

the ★ commune

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inside: Keynes, state socialism and the credit crunch

as we sink into a recession, learn the lessons of history...



nationalisation is no answer for our class!

editorial of *the commune*

The months of September-October 2008 saw the worst financial crisis since the 1930s. All five Wall Street banks collapsed and the media, the economists and politicians of all parties accept we are sinking into a recession whose severity is yet to be determined. As global capitalism comes adrift we have already seen in the UK:

- House repossessions increasing by 71%. Shelter predicts 45,000 repossessions, with 1.2 million households heading for negative equity

- Growing unemployment: government figures put it at 1.8 million, others at three million, with the Rowntree Foundation calculating six million people of working age without jobs.

- Food prices rising by over 10%, and in numerous cases by over 40%. Gas and electricity bills have risen 29.7%, twice as fast as the European average.

- Real wages falling: the share of the overall economy going to wages has gone down every year since 1995. The government says wages must be kept down to stop inflation – but it is not wages that are to blame. Over 90% of workers received wage rises beneath inflation. Wages are nowhere near enough to meet the rising costs

- A mere 22% of a typical household's monthly income is left after tax and essential bills, down from 28% since 2003. The situation is getting worse.

- Income inequality is equal to its highest level since records began in 1961, and child poverty is above the levels experienced during the recession of the mid-1980s.

To the melodies of 'things can only get better', New Labour boasted that it had overcome the cycle of 'boom and bust'; now it seems things can only get worse. The scale of the breakdown is almost beyond comprehension: after the Wall Street investment banks collapsed, the crisis extended tsunami-fashion into Europe, the world's financial firms losing £1.8 trillion in the credit crisis. As Karl Marx once wrote: "The only part of the so-called national wealth that actually enters into the collective possessions of modern peoples is their national debt". His words ring truer than ever, for it is the world's taxpayers who have forked out £5 trillion to preserve the banks; in the UK the cost to the taxpayer to three banks will be £57 billion.

The intensity of the crisis in the UK, whose full affects are yet to be felt, is exacerbated by the fact that the business and financial services sector grew to over one-third of the economy under New Labour. One of the more common explanations presented by the press and politicians is that the events of recent months were a severe crisis, though of limited duration, caused by irresponsible conduct in the financial centres. Having 'recapitalised' the wheels of finance, 'confidence in the markets' will be restored with new preventive safeguards in place and after a period things will revive. This shallow analysis is bogus. The present crisis is not rooted in the "greed" and

"misconduct" of City speculators. The current crisis is systemic: its recent manifestation is right in the heart of global capital but its scope is world wide.

This crisis of organised capital should be an opportunity for organised labour to go on the offensive – but instead the response of the official labour movement has been pathetic. Capital has nothing to fear from leaders calling for increased redundancy payments and agreeing to job cuts. The co-ordinated campaign of strike action agreed at the TUC Congress is now in tatters. Anyone who has been active even for a short time in the movement knows that union leaders prepared to stand up for the interests of their members are few and far between. It is twenty-eight years since Thatcher's anti-union laws were first introduced: are we to go through another recession curtailed by these laws and the prison-wardens of the union bureaucracy? The labour movement requires a new direction – a complete recomposition: we do not need another Labour Party or even the existing TUC – those sections of the movement prepared to stand up for workers' interests desperately need to forge a united workers' front from below and begin the process of developing a new organising centre for our movement that will stand up for the interests of workers, not genuflect to the needs of crisis-ridden capitalism.

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civil service dispute on ice?

by Steve Ryan, Wrexham PCS

In October the Public and Commercial Services union, representing civil service workers, announced that it is to embark on a three month period of industrial action. This was supposed to commence with a one day all out strike across the civil service on 10th November, followed by an overtime ban and other selective action: however, as we went to press, the 10th November action was cancelled.

The cause of the dispute is the government's insistence that public sector pay should be held at 2%. Inflation is currently 5% so this effectively means pay cuts for already poorly paid workers. Indeed several civil service departments had to make immediate adjustments to pay rates to account for the rise in the minimum wage!

The PCS's demands are for a consolidated pay increase at least equal to Retail Price Index; pay progression costs removed from pay budgets, as elsewhere in the public sector; and an end to performance pay and regional pay

The demands are reasonable and would cost the government £300 million - far less than dished out to rich bankers of course.

Taking action, however, presents a big challenge for PCS. The vote for strike action was very close, partly because of fear of the recession but also because the usual tactic of a one day strike was rolled out.

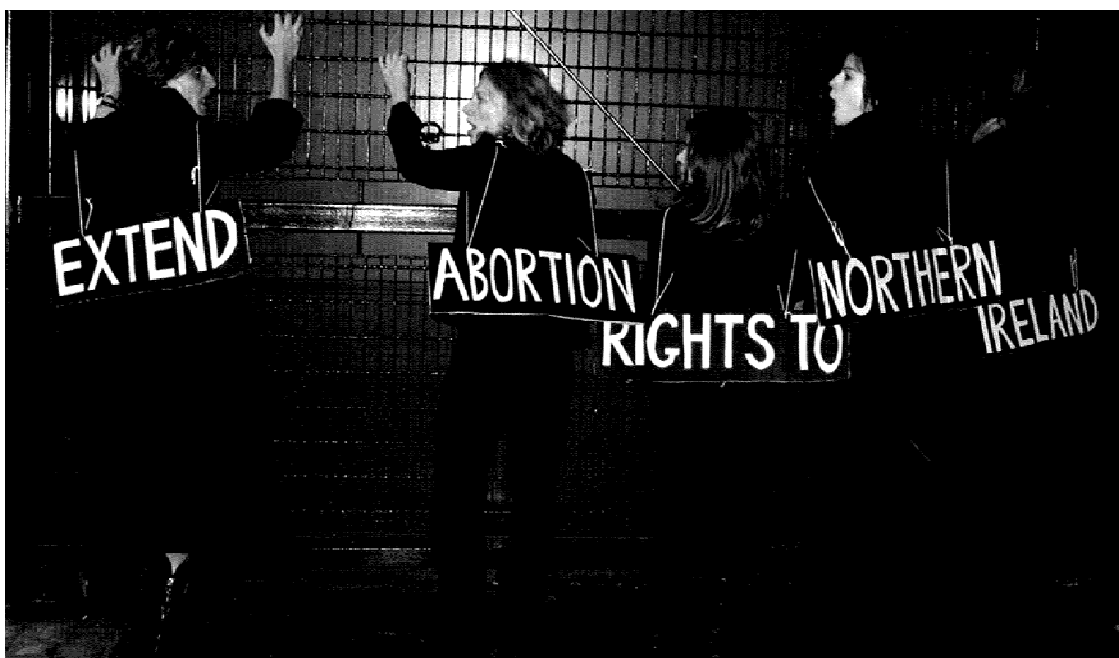
Furthermore, PCS is looking for co-ordinated action with other unions, particularly the National Union of Teachers, which balloted its members in early November. However the NUT vote only saw a slim 'yes' majority on a low turnout and so teachers are not set to take strike action.

PCS can win this struggle. Co-ordinated action with other unions would be helpful but there has to be real thought given to the tactics used.

Members will want a clear view of where the union is going. There must be a clear determination by the Left-led NEC to see the dispute through. Recently this has not always been the case, with a number of actions postponed or called off at the last minute.

The overtime ban will need to be enforced with pickets and targeted leaflets. Finally in a strike scenario real thought will need to be given to taking out key areas - this should not be difficult as members in many areas are already simmering with discontent over attacks on flexi-time, job losses and LEAN working practices.

