

the Senate Budget Committee, said on Jan. 30 that the figures showing a fourth-quarter GDP growth rate of 0.7% “indicates to me that the Administration is pursuing a policy of debt, deficits, and decline.” The plan the Democrats have put forward revolves around extended unemployment benefits, tax cuts for working families and small businesses, and targeted assistance to states and localities in areas such as Medicaid and homeland security.

What Happens If There Is a War Against Iraq?

Without a change in economic policy, the bottom will fall out of the budget process, as the states have already discovered, simply because of the collapse in tax revenues. However, when the impact of a possible war with Iraq is factored in, an even larger black hole looms, because no one actually knows what will happen, either in terms of expenditures or in terms of the economic impact. Pentagon Comptroller Dov Zakheim was quite frank about the question during a Jan. 31 briefing on the Defense Department budget. He admitted that he had no idea what the war would cost, because no one can predict how it will go, whether it will be long or short, how much resistance will come from the Iraqis, what the cost of reconstruction will be, and so forth. “And anybody who gives you an estimate,” he said, “the best they can do is—. CBO will give you an estimate, and they’ll say, ‘Well, we know we think we know how much it will cost by month.’ No, they don’t. That’s garbage.” Because nobody can say what that cost might be, nobody can say what the impact might be on the budget process.

That impact would be on both fiscal 2003 and 2004. The Bush Administration has already said that it will have to go to the Congress for a supplemental appropriation for fiscal 2003 to cover the current costs of military operations, which include the ongoing war buildup in the Persian Gulf. Because those costs were not covered separately by Congress, they are being covered out of the appropriated operations and maintenance funds. And, Zakheim flatly stated that those funds will run out in the fourth quarter of the fiscal year, or even possibly in the third quarter. That will happen even if there is no war against Iraq, and without taking into account the economic effects of such a war.

All of this leaves Capitol Hill’s two budget chiefs in a quandary. Nickles admitted that restoring a budget process that broke down in the previous Congress will not be easy—and he said this in the context of both Houses and the White House being controlled by the GOP. Nussle, in his Jan. 30 briefing, laid out a schedule by which he hopes to complete work on a budget resolution by the statutory deadline of April 15, but he could not say whether the House will be able to meet that schedule. The danger is that if they try to go through the usual budget process, the whole thing will wind up being irrelevant, as the worsening crisis remains unaddressed.

Britain Seeks Roman Glory While She Burns

by Alan Clayton

“The country has ground to a halt. How will we cope if we go to war?” So wrote Richard Alleyne in the London *Daily Telegraph* on Feb. 1 as commuters across Britain struggled to get home through a snowstorm. Few suffered as much as those stuck on the M-11 road between London and Cambridge; most of those who headed home from work on M-11 at about 5:00 p.m. on Jan. 31, were still gridlocked and stuck in their cars the following morning, when it was time to return to work. Emergency services set up a soup kitchen and truck drivers were pulled over for fear of falling asleep at the wheel. One man who hailed a cab at Stanstead airport ended up with a bill for £212 (nearly \$350).

Another unlucky traveller—Stuart Grist, 35, an IT engineer—was hoping to be at home 30 miles north of London by 6:00 p.m. At 8:00 a.m. the following morning he was still stuck. “I’m only five miles from home but we aren’t going anywhere so I have no idea what time I will be there,” he said. “Most of the time we have been stationary and I managed a sleep between midnight and 3:45 a.m. “I had some tangerines and a flask of coffee but most people have not been so lucky. Everyone has kept their engines running to keep warm and they have slept at the wheel.”

The whole situation could have been avoided if the authorities had “gritted” the roads in advance; but road maintenance systems in Britain have been largely privatized over recent years, with increasingly apparent consequences each passing year.

‘Potentially Lethal Journeys’

Car users were, however, not the only ones to suffer, as buses, trains, and aircraft were affected by the snowstorms. Hundreds of London Underground passengers had to walk 500 yards to safety when a train froze to the tracks.

The London Underground, known to Londoners as The Tube, was subjected to a “terrorist attack” early on in the week of Jan. 25, and large sections of it will be closed for some time. But this particular terrorist attack was unconnected with al-Qaeda or Saddam Hussein or anyone else; it was carried out by an electric motor which fell off and derailed a train, causing it to smash against the walls of the tunnel. There were a number of serious injuries, but very luckily no fatalities.

