expatriate retirees in Spain who have permanent resident status have their healthcare costs paid for by the Spanish government. How long would that last if the UK hit out at migrants from the continent?

During the time I have spent in London, it's perfectly obvious who does the jobs in cafes, restaurants, and cleaning and repairing the streets etc. It's immigrants, mostly from the EU, but also from non EU Commonwealth countries. The baristas and waiters and waitresses are almost always immigrants. Chat up the people working to keep the streets in working order and you'll find the same thing. Take a minicab to Heathrow and you're almost certain to meet Poles, Slovaks or Croatians. Or, if you visit a dentist or a doctor in London, you are quite likely to encounter an immigrant. Several thousand Romanian and Bulgarian émigrés are working in roles for the NHS, in professions from midwives to general practitioners and surgeons.

Lately, according to an article in the *Guardian* in January 2014, Romanians working as dentists and doctors are feeling increasing hostility being directed at them by patients who come to them. Quoted in the story, Felicia Burulana, a thirty-seven year old Romanian doctor working in Britain, said that at first when she told British patients that she was from Romania they would look at her a little oddly and then remark that she didn't "look like a gypsy." But then in the period when there was constant public discussion in the media and among politicians about Romanian and Bulgarian immigration, she found attitudes hardening: "There was this certain reaction," she reported. "People would tut or pull a face when I said I was Romanian. In the end it was happening all the time and it made things very difficult. I was going home thinking: this is so disappointing, so sad, so tiring. This is not the UK I had got to know."

At the lower end of the income scale, you will find a large number of migrants from the continent doing personal work for corporate managers and top lawyers and their families in London in what is becoming the increasingly Upstairs-Downstairs life of the capital. No, it's not exactly like Downton Abbey. The new downstairs toilers don't often live in the houses of people for whom the toil, unless they are nannies. But if you visit the homes of these high salaried people who have cracked the top one tenth of one per cent of income earners and are aspiring to make the leap to further heights where income comes from invested capital and not from labour, you are almost certain to encounter a woman doing the housekeeping. She is very likely to be from eastern Europe and she could well have an advanced education, but her credentials may not be recognized in the UK. She could be a Pole who used to be employed as a librarian in Cracow. Now she is doing the dishes and babysitting the kids when they are home from their tony private schools.

Some of the migrants I have met are working as visiting tutors in these homes teaching the kids Spanish, German or Chinese in the late afternoons or how to play the piano. They are well educated and I have had fascinating conversations with

some of them about where they are from and how jobs, especially for the young, have dried up in large swaths of Europe. I found the same thing when I was living in the south of France a few years ago. There I met a young Czech woman who had formerly been a teacher in Moravia. She even owned a small house there that was worth next to nothing. In Menton, she worked as a nanny for a British family with two kids. On weekends, she washed dishes at a restaurant in nearby Monaco. She told me that her employer had said that she hated going to London because there were so many Russians in the city and too many people who didn't speak English. When the English family went on holiday to another house they owned in Carcassonne, west of the Rhone, my Czech acquaintance increased the hours she worked in Monaco. Her boyfriend, also a Czech, was a waiter at a pizzeria in Menton.

As a consequence of the political misfortunes of the people of Eastern Europe, dating back all the way to the 1930s, many well-educated, hard working people have emigrated from the EU member countries of the region to Germany, France, the UK and other EU countries. In England, they have met with increasing hostility, because of UKIP's anti-immigrant agitation, which has been exacerbated by the unwillingness of the major parties to speak up consistently on their behalf. For the most part, eastern European migrants to England are made to measure to toil for the wealthy. They work for low wages and they have a strong work ethic. What could be better?

One of the reasons the Upper Classes and their media outlets have been trying so hard to damage the credibility of Thomas Picketty---the *Financial Times* devoted a whole front page to the exercise, which largely made the paper look foolish---is that he is so devastatingly clear in depicting the realities of our time. The bottom fifty per cent of people on the income scale in advanced countries such as Britain, he illustrates, basically have no assets and live on wages and salaries that leave them decidedly poor. That's the reality for the Downstairs migrants in London who hail from eastern Europe.

In his jeremiads about Britain being overrun by immigrants, Nigel Farage promises to lead the country out of the EU. Then the Brits will no longer be ruled from Brussels, he says. In an absurd flourish, he rails that 80 per cent of the laws to which the Brits are now subject are laws passed by the European Union. The fact that this is an utter falsehood, as is the claim that the High Streets in English towns are now filled with people speaking Romanian and Bulgarian, does not blunt the power of his offensive. Nor does his reputation as a big spender on his EU expense account as a Member of the European Parliament slow him down. Farage rejects the idea of having his account as a Member of the European Parliament independently audited, something that many MEPs routinely do. Farage's German born wife is on his MEP payroll. Given his rhetoric, you would have thought this job would have gone to someone whose English ancestry can be traced to the days when Stonehenge was being constructed.