The key however will be the area committees present in many towns and cities. These MUST be revamped as strike committees and given some autonomy to act and react locally to the actions. This would be preparing propaganda, keeping members solid by actively involving them in the action, linking with other activists both inside and outside of PCS and most of all holding the leadership to account as the dispute progresses.



pro-choice demo

Feminist Fightback stage a demonstration in London, one of several across the UK on 20th October calling for pro-choice reforms including extension of existing reproductive rights to Northern Ireland, where abortion remains illegal. However, that week an amendment to the Human Fertilisation and Embryology Bill to this effect tabled by Diane Abbott MP was frustrated by the government's procedural tactics and after a time limit passed, no vote was held. For more info on pro-choice campaigning visit:

www.feministfightback.org.uk

are we really fighting in unison?

by James Caspell, Lambeth UNISON

Earlier this year, local government workers in UNISON voted for sustained industrial action in support of their claim to "catch up and match up" their salaries with the level of inflation over the last two years, and reject yet another pay cut being imposed by a Labour Government.

Despite this, after just two days of strike action, UNISON's national bureaucracy decided to suspend all further threats of industrial action, without consultation, before even entering formal negotiations with the employer, therefore undermining the only tactic we had strong enough to win our demands - the collective withdrawal of our labour power.

Since then negotiations have ensued behind closed doors with little obvious progress. Inflation has continually risen, reaching 5.2% last month using the Governments own measure, whilst Labour continues to expect local government workers to accept a 2.75% pay cut in real terms.

The logical step for UNISON would have been to actually demand more than the original 6% claim, and continue to seek inflation proofing for the two year period, backed up with hard-hitting and sustained industrial action as demanded by the membership, yet instead we have seen total capitulation from our national leadership - and not for the first time.

The national bureaucracy cited low turnout as a reason for suspending the campaign for industrial action and it is true that the union was not as solid as it could have been had the workforce been more confident.

Yet many grassroots activists report that the reason for widespread apathy within trade unions is that members know that whatever they "threaten" with regards to collective action, it will be compromised by weak "leadership" and selling out at the earliest possible opportunity. Such compromises are subsequently sold to the membership as a "victory" when they are nothing of the sort.

It is indeed a vicious circle in terms of rebuilding strong fighting unions, but one which can only be broken by rebuilding the trade union movement from the bottom up.

The real solution is to wrestle power and focus away from the unlected bureaucrats and put it back in the hands of rank-and-file workers. The only way of doing that is to organise and empower workers at a shop level upwards, encompassing the "bread and butter" issues which affect them; fighting local injustice and broadening the scope out to wider issues on the back of real successes, rather than empty promises.

Unions need to spell a vision not simply of "nationalising" organisations and bringing them into "public ownership", but exemplifying what workers-control and co-operation looks like. This requires not only widespread local activism, but political education and encouraging the energy and enthusiasm of workers to participate, instead of pacifying them and seeking to win demands without workers taking part. It is the task of socialists to organise, educate and agitate the working class, not get elected and try and change the system from within devoid of tangible real mass activism.

Why are we calling for hollow demands of "nationalisation" and "public ownership" without any explanation of what that would entail in a way that would benefit the working class? As a result of the credit crunch, the ideology of capitalism has taken a blow which needs to be exploited by painting a picture of what a socialist alternative looks like. The fact that evictions have increased since the "nationalisation" of Northern Rock exemplifies how vacuous it is to repeat the same tired transitional demands at a point when even the three bourgeois parties accept the need for state intervention in the banking sector.

Similarly "planning" should not be centralised by default, but by exception. The only way plans based on socialism and co-operation will be receptive to the needs of people and their communities is if they are the driving force behind them and have control over them collectively, not a centralised bureaucracy, whether it be under a capitalist or "workers'" government. The same applies to trade unions.

However, there are as many political and legislative obstacles within our unions, especially at branch level, as there are imposed by central government. Last year

UNISON's bureaucracy launched a disciplinary investigation into five union officers for printing and publishing a leaflet attacking the leadership for blocking the union conference's right to debate issues such as the funding of the Labour Party, the election of fulltime officials and control over strike action. A third of all motions were ruled out of order last year and nearly half of all motions have been ruled out for this year's conference, seemingly for political reasons. Who needs bosses with union bureaucrats like these?

There is a need to reclaim the union, but this cannot be done through regional and national elections alone. UNISON United Left are perhaps admirable in seeking to achieve electoral gains from above, but any effort to win the union at the top will remain vacuous whilst the membership remains almost entirely disengaged at a grassroots level.

Institutionally, the bureaucracy is a cancer of the workers' movement rife with material and political privilege for those at the top, and must eventually be swept aside. Through the process of building a rank-and-file union movement is the need to encourage, even demand, that members take ownership over the decision making process and participate in the running of their union in their shops and branches.

There is a lot of room for manoeuvre in the strength of collective action to initiate socialist ideas within the trade union movement, but it requires a fundamental change of approach. Activists need to rid themselves of the default mindset of "what can we do for our members" to encouraging and facilitating workers to take action for themselves and demonstrate what can be achieved through collective action. Representation and workers participation and control are not mutually exclusive, but the former is entirely meaningless, from a socialist perspective, without the latter.

Ultimately for trade unions to be at the forefront of a socialist transformation of society, it will be necessary to break the law. However, in the interim, activists can work to energise workers at a local level and demonstrate that collective action can achieve outcomes from which everyone benefits. For trade unions to pose a socialist, revolutionary alternative, it is essential for activists to organise, educate and agitate alongside and amongst workers, not in place of them.

the commune

editorial: the dual crisis of capital and labour

Much of the analysis of the storm raging across the global economy within the labour movement, and particularly the traditional left, suffers from tunnel-vision. This not only obscures understanding of what is happening but is intimately connected to the inadequate remedies being proposed. Despite their nuances, the majority of the responses from across the spectrum of the movement are in essence the same: against the “financial socialism” enjoyed by the banks, the call is to subject capital to greater control by means of the state.

Some on the traditional left may find it difficult to accept, but this state-socialism is an indication of the degree to which capitalist economic ideas have infiltrated the labour movement, a theoretical complement to the practical accommodation of the movement to the capitalist system. To a large degree, state-socialism has bought into the very illusion that is a characteristic of the crisis which has unfolded.

Illusion and Reality of the Crisis

As opposed to transcending ‘boom and bust’ New Labour enjoyed a **partial** recovery in the economy. Part of the capitalist strategy was keeping real wages down: under New Labour, who gave a free reign to finance capital, this situation was shrouded in debt. Personal debt exceeded GDP; the financial service sector grew to one-third of the economy. It was a grand illusion that finance capital could uncouple itself from production as the source of profits. The reality is that capitalism is a value-producing society where the specific skills of the worker, their labour power, are the source of all value and surplus value. In the course of the working day, a worker produces commodities worth more than the combined costs of production and value of their labour power paid in wages. The difference is the surplus appropriated by the capitalist as capital, i.e. the repository of these unpaid hours of work – surplus value, the source of profits. Capital is not simply a thing, it is a social relationship. It lives by obtaining ever more surplus value, or unpaid hours of labour, from the worker who produces it.

The finance sector expanded in advance of the actual flow of new value being generated in the “real economy”. The first signs of trouble could be seen in the 13% fall in the rate of UK company profits, a tendency set to write-off the gains of 2007. Reality caught up with the illusion and the ‘recovery’ stretched and snapped with the “credit crunch”. Taking all this on board, it would take tunnel vision to consider the crisis of capital separate from labour, since simultaneous with the crisis of capital there is a *crisis of labour* manifested in a profound crisis of ideas.