This was by no means the only recent Tube disaster for the long-suffering inhabitants of the would-be imperial war-capital. In North London, passengers endured a miserable

walk down the tracks of the Jubilee Line after a train was stranded between Kilburn and West Hampstead. Another 40 stranded Tube commuters spent the night at Wembley Station. Again there was no shortage of excuses: It was “melting snow washing away de-icer sprayed on the rails.” Then it was “frozen snow making it impossible for trains to run.” A London Underground spokesman admitted, however, that the the de-icing trains should have been sent out more frequently, but financial restraints had made this impossible.

Even more startling was the statement on Feb. 1 by Ken Livingstone, the Lord Mayor of London, that “The Tube network is unsafe and puts its 3 million passengers’ lives at risk every day.” In an attack on safety standards after the Chancery Lane derailment, he said Underground users continually faced “potentially lethal” journeys because of poor management and low investment. “I don’t think we can say to Londoners they are safe on the Underground. They take a risk every time they get on it,” said Mayor Livingstone.

The situation of Britain’s railway network is equally desperate. The Strategic Rail Authority cancelled or postponed dozens of projects worth more than £10 billion on Jan. 31, as it admitted that it could no longer afford to expand the rail network. Most major lines will be affected by the cuts, including busy commuter routes into London and long-distance services between London and Scotland.

The authority halted a £750 million scheme to relieve overcrowding on South West Trains by extending hundreds of platforms to accommodate longer trains. It scrapped the £4 billion upgrade of the East Coast Main Line from King’s Cross to Edinburgh and said that it would spend only “hundreds of millions” removing a few bottlenecks on the route. The East London Line extension, which was approved by ministers last year, has been put on hold because of a planning dispute and “concerns in relation to affordability.” The cross-London Thameslink upgrade to triple capacity will not be finished until 2012. The Strategic Rail Authority has disclosed that rising costs have pushed the industry into a £1.5 billion deficit this year.

This crisis has resulted in a sharp decline in passenger growth, with rail travel increasing by only 2.4% last year compared with 5% annual growth in the first six years of privatization. The decision in early January to cut 100 trains from the daily timetable will be followed next year by a “selected thinning” of hundreds more daily trains in an effort to “reduce congestion.” A fifth of U.K. trains were at least five



London’s Underground (“The Tube”) was put out of action Jan. 31 and afterwards, not by terrorists with ricin or sarin, but by a train which crashed in a tunnel because its engine had fallen out. Cutbacks, strikes, and disasters in Britain’s infrastructure belie the Prime Minister’s imperial war-posturing.

minutes late last Autumn. Domestic air services performed much worse, with more than a quarter delayed by more than 15 minutes. And worst was car travel: Road congestion meant that car journeys on key routes took 16.5% longer than in 1998.

Firefighters Could Face Prison

Meanwhile, the firefighters’ dispute and national strikes that have persisted for months, continue. With no strikes since the end of November, many people assumed the firefighters’ dispute was over; however, it ignited again at the end of January with two 48-hour strikes. The fire dispute has turned into the most bruising battle between public sector workers and the government in over a decade.

Deputy Prime Minister John Prescott plans to end the strikes by introducing a law allowing the government to seize control of the service and impose pay and conditions on firefighters. A key part of this legislation would be to make it treason to stage a national strike during a national crisis; if the strikes continue and Britain goes to war with Iraq, union leaders could find themselves in prison.

There is a further constitutional dimension to this particular crisis for Prime Minister Tony Blair, in that the Scottish Parliament has direct control over fire services north of the Border. Any move by Westminster to push through a law compelling Scotland would be seen as highly controversial in the run-up to the Holyrood elections in May, potentially damaging Labour’s performance in Scotland.

The Reduced Armed Forces

As Britain prepares to join the United States in any war against Iraq, the reality is that its armed forces are in an equally perilous state. Britain has only three aircraft carriers—*HMS Ark Royal*, *HMS Invincible*, and *HMS Illustrious*. In comparison with some of the giant American carriers, they really are mini-vessels. Only *Ark Royal* is currently in service, and the other two are at Rosyth in Scotland undergoing major refits, which will render them unfit for service for at least another year.

