



COMMUNIST REVIEW

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European Social Democracy:
From the Welfare State to Neoliberalism
- Robert Griffiths
Trends in the British Economy
and Employment
- Rhys McCarthy, Joanne
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Organising the Unorganised



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by Ernesto Dominguez López

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editorial



By Martin Levy

DELEGATES AT THE TUC and Labour Party conferences this autumn will no doubt be pondering what sort of government we shall have this time next year. Some may have already decided – that’s clearly the message from the significant number of Labour MPs who are jumping ship, announcing that they will not be standing at the next election. But there also seems to be an air of defeatism in the trade union movement, a feeling that nothing much can be done and that we are in for a return of the Tories, come what may.

The European Parliamentary election results in Britain were something of a watershed. For Labour, the most positive description is “devastating”. True, this was not a General Election, and the scandal over MPs’ expenses will have been a contributing factor. But it is going to take more than just the passage of time to make Labour electable – and the chances of recovery within the next decade look bleak, to say the least.

Does this New Labour clique in government deserve re-election? Millions of traditional Labour supporters have given their verdict by abstaining. They are saying “No”, and they have good reason: New Labour have been found out for the fraudsters that they are.

In the 2005 General Election, Labour promised “Forward to increased prosperity, not back to boom and bust”, with “full employment in every region and nation”. How hollow that now sounds, in the wake of last September’s financial crisis. Unemployment is rising inexorably, and is expected to be over 3 million by the end of 2010. Politicians’ claims of “green shoots of

recovery” are simply self-serving. For working people and their families, this is the nub: will they have a job, will they be able to get by?

There’s much more of course: the desperate need for affordable housing – made worse by the credit crunch; the employers’ attack on company pension schemes, while the value of the state pension is held down; and New Labour’s vigorous policy of privatising almost everything in sight, which is pervading the National Health Service, local government, state education and the Royal Mail – even if there has been a temporary halt over the latter.

It cannot be denied that New Labour has pushed through measures which the Tories in 1997 only dreamed of doing. There are many voters who would say that there is now no difference between Conservative and Labour, and that this bunch in government deserves to be punished. There are voices on the left arguing for the formation of a new electoral alliance, to capture the mood of opposition and revulsion, and to stand up to the threat from the British National Party, now gloating over its two Euro-MPs.

But let’s just hang on for a moment. Labour in government may indeed have done the Tories’ dirty work, but a Tory administration now won’t just be a continuation of the same: the ground has been laid for even more vicious attack on the working class. Both Brown and Cameron are committed to massive public spending cuts after the next General Election – but you can bet your bottom dollar that the Tories will be the more ruthless by far.

It is easy to exaggerate the importance of the BNP. Yes, they are a threat, and their two Euro-MPs give them a platform, money and respectability in further building their electoral appeal. But, as Nick Lowles points out in the August issue of *Searchlight*, their vote did not in fact advance much; and indeed went down compared with 2004 in areas where there had been year-round anti-BNP campaigning. The trade union movement’s intervention, supporting the *Hope Not Hate* campaign and Unite Against Fascism, together with the work done by the No2EU-Yes to Democracy platform, made a significant impact.

Opposition to the BNP is not a sufficient base on which to build a political party – and in fact any attempt to do so could be counter-productive. It is not just that it would shatter broad unity against the fascists, giving them more scope to strengthen their position. It ignores the fact that, as Lowles states, the BNP vote “is an increasingly hard and loyal vote which is based on political and economic insecurities and moulded by deep-rooted racial

As promised last time, *Communist Review* is on the web: www.comunistreview.org.uk. The site is a bit rudimentary at the moment, but we are gradually uploading material from back issues, and hope in time to provide an opportunity for discussion as well as post some articles that we do not have room for in the printed edition.



prejudice.” That core constituency is not going to be won over simply by posing a left-wing alternative.

Anyone considering establishing such an alternative should look at the votes cast for left-wing organisations in Britain in the European elections. The No2EU – Yes to Democracy platform certainly did not succeed in taking masses of votes off the BNP – although it would have done better if some now calling for an alliance had got involved in No2EU, and had it got even a tenth of the media exposure of the BNP. Without access to the media, any new electoral formation will find it impossible to establish the credibility that will make it electable. It was of course not the intention of No2EU – Yes to Democracy to get on the European Parliamentary gravy train, and it is to its credit that it was able on a national scale to make the progressive left-wing case for opposition to the EU. That issue is not going to go away, especially as the European Parliament – with its strengthened right-wing majority – is even less likely now to be a defender of workers’ rights.

The *Searchlight* article goes on to say that most of the local authorities with high BNP votes were once dominated by heavy industry which has now gone. The people left behind are confused, alienated and resentful, and “the majority of BNP voters feel that the Labour Party, for many their traditional political home, has moved away from them”. Mobilising the anti-BNP vote, and starting to undermine BNP support, requires localised campaigning and building alliances within the community. But as Lowles himself concedes, anti-fascist campaigners “cannot build houses and reduce waiting lists, ... cannot prevent undercutting of wages and the abuse of migrant workers, ... cannot get resources into communities, often the poorest, dealing with extraordinary levels of migration. That is the job of politicians and political parties.”

The tragedy is that none of the major parties has any intention of tackling that job. And since there is little prospect of any serious left-wing challenge coming along, the consequence in the labour movement can be a sort of paralysis, opting out of party politics – because hope of change in the Labour Party has been lost – but throwing resources into anti-BNP campaigning because that at least offers the chance of a positive outcome.

Important as that campaigning is, it is not a solution. It fits with much of the tradition of the British labour movement



because it is pragmatic. Such an approach can be useful when you are dealing with the nuts and bolts of the day-to-day situation in the workplace, but it is of no help when a strategy has to be devised to deal with wider changes in society.

As CPB general secretary Robert Griffiths says in his article in this issue, *Trends in the British Economy and Employment*, “the current crises underline the need within the working class and the communist movement to study Marxist political economy.” Such a study not only elucidates the causes of the two current crises – financial and economic – but explains how impossible it is within capitalism to put an end to “boom and bust”. It also reveals just how deep the economic crisis

is in Britain and how inadequate are the government’s solutions, in terms of working class interests.

But there also needs to be clarity on the nature of New Labour. There are still too many illusions that Brown and his cronies are part of the labour movement, that if weren’t for the Blairites then there really would be more “true Labour” policies. This represents a failure to appreciate that New Labour was the joint creation of Brown, Blair and Mandelson, and that its agenda is part of a pattern common to social democratic parties throughout Europe.

In the lead article of this issue, *European Social Democracy: From the Welfare State to Neoliberalism*, Ernesto Dominguez López of Cuba’s Centre for European Studies demonstrates clearly



that social democratic parties throughout Europe have abandoned support for the welfare state. Essentially, the economic policies that they pursued in the post-war period failed in the 1970s because they were unable to abolish the basic contradiction which leads to economic crisis under capitalism. This opened the way for neoliberals to come to the fore, arguing that excessive growth of the state was the source of the crisis. Social democracy's response has, however, not been to move towards the left, but rather to the right, into the camp of neoliberalism.

The Third Way, authored by Anthony Giddens and trumpeted by Tony Blair, is the most comprehensive statement of this shift by social democracy, reformulating its ideological

base in order, as López says, to avoid "entailing excessive tensions between its doctrinal body and its practice and speech." In other words, social democracy in government will no longer be committed to the welfare state, public ownership and full employment. The so-called "free market" is now the model.

Reading López's analysis and critique of The Third Way, we can see the connections with so many New Labour policies: Giddens' "new mixed economy ... based on the synergy between public and private sectors" means privatisation and public-private partnerships; "construction of the new democratic state" means the introduction of directly elected mayors and the abolition of a tier of local democracy; "increasing the role of civil society" in delivering welfare

means privatising both council housing and the work of Jobcentre Plus; the change from "welfare state" to "social investment state" means that the state is no longer there to support people in need but to deliver them to the labour market – hence the threats to take away benefits from the unemployed and those on long-term sick.

This is neoliberalism in sheep's clothing – and it is all of a piece. It will not be overcome just by attacking individual policies, although campaigns on them can play a role. Without a wider perspective any gains made in one area will be eroded by losses in others or simply overturned at a convenient later date. The government's climb-down on privatising Royal Mail *at this juncture*, and the decision to take the East Coast rail franchise away from National Express, should not provide a justification for the movement to rest on its laurels. These small gains should be used as the basis for launching a broad offensive against privatisation altogether.

If New Labour has a coherent set of principles and policies, then the trade union movement needs its own – based on an understanding of political economy and a raft of measures needed to protect and advance working class interests. There has to be a complete break – something like the Alternative Economic Strategy which was popular on the left in the 1980s, but with political content, since many issues cannot simply be boiled down to economics.

The *People's Charter - A Charter for Change* is the embryo of such a strategy. It is coherent because it links together the policies needed to defend working people's interests collectively, with the measures required to put them into effect. So, instead of redundancies and public service cutbacks, it demands protection of existing jobs, and public and private investment to create new jobs paying decent money. It demands an end to the housing shortage by giving local government the power and money to build and renovate affordable quality homes. It calls for an end to profiteering in public services, and demands that state pensions and benefits be linked to average earnings. There is much more. But most importantly, the *People's Charter* identifies that to pay for all this it is essential to take the leading banking and finance companies into public ownership, and to restructure the tax system so that business and the wealthy pay more and ordinary people pay less.

The *People's Charter* is an embryo.



Like its parents – and there are many – it is not perfect. Nor is it explicitly socialist. But, nurtured by the labour movement it has the opportunity to develop and become a powerful means for challenging the prevailing neoliberalism. Such a challenge will not be achieved by individual unions going alone on their own campaigns, or by a refusal to endorse the *Charter* because, for example:

- it calls for nationalisation of the banks when this is not TUC policy;
- parts of it would allegedly “endanger the pensions of our members”;
- unions and TUCs already have their own “charters”, *ie*, resolutions passed at conferences;
- it is “the basis for a new political party”; or
- it is “too aspirational” – *ie*, the only show in town that can be supported is the Labour Party.

All of these look like lame excuses, a basis for doing nothing because of a fear of “rocking the boat”. Well, the boat is sinking, and sitting still is not going to save it from going under. Furthermore: the major banks are already nationalised – although not in the interests of working people; final salary pension schemes are disappearing hand over fist; and overall, if something isn’t done soon, then all we are likely to have left are aspirations.

Far from being the basis for a new political party, the *People’s Charter* is about the only chance left of saving the Labour Party and protecting the trade union movement at the same time. The task is to mount a mass unified campaign around it, which will either force Labour to change course, or will so revitalise the movement that it will be in a position to mobilise against and defeat

any attacks on it by an incoming Tory government.

There is no denying that anti-trade union laws brought in by the Tories have severely sapped the strength of the movement. But as the Lindsey refinery workers and their colleagues around the country have shown for a second time this year, it is possible to overcome such a difficulty with organisation, vision, correct leadership and solidarity. All of these were themes at the Communist Party’s trade union cadre school in February this year, and we reproduce in this issue a number of the speakers’ contributions.

What exactly does the popular phrase, “the organising model”, mean in practice? And what about that majority of workers who are outside the trade union movement? In his article in the “Organising the Unorganised” section, Unite TGWU organiser Rhys McCarthy shows that it is possible to recruit, and by a careful strategy win victories, in workplaces where the union is not recognised; and then to use these victories as springboards for organising across whole industries. He stresses, however, that this is an approach which needs to be adopted even where the union is recognised: organisation means involving members in decision-making.

In the same section Joanne Stevenson takes up the issue of unions reaching out to the unemployed and to those in precarious employment, pointing out that many of these people are young, and

with no experience of the labour movement. She stresses the need for trade unions to move away from just protecting their own members, taking on a wider role in society.

Many unorganised workers, as Indian Workers’ Association (IWA) general secretary Harsev Bains points out, are migrants who are likely to face racist attacks as the economic crisis deepens. The only way to avoid such a scenario is to strengthen the unity of the working class. In co-operation with other migrant communities, the IWA has set up a British Asian People’s Forum, and is considering establishing a South Asian Trade Union Forum, to work with the TUC in order to bring new forces into the trade union movement.

In the section “Unity in the Community”, two other contributions from the cadre school stress the importance of work in trades union councils. Anita Wright demonstrates graphically the key role that they can play in bringing unions and communities together, while Tom Morrison puts the case for political trade unionism in a locality, linking up with national bodies.

Our current issue concludes with Part 2 of Peter Latham’s article on theories of the state and local government – explaining the reality of state monopoly capitalism and returning to the “neoliberalism” theme of our leading article – a further rejoinder from David Grove to Jerry Jones’s article in *CR52*, and our regular *Soul Food* compilation. ■

■ *Communist Review* welcomes submission of articles (normally up to 5000 words), discussion contributions and letters – send to office@communist-party.org.uk. Articles will be reviewed by members of the Editorial Board and/or Advisory Board, and we reserve the right not to publish.

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European Social Democracy

From the Welfare State to Neoliberalism*

By Ernesto Dominguez López



Eduard Bernstein 1895

OVER THE PAST FEW DECADES, a complex process of change and break-up has taken place within the spectrum of European political forces. Social democracy, historically one of the most important such forces, is not immune to this phenomenon, and on the contrary is an important part of it.

Social democracy, as a concept, is extremely wide and heterogeneous, since the political tendency of that name has had a contradictory and diverse development throughout history. It originated in the rich theoretical and ideological debate within 19th century socialist thought, especially that based on the then-emerging Marxism. At the end of that century, the same name was used both by the majority of revolutionary parties and organisations of the

time (eg the Russian Social-Democratic Labour Party), and also by a great number of much more moderate political groupings, including even those openly allied to imperialist governments.

The great dividing point was the theoretical and programmatic definition of the road to socialism, the revolutionary proposal having

separated from the gradualist idea, whose main author was the German Eduard Bernstein. The enormous impact of World War I forced the defining of different political forces in the face of the emerging challenges, causing the definitive schism in the Second International and the creation of the independent revolutionary tendency that came to be known in general as communism.¹

The political forces of the gradualist tendency, which developed into what became known as the reformist left, underwent a process of assimilation by the capitalist system, finally integrating fully into it – though maintaining within their party statutes and programmes the idea of building socialist society through “democratic” means, in open opposition to the construction of so-called “real socialism”.

“Classical” European Social Democracy and the Welfare State

The main core of the political platform of “classical” social democracy was the defence of the welfare state. Therefore, any analysis of the former has to start by defining the latter, as well as the relationship between the two. Likewise, for the purpose of this work it is indispensable to present the basics of the alternative proposal created by capitalism – *neoliberalism* – which has spread out all over the world at present, winning more and more scope for its operation, in spite of its social impact.

From the reconstruction period after World War II and onwards, social democratic parties became the most



important parties in most Western European countries. Reconstruction itself, focused in terms of the confrontation with the emerging socialist camp and in the context of the bipolar world logic of the classical Cold War, brought about the practical establishment of the welfare state.

It is necessary to pause for a while to consider this issue. The welfare state, when envisaged, had a function that seems to have been forgotten by later Western political leaderships. One of its purposes – perhaps the basic purpose – was to challenge socialism on its own ground, *ie* to offer the population an alternative within the capitalist system, similar to the social and even economic progress that the Eastern bloc was able to export. It was a mechanism for consolidating Western capitalism, in the face of the danger of possible revolutionary impacts from socialist construction.

Quite apart from this, we cannot set aside the desire to achieve the widespread stability necessary for the post-war recovery, together with another extremely important factor, namely the failure – or indeed collapse – of the liberal pattern. That collapse had not only brought about the deep upheaval represented by the 1929-33 crisis, but also the two world wars, which can effectively be understood as a single process, since the factors that caused the former were present in the latter, together with other new factors.

The basic antecedent of the welfare state was the implementation of John Maynard Keynes' theories in the United States, during Franklin Delano Roosevelt's administration (1933-45), namely the well-known New Deal that represented a coherent endeavour directed towards taking the country out of the Great Depression.

The pattern was based on a wide social security and welfare system, connected to

a mixed economy where the state had industries and the most important branches of the economy under direct control. It employed a method of redistribution of wealth which reduced social differences without eliminating private property. High taxation and high public expenditure are a feature of this kind of state.

On the basis of this general conception, it would be naive to think that the welfare state is detrimental to capitalism as a system. In fact, quite apart from the logic of confronting socialism and therefore of securing capitalism's rearguard, the welfare state also led to a wider concept, namely that of maintaining a solvent level of demand that would allow sustainability and the expansion of markets, as a means of avoiding economic crises – or at least delaying them and weakening their recurrence. After all, the market is the natural mechanism of reproduction of capitalism, as well as a mode of production linked through mercantile relationships.

One of the main means used by this model for fulfilling its stabilising and partially redistributive² tasks was regulation of the markets in goods, services and also labour.

The model rested on the implementation of democratic political systems, according to the pattern of representative democracy including a high degree of political pluralism. The diversity of party formations does not, however, mean the actual acceptance of different alternatives to the system, but rather the creation of much more subtle mechanisms of reaffirming the power of the elites, via the construction of real social hegemony.

The implementation of this kind of state was not the result of the sole work of one political force that had chosen it as a main agenda issue, but rather a consequence of the concrete historical context, of the confluence of internal and

external factors that defined a specific juncture – strictly speaking the last stage of industrial capitalism, within a bipolar system of international relationships marked by confrontation.

We emphasise this idea: the construction of the welfare state in western Europe was not an achievement of social democracy alone, but the combined work of diverse political forces within the system, based on a concrete situation linked to the development of the deep structures within the complex social matrix. Right-wing parties played an equally important role.³



Right: Milton Friedman
Above: Milton with friends in an excursion at the first meeting of the Mont Pelerin Society in 1947.

It is true that social democracy capitalised on that pattern and transformed it into the core of its political platform, to such an extent that it is common to regard its parties as a single unit. In fact, postwar social democracy, which until the 1970s was the main supporter of the welfare state, is what we consider as "classical" social democracy. Under this concept, we group a series of forces, self-defined as social democrats, socialists or Labourists, that had a similar political platform incorporating the benefactor state as the core, and all of which derived from the long and complex development of previous socialist tendencies,

and were located in the left wing of the political spectrum of the system, with clearly reformist stances.

This social democracy maintained a series of common principles as axes of its programme. In the first place, they defined the free market as the main source of social inequality and of the economic crises that scourged the system. Based on that, they named the welfare state as the best alternative. This state, besides controlling the main branches of the economy, mainly in industry, had to guide the operation of civil society; thus, regarded from the Western traditional perspective, the state should be above civil society.





to be achieved through state management, as voluntary associations were regarded as not very effective. A progressive taxation system was developed, which had to act according to levels of income, in order to make resources flow from the wealthiest sectors towards the most needy people as a way of reducing inequality. In fact, this state has been considered as the high point of development of citizenship rights in the Western world.

In terms of its political-ideological base, social democracy put forward a road to socialism involving a gradual modernisation of society and the economy that continues until the attainment of full justice and equality (regarded by some thinkers as a “linear modernisation”⁴), connected with a strong tendency towards internationalism, understood as links and relations between like political forces around the world.⁵

The Neoliberal Proposal

The neoliberal doctrine had its origin in Friedrich von Hayek’s work *The Road to Serfdom*, which had as immediate target the British Labour Party in the run-up to the 1945 General Election. Hayek drastically affirmed that, “In spite of its good intentions, British moderate social democracy leads to the same disaster as German Nazism: to a modern serfdom.”⁶ Together with a number of followers, including most prominently Milton Friedman, Karl Popper, Lionel Robbins, Ludwig Von Mises, Walter Eukpen, Walter Lippman, Michael Polanyi and Salvador de Madariaga – grouped in the Mont Pelerin Society – Hayek developed a sharp and constant criticism of the welfare state.

The basis of the criticism was that “egalitarianism”, a

feature of the welfare state, with its market regulations and policies of social security, annihilated individual freedom and the vitality of the competition system, on whose results everyone depended. Hayek and his colleagues argued that inequality was not only positive, but also indispensable for Western societies.⁷

Neoliberalism stressed systemic competitiveness and the generation of wealth – not its distribution, which should be a natural result of free market mechanisms. The basic principles of this programme are governed by the logic of supply, not that of demand.

The unusual economic growth of the 1950s and ’60s did not provide scope for this kind of policy, but the structural crisis of the ’70s brought about the collapse of the post-war pattern and paved the way for the neoliberals. When they told ordinary people that the cause of the recession and crisis was the excessive growth of the state, which wasted resources and limited entrepreneurial initiative with its market regulations, they brought about the rejection of the model by a population who saw that the benefits they had received in previous decades were fading away.