Dating back to the Fascists of the inter-war years, “the big lie” has proven an effective technique for right-wing populists. Nigel Farage has learned that lesson well. He has honed the image of the regular guy who hangs out in pubs with a pint of beer in one hand and a cigarette dangling from his lip.

These days in the UK, political life is tied up with two projected secessions. The Scots are contemplating exiting the UK, while the English are considering exiting the EU. Many wealthy Londoners may begin to “give a toss” about this when they think through the implications. Just how long, for instance, will the UK be allowed to remain a permanent member of the United Nations Security Council---one of the privileged P5---if one of its kingdoms drops out, and bigger countries such as Brazil and Japan could be considered for admission? And, if England quits the EU, just how long will London remain a global financial centre, with Frankfurt and Paris ready to step in?

The rise of UKIP was driven home unmistakably in May 2014 when local elections were held in England and elections to the European Parliament were simultaneously held in all EU member countries including the UK. First came the results for the local council elections. It was the beginning of an upheaval in British politics. Labour came first with 31 per cent of the popular vote followed by the Conservatives with 29 per cent. In third place, with 17 per cent of the vote was UKIP and while Farage’s party did not win control of any councils, it did overturn control of councils by the Conservatives and Labour in many parts of England. While Labour showed increased strength in London, for instance gaining control of the local council in Hammersmith and Fulham from the Conservatives, UKIP cut into Labour support in many working class cities in the Midlands and the North.

When the results of the elections to the European Parliament were released on May 25, the rise of anti-EU parties in many parts of Europe was the big story. In Britain, UKIP topped the poll with 28 per cent of the vote and under the system of proportional representation in European Parliament elections, it took the largest number of seats. In second place was Labour followed closely by the Conservatives. The Greens came fourth, leaving the Liberal-Democrats in fifth place, retaining only one seat in the European Parliament. Gloating over his victory, Nigel Farage quoted a colleague’s remark that the “UKIP fox” was now inside the “Westminster hen house”.

Meanwhile across the Channel, what French Socialist Prime Minister Manuel Valls described as a political earthquake shook his country. The Front National, led by Marine Le Pen, came first in the European Parliament elections with a shade under 25 per cent of the vote. It was the first time that the extreme right wing party had ever placed first in a national election. The UMP, the mainstream centre-right party placed second, scoring 20.8 per cent of the vote, leaving the Socialists in third place with a dismal 14 per cent.

Aided by a scandal having to do with the funding of the UMP during the 2012 presidential election, Le Pen asserted her newfound strength by saying that the National Assembly should be dissolved with fresh elections held and that Francois Hollande should be turned out of office to be replaced in a presidential election. Never one to hide her light under a bushel, Le Pen claimed that, as a consequence of the illegal extra funding of former President Nicolas Sarkozy's campaign in 2012, she had been deprived of coming second on the first ballot of the presidential election. Had she come second, she asserted, she would have beaten Hollande in the second round of voting to become the president of the French Republic.

Needless to say, she was spouting a lot of hot air with these wild claims and new elections were not about to be held two years into a five year term. But all this was in keeping with the bombastic style of the populist far right, in this sense very similar to the manner of Nigel Farage.

Populist far right figures of this kind have to set themselves apart from the general ruck of political leaders by always appearing to be in motion. They are driven to increase the harshness of their rhetoric to hold onto their followers and to draw others to them. If at any time, they become becalmed, the mask slips and those who have been drawn to them can slip away.

Filled with energy from his electoral victory, Farage was busy constructing the next goals for UKIP. He announced that over the summer, he and his close associates would come up with a list of constituencies that the party could realistically target for the upcoming general election to the House of Commons in May 2015. A few days later, UKIP upped the ante by putting out the word that the party planned to contest the constituencies of major figures in the coalition government. A poll a few days after the elections to the European Parliament found that 86 per cent of those who had just voted UKIP planned to vote for the party again in the general election.

All of this put enormous pressure on the leaders of the three traditional major parties. How do you deal with a whirlwind like UKIP? Do you co-opt some of its ideas to take the wind out of its sails? Or, do you turn and face Farage and the anti-immigrant, anti-EU line of his party and fire back, making the case that UKIP is dangerous and destructive and will undermine Britain and its true national interests?