State-socialism and the crisis of ideas

The turn towards greater state regulation has been welcomed as having put the question of nationalisation back on the agenda. Symptomatic is Slavoj Žižek who says that the “real dilemma is not state intervention but what kind of state intervention”. But at least the interventionist bourgeois economist John Maynard Keynes (now back in vogue) was honest: his life mission was to save capitalism from itself. Anti-capitalists have no such excuse. And yet Chris Harman of the Socialist Workers’ Party writes: “The answer to the banking crisis is not regulation or nationalisation of one or two banks, but takeover of the whole banking system” along with “the oil, gas and coal industries” as a solution to climate change. Even the *Financial Times* noted: “Politicians on Europe’s right are speaking the same statist language as the left”. This is a tragic situation, where the “socialist alternative” has been reduced to a disagreement over the scale of state intervention

To call for “public” and “social ownership” and mean state ownership is to confuse **the state with society**. This is to accept the myth that the state is in some way neutral in this society divided into antagonistic social classes. There is no doubt the state does conduct some necessary functions such as refuse collection – but its primary function remains safeguarding capitalist rule. Nationalised capital has been used extensively to preserve capitalism. It may differ from private capital, but as regards the worker, both thrive on exploitation. The Parliamentary or Labourite socialists are not alone: many revolutionary or Party socialists, who believe that an elitist party will introduce socialism, call for “nationalisation under work-

ers’ control”. This epitomises what Hegel called an “empty negative”, for it is not the workers but the state that shall enact this “control”, whereby they will manage their own exploitation! Underlying this state-socialism is mistake of locating the key problem of capitalism in the market, not in the social relations of production, within the workplace. The result is to portray nationalisation and state planning versus the ‘anarchy of the market’ as the equivalent of socialism versus capitalism.

As stated above, capital is not simply a thing, it is a social relation: it lives by obtaining ever more surplus value from the worker who produces it. For this reason any effort to control capital without uprooting the basis of value production is ultimately self-defeating. This error has led to consistent historical failures. Social-Democrats adopted state ownership and the welfare state. They failed. Labour governments revealed time and again that it was not they who controlled capital for the benefit of the majority, but capital that controlled them for the benefit of itself. The Stalinist “Communists” thought capital could be abolished by state ownership and planning. They failed, creating totalitarian regimes in the USSR, China, North Korea and elsewhere.

There is no reason to believe state-socialism or state-capitalism will succeed anymore than it did in the past, from the standpoint of either labour or capital. How this recession will fully manifest itself is unclear, but one thing is clear – we face the threat that the burden will be placed upon the working class. As such this understanding of the crisis and of all forms of appearance of capital is essential in developing a strategy in response.

A working class counter-crisis policy

The crisis is having a contradictory effect on the working class: on the one hand there is anxiety and caution, as seen in the NUT’s strike ballot, but on the other hand, it may provoke new opportunities of resistance. The questions posed are **how we fight** and **what we fight for**. The International Communists believe that we need to respond on two levels, combining **defensive** and **offensive** elements. Defensive in that our movement needs to protect the basic conditions of our class, and offensive in that these gains can be only temporary - we need to totally uproot capital.

Our starting point must be recognition that we have no common interests with the employers and that the crisis flows directly from the logic of capitalism. The response of the TUC, the body supposed to lead the working class, has been to help capitalism. In Wales along with the CBI they advance a “pragmatic, non-political” joint programme with such demands as the “public sector needs to pay its bills more swiftly”. TUC leader Brendan Barber says the Government “should make the recession as short and shallow as possible” and “increase statutory redundancy pay”. Some of the counterfeit union left are no better, as seen in the sabotage of the London bus workers’ strike by UNITE, and the GMB agreement with JCB on 170 redundancies and a £50 per-week pay cut.

The inadequacy of the existing labour movement is well known. There is a need to build a united workers’ front **from below**. Numerous plans for the crisis have been thrown up, not to help workers but for vying sects to recruit. Some form of Workers’ Charter *could* be a unifying element, but it would have to be one that arises organically from the working class. We are not proposing reliance on spontaneity any more than waiting for amelioration to be enacted from above - we need to organise. On key problems we propose the following:

Job cuts and redundancies: Fighting job cuts is not the responsibility of individual workers but of the movement. They threaten the living standard of whole sections of our class. It is not unrealistic to fight; the movement needs to draw a line on all cuts voluntary **and** compulsory.

Revive occupations: Occupations and sit-ins were widespread in the 1970s and still are in other countries. If employers have given advance notice of redundancy or closure then it is advance time for preparation. Occupations have immense potential to challenge the bosses, their ownership and their system.

Rising cost of living: It is always easier to fight for a wage rise than to resist price rises, but to secure a wage

raise which is written off by the cost of living is self-defeating. We need a movement to force price freezes or reductions, such as targeting supermarket chains with direct action to reduce prices as done in Greece.

Unemployment: The unemployed are part of the working class. It is the responsibility and in the interests of all workers to defend their rights to decent benefits rates. The movement needs to end its abdication from fighting reactionary welfare reforms.

Rebuild workplace strength: Workplace organisation and union membership needs to be re-built. If the officials will not fight then we need to take control, to combine and gain the confidence to act independently – and defy the anti-union laws. The familiar methods of the ‘broad lefts’, of machine politics and intrigue have had their day. This is part of the process of reforging our movement.

Recomposition of the movement

So far the entire debate on the crisis of our movement has been within the parameters of recreating some form of electoral body or reclaiming the existing Labour Party, when what we require is a re-composition of the entire movement. The movement needs to be captured, transformed and restructured by the rank and file. If there is no prospect of reform, then we need to consider splitting the TUC and creating a new body that can truly advance the interests of workers.

Communism and self-management

The financial crisis has given us a snapshot of how the whole system can be brought onto question. The only way that workers can make a safe, secure, and better life is to uproot the capitalist system. The International Communists believe that the alternative is a free communist society. Communism is not a form of politics, it is an emancipatory movement. Drawing on the lessons of the past we believe workers’ self-management is central to our vision of a 21st century communism. Self-management is the opposite of state-socialism with its bureaucratisation.

The organisations of self-management can be the means to transform the economy - to end value production. Communism is a co-operative society based on social ownership: it is a classless society. Instead of a state we shall have self-government of, by and for the workers themselves. Communism abolishes wage labour and eliminates alienated labour and capital itself. This conception of communism has nothing in common with the so-called “communism” that has been proclaimed to exist in several nations. No nation in the world today is communist, for there is no nation where society itself owns the economy and the workers themselves control it.

Communism from below

The communist revolution is not carried out from above by an elite party or Parliament: it pushes up from below, challenging the power of the bosses and their state. Developing workers’ self-management is one of the steps in this revolution, taking over our workplaces and removing the capitalist class from power, laying the basis for workers’ self-government in society. By organising and uniting in our workplaces, we are developing the means and power to gain greater workers’ control, by which to eventually secure workers’ self-management. To assist in effecting the communist revolution, communists need to be organised – we are one such organisation. We are a new organisation and through *The Commune* will be advancing ideas of working class emancipation, which must be the conscious act of self-organised workers themselves. Our aim is to help to generate amongst the working class a consciousness of its position in society and the necessity of creating a new society.

Despite the many threats to our lives today, a new society based on participatory democracy; collective ownership; and an economy organised for the well-being of humanity, stands within our grasp. The potential to create such a society already exists, but that potential can be realised only if workers act to gain control of their own lives by organising for communism, not the graveyard of state-socialism.

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andrew kliman on the crisis of capitalism

the commune interviews the author
of 'reclaiming marx's capital'

Q. Descriptions of today's crisis have included headlines proclaiming the "collapse" of the system. How would you characterise the current crisis?

A: There hasn't been a collapse yet. If there were one, you'd know it. But there's indeed a danger of collapse—of the financial system, and thus of the capitalist system as a whole. That danger was most acute and severe in mid-to-late September, prior to the U.S. Treasury's \$700 billion-plus bailout measures, but it persists even now [November 2].