From this perspective the cause of the crisis affecting all economies was considered to be state managerial inefficiency, together with pressure from the trade unions and the labour movement in general, over pay claims and for increasing social expenditure. Neoliberals thought that these factors had destroyed the levels of necessary advantage to businesses and could not stop generating the inflationary process that would lead to the widespread crisis of market economies.

The neoliberal remedy consisted in upholding a state with a strong capacity for repressing the unions and for

controlling the money supply, but with limited social expenditure and economic intervention. The government’s supreme goal should be monetary stability: therefore, it was necessary to keep budgetary discipline, with decreasing social expenditure and the restoration of a “necessary unemployment rate”, *ie* the creation of a standby labour army that weakened the positions of the unions. Likewise, taxation reforms were indispensable, in order to motivate the performance of economic factors, *ie* the reduction of taxes on large earnings. Thus, a healthy inequality would revive developed economies paralysed by stagflation, and would bring back high rates of growth.⁸

According to this idea, the state should be based on principles of efficiency similar to those of private companies. In fact, neoliberals point out that the free market should serve as a model for the construction of the state, as well as be the “depository” of the essential virtues of the system that has within it the main mechanism of its reproduction.

Open opposition to the extended state has been inherent in the development of conservative ideology, ever since it gave up defending feudal regimens, in favour of assimilating the earliest liberal concepts. Now it is also expressed in different ways: for example, the conception that the state acts to restrict freedom and society’s capacity for self-management is based on the idea that civil society is capable of generating its own mechanisms of regulation and solidarity, which can maintain the necessary stability and balance among different sectors, and especially can protect the weak.

According to this idea, “free” civil society includes, at least in theory:

... good nature,
honesty, duty, self-

Theoretically, a democratic state ought to represent the interests and will of the majority, so this approach would obviously have to be fully legitimised by the people’s command. Therefore, social democracy turned towards the path of Keynesianism, including an important policy of nationalisation as a mechanism to ensure the mixed nature of the economy.

One of the goals of the pattern, achieved in fact to a great extent, was full employment, to which should be added the development of educational and health care systems, as well as the citizen’s social protection during his/her lifetime. All this was



sacrifice, honour, service, self-discipline, tolerance, respect, justice, self-improvement, responsibility, courtesies, civility, courage, integrity, diligence, patriotism, respect toward others, austerity and dignity.⁹

These virtues would be inherent in a civil society that the oppressor role of an all-embracing state has transformed into a “utopia”; therefore, state regulation of civil society must be effectively eliminated.

It must be highlighted that, in the neoliberal vision, this civil society is perfectly defined within the framework of so-called non-governmental organisations (NGOs) and other non-official groups of citizens, with responsibility for offering scope for the expression and settlement of specific interests – in principle, non-political ones, although the lobby groups active in most of the countries would be included within this category because of their format, beyond their decisive function in the operation of the corresponding systems.

Civil society is considered by contemporary liberal thought as *the social space within which the free play of legitimate private interests takes place*.¹⁰ Civil society is *par excellence* the space of human performance, for which the state should only be a support, not a regulating element that dictates the rules. Democracy is understood as the main supporting relationship that allows civil society and the state to be linked, and is regarded not as a mechanism for participation, but rather as a formula for developing independence and building links between the population and the state, on a basis derived from the great classics of contractualism (Hobbes, Locke, and Rousseau).

From this perspective, a non-regulated civil order

would offer more benefits to society than those which the welfare state – the neoliberals’ personal evil – can contribute. Once freed to individual initiative, those benefits would accord more with the specific interests of the different strata of the population. In fact, according to the most contemporary Western sociological theories, the functioning of modern society is framed by three well-defined reference points, which are, in Claus Offe’s formula¹¹, state, market and community. Thus, in neoliberal terms, the market and civil society (also called the tertiary sector) should serve as equal speakers with the state, in a balanced relationship, where individual freedoms and private initiative are safeguarded from a castrating state regulation.

On the other hand, the welfare state, with its redistributive and relatively equalising policies, is regarded as a source of lack of motivation and of the creation of a compliant mentality: individuals are not motivated to participate in productive processes as long as they are beneficiaries of an assistance system that allows them to live without working. Thus, according to this perspective, groups of people emerge detached from society, becoming parasites on the system and thereby increasing the pressure on taxation revenues. Hence the need to intensify tax rates in order to maintain a system that becomes more and more inefficient.

The functions of the state as a promoter of welfare should be directly undertaken by the free market, which is qualified to develop the production of benefits in every field, and which by contrast institutions are not able to offer. In fact the market should serve as a model of performance for government and society, namely one ruled by efficiency whether the profits sought are strictly

economical or socio-political. From this perspective, equality is understood as equality of opportunity, but through the view of strict meritocracy.

That is to say, the main thing is a system of competition and survival, alien to any regulation, where the most qualified individual stands out from the rest, and is regarded as worthy of all the rewards.

In the neoliberal proposal the base of the social structure is the traditional family, which is protected as the main source of the generation of values and necessary responsibilities for performance in society.

The alternatives to the traditional family, such as mono-parental or homosexual ones, are openly rejected, since they are considered as decadent and disintegration-causing elements. Therefore, this kind of concept finds close links with Christian religious fundamentalism, which has a vast number of followers.

Together with this idea, the existence of the traditional nation-state is defended, since it is a necessary juridical and power framework for stability. That is why one frequently finds in speeches from neoliberal politicians strong elements of xenophobia and a rejection of multiculturalism, as an element tending to weaken traditional nationality.

This, at least at first sight, is in contradiction with neoliberalism’s inherent globalising nature, in that it promotes the free flow of capital among completely free markets, as well as entrepreneurial transnationalism, with all its consequences for national states. And the fact is that capital needs an international legal framework as reference to ensure its transnational interests; while it must be remembered that the managing centres of large transnational companies are not abstract entities, but rather have a physical existence and therefore, are specifically located in particular First World

countries, are controlled by citizens from those countries and consequently answer to the interests of power elites with defined nationalities.

From this point of view, the logic of international relations is regarded as the logic of nation-state interaction in a more traditional model, and consequently the elite’s interests are identified with national interests. In this sense, integrational projects that are being promoted at present include an important degree of defence of inter-governmental construction, and of rejection of supra-nationality and of the effective dominance by a hegemonic power.

This neoliberal proposal seeks to achieve an important reform of some of the essential components of the structures of the system without – and this must be made clear – changing its main elements, *ie* the existence and defence of private property, and the elaboration of a contractual framework that guarantees the authenticity of the institutional structure as well as the relationships specifically undertaken for each phase of its development. The way that elites are created and develop links to the levers of power can vary – and in fact has done so in the same way as the definite historical circumstances have changed, but always on a common base. This most recent proposal is in itself just a reformulation of the principles that centuries ago gave birth to the new mode of capitalist production.

Social Democratic Transition: The Third Way

The results of electoral processes by the end of the 1970s and in following decades placed European social democracy at a crossroads. The political,



Above: Anthony Giddens. Top right: Gerhard Schröder. Bottom right: Tony Blair

social, economic and ideological formulation that had sufficed in previous decades had been exhausted. The failures of social democratic parties in different elections, as well as the ongoing reduction of their social base, saw them in crisis.

The obvious inevitable change hit the political leaderships and ideologists from this tendency with such force that social democracy was at first confused and seemingly unable to offer anything new. It is evident that its initial transformations were due more to a simple empirical reaction to the demands of the moment than to a coherent ideological and programmatic projection. As Kurt Sontheimer pointed out when referring to his participation in the formulation and approval of

the called Basic Programme of the German Social Democratic Party:

“The decision to embark on the programme review was taken in a situation in which it is extremely difficult to arrive at a clear picture of developments in the world and in society. That is the dilemma in which the party finds itself. It knows that in these changing times a reorientation appears necessary, but change itself makes reorientation hard to accomplish. Science offer no diagnosis of the age, no common understanding of what is happening nor what future developments will be.”¹²

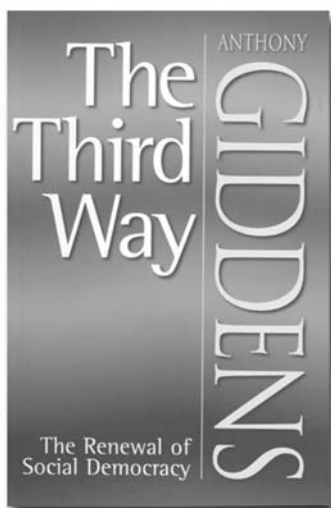
It is worth clarifying that, although in crisis, the social democratic parties were not totally removed from national and regional political scenarios, but rather as a whole they lost their previous hegemony and were forced back into second place, defeated by the forces traditionally located further to the right, which openly proclaimed themselves as neoliberal.

It is also interesting to see how this panorama, which developed amid a strong globalisation process, included, and in fact still includes, a revitalisation of nationalism and its political expression. This has found broad scope for operation in the Eastern European world, and has also established stable roots in well-known separatist communities in Western Europe, such as those of the

Basque country or Northern Ireland. However, nationalism has also assimilated ultranationalist, xenophobic and racially exclusive concepts as part of the ideological arsenal of important political forces that operate within the system, not to mention the groups and parties with those features that are paving their own way in national scenarios.

The privatising and deregulating programmes undertaken by governments of social democrat affiliation are well-known: indeed the French Socialist government during François Mitterrand’s long presidency (1981-95), partly coexisting with the most traditional right wing, began this kind of programme, which continued under neo-Gaullist (a not too exact definition) President Jacques Chirac, between 1995 and 2007, when the Socialist





Lionel Jospin was Prime Minister.

In Germany, the government of Federal Chancellor Gerhard Schröder (1998-2005) had similar characteristics, including a marked tendency to dismantle the welfare state, from a neoliberal perspective. We can say the same thing if we observe the recent history of Great Britain, where Labour Prime Minister Tony Blair (1997-2007) gave continuity to Margaret Thatcher's neoliberal policy.

In the face of this situation, European social democracy has produced an alternative political proposal to its traditional one: a reformulation of its ideological principles, in such a way that it can have a more or less coherent base on which to formulate its electoral or government programmes, but without entailing excessive tensions between its doctrinal body and its practice and speech.

Schröder and Blair jointly submitted, in 1997, the idea of The New Centre and The Third Way, respectively, as new programmes for their parties. The signs of this transformation are observed in fact throughout the Old Continent. The Third Way, an ideological and programmatic proposal from one of the greatest social scientists and political thinkers of contemporary Western Europe, Anthony Giddens,

constitutes a revision and complete reformulation of the social democratic platform; referring to the current situation it is in. Certainly, "third way" is not a new term; since it has been used many times and with different meanings. In fact, the very idea of the welfare state, taken on and defended by "classical" social democracy, was presented as a third way between socialism and capitalism.

Thus, the expression itself does not mean anything, as Giddens himself acknowledged.¹³ The important fact is that it represents an explanatory and programmatic theoretical formulation of transition towards the inner side of social democracy, finding an alleged "third alternative" to neoliberalism. It is worth saying that market fundamentalism and the welfare state are in a process of decline. Having stated this, we will next focus on the analysis of the British author's proposal.

Challenges and Main Principles of The Third Way

The challenges that The Third Way faces can be summarised, according to Giddens, in the following: the existence of a strong process of effective globalisation, not in the least come to an end; the development of an extended individualism; the seeming loss of meaning of the traditional left-right dichotomy; the problem of the capacity of political action together with the possible estrangement from democracy; and ecological problems,¹⁴ which have become one of the most important issues at present.

We could add other questions to that list, such as the loss of social democracy's political identity, the problem of national identity and its exclusive and racist interpretation, and the

increase of social differentiation, among others.

The general goal of The Third Way (sic) should be to help the citizens to guide themselves in the great revolutions of our time: *globalisation, transformations of personal life and our relationship with nature.*¹⁵

According to Giddens, the policy of The Third Way must face globalisation with a positive vision, as a phenomenon that goes beyond the global market, because it is actually a cultural phenomenon, and from that perspective it must reject any form of protectionism – although this should not be mistaken for an unrestricted support for free exchange.

This statement is based on a group of principles:

1. equality, but from a new perspective that implies equality as inclusion, understood as the real possession of rights to equality of opportunities, to full integration in the public space, access to work and education;
2. the principle of "no authority without democracy", which implies renouncing tradition and traditional symbols as a basis for legitimacy, replacing them with the democratically expressed will, through a redesigned democracy on an active or participatory base;
3. the principle of "no right without responsibility", which presupposes the extension of individual responsibilities as a condition for having rights, obviously reformulating the principle of protection of the weak, making a clear differentiation among people, based on their capacity to undertake individual responsibilities; and
4. the understanding of freedom as individual autonomy or that of communities, in function of initiative and its stimulus.

A very curious principle is one that appears enunciated as philosophical conservatism, which is presented as the

defence of cosmopolitan values in function of the recreation of social solidarity. This is associated with "non-linear modernisation", *ie* the awareness of its limits, with an important ecological element within it, and the need for renewal of social cohesion. It presupposes a pragmatic attitude in the face of change, facing the many-sided consequences of scientific-technological development. Reduced to a brief formula, it is a rupture with classical social democratic positions.¹⁶ The bases of social justice are then reoriented towards an adjustment to contemporary reality: principles change as time goes by.

The Third Way Programme¹⁷

The Third Way, as a political platform for the renewal of social democracy, suggests a broad action programme that can be summarised as follows:

- Constitution of social democracy in a radical centre
- Construction of the new democratic state (a state without enemies)
- Development of an active civil society
- Promotion of the democratic family
- Creation of a new mixed economy
- Promotion of equality as inclusion
- Development of positive welfare
- Move from the welfare state to the social investment state
- Defence of the cosmopolitan nation
- As complement, the spreading of cosmopolitan democracy

The end of the bipolar world, with the change that it represented, eliminated the element of external pressure that could mean competition with the socialist camp. The lack of enemies is regarded by Giddens as the essential cause of the crisis of liberal democracy and of the

need to re-legitimise the state and democracy in the West. However, an internal element is missing here: the exhaustion of a model as a concomitant factor to the crisis.

In any event, the initial proposal implies the abandonment, even from discussion, of the traditional left stance of social democracy, in favour of an indefinite radical centre – although this can be read as the official lack of ideology of social democratic policy, the neglect of the positions that already announced the idea of rupture with traditional social democracy.

The proposal of restructuring the state, for the creation of what is called the new democratic state, is based on the absence of enemies, and therefore focused on the adjustment of democratic institutions to meet the new perspective and its consequences.

According to this idea, the state should be restructured to meet the challenge of globalisation, which means bidirectional decentralisation, with the return of power “downwards” and the flow of power “upwards”, as a condition of reaffirming the authority of the nation-state. This should be accompanied by the expansion of the role of the public sphere, understood as a reform seeking to achieve greater transparency and impartiality and the reduction of corruption, by subjecting government performance to a higher level of public scrutiny, given the coexistence of government and civil society within the same information space, a new phenomenon. In fact, we believe that this information equivalence is relative and incomplete, given the management of the media by the elites in accordance with their interests, and subtle mechanisms such as the information saturation that brings about real disinformation.

A very important element is the increase of management

“ *A very important element is the increase of management efficiency. Therefore, it is advisable to take businesses, with their functional efficiency, as a model: hence controls according to objectives, effective audits, flexibility of decision-making bodies and participation of employees, ie officials, following the principle of doing more with less. This does not entail lay-offs, but the improvement of service quality, ie the quality of the value produced, using market discipline for this purpose. The market becomes then a universal point of reference.* ”

efficiency. Therefore, it is advisable to take businesses, with their functional efficiency, as a model: hence controls according to objectives, effective audits, flexibility of decision-making bodies and participation of employees, ie officials, following the principle of doing more with less. This does not entail lay-offs, but the improvement of service quality, ie the quality of the value produced, using market discipline for this purpose. The market becomes then a universal point of reference. The state must reinforce its capacity for risk management, which does not just mean supply of protection for economic risk, but the management and control of risks coming from other spheres, such as that deriving from science and technology.

This proposed restructuring in the government system should go *via* the replacement of orthodox voting methods by other more effective ones, carried out through democratic

experiments that would allow changing the ways of participation. That desire for democratisation should not only be at national or local levels, but should start from a cosmopolitan perception of the state and the universalisation of downward democratisation. The latter should mean the renewal of civil society.

Civil society is a major issue in the Third Way. *The promotion of an active civil society is a basic part of the policy of the Third Way.*¹⁸ Herein, civil society is regarded as the group of non-profitable and non-government organisations, with community profile of specific groups of interests, or charitable or self-aiding organisations that work as counterparts to the State and the market, ie the same idea as in neoliberal thought.

It is expected that the government should associate itself to this sector for collaboration, but also for mutual control. The restructuring of the community as part of the renewal of civil society should

serve as support to social restoration and to democratic pressure “from the bottom up”. This must be an environment of local initiative, which must complement and in many cases substitute for the government’s action concerning collaboration and protection; in some situations this should attract the state to involvement with the civil arena, but in others, civil society must foster its withdrawal.

The projection of the community towards “post-materialist” principles stands out to a great extent, ie it goes beyond material needs to focus on questions of identity, of social linking, of psychological stability, among others.

This civic order should be restored mainly for the poorest people, who experience a relative desocialisation due to action being focused on the mere material sphere.

In this “new” conception, civil society protects the individual from the pressure of a state power that can be overwhelming, since *the State cannot devolve into civil society*.¹⁹ However, it must regulate that renewal, by mediating the conflicts that necessarily arise in this tertiary sector. In fact, it covers to a great extent the neoliberal proposal of the independence of civil society, which is *per se* conceptualised in a similar way.

The proposal of a new mixed economy is based on the synergy between public and private sectors, taking advantage of market dynamism and allegedly keeping in mind the public interest. It should be based on the balance between deregulation and regulation, as well as between economic and the non-economic issues, at transnational, national and local level. In other words, the aim is to liberalise markets officially and to introduce deregulations, at least partially, without making the state disappear.



Undoubtedly, the general idea of this issue is the stimulation of an economy that has become very sluggish, appealing to the entrepreneur's initiative, expanding freedoms and reducing controls. The mixed nature of the economy is given by the concern, more or less real, for the integration of economic growth within a general context aiming at cultural development. The practical effect of this idea is actually to point to the independence of the economy from the state.

Contrary to traditional social democracy, The Third Way stresses wealth generation, based on the existence and omnipresence of the global market, although it does not presuppose neglecting the individual. However, it is focused on providing conditions for the operation of markets.

*The government has to continue playing an essential role investing in human resources and in the required infrastructure to develop entrepreneurial culture.*²⁰

Consequently, the state ought to reformulate its structures and welfare principles in order to focus them on the qualifications of the population, so as to achieve better integration into the entrepreneurial system,

ie to create the qualities for participating the labour markets, thus supplying businesses' needs.

Investment in education is of special importance, not as a mechanism for the solution of social problems, but as a basis for the new redistribution. In fact, according to the Third Way proposal, the state must set aside any condition of a social security network that benefits those in need, *ie* that of a wealth redistributor agent, in order to take into account the new principle, that of redistribution of possibilities. The level of social expenditure must be maintained, but according to these priorities. People should be focused on taking risks, understood as the risk of initiative, eliminating those tendencies branded as accommodating traditional welfare as well as its alleged moral risks, in order to be able to overcome transition stages, *ie* to be reinserted in the labour markets.

In the sphere of welfare, the role of both the tertiary sector and the private company must be increased, the latter through associations for public projects (and furthermore for the financial support of organisations from "civil society"), the state being a channel to welfare. This deals with the creation of

a positive welfare society, where the state is not only a generator and distributor, but also a co-manager, jointly with the other two sectors.

In practice, this means the privatisation of social security and assistance mechanisms.

The emphasis is not made on direct and simple protection, but on the stimulus of initiative and autonomy, *ie* on the capacity for self-help, on receiving advice rather than on the perception of tangible assets. Local initiative is regarded as a vital link in this mechanism. Meritocracy is accepted as part of this – indeed, a limited one, but a meritocracy all the same, which shapes the resulting society and is openly based on competition.

There is something interesting here: welfare, in order to be real, must be directed to the great majority of the population, not only to the poor, because that implies a differentiation. Thus, the best economically positioned sectors must also be recipients, which should contribute to avoiding the voluntary isolation of elites.

In general, according to this approach, the welfare state *is essentially non-democratic, depending indeed on a vertical distribution of liabilities.*²¹ Therefore, it must be replaced

by this "investment state", which is in charge of providing human assets to the market.

