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Russia, China and the USA's New World Disorder

Class Composition in the Crisis

**Labour Party:
Never Any Use to the
Working Class**

**Russian Revolution, 1918:
Five Months On, Karl Radek**

**Review of Carchedi's
*Behind the Crisis***

Revolutionary Perspectives

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The Situation of the Working Class

Economic conditions had in the first place transformed the mass of the people into workers. The domination of capital created the common situation and common interests of this class. Thus this mass is already a class in relation to capital, but not yet a class for itself. In the struggle, of which we have only indicated a few phases this mass unites and forms itself into a class for itself. The interests which it defends become class interests. But the struggle between classes is a political struggle. (Marx, The Poverty of Philosophy, 1847)

In their different ways the two articles which follow contribute to an overview of the situation of the working class at its most fundamental: the world of work. The first is the slightly longer original of a piece we published in the autumn edition of our broadsheet *Aurora*. It is basically an expression of solidarity with fast food delivery drivers who are battling to secure a consistent living wage. The coming together of these ‘gig’ economy workers to fight for their mutual interest – better terms for the sale of their labour power – confirms the Marxist perspective that the elementary class struggle between bosses and workers does not go away. For all the talk about the disappearing working class within post-industrial capitalism, a substantial part of the modern ‘precariat’ are proving that they too are part of that class, albeit a class with a substantially different profile. There can hardly be a clearer demonstration of this than Uber and Deliveroo drivers’ quest to be officially classed as wage earners (not self-employed) by the state’s employment tribunals.

That said, it is an illusion to assume that all the working class has to do now to assure a bright tomorrow is combine together to force the employers to rein in the worst aspects of exploitation. It is true that today’s global workforce is the product of decades of capitalist restructuring: with new generations of proletarians in the periphery and new kinds of work set-ups where workers must learn how to organise and resist. But the principal reason today’s working class is having to relearn elementary aspects of self-organisation is that decades of trade union struggles have proved worse than useless in the face of employers and governments set on “doing whatever it takes” to counteract their profitability crisis. If the number of work days lost due to strikes can be taken as a guide to working class ‘combativity’ then the latter was at its height in post-war Britain in 1979 – the year that Thatcher became Prime Minister, and the UK’s Office of National Statistics recorded almost 29.5 million “working days lost”.¹ Now, with the world capitalist crisis well into its fourth decade, and the working class throughout the ‘advanced’ capitalist world receiving a steadily diminishing share of the value they generate the same Office recorded a historic low of 170,000

Class composition

strike days in the UK in 2015. This is roughly the same picture as the rest of the old capitalist heartlands.

So it is not just about the working class in Britain, or even about the essentially conservative and constraining force of the trade unions, it is about the fact that the capitalism is in deep crisis. Not only can there be no return to anything like the conditions of the post-war boom, but even the most determined fight back by any group of workers cannot alter the fact that one way or another (sacking workers and replacing them with robots or moving to another area with lower wage rates; reducing wages, sickness benefits, pensions; obliging workers to work harder for the same pay, etc, etc.) the capitalists will claw back any concessions in their efforts to extract more unpaid labour from the workforce as a whole. The outlook for the future within capitalism is dire, and not simply on the jobs front. Yet, for all the millions of strike days lost and the tenacity of many of the sectional battles fought, if the lost decades of the working class have anything to teach us it is that the revolutionary struggle to get rid of capitalism in favour of a society of “freely associated producers” does not emerge from battles over ‘bread and butter’ issues.

In short, the struggle for communism is not only about willingness to fight but about political consciousness and political consciousness comes from a wider perspective than the workplace. As the second article, *Class Composition in the Crisis*, notes “giving everything you have during a fight with the class enemy is in some ways exemplary” but there is something disingenuous, or at least naïvely mistaken, about a political organisation whose perspective is that an autonomous, determined economic struggle will lead to the overthrow of capitalism.

It is one thing to reject the practice of gaining a foothold in the workplace in order to gather recruits for social democratic/Labour unions, another to avoid the political task of putting forward a wider political perspective which is essential if the working class is to take up the struggle for a new world.

For all the change in its composition, the working class is discovering new ways to fight. What the class struggle needs now is a clear vision of the goal that is worth fighting for and a clear programme, based on the historical experience of the class, about how to get there. It is up to those who understand this to work together with the aim of joining forces in a single revolutionary political organisation to counter the influence of capitalist ideology, whatever form it takes, inside the class as a whole.

Note

1. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/bbfw/lms>

Capitalism's New Normal

One of Theresa May's first acts as Prime Minister has been to set up a review into the situation of the 6 million or more people in the UK who "are not covered by the normal range of workplace rights" because they are either 'self-employed' in the so-called 'gig' economy or are employed in other forms of insecure and 'flexible' work on terms such as zero hour contracts. The common thread is that if you are 'self-employed', 'freelance' or simply short-term/part-time and maybe working for an agency you are not entitled to additional benefits such as sick pay, holiday pay, contributions to pension pots, etc. And of course the minimum wage does not apply to someone classed as self-employed.

Following a string of news reports and parliamentary enquiries into rich company directors with extravagant lifestyles who are indifferent to the fate of their workforce the political class is running scared. The Brexit vote has been interpreted as evidence of working class disaffection with the existing order: a problem which goes beyond how the Conservative Party holds itself together or extends its share of the vote. The ruling class as a whole (and not just in Britain) is keenly aware of the danger of passive disaffection turning into active hostility, particularly from low-paid workers who see no prospect of a shiny tomorrow.¹

May's declared intention to "bear down" on "irresponsible capitalists" owes more to the shared fears of today's global capitalist class about the "populist backlash against globalisation" [Christine Lagarde, head of the IMF] than the One Nation Toryism of Disraeli in the nineteenth century. Leaks from behind the closed-door sessions at September's meeting of the G20 (the world's twenty richest states) reveal Barack Obama, Theresa May and her Australian and Canadian counterparts all emphasising the need to placate popular discontent. Malcolm Turnbull (Australian prime minister and former Goldman Sachs banker) warned on the need to "civilise capitalism" or as one official put it, "If we do not address the issue of fairness, [it] could endanger the global economy."²

How We Got To Now

Way back in the 1970's and 80's British industrial capitalism was slow to adopt the new technology needed to revive falling profit rates. This was due in no small part to resistance from the working class. Sector by sector, iconic battles were fought by workers desperate to hold on to what they had but few were aware of how high the stakes were. Across the whole of the advanced capitalist world the crisis of profitability demanded radical restructuring in order to raise productivity per worker. If this was not sufficient within a given national boundary (as with the bulk of UK shipbuilding for example), then new technology existed to be employed in another part of the world where labour power was cheaper. So, on the back of mass unemployment, deskilling, lower wages and reduced job security, the post-war trend towards workers taking a larger share of GDP went

into quick reverse. The portion of GDP going to wages fell from a peak of 64% in the mid-1970s to a low of 52% by the mid-1990s.³ This is not the full story because it doesn't say how wages are distributed. But the fact is that the sharpest decline in living standards and increase in inequality came before the financial crash of 2008. It was a direct consequence of global capitalism's attempts to deal with the return of the inbuilt threat to its existence which was supposed to be a thing of the past. In terms of daily life it meant for privatisation and isolation where wage workers were not even sure they were part of a class with different interests from the likes of shareholders, directors, managers ... Many bought into the idea that the working class (defined as people who did heavy industrial work) no longer existed and began to believe that 'home ownership' and property speculation would provide them with a secure future even as they were mortgaged up to the hilt and steeped in credit card debt. The financial crisis of 2007-8 put paid to that. Moreover, massive state cutbacks in just about every aspect of social and welfare spending, postponement of the retirement age and the prospect of declining pensions coupled with wage freezes and outright pay cuts translate into a steady decrease in the quality of life. In fact, OECD figures show that real hourly wages in the UK dropped by over 10% between 2007 and 2015. No surprise then that workers now work longer hours than they used to. Likewise, the record number of people "in work" is due to financial necessity only exacerbated by the state policy of constant harassment and intimidation of people without jobs to force them into taking whatever rubbish is presented to them.

Today bosses in every sphere are embracing the possibilities of the latest technology to 'improve productivity'. This is capitalist-speak for getting workers to produce more than they did before in a given time period which means the company gets more unpaid work out of each worker. It is the essence of capitalist exploitation. It doesn't always mean lower pay. At the top end of the 'value chain' companies like Nissan, the biggest car-manufacturing firm in the UK, can invest in more robots, as they have done for welding of the new Infiniti luxury brand, to boost output without necessarily cutting wages or extending working hours. This is still increased exploitation and work on the production line remains intense and tiring. In fact the fundamental cause of the world capitalist crisis is at the top end of value production, where the rate of return on capital is now so low as to discourage further capital investment. Despite capitalism's debt mountain (now equivalent to more than 2 years of global output) the world is awash with financial capital looking for a higher rate of return on its investments. Increasingly finance is directed at services which have been farmed out, often from the state sector, and turned into businesses which can turn a financial profit but where little or no new value can be created.

Services now make up 80% of UK GDP. Alongside activities at the bottom end of the supply chain, such as warehouses and deliveries (so-called logistics), capital is turning to digital technology to devise ways of cheapening the cost and squeezing more out of workers in what are already low-paid, low-skilled,

labour intensive sectors. In a modern version of Taylorism, where each task is broken down and strictly limited to a sequence of smaller, precisely timed actions which every worker must follow, today's time and motion studies are conducted by computer geeks who devise apps based on algorithms which can monitor and control every step of a worker's day, wherever the job happens to take him/her. Amazon is not the only company where warehouse workers have to follow instructions from handheld devices which instruct them where to go and what to 'pick' from shelves at the same time as monitoring the time they take. And it certainly does not exclude Amazon or the many other "logistics and distribution centres" which are springing up in the wake of online shopping from using sharp employment practices to lower the cost of its wages bill.⁴

Enter the Gig Economy

The 'gig economy', so-called because instead of going to the same place of work day-in day-out in order to earn a wage in order to live, working life becomes a series of work 'gigs': tasks offered to the freelancer at a set price which s/he always has the option of refusing. It couldn't work without the ubiquitous mobile phone. But just because someone is summoned to a casual job by an app triggered by a computer algorithm doesn't mean they are therefore self-employed, i.e. running their own business. Behind the apps are creative computer geeks turned hard-nosed capitalists with an eye for where the money is. Their whole strategy of using apps to provide them with a lucrative revenue stream is based on their denial that they employ people to work for them. It is crucial for their revenue stream that they have no responsibility to pay even a minimum wage, never mind national insurance, sick pay, holiday pay and so on. Nothing to do with us: 'we just provide the platform which allows people the freedom to choose when to log on and work', argue the likes of Travis Kalanick, co-founder and CEO of Uber, based in San Francisco.⁵ And, sure enough, people who get paid for these digitally-announced gigs have to buy their own equipment for the job, just like any petty entrepreneur. For example Uber taxi drivers, who number 30,000 in London alone, have to provide their own car which complies with Uber specs, pay for their own training and licence etc, etc.

Above all they must have the Uber app – £5 per week for the official one – because without it you will have no customers. Passengers must pay the fare electronically and the payment (calculated by the Uber algorithm) is credited to Uber which takes off at least a 20% 'service fee' before crediting the driver's bank account once a week. Drivers, sorry "partners", have to make at least one trip a month to keep on the books. This kind of employment is certainly less monotonous than the old forty hours sentence for life occupations which dominated heavy industrial work decades ago. But it is no less capitalist exploitation for being precarious and for the boss appearing as an anonymous mobile app.

The question is posed about what the gig economy and the wider world of precarious employment mean for the revival of a working class fight back. Yet,

just as it appears that the present generation of wage workers is facing a set of bosses who hold all the cards, a series of strikes in the summer by restaurant delivery couriers employed (they argue correctly) by companies Deliveroo (set up by Will Shu, ex-investment banker at Morgan Stanley) and Ubereats (a spin off of you know who) has challenged the complacency of these unscrupulous capitalists who are a product of a system in deep crisis and which is resorting to amassing financial profits at the same time as capitalism's capacity to extract new value from the working class declines. In the real world this means we are in an era of increasingly vicious exploitation where the thirst for profits will push more and more employers to try and pay less than a living wage.

Deliveroo, which operates in 84 cities across 12 countries, has more than 20,000 'self-employed' cyclists who deliver food for more than 16,000 restaurants on its books. Although it is good at attracting financial backing it has yet to make a profit. No doubt this has a lot to do with the sudden introduction of a pilot pay scheme amongst about 280 of its 3,000 London couriers. It spells a massive wage cut. Previously the couriers received £7 per hour, plus £1 commission for each delivery. Under the new scheme couriers have no base salary but instead receive £3.75 per delivery. OK during the lunch time and evening rush when you can make more than £7 an hour but it means that most of the time they earn less than the minimum wage. The heartening news is that this wasn't taken lying down. Over the summer hundreds of Deliveroo workers organised their own protests and one-off 'wildcat' strikes. One of their demands is that they be paid £9.40 per hour – the London living wage. Although it looks as though Shu will get enough workers to sign up to his take it or leave it new contract, he's had a shock, stating on Radio 4 that he was "sorry" that the trial had triggered protests.

He's not the only capitalist who's sorry. The Deliveroo workers' fight inspired Ubereats couriers who came up against another wage-cut trick to organise their own "wildcat strike". After initially paying £20 per hour, once Ubereats had recruited a core set of workers, the pay terms were changed to £3.30 per delivery, which means much lower pay. The workers used their mobiles and Facebook to organise their protests in conjunction with the Independent Workers Union of Great Britain (IWUGB) and the United Voices of the World Union. The first is a split from the modern version of the IWW (Industrial Workers of the World), and before that from mainstream unions in the TUC. We do not know the origins of the United Voices of the World. To the extent that they are using the grievances of precarious 'gig economy' workers to capture a membership that will allow them to get a foothold as the workers' permanent legal representative they are not the way forward. As it is though, it is clear that by putting up their own fight, these most precarious of gig economy workers have shown the glimmer of a way forward to the rest of the working class.

It is not true that today's extreme conditions of precarious employment suffered

by the bottom 20 per cent of the workforce are simply a passing side effect of capitalist innovation which will eventually be ironed out. For the likes of Will Hutton (in *The Guardian*, 4.9.16) capitalism, “As ever is the bearer of the modern, the change agent whose innovations are welcome”. This is a complete misreading of the situation. Far from being the bearer of human progress, “today’s capitalism” is heading towards a catastrophic solution to the third global crisis of its existence where the only progressive outcome can be the overthrow of the entire system. Meanwhile, he is right about one thing: the gig economy is the yardstick for the new normal, i.e. for what sort of conditions of employment capitalism can get away with imposing on other sectors of the working class. Already the new junior doctors contract is reported to include on-call elements derived from the gig economy while the BBC and ITV now commission programmes according to perpetual undercutting gig-style terms.

The summer strikes of delivery workers should be seen as the first sign of a fight back by a new generation of the working class. They certainly scared the ruling class. (At the Tory Party conference Theresa May’s chief policy advisor, George Freeman, warned of “anti-capitalist riots” if the government did not intervene to make capitalism “more responsible”.) Recognising each other’s shared material interests is the first, necessary step towards independent political consciousness. This in turn will allow for a revolutionary organisation with a genuine anti-capitalist programme to mature within the everyday life of the working class. Meanwhile, we can only remind our readers that the only sure way to a socially just society is not the struggle for a fair day’s pay, but for the abolition of the wages’ system.

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Notes

1. Although there are numerous interpretations of what the Brexit vote reveals about the working class, the Resolution Foundation has worked out that there is no correlation between the areas that voted heavily for Brexit and the areas that suffered the steepest wage falls in recent years. There is a correlation, however, between places that voted for Brexit and places where average pay is low and has been for decades. For example, 76 per cent of voters in Boston, eastern England, voted to leave the EU (the area with the lowest pay in the country) compared with 31 per cent of voters in Richmond upon Thames, the area with the highest pay.
2. See G20 Leaders Urged to ‘civilise capitalism’, Tom Mitchell et.al. *Financial Times* 6.9.16.
3. See, for example, The TUC’s *The Great Wages Grab*, a study based on OECD figures.
4. See *Amazon, A Modern Capitalist Microcosm* at www.leftcom.org/en/articles/2014-02-15
5. See Wikipedia for more.

Class Composition in the Crisis

Hobson's 'prophecy'

It is well-known that in his work on imperialism Lenin drew a lot of material as well as analytical insights from Hobson, the social-liberal (as defined by Lenin himself), and author of one of the most celebrated works on the subject: also entitled *Imperialism*. Twice, the Russian revolutionary cites the same passage from the book which dares to “prophesy” about the fate of the European working class in the event of China being divided by the strongest segments of imperialism or, if you prefer, in the event of the major powers embarking on a frantic race for the division of the world.¹ If this were the case, says Hobson, the bulk of agricultural and industrial production would be moved to the former Celestial Empire, while only industries dedicated to the final stage of the production process, including transport and logistics in general would remain within European countries. At the same time, the mass of “domestic servants” would be enormously extended in the service of a small elite of super-rich rentier-financiers and the more numerous class of commercial traders, of various officials and so on: all would benefit, albeit secondarily, from the huge profits generated by the exploitation of China (i.e. of its workers). Hobson added that, even taking into account the margin of uncertainty present in every forecast, especially one made at the beginning of a historical process, the underlying trend was beyond doubt, so long as no obstacles were encountered in its path. Lenin, amongst other things, commented:

*“The social-liberal Hobson does not see that “the obstacle” he mentions can only be overcome by the revolutionary proletariat, and only in the form of a social revolution”.*²

We know how things went: the revolutionary proletariat tried, between 1917 and the early '20s, to overthrow capitalism, but its impetus was defeated by the bourgeoisie, not least with the help of social democracy and the trade unions, whose opposition to imperialism had been, up until the war, to say the least, controversial, especially since some of its sectors looked favourably on the redistribution of a portion of the proceeds of colonial exploitation (the famous crumbs) to certain layers of the working class.