The crisis is a crisis of "confidence." "Confidence" here isn't some general optimism about the future of capitalism, but lenders' confidence that the monies owed them will in fact be repaid. When *that* kind of confidence is shaken, as it has been, lending dries up. But production and trade depend crucially on lending—not only loans to build factories, malls, and offices, and to buy additional equipment—but also loans just to get from today to tomorrow, to pay workers, buy supplies and inventories, etc. So any "credit crunch" has an effect on the so-called real economy. If confidence were to be severely shaken, such that there's outright panic in the credit markets—we were evidently rather close to that point in September, and the threat of such panic persists—there would be almost no new lending to speak of. The "real" economy would grind to a halt in fairly short order. That's a collapse.

Q. You and some other Marxists like István Mészáros have argued capitalism never really recovered from the crisis of the 1970s. This contrasts to New Labour, for example, who say we have just been through unprecedented "economic growth", even an "end to boom and bust". If it was not an upturn what was it?

A: I don't see how it can be denied that capitalism has failed fully to recover from the crisis of the 1970s, in the sense that there hasn't been a new boom such as the one that followed the Great Depression and World War II. From the early 1950s through 1973, worldwide gross domestic product per person increased by right around 3% per year on average. That growth rate was basically stable throughout the whole period. But from 1974 through 2003—the latest year in the data set I looked at, the authoritative data set compiled by Angus Maddison worldwide gross domestic product per person increased by only slightly more than half that rate, and only slightly more than one-third that rate if you exclude China. Again, there's no trend here, just a long-term cut in per capita growth to about one-half or one-third of the growth rate that we had during the post-World War II boom.

I recently put the decade-by-decade computations on my website, <http://akliman.squarespace.com/crisis-intervention>, since the long-term slump in GDP growth isn't all that well known. It certainly deserves to be better known.

During the period since 1974, there have of course been some shorter cyclical upturns. Some of these have been called booms, such as the "Clinton boom" of the 1990s in the US. But that's another name for the "dot-com" boom, which was a bubble that burst. None of these cyclical upturns have reversed the long-term decline in GDP

growth. That's quite clear from the figures I just cited. They haven't led to an era of stronger growth that's sustainable over the long haul. Yes, it's always possible to live well on borrowed money—but only for a time, until the day of reckoning arrives. And it always arrives. In the end, growth under capitalism is determined and limited by the growth of new value from production. Ultimately, it cannot be greater than that.

As for the notion that the cycles of "boom and bust" have been put behind us, well, that's just preposterous. If what we're going through now isn't a massive bust, what is it, chopped liver?

Q. With regard to capitalist crisis Marx wrote of the tendency for the rate of profit to fall, indeed there is evidence it was falling sharply in the UK prior to the financial crisis. However, some consider this aspect of Marx to have no relevance to this crisis. Do you agree?

I couldn't disagree more. Part of the problem is that some Marxist economists rely on profit measures as reported in national accounts, and these measures ignore write-downs against losses. If a business invests \$10 million in a project that's now only worth \$4 million, that lowers its profit by \$6 million when it "recognises" the loss, if profit is measured in the usual way. But the national accounts disregard this. We're certainly seeing a huge decline in the rate of profit right now—if we measure profit in the usual way. I realise that you said "prior to the financial crisis", whereas I'm saying "right now", but in there's no contradiction here. The losses were already there, the assets were *actually* worth less than they were before, before the losses were "recognised" on the books, and perhaps before the markets lowered the assets' prices to reflect their underlying values.

And this is where Marx's theory of the tendential fall in the rate of profit comes into play. The values of commodities tend to fall systematically because of technological progress; it makes them cheaper to produce. This in turn tends to cause their prices, or at least the rate of increase in their prices, to fall. So, at the level of the economy as a whole, the flow of new value tends to fall in relationship to the flow of new production in physical terms. It is true that government spending and easy-credit policies on the part of central banks can prop up the *nominal* flow of new value for a time, but this forced expansion of the system creates bubbles such as the dot-com and housing-market bubbles. Because the expansion of spending exceeds the underlying flow of new value, it's not sustainable in the long run, so the bubbles ultimately burst. For instance, in the US, home mortgage lending more than doubled between the start of 2000 and the end of 2005, while income, which is just another name for the new value produced, rose by less than 35%. So obviously there wasn't enough income to pay off the mortgages, and therefore a mountain of mortgage loans and mortgage-backed securities based on these mortgages ultimately suffered huge drops in their prices.

Now a lot of Marx's critics, including mainstream Marxist economists, will tell you at this point that capital assets decline in value, also because of technological progress, and that this boosts profitability. So, supposedly, technological progress raises the rate of profit instead of tending to reduce it. They want us to think that, if a business invested \$10 million in a project that's now worth only \$4 million, and it rakes in \$1 million in profit from the project each year, that its rate of profit is \$1 million/\$4 million or 25%, not \$1 million/\$10 million or 10%. But what's done is done. Yes, the values of the assets decline, but the sum of value that was actually invested *in the past* does not and can not decline.

These economists have either never understood this simple fact or they pretend not to understand it. And because they mismeasure the sums of value invested, using the



October saw record drops in the FTSE 100, the collapsed pound and a plunge in world oil prices

reduced values of the assets rather than the sums of value actually invested in the past, they declare that Marx's law of the tendential fall in the rate of profit has been proved internally inconsistent and therefore false! I suspect that the notion that Marx's law has "no relevance" to the present crisis stems, in part or in whole, from this myth of internal inconsistency. In their view, in other words, it's not relevant to the present case because it's necessarily wrong and therefore never "relevant."

I realize that this issue is a bit complex. I've tried to address it briefly here as well as I can. In my book, *Reclaiming Marx's "Capital": A refutation of the myth of inconsistency*, I discuss it in much more detail and, hopefully, in a clearer and more satisfactory way.

Q. One feature of the crisis has been a renewed interest in Keynes; the *Financial Times* called him 'the man in the news' but warned against a return to Keynesianism. Is there a return to Keynesianism and are those on the left who welcome this development, such as Eric Hobsbawm, right?

A: Keynesianism is basically concerned with measures to stimulate production and employment, to head off, get out of, or lessen the severity of economic slumps. That's not what has been taking place thus far, in part perhaps because the slump is not yet very long or severe. The recent interventions are instead intended to restore "confidence" and get credit flowing, in order to prevent economic collapse. The goal is very different and the measures being taken are, accordingly, very different.

There's an ideological return to Keynesianism, there has been for some time, among some on the left. They've given up on the possibility of socialism, so they desperately cling to the quasi-Keynesian notion of a "rising tide that lifts all boats" as something that can make people's lives better within capitalism. I think the historical record speaks clearly here. Welfare-state capitalism failed miserably. Its supposed gains were unsustainable once the postwar boom ended. The failure of Keynesian policies to deal with the simultaneous inflation and stagnation of the 1970s—stagflation—basically put an end to Keynesianism as theory, except among ideologues desperate for a progressive alternative to socialism. The quasi-Keynesian notion that, by raising wages, governments can stimulate spending and create such prosperity that even the capitalists will be pleased with the results—rather than triggering a flight of capital to the Third World and other low-wage regions—has been disproved in prac-

e financial crisis



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tice. It's also far-fetched theoretically. Capitalists make more profit when they pay lower wages, not when they pay higher wages. To the extent that Keynesian policies were ever able to work at all, if they did indeed ever work, it is because, as Keynes himself recognized, we had "closed economies" shielded from international competition and international financial markets. But we live in different times.

In any case, Keynesianism was meant to deal with economic slumps, to get out of them and to avoid them. Keynesian "pump-priming" was never intended as, and it cannot successfully be used as, a way of stimulating economic growth in the long run. The pump is primed with borrowed funds. But in the long-run, borrowed funds must be repaid.