Of course, the leaders of the major parties tried to do both. David Cameron, immediately following the election, publicly charged Farage with being an experienced and veteran politician who was merely posturing as a regular guy who hangs out in pubs. The prime minister then rushed off to Brussels to a meeting of the European Council----the heads of government of the 28 member states in the EU---to warn the others that unless concessions were made to his position, he could be forced to bring forward the referendum on UK membership in the EU, which would likely result in the country's departure from the Union.

At the EU Council, Cameron was reported by the German newspaper Der Spiegel to have told Chancellor Angela Merkel that if Jean-Claude Juncker, a former Prime Minister of Luxembourg was named president of the European Commission it would make it more difficult for him to hold the UK in the EU. Juncker enjoyed the support of the European Peoples Party, the party that brings together the EU Christian Democrats in the European Parliament and has the largest number of seats, and the Socialist Party, with the second largest number---the two parties combined have a comfortable majority of the seats in the parliament. Cameron claimed that Juncker was an old fashioned European federalist who just didn't "get it". For Merkel to drop her support for Juncker would create problems for her at home. A poll in Der Spiegel, conducted on the eve of the European elections, revealed that 78 per cent of Germans believed that the candidate of the largest bloc in the European Parliament should become president of the Commission.

Juncker, who had enjoyed the support of a broad majority of EU heads of government, objected to Cameron's ultimatum, saying that we should not "let ourselves be blackmailed." And there's no doubt that the position Cameron has adopted on Juncker does amount to an ultimatum. Back in Britain following the EU Council, Cameron declared that it's time the EU appointed people to top positions who understand that the Union has become "too big, too bossy, too interfering." As the prime minister of a major EU country, Cameron has made it clear to the other heads of government, Merkel the most important of them, that if they don't go along with him there will be dire consequences. In effect, he's telling them that because he has a UKIP problem and has received a strong message from his electorate, the others should put aside the messages from their own voters to let him have his way.

Speaking in Newark during a crucial by election to the British Parliament, in a constituency that was won by the Conservatives with a large majority in the last general election, Cameron faced a strong challenge from UKIP. "This right of freedom of movement is not an unqualified right," Cameron told Newark's skeptical voters. "The idea that we're members of the European Union so we can apply for jobs in other countries and go and work there that is a sensible thing."

"But there shouldn't be a right to go somewhere and claim benefits automatically and we're changing those rules so that can no longer happen. So it's not an unqualified right and we should be very clear about that as we seek to make sure that this migration system works for the UK and for hardworking people in the UK."

I wonder who is going to break the news to the one million Brits living in Spain about the position Cameron is taking about the right to migrate from one EU country to another.

One fact of considerable importance is that the town of Newark has an unusually high number of low paid foreign workers, whose employment undercuts the bargaining power of other workers in the community. English employers, like

employers in many parts of the advanced world, are very happy to pit low wage foreign workers against local workers.

On June 5, the Conservatives won the Newark by-election, to their considerable relief, and UKIP placed second. Many traditional Labour and Liberal-Democrat residents of the constituency voted Conservative to ensure the defeat of the UKIP candidate.

Cameron's very position as Prime Minister of the UK is on the line on account of the rise of UKIP. His great test will come in the general election next May. Ed Miliband, Leader of the Official Opposition and Leader of the Labour Party, likewise needs to maneuver carefully on the issues of immigration and Europe. Most of those who voted for UKIP in the local and European elections were former Tory voters, but Farage's party has cut into working class backing for the Labour Party especially in the Midlands and the North that have been particularly hard hit by high unemployment.

Miliband's party did well in London in the recent elections, but Labour cannot afford to allow UKIP to eat into its base in its traditional bastions north of the capital.

In this sense, what has been happening in working class Britain is quite similar to what has unfolded in France over a longer time scale. During the post war decades in France, unlike Britain, the Communist Party retained a large share of the vote in working class cities. Beginning in the 1980s, with the Communists diminishing sharply in support, the Front National, under the leadership of Jean-Marie Le Pen, pedaled an anti-immigrant line to account for the high rate of unemployment that had struck the industrial cities.

Le Pen, who had lost an eye fighting as a paratrooper for France in the vicious war in Algeria in the late 1950s and early 1960s, promulgated the theory that North African immigrants were stealing jobs from the French and were bringing violence and squalor to the industrial cities and the banlieue, the ring of suburbs around Paris. These suburbs had formerly been the "red belt", the political stronghold of the Communists and the Confédération Générale du Travail (CGT), the national trade union organization that was closely tied to the Communist Party. In the state owned Renault plant, located in Billancourt on the outskirts of Paris, where workers assembled automobiles and took home comparatively high wages, the Communists wielded considerable influence.