So, what is left of Hobson's “prophecy”, exactly a hundred years after Lenin's compelling analysis of the highest stage of capitalism? Things did not go exactly as envisaged. Even if China had been a step away from being dismembered by

the great powers, the defeat of the revolutionary offensive after the First World War “bequeathed” humanity another terrible imperialist war, which in turn was followed by an economic boom that started a new cycle of accumulation on a world scale. Now, after decades, this has inevitably started to come up against the incurable contradictions of capital, especially the tendency for the rate of profit to fall. From about the mid-Seventies of the last century, capitalism’s responses to its own structural problems, have profoundly altered the composition of the class, not only in the countries of the capitalist “centre”, but all over the world. Although it is true that capitalism has dominated the planet for over a century, having also subjected remnants of previous modes of production to its own laws (accelerating their decay and historical exhaustion), it is also true that the inclusion of the labour force into a single world market irrespective of political/state barriers, has only fully taken place with the implosion of the Soviet empire and the so-called “neo-liberal revolution”.³ Together these are both important manifestations of the crisis and part of capital’s response to the crisis itself, alongside the huge changes in the organisation of work which the introduction of information technologies has brought about.

After several decades of generalised attacks on the world of wage-labour to be able to make use of every possible means to extract surplus value – the lifeblood without which the system could not live – the overall condition of the proletariat resembles something like the “pessimistic” picture outlined by Hobson at the beginning of the twentieth century. Relocation has in many ways replaced the colonies while the basic tendencies of capitalism have not been undermined. Above all, increased productivity (surplus value) by means of new technology has made increasingly large sections of the industrial labour force “redundant”, transferring them to the service sector. If services generally create profits for the individual entrepreneur, overall they do so at the expense of the primary surplus which stems solely from the production process. Inevitably, once this source began to diminish, there have been consequences in the service sector, which finds itself – it could not be otherwise – part of a tendency that had been underway for several decades, i.e. the declining conditions of the global labour force. It is a relative and absolute deterioration, both in terms of wages and how far conditions in the workplace can be endured. It is no less than a competitive race to the bottom for the global work force, its “Manchesterisation”, as we defined it twenty years ago.⁴ In other words, there is a tendency to return to nineteenth-century working conditions which in turn confirms Marx’s theoretical analysis⁵ whereby the situation of the working class (broadly defined) deteriorates as capitalist accumulation (and the development of the productive forces) proceeds, whatever the initial condition, high or low. This trend, identified theoretically by Marx, has been borne out by a huge mass of data provided by bourgeois academics, though of course within their framework.

Once again we have to stress that the “wage share”, i.e. the total amount of wages and salaries (including the tertiary sector,) has fallen and is falling as a portion of national income, both in the “centre” and in so-called emerging economies. This is despite the fact that in some sectors, in certain parts of these countries, there have been wage increases – won after hard struggles, sometimes bordering on uprisings. In fact, contrary to those who claim that the deterioration of proletarian living conditions was only a temporary feature of nineteenth-century capitalism, today’s declining share of wages in national income constitutes absolute impoverishment.

If this is not more dramatically apparent it is because, as we said before, wages, although decreasing or stagnant, can buy roughly the same use values as in the past, even if they are low quality, or lower than before, as, for example, with the food consumed by many “working poor” in the US and beyond. Thus, dramatic impoverishment has so far been somewhat blunted, at least in the “West” (and not for everyone), by the availability of everyday values at a relatively low price. This price is due to both technological development and super-exploitation, certainly when it comes to the brutal character of exploitation in re-located capital’s “emerging” areas. Thus, the blossoming of “*old horrors from the early days of English factories*”⁶ facilitates – in what may seem a paradox – the decline of working class conditions in the “centre” rather than allowing the existence of a workers’ aristocracy. That is, unless you consider wage workers of the “advanced countries” who, on average, “enjoy” higher wages, to be an “aristocracy” en bloc. To avoid misunderstandings and mindful of sliding into the lower region of theoretical discussion, it is worth stating that the “Western” working class in no way shares responsibility for the brutal exploitation of other portions of the world working class, as is sometimes still argued: It is not the case and cannot be so, because power lies in the hands of others. Not only is the “Western” proletariat the object of exploitation just like the other “sections” of the proletariat but, in terms of the rate of surplus value (exploitation), rather than the brutality of the form it takes, it is even more so. Meanwhile, the export of capital to “emerging markets” or countries “in transition” (ex-Soviet bloc), creates or develops entire industries which have a negative impact on the working class (always understood in a broad sense) in the “heartlands.” Investment to places “*where labour is more plentiful and cheap and the “organic composition of capital” is lower, [...] constitute a major influence working against the tendency of the rate of profit to fall in the home country.*” Further, this:

“Not only implies that capital exported to the colonies [read: to “emerging markets”, ed.] is invested at a higher rate than if it had been invested at home; but also it creates a tendency for the rate of profit at home to remain higher than it would otherwise be. The latter effect occurs because the amount of capital seeking investment in the homeland is reduced as a result of the lucrative colonial outlet

*[from relocation, ed], which reduces the pressure on the labour market while the capitalist can acquire labour power in the home country at a lower price. The export of capital, in other words, is a means to recreate the industrial reserve army in the homeland whilst opening up new fields of exploitation abroad. Capital thus gains twofold: through the higher rate of profit obtained abroad and through the higher "rate of surplus value" which can save the motherland."*⁷

In short, in the words of Lenin, capital makes its way abroad⁸ not because it cannot make a profit "at home", but because the rates of profit are higher over there, because the organic composition of capital is lower than in the so-called mature countries or at least the value composition is more favourable to the same amount of capital due to the much lower cost of labour. For example, in certain Eastern European factories "updated" by foreign capital (German, French etc.), the technology is ultramodern, but wages are a third, fourth or even more lower than "at home". Thus, it is not so much the technical elements of the production process (machinery etc.) or their quantitative ratio, but the value of labour power that is different. Here, as capital relocates to the industrial areas of "developing countries", where the organic composition allows higher rates of profit than in the "metropolis", big factories – even gigantic ones – are reborn whilst they diminish in the old industrialised states. Just to mention a fairly well-known example, in Ciudad Juarez⁹, a Mexican city on the border with the US, 360,000 workers are concentrated – not an insignificant number – of which 35% are employed in electronics, a large proportion of whom work for the infamous Foxconn, which has *"technologically poor assembly lines, except for certain electronic devices to check the quality of the final product."*¹⁰ The basic wage is 100 euro per month, but with overtime you can get up to 140-150. It is a wage that has become competitive with China, where, as we said earlier, wages have increased in recent years (though not everywhere), after a series of very tough struggles. Here it is worth noting some points yet again, particularly for the benefit of those who still, more or less believe (and there are many) in the economic "trade union" struggle – as long as it is carried out with determination, perhaps under the guidance of an "alternative" trade union which therefore makes it valid, irrespective of the historical phase of the accumulation process (which is usually not even considered). In the first place, a nominal wage increase – obtained only after great hardship and great self-sacrifice by the workers – does not always correspond to a net gain. For instance, it often happens that when workers end up with a bigger amount in their pay packet their indirect wages are noticeably reduced, as in fact happened at Foxconn in Shenzhen. Yes, after very determined strikes and following a dramatic series of suicides by workers who were mentally and physically broken by the inhuman rhythms imposed by the firm, a significant increase in the pay packet was conceded. However, this was at the cost *"of the converse reduction in free housing and food stamps, as well as in the numerous leisure facilities that*

were originally available".¹¹ In addition, although it may seem paradoxical, even "Chinese" capital has begun to outsource to places where it can pay the workforce an even lower price (for example, Vietnam, Burma etc.). The alternative would be, as always, investment in the most advanced constant capital, with an inevitable increase in the organic composition, which of course is inconvenient compared with the profit rates achievable by reducing the value of labour power and submitting the workforce to a terrorist-style dictatorship in the factory, not even formally mitigated by trade union type limits. (And since the latter are either totally or partially ineffective, they are weakening or are disappearing worldwide.)¹²

Secondly, but not unimportantly, wages in China and elsewhere have risen from such an extremely low level that barely permitted survival, where the workforce was subjected to such extraordinary exploitation, if that is the right term, above the average at any rate – in terms of surplus value – so that the bosses could pocket a sort of super profit. The workers' struggles have bitten into the portion of available super profit, testing the limit of that specific organic composition, of this particular segment of the global capital employed in a particular region, in any one factory, within the conditions determined by the current phase of the global accumulation process. To give a closer geographical example, you can draw a parallel with the warehouse workers who, in recent years, have been protagonists in great battles.

Giving everything you have during a fight with the class enemy is in some ways exemplary. After being sacked and arrested, they definitely secured victories, indeed, great victories in trade union terms, but which in many cases have ended up with a regimen close to slavery. But, and this is not a patronising judgment, the end result – always susceptible to being attacked by the bosses' counter-offensive – is that now the warehouse workers are subjected to "normal", "average", exploitation which no trade union, whether "red" or "class" will be able to substantially undermine.¹³ Thus, according to a recent ILO report, it was possible for wages in the Baltic countries, Bulgaria and other regions to increase by 7-10% over the past year. An article published recently in *Il Manifesto* ("The Bulgarian Brand Slaves", 13.11.2014), described the working conditions of garment workers in Bulgaria as well as Turkey and some countries of the former USSR. All of them could be compared to the factories in the British industrial revolution or those of the Italian post-war period, where insecurity, low wages and excessive overseer power reigned. In Bulgaria the monthly salary was €129, in Moldova €81; in some regions of the former Yugoslavia and in Istanbul it reached a maximum of €300; but in certain parts of Turkey where Kurdish and Syrian refugees were (and are) employed unlawfully for fifteen hours per day or even more in periods of urgent orders, for €130.

Female and Immigrant Proletarians, Always Most Oppressed by Capital

Women who are also migrants or migrants who are also women: these have always been the two sectors of the proletariat who pay the highest price in the accumulation process and from which, sure enough, in recent decades the bourgeoisie has been drawing abundantly, sometimes to the detriment of the male and “white” proletariat.¹⁴ In fact, the employment of women in general has increased a bit everywhere, though not uniformly, not because capitalism has acquired a feminist consciousness, but because the pay is usually lower than men’s and the jobs typically need only low qualifications as well as offering a high dose of insecurity. Just to give an example, compulsory part-time is almost exclusively women.

The same can be said of the migrant proletariat: after a sharp decline in migratory flows around the Seventies, there was a marked increase, so that now whole sectors of business cannot do without immigrants, despite the poisonous campaigns the right fascist/populists (Lega Nord, Front National, etc.), are using to increase their electoral appeal. Immigrants are an asset to the bourgeoisie and its state since they get lower wages (in Italy, on average 23%, about the same as women); they work in occupations few “locals” will accept and they use few services, getting less than they pay in to the state coffers through payroll deductions and taxes.¹⁵ In the US, between 1910 and 1970, the proportion of migrants in the workforce had dropped from 21% to 5%, while in 2010 – according to official data – it had gone back up to 16%. Like all averages, they tell us little or do not say enough: in California migrants are more than a third, in New York more than a quarter of the entire workforce.¹⁶ Not to mention, of course, illegal immigrants, who in the US are about twelve million.

Even for Italy, it goes without saying, the average can simply indicate a much more complex reality. If the immigrant workforce is about 11% of the total, in some areas it has a crushing weight, as with logistics or personal domestic services (where 80% are migrants, of whom 78.3% are women),¹⁷ while migrants account for 20% of industrial workers (but even here, in certain areas, they are the majority or almost). It is more difficult to quantify the true weight of migrants in agriculture, since from California to Italy the employment of immigrants without residence permits using methods akin to slavery is extensive. Here too, it is certain that without migrant labour whole productive sectors would encounter great difficulties, at any rate until the crisis has forced at least a part of the “indigenous” workforce into the slave labour so far done almost exclusively by migrants. Another sure thing is that the immigrant, as well as not benefiting from public services that belong to “Italians”, (as the stories that are bandied about at every turn, particularly by the right fascist-populists, make out) also does not steal

jobs from “our compatriots”, at least not in the capitalist ‘heartlands’, although the nastiest working conditions that are forced on immigrants help to lower the conditions of the entire workforce. As usual, though, the responsibility in no way lies with the immigrant proletariat. Nevertheless, it is true that in many poorer countries, the bourgeoisie plays off migrants against locals, egging-on physical confrontation between the two segments of the proletariat who are “competing” for the same jobs and, needless to say, where immigrants are willing to work for lower wages, at a more intensive pace, with fewer protections etc. Some readers may recall the riots between South African proletarians and workers from neighbouring countries a few years ago; it was a fratricidal struggle, causing deaths and injuries but unfortunately it is not uncommon in the history of the workers’ movement, and only reinforces bourgeois class domination.

A Few Reflections

A part of the bourgeoisie, primarily its most reactionary sectors, has always said there are plenty of jobs but blames the “national” unemployed and particularly young people, for opening the door to a “foreign invasion” as a result of their lack of “will to work”. This is a stupid tale since historically immigration has co-existed with a more or less high level of unemployment in the host country. While no one has ever seen the tyrants who send their children to foundries or farms in August to work for two euros per hour, simply for their own good, it is natural for anyone in the family who has even the flimsiest roof over their head to aspire for more: for a better paid, less strenuous job, less dirty and less dangerous. Nevertheless for several decades now, under the pressure of the crisis, even if the job you find meets the last three requirements, it will not satisfy the first; in any case, it is going to be precarious. Moreover, given the accelerated decline of so many aspects of the employee’s working life, many unemployed rightly prefer to “enjoy” the dole instead of accepting a job which almost certainly offers worse working conditions than the previous employment. On the other hand, immigrants generally do not have any kind of “parachute” (social or family) to cushion the impact of an increasingly brutal labour market. In any case, in order to stimulate the “lazy” unemployed to accept whatever job there is (i.e. at a high rate of exploitation, precarious with low or very low wages), governments are reforming, that is reducing, the so-called social safety nets. This is what has come to be called workfare, the modern version of the ruthless systems set up by the bourgeoisie of Her Britannic Majesty to force the “poor” to be exploited like animals in the factories of the industrial revolution which are so similar to those in today’s “emerging economies”. In any case, a worker who loses “guaranteed employment”, sooner or later cannot do anything but accept “what’s going,” but “what is going”, is usually in services, in ‘distribution centres’, warehouses and supermarkets, where workers (often female workers) are harassed in a thousand

ways and paid rock-bottom salaries to organise the sale of goods produced by their class brothers and sisters in even worse conditions.

A journalist's report on North-East France – until a few decades ago one of the pivots of the French industrial system, before undergoing a radical restructuring – gives an accurate picture of the fate of the “new” workforce, a fate that touches millions of people all over the world:

“By comparison [with traditional factory work, ed] the service staff, cashiers, the waiters and supervisors of today are precarious and flexible pieceworkers [...] it has turned into a kind of Wild West where anything is allowed and living conditions for many are close to those of the unemployed [since] pauperisation is no longer the preserve of the jobless.”¹⁸

Thus Hobson's ‘prophecy’ has in many ways been proved true, even if “the domestic servants” he wrote about do not work as personal servants to a few rentiers, and are in every respect wage workers, indispensable to the functioning of bourgeois society. Hence they create surplus value for capital in the service sector. This sector appropriates and redistributes amongst other capitalists a portion of the primary surplus value extorted in the industrial production process, including agriculture whenever it employs hired labour. It is also true that over the last thirty years the working class, strictly understood, has grown massively outside the old industrialised countries and is now the numerically preponderant part of the world working class.¹⁹ However, this has not brought any economic benefit to the wage-earning class of the “heartlands”, because the process is the result of a structural, historical crisis of capitalism where the overall condition of the proletariat can only decline. For the moment, all this is creating huge problems on the political level, but it is not the only factor, and perhaps not even the most important, which is making it so difficult to establish the communist perspective inside the “globalised” class. The shifting composition of the class, unemployment, the blackmail of insecurity – which is no longer an unusual element, but is now structural – undoubtedly can have a strong paralysing effect, adding to the load of frustration, fear, extreme uncertainty about the future, right up to loss of identity, both as individuals and in terms of class identity.²⁰ Who could deny it? But in another context, these now absent, if not annihilated factors, could be the springboard for a broad class response. Put in yet another way, this huge, objectively explosive social material could be drowned by the demoralisation, or worse, that is being used by factions of the bourgeoisie in the struggle amongst themselves and blow up, not only metaphorically, in the face of the proletariat itself to the benefit of its class enemies. Whether they wear the long beard of jihadi fanaticism, or dress in the green shirts of an invented “Padania” or extol the secular values of “Marianne”, the result for the proletariat is always the same, always dreadful.

At root the reason for this historic tragedy lies in the lost “vision” of an alternative society since the collapse of so-called ‘real socialism’: the rejection of everything that goes under the discredited name of ‘communism’. That’s on top of the disillusion – between economic/social crises and corruption – with anything called “socialism” which in the past would have been assured of some support, at least initially.

Islamic fundamentalism, backed by the US and its allies in the area, initially had little support. At a time of global economic growth the “secular” Middle Eastern regimes which emerged from national liberation wars backed by the USSR promised well-being and seemed to be achieving it. Meanwhile, the “Arab” immigrants who arrived in the Ile-de-France or Molenbeek (Brussels), without abandoning their religion were integrated, in some ways, into the life of the new country. The steelworkers, the miners of Nord-Pas-de-Calais, strong in number and in their “faith” in the new world foreseen by the PCF, were not even touched by the sort of extremist nationalism espoused by openly fascist characters from the Front National who are now riding high on the crest of the electoral wave. The same historical dynamic applies for the many proletarians who once voted or gravitated around the PCI and who have now finished in the arms of the Northern League. We understand: the crisis has wiped out the material conditions which allowed and promised “well-being” for all. In Molenbeek half the young people: children and grandchildren of previous immigrants are unemployed, the other half must habitually contend with day-to-day insecurity. In the numerous Pas-de-Calais in Europe (and the Western world), deindustrialisation has opened the floodgates to a working life that once would have been correctly called underemployment, crushed by the iron heel of bosses who are becoming more and more emboldened. Meanwhile, according to the ILO, North Africa and the Middle East have the highest rates of youth unemployment in the world.²¹ Conversely, many young people in the “heartland” – and certainly in Italy – even when they work, work for wages that are little more than reimbursement of expenses, living an empty life “filled” by the search for consumerist distractions, supported – while it lasts – by so-called family welfare. Some of them originate from petty bourgeois families which, due to objective transformations induced by the accumulation crisis, have fallen down the social ladder or, if you prefer, have been proletarianised. They often bring with them an “alternativism”, an outlook which in key aspects looks like a modern version of the same old reformist illusions: self-determination within bourgeois society, humanisation of capitalism, fair wages, fair compensation for work performance and so on.