Based on what has been mentioned, it is obvious that European social democracy has experienced a deep transformation which has affected its own theoretical and ideological base. We are speaking about a change not only in its discourse, but also in the very principles that should rule the performance of this political force. It is a change that its political leaders and ideologists have not undertaken, but rather have tried to channel.

Giddens' work means the theoretical approach to an unavoidable reality, by a renowned scholar who is linked to the leading circles of Labourism: the gradual and unrestrained disappearance of classical social democracy. Basically, openly acknowledged or not, the policy of The Third Way has become the pattern that rules the operation of social democratic forces in the whole region, with more or less clarity.

Certainly, in spite of Giddens' unquestionable brilliance, his programme does not offer a real alternative to the marked neoliberal course that the economies and states of Western Europe have been



Investment in education is of special importance, not as a mechanism for the solution of social problems, but as a basis for the new redistribution.

adopting for at least two decades. Based on what has been pointed out above, we can observe the deeply neoliberal nature of the Third Way programme which, in fact, answers to a specific juncture when it takes on the predominance of the markets, even as a point of reference for the state and civil society, and the actual conceptions of both actors. According to its formulation, the terms in the state-market relationship are reversed, with a predominance of the second, which is openly subordinated to government mechanisms in function of its specific needs. The declared defence of social interests is just a protective varnish against possible reactions from those excluded from society.

It must be understood that this is the consequence of a much more complex process of transformation than merely

the neoliberalisation of social democracy. The shifting of social democracy towards approaches of a neoliberal profile constitutes a sample of the transformation that has taken place within the political structure, which relates to deep changes in other structures which we will speak about in future works. It is obviously a matter of the transition from an already finite juncture into a new one, related to new structural elements. If the political parties of a system want to continue existing, they have to change together with it and in the same way, otherwise, they are replaced by others that adapt themselves better to the existing definite circumstances. That is what has happened to European social democratic forces in the transition to the first post-industrial juncture.

*First published in *European Studies Journal* 77, pp 33-50 (Havana, 2007), and edited here for English and style. – Ed.

Notes

- 1 On this issue, it would be very interesting to see G D H Cole, *History of Socialist Thought*, Palgrave MacMillan, London, 2003, Vols 5 and 6.
- 2 We emphasise the partiality of redistribution; important as it is, it is in no way predetermined to eliminate social differences.
- 3 On the construction of the welfare state in Europe, it would be interesting to see: E Hobsbawm, *Age of Extremes: the Short Twentieth Century History 1914-1991*, Michael Joseph, London, 1994; P M Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, Unwin Hyman, London, 1988.
- 4 A Giddens, *The Third Way: The Renewal of Social Democracy*, Polity Press, Cambridge, 1998, p 7.
- 5 Hence the existence of the Socialist International as a concurrent space of social democracy at a world level.
- 6 Excerpt from P Anderson, *Neoliberalismo: un balance provisorio (Neoliberalism: A Provisional Balance)*, in A Borón, P Anderson et al, *La trama del neoliberalismo: mercado, crisis y exclusion social (The Plot of Neoliberalism: Market, Crisis and Social Exclusion)*, Social Sciences, Havana, 2003, p 17.

- 7 *Ibid*, p 18.
- 8 See M Friedman, R Friedman, *Free to Choose*, Avon Books, New York, 1981 and Borón, Anderson et al, *op cit*.
- 9 D Green, *Reinventing Civil Society*, Institute of Economics Affairs, London, 1993, p viii.
- 10 F de Trazegnies Granda, *El rol de la sociedad civil. (The Role of Civil Society)* in *Democracia y Sociedad Civil*, Fundación Friedrich Naumann, Bogotá 1994, p.80
- 11 C Offe (2003), *Civil Society and Social Order. Demarcating and Combining Market, State and Community*, in *Herausforderungen der Demokratie. Zur Integrations – und Leistungsfähigkeit politischer Institutionen*, Campus, Frankfurt/New York, 2003, pp 274-296 “ -Ed.
- 12 Giddens, *op cit*, p 24.
- 13 *Ibid*, p vii.
- 14 *Ibid*, pp 27-8.
- 15 *Ibid*, p 64 (emphasis from the original).
- 16 On the issues of challenges and principles see *ibid*, pp 27-68.
- 17 *Ibid*, pp 69-155.
- 18 *Ibid*, p 78.
- 19 *Ibid*, p 86.
- 20 *Ibid*, p 99.
- 21 *Ibid*, p 112.

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Trends in the British Economy and Employment



By Robert Griffiths

I want to outline ten brief but, I hope, thought-provoking reflections on the current economic situation and its implications.

First, we need to distinguish clearly between a banking and financial crisis, on the one hand, and a cyclical economic crisis on the other. They are distinct but, in today's case, interconnected. The British economy, in particular, managed to postpone a cyclical downturn by two or three years through a massive expansion of private, household and government debt. The first two elements were not sustainable over the long term, as real wages were – as always – held down in the drive to maximise profit. The “financialisation” of debt-based contracts and other derivatives led to the loss of confidence in the financial markets and the collapse of banks, mortgage, insurance and underwriting companies. This put paid to any further post-ponement of a cyclical downturn and, in fact, signalled the beginning of it.

Second, credit and commercial shocks to the system are nothing new. Like cyclical economic crises, they arise from the drive to maximise profit, the accumulation of capital and the need to invest it at a profit; but they are distinct from the normal cyclical crisis of over-accumulation and over-production. Marx and Engels wrote 150 years ago about shocks brought on by overseas investment fraud and by wild speculation in the railway industry. At the same time, as we see today, credit or currency shocks can intensify a cyclical crisis and limit the system's capacity to counteract it. The distinction is important not least because different measures are required to challenge different types of capitalist crisis in the interests of the working class and the people generally.

Third, we should expose the role of “fictitious capital”, funded ultimately through credit, in providing the basis for this latest banking and financial crisis. As Marx first explained, fictitious capital is embodied in the inflated value of stocks, shares, commodities and – today,

above all – financial derivatives (contracts and options to buy debt-, mortgage- and insurance-based policies, together with betting on the movement of various market indicators). As the result of monopoly pressure and speculation, it has grown at four times the rate of the real economy, of the real value of capital as reflected in the world's gross domestic product of goods and services. According to the Bank for International Settlements, the value of all the financial derivatives in the world market reached \$681 trillion in late 2007, while the world's annual GDP is \$61 trillion. This was always going to be unsustainable – how long can the value of all the chips being bet in a casino be ten times the value of all the goods and services they can buy in the whole outside world? Sooner or later, the value of the chips will collapse as everyone tries to cash them in.

Fourth, we should proclaim the absurdity of the notion that cyclical economic crises can be abolished without abolishing capitalism itself. From 1999 onwards, Gordon Brown repeatedly



claimed that he had put an end to “boom and bust” in Britain. He certainly has abolished the “boom”. But monopoly capital’s drive to maximise profit and market share, while holding down working class purchasing power, will always, periodically, end up in “bust” – producing more commodities than can be sold at a profit.

Since the end of the Second World War, we have seen such crises in Britain in 1956-58 (when the output of goods and services fell by 2.2 per cent), 1973-75 (when output fell by 3.9 per cent), 1980-81 (a fall of 6.1 per cent in total leading to 11.9 per cent unemployment) and 1990-92 (a 2.7 per cent drop which produced 10.7 per cent unemployment). Already in the first quarter of 2009, the British economy has shrunk by 4.9% compared with the same point in 2008. The official unemployment count – an underestimate ever since Tory governments fiddled the figures – has reached nearly 2.25 million, just over 7 per cent of the workforce.

Classical liberal economics could not

abolish these cyclical crises in the late 19th and early 20th centuries; nor could Keynesianism up to the 1970s despite massive post-war reconstruction and Cold War rearmament; and neither has neoliberalism in the 1990s and now in the present day. We have to re-emphasise the intrinsic character of capitalism as a system not only of exploitation and inequality, but one of insecurity, militarism, depletion of finite resources and the wasteful periodic destruction of enormous forces of production.

Fifth, we should investigate and uncover the extent to which capitalist “globalisation” – this relatively recent phase of imperialism – has contributed to the banking and financial crisis and to the cyclical economic crisis of capitalism. State power and monopoly power at the national and international levels have combined to enable real capital, credit and therefore fictitious capital to expand massively. At the same time, internationalisation of the world capitalist economy through the operations of transnational corporations

and interlinked 24-hour financial markets has led to greater synchronisation of national economies, to the point where it is increasingly unlikely that a major national economy or two can, alone, be in a stage of expansion, and therefore able to help pull the others out of a cyclical recession – until strong enough economies develop which are not reliant upon and fully integrated into the process of capitalist globalisation.

Sixth, the current crises underline the urgent need within the working class and communist movement to study and develop Marxist political economy. As capitalism has developed new forms, not least through “financialisation” and especially the growth of derivatives, the movement has neglected economic analysis and concentrated instead on matters of industrial and political tactics, or on issues and ideological questions outside the economic sphere. Yet people want the left to provide explanations for – and alternatives to – today’s capitalist crisis, which requires us to develop and



apply our Marxist understanding in new conditions, rather than dusting off old predictions and old slogans and then presenting them as though they are new.

Seventh, we must prepare ourselves and the working class and progressive movements for the likelihood that imperialism will attempt to reorientate itself strategically. Already we see moves away from neoliberalism, with the US, British and other governments using measures of public borrowing, public expenditure and capitalist nationalisation to try to stabilise the banking and financial system and counteract economic recession. There is talk of tighter national and international regulation of the financial system. There is growing recognition of the need to combat global warming and climate change, although so far imperialism's efforts have consisted largely of empty declarations while demanding that developing countries forego development. Carbon emission trading schemes give the world's major polluters the right to pollute, on the basis that they can afford it. We shall see whether or to what extent US imperialism adopts a more flexible, multilateral and less aggressive stance in economic, political and military affairs. In any event, we have to remain vigilant, to make an objective analysis of developments, and to step up mass and popular pressure for anti-monopoly and anti-imperialist policies.

Eighth, as recession deepens, we should not develop fresh illusions about Keynesianism or state-monopoly capitalist measures of nationalisation or market regulation. Instead, we should seek to go beyond such measures. So, for example, while increased government spending can maintain economic demand, we should demand that it be funded from progressive taxation on the rich and big business. Proposals for nationalisation of failing enterprises should include a change of direction for such enterprises, towards broader social and environmental objectives, and so on. The working class and communist movement needs to step up its efforts to mobilise broad masses of the people around an anti-monopoly programme which can make inroads into the wealth and power of the capitalist class.

Ninth, although the crisis is international, we should not underestimate the significance of the peculiarities of the British economy.

These present us with particular problems requiring particular responses. Both the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) are forecasting bigger falls in economic activity in Britain than in other advanced capitalist economies in the course of 2009. Neither body has explicitly identified why we are especially doomed to a longer and deeper depression, although the OECD acknowledges the decline of house prices and its impact on consumer spending as a major factor.

But some of the underlying structural weaknesses of the British economy are displayed for all to see in the reports issued by such bodies and the United Nations Council for Trade and Development (UNCTAD).

For example, manufacturing in Britain now accounts for just 13 per cent of the value (defined in capitalist terms)

created in the national economy – down from 21 per cent in 1996, the year before New Labour came to office. The share of services has risen from 68 to 76 per cent. Only France and the US are as reliant on services as Britain, while the share of manufacturing in Germany, Italy, Japan and Sweden, for example, ranges from 18 to 23 per cent.

Research and development (R&D) on science and technology accounts for just 1.78 per cent of economic activity (gross domestic product, GDP) in Britain, two-thirds of the level in the G7 advanced capitalist economies. Government and higher education have to carry out 55 per cent of this, while industry undertakes 45 per cent. In the G7 as a whole, industry conducts two-thirds of all R&D.

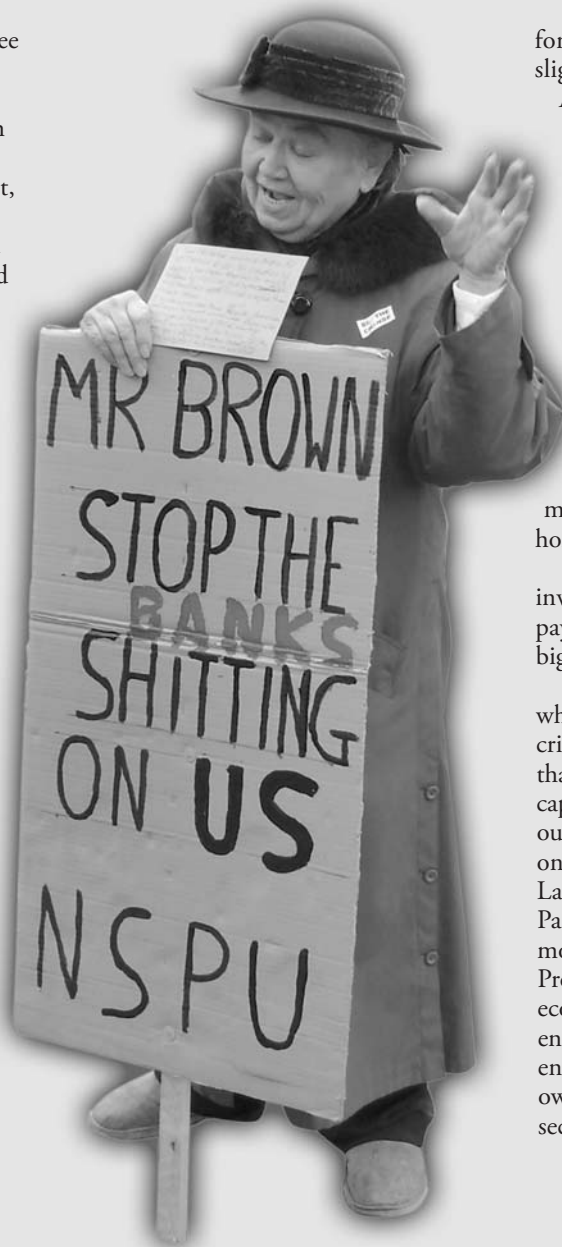
Of British government spending on science and technology R&D, 28 per cent is in the military field – four to five times the proportion in Germany, Australia and Japan; 14 to 15 times that in the Netherlands and Italy.

Taxes on corporate income account for 9 % of tax revenues in Britain, slightly above the EU average but below Australia (19%), New Zealand (17%), Japan (16%) and even the US (11%).

British transnational corporations export capital on a prolific scale, leaving Britain twice as dependent on inward investment as other EU states, and four times more dependent than the US. As at 2007, the British capitalist class owned business assets around the world valued at \$1,709 billion, excluding financial portfolios. Only the US monopoly capitalists have more direct investments outside their home country.

Income from these foreign investments prevents Britain's balance of payments deficit from being three times bigger than it already is.

Tenth, these are the main factors which help explain why the economic crisis in Britain is likely to be deeper than in most if not all other developed capitalist countries. Whether it turns out to be longer depends at least in part on the measures adopted by this New Labour government. The Communist Party calls for the left and the labour movement to fight for a Left-Wing Programme of policies to boost economic demand, invest in sustainable energy and productive industry, enhance public services and take ownership and control over key sectors of the economy.





Organising the Unorganised

Going Back to Basics



By Rhys McCarthy



I WORKED WITHIN the organising department of the TGWU section of Unite for about three or four years and was involved from the beginning in organising the cleaners in Canary Wharf and then at the Houses of Parliament where the cleaners took part in the first strike ever held there. It was good fun helping the cleaners organise themselves and having the confidence to organise a strike and win their demand for a living wage.

I want to outline some of the strategies and thinking behind union organising and also move it back into the more traditional side of trade unionism. The strategies and techniques which we and other unions are using are



shifting away from servicing individuals and into organising collectively. I truly believe that organising is a socialist and left-wing strategy, while the servicing culture is a right-wing strategy. Organising is about going back to basics, to what trade unions used to do and what the Communist Party used to do. What was successful then was effective communication with the members about their problems and issues, building around that and following through with collective action.

It is obvious that generally trade unions have lost that ability for quite a while.

In response to Thatcherism and neoliberalism, the unions started to mirror the shift in wider society and began pandering to the individual, “Got a problem? Join the union”, and providing services with statements like “Join our union, you’ll get cheaper RAC” and “We give you free wills.” This moved away from the collective to the individual and it has been a disaster. What members want is about standing up to the boss or the manager and defending and improving their terms and conditions. This is what maintains and grows membership. We are still picking up

the problem of individualism today so we need to get our act together and completely turn this around. It has been a slow process but there is change now, especially within my own union.

Five years ago, when you talked about organising, there was negativity from some full-time officials. I believe they had got used to a culture of servicing and spending too much time running around responding to phone calls from individuals and representing them at disciplinary and grievance hearings – basically acting as well paid roving super shop stewards.

secretary, Tony Woodley, who wrote in his election manifesto about fighting back and organising, has put this into practice with a bold programme for 100 organisers. I was part of that process and when I look back the outcome has been very positive.

Two of us organisers were put into that bastion of capitalism, Canary Wharf. We went through a programme of surveying the different sites and companies. Some years previously there had been in-house cleaners, but by this time it was all done by third-party cleaning companies, big multinationals like ISS and Mitie. We started by finding out where the cleaners entered the workplace – they certainly

didn’t go through the front door.

Then we put out contact cards, started talking to



Now I am a full-time officer and I could spend my days driving around in my nice comfortable Vauxhall Astra, representing individuals – but that is really just managing decline and does not grow trade unionism. We need to get back to the fundamental organising of workers. I am pleased that the Unite joint general

people to identify those who were leaders – basically people who wanted to stand up, were not afraid and wanted to make changes in their workplaces. Then we began to put together a database of workers, mapping the workplace, finding out who was on what section and what shift, and getting our identified activists to do the work, so that they took ownership of it.

From the activists we found out what the issues were. Clearly, if you are on the minimum wage, then pay is likely to be the major issue

but we also found that bullying was rife and, shockingly, that workers could be quite legally fired on a whim. There was and still is a culture in the contract cleaning industry that a cleaner could be removed from the site simply if the client requested it – for example, if some merchant banker, sitting at his table on a Monday morning, didn't like how a cleaner walked past him. Maybe the cleaner didn't smile at him, or maybe had the temerity to look him in the eye. Unless discrimination could be proved – always difficult – then all the cleaning company had to do was to try to find work for that employee elsewhere within their business. If they can't do that then they can legally dismiss the cleaner.

We soon began to target issues like that, and then we had a case of cleaners being removed, not for “looking the wrong way”, but for touching rubbish from lost property – rubbish which was about to be thrown away from the basement of the building. For this the client, HSBC, requested that five of our members be removed from the workplace. In response we published newsletters, targeting the then CEO of HSBC, Sir John Bond, saying that we would go to the press with the slogan, “Cleaners sacked for touching rubbish”. To cut a long story short, we also said, “There will be a demonstration of the cleaners outside your offices unless you reinstate them. We want them to be treated exactly the same as your directly employed workers.” We had a meeting with a senior HR officer in the company, as a result of which they opted for an investigation – whose outcome was that only one of the five would be removed. Not only did we save the jobs of the other four, but also we made sure that the one who was removed ended up on a contract with the same pay and conditions. Small wins like this gave the



workers confidence to get involved and stand together.

All this is about being creative, understanding where these companies' strengths and weaknesses are. We applied leverage on big household-name banks, and used their wealth and status to embarrass them. So, for example, when the banks were putting on big cultural events in the middle of Canary Wharf, subsidised opera with champagne and canapés flowing freely, then we would go along with the cleaners and hand out leaflets about poverty pay and the cleaners' demands for a living wage.

Building links with local community groups like churches has also proved effective. Our members are black African and Latin American, and are involved in either the local evangelical churches or the Catholic church, so we worked with an organisation called London Citizens which was very useful. Particularly at the

beginning, they opened doors and got access to those banks who didn't want to talk to unions but felt the need to talk to London Citizens, because it was a faith-based and community organisation.

On one occasion we had put in a pay claim to Morgan Stanley over the London Living Wage, which at the time was £6.70 per hour. The claim would have cost only £300,000, but Morgan Stanley said that they weren't going to agree to it as our members weren't *their* cleaners, they were employed by a third party. This of course is a deliberate capitalist strategy, using third parties, outsourcing and privatisation to weaken workers and trade unions. So we put it back to Morgan Stanley: “They *are* your cleaners, they clean your building, whether it's done through a third party or not. Even if the cleaning contractor changes, the cleaners still work at your building and you have a responsibility towards them.”

The bank used the same old script that they were not their cleaners but we decided to re-write the script: “They are your cleaners, you have responsibility towards them, you hold the purse strings and the bill is £300,000.”