Q. One response of the left to the greater state intervention has been to call for more, fuller nationalisation; do you think this an adequate response to the crisis?

A: No. I don't see how or why it matters who holds the titles to property. If the issue is regulation, I don't think that capitalism can successfully be regulated in the long run. And events like the savings and loan crisis, the failure of Keynesianism to deal with stagflation, and the failure of welfare-state capitalism everywhere certainly don't suggest that regulated capitalism is more successful than deregulated capitalism. If the issue is planning, I don't think a capitalist economy can really be planned. The economy of the ex-USSR was certainly no success. The law of value asserts itself, it calls the shots, and policymakers adapt to it. To call that "planning" is a rather nice euphemism.

To read the remainder of this interview, see our pamphlet 'Capitalist crisis: an interview with Andrew Kliman'. £1 + postage and packing - order by emailing uncaptiveminds@gmail.com

henry paulson's bureaucratic collectivist fantasy

by Ernie Haberkern

One of the features that has been overlooked in the understandable outrage over what is going to amount to over one trillion dollars bailout of unaccountable financial institutions is that Henry Paulson's original plan effectively shielded the Secretary of the Treasury, an unelected appointee, from any oversight by either the legislature or the judiciary. In effect, this proposal annulled the Constitution of the United States of America. It gave Paulson complete control over the economic resources of the country. Stalin's Five Year Plans were, in comparison, relatively modest.

In the end these provisions were eliminated. But that isn't the end of the story. I happened to catch, almost by accident, one of the more interesting features of the bill that did pass. Representative Barney Frank, a liberal Democrat who was one of the prime movers in the campaign to bully the House of Representatives into accepting this handover of power, happened to mutter that, of course, in return for this trillion dollars the Treasury would receive non-voting stock in the company. Legislators were persuaded that this measure would allow the taxpayers to get their money back when (if) the financial institutions (unnamed) returned to profitability. But, unlike several of the European bailouts, the US legislation did not give the elected representatives of the citizenry any control over the actions of the financial institutions receiving money taken from the taxpayers. There was outrage, on both the right and the left, over the continued million and even billion dollar awards to corporate executives who, after running their companies into the ground, calmly asked the government to continue paying them. But this furore, in fact, was a distraction. The legislation finally approved by the Congress provides for *no oversight* over the companies receiving the funds.

One immediate consequence has been, as Joe Nocera reported in the October 24 edition of the *New York Times*, hardly a red rag, the banks have hoarded the money they received in order to strengthen *their* credit position. They are not lending it out as was the original justification for the measure. What can the Treasury Department do under the terms of the legislation? Nothing. George W. Bush did go on national television to urge the banks to start lending money. But the broadcast was early Saturday morning because the Republicans would like the voters to forget George's name at least until after election day.

So what would democratic socialists have done in this crisis? Well, there are more deserving objects of taxpayer largesse than the big banks. Obviously, credit institutions could have begun by buying up the mortgages of pressed homeowners with this money. But which credit institutions? Unfortunately, in the US a once thriving cooperative movement has all but disappeared. But the movement still exists at least in many European countries. And even in the backward US many working families, especially people employed by school districts, local and state governments and similar enterprises have access to credit unions. These are not only subject to controls through trade unions, some are even democratically run by boards elected on a one member-one vote basis. How much money you have in the union is immaterial. Why shouldn't

these institutions, democratically run, which exist to save members money rather than speculate with it been encouraged by federal tax support? Why not use tax money to redeem the sub-prime mortgages and turn them over to credit unions with the people who owe on the mortgages becoming credit union members?

But there is a more practical and immediate political question than "what would we do if we were in power?" From the 1970s through the 1990s there was a serious third party movement in the United States. It was a popular grass-roots movement that did not depend on huge, expensive advertising campaigns. The Clinton and Bush II administrations effectively side-lined this movement. Especially since the popular anger over the Vietnam war that fuelled this movement dissipated. But now the economic crisis, coupled with popular revulsion against the wars in Iraq and Afghanistan, has stirred new interest in a "new politics". The immediate beneficiary has been Barack Obama. As a relative newcomer to politics he has been seen as an antidote to the current, despised, political system. The McCain campaign does not realize that by denouncing his "inexperience" they are boosting Obama's standing in the polls.

But what happens if Obama is elected as seems likely? He has supported the bailout. He is for withdrawing from Iraq but only in order to pour more lives and money into Afghanistan which is rapidly spinning out of control. Not too long ago Obama flirted politically with Palestinian activists like Rashid Khalidi who support a popular movement from below of Israeli and Palestinian peace activists. In order to win over a largely imaginary "Jewish vote" Obama sought the endorsement of the American Israel Public Affairs Committee (AIPAC) an extremely influential lobby which is hostile to any serious peace initiative. While this body has a veto power over both Democratic and Republican parties when it comes to questions of the Middle East, most voters who identify themselves as Jewish do not support AIPAC's hard line. It is a good example of how far removed from the electorate the Washington establishment is. And Barack Obama wants nothing more than to become the Commander in Chief of the Washington Establishment.

So what happens if Obama wins? Where will the enthusiastic, rejuvenated voters who supported him go? And it is not only the voters. The revolt against the Paulson bank robbery (a robbery by, not of, the banks) met with a revolt by liberal Democrats and grass roots Republicans. A significant number of Democrats remained oppose even during the second vote at a point when all the news media and political pundits were hysterically calling for support of the Paulson plan. What will these people do if Obama comes to power on a wave of popular enthusiasm and then betrays everyone's hopes? And, if McCain wins, where will the disillusioned Obama supporters turn?

What do we have to say, not so much to these politicians, but to the people who supported them? This economic crisis calls into question the whole series of bureaucratic, international organizations that have come to dominate the world economy since the collapse of the Soviet Union. In terms of the "free market" versus "state controlled" dialectic that has dominated ideological discourse, especially in the academy, for the last thirty years, where do we place organizations like the IMF (where Henry Paulson moonlights as a member of the board of governors) or the World Bank? Here are organizations run by people who are not only unelected but, except for the occasional Paul Wolfowitz, unknown to the general public. Yet, they dictate tax policies and social policies to entire national economies. Even Alan Greenspan has come to realize that the standard ideology is, well, false.

In this situation the democratic left is uniquely qualified to raise the fundamental question of democratic control which neither the "free enterprisers" nor the neo-Stalinists like Hugo Chávez want to see raised.

william morris: against 'state socialism'

by Terry Liddle

Early in 1883, the artist, designer, poet and former anti-imperialist liberal William Morris crossed what he called the river of fire and joined Henry Hyndman's Social Democratic Federation. In May that year he was elected to its Executive as Treasurer. When the SDF split in 1885, members including Morris leaving in protest at Hyndman's dictatorship the Socialist League was formed. Although a leading member of the Socialist League, Morris called himself neither a Social Democrat nor a Socialist but always a Communist. As his biographer EP Thompson put it Morris was "an outstanding member of the first generation of European Communist intellectuals."

Although small, at its first conference in 1885 membership was reported to be 230, thanks to the financial generosity of Morris the Socialist League started its own paper, *Commonweal*, firstly as a monthly and then from April 1886 as a weekly. Morris edited over 400 issues until he was deposed as editor in 1890.