Is it any wonder that young people who are sentenced to an empty, meaningless life of insecurity and exclusion, who above all, lack a class reference point, let themselves be enchanted by false prophets (it’s appropriate to say): Islamic fundamentalists, reactionary, bourgeois and anti-communists par excellence? Is it any wonder that the masses of proletarians who have seen the veil drop from what

they believed to be the “sun of the future”, in their disorientation and confusion have become hypnotised by charlatans who inform the poorest of them – those who flee from horrors of the many imperialist wars – of the cause of their acute social unrest, and point them towards the enemy to fight? The proletariat is either revolutionary or it is nothing, said a man who knew a lot²²; and another, who all his life followed the course set by the first, noted that when workers lose their class consciousness they are reduced to plebs, the blind instrument of the bourgeoisie and its machinations.²³ This is the real tragedy of our time, but it is not a natural event or a curse of the gods: it is a historical product and as such can be overcome. Too many individualists prefer obscurantist chat on the internet ... too many hesitate to become active militants beyond the keyboard or the private circle. We however, have the ambition to position ourselves as a political and organisational reference point, to contribute to the formation of that body without which we will never get rid of this inhuman world – that is the world party for the proletarian revolution.

CB

Notes

1. Lenin, *Imperialism, the Highest Stage of Capitalism*, ch. 8 and *The Split in Socialism*, October 1916, in Lenin-Zinoviev, *Contre le Courant* ed. Maspero, 1970 vol. 2 p. 259.
2. Lenin, *Contre le Courant* loc. cit.
3. Not only is the workforce increasingly integrated into a single world market, but it is also increasingly linked to the same “value chain”, and is thus part of the same production line, so to speak. An ILO report of November 19, 2015 states, “According to estimates in the report, **Jobs and Social Questions in the World in 2015**, in 40 countries, representing 85 percent of world gross domestic product and approximately two-thirds of the world’s workforce, between 1995 and 2013 the number of jobs linked to supply chains has increased by 53 per cent (or 157 million posts), reaching a total of 453 million in 2013.” In *Global Supply Chains and Decent Work ...* (in French), www.ilo.org.
4. See the theses for our VIth Congress, in *Prometeo no. 13*, translated as “Communist Work and the Trade Unions Today”. Both versions available on our site.
5. Karl Marx *Capital Vol 1*, chapter 23. Einaudi edition.
6. Karl Marx op. cit. Chapter 20, p. 688.
7. Maurice Dobb, *Imperialism, Political Economy and Capitalism*, Turin, Bollati Basic Books, 1977, pp. 224-225. That Dobb that does not know how to distinguish between socialism and state capitalism, is unable to recognise the existence of the same capitalist economic categories in the USSR which he believed to be constrained by the West, is part of the historical drama of the Stalinist counter-revolution.
8. Though today it is increasingly difficult to attribute a “nationality” to capital. Incidentally, in this article we intentionally do not deal with fictitious capital and the abnormal role of financial speculation, which plays a primary role in increasing exploitation and worsening the situation of the working class and wage earners.
9. Sadly, the city is also known for the murder of thousands of women by criminal organisations of various kinds.
10. *Il Manifesto*, 11.12.14
11. Guy Standing, *The Precariat, the New Dangerous Class*, Bologna, *Il Mulino* ed. p. 53.
12. An increase in exploitation or its maintenance at particularly brutal levels by tyrannical bosses, does not imply a significant increase in the organic composition, to the benefit of

the rate of profit.

13. For readers who are genuinely following our argument, in order to avoid misunderstandings, we refer these questions to two items on our site: <http://www.leftcom.org/it/articles/2000-02-01/sindacati-equivoci-da-sciogliere> <http://www.leftcom.org/it/articles/2016-03-25/scioperi-e-lotta-di-classe-nellacrisi-qualche-considerazione>

14. At least in the first few years following the bursting of the subprime bubble, it was exactly this sector of the workforce which was hit hardest in terms of unemployment, because the vacated posts were eventually filled by immigrant labour. It is a fairly widespread phenomenon, though not so much in Italy where the immigrant work force is more affected by the crisis than the rest of the employed.

15. For Italy, official sources calculate an average surplus of over three billion – approximately 3.9 a year, until at least 2012-2013. It is possible that this has fallen lately with the loss of employment by many immigrants due to the crisis, whilst remaining largely positive for the state coffers.

16. Standing, op.cit. p.146.

17. Mauro Biani, *Tracce di migranti (Tracking Migrants)*, published by *Il Manifesto*, 2015, p.121; the data is for 2012.

18. *Le Monde Diplomatique/Il Manifesto* May, 2016

19. According to the ILO, on the basis of 2013 data, the industrial labour force in “emerging” countries grew 120% between 1980 and 2005, while it decreased by 19% in the “advanced” countries. In this regard, however, it must be said that many tasks and processes, once carried out in the factory, have been outsourced, so that operators now no longer appear among industrial workers, but as service workers, so the actual drop must be less. Michael Roberts, academic Marxist economist, refers to some data contained in the book by John Smith, *Imperialism in the Twenty-First Century*, which reports: “In 2010, 79%, or 541 million of the world’s industrial workers lived in “less developed regions”, compared to 34% in 1950 and 53% in 1980, by contrast with the 145 million industrial workers, or 21% of the total, who were living in the imperialist countries in 2010 (p.103). For manufacturing workers, the change was even more dramatic. Now, 83% of the manufacturing labour force in the world live and work in the nations of the global South.” We will not dwell here on Smith’s position, a rehash of a certain third worldism. The review and an essay by John Smith, summarising his book, can be easily found on the web. We have consulted the *Sinistrainrete* site.

20. As we have always said, the crisis is necessary but not enough for the “radicalisation” of the masses. In this regard, Trotsky, writing in January 1930, in opposition to the so-called “Third Period” theorised by the Third, now Stalinist, International, observed: “... The misfortune is that the increase of exploitation does not imply in any circumstance greater militancy of the proletariat. Thus, in a declining situation, in a period of rising unemployment, especially after losing battles, the increase in exploitation causes not the radicalisation of the masses, but on the contrary, capitulation, break up, disintegration.” in Lev Trosky, *Crisis of Capitalism and the Labour Movement*, Savelli, 1975, p. 44.

21. From ILO report of 24.8. 2016: *Youth Unemployment in the World is Growing Again*.

22. Karl Marx, ‘Letter to Schweitzer’, 13 February, 1865.

23. “The proletariat would reduce itself to being mere plebeians if it lost its class character as the antagonist of capitalism; and its possibility as an exploited class which struggles for its own defence and liberation would be thwarted and rendered null and void if the motivation and physical forces for a revolutionary leadership were not produced from within it through its own struggles.” “Onorato Damen, Introduction to “Five Letters”, in the book we have published *Bordiga Beyond the Myth*, p.34-5.

Russia, China and the USA's New World Disorder

"It is not the business of socialists to help the younger and stronger robber ... to plunder the older and over-gorged robbers. Socialists must take advantage of the struggle between the robbers to overthrow all of them." Lenin¹

We enter 2017 with international tensions around the world visibly increasing. This, of course is nothing new, even in recent history. Some might dismiss the massacres in Syria, Iraq and Yemen as just the latest examples of the imperialist proxy wars we have seen since 1945. Russia's installation of nuclear missiles in its enclave of Kaliningrad to circumvent the West's missile defences now deployed in the Baltic States of Latvia, Lithuania and Estonia might be explained as just a necessary strategic adjustment. We might even conclude that China's island building in the South China Sea is only a minor response to the 400 US military facilities dotted around the Pacific.

What cannot be ignored is that almost a decade after the explosion of the speculative bubble there has been no solution to the global economic stagnation which it provoked. With no economic solution in the offing and with the different problems of the various great powers mounting the way has opened up for new and more desperate political forces to make their presence felt. We can see some of these in the new climate of nationalism across the globe and in the growing number of openly enunciated threats by the great powers on the planet towards each other. Add to all that the fact that we have arrived at a point in history where the greatest power of all on the planet for the last century is facing new challenges to its economic and military dominance not seen since the collapse of the USSR.

Old Wine into New Bottles?

Into this fractious situation steps the maverick macho man Donald Trump as the new President of the United States. There is now much speculation that the world just became a more dangerous place given that the new President has tweeted that he intends to "strengthen and expand (the US') nuclear capacity". Interviewed on MSNBC news he cheerfully announced "let it be an arms race". At the same time he has also asserted that "Our military domination must be unquestioned". His tone is brash but in reality will his policy stance be any different from previous US Presidents? His campaign for President may have demonstrated a new capacity for invective and disregard of facts but there is nothing original in his main

slogans. These come from well-worn Republican themes.

Trump started off with the slogan of Warren T. Harding in his 1920 campaign against the supposed internationalist (but actual racist) Woodrow Wilson.² However even this bogus internationalism was too much for US isolationists who refused to join the League of Nations promised in the last of the 14 Points and Harding won the Presidential election under the slogan "America First!".

Trump alternated that slogan as shorthand for his revival of Reagan's 1980 election slogan "Make America Great Again". Trump's version of "America First" is bad news for the US Western allies (particularly in the EU and NATO) since it comes with the threat that they will have to pay more to maintain US support. But as well as that, the re-adoption of the Reagan slogan has a more menacing ring to it and threatens any perceived rival of the USA. Taken together what Trump's declared policy amounts to is a rejection of Obama's pursuit of US imperialist interests via multilateral agreements and the adoption not of isolationism but a strident unilateralism.

For Republican nostalgists it will recall Reagan's successes in defeating the "Evil Empire" of the USSR. It's an advantage which they believe subsequent administrations, and especially Obama's, have frittered away. Reagan, like Trump came to power at a time of great uncertainty for the world's dominant power. The USA had lost in Vietnam only five years before and the taking of the US Embassy staff in Tehran as hostages seemed a further indication that US power, if not on the wane, was in severe crisis.

It is no accident that the US defeat in Vietnam occurred only a few years after the post-war boom had come to an end. The clearest sign of this was the abandonment of the 1944 Bretton Woods Agreement. Under this arrangement, designed to reflect the dominant position of the US at the same time as preventing a repeat of the beggar-my-neighbour currency wars which had preceded World War Two, all currencies were linked to the dollar which in turn was linked to gold. In an attempt to prevent speculation against currency pegs, capital flows were severely restricted.

But by 1971 the US economy was in crisis. The post-war boom had come to an end and the global rate of profit was in decline. Add to that the cost of the Vietnam War and the US found itself simply printing dollars to meet all its obligations. As a result there were now many more dollars in circulation than there was an equivalence of gold in Fort Knox to cover them. With leaders like De Gaulle openly announcing that he wanted to convert all France's dollar holdings to gold (thus pushing up the price of gold on the free market) a crisis beckoned. It threatened not just the US economy but also its global hegemony. US Treasury Secretary under Nixon, John Connally told an American audience: "Foreigners are out to screw us. Our job is to screw them first." The answer was the "Nixon Shock". This meant the abandonment of the dollar's peg to gold on August 17 1971 and the arbitrary

announcement that the US dollar was now 'fixed' at \$35 per ounce of gold. But there was nothing fixed about this. The US was now at liberty to devalue just as states had done in the past and this should have signalled the end of the dollar's unique position. However in meetings in Washington Connally told his European counterparts that: "The dollar may be our currency but it's your problem." In the bipolar world of the Cold War the US, as leader of the so-called "free world", could just about get away with this (especially as it controlled appointments to the IMF and World Bank). As a result

... the suspension of convertibility in 1971 was accompanied by bellicose demands that other countries should revalue their currencies so as to eliminate "unfair exchange rates," backed up by the imposition of a 10 per cent import surcharge until such time as they complied ... The US was, in other words, seeking to pass on the cost of adjustment to other states.³

Two days earlier Nixon had announced in a TV address that "We must protect the position of the American dollar as a pillar of monetary stability around the world." The result was that "The era of flexible and floating exchange rates that followed the breakdown of the Bretton Woods exchange regime was not really a victory for the principle of national sovereignty as much as a triumph of US financial hegemony."⁴

Given its dominant role in world trade, the US could now carry on running up trade and budget deficits and pay for them by printing money which the rest of the world would have to take. (The dollar now trades at \$1200 per ounce.) Its entire claim to global dominance thus depends on maintaining the dollar as the world's central currency. This means maintaining the dollar as the trade currency in the sale of such key commodities as oil. All of which helps to explain which wars the US has chosen to fight in recent years. Afghanistan was in some ways an exception since that war was motivated by the response to 9/11 and the refusal of the Taliban to hand over Bin Laden, but not so Iraq and Libya. As we wrote recently,

US intervention in Iraq and later Libya was because Saddam Hussein and Muammar Ghaddafi threatened US hegemony at its most sensitive point – the control of the world's financial system. Both wanted to use other currencies than the dollar to sell oil. Thus they had to go and the US put together coalitions which either invaded directly or imposed a no-fly zone (again behind the hypocrisy of saving lives) in order to deny the regime decisive air power.⁵

Contrast this with US indifference over the conflict to overthrow Assad in Syria. No "no-fly zone" was imposed on Syria even after it was shown that Assad, with air superiority, had crossed the "red line" of using chemical weapons in 2013. In fact the policy decision here was "better Assad than the Islamic State". They left it to their surrogates in Qatar and Saudi Arabia to arm the jihadists but did little to

support the more secular Free Syrian Army. Vice-President Joe Biden revealed US priorities in Syria in October 2014 in a speech at Harvard;

"Our allies in the region were our largest problem in Syria. They [Turkey, Saudi Arabia and the UAE] were so determined to take down Assad," he added, that in a sense they started a "proxy Sunni-Shia war" by pouring "hundreds of millions of dollars and tens, thousands of tons of weapons into anyone who would fight against Assad."

Putin's Historic Mission

Instead the US has turned its air power on the Islamic State⁶ which threatens to destabilise the entire Middle East and beyond. The Obama regime's indifference to Assad's fate was good news for the Kremlin. From the end of 2015 Putin moved to more open military support for the regime by sending fighter bombers to aid its fight against the rebels (under the hypocritical cover that their target too was IS). By the end of 2016 Assad, who had looked likely to fall a couple of years earlier, was saved. The capture of Aleppo has opened the way for it to move on Idlib and the crushing of opposition near to Damascus. Many commentators have seen Putin's victory in Syria as a defeat for the US; yet one more indication that the US is in decline as the world's dominant force. However Syria has always been in the Russian orbit. It houses Russia's last military base in the Middle East and, at Tartus, the only naval base it has in the Mediterranean. It could be argued that all Putin has done in Syria was to preserve the status quo.

"Preserving the status quo" is one of Putin's central foreign policy ideas. It arises from his view that the collapse of the Soviet Union was "the greatest geo-political disaster in history" and he has been determined to reverse the consequences of that collapse.

After 1945 the USSR and its satellites encompassed the one area where the non-convertibility of the currency meant that the dollar could not, at least officially, penetrate. This was one of the bedrocks of the Cold War since the US could not economically prise open the Iron Curtain and was determined to stop the spread of so-called communism which would have denied it further markets and sources of raw materials. The USSR presented itself as the military equal of the West but its command economy version of state capitalism never had the capital nor economic dynamism of the West's so-called "mixed economy".

With no worries about spending, the US Government was also able to run up huge deficits without economic consequences at home. By the 1980s the Reagan regime could embark on an all-out arms race. In the attempt to keep up with the USA the USSR was spending 25% of its GDP on the military compared to the US which devoted only 6% of its GDP. It could not keep this up for long.

For the USSR the wheels had visibly started to come off in 1979 when Brezhnev ordered the Red Army into Afghanistan to prop up a Communist Party in power which had just split in two. This was a disastrous gamble and quite alien to the normally cautious foreign adventures of the Stalinist regime. For the US this was a chance to do a Vietnam in reverse. Instead of US bodies coming home it was now Red Army soldiers who were dying against local fighters, supplied and armed by the opposing imperialism and its allies such as Saudi Arabia. This last power also supplied the Salafist ideology which would later morph from the Mujihadeen into the Taliban and Al Qaeda and end up as IS.

By the time Brezhnev died in 1982 the KGB was already leading a rethink. The models they used demonstrated that the USSR could not beat the US in military confrontation on any level whilst the continuing arms race would economically destroy the USSR. Both internal reform, and an end to the arms race, were needed. The head of the KGB, Yuri Andropov, succeeded Brezhnev but died before he could carry out the programme. It would not be until his protégé, Mikhail Gorbachev, took over in 1984 that *perestroika* and *glasnost* were adopted. Gorbachev would have persuaded Reagan to end the nuclear arms race (at Reykjavik) if the latter's advisers had not stepped in to remind him that US imperialism was not only winning the arms race but state defence spending was a key element in stimulating the US economy. By this time it was also too late to reform the Stalinist system, especially as the apparatchniki refused to cooperate for fear of losing their privileges. When they attempted a coup to overthrow Gorbachev the USSR imploded and in 1991 the Cold War was over.

Francis Fukuyama, a US State Department official, now announced "the end of history" but Western triumphalism was not tempered with wisdom. In the "New World Order" Russia and the old Eastern bloc countries were devastated by Western economic "reforms". Then the Eastern European countries were allowed not only to enter the EU but also NATO, so bringing its military to the borders of a Russia which, by 1997, was almost bankrupt. It could not even win a war against Chechen rebels (armed and supported by Saudi Arabia) inside its own territory. There was a serious danger that Russia itself would be reduced to its 17th century borders.