While this pay dispute was going on, I myself and a colleague visited our members at Morgan Stanley's plush offices. When there, we noticed a big poster about a season of plays at the Old Vic theatre which was being sponsored by the company. It turned out that this sponsorship was to the tune of half a million pounds a year, basically corporate social welfare for the middle classes. So Morgan Stanley were happy to subsidise the theatre tickets for the middle classes, but not their cleaners' pay claim, which would have cost them only £300,000. Working with London Citizens, we had the cleaners picketing the Old Vic over two weeks, with loud hailers



and leafleting. Finally, it got to the extent where Morgan Stanley called the TGWU and said “Pull your dogs off from outside the theatre, we will meet with you.” Senior officials met with the contract cleaner and Morgan Stanley and they settled and paid up.

This kind of organising has developed into a strategy which the union has taken up and developed into a wider sectoral approach, targeting other companies within the same industry – such as moving from Canary Wharf to cleaners throughout the City of London – but also other industries such as meat processing, logistics and aviation. This is because it is ultimately ineffective to target just one company in a wider sector, particularly if increased labour costs lead to

undercutting by their non-unionised competitors. Organising companies along a sectoral basis can stop a “race to the bottom” in terms of pay and conditions; and, by organising and gaining new recognition agreements, my union has had the strength to implement industry-wide minimum standard agreements.

In aviation, BA and the BAA have high levels of membership: workers have good pay and conditions because the union has been well organised and its shop stewards are doing the business. However, they are not immune to threats, such as outsourcing and low-cost airlines potentially undercutting them and taking new business. So within aviation we have targeted the security

industry and low-cost airlines, although ultimately we need to target and organise Ryanair as well.

Organising is a continuous cycle in which the union identifies the issues, and decides which are widely felt and deeply felt. You may have to go for an easy issue at first: you could be starting from a low level where a lot of people are scared and have never dealt with trade unions before; they may be young and have lived 30 years of Thatcherism and New Labourism; or they may be migrants – like cleaners from Colombia, where belonging to a trade union can amount to signing your own death warrant. As I said before, issues must be widely felt and deeply felt; and once the issue is identified you organise around it – sending

out newsletters, signing up collective petitions and educating and agitating members around their issues, which will then lead into their taking collective action.

It is the members who have to take the action, not the “outside” union. On the sites I deal with I still sometimes get the question, “What’s the union going to do about it?” Many members think that, by paying £2+ a week to the union, they hand over all responsibility to it and that this man or woman who is the full-time official is somehow some superman or superwoman who is going to solve all the problems with their wise words. Now I do like to think that I can dispense wise and sometimes angry words – but if I haven’t got members backing me up

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and prepared to take collective action then I am not going to be able to put a lot of pressure on the company.

I have talked a lot about “organising the unorganised”, but many of our union-recognised workplaces are in reality disorganised and unorganised. “Organising the unorganised” in my opinion is not just about new greenfield sites or migrant workers. Too many of our recognised workplaces have membership below 50%, with passive and inactive members; where shop stewards service the members but don’t collectively involve any of them in the process; where the shop steward just turns up to pay negotiations but hasn’t asked the members what they want in the claim. How many readers of this article – shop stewards or otherwise active in the trade union, in recognised workplaces – do a pay claim survey, go and ask the members what they want, let them have ownership of it and then base the pay claim on that? I hope you all do but I take a guess and say many do not.

It is not just shop stewards not doing it properly. A few years ago, to my horror, I came across a full-time official who submitted a one-line pay claim to a company: “A substantial pay increase” was the demand. It must have taken him a long time to come up with that one short

statement and it was quite obvious he hadn’t asked anyone, let alone the shop stewards about the pay claim. I’m surmising what happened at the subsequent meeting with management but I imagine it went something like this:

Full-time officer: “We’d like a substantial pay increase.”
 Company manager: “No!”
 Full-time officer: “Oh, OK, then.”

How many readers have mapped the workplace to know where members and non-members are? How many have organised a collective grievance around a workplace issue? Do we put out regular newsletters that involve our members and challenge the employer? If we are going to be effective we all have a part to play – be it members, shop stewards and full-time officials – in getting organised, being proactive and being prepared to take collective action.

It is not always easy and we are not always successful but we must try and fight. I have recently had a couple of different workplaces where redundancies have been declared. One of them is DHL Argos, which is making approximately £320m profit a year. Its CEO was on Sky News saying, “Someone has to take a stand about the fear of job insecurity, because it’s affecting consumer spending”, but on that very same day Argos announced over 300 redundancies – 95 of them at

one of my DHL sites. Obviously the “stand” applied to everyone else and not to Argos. They were making cuts to maintain profits for their shareholders in the City. For me, it is clear that the City and the greedy bankers have created this current economic situation but once again ordinary workers are paying the price. Unfortunately, for some of our members the penny has not yet dropped.

The statutory notice period of 30 days was under way and the clock was ticking. I met with my shop stewards and my first question was, “What are your members going to do about it?” The response was, “Nothing much, as they are scared”. At first there was amongst some a feeling of defeatism and that all they had to do was make sure that the company followed a proper consultation process. However, we decided to work out a strategy to take on the company: putting together newsletters actively criticising Argos and DHL; talking about taking some sort of collective action including a strike if necessary; signing a collective grievance; talking about going to the press and demonstrating outside Argos headquarters; approaching the local Labour MP to ask for his support. All of this was about putting pressure on the company.

Unfortunately in this instance our success was limited: we did put in a collective grievance, we did

get press publicity and involve our local Labour MP, but we were not successful in moving our members to a more militant stance or in drastically changing the company’s decision – and in the end some 65 people were made redundant. However, tough lessons were learned and it was important that the shop stewards were being seen to be proactive and organised in trying to garner support and action from their members. They certainly cannot be accused of standing by and doing nothing. If you are at point A and your membership is quite passive, it may be too much to expect to move straight from A to Z and say, walk out on strike, but we need to be prepared to assist them in that journey and take them step by step. We were and are educating, agitating and communicating with our members and we were putting the issue back to them, “What are you going to do? We can help and support you.”

We have to organise and not solely service even in our so-called recognised workplaces, because in this current economic crisis things are going to get worse, not better. This way we can start to make a difference for when the company comes to attack or make cuts next time. If we organise and fight, we may not always win; but if we don’t organise and fight we will surely lose.





Organising the Unorganised

The Unemployed and Those in Precarious Employment



By Joanne Stevenson

UNEMPLOYMENT AMONGST young people in particular is skyrocketing. With the credit crunch and economic crisis now hitting, leading to cuts in both secure and insecure employment, the reliance on precarious, marginal, peripheral, insecure or unstable work within the British economy means that the effect on working people will be disastrous.

The official figures for April 2009 show registered Jobseekers' Allowance (JSA) claimants – not the same as unemployment – at 1.5 million, the highest since 1997. Most predictions are that real unemployment will pass 3.25 million by the end of 2010.

Unsurprisingly, the majority of those who were in precarious work – women, youth, ethnic minorities – are the same groups that are now flooding to the JSA. Furthermore, the Commission for Employment and Skills predicts that after the recession men will take both the majority of newly created jobs and the largest share of jobs in previously female-dominated industries.

We must not view this development with the eyes of the past. It is important to understand the context of mass struggles around unemployment in the 1930s and 80s but we must also fully understand that the nature of work and employment has changed dramatically over the last two decades.

It is estimated that almost half of the unemployed workers are and will be under the age of 25. Employers are apparently looking for experience; but

if you are under 25, how can you have experience, given that everything on offer has been precarious work, dead-end jobs? How much worse is joblessness compared to part-time, temporary, contracts, so-called flexible, insecure employment? Few young people who have one of these jobs think they are better off on the dole but what choice do they have? That is why the Young Communist League has put forward the slogan “No more McJobs! Give us decent work now!”

It is not going to be easy to reach out to millions. Most trade unionists, perhaps as many as five out of six, have full-time and permanent jobs. The proportion of unionised full-time workers is 50% higher than the proportion of part-time workers, but temporary and agency workers show the lowest level of organisation. Maybe this has something to do with the fact that they have little power, and that the movement is structured only to concentrate on trade unions' own members and not to fight for “precarious” workers. In fact, often there is a generally condescending attitude that all precarious workers are migrant workers who do not know any better, or are prejudiced against us, because employers use precarious workers to undercut wages and conditions in unionised workplaces.

Union density drops to about half that of older workers amongst those under 20. It is not that young people are resistant to unions: indeed, wherever a

union is prepared to fight, the activists are drawn from those under the age of 40. The problem is that a whole generation has hardly any hope that they too can have a union – and the responsibility for this must lie with the unions themselves rather than with the unorganised workers. This is especially prevalent in the private sector where union density is way below that in the public sector.

It is not just a problem in smaller workplaces but larger ones as well. Think of the massive warehouses that are now being developed all over the country. Where are the unions? They are going to have to scratch and understand the world of work as it is today, how the economy is structured and how bosses look for weak links in workers' situation. Capitalism has its weak links too, and it is long past time that workers and trade unions looked for them.

We need to know where our power is and use it to our advantage – for example, the way all major retail outlets depend on a tight supply chain to bring in their goods. Few firms operate on large-scale local warehousing. How often have you been to a big store in a retail park and been told they haven't got something you want but that it is in stock at some branch 10 miles away? Almost everything that is on sale has to be transported somewhere. Almost all commodities for sale are brought to these islands from abroad. They pour into a handful of ports in massive containers and then are

cascaded by road, rail, occasionally by water and too often by air.

Take Merry Hill Shopping Centre in the West Midlands, for example. This entire site was once one of Europe's largest steel works, Round Oak. At its height it employed many more workers than the number that work there now but there are still some 9000 workers in a complex of more than 300 shops and leisure facilities. Many of the stores were sucked out of the surrounding towns and cities leading to further decay of the area. This site is a virtual fortress of capitalism, physically separated – except by private road access – from nearby places such as Dudley, which have practically lost their town centres. Despite a long history of trade unionism in the Black Country, how many in Merry Hill are organised? Hardly any.

How do the goods get there? Competition between unions such as USDAW and Unite is fierce yet nothing has been done to consider organising this group of workers. The economic power retail and transport workers would have, if they combined, is tremendous but fragmentation, union rivalry and an inability to reach out to the mass of particularly young people and women seems to stand in the way of realising this.

It is not just a question of solidarity. A union that can demonstrate its commitment and power to young people, by action across the board on peripheral work going beyond lobbying government for aid or legalisation, could earn tremendous kudos amongst the non-unionised and precarious workforce.

Despite the growing experience around the world, and some limited success even here in Britain, there are still trade unionists that claim that organising precarious workers, such as in call centres, is virtually impossible to achieve. That was said about women workers in consumer goods manufacturing before World War 2. I daresay it was said about the teenage girls working in Bryant & May in the 1880s. It may seem difficult to accept, but Austin car workers were precarious workers when they carried on working during the 1926 General Strike. However, three years later the Great Depression began and although they were still unorganised some 800,000 workers went on strike. It took several more years for them to become the tightly organised workforce that history remembers now.

Yes, there isn't an easy way to recruit and organise precarious workers. At first sight it may seem that the ever-rising job

losses will make the task next to impossible; but if we don't accept the challenge then we will be giving up an entire generation to virtual slavery. So what is to be done?

The first task is to recognise that the notion of unions only existing to protect their current membership is flawed. Unions need to reach out to the mass of young people around the slogan "Decent work for all now!" If they grasp this chance to speak to millions of young people *in a language they can understand* then the possibility for mobilising them is unstoppable.

Secondly, the slow-to-move British working class needs to learn lessons from around the world: the unorganised can be organised, be they unemployed this week or agency workers the next. Italian unions have set up specific unions for self-employed and agency workers and are about to organise unemployed workers as well. Tens of thousands have joined. 90% of agency workers are covered by national collective agreements. Company-level agreements cover self-employed workers. In call centres negotiations are conducted jointly by representatives of both atypical and stable workers. Some 20,000 precarious workers, especially in call centres, have been brought into decent work.



Only a couple of years ago French youth rejected the "first employment contracts" introduced by the government, which would have made it easier to sack workers under the age of 26. France was gripped by huge demonstrations and solidarity strikes that stopped the project. A few months later a lengthy general strike in Denmark stopped welfare cuts that would have discriminated against young people. The same year Latin American immigrants mobilised in all major American cities to stop punitive legislation aimed at their residential rights. And of course around a million French workers once again moved into action by holding a one day national strike to protest against the government's economic, welfare and fiscal measures aimed directly at targeting households.

It is in the interests of capitalism to demoralise and distract workers, weakening any sense of collectivism. Those who cannot see a way out of the situation, who feel powerless, are more likely simply to accept their lot than those who are emboldened by a sense of limited power. It is in the interests of organised labour to avoid the dangers of sectional thinking that makes unions and their leaders think that pay settlements are the beginning and end of their role. Unions cannot organise single workplaces any more, or even a string of single workplaces owned by one employer; they have to think in terms of entire industries and how these interconnect with the communities they seek to serve. If they don't, then workers will do it for them, as the construction workers at Lindsey did. Protests at Total's decision to award a £200m construction contract to an Italian firm using Portuguese and Italian labour borrowed Brown's obscene use of the slogan "British jobs for British workers." But it raised the question of the low costs of imported labour at a time when unemployment is rocketing.

The way to organise the unorganised is not to pass weak-ass legislation that deals only with the situation facing a minority of workers that most employers will ignore anyway. Rather it is to show workers that *they* have the power to stop the slavery – not by walking away from the job but by standing up in solidarity against the injustice. Trade unionists – our brothers, our sisters, our mothers, our fathers, our cousins – have the power to stop the employers, to stop the country, to cost capitalism millions and to make the capitalists treat us like human beings. This approach needs to start here and now.



Organising the Unorganised

STAYING VISIBLE



By Harsev Bains

IT IS A MYTH that the recession is global. I returned recently from India where they are projecting a 6% growth in the economy despite the global downturn. The saving grace for India and its economy today is that India did many years ago what Britain is loosely trying to do today but is not doing quite right – nationalisation of the banks.

In fact the banks in India remain nationalised despite the efforts by the United Progressive Alliance (UPA) government to reverse that. It is also the fact that pensions and the insurance sector have stayed under state control – again, despite the efforts of the UPA government, which the left at first supported from outside. One of the things the left was very positive about was that there was no way that the UPA government would be allowed to move away from the common minimum programme it had

agreed, and privatise this critical sector.

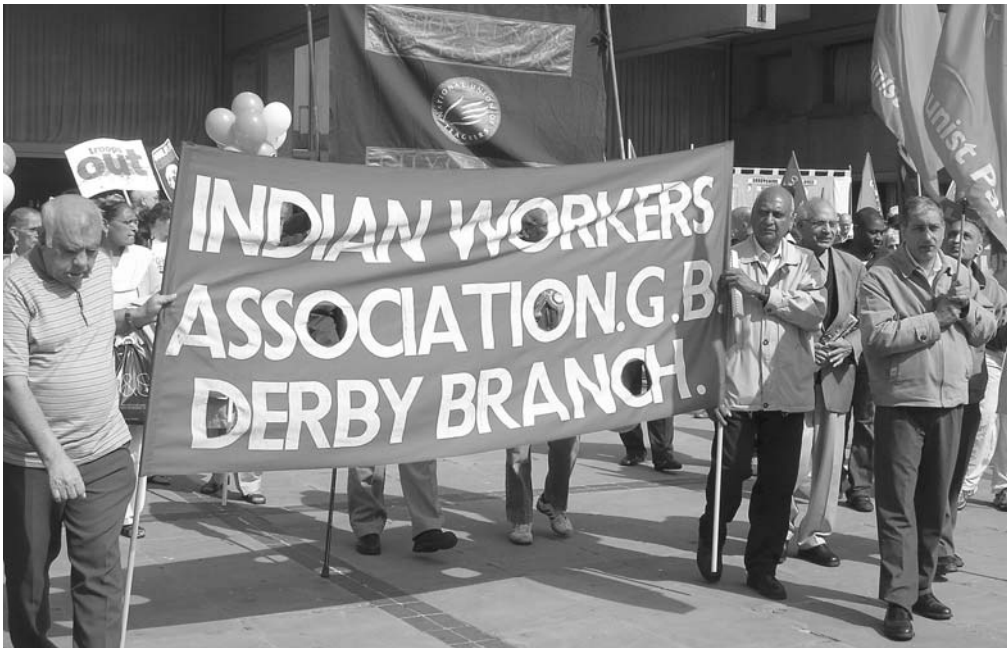
Academics, the media and the intelligentsia have all picked this up, and it has been recognised throughout the country that, had it not been for the left, then India too would have suffered in the recession – because it was heavily reliant on foreign companies setting up their call centres, which is the area where unemployment is now beginning to impact. There is currently a state sponsored worldwide media advertising campaign entitled “Incredible India” that generally projects India as shining and incredible. But the reality of people’s lives is very different. The only incredible thing about India is that the majority of people are still living below the poverty line, that we have malnourished children and unemployment and that the youth are seeking redress overseas. That is the reality of India’s economic

conditions, but they could have been worse had it not been for the influence of the left.

Coming back home, what are the impacts of the recession on migrants in Britain? This is a crucial time for us, for the migrant communities living overseas, because it is really a question of survival. Britain is going through a deep recession – or as Brown admitted (albeit as a slip of the tongue) a depression – and if it gets worse, then the migrant communities could face attacks. We have already witnessed that with the cyclic recession and “race riots” in the 1980s and the targeting in the speeches of people like Enoch Powell in the 1960s. We have gone through all of this, and we don’t want to go through it again. We believe that the only way forward is for migrant organisations like the Indian Workers’ Association (IWA) to work

with the trade unions and with working class parties like the CPB, to try and uplift ourselves and to make sure that together we can face the onslaught as a class rather than be segregated into different sections.

So for us “organising the unorganised” could not be more crucial. We had an IWA conference in January, where we put this issue, because for us it is not just a question of retaining the present membership but of trying to recruit others. So what are the issues that we looked at? The first was: what about our image? The IWA still calls itself *Indian Workers*, though it has been in existence in this country for 70 years now. Why are we not retaining and recruiting more members? Why are we not attractive enough to the young people in this country? These are questions that we put to our conference and we identified certain things.



One point is to move forward by rebranding ourselves, recognising the fact that we are *British Indians*. If America can have an African American as president then we should also recognise that we and our future generations are *British Indians*. So we are rebranding ourselves as the British Indian Workers Association, to make the IWA relevant to young people. The message goes out very clearly because we want to communicate – internally within our organisation but also externally. What are we selling to people, what are we actually saying to them?

We have to ask ourselves why people should want to join us. If we can convince ourselves then perhaps we can convince others. There is no point in just coming out at election times: we have to make the organisation relevant, we have to stay visible, stay amongst the communities – because that is where the unorganised are. They are not within our conferences, within our seminars, within our public rallies – they are outside and not coming to us, so we need to go to them. And once we have taken on an issue we need to remain accountable to people and always accessible.

There are other things as

well. Because a number of people in Britain see themselves as South Asians, we have posed another question: why should we leave behind sections of the Bangladeshis, the Pakistanis, the Sri Lankans who are here in large numbers – as indeed are migrants from Latin America and elsewhere? British Indians themselves cannot do everything, and we need to involve others too. For that we have set up a British Asian People's Forum, and we also discussed the idea – from the World Federation of Trade Unions – of setting up a South Asian Trade Union Forum in this country, engaging and involving all those non-unionised people who haven't been approached by any union so far, whether they are working as cleaners, as caterers in small restaurants *etc.*, or working in private nursing homes. There are literally hundreds of these nursing homes up and down the country, and people have come from South India and Sri Lanka in very large numbers to work in them. It may be illegal to employ people below the minimum wage, but there are ways and means, and some of these people are not getting the minimum. We need to engage with them, to involve them as our members, to organise

them: we can start demanding the minimum wage if they are brought into some sort of unionised environment.

So these are real issues for us, this is something that we are trying to do in order to organise people. A South Asian People's Forum has already been set up in Bradford – and by the Muslim community. You know, Muslims have got a tarnished image – they are presented as extremists, without a clue about progressive ideas. Well, the people up in Bradford who have organised the South Asian People's Forum are now working with us and saying they would like to put together a South Asian Trade Union Forum. The Centre of India Trade Unions (CITU) has agreed to support us in this. The CITU president came and discussed it with Brendan Barbour and the TUC, and it has been agreed – at least in principle – that it would be linked to the TUC, because we are not suggesting a break-away in any shape or form. We are saying that we want to supplement what the trade unions are doing, so we feed into them, we supply them with their members: here is a trade unionists' organisation, it is a forum, send in members and say, now get involved in the T&G,

Unite, the GMB, wherever they are.