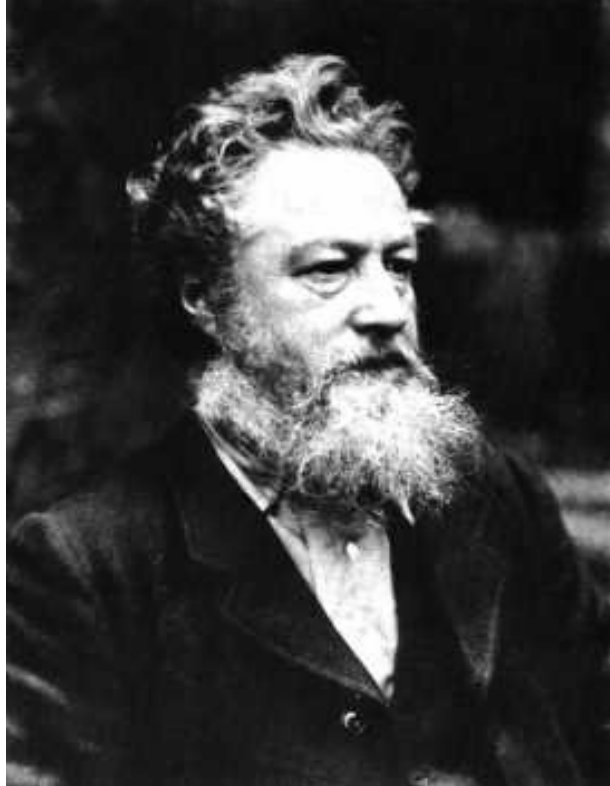
In February 1885 in the first issue of *Commonweal* the Socialist League published its manifesto. The manifesto attacked State Socialism proclaiming: "No better solution would be that of State Socialism...whose aim it would be to make concessions to the working class while leaving the present system of capital and wages still in operation: no number of merely administrative changes, until the workers are in possession of all political power, would make any real approach to socialism." The results of State Socialism are there for all to see. My grandfather told me that when the mines were nationalised proud miners marched with banner and band around the pit head. When they got to the office, the manager yelled at them to get back to work. Yet still "socialist" organizations are calling for nationalisation albeit with "workers' control" added on as a cosmetic sop.

Morris returned to the theme of State Socialism in an article on May Day published in the May 17, 1890 issue of *Commonweal* writing: "State Socialism? I don't agree with it; in fact I think the two words contradict one another, and that it is the business of Socialism to destroy the State and put a Free Society in its place."

In 1889 Morris had reviewed Edward Bellamy's state socialist novel *Looking Backward* in *Commonweal*. Rather than pen a political tract in reply Morris wrote a novel of his own *News From Nowhere*. This depicts a society of communistic freedom where free happy healthy people live in decentralised communities which form the basis of social administration. The State has been abolished and Parliament has been redeployed as a store for animal fertiliser.

As an organization the Socialist League defined itself thus: "Close fellowship with each other, and steady purpose for the advancement of the Cause, will naturally bring about the organization and discipline among ourselves absolutely necessary to success; but we shall look to it that there shall be no distinctions of rank or dignity amongst us to give opportunity to the selfish ambition of leadership which has so often injured the cause of the workers. We are working for equality and brotherhood for all the world, and it is only through equality and brotherhood that we can make our work effective."

Equality and brotherhood do not exist in most socialist organizations which reproduce within themselves the rigid hierarchical distinctions of bourgeois society. They are dominated by self-appointed permanent leadership factions who demand that the rank and file carry out the line they have decided on pain of expulsion, or worse, if they don't. Some socialists see other socialists as far worse enemies than the ruling class. The result is ongoing



19th century communist william morris

fragmentation and fratricide which makes the socialist movement look idiotic!

Morris's aim was always to make socialists. Without a conscious politically organized majority in the working class socialism was impossible. Socialism was the work of the working class itself and without this socialism would not be. This was proclaimed in the Socialist League's constitution. To this end Morris became one of the most prolific socialist propagandists of the 1880s and in seven years spoke at over a thousand meetings. At strike meetings, in dismal working class halls and clubs and in the snow from a soap box near Hammersmith Bridge he proclaimed the undiluted message of working class self emancipation.

"State Socialism? I don't agree with it; in fact I think the two words contradict one another, and that it is the business of Socialism to destroy the State and put a Free Society in its place."

As Guy Aldred put it: "Later Morris was torn between the charlatan parliamentary element, which did not want action, and the Anarchist element...which is lacking in the real genius of revolution as a civil factor." A draft constitution written by Edward Aveling committing the League to contesting elections was defeated at the 1885 conference as was a similar motion from the Bloomsbury Branch at the 1887 conference. Bloomsbury left the League and the parliamentarians drifted back to the SDF.

Morris stated his position in an article *Anti-Parliamentary* published in *Commonweal* on June 7, 1890. "What is the aim of parliament?", asked Morris. He answered: "The upholding of privilege; the society of rich and poor, the consequent misery of all genuine workers and the degradation of all classes." He concluded: "...an antiparliamentary boycott will show your determination to be free, and will give you the instrument of attaining your freedom."

In 1890 the anarchists, advocates of terrorist 'propaganda by the deed', removed Morris from the editorship of *Commonweal*. In his last contribution to *Commonweal* entitled *Where Are We Now?* Morris stated: "Our business, I repeat, is the making of Socialists i.e. convincing people that Socialism is good for them and is possible. When we have enough people of that way of thinking, they will find out what action is necessary for putting their principles into practice." Alas socialists remain an isolated minority, their isolation often being self imposed. Movements from below are not welcomed and aided but are cynically manipulated in service of the fetish of building the party. Where this can't be done socialists often set out to destroy the movement.

Morris left the Socialist League and its Hammersmith Branch went with him to form the Hammersmith Socialist Society. This became a model non sectarian organization, all wings of the socialist movement from the Anarchists to the Fabians were invited to address its Sunday meetings. However its efforts to bring about socialist unity between itself, the SDF and the Fabians came to nothing. Nor for that matter have more recent efforts towards socialist unity been blessed with success.

When the Independent Labour Party was formed in 1893 many ex-Socialist League members joined. Morris did not, it was not sufficiently socialist for him. The ILP, which has now vanished into history, begat the Labour Party which is now socialist in name only. Who can say that Morris was wrong?

Morris now made a kind of peace with the SDF. He was on the platform with Engels and Aveling at the 1891 May Day demonstration and campaigned for the SDF candidate George Lansbury, later leader of the Labour Party, in an election at Walworth. Early in 1896 he gave his last lecture on One Socialist Party, an aim which is still far from being realised. He died in October of that year. It was said that he worked himself to death in the cause of socialism but it is likely that the debilitating ailment of diabetes was a cause of his premature decease. His legacy is claimed by many including the Stalinists of the New Communist Party and the Strasserite wing of the National Front. But few have really understood the content of his socialism or if they have, have chosen to ignore for the sake of expediency.

In his novel *A Dream of John Ball*, set in the Peasants' Revolt of 1381 Morris wrote: "I pondered how men fight and lose the battle and the thing that they fought for comes about in spite of their defeat and when it comes turns out not to be what they meant, and other men have to fight for what they meant under another name."

The world is as ugly, squalid and impoverished as it was in the time of Morris. Capitalism, made psychotic by its werewolf lust for profit, has torn the heart out of much of humanity, turning it into a shadow of what free human beings could be. We have to take up the fight of Morris again, but under the name he himself chose: Communism.

nationalisation or workers' management?