This was the backdrop to the rise of Putin. He is currently reviled in the West for his annexation of Crimea, 'intrusion' into Ukraine and the strafing of Syria but his recent successes need to be put in the wider context of relations between Russia and the West since the 1990s.

Putin, who had been a KGB man, was eventually appointed by Yeltsin to head its successor, the FSB. When Yeltsin suddenly resigned in December 1999 Putin became acting President. At the time the collapse of the rouble had produced an economic disaster and corruption was the heart and soul of the system. Putin, however, was lucky as the commodities (oil and gas) boom of the 2000s started

to give the regime economic room for manoeuvre. Soon Russia's economy would be growing at 7% per annum. His foreign policy agenda was clear from the start. He intended to reverse some of the damage done to Russian power since the fall of the USSR.

One of his first acts was to re-launch the war on Chechenya and Dagestan. Yeltsin had failed to crush a Chechen movement in the North Caucasus which was supported by foreign Mujihadeen fighters and Wahabbists (Saudi backed Islamists). After a brutal campaign Putin eventually succeeded in installing his puppet Kadyrov as President and gave considerable autonomy to the region. Over time this allowed Russian troops to hand over to local pro-Russian forces and they still hold a grip over the territory.

Putin's success where Yeltsin had failed did his popularity at home no harm, but he could not prevent a further series of humiliations at the hands of the West. Whilst he had supported the US over the 9/11 attacks (especially as a "war on terror" was what he claimed to be fighting in Chechenya) this was not reciprocated by the US. The US not only advanced NATO further towards Russia's borders as its former satellites were fast tracked into the organisation but also unilaterally withdrew from the 1972 Anti-Ballistic Missile Treaty. Russian alarm intensified as the West also supported a series of so-called colour revolutions in the post-Soviet states, the Rose Revolution in Georgia in 2003, the Orange Revolution in Ukraine in 2004 and the Tulip Revolution in Kyrgyzstan in 2005. The EU also played its part as, one by one, the old Eastern bloc regimes acceded to the European Union.

The final straw was the Western-orchestrated revolt against the pro-Russian regime of Viktor Yanukovich in Ukraine for his failure to accept accession to the EU. The Western-backed Ukrainian nationalists (and fascists) immediately banned the use of Russian and this provoked a response in the Russian-speaking East of the country. Putin was not slow to support the separatists with military hardware and troops but he has not recognised their demand to become a province of Russia as "Novorossiya". However, what he did do was organise an invasion of, then plebiscite in, the Crimea to prepare the way for its annexation to Russia in 2014.

Russian troops have been ensconced on foreign territory for some time. They already occupy parts of Abkhazia and South Ossetia following the 2008 invasion of Georgia⁷. Even so the actual annexation of the Crimea⁸ was a significant new development in imperialist rivalries. By supporting the overthrow of Yanukovich in Ukraine, the EU and US gave Putin precisely the opportunity he needed to push back against their remorseless drive to the East. The West have responded with sanctions which have undoubtedly cost Russia economically⁹ but they have only served to boost Putin's nationalist credentials at home.

The Crimean invasion has thus raised tensions between Russia and the US in the last couple of years. All cooperation to maintain nuclear safety between them has

ceased. Putin has stationed SU-35 nuclear missiles and Kalibr cruise missiles in the Russian enclave of Kaliningrad between Lithuania and Poland. The ostensible reason is so that the anti-missile system which NATO proposes to place in the Baltic States and Poland cannot be used to counter a Russian assault. The threat of nuclear war is back and this time the situation is much more fragile. In the Cold War the USSR and USA were both “satisfied” states in the sense that both had emerged as victors from World War Two. They had more to defend and less need to attack. This was why the MAD¹⁰ doctrine worked well, including in the Cuban Missile Crisis. Today, with the USA fearing relative decline and the Kremlin watching NATO’s advance to its borders, the world is a lot more dangerous place. During the tussle over Ukraine Putin twice stated that he would be prepared to launch nuclear weapons if Russia was attacked. The seriousness of this threat is underlined by the fact that Russia launched a civil defence exercise against any nuclear, biological or chemical warfare attack involving 40 million people in October. It has been checking its old fallout shelters and plans to build underground nuclear shelters for the entire population of Moscow. Perhaps they need to. According to Professors Gordon Adams and Richard Sokolsky in the January 2016 edition of the journal *Defense One*:

“The United States is on the cusp of launching an unnecessary, expensive, and potentially dangerous plan to modernize its strategic nuclear forces helping stimulate what is being called a ‘new nuclear arms race.’”

This involves both sides in spending fortunes on the upgrade of their tactical battlefield nuclear weapons. Obama set off a \$3 trillion programme for this in his last year in office whilst Putin announced that:

“Russia has to strengthen the military potential of its strategic nuclear forces, especially with missiles complexes that can reliably penetrate any existing and prospective missile defence system”

Such weapons can only make the contemplation of a nuclear first use more likely. Both sides have ramped up the posture of threats with thousands of war games being carried out in Poland, Latvia, Lithuania and Estonia, as well as in Russia itself. Russia and the USA possess 90% of the world’s nuclear weapons (7300 in Russia, 7100 in the USA). In nuclear terms they are about equal, which might sound reassuring, but Russia’s conventional forces (despite massive new investment and reform) lag well behind that of the US. This disparity increases the likelihood of the nuclear option being resorted to, as Putin has threatened, if NATO menaces Russian interests further. In the context of global economic stagnation such open threats mean the world has reached a new and dangerous place.

Some might hope that the maverick Trump, with his constant tweets praising

Putin (and even suggesting that he would drop sanctions over Crimea if Russia cooperates against IS), might be the man to establish a more amicable relationship and reduce nuclear tension if he thinks there is “a deal” to be done. It would be unwise to count on that. What Trump admires in Putin is that he has apparently succeeded whilst the US under Obama has appeared weak. His unilateralism means that no-one will be allowed to stand in the way of what he sees are the best interests for the US.

And the US best interests are all about the bottom line for a businessman. Indeed he could have taken the *obiter dicta* from a third Republican President Calvin C Coolidge, who announced in the Roaring Twenties, that “the business of America is business”. Trump does not speak the language of diplomacy. There are no “agreements” or “accords” in his world there are only “deals”. If we look at who he has appointed to his administration he has chosen the biggest load of billionaires and millionaires ever from Wall St (which he was supposed to hate) including a large number just from Goldman Sachs¹¹. These are hardly “outsiders” and there is not much sense of change here. What one observer noted is that Trump

“... is a New York City businessman with interests around the world, wholly divorced from any structural conception of allies, friends and foes. In this, he is very much like Rex W Tillerson, chief executive officer of ExxonMobil and Trump’s choice as secretary of state. For both men, the world is a vast competitive jungle, with opportunities and perils everywhere, irrespective of any government’s presumed loyalty or hostility to Washington.”¹²

Add to that the fact that Trump’s nominees don’t all share his enthusiasm for Russia. Mike Flynn, the nomination for National Security adviser is in favour of a “deal” with Russia. However Tillerson (who got a medal from Putin in 2013) told Congress that “Russia still presents a danger” whilst the nomination for Defence Secretary James Mattis described Russia as “the chief threat to US security”. These are closer to traditional US Republican postures. The unpredictability of what comes next only adds to the sense of insecurity as we kick off 2017.

The Awakening Dragon

And whilst the Trump Administration policy towards Russia is unclear, the same can hardly be said about China which he has highlighted throughout his campaign as the greatest threat to US interests. His claim that China “rapes our country” and his threat to impose massive tariffs on Chinese imports, was repeated by his nominee for Secretary of State, Rex Tillerson. China, he said, had fallen short of their commitments in economic and trade practices, stolen US intellectual property, been “aggressive and expansionist in the digital realm” and provided

empty promises that it would press North Korea on nuclear weapons.¹³

With his “pivot to Asia” Obama has not exactly been ignoring the rise of China both economically and militarily. However this seems only to have revved up the arms race in the Pacific even more. In 2013 we could see that in response to US threats the Chinese Communist Party (CCP) was abandoning its former (successful) reliance on developing “soft power” as its chosen imperialist strategy¹⁴. A new “White Paper” in 2015 fully committed China to the path of military (particularly naval) expansion. This has been accompanied by an appeal to Chinese nationalism¹⁵ and particularism.

China is currently building six large amphibious transport docks and a new class of amphibious assault ships, new aircraft carriers (it only has one at present), and advanced guided missile warships as escorts for far seas operations by China. Add to this the nuclear-powered, diesel electric and air-independent powered submarines which were recently deployed to the Indian Ocean to support Chinese anti-piracy operations in the Gulf of Aden. With two new nuclear-powered Type-093 submarines being added to the six it has already, China will become the third most powerful state for attack submarines, behind the United States and Russia by 2020.

To complete its logistics network, China’s military is also building new fuelling ships and will have 10 by 2020 as well as long-range drone aircraft, space-based sensors, and shore-based radar and intelligence-gathering ships.¹⁶

China is also converting some of the commercial bases (the so-called “string of pearls”) it has developed along Southern Asian shores (in particular Gwadar in Pakistan and Hambantota in Sri Lanka) into military installations, as well as a new military base in Djibouti, on the Horn of Africa. Taking advantage of the economic weakness of many of these countries it either makes financial offers they cannot refuse or threatens to withdraw from other economic activities to get control of the ports. This approach even enabled them to purchase the port of Athens, Piraeus, for \$450 billion from the cash-strapped Syriza government in Greece. For the first time ever the Chinese Navy will have a place to dock in the Mediterranean.

On top of this the building of seven islands in the South China Sea are all part of the process of claiming most of the sea as Chinese territorial waters. They also offer 3200 acres of permanent military bases to ensure that the “nine dash line” on the map to underscore Chinese claims is defensible. When Trump took the call from the President of Taiwan China retaliated on 9 December 2016 by flying a Xian H-6 nuclear capable bomber down the entire length of the “nine dash line”. If Tillerson’s blunt declaration that:

“We’re going to have to send China a clear signal that, first, the island-building stops and, second, your access to those islands also is not going to be allowed”¹⁷

is not just rhetoric, then confrontation is unavoidable and imminent.

Dangerous Times

It is not just a sign that the stakes are being upped in the Pacific. It is also the end of the era in which the US on one side, and China and Russia on the other, simply manoeuvred by trying to create international bodies to exclude each other from specific areas of the globe. Initially China was just as suspicious of Russia as it was of the US but since Obama's "pivot to Asia" this is now a thing of the past. The twenty year old Shanghai Cooperation Council set up between Russia and China and other Asian states could now be the basis for something more substantial between the second and third largest military powers on the planet. China needs energy security (it imports 60% of its needs) and if the US prevent it coming by sea then getting gas and oil pipelines from Russia, Central Asia and possibly Iran is the easiest solution. It could be the material basis for the strengthening of this axis. In 2016 China sent a top general to Syria to discuss with Russian counterparts and China openly came out in support of the Assad regime for the first time. Previously, whilst it had often aligned with Russia in using its veto against US proposals in the UN, it had never committed itself to more open cooperation with Putin. Now it sees his victories in Crimea and Syria as something of an inspiration

Paradoxically Trump's erratic unilateralism might also be another short term gain for China. His declaration that his first act will be to pull the USA out of the Trans-Pacific Partnership (TPP) will kill it. This will give China the possibility to draw erstwhile US allies (such as Australia and India) into its rival Regional Comprehensive Economic Partnership. This only serves to demonstrate that unilateralism which shows contempt for friend and foe alike can only create more instability and uncertainty in an imperialist world beset by economic woes.

This is particularly the case with the EU and NATO. The EU's own independent imperialist ambitions have foundered since the bursting of the speculative bubble. Trump hates all trading blocs and sees the EU only as such (one which he forgets has been very good for US capital) but it remains to be seen whether his attacks on these bodies, so long central to US interests are no more than bluster intended as an opening gambit in negotiations. Certainly he would be in contradiction with his own Secretary of State-designate and the majority of the Republican establishment.

Trump's unilateralism thus poses a variety of threats. There was a consensus during the good years of post-war capitalism that "beggar-my-neighbour" policies and protectionism not only undermined world trade but also by blaming "the other" created the psychological and ideological climate for war. But with the continuing stagnation of a capitalism in crisis, with Keynesian and 'post-Keynesian' solutions

to getting out of a slump not working, the way is open for infantile imperialist posturing to take centre stage. Whilst Japan and South Korea lament the new US policy as likely to undermine their security¹⁸ others, like Duterte in the Philippines, hope to be able to take advantage of it by playing one side against another as some states did in the Cold War.

Back in 2013 we wrote that

“The imperialist moves we are seeing today are, barring accidents, unlikely to have immediate consequences in 2013. China and the US still have much mutual interest in muddling through the crisis but the problems both face in a variety of areas mean that any rapprochement is difficult. With China’s growth now not considered capable of meeting its needs as an economy which can provide more jobs (Cambodia can offer wage rates of one sixth of China’s but lacks the volume of workers with the same skills as in China) the tensions will be racked up. The US too has its problems. Leaving aside its enormous debt burdens, and its incapacity to deal with its fiscal crises, its manufacturing base now accounts for only 9% of its GDP and 25 million Americans are incapable of finding a decent job. All this creates pressure for more economic protectionism. At the highest levels there is no real dialogue between the US and China. The leaders exchange platitudes about mutual benefits from China’s growth whilst the military on both sides have no dialogue and are known to be preparing war plans against each other.”

In 2017 we find that, not only are the same problems still there, but we are no longer just talking about unconnected regional conflicts. From Kiev to Kyoto there is a massive struggle for power going on across the Middle East and Asia which is increasingly seeing the world line up behind either the US and the West, or China and Russia. It is unlikely that China and Russia would initiate a direct confrontation. Even with the 25% cuts Obama made in the US budget in his final years the US still spends \$600 billion a year on defence. Russian has only just reached £100 billion and China has just about reached \$200 billion.

There are other factors in this imbalance. The United States has 737 military bases (not counting other military installations) in over 150 countries deploying at least 230,000 troops supported by another 2.5 million personnel. Moreover these are troops who are combat trained in Afghanistan, Iraq and other places. Russia’s troops have relatively recent experience in Chechenya and Georgia, not to mention Eastern Ukraine. China, though, last invaded another country, Vietnam in 1978 and the People’s Liberation Army was soundly beaten. To redress the balance China has volunteered 27,000 troops on UN “peacekeeping” missions in the last 15 years.

In short only the US is capable (still) of fighting a war on more than one front but China and Russia are devoting vast resources to be in a position to defend

their regional interests. There is no predicting where this latest version of US unilateralism will take us. All we do know is that the world economy is limping along. If “capital must expand or die” the system is getting close to needing life support. Our conclusion remains the same as we wrote in *Imperialist Rivalry in the Pacific* in 2013.

“The need for global capital to engage in a massive devaluation (even greater than the banking write-offs we have seen in the last 9 years) of capital ensures that the crisis behind it all will not go away. At some point one of the major players in all this will be faced with a situation where it sees a tipping point beyond which its interests can no longer be defended. It may be over energy or food security or something else, and it may not come soon, but given the nature of capitalism (which despite globalisation) has never passed to that happy state of cooperation so expected by Kautsky, come it will. The only force which can stand in its way is the collective internationalist might of the world working class everywhere. ‘Socialism or barbarism’ remains our slogan.”

Jack

Notes

1. In “Socialism and War” *Collected Works* [Moscow 1964] Vol. 21 p. 303
2. Wilson was greeted in Europe at the end of the First World War as the man of peace. His 14 Points issued in January 1918 were claimed as the blueprint for a new capitalist era. The truth was somewhat more complicated and a lot less idealistic. Wilson only issued his 14 Points after Lenin and the Bolsheviks had issued their own peace call “without annexations or indemnities” in the wake of the October Revolution. It threw the gauntlet down to the imperialist powers by appealing to their own workers to bring the war to an end if diplomacy would not. Wilson issued his own 14 Points in order to head off any propaganda gains the Bolsheviks might make amongst the Allied populations.
3. <https://www.globalpolicy.org/component/content/article/209/42675.html>
4. loc. cit
5. <http://www.leftcom.org/en/articles/2017-01-06/imperialist-hypocrisy-over-aleppo>
6. For analysis of how US policy led to the “unintended consequence” of the formation of the Islamic State, see <http://www.leftcom.org/en/articles/2016-03-29/the-class-composition-of-the-islamic-state>
7. <http://www.leftcom.org/en/articles/2008-09-01/the-war-in-georgia-not-just-another-international-crisis>
8. <http://www.leftcom.org/en/articles/2014-06-09ukraine%E2%80%99s-crisis-%E2%80%93-local-players-and-imperialist-games>
9. Russia’s economy shrank by 3.7% in 2015 (largely due to the collapse of the commodity boom) and was one of the worst performing in the world as the rouble fell to a record low against the dollar.
10. Mutually Assured Destruction.
11. After criticising Clinton in the election campaign for her ties to the banking firm! <https://www.ft.com/content/151a9c60-d9a3-11e6-944b-e7eb37a6aa8e>
12. *Le Monde Diplomatique* January 2017

13. <https://www.ft.com/content/d804429a-d8e4-11e6-944b-e7eb37a6aa8e>
14. <http://www.leftcom.org/en/articles/2013-04-09/imperialist-rivalry-in-the-pacific>
15. This has been the case ever since the Tienanmen massacre in 1989. Chinese schoolchildren are fed a lot on Japanese atrocities in the 1930s and 40s both to whip up patriotic fervour and justify the CCP's rule.
16. From the annual report by the US-China Economic and Security Review Commission. <http://nationalinterest.org/blog/the-buzz/report-chinas-military-capabilities-are-growing-shocking-18316>
17. <https://www.ft.com/content/5edf5fe4-d876-11e6-944b-e7eb37a6aa8e>
18. Japanese Prime Minister Abe was the first foreign leader to visit Trump to seek assurances about his policies. As Japan has already been building up its armed forces and Abe is said to want to alter the Constitution to free them for more than just defensive duties, Trump's policy pronouncements are not all bad news. After years of promoting good relations with China, South Korea is supposed to be deploying the Terminal High Altitude Aerial Defense (THAAD) system. This is supposed to be defence against North Korean attack but the range of its operations mean it can also act as an early warning system against China. China has threatened a series of economic measures against Korean imports (Trump has no monopoly on such threats) and the South Koreans, paralysed by the crisis involving their President, are dithering over whether to go ahead.