When the *Ark Royal* left Portsmouth in early January, vague press releases were made by the Admiralty about its destination. However the reasons for the secrecy soon became apparent, when the *Ark Royal* appeared in Loch Long in Scotland several days later to get weapons and supplies from the NATO conventional and nuclear arms storage facility in hillside caverns above Loch Long. Had there been several day's notice given about its destination, there would undoubtedly have been substantial counter-demonstrations. From the vessel's appearance during her loading at the Royal Navy facility in Loch Long, her entire harrier fighter squadron had been removed; she will likely act only as a helicopter carrier. In the event of an attack against her in a combat situation, she would quite clearly have to be defended by the United States Navy. Such is the price silly Uncle Sam still seems willing to pay for the approbation of old and tired John Bull, who really is dead but refuses to be buried.

The situation with the army is no better, and 6,000 reservists are to be called up to support the British regular forces being deployed to the Gulf. Just over 2,000 reservists have already received mobilization notices, arising from the government's earlier announcement on Jan. 7, and there has been considerable consternation at the "scraping the bottom of the barrel" characteristic of this call-up, with quite a number of soldiers who have been court martialled and dishonourably discharged in recent years being told to report for army service again. The Defence Secretary, Geoff Hoon, stated that the latest assessment was that a total of 6,000 reservists would now be needed, the biggest call-up of reservists for decades; for the 1991 Gulf War only 2,000 were needed.

A further consequence of the dire international economic situation is that a life assurance scheme for the British Armed Forces, backed by the Ministry of Defence, is to cut death benefits by 75% for servicemen and women who die as a result of conflict with Iraq. This "Safeguard Scheme" had been set up by the Armed Forces Financial Advisory Service at the request of the Ministry of Defence. However, the scheme's underwriters, the insurance company Scottish Widows, said that it had no option but to reduce coverage, for troops who die fighting for their country. The change will apply to policies taken out after Feb. 14, when applicants for the Safeguard Scheme from the Armed Forces also face a 10% increase in premiums. Ian Thompson, managing director of operations at Scottish Widows, said: "We think that the

policy does meet the immediate needs of the forces who need to get life cover. We are trying to meet their needs while assessing the risks involved." Under the revised terms of the Safeguard policy, families of servicemen and women who die fighting in Iraq will receive a vastly reduced payout. While the maximum sum assured remains the same at £150,000, relatives of troops who do not return from the Gulf would receive 75% less than anyone else.

Andrew Gough, a retired rear-admiral and deputy chief executive of the advisory service, said: "I am very pleased that Scottish Widows and its reinsurer are continuing to provide cover unchanged until February 14. And I am pleased that they are continuing to provide cover of some form thereafter."

The move follows a recent disclosure in the *Times* that Norwich Union, Legal & General, Prudential, and Standard Life were among companies that had withdrawn the offer of new life assurance policies to troops heading to the Gulf. Safeguard was set up ten years ago and is one of a handful of life assurance plans left on the market for personnel under orders or on standby to go to the Gulf, as well as those members of the forces already on active service benefits.

The Prime Minister

The catalogue of catastrophe regarding "America's closest ally" does not end there, as many would argue the biggest liability is still Tony Blair himself. Blair is ignoring the crumbling situation at home, remaining fixated in vainglorious efforts to bring Britain back as a player on the international stage at any cost. The Prime Minister's recent television appearances have shocked and appalled those who have seen them, as he often seems a man on the verge of mental or physical breakdown.

Blair met President Bush in January in the yellow Oval Room in the White House, with Sir David Manning, his foreign policy advisor, and Jonathan Powell, his chief of staff. With Bush were Condoleezza Rice, his National Security Advisor, and Andrew Card, his chief of staff. It was billed by some as a crossroads. Although Blair is determined to support the United States at any cost, as a necessary concomitant of bringing to reality his dream of restoring the Empire on which the Sun Never Set, he is all too conscious of rising public opposition at home to war, deep divisions within Europe, and a rebellious Labour party at his back. He had been mauled at question times in the House of Commons and had been driven to suggest that after Iraq, Britain and America would take on North Korea.

The tensions between Bush and Blair were unmistakable as the Prime Minister's advisors quietly went about spinning the line that Bush had been lukewarm about Blair's desire for a second UN resolution because Bush did not want to "weaken the message to Saddam." Could it be that Bush's advisors are painfully aware just how much of a busted flush "Great Britain really is?"