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for institutions of workplace democracy

by Gregor Gall, Professor of Industrial Relations, University of Hertfordshire

Workers in Britain experience and are subject to a fundamental lack of democracy in the places where they work (and where they spend a considerable period of their lives). While there are some limited forms of political democracy through indirect representative institutions such as parliament, there are no corresponding bodies for providing for 'industrial democracy'. Moreover, those representative political institutions do not exercise much influence over the workplace – they choose not to because of the voluntaristic tradition of industrial relations in Britain and because of the way that parliament was fashioned to leave the economy essentially under private control and in private ownership. Consequently there is no workplace democracy (traditionally referred to as 'industrial democracy'). Moreover, because there is a lack of democracy at work, where goods and services are produced, distributed and exchanged and decisions are made over these matters, there is also an absence of economic democracy. Consequently, there is a sizable democratic deficit. Of course, workers have traditionally sought interest representation directly at work through collective bodies - labour unions - but unions are heavily dependent upon others parties, namely employers and the state, for acceptance, legitimacy and recognition, so workers have no automatic, inalienable or inviolable rights for exercising some form of control over their working lives at work. Furthermore, labour union power ebbs and flows because of movements in labour and product markets as well as union strategies.

Nonetheless, it is generally conceded in the liberal democratic thought that workers should have a right to participate in the making of decisions that affect their working lives. What prevent the realisation of this are two phenomena. First, there is the sense in which only token appreciation is given to this part of the liberal democratic worldview (which of course is not the only worldview of the ruling class to hold sway). Second, and more importantly, is the imbalance in power between labour and capital (with the state being far more a creature of capital than labour) where there is a fundamental antagonism of interests between the two. Indeed, it is the fundamental reason why token appreciation seldom leads to any action of substance in this area.

In Britain, this imbalance has historically taken the predominant form of 'voluntarism' or 'collective laissez-faire' in the employment relationship, where capital and labour are left, largely unhindered, to regulate their own affairs and their interaction with each other. This occurs as a result of the employers' and state's wishes. Employers, given their superiority in power and resources and the interests they have, are happy to be able to manage their organisations, and to regulate their relationship with their workforces, as they see fit. In general, they oppose state intervention in industrial relations. Concomitant, the perspective dominating state thought is keen to support this choice of non-regulation as a result of the belief that interfering with the managerial prerogative is detrimental to economic efficiency and wealth creation. Traditionally, many unions have also favoured this system, fearing the consequences for their freedom to act as they choose from the actions of the capitalist state, particularly in periods of union strength. Of course, there are a number of important provisos to this characterisation of union perspective concerning overturning the Taff Vale judgement of 1901 through the *Trade Disputes Act 1906* and the demand since the late 1980s for a positive right to strike. Nonetheless, the general picture remains true - of voluntarism dominating the manner under which industrial relations and the employment relationship are organised in Britain. In essence, employers, with the consent of the state, are given a free hand in how to determine their employment relations. This can be mostly easily seen if a

comparison is made with the corresponding situations of other nation-based capitalisms in Germany, the Netherlands or Sweden (but that is not to suggest that state intervention in industrial relations is necessarily progressive for the motivation and nature of the intervention are critical in determining the outcomes).

What has brought this issue of the abject lack of institutional workplace democracy back into sharper relief than at any time in the last few years has been the *de facto* full or partial nationalisation of some large financial institutions as a result of 'new' Labour's response to the financial crisis of capitalism. Given the nature of nationalisation as part of the post-war settlement and Labour's critical part in establishing this, a number of aspects come into view. Because of Labour's historical association with the labour movement and unions, it has often been assumed that i) nationalisation was – or should have been - an aid to creating the institutions of workplace democracy, and ii) subsequently Labour was predisposed to the creation and extension of workplace democracy through action to establish new institutions in the workplace and enterprise. This was not the case in terms of worker directors – with only the Post Office and British Steel witnessing these in a mild form. Neither was it the case with the Royal Commission on Industrial Democracy (the Bullock Report) established while Labour was in office between 1974 and 1979. Party policy may have said one thing but party leadership in government did another. But it was the case in terms of party policy from 1979 until the early 1990s when the opportunity of opposition more easily afforded radicalism in policy and there was relative move to the left with the rise of Bennism. The upshot of this is that for some there is latent sense that these nationalisations by a nominally Labour government should be accompanied by the setting up of instances of the institutions of workplace democracy. In other words, state control and state run units of capitalism are not assumed to be value neutral because the state is held to be a tool to regulate capitalism under a popular common sense version of social democracy.

That they have not happened should come as no great surprise to the socialist left but that does not mean the issue has no wider significance for the left and workers. The first point that needs a wider airing is that Brown and Darling's terms for the bailouts have not been not stringent no matter how much the bankers howl, testifying to the underlying rationale for them – saving capitalists and capitalism from themselves rather than workers from capitalists and capitalism. (That does imply that the state should not have acted to prevent financial turmoil and economic contraction because workers do suffer from these when capitalists also suffer from them.) So the bailouts have not been 'socialism for the rich' as some of the media and left have described the actions but state intervention to support and defend markets and neo-liberalism which in some ways has been not dissimilar to the fundamental basis for the nationalisation of post-war settlement. The difference has been that there has been no need to respond to organised popular social demands of the kind that led to the establishment of the welfare state back then.

The second point is that the absence of demands from the union movement for industrial democracy to be instituted as part of the wider *quid pro quo* terms of the bailouts is marked. Unions like UNITE and the GMB have only called for no redundancies or repossessions and an end to the bonus culture and offshoring (although UNITE has been happy to support bonuses for all staff upon the repayment of the Northern Rock loan money). UNITE then went on to launch a Social Contract for financial services by which it is proposed that it must be recognised as a key stakeholder, job security for finance workers, limiting outsourcing and offshoring, protecting finance workers' terms and conditions of employment, and giving the union a role in a new regulatory regime via regulatory bodies. Other unions have called for financial aid to the poor and more money for public services. While appropriate in terms of marking out a wider agenda and for the constituencies of particular unions (finance sector/non-finance sector), their timidity reflect both ideological drift and tactical considerations – making demands from within 'the tent' that are not to extreme to be dismissed. So not one union has said, for example: 'Our price for supporting the bailouts are worker directors in each bank that takes public money'. But underlying both ideological drift and tactical considerations must surely be the implicit recognition that unions within and without Labour are in a poor position to enforce their demands.

Yet if both union and left renewal are to begin, then such demands for workplace democracy cannot be junked – only to be introduced at some later, more favourable date in the future. This would be an abdication of responsibility and indicate a poor understanding of the role of unions as forms of agency. At a time of political flux, and with talk of the need amongst the ruling classes of a new financial regulatory settlement, now is the time for demands to start circulating. But the essence of the demand for industrial democracy must be fashioned in a way that takes account of the legacy of discredited past nationalisation – *vis-à-vis* economic inefficiency, poor service provision, control by civil servants and the like – and links into popular mass consciousness by being ahead of it but not too far ahead of it. If this balance of both leading and following – that is articulating, focusing and organising ideas and sentiments - is not struck then progress will not be made. The left would do well here to study the experience of the RMT union as the leading union which has successfully championed the demand for a return of the railways to public ownership with debate on what form this should take.

So in terms of what ideas and demands to advance we have a few to choose from. At the bottom end, we have the continental European version of compulsory consultation, where management is obliged to engage with workforce representative on issues outside the normal ambit of collective bargaining. But consultation is not negotiation and it is not a serious positive infringement on the right to manage in the workplace or make executive decisions on investment and strategy. Next come co-determination or workers' participation where workers have a stronger say in how businesses are run at all levels. But having a say is not tantamount to having parity of influence and power. Decisions may be vetoed but this is vetoing decisions of capitalists rather than taking the initiative to take pro-active decisions on socialising the purpose and outcomes of the enterprise's activities. After that the next levels would be workers' control where managers are fully accountable to workers or where workers become the managers via self-management. In any of these cases, it would be wise to consider what role citizens and consumers of these goods and services should play so that potential conflict between consumers and producers is productively and consensually managed.