As industrial jobs have declined and the suburbs have endured long-term unemployment, the Front National has grown by leaps and bounds in these centres, some of which have become home to large numbers of people of North African origin. The Front National, now led by Le Pen's daughter Marine, who has given the party a slightly less extreme image, has reaped a harvest in working class votes. French politicians and large sections of the French public have been effectively inoculated against the Front National over the years. When Jean-Marie Le Pen came

second in the first round of balloting in the presidential election of 2002, voters from the Socialists, other left wing parties, the Greens and liberals converged to back the front runner, mainstream conservative Jacques Chirac, in the second round of voting. Chirac won the presidency with a staggering 82 per cent of the vote, leaving Le Pen stranded at just under 18 per cent.

In the recent European elections, Marine Le Pen achieved two things denied to her father. She came first in a national election and her party won a shade under 25 per cent of the vote. Nonetheless, a solid majority of French voters remain determined never to support Marine Le Pen or her party.

In Britain, on the other hand, although UKIP has existed since the early 1990s, Nigel Farage has only achieved a real breakthrough much more recently. The British public is not nearly as inoculated against UKIP as the French public has been against the Front National. Indeed, quite often the British media, including the BBC, puts out the line that the British are fortunate that UKIP, their Euro-skeptic party, is less extreme than the Front National.

All of this leaves Ed Miliband in a quandary. Even though he doesn't talk like a posh public relations man, the way David Cameron does, he certainly appears to have "London" written all over him. In working class cities and towns, while people generally like what the Labour Party stands for---an energy price freeze at the start of a Labour mandate, the abolition of the "bedroom tax" that taxes the number of rooms in a dwelling, and protection for tenants---they have not grown to love Miliband himself. The Labour leader comes across as an intellectual, highly intelligent but not a man of the people. He receives high grades for his set piece speeches. But on the streets in Birmingham, Manchester, Liverpool or Newcastle, he feels too aloof.

Miliband comes by his intellectual tone honestly. At the age of sixteen, his father, Ralph Miliband, escaped to England from Belgium in 1940, thus avoiding what would almost certainly have been death in a Nazi concentration camp. The teenage Jewish refugee studied first at the London School of Economics and then was taught politics at Cambridge by Harold Laski, a political theorist who was closely tied to the left wing of the Labour Party. Ralph Miliband went on to become an extensively published Marxist theorist. One of his works, *The State in Capitalist Society*, was widely used in political science courses in a number of countries, including Canada, for many years. In the book, Miliband ably analyzed the challenges his son Ed now faces in his bid for the highest political office in Great Britain. The state, he shows, comprises a wide range of institutions, including the military, the police, the judicial system, the public educational, health care and welfare systems, as well as departments responsible for infrastructure and transportation. Those at the top of the civil service are closely linked, educationally, culturally and in their perceptions of self-interest with the super-managers and the billionaires who dominate the economy.

As Ralph Miliband demonstrated, when the party of business, in Britain the Conservative Party, holds office, the leaders of government and the business establishment fit together like a hand and a glove. But when a party committed to radical change on behalf of wage and salary earners takes office, things are dramatically different. Miliband describes socialists or social democrats who make it to Number 10 Downing Street---in Britain the Labour Party---as “guests in office.” This puts it succinctly.

The first thing a Labour government has to do when it wins a general election is to assure the business class that it will govern “responsibly”, that it won’t rock the boat too much, and that it will ensure that the business climate is not disturbed. Usually this is achieved when the newly elected prime minister selects a Chancellor of the Exchequer from the right wing of his party. Running this critical department is never something that is entrusted to a socialist who wants to mess seriously with the capitalist system. Once business leaders have been reassured by the Chancellor, the new prime minister is told the facts of life by top civil servants, by the Chancellor, by party pollsters and by party bureaucrats who have waited a long time to enjoy the fruits of office. The chief fact of life that is always conveyed to the prime minister is that “this is not a good time to undermine business confidence.”

It turns out, the Chancellor tells the prime minister, that the former government has left the treasury in rather worse shape than they had admitted during the election campaign. Moreover, the economy itself is still shaky and the economic recovery from the last recession, is only beginning to take hold. Any shock now from the new government could throw the economy back into reverse causing business to postpone crucial investments, expansion and hiring. And who would that hurt, the new occupant of Number 10 would be told---why the very people who elected you. Do you want to begin your term in office by throwing people out of work in Sheffield and across the Midlands, the North of England and Scotland?