The English translation of

**Bordiga:
Beyond the
Myth
by
Onorato Damen**

with an introduction for English readers of the debate between Bordiga and Damen and its significance for revolutionary politics today. The work is divided into two halves, the first dealing with the exchanges between Bordiga and Damen and the second focussing on a critique of what Bordigism later became in the hands of Bordiga's 'epigones' or followers.

Over 170 pages with 114 footnotes and four appendices, it also contains the first full translation into English of Bordiga's letter to Karl Korsch.

Cover price £9. Those with a supporters sub to *Revolutionary Perspectives* can receive it for £5 (post included).

The Labour Party:

No use to British Capitalism. Never any use to the Working Class

Since the advent of Jeremy Corbyn as leader there are many who maintain that this will bring about a new direction for the Labour Party. Depending who you talk to the expectations for this new direction take many forms. After years of declining real wages some simply hope it will defend the working class from the latest austerity cuts. Others will tell you that Labour is going back to its roots in the old trades union movement and shedding the “New Labour” nonsense that made Labour indistinguishable from the Tories for so long. Some even claim that a Labour Party under Corbyn will do more than unite the Left but will at last revive its “socialist past”.

The last description flies into the realm of fantasy. For over a hundred years the Labour Party has performed a useful function for the capitalist class. As its name suggests, it claims to be the representative of the working class to give workers a voice inside the system. Unlike the Social Democratic Parties on the continent, it made no claim to be socialist. It has never wanted to lead a fight against capitalism but, at best, merely against some of the worst consequences of exploitation.

With the meltdown of Labour in Scotland and a split between the Blairite Parliamentary party and the vast majority of the membership, the Labour Party faces an existential crisis. However Corbynism, whether it succeeds or (more likely) fails, is the latest product of a sound Labour tradition – that of attempting to save British capitalism.

Labour: Bastion of British Capitalism

Let’s just remind ourselves of how Labour arose to perform a century of sterling service to the British state and British imperialism.

The enormous development of capitalism in the nineteenth century forced the British ruling class to adapt to the social change it brought in its wake. One adaptation was the emergence of modern political parties as electoral machines. In the middle of the nineteenth century the Liberal Party arose largely as the representative of urban industrial capital whilst the Conservatives still mainly represented the landed interest (although they too were moving more towards the “new money”).

As Britain became increasingly industrial and urban the incongruity of a system of representation which had not changed much from medieval times became

obvious. As social struggles (like Chartism) were developing towards political aims outside Parliament it became clear to those that ruled that, if they wished to retain their economic and political control, the extension of the franchise could not be postponed for ever. However the notion that you were not entitled to vote unless you owned a considerable stake (i.e. property) in the “nation” did not die easily. The 1832 Reform Act only extended the franchise to the urban middle class.

It took until 1867, and more especially 1885 reform, before the vote was extended to some male workers. The reduction in the property qualification brought some of the better paid workers into the electoral system. The ruling class was extremely nervous of this but counted on two things. One was to use jingoism and pride in the British Empire to undermine class solidarity and the other was that the reform was hardly radical. Only about a quarter of all males over 21 had the vote until 1918 and, of course, no women of any class had the vote until then. However this was enough of an opening for the most organised workers in the trades unions to consider entering the capitalist political arena.

This is the background to the formation and rise of the Labour Party. Labour’s history is totally different to that of left parties elsewhere. The Labour Party was not founded by those who had adopted a socialist perspective like the Social Democratic Parties on much of the continent of Europe. Labour came into being at the behest of the trades unions. The unions came to recognise that the best way to combat legislation against their interests was to get representation in Parliament and they began by supporting any MP who would resist anti-union legislation. At first this meant they supported Liberal (so-called Lib-Lab) candidates (and some trades unionists like George Odger were Liberal MPs) but as the class struggle against capitalism stepped up the demand for an independent party of the “Labour Movement” became more strident.

In 1900 the TUC formed the Labour Representation Committee. Some socialists joined it but its driving force remained trades unionism and non-conformist Christianity. It has always been a champion of “fairness” under capitalism rather than a new way of living. Its first leader, Keir Hardie, a Methodist lay preacher, realised though that trades unionism was too narrow a basis for an electoral party. He threw open the door to a wider “Labour Movement”. Socialists in the Independent Labour Party and various other organisations affiliated to it. However, just to reinforce its reformist credentials, its main thinking came from the intellectually elitist Fabian Society. For these middle class intelligentsia who supported eugenics “gradualness” was the order of the day.

Ironically the Famous “socialist” Clause 4 calling for the “nationalisation” of the commanding heights of the economy was added to the Labour Constitution in 1918 by a Fabian (Sydney Webb) but you have to ask why. It was an effort to appeal to the more radical sentiment in the working class after the Russian Revolution. Its aim was to undermine support for the emergence of a real socialist party in the

working class which would look to the Soviet model. It was a master stroke as it remained a useful carrot to dangle before workers right through until the 1990s.

However Labour and their trade unions had already proved their loyalty to British Capitalism PLC by supporting British imperialism in the First World War. True some Labour figures like Ramsey Macdonald opposed the war on pacifist grounds but this was hardly revolutionary (as Lenin pointed out). As for the unions they agreed to suspend all industrial action (i.e. all class war) until the war was over.

More was to follow. Ramsey Macdonald and the TUC leaders sabotaged the General Strike in 1926 because they feared its possible revolutionary consequences. Labour also betrayed the working class in the Great Depression of the 1930s when instead of confronting unemployment Ramsey Macdonald decided to confront the unemployed. By imposing the hated "Means Test" he and his Tory allies cut the few benefits the unemployed "enjoyed" at the time.

In the Second World War Labour once again supported British Imperialism, joining the Churchill wartime cabinet, but this time it hid behind the "progressive" notion that this was a war against Fascism.

The Myth of 1945

Long before the war ended it was clear that a new radicalism was developing in the working class. This was one of the reasons why the British ruling class came up with a plan for an extensive welfare state – the Beveridge Plan, so-called after Sir William Beveridge, a Liberal civil servant. His plan to bring in a health service, a welfare state and plans to maintain full employment appealed to all who remembered the joblessness, poverty and squalor of the 1930s. With red flags going up over barracks across the British Empire in July 1945 Labour won its first outright governing majority.

Today the myth of 1945 is one of the sustaining features of Labourism. Claimed as a step towards socialism, it was in fact the very opposite. It was a reform of capitalism in order to save the system and Labour was the ideal instrument to carry this out for the capitalist class. The National Health Service was started and the state took on responsibility for the welfare of its citizens "from the cradle to the grave". It did not end class struggle. The post-war years were full of strikes, factory occupations and squats as the problem of homelessness had increased dramatically due to wartime bombing. The Labour Government still did not shirk its responsibilities to the capitalist cause and used troops on at least 17 occasions to break strikes (a record that still stands).

At the same time Attlee also looked after the national interest by amply compensating the owners of the mines, railways and steelworks that were nationalised as well as secretly paying for the atom bomb at a time of national austerity. To pay for defence spending the original National Health scheme of

everything free at the point of need was watered down with the introduction of charges for prescriptions, dentures and glasses.

Labour's reforms were so radical that they were accepted by the Tories who were fortunate enough to win the 1951 General election as the post-war boom was really about to begin. The Labour Party had nothing more radical to offer and the capitalist system had no need of its services to save it from the working class.

The Road to New Labour

Labour only came to power again after 13 years when the post-war boom began to peter out. In un-restructured Britain the crisis that would hit the world in the 1970s came early. Workers started to fight more widely against the effects of wage cuts brought about by increasing levels of inflation. Apart from the brief and ineffectual interlude of the Heath Government (1970-74) Labour were in power for 11 of the next 15 years. However it could no more solve the economic crisis than the Tories and when it bowed to IMF pressure to make unnecessary cuts in the welfare state the response of the working class intensified. It culminated in the Winter of Discontent that spilled into 1979. For the British ruling class there was no point in having Labour in power if it could not convince the working class to accept cuts. Labour narrowly lost the June 1979 election and the Tories under Thatcher came to power.

There is a current myth that the Thatcher regime had a plan to deal with the working class and the crisis, and that it succeeded. This does violence to the facts. The Thatcher regime was actually fairly clueless to begin with. Inflation and unemployment reached record levels in the first two years of her Government. Had it not been for the Falklands War, and the nationalist hysteria that followed, the most unpopular Prime Minister since Neville Chamberlain would have got the order of the boot in 1984. The one great success of the Government was the defeat of the steel workers' strike (helped by the compliant union leadership of Bill Sirs) in 1981. A similar attempt to attack the miners led to a humiliating climb down for Thatcher in the same year.

The greatest weapon the Tories now discovered was unemployment. Whilst Labour had been unable to confront the issue of restructuring due to workers' resistance that resistance began to erode with the new fear of losing your job. Militancy began to decline as did union membership and this opened the way for a general restructuring of British industry. Only the miners stood in the way and their isolated fight was sabotaged by both Kinnock's Labour Party and the TUC.

By now Labour accepted the Thatcher agenda and began to make itself a more credible capitalist alternative. Getting rid of the Militant Tendency which had dominated the Party's youth wing, Labour now espoused deregulation of the financial sphere and all the neo-liberal economic agenda of the capitalist Right. The election of Blair as Party leader saw the abandonment of Clause Four and any

other of the postures that Labour adopted to pretend it might have anything to do with socialism.

In fact it became such an enthusiastically pro-capitalist Party under Blair, it is a miracle that the Labour Party is still regarded by so many as anything to do with the working class. And just when years of Blairite support for the joys of capitalism seemed to have finally unmasked the real class character of the Party it once again re-invents itself as the champion of the anti-austerity movement under Corbyn.

Partly this is due to the belief amongst many on “the Left” that, whatever the control the Blairites have over the Parliamentary Party, there is also a wider “Labour Movement” which anyone could belong to through their trades union. Indeed the Trotskyist and Stalinist left saw winning votes to become union officials as the way to get influence in the Labour Party. Some laboured under the self-delusion that they were trying to build a base for the future when the working class would become more “radical”. Then they could turn the Labour Party into a real workers’ party. The one thing they kept quiet about was the need for socialism (not that they understood the real meaning of the word). Manoeuvring in smoke-filled rooms (until recently!) was more their style than conducting the open and honest fight for real socialist ideas in front of the working class. And with the advent of Corbynism the so-called “hard left” have not changed – their parasitic attachment to Labour has just received a confidence boost.

The Corbyn Phenomenon

Re-elected leader with over 60% of the votes, there is no doubt of the “momentum” behind Jeremy Corbyn. It does not just come from hundreds of thousands of young people who are alienated from a system which offers no alternative. Many older workers who have supported “the labour movement” for years but basically felt that under Blair and Brown’s drive to win “Middle England” it deserted them, have also rallied to the Corbyn banner.

In addition the whole of the left from the social democratic supporters of the Morning Star (the CPB) and the various Trotskyist groups, to the IWW etc as well as individual members of the supposedly revolutionary Class War have thrown themselves into worshipping at the new shrine. This said, there is also much cynicism in all their genuflections in front of Corbyn since many simply hope to just recruit new members from the inevitable débacle to come.

Young people looking for change across the country report that their mates of all political persuasions have abandoned their earlier views and signed up to the Labour Party to support Corbyn. It’s not hard to see why. We have had 40 years of capital restructuring in which Labour became indistinguishable from the Tories. Both lauded the virtues of globalised capital, and ignored a working class that has

seen its standard of living slowly spiralling down.

But the financialisation of capital was always an illusion built on speculation and unprecedented debt levels. The financial collapse of 2008 led to a bail-out of the banks which only made things worse for workers. The bail-out has led to high levels of government debt which we have been paying for in cuts right across the board. This heaped misery on millions and now after the Brexit vote they tell us it was unnecessary anyway.

It has all been futile since the debt continues to soar and the new Tory regime has now announced that since Brexit balancing the books ("living within our means" Theresa May called it before she became Prime Minister) is no longer an issue! All those who suffered from the likes of the bedroom tax will no doubt be comforted by this u-turn which will do nothing to alter their plight.

In addition, for the young, their economic present and future offers them only casual and precarious employment under increasingly appalling conditions. Corbynism thus seems to offer a vague hope that something might change.

The Corbyn phenomena has its echoes in Spain (Podemos) and Greece (Syriza) but both movements have risen on the back of the collapse in confidence for their traditional "labour" parties, the PSOE and PASOK. Corbynism, however, has arisen from within the old Labour Party itself. Since both Syriza and Podemos, in or out of power, are failing to live up to the hopes they inspired, Corbyn supporters may take some comfort from the fact that they have captured a traditional social democratic party. And in the unlikely event of a Labour victory under Corbyn some things for workers might even get a little (but not a lot) better. So why should real socialists refuse to jump on this bandwagon?

Because Corbynism is actually just a rehash of Labour's role in the past. It is a barrier to the emergence of a real socialist movement. Labour has never been a socialist party. If it has nationalised parts of the British economy in the past, having the state running capitalist enterprises does not end exploitation as Russian, Chinese, North Korean, East European and Cuban workers can all testify. Capitalism remains. Exploitation remains. Production for profit remains (even if it goes into the pockets of the state). The opposite of capitalism isn't statism and the left of capital is still capitalist. Socialism means a great deal other than that.

What is Socialism?

Socialism is about a total transformation in economic, social and political relations where the mass of the working class actively take control of their own lives. Capitalism relies on the apathy of the ruled. It is daily trying to break what solidarity the exploited class ever exhibits. Individual precarious contracts are just the latest in a long line of such tricks to reduce us to mere "citizens" in the face of exploitation.

Moreover it goes deeper. Under capitalism the bulk of the citizenry have no say on how decisions are taken except for voting once every 5 or so years for one or other party which supports the capitalist system. An MP gets elected as a representative who goes to Parliament and votes (usually) how their party decide. The electorate have no control over the process. The very act of voting is an individual act in the secrecy of the voting booth. There is no class solidarity there, no discussion and the immediate issues come to dominate decisions on where to place a cross. The passivity of the working class here is the basic condition for the dictatorship of the minority capitalist class.

Contrast this with workers' councils where representatives are not elected for a fixed term in office but delegates are mandated. They have to operate within the mandate of those who elected them or face immediate recall. This leads to an active direct democracy which draws all into the process of making decisions. The abandonment of this model was one of the factors in the way the Russian Revolution declined into Party dictatorship in the 1920s.

The fact that socialism is a result of a mass movement also explains why it cannot come about through parliament. It can only come about through millions of people rejecting old ways and old institutions in practice. It is only in a revolution that workers can shake off "the muck of ages". Revolutions transform people's thinking (consciousness) so that they embrace new ideas and take new actions. What was unthinkable before becomes perfectly normal. They are then in a position to create an economic system where the capitalist pursuit of profit is replaced by one in which the satisfaction of human needs is the driving force.

Clearly that's not on the agenda just yet. But many signing up to the Corbyn project think that his victory as Labour leader is a step in the right direction. Nothing could be further from the truth. It's our duty to tell them this is not only a gross error which lends support to the very system that creates their misery, but an experience which will eventually lead so many would-be socialists to demoralisation. In fact by resurrecting Labour as a genuine "democratic socialist" (i.e. left capitalist) party Corbyn is reviving the function of the left party under capitalism. This is to give workers the false idea that the system does have something to offer them.

Having a left capitalist party perpetuates the capitalist lie that this is a "free society" in which you can vote for what you want. But under capitalism some people are more free than others. Those who are rich control the media, the advertising and the state. They set the agenda and the limits of debate. So any genuine workers' party trying to get a hearing starts with an enormous disadvantage. The grandparents and great grandparents of many today voted election after election for the Labour Party in the vain hope it would bring about something different. However, as described above, when it got into power it always reneged on most of its promises.

Even as a reformist capitalist party Labour has failed time after time. Any

attempt even at mild redistribution of income came up against the threat of the capitalists to take their money out of the country and a run on the pound would follow. Ultimately Labour could not even get elected until it dropped its pretence of “socialism” and eventually became New Labour under Blair. It wasn’t just the speculative bubble which burst in 2008. So did Blairism and New Labour.

The crisis of Blairism led to tinkering with the rules for leadership elections which let in the Labour Left despite having only 22 MPs behind it. In some ways the cock-up of the Blairites and Brownites here mirrors the cock-up in the Tory Party over Brexit. The ruling class have no real solution to the economic crisis and, as a result, are losing their political grip in all sorts of ways. This is a global phenomenon which has brought about the rise of so-called “populism” of both left and right.

There are some bizarre elements involved in the current infighting in the Labour Party. One of them was the Blairites’ attempt to unseat Corbyn because he had not been sufficiently enthusiastic about the Remain campaign in the Brexit vote. The Blairites were the ones who were keen on Europe. They were the ones who presided over the speculative bubble and collapse of the financial sector. They were the ones who had been in power for 18 years whilst average earnings for the lower paid fell and many sectors of the working class were “left behind”. If these working class voters rejected the EU because of this then surely the Blairites were the ones who had lost the vote for Labour?

Indeed so obnoxious are Corbyn’s Labour detractors that the sympathy for Team Corbyn can only have increased. But this should not blind anyone to the fact that the ‘socialism’ which is on offer from the Corbyn-McDonnell stable is not even as radical as that of 1945. Advised by a former IMF banker, the Nobel Prize winner Joseph Stiglitz, they have nothing to offer but the promise to nationalise the railways, fiddle with tax rates, invest in a little infrastructure and set a higher “living wage” than the Tories are offering. It’s hardly radical stuff. In fact we now (with UKIP and the Tories) have three parties claiming they are for the “working class” (where did this suddenly appear from? Haven’t they been telling us for decades that the working class no longer exists?).