The other thing that we are recommending, to all our members, and to those that they are recruiting, is that they not only join trade unions but that they get involved in trades councils. Twenty years ago trades councils were very relevant to community life. They may still remain relevant to trade unions but I am not 100% convinced that the trades councils of today are relevant to community life, that they are picking up on community issues. How often is a trade union actually intervening in community life and on issues actually affecting people's lives? These are issues that we can only take up if we get involved. As Rhys McCarthy remarks elsewhere in this issue of *Communist Review*, there is no point in paying £2 a month and expecting the union to do everything. We are the trade unions, we are the trades councils and if we get involved I certainly think that we can make a difference.

It is a very simple idea. Initially you organise, then you educate, then you agitate, then you come back to organise again. That way you build your organisation. I really think that Asian workers have shown in the past their capacity to organise and certainly to lead the way – whether it was Grunwick, Pall Mall, the cleaners at Hillingdon Hospital, or the recent Gate Gourmet dispute. Generally it has come from women workers, the most vulnerable, the most precarious workers because they have nothing to lose but their chains. They are willing to stand up and be counted.

We are today making a commitment that wherever an IWA exists, they should be contacted and drawn into involvement, because we need all progressive elements to be working and pressing the right buttons together. I am sure that can happen.

Unity in the Community

Engaging where Trade Unionism is Needed



By Anita Wright

I HAVE BEEN a devotee of the trades council movement for over thirty years. When I was a trainee teacher I joined the NUT and was delegated to Battersea and Wandsworth Trades Council. This was the first time that I came across the trade union movement with all the different ranges of people working in the community. It connected several elements of what I saw as important: my job, my commitment to my profession, my union, and my local community. That is what is unique about trades councils: they have a very powerful way of knitting together the different aspects of people's lives.

Unions are very different in the ways that members can engage, but a trades council gives you an opportunity to see a much broader experience of what trade unionism actually means. For me Battersea & Wandsworth was a real education because, apart from getting that perspective, I also met up with good comrades who actually were leaders within their own unions and communities – in the tenants' movement, in Battersea power station, in many different walks of life.

At that time Battersea & Wandsworth had no full-time workers, no Workers' Beer Company, though it was still a thriving and strong trades council. It was in its very early stages of building up affiliations and participation in meetings, but it had an organisation

that was able to do a great deal. It was committed to trying to increase trade union membership, so it engaged in a lot of activities simply to recruit workers to a trade union. For example, we leafleted when Asda opened a new supermarket in Clapham Junction, and when refuse collection was compulsorily tendered out to a private contractor, – many of the workers then were not trade union organised. So we would engage: just a small group of people, at different points across the area, where trade unionism was needed, to help and support new sectors of workers.

Battersea & Wandsworth also had a very strong commitment to anti-racism, helping to establish Wandsworth Against Racism as a strong non-sectarian anti-fascist, anti-racist movement. This united a whole range of people, gaining respect for its local campaigning work while remaining semi-detached from some of the sectarian arguments that occurred on the national stage around anti-racism and anti-fascism at that time.

Most importantly, the trades council campaigned to defend local services. At this particular time, Wandsworth became a Tory borough, linked to the very aggressive Thatcher Tory government, and a lot of the national policies were played out within that local authority. The council went well beyond compulsory competitive tendering in

trying to develop the privatisation programme. It was trying to sell off council housing and whole estates, decanting large groups of tenants into very low-class housing, refurbishing the original estates and then selling them to private developers as private rented accommodation. There were occupations which were supported and led by the trades council; there was unity with UCATT, who represented members of the disbanded central workforce; there was great unity amongst various forces in the community which really inspired me and many other people who began to see the power of a local community and the trade union movement working together.

One of the incredible strengths of trades councils is their potential freedom. They have a structural relationship with the TUC but they can do things that individual unions, correctly or incorrectly, are quite limited on – particularly campaigning in the international field. My union, for example, took a long time before being able constitutionally to affiliate to organisations like Cuba Solidarity, whereas the trades council had been involved in many international movements for a long time.

Of course, the TUC does have key objectives for trades councils and they are pretty much what I have mentioned: raising public awareness of trade



unionism and rights at work; promoting and organising recruitment for the trade union movement; and supporting union and community campaigns. The phrase they use is “For dignity and respect in the workplace and beyond”, so it is a pretty wide remit. Basically what they’re saying is, “Get on and organise”. At the SERTUC conference there were fantastic examples of trades councils who were dealing with things culturally, politically and in local campaigns that brought people together to raise morale about what is possible.

Of course it means a lot of work. Many of us are working full time, or are in a position where money is a limited resource within our local communities. But in the current economic climate trades councils are really vital because of the way in which the media attempts to dissipate energies and split people off from each other. It is a deliberate tactic, to prevent communities coming together and saying, “Enough is enough” around issues such as public services. There is almost an attempt to impose the line of “Well, we are on this road to complete privatisation of all our local resources so we just have to deal with it.” However, we can begin to combat this if a community can come together with the strength of the trade union movement behind it.

Having moved jobs, I am now in Lambeth trades council, which like

Wandsworth was a vibrant organisation in the late 70s and 80s, with big anti-cuts movements. We need to hang on to the history of these campaigns because we have a lot of organisational capacity in our communities today. In Lambeth we are engaged in campaigns against privatisation and in defence of social services. In conjunction with Defend Council Housing we have done a lot of leafleting against the Arms-Length Management Organisation (ALMO). We have also done some work with BECTU over the minimum wage not being paid in our local cinema. The biggest issue for us was the national Remploy campaign, as Brixton had one of the largest factories, subsequently closed. Some of our delegates are still from the unions that were organising at the Remploy factory.

The other thing that that we have done is to stretch beyond what we thought we could. Banner Theatre were very keen to work with us, to put on a production in Lambeth around migrant workers and their exploitation, both in the workplace and back in the home countries. Although we had very little money, we booked the Purcell Rooms on the South Bank and managed to get 250-300 people there, simply by publicising it and asking the GMB and Unison branches for support to make it happen. Financially, it broke even, but more importantly it brought a

lot of people to an event that was both culturally vibrant and politically very useful, enabling us to move on into other areas around vulnerable workers in our community.

On a day-to-day level we are just a small group of people holding things together but we now have a reputation in the local community that we make things happen – so much so that the newly-adopted Labour candidate for Streatham wants to talk to us, and the trade union liaison officers within the local constituency parties are attending the trades council meetings. They see it as a mechanism for doing things which they can’t do within the Labour Party. The trades council is suddenly becoming a forum for discussion, bringing us into closer links with the local LP, and offering some potential to move it away from its current political position.

We take on some issues, and have affiliated to some organisations, which have given us a vibrant debate at times. When the Human Embryology and Fertilisation Bill was going through Parliament we had a lot of local campaigning within the community; we have just affiliated to the *Charter for Women*. The trades council sees itself as having fingers in many different pies but also pulling things together so that there is a potential for greater work and drawing in more people.

Unity in the Community

Embracing Political Trade Unionism



By Tom Morrison

IN SCOTLAND, trades union councils are allowed to play a far bigger role than down South, so I want to talk about how they fit into the broader movement. I also want to discuss the issue of “regeneration” and how trades councils have been involved in campaigning on that.

Given the depth of the current economic crisis, trade unions need to adopt a broad leadership role within society, building campaigning links with communities. To do that, they will have to move beyond the defensive economic agenda and embrace politics. Within that context, trades union councils are absolutely key, since their traditional role has been to represent trade unions and support workers within their area, to build solidarity and indeed just to get workers to join trade unions.

My own trades council, Clydebank, is a very small group of activists although there is now increased interest in sending delegates. Like all other STUC affiliates, we get the option of putting three motions to the STUC annual conference. Trades councils’

voting potential is small but they do generate the more radical and political motions. I have been a delegate to the STUC for the last 14 or 15 years, and I find that this does give more freedom than you might get in a delegation from one of the bigger unions.

The importance of trade unions being political can be seen in the campaign over the “regeneration” programmes which have been taking place all over Britain. Since 2004, communities and trade unionists on Clydeside have been coming together in a series of conferences based in working-class areas; while, quite independently, activists in Dundee held their own conference on “regeneration”. Both of us came to the same conclusion: that “regeneration” had little to do with furthering the interests of working people, but rather more with providing a hidden subsidy for large-scale private property development.

In working-class areas like Partick, Port Glasgow and Clydebank, we heard the same story from local activists: “regeneration” being driven by

commercial developers. High-cost private housing along the banks of the Clyde was much in vogue, as there is not much profit in affordable public housing. There was little interest in infrastructure or services required by working-class housing schemes, away from the river zone, because plans had to work for the market. The solution, the activists were told, was to be found in luxury flats, five-star hotels, casinos, out-of-town shopping centres etc. Everybody was getting the same line, and to us this was the fantasy world of market-led solutions to poverty, poor housing and loss of employment in our communities.

So we would ask the question: where was the genuine consultation with communities when skilled jobs were lost, to be replaced by low-paid insecure

casualised employment? In the likes of Clydebank, we went from highly skilled shipbuilding, engineering, etc to the service economy – shops, banking and all the rest of it. In housing, Thatcher had moved the public subsidy away from rents onto Housing Benefit, which had the effect of jacking rents up, making them too expensive for those in employment, forcing them to buy their houses, leaving



housing schemes in the main populated by the unemployed, long-term sick and pensioners – those on Housing Benefit, basically.

What we need are labour movement solutions, a public sector alternative to commercially driven “regeneration”. By starting to draw up alternative plans for our local areas, based on labour movement policy positions, we could provide the foundation for local campaigning and the intervention at a national level. We could be working with local tenants’ and residents’ organisations, and anti-poverty groups, to develop policy initiatives which would counter the dominant neoliberal agenda. An alliance of communities and trade unions should be a major, probably *the* major, force in mobilising support for the progressive policies of our movement, developing public sector solutions to the problems of affordable housing, fuel poverty, sustainable energy supply and conservation, and comprehensive public transport provision.

Clydebank TUC got a motion passed at the STUC

calling on it to examine the operation of “regeneration” projects across Scotland. The motion expressed concern at the degree to which community planning was taking decision-making powers away from democratically accountable local authorities and investing them in unelected quangos. It noted that much of the expense on “regeneration” appeared to be a heavy subsidy for large-scale property developers and was in many cases detrimental to the needs of local communities. It argued for trade unions and communities – service providers and users – to come together to fight the promotion of big business interests, and pointed out that trades councils could be the vehicle for giving leadership to a divided community from a class perspective.

We need to put the case for political trade unionism in a given locality and link up with our national bodies, in our case the STUC, to make it nationwide. Our past experience was that community activists in the main were led by retired trade unionists made redundant or on long-term sick. That is not the case today, as many younger activists have never been in a trade union, and

do not see us as natural allies. The trade union movement must win their respect: by taking trade unionism and socialist politics into working class communities, we can play our part in creating a new generation of community activists who see their interests as being one with organised labour.

Following resolutions at the STUC last year a nationwide conference was organised, the biggest I have attended for many years, and one which I had the privilege of chairing. What came out of it? Well, for one thing, joint lobbying of the Scottish Parliament by the STUC and the Scottish Tenants’ Association, on public sector housing. There have been similar initiatives at local level by trades councils, and in Clydebank we have held a whole series of public meetings to discuss issues and plan action, drawing in community activists and local trade unionists.

There are several ways to rebuild our movement, but the role of trades union councils should be high up on the agenda. Community trade unionism was a key in sustaining major conflicts such as Upper Clyde Shipbuilders – a dispute which politicised a whole generation. The trade union movement was seen as fighting for the interests of the whole community, not just a section.

The deepening economic crisis, with rising unemployment, particularly among casual workers, part-timers and often unorganised workers in the private sector, demands a strengthening of these links with the community. We have increasing problems of repossessions and evictions, and we want to build up to a position where we are strong enough actually to go in team-handed and stop these things with direct

action. I don’t think we have quite reached that stage yet, but that is the plan as we build for the future.

Organised workers in manufacturing and the public sector are also under serious threat, so local campaigning is required against unemployment and for investment in infrastructure, housing and services which address social needs. We have been putting a lot of stuff into the local press, and leafleting, and the local radio station actually picked it up. All that is part of lobbying politicians and trying to pressurise them into policies in the interests of working people.

On a national scale we have to work within our own unions, the Wales TUC, Scottish TUC and the British TUC for a strengthening of local trades union councils in order to help ensure the best co-operation on local affiliates’ organising agendas. We should be telling the leaderships to explore what support – in our case, from the Scottish Government – can be provided for unemployed and community resource centres in areas worst hit by unemployment. The unemployed workers’ centres throughout the west of Scotland were originally set up by trades councils along with local authorities. Although there is the thorny question of political independence, and what the centres can campaign on, they are still attempting to bring together workers out of work and workers in work.

We should be optimistic. Certainly in Scotland there are examples of community and trades council joint campaigning work, and victories over housing stock transfers and against privatisation. Our work with the STUC takes that struggle to the national level, and we are looking to build links with other activists across Britain. We are trying to put the “red” back into Clydeside and we hope you will join us in that struggle.



Orthodox and Marxist Theories of the State and Local Government

Part 2:

The Theory of “State Monopoly Capitalism”¹

Part 1 of this article in the previous issue of *Communist Review* discussed the methodological and theoretical basis of my new pamphlet *Local Democracy versus “Local Governance”*, and critically analysed orthodox non-Marxist theories of the state and local government.² Part 2 in this issue focuses on the Marxist theory of the state and local government in terms of state monopoly capitalism. Section I reassesses James Harvey and Katherine Hood’s path-breaking 1958 study of *The British State*. Section II discusses Antonio Gramsci’s theory of the *historic bloc* and state monopoly capitalism. Section III reviews trends in British state monopoly capitalism since 1958 – and how they relate to local government.



By Peter Latham

The concept of state monopoly capitalism “originated in Soviet and East European writing in the early 1950s”, and as the Marxist economist Laurence Harris also notes:

“In most analyses of this stage the state is linked in some way with one fraction of capital, monopoly capital represented by giant enterprises and large financial blocks. The existence of such a stage, distinct from MONOPOLY CAPITALISM, is controversial, but the idea has been an important theoretical foundation for the strategies of Communist parties. The class nature of the modern capitalist state is seen to turn on monopoly capital being ranged against all other fractions and classes so that an anti-monopoly alliance comprising medium and small capitals, the working class, and middle strata can be built in the struggle for state power.”³

I: The British State by James Harvey and Katherine Hood

Writing at the height of the Cold War in 1958, James Harvey and Katherine Hood applied the theory of state monopoly capitalism to the British central state, including local government. Moreover, as Ralph Miliband commented, *The British State* was “the only notable work of Marxist inspiration on the British political system to appear” after Harold Laski’s *Parliamentary Government in England*, published in 1938.⁴ The latter study

“was a pioneer work, which placed the institutions of the British system of government in their social context, and showed the functions they performed in the defence of class-based society in Britain. However, the book suffered from a basic weakness, namely the pervading notion that

the Labour Party’s attainment of the role of principal opposition party had transformed the whole British political scene

The whole political scene in Britain would indeed have been transformed, had the Labour Party in the inter-war years been the socialist party which he wanted it to be, or at least believed that it must soon become. But ... the Labour Party was not then, and was not on the way to becoming, such a party Notwithstanding its weaknesses, *Parliamentary Government in England* ... drew much from Marxism.”⁵

The British State, according to Miliband, also

“had very substantial merits; and there was much about its interpretation which was sharply penetrating. But ... its ideological provenance was then

too much out of tune with the ideological bias of most writing on British government and politics to give the book any resonance.”⁶

Harvey and Hood state that their purpose is

“to look below the surface at the real content of British democracy; to make an examination of the British state, how it works, who runs it and in whose interests; and from all this to see what conclusions can be reached about the way forward to Socialism in Britain.”⁷

Two “rival” theories of the state are then defined. The social democratic theory, which

“accepts the widely-held liberal view that the State is a piece of neutral machinery, impartial in the conflict between workers and capitalists; it therefore considers that the existing State can be used for the purpose of creating and organising a planned socialist society just as well as it has hitherto been used for organising capitalist society”⁸

and the Marxist theory, based on a “study of history”, which

“led Marx and Engels to exactly the opposite conclusion ... that the State only came into existence when society became divided into classes, and to the theory that while there is one class which exploits another, the State is the instrument for maintaining the domination of the ruling class.”⁹

Section 5 of Chapter II: *The Marxist Theory and the British State* is entitled *Monopoly Capitalism and the British State*. Sub-section (1) headed *Growth of State Monopoly Capitalism* begins by arguing that profound changes in the nature of capitalism – first referred to by Lenin¹⁰ who “did not distinguish this as a separate stage from monopoly capitalism”¹¹ – had modified a key aspect of the nineteenth century British state analysed by Engels:

“The change from competitive to monopoly capitalism has had a profound impact on the British State. As the economic power and

wealth of the monopolies has grown, the State has ceased to be the ‘executive committee’ of the bourgeoisie as a whole (as Engels called it). It has become more and more subordinated to the dominant group of great monopolies, and has become an instrument which they use not only against the workers, but also against the smaller capitalists and the independent producers. ... The monopolists have been driven to extend the use of the State on an ever-increasing scale, both as an instrument for coercion and for the purpose of regulating the economic life of the country. This has led to a great expansion of the armed forces, along with a strengthening in the power and efficiency of the police and the secret police; and to a tremendous increase in the size of that part of the State apparatus concerned with industry and finance the monopoly stage of capitalism ... gradually develops into ‘state monopoly capitalism’.”¹²

Harvey and Hood in the following chapters – on political parties, the legislature (including the Cabinet), the monarchy, key state personnel, the armed forces, the police, the secret political police, the legal system, the civil service, the Foreign Office, the economic functions of the state, the social services, local government, the BBC and ITA and the established church – “test” the theories to decide whether “the historical continuity of the British State is consistent with either the social-democratic or the Marxist theory”.¹³ Their main conclusions were as follows:

The “study of all the different organs of the State” contradicted the social-democratic view that “socialism can be introduced step by step within the existing political framework” because

“... the machinery of the State has been shaped and developed by the capitalist class as an instrument to safeguard and promote the capitalist mode of production. The capitalist class has been compelled to make big concessions to the demands of the working people in the shape of social reforms and other measures. But it has never for one moment lost sight of the need to strengthen the State as the

instrument of its rule ... and has consistently followed the precept laid down by ... Robert Lowe ... [regarding] ‘safeguards against democracy’.”¹⁴

The above developments coincided with anti-democratic trends:

“There has been the concentration of power in the hands of the leaders of the two main political parties, the decline in the role of the House of Commons, and the increasing power of the Cabinet and of the permanent civil service; the great expansion of the armed forces; the increasing influence of the secret police; the growth in the power of the Home Office over the ordinary police at the expense of the local police authorities; the passing of new laws restricting some of our traditional civil liberties; the continuing trend towards centralisation in the apparatus of the State and the serious decline in the independence of the elected local authorities; the great development in the use made of the monarchy for propaganda purposes; and the concentration of the means of propaganda – press, broadcasting, television and cinema – into the hands of a very small number of powerful groups.”¹⁵

The working class cannot take power “simply by means of a change in the political composition of the House of Commons and the Cabinet following an electoral victory in the country”.¹⁶ Hence:

“The leading positions in the armed forces, the police, the civil service and the diplomatic service, as well as the nationalised industries, will need to be filled by men and women who can be relied upon to be loyal to a socialist government and in sympathy with its aims.”¹⁶

Harvey and Hood’s Chapter XVI: *Local Government* begins with a discussion of the empirical evidence supporting their proposition that since the middle of the nineteenth century:

“The capitalist class in Britain has been extremely successful in adapting the traditional system of



local government so as to retain the appearance of democratic control of social services by the people, while in practice maintaining firm direction behind the scenes.”¹⁷

From the beginning of the eighteenth century until the middle of the nineteenth century, local government in many rural and urban areas was run by the landed gentry, while many towns were governed by corrupt municipal corporations controlled by local property owners. The Municipal Corporations Act of 1835 – the first step towards local government as we know it today – was the result of pressure from the rising industrial capitalists. The growth of central control over local authorities since the mid-nineteenth century was due to the need of the capitalist class for an effective police system, a repressive poor law, sanitation, health, housing and education services; and local authorities were eventually used as agents for administering these services with central government enforcing minimum standards. The other main reason for central control was that, as the franchise widened and opportunities for the working class to elect their own representatives grew, central government was used to hold back any activities by local authorities trying to carry out the wishes of their working-class electors – for example, the struggles over poor relief in the 1920s and ’30s, when Boards of Guardians and Public Assistance Committees paid relief to the unemployed above the scales approved by central government.¹⁸

Harvey and Hood also meticulously analysed four main methods of central control over local authorities up to 1958:

1 Finance. The amount of revenue that could be raised from the rates was limited because it was a very regressive and inelastic tax which prevented any working class authority from raising more money from its wealthy ratepayers without at the same time penalising its poorest. To persuade local authorities to provide the services required, central government supplemented rates by grants, which could be withdrawn if the authority did not carry out its functions as approved by central government. Nowadays, local authorities receive considerably more from grants than from Council Tax; while loan sanction powers for capital expenditure are also used to restrict the freedom of local councils to decide what is most needed for the people in their areas.