The last Labour leader to win a general election, Tony Blair, didn’t have to be schooled to reach the conclusion that in fundamental respects he should leave the major consequences of the Thatcher Revolution alone. Indeed, Margaret Thatcher herself, in her later years, regarded Tony Blair as a critically important guarantor of the durability of her legacy. Blair would adopt measures in educational and social policy, to be sure, to hack the rough barnacles off the British vessel she had handed down to her successors. But he would not reverse her privatization of the railways, British Telecom, electric power utilities and water systems. Not only did Thatcher sell off state owned companies at cut rate prices, to the cost of the taxpayer and to the considerable benefit of private investors, the entities she sold off sometimes ended up in the hands of companies that were owned by foreign states.

In fact, the Thatcher Revolution can more accurately be titled the Thatcher-Blair Revolution. By the time the government had been turned over to Gordon Brown on the eve of the Great Recession, the Labour Party had abandoned any pretense of

being a seriously radical political force that would transform the social order on behalf of working people. It had ceased to be an anti-capitalist party.

Of course, Ed Miliband is fully aware both of what became of his party during the Blair-Brown era and the continuing truths of his father's analysis of the nature of the state in a capitalist society. Miliband worries the British establishment. Even though his pronouncements and his party program are far more moderate than Labour's stands during the post-war decades, he has the feel of an anti-capitalist about him. He has had a good deal to say about the widening income and wealth gaps in Britain and the injustices they are visiting upon the economy and society.

The Conservatives and Britain's right-wing media---about eighty per cent of the daily newspapers, in terms of circulation, are more or less right wing---are doing everything they can to paint Miliband as an odd ball who doesn't appear at all prime ministerial. The *Daily Mail*, admittedly a sheet that prides itself on the foulness of its right-wing tone, once ran the following headline: "Ed Miliband's words struggle to escape his collection of teeth." Right wing media are fond of contrasting Cameron's fine looking teeth, with Miliband's slightly challenged ivories.

In October 2013, the *Daily Mail* published a vitriolic assault on Ed Miliband's late father, Ralph, with the obvious purpose of undermining the Labour Party leader. The five line deep headline read: "The man who hated Britain: Red Ed's pledge to bring back socialism in a homage to his Marxist father. So what did Miliband Snr really believe in? The answer should disturb everyone who loves this country."

The *Daily Mail* went on to damn the teenager who had escaped from the Nazis as having hated his adopted country. In its story on him, the *Mail* pulled this quote out of Ralph Miliband's diary, written when he was seventeen: "The Englishman is a rabid nationalist. They are perhaps the most nationalist people in the world...you sometimes want them almost to lose (the war) to show them how things are. They have the greatest contempt for the Continent...To lose their empire would be the worst possible humiliation." The *Mail* did have the decency to point out that this man, who supposedly hated Britain served for three wartime years in the Royal Navy.

Ed Miliband hit back at the *Daily Mail* with his own article, which accused the newspaper of pedaling an "appalling lie" in its claim that his father was "a man who hated Britain."

The *Mail's* attack on Miliband's father was so vicious that it garnered a fair amount of sympathy for the leader of the Labour Party. Even Prime Minister David Cameron, never a man to make an uncalculated comment, came to Miliband's defence, saying: "If anyone had a go at my father, I would want to respond very vigorously. There's not a day goes by that you don't think about your dad and all that he meant to you, so I completely understand why Ed would want to get his own point of view across."

Still everyone in the country knew about the smear in the *Daily Mail*, a newspaper that had expressed a positive view of the Nazis during the 1930s. Despite Ed Miliband's solid defence of his father as a man who loved Britain and joined the Royal Navy to fight for it, the attack was adroitly calculated to make the Labour leader appear more than a little un-British.

In the spring of 2014, David Cameron rather uncharacteristically declared that Britain was a Christian country and that recently he was feeling particularly drawn to the Church. No one had ever thought of Cameron as especially religious. Why did he suddenly unburden himself of this personal revelation? In Britain, unlike the United States, it is not regarded as good form for leading politicians to wear their faith on their sleeves. One of the peculiar aspects of Britain and the Christian faith is that the monarch is the head of the Church of England, technically at least.

As Britain has become ever more a multi-cultural, multi-racial society in which Jews, Muslims, agnostics and atheists share the public space with Christians, it is inconceivable that David Cameron would make these comments without a political purpose. One objective, quickly seized on by commentators, was that Cameron wanted to appear traditionally English in his struggle to win back voters from UKIP. But over the last several years, the Labour Party has generally led the Conservatives in public opinion polls. While UKIP has been on the minds of Tory strategists, their main preoccupation is the Labour Party, whose leader happens to be Jewish. Seen that way, presenting David Cameron to the electorate as a regular Christian guy is no accident.