In fact even if the Labour Party can unite the Parliamentary Party with the mass of the membership the signs are that Labour will be marginalised at the next election. The Labour meltdown in Scotland, the shift in parliamentary boundaries and the total confusion of what Labour might or might not stand for (something Corbyn seems to lack the ability to clarify) all suggest that it is increasingly irrelevant to even capitalist politics. The Blairites destroyed its purpose for the capitalist class but Corbyn’s confused mixed message don’t look like undoing that damage.

The Real Alternative to the Capitalist Crisis

Beyond all the manoeuvring, the fundamental thing Corbynism won't solve for either the capitalists or workers is the economic crisis. By this we don't just mean all those headlines about the falling pound, but what lies behind the fact that globally there has been virtually no economic growth 8 years after this latest stage in the crisis opened. Debt burdens continue to spiral but investment is low. There is low investment because there is insufficient profitability. In order to revive the economy (and not just in little old Britain) massive amounts of capital will have to be written off. The capitalist class everywhere ducked out of this in 2008 when they decided to bail out the banks (they had to save capitalism after all) but the issue won't go away. If they persist as they are, eventually the one sure way to devalue capital – via a massive imperialist war – will become more and more likely.

The only alternative to this is socialism or communism but not the fake parliamentary socialism of the Labour Left under Corbyn or anyone else. This will only come about when all those who are currently uber-exploited recognise the system for what it is and that they are part of the solution. It will take time but we, as communists, are doing our bit to agitate for this and to create the conditions for a genuine party of struggle which is not a party of government but a nucleus around which revolutionary workers can organise. The emancipation of the working class is the task of the workers themselves – it won't come through parliamentary chatter or via government decree.

AD



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*From the review **Kommunist** (1918):*

Epitaph for a Revolution?

2017 will no doubt see a flood of publications to commemorate the centenary of the Russian Revolution. There will be those who insist that the October Revolution provides a model for today and still others who will argue the opposite. Neither opinion is likely to go much beyond the defence of entrenched ideological positions. The fact that the great hopes raised by the October Revolution not only failed to materialise, but ended in a monstrous Stalinist regime which turned private exploitation into state exploitation, has been one of the greatest propaganda weapons for today's capitalist system whose own crisis grows deeper with every year that passes.

Later in the year we will make our contribution to understanding the October Revolution with a new study now in preparation. This will take into account the widespread research on the "revolution from below" carried out since the last days of the USSR. Our task will be to neither praise nor mourn but understand what was specific to that time and what, if anything, it tells us today about how a real fight against exploitation and the capitalist state can be carried out. For now, and perhaps to some eyes perversely, we are contributing a piece on how the Russian Revolution began its path towards failure. We have translated¹ the very first piece in the first issue of the paper *Kommunist*. *Kommunist* was officially the organ of the Moscow Regional Bureau of the Russian Communist Party (Bolshevik). As the Moscow region was dominated by the Left Communist fraction it really reflected their views. After 5 months of revolution they had come together to express concern about the direction in which the revolution was heading. Edited (and largely written) by leading Bolsheviks, Bukharin, Smirnov, Osinsky (Obolensky), and Radek, *Kommunist* had begun as the mouthpiece of those Bolsheviks who had wanted to reject the Treaty of Brest-Litovsk. They had already lost that battle with the Treaty's ratification on 3rd March but still considered its signing, as it says in the piece below, "a great failure in the international struggle". They saw the treaty and some developments in the economic sphere as signs of opportunism and the abandonment of all that the Bolsheviks had stood for. The Left Communist also criticised the employment of specialists (hinted at below in "making use of the bourgeoisie"), the formation of industrial trusts and one man management as leading, not to socialism, but towards "state capitalism". Indeed close to the action as they were, they were the first to raise the dangers of the Russian revolution creating a new form of capitalist exploitation.

As the first three paragraphs of the document which follows show, the Left

Communist fraction of the Bolshevik Party fully accepted the proletarian character of the October Revolution. After five months of what the Left Communist economist Lev Kritsman called "the heroic period of the revolution" there were increasing problems. The Left Communists were worried that by making a peace with Germany the breathing space this would give to German imperialism would undermine the prospect of a working class socialist revolution in Germany. In short they were concerned that it would undermine the very internationalist rationale for the October Revolution. Every revolutionary leader from Trotsky and Lenin to Bukharin understood that "the question of socialism could only be posed in Russia it could not be solved there" as Luxemburg put it. All repeated Lenin's words that "without a German Revolution we are doomed". The controversy over Brest-Litovsk was whether buying a temporary breathing space for the revolution in Russia came at the price of undermining the very world revolution on which the future of socialism depended. Even today it is difficult to say if the signing the Treaty of Brest-Litovsk did "squander the international capital" of the revolution, as Radek says below.

The Left Communists' argument that the Soviet power could abandon the cities where it had its greatest support to fight a guerrilla war seemed utterly quixotic in the face of their opponents' insistence that saving Petrograd now would maintain a beacon of light around which the world revolution could rally when the working class in the rest of Europe rose up against the deprivations of the First World War. As German imperialism was already teetering, the argument ran that it would not be long, and in fact in November 1918 the revolution arrived. Had it not been sabotaged by the same Social Democrats who had voted war credits for the Kaiser in 1914 who knows what could have happened next. However history is not about "what-ifs". The Left Communists lost the argument not only on Brest-Litovsk but also on their opposition to the decline in working class self-activity which they saw as the result of the introduction of one-man management and the employment of *spetsy* (ex-bourgeois specialists).

In re-founding *Kommunist*² the Left Communists were carrying on a long Bolshevik tradition of debate and factionalism which had characterised the development of the Party. Contrary to the myths of iron discipline (more talked about than observed) of Bolshevism (a useful myth though for those Stalinists who later stifled debate) the Party had been built on controversy. Lenin came to dominate it not simply because of any formal disciplinary power he held but by the force of argument. After becoming the chief spokesman of socialist internationalism in the war his fight to make the Bolsheviks part of the class movement in April 1917 and above all his insistence on the overthrow of the Provisional Government in October 1917 had all made that prestige so much higher. In a party which is in opposition dissent and debate are part of a process of its formation but the problem in 1918 was that the Bolsheviks were now the leading party in a government and soon to be the only party in the Soviet executive when the

Left Socialist Revolutionaries walked out over Brest-Litovsk. This was a totally different situation for an organisation which had previously only had to work out its own theory about how the proletariat could make a revolution. The Left Communists were no longer just part of an ongoing theoretical debate but part of a process based on life or death decisions about the direction of the entire revolution. Initially they resigned from their positions on the Central Committee and attempted to simply carry out their tasks as part of the Soviet government, but in practice they found that they were often forced to defend positions which they had previously opposed.

Their opposition was also limited by two further factors. The first was the dire economic condition of Russia in 1917-18 with "the economic distress inherited from the four years of war". The second was the onset of the war against the Whites backed by 14 Allied powers in their attempt initially to force Russia back into the war and then to crush the young Soviet Republic. Edward Acton, in his thoughtful study *Rethinking the Russian Revolution*, equated the state of the Russian economy inherited by the Bolsheviks as one akin to the Black Death. Even if there had been no civil war for the next three years the task of feeding and sustaining a population would have been a terrible challenge. The Civil War in its brutality brought famine and disease which cost the lives of an estimated 8 million people. Such compelling factors created a situation in which room for dissent was very limited. First the war which the Bolsheviks had not wanted to fight would have to be won and at the same time the revolutionary forces in the working class would have to support the Council of Peoples' Commissars (Sovnarkom) until the enemy was defeated. The working class and the early critics of the direction of the revolution had to hold back on opposition until that war was over. By June 1918 the Left Communists had all resumed their positions in the Party. Carried along by a floodtide of history they were powerless to halt, some like Smirnov and Osinsky³ retained for a while the basic idea that the revolution could only succeed if it was based on working class, and not just party, initiative but others quickly abandoned their previous "*Left wing Childishness and the Petty-Bourgeois Mentality*", as Lenin polemically called it in his attack on them. After 1921 Bukharin went on to become the main defender of the New Economic Policy in opposition to Stalin's "third period" in 1928. He was to pay for this with his life after the Show Trials in Moscow. The same fate was to befall all the contributors to *Kommunist*. Radek, who at Brest-Litovsk had outraged the German General Staff by distributing leaflets calling on Germans soldiers to join the international revolution, later became notorious for his "Schlageter" speech which announced the adoption of National-Bolshevism by the German KPD in 1923.

Radek's internationalism was not in doubt in 1918. His document poses the question as to what will become of the revolution if it remained isolated and without the support of an international revolution. Like other Left Communists writing in the 1920s (e.g. Gorter in Holland, Kowalski-Grzech in Poland ⁴) he sees

clearly that a compromise with the peasantry will be forced on soviet power and in that case the revolution would lose its proletarian character.

This was not the only prescient comment that Radek made and his opening salvo concludes with perhaps the most prophetic words spoken by any participant in the October Revolution.

If the Russian revolution is crushed by the bourgeois counter-revolution, it will be reborn from its ashes like the Phoenix; but if it loses its socialist character, and by this disappoints the working masses, this blow will have ten times more terrible consequences for the future of the Russian and international revolution.

At least ten times we would now say, and that is why we suggest that this is a poignant epitaph for a workers' tragedy which even those with the best of intentions were powerless to prevent.

CWO

January 2017

Five Months On

The five months' existence of the workers' and peasants' government has definitely resolved the question of the nature of the October Revolution. If in mid-December, without fear of appearing ridiculous, Martynov⁵, the father of the Menshevik philosophy of the Russian revolution, could still, in the reprint of his pamphlet *On the Two Dictatorships*, reproach the revolution for arriving by night whilst the workers slept, of tearing power from the hands of the bourgeoisie before the Soviet Congress without waiting for the formal decision of the latter, today everyone knows that the vast majority of workers and peasants stand behind Soviet power. Everyone understands that *the revolution of the masses* was accomplished in October. The question which bothered Menshevik ideologues and Talmudists for several years: Whether to take power or not, has been definitely resolved by these events. The ignominious fall of the Kerensky government [6] – which no significant section of the population or any political group has arisen to defend – proved that, during the revolutionary storm, the government of the bourgeoisie and their petty-bourgeois servants had lost all influence in the masses. The October Revolution has cast into oblivion something that was already rotten, which was only the detritus of history.

Bourgeois power no longer existed, so neither did petty-bourgeois power. If the

proletariat and the masses of poor peasants behind it had not seized power, Russia would have fallen into a state of primitive chaos. And it was only after a long period of struggle of all against all that the power of the victorious classes emerging from this chaos became clear. It had to be the workers and peasants, first of all, because the popular masses who overthrew the Kerensky Government had had enough of the bourgeoisie's regime, and this because, with arms in hand, they were the only real force in the country. During the last four months the losers in the revolution, the Mensheviks and right-wing Socialist Revolutionaries alongside the bourgeoisie, have never ceased to claim that the power born in October was a dictatorship at the point of a bayonet. The situation after the demobilisation of the army, when the number of these bayonets decreased, proves that *bayonets had nothing to do with it. The real source of power lay precisely in the support of the vast majority of the people.*

For four months, this power fought a relentless civil war in the streets of Petrograd, Moscow, all over Russia, with arms in hand; it triumphed over the bourgeois offspring who defended their class and all those who, by relying on the privileged layers of wealthy Cossacks, tried to create an organised military force as a counterweight; it triumphed over the Ukrainian petty bourgeoisie who tried to save the *Kerenschina*⁷ in the south of Russia. In four months it broke down the old Tsarist apparatus which Kerensky had kept intact. For four months it tore up the social roots of tsarism, the rentier economy and the economic base of Tsarism. If the impotent quibbler, Martynov, speaks in his pamphlet quoted above, of the first two months of the revolution as productive months,⁸ the facts contradict him. *The period of the end of the bourgeois revolution began only after October. This was only due to the dictatorship of the working class and the poor peasants* and thanks to the October Revolution which the Mensheviks, the partisans of the bourgeois democratic character of the revolution, call "*a senseless adventure.*" If this was the only action of the revolution it would justify it in the face of history. It is proof that only the dictatorship of the anti-capitalist classes could create the conditions for the domination of a bourgeois democracy – the liquidation of Tsarism and the remnants of feudalism.

But the October Revolution had to go further. In countries with developed capitalism, where the capitalist bourgeoisie is the principal force of the counter-revolution, the revolutionary class which took power, had to wrest the main instrument of the struggle from enemy hands. The instrument of the counter-revolution was the capitalist ownership of the means of production and the banks which directed production. The proletariat and the poor peasants did not halt in front of these "sacred" cows of capitalism. When the Goths who conquered the Roman Empire put their horses in the temples of Jupiter and Venus, when the generals of Napoleon transformed the Hamburg stock exchange into stables,⁹ it was merely chance. Modern "barbarians" (as the bourgeoisie calls the proletariat) had to seize the central mechanism of capitalism, not only in order not to

suffer the attacks of the latter, but also to deal with the struggle against the economic distress inherited from the four years of war and the regime of the "conciliators".¹⁰ The Mensheviks, the Right-wing Socialist Revolutionaries and the apostles of liberalism draw attention to the general economic disorder and fulminate: *"And you, wretches, how can you build socialism on such ruins?"* They do not understand that, because the Russian economy is now ruined, only a methodical accommodation of this economy to the needs of society, only the reconstruction of this economy in accordance with the interests of the masses, in short, only socialism can reconstruct economic life so that the working masses and the poor peasants are no longer totally enslaved to the capitalists. Yes, there are great obstacles on the road to socialism: the illiteracy of the masses and their serious lack of experience. But not trying to overcome these weaknesses to build socialism would mean "contemplating" the enslavement of the masses by the capitalists without doing anything. When we began our struggle for socialism, we knew very well that it was impossible to carry it out on the basis of a pre-ordained model, taking the shortest route. *"Only a layman can think that the whole way can be mapped out according to a prescribed plan, without detours, and that it can be followed in all its details to the end. It is certain that the leader never loses sight of his goal and is not disturbed by frequent disruptions, but he cannot, in advance, clearly define the path that will lead to the goal."* These words of General Moltke¹¹ describing the Franco-Prussian war of 1871, published by the German General Staff, clearly express thinking which was no stranger to any actor in the October insurrection. *History has definitively solved the question to which many Russian Marxists had given a negative answer before the revolution: that is, can we achieve socialism in a Russia which is economically backward?* The answer of history is that we absolutely have to achieve it. But how, and by what means? Only further historical experience, the class struggle of the future and not only in Russia but elsewhere, can answer this question.

The first period of the triumphal march of the October Revolution ended with a great failure in the international struggle. German imperialism did not just seize vast territories containing great economic and political resources. It threatened to form oases of capitalism within the Soviet Republic itself where Russian capital, protected by foreign imperialism, could take refuge in order to prevent the construction of socialism and re-establish the capitalist order throughout Russia.¹² By making concessions to obtain a respite, to gain time which undoubtedly works in favour of the world revolution and, consequently, in favour of the Russian revolution, by making concessions to the claims of foreign capital, the government of the Russian revolution will be forced not only to stop its creative socialist work but also to undermine it, something which has already begun. We cannot avoid this danger by claiming that this work of destruction can be accomplished in the name of a theory of revolution which might be smart in business, taking account of the new situation, in a period of organisation of the revolution, or that it is necessary to make use of the defeated bourgeoisie's experience in order to build socialism. It is only in the

abstract scheme of Kautsky that there is a chapter ("*On the Day After the Social Revolution*") in which the realisation of socialism in all countries is simultaneous (this scheme is permissible and necessary from the point of view of the purely abstract study of the question of the social revolution). In practice, socialism cannot be achieved at once in all countries. The Russian socialist revolution is developing under the threat of both imperialist camps. Not only that, our setback in the struggle against German imperialism allows them to demand the restoration of capitalist rights for their citizens. The same concessions will be demanded by English, French, American capitalism and, under their protection, the Russian capitalist counter-revolution will raise its head.

It is clear that we cannot sweep away the demands of foreign capitalism with a simple declaration and that these slow down the construction of socialism. Behind these demands there is a real force which we have to reckon with until the proletarian revolution in Europe comes to our aid. The question is posed only in these terms: either we will take this force into account and oppose its pretensions with our will to create our own military and economic force, or we will negotiate with it simply in order to gain time. In the first case, our task is to complete the socialisation of the main branches of industry. As we eliminate private property in the principal spheres of economic life in Russia, in the least unfavourable case, we shall be obliged to take out loans with less dangerous adversaries in order to pay bills of exchange. And we will have to secure these loans with raw materials or through the sale of frontier territories (for example, Kamchatka). In the worst case, we will have to allow foreign capital to enter the economic mechanism of Russia. By attracting capitalists to organise our industry better, to make it capable of competing with foreign capital, we will also give an economic weapon to the Russian bourgeoisie. The victory over the bourgeois counter-revolution is not an isolated act, but a process in which the vanquished can regain their strength.

Two similar lines also emerge in foreign policy for the Russian revolution. Either it pursues an active policy of defence and always appeals to its only ally – the European proletariat – if the enemy attacks its main positions. In this case it will always be ready to enter the field with all the forces at its disposal. Or it yields its positions to safeguard formal power, it seeks allies in the struggle of one imperialism against the other, and it will squander its international capital.