2 The doctrine of *ultra vires* – “beyond the powers” – has been mainly used to restrict municipal trading. After prolonged struggles in the nineteenth century local authorities were permitted – though only reluctantly – to engage in the supply of water, gas, electricity and road passenger transport; “but any extension into other fields which could be a source of profit to private enterprise has been most strenuously resisted”.¹⁹

3 The power of the district auditor. The function of the district auditor is to examine local authority accounts, disallow any unlawful items of expenditure, and surcharge councillors the amount of any loss or deficiency. This right has been used many times for *ultra vires* actions. Auditors can also declare unlawful any expenditure on a permitted object which they consider is “exorbitant” or “unreasonable”. For example, the House of Lords in 1925 allowed an appeal which prevented Poplar Borough Council paying a minimum wage of £4 a week to all its employees, including women. Lord Atkinson stated that in his opinion the Council would be failing in its duty if in settling the employees’ wages they “allowed themselves to be guided ... by some eccentric principles of socialistic philanthropy or by feminist ambition to secure the equality of the sexes in the matter of wages in the world of labour”.²⁰

4 Default action. Central government may also act in default of a local authority which refuses to act in the way required. Nearly every major statute conferring powers on local authorities includes default powers. The latter powers were used to remove Poor Law Guardians and Public Assistance Committees in the 1920s and ’30s. In 1954, when Coventry City Council refused to carry out its civil defence functions in protest against the government’s failure to abolish the hydrogen bomb, the Home Secretary appointed a Commission to carry out these functions.¹⁸

However, as today, such challenges were comparatively rare. For, as Harvey and Hood noted in 1958:

“It must not be assumed from this that every local authority is straining at the leash, ready and willing to jump into action were it not for the restraining hand of Whitehall. On the contrary, in the County Councils and the smaller authorities outside the industrial areas the Conservatives are strongly entrenched – often camouflaged as ‘independents’

who are not concerned with ‘party politics’. Although this is breaking down and ‘independents’ are being steadily replaced by open Conservatives, the idea that party politics should be kept out of local government is still widely held, and helps to conceal the class character of the local government apparatus.”¹⁸

Meanwhile, in those areas where

“the party system is in full operation, the main tendency among Labour Party Councillors has been to accept in practice the entire system of local government, with all its limitations ... Once the municipal elections are over, majority and minority parties tend to co-operate closely in the smooth running of the machine. And the value of the two-party system to the capitalist class is shown by the ease with which local working-class leaders, once they are elected, become absorbed in the petty details of administration, lose all traces of militancy and regard minor improvements as ends in themselves rather than steps towards fundamental change.”²¹

Simultaneously, as part of the drive towards centralisation, services – such as unemployment relief, hospitals, the supply and distribution of gas and electricity and valuation for rates – were taken out of the hands of local authorities altogether. After 1945, a big transfer of services – police, elementary education, maternity and child welfare, fire brigades and planning – from Labour-controlled district councils to Conservative-controlled county councils took place, which would not have been necessary if central government had reorganised the former into larger units.²²

Harvey and Hood’s alternative policy for “socialist decentralisation” of local government included:

1 Fundamental reorganisation of its structure and areas. The areas of many local authorities were too small for efficient administration, which was used as an excuse to deprive them of powers. Hence a system of directly elected upper tier “regional councils” covering at least a million people for hospitals, gas, electricity, road passenger transport, new towns, sewage disposal, trunk roads and technical education was needed. The lower tier of the new structure – based on the existing county borough,

borough and district councils with revised boundaries – would be responsible for education, maternity and child welfare, housing, sanitation, sewerage, refuse disposal, district roads, parks and playing fields, libraries, museums and art galleries, hospitals and health centres and the welfare of the elderly.

2 Abolition of the doctrine of ultra vires. Local authorities, instead of being confined to those functions expressly authorised by statute would then be able to do anything not forbidden by law. This would mean “elected local authorities for the first time would be able to expand their functions in accordance with the wishes and needs of their electors, and to take over many things now run by private enterprise... [such as] industries of a localised nature, some types of wholesale and retail distribution, and the provision of cinemas, theatres and social and cultural activities of all kinds.”²³

3 A Local Income Tax. This would replace the regressive rating system under capitalism – though in a socialist system, when the principal means of production had been nationalised, “a tax based on the turnover of local industry and trade may prove to be the best form of local tax.”²⁴

4 More councillors. This would be necessary to maintain close contact with the electors and cope with the additional work involved due to the expansion of functions.

5 Abolition of Aldermen. These were appointed councillors – usually ex-councillors – and they were not abolished until the 1970s except for the City of London Corporation.

Finally, Harvey and Hood stress that with “all its limitations”, local government in Britain

“has grown up with one great advantage – the committee system, whereby large numbers of elected councillors have ... acquired a vast fund of experience, often combined with an intimate knowledge of the problems of people. Many ... have given outstanding and devoted service to those who elected them. The programme of reform outlined ... would provide them with opportunities which they can never hope to have in a capitalist society.”²⁵

Yet New Labour, as pointed out in Part 1 of this article, has now abolished the committee system in all but the smallest local authorities.

II: Antonio Gramsci's Theory of the Historic Bloc and State Monopoly Capitalism

Roger Simon (James Harvey)²⁶ subsequently revised his approach to take into account Gramsci's modification of classical Marxism, including Leninism. Lenin saw power as concentrated in the state and under the exclusive control of the capitalist class (or part of it) and took the view – as did Harvey and Hood – that the construction of socialism could only begin *after* the working class took power. Conversely, Gramsci's concept of the *integral* state – “political society plus civil society, in other words, hegemony protected by the armour of coercion”²⁷ – implied that the working class could only achieve state power *after* it had won a substantial measure of hegemony in civil society.²⁸ Simon still rejected the social-democratic theory of state neutrality, but he also rejected Gramsci's view that factory councils should replace parliamentary democracy.²⁹ Hence, as well as the democratisation of parliament, Simon advocated direct democracy in the local community and workplace plus broad alliances based on the left and other social movements.³⁰

John Hoffman – who by 1995 had a Weberian view of the state³¹ – interpreting Gramsci's contribution from within classical Marxism in 1984 argued that he treated consent and coercion as organically separate, whereas they should be understood as dialectically united because coercion is the “ethical expression of the fact that people *have to* produce”.³² Just as consent and coercion are two aspects of a single process in the economic sphere, so also are they in the political sphere; and this economic coercion, according to Hoffman, is re-expressed in the state as the coercive institution which at the same time commands consent. However, the *Further Selections* from Gramsci's *Prison Notebooks* published in 1995 include writings on political economy not in the 1971 *Selections from the Prison Notebooks*: for example, his unequivocal defence written in 1932 of Marx's theory of value and the tendency of the rate of profit to fall, against Benedetto Croce's criticisms.³³ Nor, contrary to Hoffman's 1984 reading, was Gramsci



Antonio Gramsci (1891-1937)

treating consent and coercion as organically and dialectically separate when he wrote that in Marx:

“there is contained in a nutshell the ethico-political aspect of politics or theory of hegemony and consent, as well as the aspect of force and of economics.”³⁴

The *Further Selections* therefore show that it is incorrect to view Gramsci as uninterested in political economy and only concerned to theorise the “superstructure”.

Similarly, Ercan Gündogan in his recent discussion of conceptions of hegemony in Gramsci's unfinished article on the Southern Question³⁵ and the *Prison Notebooks* – contrary to Hoffman – also insists that:

“Gramsci tries to fuse force and consent as an analysis of the conditions of socialism in the West. Neither does he ignore the force and coercion in socialist and bourgeois politics, nor were Lenin and the Communist International blind in the face of politics as hegemony. It should also be remembered that Gramsci lived in a country where Fascism first introduced itself.”³⁶

Gündogan also agrees with Simon that, although “Gramsci did not think that force and the seizure of political power were unnecessary”, he thought that



“force and the seizure of power were not adequate for socialist transformation, putting aside the seizure of political power by socialists”.³⁷

Gramsci is therefore perhaps best considered as the theorist of the *historic bloc*: that is, that a hegemonic class combines leadership of a bloc of social forces in civil society with its leadership in the sphere of production. Revolutionary change occurs when the historic bloc constructed by the capitalist class disintegrates and is replaced by a new historic bloc built up by the working class. Gramsci’s thought, although it further developed our understanding of the politics of socialist transformation, is also consistent with both Lenin’s view regarding the primacy of politics in revolutionary change – and the basic principle of historical materialism as stated by Marx in the 1859 *Preface to his A Contribution to the Critique of Political Economy*: “The mode of production of material life conditions the general process of social, political and intellectual life.”³⁸ The concept of the *historic bloc* enabled Gramsci accurately to detail the balance of class forces in the society of his time: which – together with his other key concepts – are still relevant when devising political strategies to defeat New Labour’s project for big business control of local government under conditions of state monopoly capitalism. Furthermore, as Hans Heinz Holz recently wrote:

“The change in production relations leads to the replacement of the old social formation by a new one. The transition is continuous in mode of life, and abrupt in the revolutionary overthrow of the political ruling relationships. Both forms of the transition are forms of the class struggle, which Gramsci characterised by the metaphors ‘war of position’ and ‘war of movement’. In the period of the former, a culture of the ruled develops in opposition to the ruling classes’ culture (always occurring in parallel with the development of the production relations). Once the culture of the oppressed has become strong enough to shape the guiding conceptions of the mode of life, then the time is ripe for the war of movement, for revolutionary upheaval.”³⁹

III: Trends in British State Monopoly Capitalism since 1958

Paul Bocarra and other French Communist Party theorists in 1971 provided the major and most sophisticated analysis of state monopoly capitalism in the second half of the last century. They saw economic crises as the outcome of over-accumulation; and the state’s modern role, as in the present financial crisis, as attempting to overcome crises by the ‘devalorisation’ of capital.⁴⁰ Ben Fine and Laurence Harris used previous work on the British economy to emphasise a dual periodisation between monopoly and state monopoly capitalism.⁴¹ This section therefore reviews trends in British state monopoly capitalism since 1958; and also discusses how they relate to local government.

From the late 1950s, as the Marxist historian John Foster shows, Britain had a dependent alliance with the United States that began when Harold Macmillan announced the final withdrawal from formal empire:

“In place of empire the focus was on the modernisation of Britain’s manufacturing base. This was to be done through the attraction of a new generation of US branch plants into Britain and the introduction of a National Plan and state-aid for the creation of giant British firms such as GEC and BMC.”⁴²

Meanwhile finance capital was only willing to commit money to Britain’s industrial modernisation if new powers were taken to control the trade union movement. After Labour won the 1974 General Election:

“Fierce conflict then erupted within both the Conservative Party and the state apparatus about how to maintain capitalist rule. The previous government was accused of allowing the country to become ungovernable. Calls were made for a decisive break with Keynesianism.”⁴³

The Conservative establishment led by Edward Heath, James Prior, Michael Heseltine and Chris Patten had the backing of the CBI, the *Financial Times* and the *Economist*. Their opponents, led by Keith Joseph and Margaret Thatcher

were supported by the Institute of Directors, the *Daily Telegraph* and think tanks such as the Institute of Economic Affairs, which promoted theorists from the American monetarist New Right. The most notable of these, Milton Friedman, advocated economic “shock treatment” as the only solution to labour militancy – by drastic deflation, mass unemployment and the selling off of all public assets.⁴⁴ Friedman also argued that the availability of oil revenues provided an ideal opportunity to re-establish the City of London as a world banking centre. The election of Thatcher in 1975 as leader indicated the hegemony of this faction. In the 1976 intervention by the IMF, the enforced adoption of monetarist policies, leading to cuts in services and wages, led to the defeat of the Labour government in 1979.

Between 1979 and 1990 the Thatcher group succeeded in implementing its programme without the promised benefits for British finance capital because most of the institutions were US owned. Moreover, as Foster further notes:

“In parallel to the switch to finance and services there was a sharp change in the economic functioning of state monopoly capitalism. It moved from being primarily based on an indirect ‘external’ Keynesian market redistribution of income to monopoly capital to a direct and internal income redistribution.”⁴⁵

For example, as Mervyn King showed in 1975, the state steadily reduced corporate taxation to sustain profits in the post-war period.⁴⁶ The privatisation of local government services since 1979 is also an example of direct redistribution to monopoly capital.

In 1985, the Conservatives abolished the six Metropolitan County Councils and the Greater London Council, which were all Labour-controlled. The GLC and South Yorkshire, in particular, had pioneered collective, “progressive-populist” initiatives in the limited spheres of authority available to them. By 1988 the financial independence of local government was virtually eliminated. The 1988 Local Government Act replaced rates by a fixed “community service charge” payable by every adult regardless of income, which came to be known as the “poll tax”. Even people on social security had to pay 20 per cent. The poll tax accounted for around 25 per cent of local government revenue, the rest coming

from central government under various guises. If councils wanted to increase their total spending by one per cent, therefore, they would have to raise the community charge by at least four per cent. The introduction of the poll tax, however, had momentous unintended consequences. There were massive refusals to pay, riots, imprisonments and warrant sales for non-payment. The defeat of Thatcher in the 1990 leadership election was therefore in part due to the recognition within the Conservative Party that public hostility to Thatcherism was making them unelectable.

Michael Heseltine became Environment Secretary in 1990 and set up a review of the finance, structure and internal management of local government. The poll tax was replaced by the regressive council tax in 1992, but – following Heseltine becoming President of the Board of Trade in 1992 – Tory proposals for US-style elected mayors and the abolition of the committee system were not implemented until nearly a decade later by New Labour. Nevertheless, between 1995 and 1998 single-tier unitary authorities were introduced in England's non-metropolitan areas, and in the whole of Wales and Scotland, which reduced the number of councils by 77 per cent, and the number of councillors by 31 per cent. Thus the two Major governments further reorganised the structure of local government in England, Wales and Scotland to meet the needs of big business and the privatisation of services. Meanwhile the immediate objective of Heseltine's industrial policy – concentrating on energy and aerospace in particular – was membership of the euro-zone: which ended in September 1992 when the pound was forced out of the European exchange rate mechanism. Thereafter, Major's administration was paralysed by divisions between supporters of EU integration (Heseltine and Kenneth Clarke) and those supporting a US alignment based on sterling and an "independent" City of London (Michael Portillo, Michael Howard and John Redwood).

Meanwhile, as John Foster states:

"In parallel with the paralysis of the Conservatives, the Labour Party came under the administrative dominance of a strongly Atlanticist group led by Blair, Brown and Mandelson. This takeover was assisted by the weakened position of the trade union movement and active intervention in it by state agencies to marginalise the left."⁴⁷

New Labour's policies have been closely aligned to those of the US. Initially New Labour became the EU champion for Clintonite free market globalisation. This sought a further opening of the EU financial markets, banking system and company ownership to penetration by US and British financial institutions, and pressed for the neoliberal transformation of national labour markets, social security and pension systems (a programme pushed through by Blair at the 2000 Lisbon summit). Politically, this period saw a formal shift of powers away from the Westminster Parliament to the EU Council of Ministers under the treaties of Nice and Lisbon, and as Foster also emphasises:

"The mandatory opening of services to competition undermines Parliament's ability to provide comprehensive public sector provision. More important still, the transfer of economic powers to the EU limits the scope for any Parliamentary action to curb big business and places major barriers in the way of state interventions to protect industrial employment. Above all, Parliament loses the power to implement the type of alternative economic and political programme which mobilised opposition to state-monopoly capitalism in the 1970s. Across the EU as a whole, the treaties of Nice and Lisbon have seriously weakened the potential of democratic institutions to intervene against monopoly capital. The timing of these changes is not accidental. They meet the *common* interests of finance capital in a period when monopoly capital in France, Germany and Britain is having to attack the post-war economic and political gains of working people and when national politics are therefore becoming more volatile and unpredictable. Hence, far from weakening the existing structure of state power at the level of the nation-state, the transfer of powers from national parliaments to the EU directly *strengthens* the state power of monopoly capital in each."⁴⁸

These years saw a precipitous drop in manufacturing employment, far more than over the previous ten years, an intensification of privatisation and of public subsidy to the private sector

and a credit-fed boom in the service sector that led directly to the current crisis. Finance capital may still prefer a New Labour government to discipline the unions. But, as the recession deepened, the so-called Brown "bounce" was over by January 2009 when all five polling organisations – ICM, ComRes, Ipsos, MORI, YouGov and Populus – showed the Tories with double-digit leads.

Meanwhile, as councils' confidence in banks has plummeted, local government deposits in the Treasury have rocketed more than tenfold following the Icelandic banking collapse. For example, local authorities placed £10.1 billion into a government account specifically for councils in October 2008.⁴⁹ This figure was the first evidence that local government is carrying out its threat to abandon the private banking system following ministers' refusal to guarantee their deposits in Icelandic banks. In January 2009 the Local Government Association published the results of a survey showing the effects of the economic crisis on local authorities at the end of November 2008, since when the situation has deteriorated even further. The main findings were that:

- 72.9 per cent of local councils had revised their overall budget position since the start-of-year budget planning as a result of the economic slowdown, either expecting reduced income or greater demands on expenditure through higher demands for services.
- Half the respondents indicated that existing public sector capital schemes had been adversely affected by the economic slowdown, and more than three-quarters (79.2 per cent) that private sector schemes had been adversely affected.
- Three quarters of respondents who indicated that public sector schemes had been affected reported that they had been affected by falling land values (75.7 per cent), with the next most common factor being developers' lack of business confidence (50 per cent). Private sector schemes had mostly been affected by developers' lack of business confidence (89 per cent), developers' lack of finance (77.1 per cent) and falls in land value (50.8 per cent).
- Just under one in seven respondents (13 per cent) had cut jobs as a result of the slowdown, and around a fifth (22.1 per cent) had introduced a recruitment freeze (though none in London).⁵⁰

Despite the recommendations in the Julius Report for more privatisation, referred to in Part 1 of this article, evidence is now accumulating that – as



the crisis of state monopoly deepens – local authorities are bringing back in-house previously privatised services.⁵¹ Moreover, government help is now on the agenda because the banks are increasingly unwilling to finance New Labour's PFI programmes, – which as Professor Allyson Pollock states –

“is a potential disaster for Whitehall because most investment in public services is privately financed and there is no plan B With the banks unwilling or unable to lend the capital to PFI deals, the government has signalled it might

take on more risk by accepting a 49 per cent stake in financing the projects. But this undermines the government's sole justification for the PFI policy, namely risk transfer [Now] that the risks have reverted back to the taxpayer, it is time to look at conventional government funding and restore public accountability.”⁵²

The third and final part of this article in the next issue of *Communist Review* discusses other British radical and Marxist work on the state and local government from the late 1960s to

New Labour. The theories analysed include: Ralph Miliband's theory of “containment of class conflict and pressure from below”; Cynthia Cockburn's “structuralist” theory of the “local state”; the “dual state” theory of Alan Cawson and Peter Saunders; Simon Duncan and Mark Goodwin's “social relations” and “uneven development” theory; and Christopher Stoney's Marxist critique of “strategic management” in local government. The concluding section of Part 3 considers implications of the issues raised in this article for the strategy and tactics needed to win the battle to reinstate local democracy.

Notes

1 There is a massive literature on the development of the Marxist theory of the state from Marx and Engels, through to Lenin and Gramsci plus the revival of interest in Marxist state theory after 1945 and contemporary debates. See, for example: C Hay, *Marxism and the State*, in *Marxism and Social Science* (A Gamble, D Marsh and T Tant, Eds), Macmillan, Basingstoke, 1999, pp 153-74, which provides a useful summary of the debate up to 1999; and Marxist journals such as *Capital & Class* and *Critique*, which both regularly include articles and book reviews on Marxist theories of the state.

2 See P Latham: *Local Democracy versus “Local Governance”: How to Defeat New Labour's Project for Big Business Control*, a discussion document to be published by the Economic Committee, Communist Party of Britain, 2009; and *Orthodox and Marxist Theories of the State and Local Government. Part I: “Classical” Liberal, Social-Democratic and Neoliberal Theories*, in *Communist Review*, No 53, Spring 2009, p 16.