Meanwhile, Ed Miliband has been served up as an intello, whose father was a Marxist who the *Daily Mail* continued to portray with the following headline: "We repeat: This man DID hate Britain." An oddball, who happens to be Jewish, that's how Miliband's image has been carefully reshaped. It may not work, and Miliband may go on to lead his party to victory in the general election in 2015, but great care has been taken to safeguard the British establishment, including the super-managers and the billionaires, from this worryingly suspicious character.

## THATCHER'S FUNERAL: POLITICS AND WITCHCRAFT

Just how important it is to the establishment to win the struggle to portray Britain and the British past to the people in traditional terms was made brilliantly clear in the days following the death of Margaret Thatcher in April 2013. The passing of the Iron Lady reopened memories on both the right and the left in Britain about the transformation of the country in the years that followed her accession to power in 1979. I was residing in Paris when she died and I wanted to take the measure of Britain at this moment when people were reflecting on how the country had changed over the past third of a century. I boarded the Eurostar at the Gare du Nord for London, where I would spend the next four days.

The UK was deeply divided about the legacy of the late Baroness. It was as though she left office mere weeks earlier rather than in 1990 when she was pushed out of Number 10 Downing Street by a revolt of her own party big wigs, masterminded by Michael Heseltine, who opposed her negative stand toward the EU as a threat to British interests.

From the political right, led by Prime Minister David Cameron the language about Thatcher was triumphalist. The narrative was that she had routed the trade unions, which were much too powerful during the 1970s, and brought the Labour Party to heel so that Labour's next Prime Minister, Tony Blair, would pursue Thatcher-lite policies, and would not dare to revisit the radicalism of the past.

While Ed Miliband was respectful in his assessment of Thatcher, others on the left and many in the economically deprived north of England and in Scotland were not. Some went as far as to hold celebrations in the streets to mark the Iron Lady's passing.

I have never witnessed anything like this sharp edged and highly political response to the death of a political leader in an advanced democratic country. Thatcher's agenda transformed Britain so fundamentally that her legacy was of enormous importance both to those who believed they had won and those who were certain they were the losers as a consequence of what she did.

The Queen, for only the second time during her long reign was slated to attend the funeral of a former Prime Minister. She was present for the funeral of Winston Churchill in 1965, but missed those of six other former PMs: Anthony Eden, Harold Macmillan, Alec Douglas-Home, Harold Wilson, Edward Heath, and James Callaghan.

Meanwhile on social media, some of those who were bitterly hostile to what Thatcher stood for were planning to turn up at Trafalgar Square to "celebrate" her passing.

Several days after her passing a special one-day sitting of Parliament was convened so that members of the Houses of Commons and Lords could speak about the late Prime Minister.

Prime Minister David Cameron led those who lauded Thatcher, saying that she “defined and overcame the great challenges of her age. She made the political weather, she made history, and---let this be her epitaph---she made our country great again,” Cameron claimed.

In a column in the *Times*, Rupert Murdoch, the paper’s owner and a central figure in the scandal that had been rocking the British media, wrote that “thanks to her, I have experienced in Britain many of my defining moments as a businessman, a Britain that is far more successful as a result of her brave leadership.”

Glenda Jackson, the well-known film actress, who is now a Labour MP, told the House of Commons, as Tory members did their best to shout her down that Thatcher had wreaked “heinous social, economic and spiritual damage on Britain. By far the most dramatic and heinous demonstration of Thatcherism was not only in London, but across the whole country in metropolitan areas, where every single shop doorway, every single night became the bedroom, the living room, the bathroom for the homeless. Greed, selfishness, no care for the weaker. Sharp elbows and sharp knees, this was the way forward.”

Those on the left in Britain are bitter not only about what Thatcher wrought herself, but about how she helped re-shape the Labour Party in her image. I went to a fine Italian restaurant in Soho to meet a couple I’ve known in London for a couple of years. They have been Labour Party supporters for decades, but they were worried about what their party stands for these days. Like many Labour stalwarts, they saw Tony Blair as the leader who ended the party’s commitment to anti-capitalism and to the radical transformation of British society.

Under the shadow of Margaret Thatcher’s impending funeral, Tony Blair issued his written advice for the future of the Labour Party for the future in the *New Statesman*. Coming the same week as Thatcher’s death (a coincidence), Blair’s message to the party couldn’t help being seen in that context. Blair cautioned current Labour leader Ed Miliband and the party as a whole not to make the assumption that because of bad economic times and the current unpopularity of the Cameron government, that Labour could return to its comfort zone of more left-wing positions.

Blair warned that labour must remain credible with the middle class centre of British politics. The clear implication of his advice was that anti-capitalism or any marked deviation from neo-liberal nostrums would blight any hope of forming government following the next election.