These are two ways, *and not just two theoretically possible lines in politics*. These two paths are already taking shape in a whole series of practical actions facing the workers' and peasants' government. It has not yet chosen; it is going on blindly, but there is already a Right deviation, towards compromise with Russian and foreign capital. This deviation is *not only due to the difficult situation*, to divergences between homogeneous social elements that have different approaches on the same issue. The path chosen by the Soviet Government will provide the answer to *the central question of the very nature of*

this government. Previously we debated what revolutionary power would be: the dictatorship of the proletariat, which would rely on the peasantry and lead to the common struggle against capital or the dictatorship of the proletariat and the peasantry, that is to say, of two different classes. In the first case, the peasantry would only follow the proletariat up to point. Who would prevail in this case? This would depend on the international situation: the victory of the proletarian revolution in Europe would alone be able to give the Russian minority proletariat the possibility of putting the peasantry on the road to socialism. The absence of such a revolution would thus exclude the proletariat from power. If the Soviet power holds to the perspective of the dictatorship of the proletariat and the peasantry, if it counts on the numerical and social superiority of the peasantry, it will accept a compromise with capital which is acceptable to the peasantry but harmful to the socialist character of the revolution, and which is therefore unacceptable to the proletariat. Within the workers' and peasants' government, the two directions are fighting each other, consciously or not. The result of this struggle is conditioned by the international situation and by the influence of the proletariat on Soviet power. Demonstrating to the proletariat the danger that threatens the socialist character of the revolution, in order to organise the conscious pressure of the proletariat on this power; fighting for the domination of the proletariat in the revolution, this is the task of the proletarian communists,¹³ the task for which we are fighting.

During the revolution, the Bolshevik party became the party of all the people, of all the poor. This is its strength, but it is also the source of great dangers which can only be surmounted if the proletarian elements do not hide themselves away, do not give in to a baseless optimism and understand that in a petty-bourgeois country like Russia, the petty-bourgeois degeneration of power is indeed a possibility despite the will of the proletarian leaders. The Russian revolution demands that the proletarian elements criticise themselves in words and deeds.

Now that we are living through the first experience of the socialist revolution, self-criticism is more necessary than ever. If the Russian revolution is crushed by the bourgeois counter-revolution, it will be reborn from its ashes like the Phoenix; but if it loses its socialist character, and by this disappoints the working masses, this blow will have ten times more terrible consequences for the future of the Russian and international revolution.

Karl Radek

April 1918

Notes

1. From the French version of "La Revue Kommunist" published by Smolny Press 2011 with a preface by Marcel Roelandts and Michel Roger. We believe it is the first time it has been translated into English, though R V Daniels quotes the final paragraph in his *The Conscience of the Revolution* (New York 1960).
2. There had been a Bolshevik publication called *Kommunist* published in 1916. According to R V Daniels (see note above) Lenin "scuttled it" (p.33) when the editors (including Piatakov and Bukharin) who were in deep polemics with Lenin over the latter's support for national self-determination decided to publish an article saying that "self-determination was an anachronism". The author, not at that point a member of the Bolshevik Party, was ... Karl Radek! In view of the bitterness of that dispute it might not have been so a tactful choice of title, especially as the Bolsheviks had only adopted the Communist title (which Lenin had argued for in the April Theses) a few weeks earlier. According to Stephen Cohen, the 1918 *Kommunist* went through 11 editions in Petrograd and a further 4 in Moscow before ceasing to publish in June 1918. See his *Bukharin and the Bolshevik Revolution* (Oxford 1980) p. 404.
3. Osinsky's work "On the Construction of Socialism" from *Kommunist* has been published by libcom.org. The same source has also re-published *Theses of the Left Communists* (originally published in English as a 20 page pamphlet by *Critique* (Glasgow 1977). That document follows the piece we have translated here in *Kommunist* No. 1 and can also be found in *The Russian Communist Left of the International Communist Current* (2005). Ronald Kowalski's *The Bolshevik Party in Conflict: The Left Communist Opposition of 1918* has been scanned and can be also be downloaded from libcom.org.
4. For more on the Polish Communist Left see <http://www.leftcom.org/en/articles/2015-12-19/a-brief-history-of-the-communist-workers%E2%80%99-party-of-poland>
5. A. Martynov (1865-1935) Russian right wing Social Democrat. At first a supporter of "economism" against Lenin, then a Menshevik until 1917. He rejoined the Bolshevik Party in 1923 where he served Stalin. He would later become one of the chief dignitaries of the Stalinised Communist International.
6. Alexander Kerensky (1881-1970) Russian lawyer and politician close to the Trudovik faction of the Socialist Revolutionary Party. With the February Revolution, he became Vice-President of the Petrograd Soviet and Minister of Justice of the Provisional Government of Prince Lvov, then Minister of War in the Second Lvov government formed in May. At the end of July he led the Majority socialist government. His repression of the Bolsheviks after the July Days was hesitant. The continuation of the war on the side of the Entente, his irresolution in the face of Kornilov's attempted coup in August and the situation of Dual Power with an increasingly radical Soviet, precipitated the fall of his government in the October Revolution. After a feeble attempt to regain power with the remnants of the army, he went into exile in the USA in 1918.
7. The period of Kerensky's rule (June-October 1917).
8. By "revolution" here Radek means the February Revolution of 1917.

9. French troops occupied Hamburg for the first time in 1810 and the Hanseatic city was annexed to the French Empire in 1811. During the German campaign, Marshal Louis Nicolas Davout, still undefeated, installed himself on May 1813 and transformed the city into a fortress to resist a long siege, under very harsh orders, which earned him the hostility of the population. It is in this context that the famous Börsenhalle and the churches of the city are transformed into military stores and stables. After Christmas 1813, many Hamburgers perished from hunger, cold and disease, in their occupied City. Besieged by the Russian, Prussian and Swedish armies, forming a total of 80,000 men, Davout resists until April 1814 before going to the French General Gérard on the orders of Louis XVIII.

10. That is the Mensheviks and other right wing socialists who dominated the Provisional Government in the second half of 1917.

11. Helmuth Karl Bernhard Von Moltke (1800-91): Prussian general usually referred to Moltke the Elder, he became Chief of the General Staff from 1857 and reorganised the army. Strategist of the Wars against Austria (1866) and France (1870-1), his theory leaves room for initiative and the assessment of the situation on the part of commanders. Cf. von Moltke, *Geschichte des Deutsch-Französischen Krieges von 1870-1*, Berlin, Mittler, 1891.

12. The Treaty of Brest-Litovsk ultimately forced the Soviet power to give up the Baltic Provinces, Finland, Poland, Belorussia, Ukraine as well as some parts of Transcaucasia. It has been calculated (by the Left Communist Lomov) that this amounted to a third of Russia's grain producing land, forty percent of its industry and workforce, ninety percent of its most easily exploitable coal reserves and three quarters of its iron production. See Ronald Kowalski *Kommunist : A Weekly Journal of Economic, Social and Political Opinion* (New York 1990) p. 234.

13. "Proletarian communists" was the preferred name of the Russian Left Communists initially. Lenin sarcastically focussed on this in his *Left wing Childishness and the Petty-Bourgeois Mentality* where he wrote *Our "Left" Communists, however, who are also fond of calling themselves "proletarian" Communists, because there is very little that is proletarian about them and very much that is petty-bourgeois, are incapable of giving thought to the balance of forces, to calculating it.* See <https://www.marxists.org/archive/lenin/works/1918/may/09.htm>

Behind the Crisis: Marx's Dialectic of Value and Knowledge, Guglielmo Carchedi

(Haymarket Books 2012, 303 pages, £21.99 paperback)

Introduction

Guglielmo Carchedi (GC) defends Marx's value theory and his theory of crisis which sees the falling rate of profit as the key force driving capitalism into crisis.¹ He exposes the inadequacy of alternative explanations which dominate in academic Marxist circles. In particular he points to the class bias of these alternatives and shows they implicitly or explicitly view capitalism as rational and thus relegate class struggle against the system to voluntarism. The book contains a good detailed explanation of the crisis of 2007 but has a much broader scope than simply political economy.

Since capitalist political economy grows out of the social relations and processes within this society, GC starts by considering, in a general way, how relationships and processes lead to social phenomena and the contradictory nature of these phenomena. For him social phenomena are subject to continual change, and can only be understood dialectically. Capitalism is a system which is continually in a process of reproducing itself but also in the process of being superseded. The central contradiction, which colours all phenomena in the system, is the ownership relation, the fact that all property is in the hands of the bourgeoisie and the working class owns only its labour power. Class struggle is the force driving the tendency towards its supersession. It follows that capitalism is a system in disequilibrium with conflicting tendencies and counter tendencies. To understand this, an analysis using dialectical logic is necessary since the premises contain contradictions. Formal logic, which necessarily excludes contradictory premises and the dimension of time is inadequate. This is the general background to his treatment of political economy and crisis. It gives him the tools to refute those who claim key elements of Marx's analysis, namely his labour theory of value and crisis theory, need to be rejected, or at least revised.

GC goes on to consider the production of knowledge and the production of consciousness. He points out that knowledge is material and the production of knowledge under capitalist relations is the production of value and surplus value just as in the case of production of goods which he calls objective production. This is dealt with in great detail and provides a comprehensive refutation of the popular myth that abstract knowledge, in the form of the "general intellect"² has today become a productive force marginalising the importance of material labour and

undermining the labour theory of value. GC points out that knowledge produced under capitalist social relations, even science, is capitalist class knowledge. Its main purpose is to increase the exploitation of the working class in order to increase profit. Under capitalist social relations science is not class neutral. In this he opposes the views of Engels, Lenin and Gramsci. However, GC's aim is to relate knowledge to class consciousness and consider how knowledge and consciousness produced under capitalist social relations could be used to create a new society in the period of transition. Certain types of knowledge, since they are produced under capitalist social relations, necessarily contain a contradictory element since they are socially produced by wage labour. These may be adapted and used by transitional society.

GC insists that Marx's labour theory of value and his dialectical method provide the intellectual compass for the working class to create a new society. Fashionable contemporary theories, such as "neo-Ricardianism",³ "value form theory"⁴ and especially "workerism"⁵ only serve to disorient and disarm labour in its struggle for a higher form of society.

The book is logically structured in four chapters. The first deals with dialectical method and the 'Marxist' academics who argue Marx's work is logically contradictory and requires revision. This is dealt with in the second chapter which leads on to a chapter on capitalist tendency to crisis and the 2007 crisis. The final chapter deals with knowledge and consciousness and touches on how knowledge produced under capitalism could be adapted for use in the period of transition to socialist society.

The book thus deals with key issues relevant to revolutionaries today. Although the issues are complex the book is clearly written and deserves to be widely read. We will look at some of these issues in greater detail below since many of them form the bulk of the current critique of Marxism.

Dialectics

The sub-title of the book indicates that GC sees his treatment of dialectics as derived from what is implicit in Marx's work. He sees his work as completing analyses which Marx was unable to pursue. He argues that dialectics apply only to social relationships, processes and phenomena. This puts him in conflict with Engels, who attempted to base dialectics in nature and thereby prove that socialism was the inevitable outcome of a natural dialectical process. Though GC admits a similarity between Engels' laws of dialectics and those he proposes he disagrees with Engels' view that science is class neutral. Since scientific knowledge is produced by labour power under capitalist social relations it retains a capitalist content. He points to Taylorism and scientific management as examples of this. Engels' view, he argues, leads to seeing the productive forces and developments like Taylorism as class neutral, and the idea that socialism could be built using

capitalist productive forces.⁶

Phenomena in class society, GC argues, result from the interaction of social processes and social relations. They result from people pursuing their aims. Social phenomena, however, have a double dimension, their realised dimension and their potential dimension. A commodity, for example, has a use value which is realised by its production and a potential exchange value which can only be realised if it is sold. To move from potential to realised requires time, but what can be realised at a later time must however have been potentially present.

The social system of capitalism similarly has a realised dimension, its reproduction, and a potential dimension, its supersession. Its realised dimension expresses itself in the reproduction of the system and the accumulation of capital, and its potential supersession in its cyclical crises. The contradictory social content of capitalism can be seen in that its reproduction implies exploitation, inequality, egoism while its supersession implies cooperation, solidarity and equality. This is the contradictory social content of the capitalist ownership relation which ultimately determines other relationships in capitalism.

Because of their contradictory nature, social phenomena can only be understood by dialectical logic. GC proposes three rules of dialectical logic. Social phenomena are always both realised and potential, both determinant and determined and subject to constant change. Formal logic is only able to analyse realised phenomena that are not subject to change. It is unable to treat issues where the subject has a realised reality and a potential reality which is in contradiction to it, since in formal logic all contradictions are a mistake.

Once the basis of a dialectical approach to social phenomena is set out GC proceeds to review critics of Marx's labour of value.

Defence of the Labour Theory of Value

Marx's labour theory of value has been subject to sustained attacks since the publication of the third volume of *Capital*. It has been termed incoherent and logical inconsistent by both bourgeois economists and Marxist academics. The four main areas where it is alleged the theory fails are:

1. Abstract labour is not the only source of value
2. The abstract labour is not material
3. The falling rate of profit is incorrect
4. The transformation of values into prices is impossible.

If these critiques were proven correct, capitalism would not have a tendency towards crises, and its own supersession. GC argues that the primary reason these critiques are incorrect is that they are mainly based on formal logic and

quantitative analyses of these issues.

The first critique asserts that machines create value. For Marx machines do not create value; the value contained in machines is transferred to the product by the work of living labour. This was an early criticism of Marx but has gained ground in recent years through the advent of programmed machines and the use of artificial intelligence. At the extreme, in a fully integrated economy, machines could, so the argument goes, create other machines without human labour. The implication is, of course, that labour's struggle against capital is irrational while the system itself is rational and will overcome all its problems. GC points out that if machines could produce machines, what they would create would be use values, which could not be aggregated or exchanged as they lacked a common element. Distribution under capitalist social relations could not take place. It needs to be pointed out, however, that distribution could take place under communism since use values would simply be distributed free. The tendency to produce ever more sophisticated machines and replace living labour with them is actually a tendency towards the supersession of capitalism, since it leads to falling profitability of capital and crisis. It is also a tendency which lays the ground for communism.

The second critique claims abstract labour does not exist. Marx argues that human labour is concrete meaning it is specific, e.g. making steel or growing wheat, but is at the same time abstract, namely human labour in general. It is this second aspect which makes commodities exchangeable. Rates of exchange are determined by the quantity of abstract labour contained in the commodities. The second school of criticism⁷ argues that concrete labour cannot be reduced to abstract labour and that there is no empirical evidence for the existence of abstract labour. Material existence does not, however, GC points out, require observability, e.g. electricity or gravity, whereas the effects can be observed. The effect of abstract labour can be observed in exchange and must, therefore, have been potentially present in production. Human labour is material and can be measured. It depends on the expenditure of energy which we get from food and drink and this can be measured in calories or Joules, and in work performed can be measured in watts. Abstract labour is the expenditure of undifferentiated human energy.

The general flaw of this criticism is that it does not approach the issue dialectically. Production and realisation of value and surplus value are collapsed into each other and time is eliminated. Dialectical understanding of the commodity sees it as crystalising both concrete labour determined in its use value, which is realised in production, and abstract labour which is potential and is only realised subsequently in exchange.

The third critique, that of the falling rate of profit, is an issue the ICT has written extensively on and we will only briefly review the issue here.⁸ Marx argues that increases in productivity resulting from new means of production generally

replace workers with machines. The organic composition of capital, the ratio of constant to variable capital, rises and less value and surplus value is produced. This tends to cause the average rate of profit (ARP) for the capitalist system as a whole to fall. It has been argued that this is logically inconsistent and more productive means of production necessarily increase the rate of profit. This was formulated in a theorem by Okishio⁹ and is still widely accepted as valid. GC is a supporter of the Temporal Single System Interpretation (TSSI) of Marx's theory which holds that if inputs and outputs to production are valued over time and value and price form a single system, Marx's analysis is not inconsistent. He shows through an example of a single commodity economy, the corn economy, how increases in productivity actually cause profit rates to fall when inputs and outputs are valued temporarily. The general refutation of Okishio is that is that his theorem excludes time by assuming simultaneous valuation of inputs and outputs and so relies on formal logic.

A further critique of the falling rate of profit analysis is that it is indeterminate. This is argued by the Monthly Review School and amounts simply to the argument that, while there is a tendency for average profits to fall, there is also a tendency for them to rise as a result of cheaper means of production and increased exploitation of workers etc. GC shows that the tendency for ARP to fall is a tendency precisely because it is held back by counter tendencies. It is therefore the dominant tendency. Reducing the cost of means of production occurs at the same time as reduction in labour and hence reduction in surplus value produced.¹⁰ While lengthening the working day has finite limits and the reduction in the value of the means of production, if it even occurs, is marginal. The more the ARP falls the weaker the counter tendencies become. This critique fails because it is a critique relying on formal logic. It argues from a premise which contains contradictions, namely a tendency and a counter tendency, and concludes that the outcome is therefore indeterminate.

The fourth critique is that values cannot be transformed into prices which makes the whole labour theory of value inconsistent. This is a critique of Marx's theory of distribution and supposedly showed that under his value system even simple reproduction could not occur. However, as GC shows, if inputs and outputs are valued temporarily in a single system, the inconsistency vanishes.¹¹

Again this is a criticism using formal logic and assuming the system is in equilibrium. The critics fail to understand the dual nature of commodities and, by simultaneously valuing inputs and outputs, fail to allow for time.

Theories of Crises

If crises are a constant feature of capitalism a theory is needed to explain their inevitability. Crises spring from the production sphere of the economy where

productive labour power is employed. Productive labour is labour which changes existing use values into new use values. In the central capitalist countries today an enormous amount of labour is unproductive and largely engaged in distributing surplus value produced in the productive sphere. Labour expended in commerce, banking finance, speculation, state repression are all examples of this, while sectors such as the military actually destroy value. Crises are caused by the falling rate of profit in the productive sector which, in turn, is caused by insufficient production of surplus value. This results from the process of capital accumulation itself. Increases in accumulation of capital lead to increased productivity. This means expulsion of workers from production and a consequent decrease in production of surplus value. Crises are, therefore, inherent in capitalist production relations and are unavoidable. The attempts of capital to increase surplus value produced by the working class lead to increased exploitation and a host of other attacks on the class. The class which is at the centre of capitalist production is also the class which faces deprivation and poverty as the inevitable outcome of the system's workings. The working class is therefore objectively revolutionary and has an objective interest in creating a higher system of production, namely communism.

This is also the position argued by GC. He examines alternative views of the causes of crises and shows how these explanations imply the system is rational and thus by implication the struggle against it is irrational. This amounts to the theoretical disarming of the working class. We will briefly review GC's refutations of the main alternative explanations.