3 L Harris, in *A Dictionary of Marxist Thought* (T B Bottomore, Ed), Basil Blackwell, Oxford, 1983, p 468.

4 H Laski, *Parliamentary Government in England*, Allen and Unwin, London, 1938.

5 R Miliband, *Capitalist Democracy in Britain*, Oxford University Press, Oxford, 1984, pp 16-17.

6 *Ibid*, p 17.

7 J Harvey and K Hood, *The British State*, Lawrence and Wishart, London, 1958, p 9.

8 *Ibid*, p 11.

9 *Ibid*, p 12.

10 For example: “The question of the state is now acquiring particular importance both in theory and in practical politics. The imperialist war has immensely accelerated and intensified the process of transformation of monopoly capitalism into state-monopoly capitalism” (V I

Lenin, Preface to the First Edition of *The State and Revolution*, in *Collected Works*, Vol 25, p 387; see also <http://www.marxists.org/archive/lenin/works/1917/staterev/preface.htm>, (accessed 7 January 2009).

11 Harris, *op cit*, p 469.

12 Harvey and Hood, *op cit*, p 24.

13 *Ibid*, pp 17, 18.

14 *Ibid*, p 281.

15 *Ibid*, pp 281-2.

16 *Ibid*, p 283.

17 *Ibid*, p 253.

18 *Ibid*, pp 240-6.

19 *Ibid*, pp 248-9.

20 Cited by Harvey and Hood, *op cit*, p 251.

21 *Ibid*, pp 253-4.

22 *Ibid*, pp 255-7.

23 *Ibid*, p 259.

24 *Ibid*, p 260.

25 *Ibid*, pp 260-261.

26 Writing at the height of the cold war Roger Simon and Noreen Branson – both Communist Party members – used the pseudonyms of James Harvey and Katherine Hood.

27 A Gramsci, *Selections from the Prison Notebooks of Antonio Gramsci* (edited and translated by Q. Hoare and G. Nowell Smith), Lawrence and Wishart, London, 1971, p 262.

28 See R. Simon, *Gramsci's Political Thought: An Introduction*, Lawrence and Wishart, London, 1982, pp 72-74.

29 *Ibid*, pp 105, 115.

30 *Ibid*, pp 103-4.

31 See J Hoffman, *Beyond the State: An Introductory Critique*, Polity Press, Cambridge, 1995, which distinguishes between the state and government, the latter referring to the negotiation and arbitration of conflicts of interest, whereas the former (using Weber's definition) involves the use of force to tackle conflict.

32 J Hoffman, *The Gramscian Challenge: Coercion and Consent in Marxist Political Theory*, Basil Blackwell, Oxford, 1984, p 212.

33 *Further Selections from the Prison Notebooks*, translated and edited by

Derek Boothman, Lawrence and Wishart, 1995, or the transcribed version in the Elect Books CD Rom, London, 1999. See Chapter III: *The Nature and History of Economic Science*, pp 161-190 (L & W), pp 290-321 (Elect); Chapter IV: *Economic Trends and Developments*, pp 191-277 (L & W), pp 322-419 (Elect); and Chapter VII: *The Philosophy of Benedetto Croce*, pp 362-475 (L & W), pp 512-639 (Elect).

34 *Ibid*, p 399 (L & W), p 553 (Elect).

35 Gramsci – who began his long article on the Southern Question in October 1926 – was arrested before it was completed.

36 E Gündogan, *Conceptions of Hegemony in Antonio Gramsci's Southern Question and the Prison Notebooks*, in *New Proposals: Journal of Marxism and Interdisciplinary Inquiry*, Vol 2, No 1, November 2008, pp 56-57; see also <http://nitinat.library.ubc.ca/ojs/index.php/newproposals/article/view/142/236>, accessed 2 January 2009.

37 *Ibid*, p 57, my emphasis.

38 K Marx and F Engels, *Collected Works*, Vol 29, p 263; see also <http://www.marxists.org/archive/marx/works/1859/critique-pol-economy/preface.htm> (accessed 5 January 2009).

39 H H Holz, *The New in the Old – The Old in the New*, in *Communist Review*, No 51, Autumn 2008, p 36.

40 P Bocarra (Ed), *Le Capitalisme monopoliste d'État. Traité marxiste d'économie politique*. Vols 1 and 2, Editions Sociales, Paris, 1971.

“Devalorisation” of capital is the term that Marxists use when analysing situations such as the present financial crisis in which we are witnessing a massive “correction” – the falling stock markets, housing market – expressed in write-downs, defaults, bankruptcies, mergers and fire sales of financial institutions, and now their ownership or part-ownership by capitalist states.

41 B Fine and L Harris: *Rereading Capital*, London, Routledge, 1979; *The Peculiarities of the British Economy*, London: Lawrence and Wishart, 1985.

42 J Foster, *The Politics of Britain's Economic Crisis*, Economic Committee of the Communist Party of Britain, London, June 2008, p 18.

43 *Ibid*, p 19.

44 M Friedman, *From Galbraith to Economic Freedom*, Institute of Economic Affairs, London, 1977.

45 Foster, *op cit*, pp 20-21.

46 M A King, *The United Kingdom Profits Crisis: Myth or Reality?*, in *Economic Journal*, Vol. 85, March 1975, pp 33-54. King is now Governor of the Bank of England; and this article provided a defence of state monopoly capitalism against Andrew Glyn and Bob Sutcliffe's *British Capitalism, Workers and the Profits Squeeze*, Penguin Books, Harmondsworth, 1972.

47 Foster, *op cit*, p 22. See also M Barratt Brown, *The Captive Party: How Labour was taken over by Capital*, Socialist Renewal new series, pamphlet number 2, Spokesman Books, Nottingham March 2001.

48 Foster, *op cit*, p 22.

49 J Illman, *Councils' £10 billion Flight to Safety*, in *Local Government Chronicle*, 30 October 2008.

50 IDEA/LGA/SOLACE, *Survey of the Impact of the Economic Slowdown on Local Authorities 2008*, 15 January 2009, pp 1-16, <<http://www.lga.gov.uk/lga/publications/publication-display.do?id=1396273>>, accessed 31 January 2009. The survey was sent to all 388 chief executives of local authorities in England on 10 November 2008. At the close of the survey (30 November 2008) 155 (39.9 per cent) had responded.

51 Association for Public Service Excellence. *Insourcing: A Guide for Local Authorities Bringing Services Back In-house*, Manchester, January 2009.

52 A Pollock, *The Observer*, 1 February 2009.

On Keynes, George and Some Land Issues

a further response to Jerry Jones

By David Grove

MY FIRST RESPONSE (in CR53) addressed the differences between Jerry's account of the economic crisis (in CR52) and a rigorous Marxist analysis. In his opening paragraph Jerry revealed his distance from Marxism when he bracketed Marx with Adam Smith, JM Keynes and Henry George as among "the founding fathers of economics" and "those four great original contributors to economic theory". This suggests that Jerry sees economics as an objective science, to which various thinkers have made contributions that can be evaluated on their merits. Such an eclectic approach ignores one of Marx's greatest insights: that the ruling ideas of any epoch are the ideas of the dominant class, and that their role is to underpin that domination.

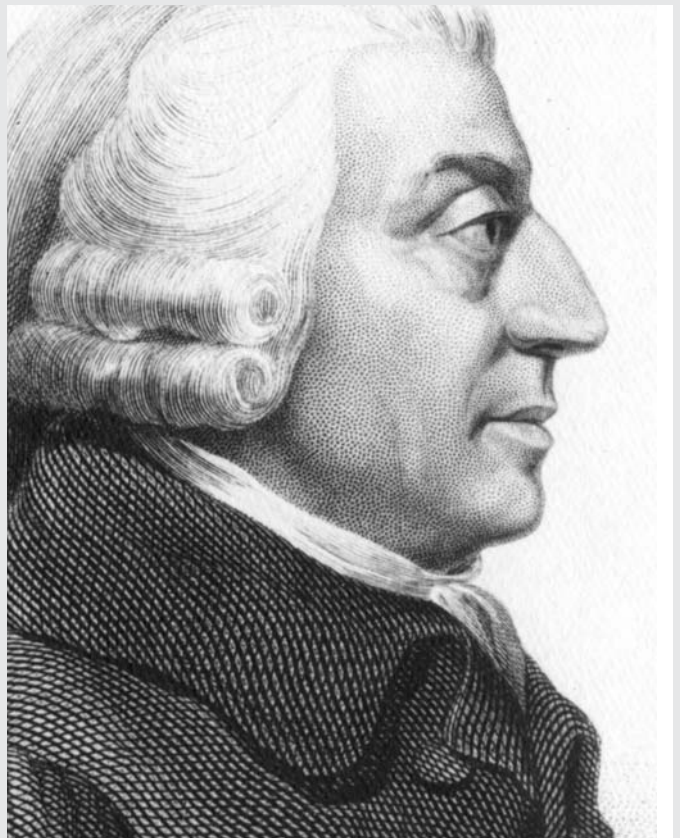
Bourgeois economics – in its different forms – is what is taught in colleges and universities throughout the capitalist world, and peddled daily in the capitalist press. And its function is precisely

to conceal the reality of capitalist exploitation, and the true nature of economic crises, behind a façade of superficial explanations of economic phenomena. It seems to me that Jerry's failure to recognise this means that he cannot be described as a Marxist economist.

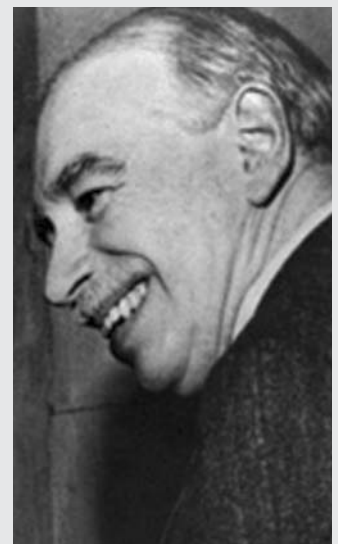
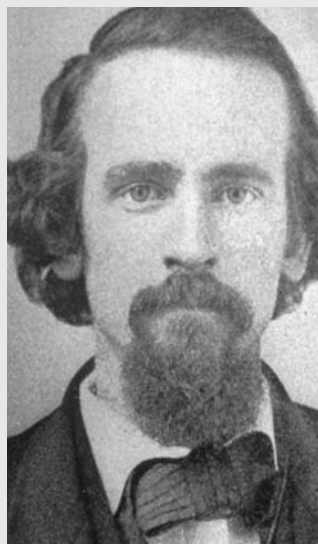
Keynes

It's important for the left of today to be clear about where Keynes stood. A lot of people, including some in the labour movement, are advocating so-called Keynesian measures to lift us out of the present recession. Jerry stated that Keynes developed "a new theoretical approach that came to be known as macroeconomics, which specifically addressed the problems of managing economies as a whole, thus to mediate between the many contradictions arising in a capitalist economy."¹

I'm not sure what Jerry means by mediation in this context. What is certain though is that neither in theory nor in practice could



Money men: top Adam Smith, Henry George and JM Keynes



Keynes's ideas *resolve* the basic contradictions of capitalism. This is because those contradictions figure nowhere in his analysis.

Keynes's work on the relationships between investment, savings, consumption and money supply undermined the previously received wisdom that capitalism would always reach equilibrium with full employment – if the economy wasn't distorted by extraneous factors such as monopolies, trade unions, and governments. Keynes explored some of the *mechanisms* of the business cycle and to this extent brought bourgeois economics closer to reality. He also provided a theoretical basis for government intervention in the market.

But like all concepts in bourgeois economics, his aggregates of income and expenditure and other quantities reside in the spheres of the exchange of commodities and the circulation of money. They ignore the underlying reality that surplus-value is created in the sphere of production, where capital is accumulated, and where the fundamental contradictions arise. The exploitation of workers, the clash between social production and individual appropriation, and the resulting class struggle, have no place in Keynes's economic model.

Perhaps that is why he failed to appreciate the significance of the increase in monopoly, giving rise to the dominance of finance capital and its use of the capitalist state to increase its superprofits. Another long article would be needed to deal adequately with this aspect of Keynes's thought. Suffice it to say that by ignoring monopoly he concealed the extent to which his theories serve the interests of finance capital. For instance, his emphasis on inflation as a means of reducing real wages has the

effect of transferring surplus-value to the most dominant sections of the capitalist class.

That is why it is not possible to bolt together Keynes and Marx to create a new economic model. Marxists may use some of Keynes's insights to enrich an account of capitalist instability – but only within the framework of Marx's understanding of the turnover of capital.

Jerry does point out that Keynes was a defender of capitalism. But he fails to note the depth of Keynes's opposition to Marxism. He writes that Keynes "had to learn those lessons in economics without having access to Marx's foresight."¹ Keynes, however, wrote that *Capital* was "an obsolete economic textbook...not only scientifically erroneous but without interest or application for the modern world".²

As ever, these theoretical differences have practical consequences. In the light of Jerry's comments on the changes in the UK house price index since 1950, it seems to me that he has bought into the reformist social democratic myth that post-war full employment was largely due to Keynesian policies; if only they had been kept going, "managed capitalism" could have avoided booms and slumps, and bubbles that burst.

Many factors contributed to the long post-war period of full employment. Among them the most "Keynesian" was probably the massive expenditure on rearmament at the behest of US imperialism. This was accompanied by severe wage restraint – another Keynesian policy.

Keynesian policies were not abandoned just because financial capital mushroomed in response to deregulation and relaxation of credit controls. The principal reason was that the militant action of the organised working class ended the wage freeze, and defeated attempts by both

Labour and Conservative governments to limit trade union freedom. In these circumstances the ruling class turned to other ways of fighting the class war: among them an increase in unemployment, which enabled them more easily to attack individual trade unions, and to introduce one legal curb after another on the workers' right to organise.

The Fallacy of Composition

Under this heading Jerry turned to remedies for the present crisis. In a curious passage he suggested that, if capitalists knew what was best for them (and for the whole of society), they would raise wages when profits are threatened, and increase investment when markets contract. But if they did this they would no longer be acting as capitalists.

Jerry appears to assume that capitalists would prefer full employment – if their profits could be maintained. But there's the rub. To raise profits by keeping wages down, capital has always needed a reserve army of labour. If it can't get it from displaced peasants or from immigration, it will get it through unemployment.

Recessions are not necessarily unwelcome to the ruling class. The economist Joseph Schumpeter saw them as periods of "creative destruction", when weaker firms go to the wall, leaving the survivors bigger and stronger than before. Marx also explained the positive role of periodic crises in hastening the trend towards the domination of the big monopolies. At this moment finance capital is taking advantage of the recession to hasten the destruction or relocation of British manufacturing.

I suppose Jerry would argue that governments should create a fiscal and regulatory framework that would induce capitalists to continue

investing at the onset of a recession. It is unlikely that the monopoly capitalist state would introduce such measures. But they could be part of the programme of a left government, backed by a strong grass roots movement, dedicated to establishing an Alternative Economic and Political Strategy. Some weaker capitalists might even support such a policy; the working class should certainly take advantage of any divisions among its exploiters.

But once such a strategy threatened the privileges of finance capital, it would meet with growing resistance from the establishment. And so the issue of state power would arise. To make further progress the working class would have to seize and dismantle the monopoly capitalist state, and proceed not to manage capitalism but to construct socialism. This prospect is a long way from Keynes's thought – but it is the only stable alternative to the present crisis-ridden system.

Land in class society

When Jerry reaches Henry George he turns away from the present crisis and pursues his special interest in land economics – and I'd like to follow his example. "Single-tax" George was the maverick American economist who in 1879 published *Progress and Poverty*. That book's critique of class society centres on so-called "land values".

Now land as such – virgin land – has no exchange-value, because no human labour went into its creation. Land has a use-value that is consumed in the processes of farming, mining or building. To release this use-value, human labour has to modify the land's natural qualities in various ways, such as putting in roads or utilities. These actions give improved land an exchange-value. But in advanced societies, the price (or rent) of land – especially land ripe for development or redevelop-

ment – is generally many times the value of the labour embodied in it.

This divergence between exchange-value and price does not arise simply because land is scarce, as Jerry implies. It arises because land is also privately owned. Since each plot of land is unique, and it is rarely possible to substitute one plot for another, land ownership is a monopoly. It wasn't Marx but Winston Churchill, then a Liberal, who said (in 1909) that the land monopoly "is by far the greatest of monopolies".³

The divergence between the exchange-value and the price (or rent) of land has escalated during recent property booms. This gives rise to the common belief, echoed in Jerry's article, that rising land prices (which he calls "values") have been responsible for the rise in the sale prices or rents of homes and other property. The true relationship is the other way round. Rising property prices cause rising land prices.

This paradox results from a peculiar feature of the property market. Most of the buildings offered for sale or rent at any one time are "old". Perhaps around ten per cent of the homes sold each year are newly built. So prices are driven mainly by the demand for existing homes, most of them sold by one owner-occupier to another. As Jerry points out, the surges in demand in the 1970s and since were fuelled by the availability of credit.

Since the builders of new homes charge as much as the market will bear, they set their prices to reflect those of comparable existing homes. Because of the land monopoly, much of the difference between the building cost and the sale price is appropriated by landowners. The latter simply increase their share of the surplus value created by labour in the process of construction.

As for existing houses, a large part of the increase in

their prices is the notional price of the land on which they stand. Homeowners are not usually aware of this – except possibly when they insure the building for a lot less than they paid for it.

The fact that demand and not supply is the main determinant of house prices is vividly illustrated by recent market trends. There has been a dramatic fall in house prices – at a time when the supply of new homes has also dropped sharply! Academic studies during the boom years showed that a very large increase in the supply of new homes would have been required to bring about even a small reduction in prevailing house prices.

Rising land prices and rents can, as Jerry says, also result from economic growth – and from changes in the pattern of activities. For instance, the shift from manufacturing to services has upped the price of land in town and city centres. Landowners also pocket more surplus value as a consequence

of public and private investment that raises the accessibility or amenity of their holdings.

Taxation of Landowners

There has always been a widespread feeling that at least part of the additional surplus value appropriated by landowners when property prices rise should be clawed back for the benefit of the whole community by some form of tax or levy. After all, the increase owes nothing to the actions of the landowners.

Jerry argues strongly for an annual land value tax (LVT) that he says would reduce the price of land and could replace other forms of taxation. But it is far from certain that such a tax would significantly reduce land prices. This would depend on the extent to which the landowner can pass on the tax to the occupier – and the latter to the consumer. And this would be a function of demand.



If the tax were imposed on residential owner-occupiers – which appears to be Jerry’s intention – it would hardly be popular. Though he argues that LVT is not really a tax at all, it would indeed be as unfair as the present council tax or the former rates. While people with higher incomes tend to live in more expensive homes, the greater “value” of the property is not generally proportional to the greater income. So the tax is a regressive one – and it would bear heavily on those whose incomes are reduced by unemployment or retirement but who continue to live in homes bought in more prosperous days.

It is surprising that Jerry suggests using the yield from LVT to reduce income tax, an inherently progressive tax, rather than indirect taxes such as VAT that bear most heavily on poorer families.

The moral indignation of some LVT campaigners is redolent of the struggle by “productive” capitalists against “unproductive” landowners. But the surplus value appropriated by landowners is but a small fraction of the total surplus value created by the labour of working people. And with more and more land in the hands of large property companies, the distinction between landowners and capitalists is increasingly blurred. As a method of taxing the rich, LVT is deeply flawed.

For a final word on Henry George we can’t do better than go back to our own great English Marxist, William Morris, who wrote:

“The worst enemies of the people today are those whom our ‘Prophet of California’ leaves untouched by his denunciations and unscathed by his sarcasm. To Mr George the robber of a hundred is a villain indeed; the dexterous annexer of many

thousands may pass full pocketed on his way as a benefactor of his race.”⁴

Town and Country Planning

There is another aspect of LVT that deserves consideration – its impact on the ability of local authorities to control the use of all land in the interests of the whole community. In the sixty years since the post-war Labour government introduced comprehensive control of land use, the progressive intentions of planners have been continually frustrated by the private ownership of land. This constraint has affected planning decisions in two ways: through the pattern of land prices, and the fragmentation of ownership.

LVT, even if it brought some land prices down, would do nothing to alter the existing disparity in “value” between similar pieces of land in different locations. It is the tyranny of land “values” that has led to the concentration of development in the most profitable locations, resulting in congestion and long journeys to work. It is the skewed distribution of land “values” that results in only the well-off being able to live in the most favourable locations – near city centres and open spaces, for instance – and forces providers of social housing to build in the least pleasant and accessible places. Local development plans can’t zone the “best” sites for housing or open spaces or social buildings because the cost would be prohibitive.