It was exactly this kind of thinking that my friends find dispiriting. Marilyn reminded me that Thatcher was highly successful in 1979 in winning over the segment of the population known as C2s, the skilled and relatively well paid members of the working class.

“She bribed them by offering to sell council houses to them at low prices,” said Marilyn.

Council houses and flats had been constructed for millions of Britons during the post war decades.

One of the ways Margaret Thatcher measured her success in transforming Britain from the post-war mixed economy consensus to a hard-edged capitalism was in totting up the number of homeowners in the country as compared with the number of trade union members. She looked forward to the day when the former would outnumber the latter, and that day arrived in the mid 1980s. By that date the number of British homeowners surpassed ten million, while the number of trade union members declined from thirteen million to under ten million.

Thatcher’s impact on these trends was her sale of council properties and her strategic assault on the trade unions.

The man who symbolized the trade union struggle against Thatcher was Arthur Scargill, the leader of the National Union of Mineworkers.

I interviewed Scargill twice, once for TVO in London in 1980, and the second time in 1985 at his union’s headquarters in Sheffield.

At the TVO interview in Canada House next to Trafalgar Square, Scargill was scrappy, pugnacious and optimistic. Thatcher had been in power for only a year and the NUM leader believed that her policies would rouse the opposition of working people so that the miners and other trade unionists could achieve victories of the kind they had won in the mid 1970s that had played a seminal role in bringing down the previous Conservative government of Edward Heath and opening the way for the return of Labour to office.

But things did not turn out that way.

During the early Thatcher years, the government’s monetarist approach, aimed at squeezing inflation out of the economy had the effect of choking the life out of the economy. The UK sank into a deep recession. Unemployment rose to a record high of three million. In the midlands, the north of England and Scotland, tens of thousands of manufacturing jobs disappeared, never to return.

By the time Arthur Scargill led the coal miners out on strike in 1984, the British working class had already been dealt heavy blows. The bargaining power of workers

is at its highest when there are plenty of jobs. When jobless numbers rise, the leverage of workers and their unions is dramatically lessened.

The issue in the 1984 strike was opposition to the further closure of coal mines. By that date, hundreds of thousands of coal miners had lost their jobs over many decades going all the way back to the 1920s. The miners were fighting for what was left of their industry. As a consequence of higher safety standards and higher wages compared to other countries from which the UK could import coal, the position of the miners was precarious.

Scargill was not clever in the way he launched the strike. He hadn't really thought through how the strategic situation favoured Thatcher. Then he made the mistake of calling the strike without taking a vote of the union's members. This was used with great effect to make him appear to be a dictator.

On the picket lines, the police were sent in to beat the miners into submission. Thatcher won; Scargill lost.

It turned out though, that Scargill had been right that unless the miners stood and fought, the pits would all be closed. By the time of Thatcher's funeral a mere six thousand coal miners were left in Britain. A century ago there were hundreds of thousands of them. The towns the miners once inhabited are remnants of once vibrant communities.

When I met Arthur Scargill, the year after the strike, he still talked the union line, but the optimism I had earlier seen was gone. He looked different, a beaten man.

An exorcism----that's the only way to describe what the opponents of Margaret Thatcher were planning.

On the Saturday following her death, at around 5.00 p.m., I arrived at Trafalgar Square in driving rain.

The police were scattered through the Square in large numbers with a line of them across the base of the statue to Horatio Nelson. The police were on hand for the anticipated "celebration" of Margaret Thatcher's death, due to begin at 6.00 p.m.

I walked across the Square, which was almost deserted apart from the police. Across the street on the west side is Canada House, where I interviewed Arthur Scargill in 1980.

There is a Caffè Nero across the street from Trafalgar Square on the south side. That seemed to be a dry place to await events. For the past several days, people have been posting plans on social media sites for the celebration. In fact, the idea for a celebration to occur at 6.00 p.m. in Trafalgar Square on the first Saturday following

the death of Margaret Thatcher went back many years. The plan was the brainchild of a small anarchist political group called Class War.

While Class War, the group, ceased to exist years ago, the idea of the celebration hung on.

I wasn't the only one to think the Caffè Nero would be a good spot to hang out before 6.00 p.m. When I walked inside, the café was jammed with people, many of whom had cameras. Some had microphones and others were working away on laptops.

This was not the usual tourist crowd that frequents Trafalgar Square, the National Gallery and the theatres that are only a few blocks away.

The denizens of the café were well mannered, and in a quietly cheerful mood. While they ranged in age from kids in their late teens to some in their seventies, they were mostly in their thirties and forties. This was not a boisterous lot. They sat around tables, talking politics and getting reacquainted with people they hadn't seen for a while.