Although production and distribution are dependent on each other, production comes before distribution and determines distribution and so realisation of surplus value. Production is the determinant relationship and distribution is the determined relationship. This needs to be understood since the principal arguments against the falling rate of profit as the cause of the crisis are arguments based in the sphere of distribution.

The first argument which GC reviews is that the crisis has originated in the financial sphere due to high levels of debt, speculation, permissive monetary policy, deregulation and so on and so forth. In other words the crisis is caused by mistakes by the bourgeoisie in managing the system. The system is therefore seen as rational and the problems located in the stupidity of capitalists. Yet crises are a recurrent phenomenon. Why would the managers of the system repeatedly make these mistakes? Clearly there must be some structural reasons within the system which cause these mistakes but this explanation offers none, and is not worth considering further.

A more widely held explanation is that the crisis is caused by under-consumption. This view was first put forward by Rosa Luxemburg as an explanation of imperialism before the First World War. She argued that capitalism was unable to realise all the surplus value produced within the system itself and therefore needed extra

capitalist markets for this. Imperialism was explained by the struggle for extra-capitalist markets. The exhaustion of the extra-capitalist markets would, she thought, lead to a terminal crisis of the system. Because of the enormous expansion of the capitalist system after World War Two without significant non-capitalist markets, this view has been abandoned by almost all its supporters.¹² However, the theory has metamorphosed from a shortage of non-capitalist markets to a shortage of capitalist markets. This amounts to the view that the working class wages are too low to allow them to buy all the commodities they produce. Lower wages, it is argued, cause the rate of profit to fall. Lower wages are a neo-liberal policy therefore neo-liberalism is to blame for the crisis.

GC shows clearly that lower wages cannot decrease the rate of profit even if all the commodities represented by the wage decrease remain unsold. If this is the case the rate of profit will remain unchanged. Under all other conditions a decrease in wages would raise the rate of profit. This indicates that the falling rate of profit is the determinant tendency and lower wages which tend to raise the rate of profit are a counter-tendency limiting its effect. Empirical evidence also goes against this argument. As Marx notes there is generally a rise in wages before a crisis.¹³ GC produces figures which show that this was also true of the crisis which started in the mid-70s. In the seven year period leading up to 1973 there was an annual rise in wages of 2.5% in the US. Wages only began to stagnate after the start of the crisis in 1973.¹⁴

Generally, if the crisis could be avoided by higher wages, namely a lower rate of exploitation, higher wages could solve the crisis. If this were true the crisis would be due to poor distribution policies and could be avoided by more enlightened distribution! If the capitalist class was less stupid the system would, therefore, tend to move to prosperity and growth. The system would therefore be rational and the struggle to replace it irrational. A higher system of production would not be required. Class struggle would therefore be an act of will rather than a necessity based on the objective need for survival. This is the class content of this explanation.

An inverse of this explanation is the profit squeeze theory which holds that high wages are the explanation of the crisis. This is the view of the *Monthly Review* school. They argue that during recoveries wages increase until they become too high and profitability falls. The system is then pushed from growth to depression. If wages are then lowered sufficiently profits start increasing again. Falling profit rates are, in this view, caused by the high costs of labour power. As GC points out this theory assumes a constant quantity of new value, (wages and profits), and the problem is, once again, in distributing this quantity. However, the upward phase of the cycle when both wages and profits are increasing, can only be explained if the value produced is increasing. The theory cannot explain the tipping point where growth turns to depression. Marx, himself notes:

Nothing could be more absurd ... than to explain the fall in the rate of profit by a rise in the rate of wages.¹⁵

GC also points out that this theory has been empirically contradicted by studies of the relative weight of organic composition and wage share for the US capital from 1929 to 1998. These studies show that organic composition accounts for the entire variation in the profit rate with the exception of only a few years.¹⁶

This, like under-consumption, is a distribution explanation of crisis located in the sphere of consumption and is basically arguing that if distribution could be corrected the system would tend to growth. The system is therefore rational with all the same consequences for the class struggle which we saw above in the under-consumption theory.

An explanation of the crisis located in the sphere of production is that the crisis is caused by decreasing productivity levels. This is actually the view of many bourgeois commentators. It is, however, completely contradictory to Marx's view that the crisis is the outcome of decreased production of surplus value caused by increasing productivity which we have explained above. GC provided an empirical refutation of this by listing the massive increases in productivity of US labour since the end of the 1950s. If the output per worker per hour is set at 100 for 1992 output has increased from 51.3 in 1959, to 76.2 in 1975, to 80.6 in 1980, to 115.7 in 2000 to 135.9 in 2007.¹⁷ In other words productivity has massively increased as the crisis has developed rather than decreased as the proponents of this theory would have us believe.

The Crisis of 2007

For GC's the crisis of 2007 is to be found firmly in the productive sphere with its cause as the falling rate of profit. Financial crises are caused by the shortage of surplus value. The general development of crises is as follows:

As production of surplus value decreases due to decreasing employment in the productive sectors firms start closing down and working class purchasing power decreases. Some wage goods remain unsold. Equally capitalists' purchasing power of the means of production decreases. Some investment goods remain unsold. To stimulate the sale of unsold commodities ... monetary authorities stimulate credit by increasing the quantity of money. Capital flows from the productive to the unproductive sectors. This makes possible artificial inflation of profits in these unproductive sectors. Debt and speculation start growing disproportionately compared to the production of value and surplus value incorporated in commodities ... The process snowballs ... as unemployment surges an increasing number of debtors default on their debts. This applies to both productive and financial sectors. But it is in the financial and speculative sectors that the crisis erupts at first because it is in these sectors that the bubble

has increased most ... the collapse of the financial and speculative sectors reveals in a sudden and abrupt way, the continuously shrinking productive basis of the economy that had been concealed through increasing levels of debt.¹⁸

The shrinking of the productive sector in the US is illustrated by figures GC quotes. The goods producing sector shrank from 27.8% of US employment in 1979 to 16.6% in 2005 while employment in the services sector rose from 72.2% to 83.4%.¹⁹

Recovery and War

Can the system recover? It is generally true that the crisis itself creates the basis for a recovery. It does this by devaluing constant capital while also reducing wages, prices of commodities and wiping out debt. These things have not happened since 2007. The state has bailed out the unproductive sector, notably the banks, and parts of the productive sector, for example the car producers; it has reduced taxation and interest rates. Debts have not been reduced, in fact, total global debt has increased by over 40% since the 2007 crisis.²⁰ All this is quite insufficient to stimulate a new round of accumulation. On the contrary, it is more likely that we appear to heading for another global crash. Crises such as that of 2007 are unable to devalue sufficient capital to start a fresh round of accumulation. The other instrument of capital devaluation is generalised war. The clearest historical example is the ending of the crisis of the 1930s by the massive devaluation of capital achieved in WW2.

GC recognises the role of war in devaluing capital and increasing the rate of exploitation, though he does not characterise it as the only economic exit route from the crisis in the present cycle of accumulation. Socialist revolution is, of course, the other exit route from the crisis. GC is, however, completely correct when he writes:

The use of weapons in ... wars is a powerful method of destruction of capital in its commodity form and ... of the means of production and thus of capital as a social relation. ... (this) creates the basic condition for an economic upturn. At the same time wars make possible the cancellation of debt contracted with labour (for example inflation destroys the value of money and of state-bonds) and (makes possible) the extraction of extra surplus value (labourers either forced or instigated by patriotism accept higher intensity of exploitation, longer working hours etc.) ... The capitalist economy is determinant of wars in the sense that the capitalist economy is the condition for the existence of wars and wars are the condition of reproduction (or supersession) of the capitalist economy. ... The notion that wars are caused by extra-economic factors is simply wrong. ... After the war is over, a period of reconstruction follows. ... The two basic conditions for economic recovery, the destruction of capital and an increase in the rate of

*exploitation have been created.*²¹

Knowledge and Consciousness

The crisis-ridden nature of the capitalist economy must manifest itself at the level of individual and social consciousness. This consciousness in turn must necessarily be a key force in the tendency to overturn capitalism and supersede it as a social system. The final section of the book considers the production of knowledge and consciousness and how knowledge developed under capitalist relations of production could be used in the transition from capitalism to socialist society.

Knowledge is produced by mental labour. Mental labour, as GC stresses, is not ultimately different from manual labour. Both entail expenditure of human energy. The human brain, we are told, consumes 20% of all the energy we derive from nourishment,²² and the development of knowledge in the brain produces material changes in the nervous system and synaptic changes which can be measured.²³ Once the material nature of knowledge is established the material nature of mental work follows.

Productive labour, as mentioned above, transforms existing use-values into new use-values. Mental labour is labour transforming mental use values into new mental use values. Simple examples would be the development of computer analysis programmes from laws of structural or fluid mechanics to solve specific problems of engineering involving these disciplines. However, labour is always a combination of both intellectual and manual transformations the distinction between the two depends on which type of labour which is dominant. Manual labour consists of objective transformations of the world outside us; mental labour of transformations of our perception and knowledge of that world. Both are material.

As Marx notes in *The German Ideology*:

*The ideas of the ruling class are in every epoch the ruling ideas, i.e. the class which is the ruling material force of society is at the same time its ruling intellectual force. The class which has the means of material production at its disposal, has control at the same time over the means of mental production, so that thereby, generally speaking the ideas of those who lack the means of mental production are subject to it.*²⁴

Mental production, under capitalist social relations, produces capitalist class knowledge. The capitalist class today own the means of production of knowledge such as libraries, schools, universities, research institutes, computers and so on, just as they did in the 1840s when Marx wrote the section quoted above. Discoveries, generally now made by teams of mental workers, are appropriated by capital

and controlled by patents, by intellectual property or similar means. Production of knowledge is directed towards profit. Medical research, for example, is directed towards developing medicines to treat disease, not preventing disease, agricultural research is directed to developing plant types which capital can own and control, rather than relieving starvation.

GC identifies 3 types of knowledge produced within capitalism.

1. Knowledge used to control labour and increase exploitation. e.g. Management techniques, efficiency techniques such as Taylorism.
2. Knowledge used only by labour such as mutual help, solidarity, cooperation. Such knowledge is used in resistance to capitalism and prefigures a socialist form of knowledge to be used in a higher type of society.
3. Knowledge produced to be used by capital but which could also be used by labour. This is possible since knowledge is generally produced by collective mental workers selling their mental labour power. It is therefore produced under a web of contradictory social relationships. Although the knowledge is specifically designed for the capitalist class, it retains the imprint of its collective production. This makes it possible for labour to use this knowledge for resistance to capital. For example, the internet and mobile technology have been designed to exploit and dominate labour as never before, yet they can be used for resistance as in organisation of protest such as the Arab spring, the occupy movement or the recent Deliveroo strike.²⁵

Consciousness is a type of social knowledge. GC describes how individuals, throughout their lives, undergo a process of internalisation of social phenomena. These are structured into a conceptual framework which is necessarily social and historical since it depends on previous observation and experience, experience which has an historical dimension. Knowledge becomes social when it is commonly shared by a class. Social knowledge is, therefore, a specific instance of the wider process of the struggle between the two fundamental classes. As the capitalist system oscillates between the movement to reproduce itself and movement to its supersession, which is expressed in crises, so does social consciousness.

It will be possible to use the types of knowledge developed by labour, identified as type 2 above, and that produced for capital, identified as type 3, in the transition to socialism. The third type of knowledge will, however, be radically changed. In this transition GC sees different type of science and labour arising, one whose objective is benefitting labour and mankind in general. Labour will be built on equality, cooperation, self-management and self-development, and both specialisation and division between mental and manual labour will be eroded. Production will be oriented to needs and environmental sustainability.

The book outlines the theoretical basis for a rupture of social consciousness from

capitalist domination and the creation of a higher form of social production. Marx notes, in the quotation above, that the ideas of those who lack the means of mental production are only generally those of the ruling class. For a minority this is not the case. The process of development of the ideas, knowledge and consciousness of this minority is omitted by GC. He appears to give this task to intellectual representatives of the class such as himself rather than to an organised political force, namely a political party. This is an important omission in an otherwise important book.

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Notes

1. This is the position defended by the ICT and which has been defended by PCInt (Battaglia Comunista) since its foundation in the 1940s
2. This is supported by Paul Mason in his book *Postcapitalism* reviewed in *Revolutionary Perspectives* 07. <http://www.leftcom.org/files/2016-02-01-revolutionary-perspectives.pdf> See also P Virno *General Intellect*. Quoted by G Carchedi.
3. GC quotes I Steedman *Marx after Sraffa*
4. See C Arthur *Value Labour and Negativity*
5. 'Operaismo' in the original Italian. See *Empire* by Hardt and Negri
6. This is clearly a criticism aimed at the Bolsheviks and Lenin who introduced one man management and Taylorism in 1918.
7. This is the criticism of the value form critics. See C Arthur *Value Labour and Negativity*.
8. We have dealt with the falling rate of profit in other publications. See *Piketty Marx and Capitalism's Dynamics* in *Revolutionary Perspectives* 06. <http://www.leftcom.org/files/2015-07-15-revolutionary-perspectives.pdf> and 'The tendency for the rate of profit to fall and its detractors' in *Revolutionary Perspectives* 62 (Series Three) <http://www.leftcom.org/files/2012-09-15-revolutionary-perspectives.pdf>
9. See N Okishio *Technical changes in the Rate of Profit*.
10. Empirical evidence shows that when new means of production are installed, while parts of the new productive machinery may be reduced in value, the system as a whole contains more value and organic composition tends to increase. See fixed capital per worker and fixed capital per hour worked, G Carchedi *Behind the Crisis* p.153.
11. See G Carchedi op.cit. Chapter 2 5.3. This refutation is also developed by A Kliman *Reclaiming Marx's Capital*, p.150.
12. The Internationalist Communist Current, to take one example, still supports this view.
13. See K Marx *Capital* Volume 2.
14. See G Carchedi op.cit. p.133.
15. See K Marx *Capital* Volume 3 (See G Carchedi op.cit. p.141).
16. Carchedi op. cit. p.150.
17. loc.cit. p.143.
18. loc. cit. p.149.
19. loc. cit. p.155.
20. See *Financial Times* 5/02/15. It was \$142tn in 2007 by 2014 it was \$199tn and has undoubtedly risen since 2014.
21. See op.cit. p.178.
22. See A Roberts *The Incredible Unlikelihood of Being* p. 219.
23. See G Carchedi op.cit. p.194.
24. K Marx *The German Ideology* p.64.
25. For more see our agitational broadsheet, *Aurora* No 39.

About Us

The Communist Workers' Organisation is part of the Internationalist Communist Tendency which was inspired by the Internationalist Communist Party (Battaglia Comunista). Formed during the Second World War in 1943, the PCInt. condemned both sides as imperialist. Its roots go back to the Italian Communist Left which had fought the degeneration of the Communist International and the Stalinisation imposed on all its member parties. Today there are ICT affiliates in several countries.

We are internationalists. We believe that the interests of the exploited are the same all over the world, and that communism cannot be achieved in one country, a myth peddled by Stalinism. Stalinism was never communism but a particular form of capitalism, state capitalism. After 1917 the economic blockade of the Soviet Union and the failure of the world revolution in the West meant that the revolution was transformed into its opposite, eventually becoming an imperialist bloc that would collapse after only seventy years. We are opposed to all (Trotskyists, Maoists) claims that state capitalism in whatever form is socialism.

We aim to be a political reference point for the working class, first of all for those who are tired of the unions, all unions. This does not mean giving up on the fight to defend immediate interests (wages, hours, work rates, etc.). But the unions are now a tool to control the class struggle and manage the labour force on behalf of capital. Today, any 'self-organised struggle', has to go outside of and against the unions. However, rank and file unions are a blunt instrument for workers. Even when they win a particular battle if they settle into a permanent existence they must accept the legal and economic framework imposed by the state. Any attempt to maintain a permanent body to defend workers' immediate economic interests will fail.

The only permanent body the working class can establish today is the political organisation, which is not only possible but essential. The starting point for this must be recognising that the general interest of the class lies in getting rid of capitalism. This is only possible through a revolution, i.e. the overthrow of the existing state and establishment of a new form of political power by the proletariat. The road to revolution does not mean the futile attempt to win control of the existing state via elections to parliaments or local governments which are means for the capitalist class to exercise its rule. History has shown us that the forum of our "democracy", the bodies of power of the revolution, will be the workers' councils, (or soviets) – mass meetings in which delegates will be entrusted with specific mandates and will be recallable at any time. But these potentially revolutionary organisations will be undermined by capitalist forces from within if they do not have a clear programme aimed at the abolition of exploitation and, therefore, the elimination of classes, for a society of "freely associated producers" who work together to directly meet human needs.

The programme is not the creation of any single theorist or one organisation. It is the outcome of the key lessons learned from past and present struggles and as such defines the practical way forward for the working class as a whole. Without a clear political compass the working class movement will be prey to all kinds of capitalist tricks and illusions. Thus political clarification and reorganisation today are vital for a revolutionary party to come into being which is in a position to win over the working class to the revolutionary programme. This is not a party of government that would replace the class and its class-wide organs of power, but a party of agitation and political guidance on the basis of that programme.

We are for the party, but we are not that party or its only embryo. Our task is to participate in its construction, trying to link immediate demands to the historical programme; communism.

Join us! Support the Internationalist Communist Tendency

The Internationalist Communist Tendency

Britain

The Communist Workers' Organisation which produces *Revolutionary Perspectives* (a six monthly magazine) and *Aurora* (an agitational paper)

BM CWO, London WC1N 3XX

Italy

Il Partito Comunista Internazionale

which produces *Battaglia Comunista* (a monthly paper) and *Prometeo* (a quarterly theoretical journal)

CP 1753, 20101, Milano, Italy

USA

IWG, P.O. Box 14485, Madison, WI 53708

Germany

Gruppe Internationaler Sozialistinnen

which produces *Sozialismus oder Barbarei* (to appear quarterly)

GIS, c/o Rotes Antiquariat, Rungestrasse 20, 10179 Berlin, Germany

France

Bilan&Perspectives

produces a quarterly journal of the same name

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