For workers' participation to be effective and meaningful, its scope must be both of considerable depth and breadth. Depth concerns the degree or extent of influence over any one issue while breadth refers to the array of issues that are subject to participation. Not only must this be true at the shopfloor workplace level but it must also be true at the higher internal levels within organisations such divisional, headquarter and parent levels. If it is not, then workers will find that in attempting to exercise joint control over issues at the shopfloor level, they are acting within a framework already set out by senior management, thus reducing their ability to act as they wish. Another pre-requisite is that participation for workers is based on their collective involvement organised through permanent, independent and democratic collective associations. This is because it is only through workers combining with each other that they can increase their power resources to represent their interests.

Although making the choice of what to demand must be a matter for of democratic and collective discussion within the labour movement, two points would seem to be incontrovertible. First, whatever goal is chosen, it should be allied in the first instance to the extension of collective bargaining where in the banks that have been give bailouts, collective bargaining has been narrowed down through the use of performance-related pay and eroded and superseded by consultation through partnership deals. Second, more time was spent on examining participation because while problematic in many ways, it would seem to be the level at which such demands could be pegged at the moment. The issues concerning what type of participation is preferable should focus on those which maximize depth and breadth, support rather than undermine collective bargaining and which are not self-limiting. This last point is very significant for the left must favour those that raise the collective aspirations and capacities of workers to go beyond where they currently are in order to make headway towards the creation of a socialist society. In this sense, the mechanism would have a transitional capability. Finally, for the demand for industrial democracy to strike as deep a chord with as many workers as possible, it should be part of a wider vision of socialising and democratising the economy through some kind of alternative economic strategy.

the class struggle in iran

by David Broder

On 22nd October striking workers at the Ashkan china factory occupied their workplace and seized control of the plant's machinery in a bid to recover unpaid wages. This was just the latest of hundreds of militant strikes in Iran this year in protest at late wage payments, layoffs and casual employment contracts, most notably the 5,000 Haft-Tapeh sugar cane workers, who spent fifty days on strike in 2008 and recently established an independent union as opposed to the state labour fronts. The workers' movement in Iran is raising its head and using imaginative tactics despite multiple obstacles, including terrible repression by the Islamist régime as well as sanctions and sabre-rattling by the United States government and its allies.

Protests against the régime are multi-form and not limited to the workplace: most notably, a belligerent left-ward moving student movement is stirring discontent against a government presiding over 25% inflation and soaring unemployment. It is also vehemently opposed to foreign intervention: organisations such as Freedom and Equality Seeking Students, two of whose activists are currently in Britain, have taken the lead from the liberal student movement of ten years ago, which was more "pro-Western". Hopefully a fight against sexual repression, gender oppression and homophobia can also flourish.

Although liberal public opinion as well as groups such as Stop the War and the CASMII anti-war campaign have illusions in the democratic credentials of "reformists" in Iran such as Ayatollah Rafsanjani (president of the country from 1989 to 1997), such elements are no friendlier to the mass of ordinary people than the Islamists, looking for pragmatic and technocratic solutions to the economic malaise. Rafsanjani, himself probably Iran's richest man and one of the richest people on Earth, is currently Chairman of the "Assembly of Experts", and favours compromise and reconciliation with the United States government, all the better so that both are able to work together to exploit the Iranian working class. This is also the essence of the "National Peace Council" established this summer by pro-Khatami reformists such as Nobel peace laureate Shirin Ebadi and backed by Iran's major Stalinist formations, the Fedayeen majority and the Tudeh party.



striking workers at the miral glass factory south of tehran set up a barricade

It is a nonsense for the Socialist Workers' Party-led Stop the War Coalition to extol the virtues of such pacifist initiatives by elements of the ruling class: they are not anti-war as such but rather seek reconciliation between different pro-imperialist forces (indeed, even the Islamist right of the Iranian ruling class supports the occupations of Iraq and Afghanistan) and their central aim is to stabilise Iranian capital in unison with the US government.

As things stand, sabre-rattling and the sanctions régime are a major boon to Iranian nationalists and religious conservatives at a time President Ahmedinejad's populist administration should be coming unstuck under the weight of the IMF reforms it has imposed (so much for his supposed "anti-imperialism") as well as crises such as the impeachment of Interior Minister Ali Kordan on November 4th. Previously a leading military and judicial figure, Kordan claimed to have received a law doctorate from Oxford University, but this was exposed as a fraud.

While the workers' movement does not currently appear poised to take power, the régime's credibility looks shaky, among young people in particular, and its social base is

somewhat unsteady. In mid-October thousands of bazaar traders in Isfahan, Tabriz and Mashad, as well as in the capital Tehran, staged a week of strikes and demonstrations against a new sales tax.

Given this state of flux and the opportunities offered, as part of our solidarity with the Iranian working class we must be unwaveringly opposed to all sanctions, threats of war and bombing raids and demand an immediate end to the occupations of Iraq and Afghanistan. These can only serve to give justification to Persian nationalism and buttress the Islamist right, retarding the organic development of class struggle. The British workers' movement should mobilise resistance to stop any such attack: by this I do not mean pacifist protest marches proclaiming that it is "not in our name", but rather, building a working class movement to stop the government in its tracks. Equally, we ought to build solidarity with the working-class struggle against the régime which exists in the here and now, as advocated by Hands Off the People of Iran, a campaign backed by ASLEF and the PCS. **These issues will be discussed at the HOPI conference in London on December 13th - see www.hopoi.org for details.**

draft platform of the international communists

We are communists: we fight for a new self-managed society based on collective ownership of the means of production and distribution and an economy organised not for value production but for the well-being of humanity and in harmony with our natural environment. Communism will abolish the system of wage-labour so that our ability to work will cease to be a commodity to be sold to an employer; it will be a truly classless society; there will be no state, no managers or organisations superior to those of workers' self-management.

We are internationalists: we seek the greatest possible collaboration with communists in other countries; we build solidarity with workers' movements around the world; we are opposed to all borders and immigration controls; and we unconditionally support the right of nations to self-determination.

We know that communism can only come from below, through the organisations of the workers themselves. This conception of communism has nothing in common with the fake "socialisms" of the Stalinist state planning of the former USSR, of the sweatshops of China, and social-democratic "humane" capitalism. No nation in the world today is communist, nowhere is the economy managed by the workers. These models of "socialism" have

all proven to be complete failures, maintaining and in many cases aggravating the working class's lack of self-determination. There is no particular connection between socialism and nationalisation by the state, which merely replaces one set of managers with another; alongside fighting day-to-day battles we advocate a struggle for vestiges of workers' control in the here and now as preparatory steps towards real workers' self-management and collective ownership.

We are the most consistent advocates of social liberation in all its forms. We fight sexual repression, sexism and homophobia and advocate sexual liberation; we champion anti-racist and anti-fascist struggles; we oppose all limits to freedom of speech and free cultural expression. These struggles are not just some adjunct to working-class struggle but are the cornerstone of democracy and human freedom.

We know that it is impossible for the working class to fight for and create a communist society if it is unable to control its own organisations: we support rank and file movements against the bureaucrats who lord it over the unions and parties of the left; we are for openness and democracy in the workers' movement.

We have no gods, not even revolutionary ones. We reject the practice of using the works of this or that socialist of decades past as sacred texts from which "revealed truths" can be read off as gospel. The "traditions" to which the traditional left groups appeal are universally ahistorical and anachronistic, used for the sake of feigning historical legitimacy rather than to critically examine and draw lessons from the past.

We believe that the defeats of the workers' movement in the last three decades; the decay of the left and the absolute poverty of its ideas and slogans; its abandonment of class politics; and the sectarianism of the groups vying for supremacy with their own front campaigns and so-called unity projects; are all evidence of the need for ground-up rethinking of the left's project and the re-composition of the workers' movement.

For more information on our group, its meetings and its publications, email uncaptiveminds@gmail.com

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