Some of those I spoke to were here to cover the event for blogs or for trade union and radical newspapers. While some were from London, others had come down from the North, from industrial and mining towns where resentment against Thatcher ran very high.

One woman I met was originally from New York, but has lived for years in London. She had a camera and planned to write about the event. She and two men from London invited me to join them and they bantered about the way people still feel about Thatcher.

When I asked what the London police were like, one of the men replied: "Well at least they're not armed."

Across the street, we could see large numbers of people gathering in the Square right below the National Gallery. There was the usual forest of umbrellas in view. The British come prepared.

At a nearby table, a man was selling pins with a witch like face of Margaret Thatcher on them, emblazoned with the words "Hail, Hail, the wicked witch is dead."

At 5.50, I decided it was time to find out how waterproof my jacket was and to go into the Square. By then there were a large number of police vans in the street behind the Nero and at various points around the Square.

People were streaming into the Square from all sides. The heaviest concentration of protesters at that point was on, and above, the steps on the north side.

This was not an organized gathering in the usual sense. There was no platform for speakers, and there was no sound equipment. It was more of a happening than anything else.

People of all ages, from babies to old timers, were there, with the largest number in their thirties and forties. There were about equal numbers of men and women. They walked around chatting with people, greeting and embracing old friends. Among them were a few kids with punk haircuts and there were small groups of anarchists with black flags, here and there.

What made the gathering macabre were the chants, from time to time, of “dead, dead, dead.” One child of about four, turned red faced, with lusty shouts that repeated the slogan of “dead, dead, dead.”

Since I was raised in a political culture where we don’t celebrate the deaths of political opponents, the gathering felt both calm and normal, but also unsettling and disturbing. As I think about it, I realize that this was a unique event in any democratic country. For large numbers of people, in various parts of the country, to attend celebrations at such a time, was testimony to the deep bitterness that attended this political leader.

Both to get a view from above and to escape from the rain for a few minutes, I crossed the street away from Trafalgar Square to the famous church of St. Martin-in-the-Fields on the east side, with its convenient pillars and outdoor roof, under which you could stand.

When I reached this sanctuary from the rain---my jacket was not as waterproof as advertised---church officials were gently but firmly pushing everyone out into the street. I did manage to stand under an outside pillar, where the rain was a little lighter.

As it turned out, the church was where the closest thing to an official banner for the event in the Square was in readiness. About a dozen men and women unfurled the huge square banner, which announced “United Mineworkers Union: North Eastern Area”. They marched across to Trafalgar Square, joining the huge numbers of new arrivals who were streaming into the Square from the adjoining streets. Among those coming down from the north side was a man who was bearing a gigantic wooden cross that towered over him and that was rolled along on a wheel.

The arrival of the mineworkers’ banner drew immense cheers from the crowd, which had now grown into the thousands (the *Guardian* reported the crowd at three thousand people, with seventeen hundred police officers on hand). The banner symbolized the demise, not only of coal mining, but of manufacturing in the North and in Scotland, the scar most bitterly felt from the Thatcher years.

Margaret Thatcher's funeral was a state funeral in all but name. The Queen and the armed forces were mobilized to put on a great show to remind the British people that this is a country in which there is a proper view of things and that anyone who adopts an alternative view is not really proper, not our kind of people. The opponents of Thatcherism who gathered on that rainy Saturday in Trafalgar Square could be portrayed as the wrong sort of people. Certainly, that's exactly how the super-managers I know saw them. Even if those people had had some problems with Thatcher, the scene at Trafalgar Square was disgraceful, in awfully bad taste. For those who have benefitted so enormously in recent decades, it's quite easy to see those whose towns, cities, regions and families lost as rather pathetic creatures, not to be taken seriously.

And so the British establishment carries on as though its members are the natural rulers, in most cases nurtured from birth to play the roles they play. But this time, as during past major crises over the centuries, the establishment is up against an interlocking series of challenges that promise to make the next several years an extremely challenging time. Although the odds are somewhat against it, the Scots actually might secede from the UK. The British, goaded on by UKIP and the Euro-skeptic wing of the Tory Party, might actually secede from the EU. The super-managers and the billionaires in London are likely to persuade the Tories who dominate the government that it's better to keep the London real estate market burning out of control than to take the chance that dousing it could lead to an economic shock, potentially endangering Cameron's drive to win the next election. But allowing King Midas to run roughshod over London could endanger the dominant role the city plays as the financial capital of Europe and much of the rest of the world.

A dangerous time, to be sure.