Some bourgeois economists argue that differences in the prices of land in different locations are necessary to ensure that land is used in the most “efficient” way. Concentrated development gives rise to agglomeration economies that raise productivity and stimulate innovation. It may

well be the case that the present inequitable pattern of land values leads to the maximum profit for capitalist occupiers, but this is not necessarily the best outcome for the whole of society.

It has even been suggested that a socialist system that has ended the market in land would have to fix notional land “values” to ensure that every plot was put to the most beneficial use. But surely a mature socialism would be able to devise more democratic ways of achieving that end? There have been (are?) societies without private land ownership and they have devised social methods of optimising the use of land.

Fragmented private ownership prevents the most socially desirable patterns of development. It is responsible for the aesthetic and functional chaos of most of our city centres, where individual owners carry out the most profitable development of each site (and individual architects display their talents) with scant regard for the surrounding area. When several adjoining sites can be dealt with as a unit, the whole is often greater than the sum of the parts. It may provide an opportunity to solve problems like traffic circulation or local open space that can never be solved while the sites are treated as separate entities. Assembling land by compulsory purchase is rarely attempted because it proves so time-consuming and expensive. But if all urban land were leased from the local planning authority they could actually *create* opportunities for beneficial renewal by promoting relocation of some activities to more suitable sites, freeing up land for comprehensive redevelopment.

Only the social ownership of all land ripe for development or redevelopment would make genuine town and country planning possible. In the *Communist Manifesto* the first of ten measures listed by

Marx and Engels to make inroads into the rights of private property was “Abolition of property in land and application of all rents of land to public purposes.”⁵

The Communist Party’s programme *Britain’s Road to Socialism* states in the section on the Alternative Economic and Political Strategy that,

“To enable industrial and social development to take place in a planned and balanced way, the big landed estates in town and countryside will have to be taken into public ownership. The free market in land will have to be brought under local and democratic control, within an overall national plan.”⁶

Climate change strengthens the case for the socialisation of land. It will be a necessary basis for a more eco-friendly agriculture and for patterns of urban and rural development that reduce the requirements for travel and energy.

The timing and extent of land nationalisation by a left government, and the compensation (if any) to landowners, would of course depend on the way the balance of class forces develops in the course of progressive struggle. But to discuss the taxation of land “values” without reference to the prospect of social ownership, as Jerry Jones does, is to ignore a vital issue in the advance to socialism.

Notes

1 J Jones, *Causes of the Current Economic Crisis*, in *Communist Review*, No 52, 2009, p 31.

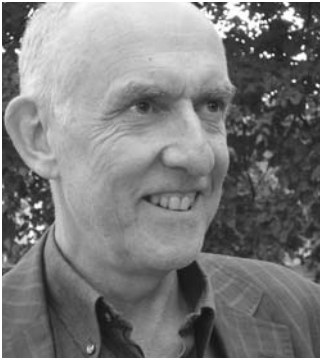
2 Quoted in J Eaton, *Marx versus Keynes*, Lawrence & Wishart, 1951.

3 W S Churchill, *The People’s Land*, in *The People’s Rights* (1909); see http://wealthandwant.com/docs/Churchill_TPL.html -Ed.

4 W Morris, in *Justice*, 5 April 1884.

5 K Marx and F Engels, *Collected Works*, Vol 6, p 505.

6 CPB, *Britain’s Road to Socialism*, 7th Edition, 2000.



Selected by
Mike Quille

A regular literary selection

POLITICAL POETRY, as the literary critic Arnold Kettle defined it, is “poetry in which the question of power gets recognition and expression.” Poets have articulated a large range of thoughts and feelings about the way things are, politically. These have included intellectual dissent and emotional disassociation; rage, misery and disgust; joy and hope; and various kinds of vision of better kinds of political and economic arrangements.

Poetry has a long history of political engagement. Broadly speaking the kind of political poetry written in English which springs from libertarian, egalitarian and socialist values can be classified in a number of ways, but probably the simplest way is to use the basic political unit of the last few hundred years, *ie* the nation state.

There is firstly an **English**

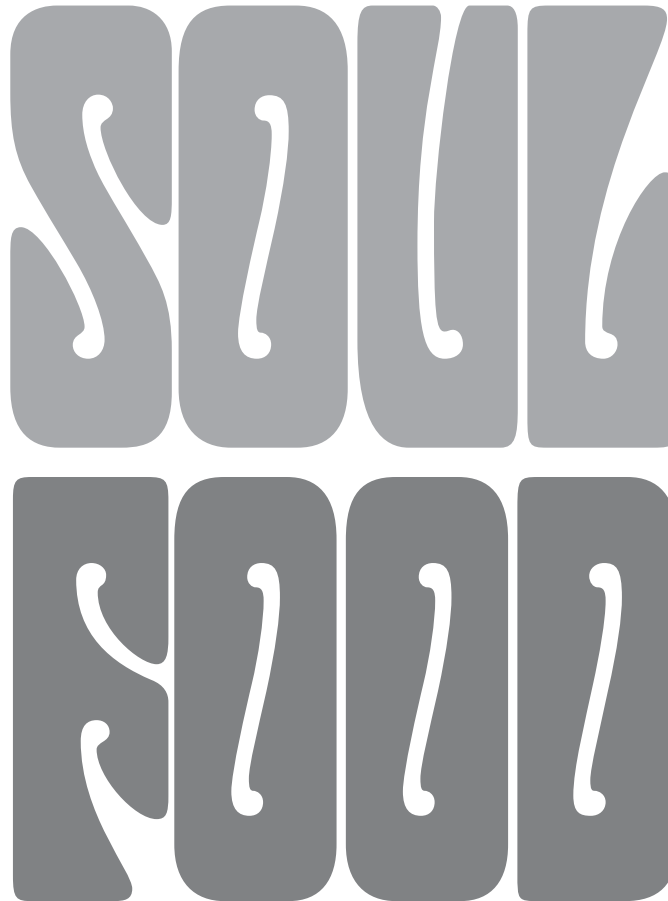
tradition which goes all the way back to the rural and peasant revolts of pre-industrial society. This tradition includes a populist element, poets like Thomas Wyatt, Gerrard Winstanley, and John Clare, and is represented in contemporary poetry by John Cooper Clarke and Linton Kwesi Johnson.

And it includes a more consciously thought-through republican tradition, expressed in John Milton, William Blake, Arthur Hugh Clough, early WH Auden, and (in our own time) Tony Harrison.

And then there are distinct traditions from other parts of the world, from Scotland, Ireland, North and South America, Russia and Eastern Europe. These traditions are richer and more consciously socialist than the English tradition. Poets who have produced great political poems

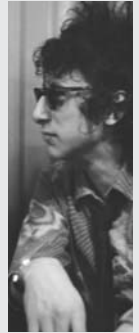
in these traditions include Robert Burns, Hugh MacDiarmid, Seamus Heaney, Paul Muldoon, Walt Whitman, e. e. cummings, Pablo Neruda, Bertolt Brecht, Osip Mandelstam, Marina Ivanovna Tsvetayeva, Miroslav Holub, Zbigniew Herbert, and many, many others.

In this issue of *Communist Review* I am going to present a few poems from the “populist” tradition in English verse, together with some brief background information. In future issues I hope to do the same for the other traditions. At the same time, I invite readers to let me have your comments and suggestions for good poems which (explicitly or not so explicitly) express socialist values, including your own work. Especially poems about the current capitalist economic and political crises!



John Cooper Clarke (born 25 January 1949) is a performance poet from Salford. He became well known in the late 1970s during the flourishing punk movement. His set consists of lively, rapid-fire renditions of his poems, mixed with stand up comedy.

This is a new poem, off his website:



APART FROM THE REVOLUTION

Each drop of blood a
rose shall be
all sorrow shall be dust
blown by breezes to the
sea
whose fingers thrust
into the corners of
restless night
where creatures of the
deep
avoid the flashing
harbour lights
in search of endless
sleep
there were executions
somebody had to pay
apart from the
revolution
it's another working day

a million angels sing
peasants eating cake
wedding bells are ringing
the room begins to
shake
the children free from
measles all
have healthy teeth and
gums
they live in the
cathedrals
and worship in the slums
poverty and
pollution
have all been swept away
apart from the
revolution
it's another working day



Gerrard Winstanley (1609 - 1676) was a religious reformer and political activist during the English Civil War. He was one of the founders of the English group known as the Diggers because they took over public lands and dug them over to plant crops. *The Diggers' Song* (below, slightly shortened) is a ballad written by Winstanley, a protest song by early communists.



THE DIGGERS' SONG

You noble Diggers all, stand up
now, stand up now,
You noble Diggers all, stand up
now,
The waste land to maintain,
seeing Cavaliers by name
Your digging to disdain and
persons all defame.
Stand up now, stand up now.

Your houses they pull down,
stand up now, stand up now,
Your houses they pull down,
stand up now;
Your houses they pull down to
fright poor men in town,
But the Gentry must come
down, and the poor shall
wear the crown.
Stand up now, Diggers all!

With spades and hoes and
plowes, stand up now, stand
up now,
With spades and hoes and
plowes, stand up now;
Your freedom to uphold, seeing
Cavaliers are bold
To kill you if they could, and
rights from you withhold.
Stand up now, Diggers all!

Their self-will is their law, stand
up now, stand up now,
Their self-will is their law, stand
up now;
Since tyranny came in, they
count it now no sin
To make a goal a gin, to starve
poor men therein.
Stand up now, stand up now.

The Gentry are all round, stand
up now, stand up now,
The Gentry are all round, stand
up now;
The Gentry are all round, on
each side they are found,
Their wisdom's so profound, to
cheat us of our ground.
Stand up now, stand up now.

The Lawyers they conjoin, stand
up now, stand up now,
The Lawyers they conjoin, stand
up now!
To arrest you they advise, such
fury they devise,
The devil in them lies, and hath
blinded both their eyes.
Stand up now, stand up now.

The Clergy they come in, stand
up now, stand up now,
The Clergy they come in, stand
up now;
The Clergy they come in, and
say it is a sin
That we should now begin our
freedom to win.
Stand up now, Diggers all!

The tithes they yet will have,
stand up now, stand up now,
The tithes they yet will have,
stand up now;
The tithes they yet will have, and
Lawyers their fees crave,
And this they say is brave to
make the poor their slave.
Stand up now, Diggers all!

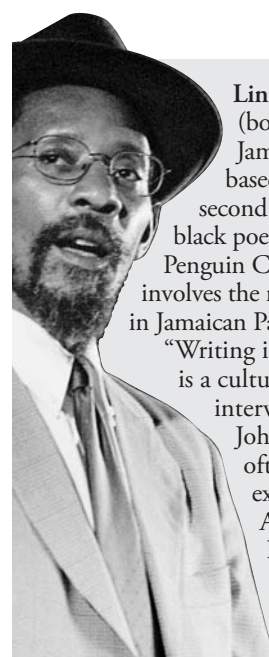
'Gainst Lawyers and 'gainst
Priests, stand up now, stand
up now,
'Gainst Lawyers and 'gainst
Priests, stand up now;
For tyrants they are both, even
flat against their oath,
To grant us they are loth,
free meat and drink
and cloth.
Stand up now, Diggers all!

To conquer them by love, come
in now, come in now,
To conquer them by love, come
in now;
To conquer them by love, as it
does you behove,
For He is King above, no Power
is like to Love.
Glory here, Diggers all!

John Clare (1793 – 1864) was an agricultural day labourer who became a self taught poet and writer. He lived at a time of huge changes to the English countryside, brought on by the introduction of the Enclosures, and by new technology.

In much of his poetry he explores the different meanings – social, political and aesthetic – of the economic changes around him. Against a natural, Edenic background of a wise, organic Nature, he sets the cant and greed and hypocrisy of landowners. A sense of personal and political crisis is expressed in a number of his poems, including the masterpiece *The Fallen Elm* reprinted below, which moves disturbingly from an elegiac lament for a balanced, healthy rural society, to an angry, accusing diatribe against the injustice of enclosure.

The sense of alienation and disassociation induced by this crisis developed into severe mental health problems, and he spent the last sad twenty years of his life in an asylum, himself a “fallen elm”.



Linton Kwesi Johnson (born 24 August 1952) is a Jamaican-born but British-based dub poet. He became the second living poet, and the only black poet, to be published in the Penguin Classics series. His poetry involves the recitation of his own verse in Jamaican Patois over dub reggae music. “Writing is a political act and poetry is a cultural weapon...”, he told an interviewer in 2008. Most of Johnson’s poetry is political, often dealing with the experiences of being an African-Caribbean in Britain, but also on wider themes, as in the poem right.

THE FALLEN ELM

Old elm that murmured in our chimney top
 The sweetest anthem autumn ever made
 And into mellow whispering calms would drop
 When showers fell on thy many-coloured shade
 And when dark tempests mimic thunder made
 While darkness came as it would strangle light
 With the black tempest of a winter night
 That rocked thee like a cradle to thy root
 How did I love to hear the winds upbraid
 Thy strength without – while all within was mute
 It seasoned comfort to our hearts' desire
 We felt thy kind protection like a friend
 And edged our chairs up closer to the fire
 Enjoying comforts that was never penned
 Old favourite tree thou'st seen time's changes lower
 Though change till now did never injure thee
 For time beheld thee as her sacred dower
 And nature claimed thee her domestic tree
 Storms came and shook thee many a weary hour
 Yet steadfast to thy home thy roots hath been
 Summers of thirst parched round thy homely bower
 Till earth grew iron – still thy leaves was green
 The children sought thee in thy summer shade
 And made their play-house rings of sticks and stone
 The mavis sang and felt himself alone
 While in thy leaves his early nest was made
 And I did feel his happiness mine own
 Nought heeding that our friendship was betrayed
 Friend not inanimate – though stocks and stones
 There are and many formed of flesh and bones –
 Thou owned a language by which hearts are stirred
 Deeper than by a feeling clothed in words
 And speakest now what's known of every tongue
 Language of pity and the force of wrong
 What cant assumes, what hypocrites will dare
 Speaks home to truth and shows it what they are
 I see a picture which thy fate displays

And learn a lesson from thy destiny
 Self-interest saw thee stand in freedom's ways
 So thy old shadow must a tyrant be
 Thou'st heard the knave abusing those in power
 Bawl freedom loud and then oppress the free
 Thou'st sheltered hypocrites in many a shower
 That when in power would never shelter thee
 Thou'st heard the knave supply his canting powers
 With wrong's illusions when he wanted friends
 That bawled for shelter when he lived in showers
 And when clouds vanished made thy shade amends
 With axe at root he felled thee to the ground
 And barked of freedom – O I hate the sound
 Time hears its visions speak and age sublime
 Had made thee a deciple unto time
 - It grows the cant term of enslaving tools
 To wrong another by the name of right
 It grows the licence of o'erbearing fools
 To cheat plain honesty by force of might
 Thus came enclosure – ruin was its guide
 But freedom's clapping hands enjoyed the sight
 Though comfort's cottage soon was thrust aside
 And workhouse prisons raised upon the site
 E'en nature's dwellings far away from men,
 The common heath, became the spoilers' prey
 The rabbit had not where to make his den
 And labour's only cow was driven away
 No matter – wrong was right and right was wrong
 And freedom's bawl was sanction to the song
 - Such was thy ruin, music-making elm
 The rights of freedom was to injure thine
 As thou wert served, so would they overwhelm
 In freedom's name the little that is mine
 And there are knaves that brawl for better laws
 And cant of tyranny in stronger powers
 Who glut their vile unsatiated maws
 And freedom's birthright from the weak devours

MORE TIME

wi marchin out de ole towards di
 new centri
 arm wid di new teknalagy
 wi getting more an more producttivity
 some she tings looking-up fin
 prosperity
 but if evrywan goin get a share dis
 time
 ole mentality mus get lef behine

 wi want di shatah working day
 gi wi di shatah working week
 langah holiday
 wi need decent pay

 more time fi leasure

more time fi pleasure
 more time fi edificaeshun
 more time fi reckreashan
 more time fi contemplate
 more time fi ruminare
 more time fi relate
 more time
 wi need
 more
 time
 gi wi more time

 a full time dem abalish unemployment
 an revalueshanize laybah deployment
 a full time dem banish owevahtime
 mek evrybody get a wok dis time

wi need a highah quality a levity
 wi need it now an fi evrybody

 wi need di shatah working year
 gi wi di shatah working life
 more time fi di huzban
 more time fi di wife
 more time fi di children
 more time fi wi fren dem
 more time fi meditate
 more time fi create
 more time fi livin
 more time fi life
 more time
 wi need more time
 gi wi more time



Mike Quille is a poet, socialist and probation officer, living on Tyneside.

This poem was prompted by a visit to the exhibition called 'Rank' at the Northern Gallery for Contemporary Art

in Sunderland. The exhibition (which is highly recommended) brings together various representations of our unequal society by artists and social scientists, from the Renaissance to the present.

WHEN WILL THE DWARVES GET RESTLESS?

Suppose we call a giant parade
of everyone in the economy
which takes an hour to pass.
Let's put the marchers in order, so
the poorest march at the front,
and the richest march at the back.
And let's imagine that people's heights
are proportional to their income.
Those earning average incomes
will be of average height;
and those earning twice the average
will be twice as tall as that.
Let's watch as this monster parade goes past.

At first, we can't see any marchers:
underground, they're walking upside down:
owners of loss making businesses.

Then upright marchers start to come past
but they're only tiny, inches high:
old people and youngsters, mainly,
and the long term sick, and the unemployed.

Ten minutes in, some dwarves appear,
heads held high (waist high) they pass,
cleaners, cooks and classroom assistants,
packers, bottlers, canners and fillers,
hairdressers, lifeguards, general labourers,
carers, drivers and nursery nurses.

Half an hour's gone, and we're half way through,
and the skilled workers start to appear:
scaffolders, riggers and call centre agents,
nurses, plasterers, printers, typists,
machinists, clerks and welders.....yet
Still only five feet tall!

It's 45 minutes before they're six feet tall,
but their height is rising sharply.
Doctors, lawyers and MPs (on expenses)
Stomp past, twenty feet tall! And then,

accountants, directors, corporate managers,
landowners, fund managers and those famous
bankers,
fifty, a hundred, five hundred feet tall,
you can only see up to their knees!

And in the last few seconds,
at the very very end
are the giants of the Giant Parade:
Gates and Buffet and Mittal and Green,
Abramovich, Rausing, Westminster, wow....
the soles of their shoes are a hundred feet thick!
What's more, these men are getting
much taller, much faster than everyone else
in this money-mad, monstrous parade.

So my questions to all you six footers out
there are these:
shall we stop this Giants' Parade?
Or shall we just watch them grow taller?

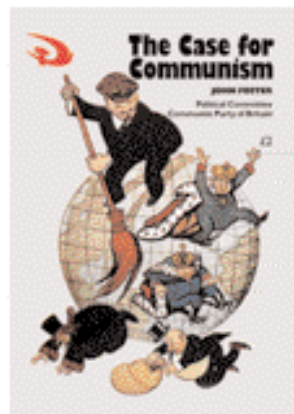
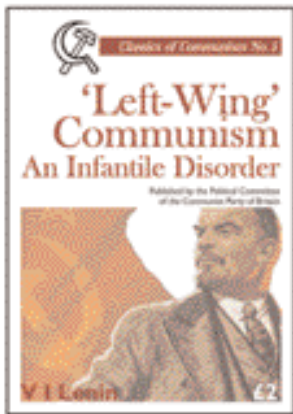
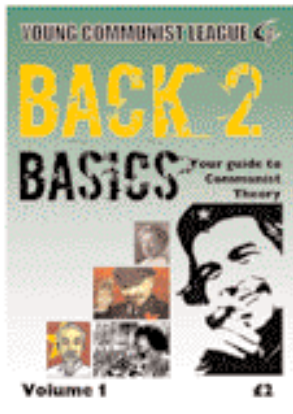
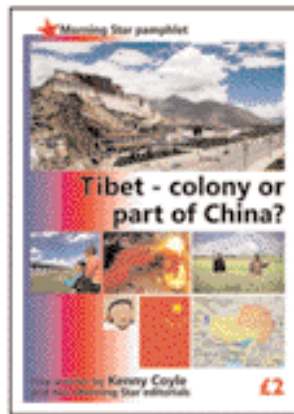
Tell me how long will it be
Till the dwarves get restless?

Well?



Junk food: an irregular cartoon strip





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