

# weekly worker



**The children of the ayatollahs  
flaunt their wealth -  
Yassamine Mather reports**

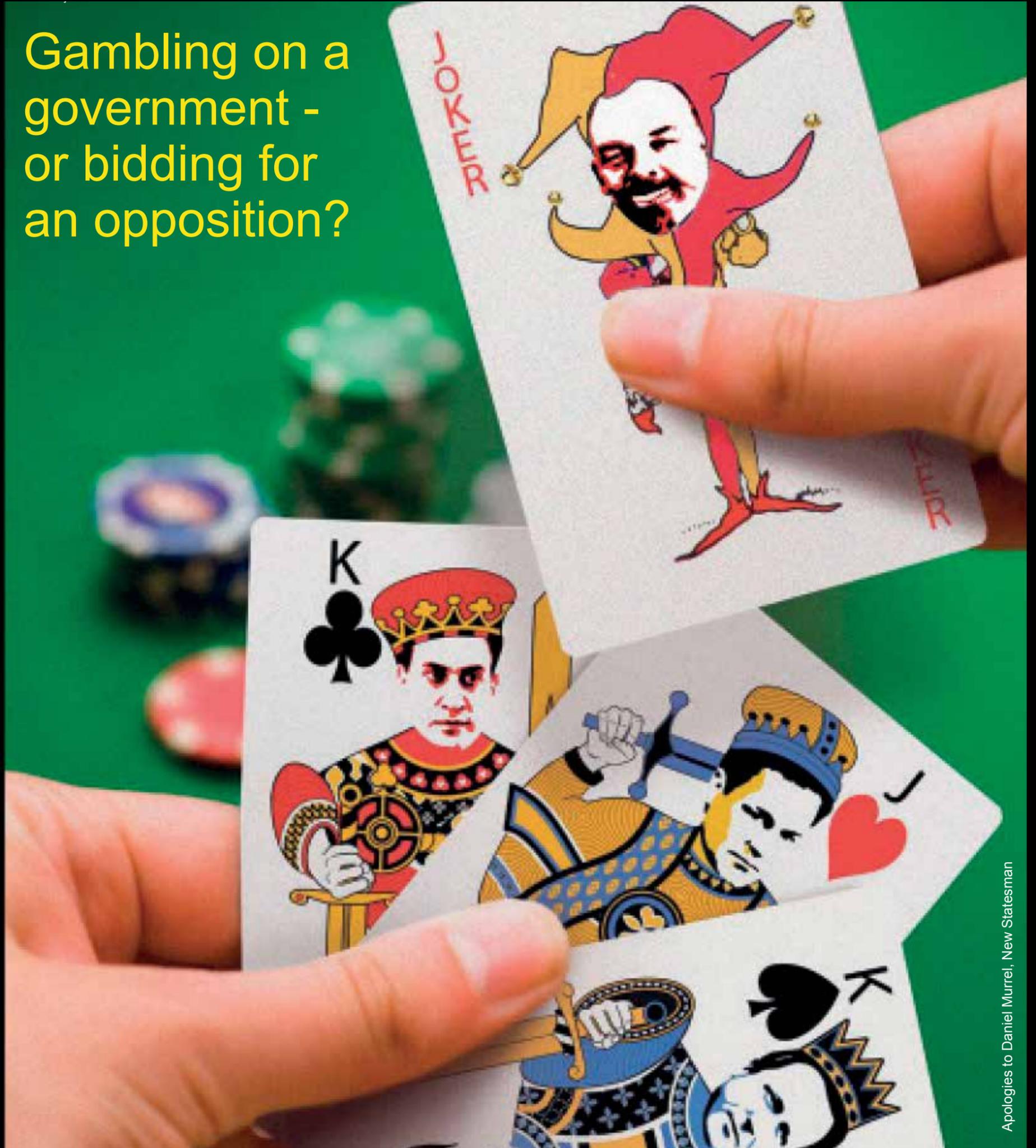
- Left election confusion
- Maximum programme
- Greece crunch time
- Michael Roberts on HFT

No 1056 Thursday April 30 2015

Towards a Communist Party of the European Union

£1/€1.10

Gambling on a  
government -  
or bidding for  
an opposition?



# LETTERS



Letters may have been shortened because of space. Some names may have been changed

## State IOUs

There was a strange element in Eddie Ford's article on Greece ('Robbing Peter to pay Alexis', April 23). Eddie refers to the potential of the Greek government introducing a dual currency or new drachma. He argues that this would be like the issuing of *assignats* by the French revolutionary government at the end of the 18th, beginning of the 19th century, and that consequently, such a course would "would almost certainly be the road to disaster - just as it was during the French Revolution". This needs to be examined.

Eddie's argument is that the cause of this is that such a currency, like the *assignat*, would not be backed by gold or silver. It's true that the *assignat* was not backed by gold. In fact, the reason for its issue was that the government had no gold or silver to back the currency, and so issued *assignats* backed instead by church property. As the *assignat* was supposed to pay interest, this made it more like a bond than simply a bank note, but, as the government could simply issue these notes as IOUs, they essentially acted as bank notes.

What I find odd is that Eddie should consider that there is something odd, or necessarily disastrous, in such a course of action, such as would lead Greece into disaster, if it follows a similar course. It's not clear why Eddie thinks that there is a problem in such a currency not being backed by gold or silver. It's true that Bank of England banknotes (IOUs) carry the words, "I promise to pay the bearer", but in reality the days when the Bank of England had any requirement to honour that promise by handing to the bearer a pound of sterling silver or its gold equivalent are long, long gone! A Bank of England banknote like pretty much all equivalents is fiat currency: that is, notes and coins that circulate on the basis of nothing more than the authority of the issuing state.

In fact, the vast majority of money is not even created by the state, but by the private banking system, through fractional reserve banking and the creation of credit, and that money is backed by assets far less robust than gold or silver, and far more like the church property that stood behind the *assignat*. Vast swathes of bank capital, for example, consist of massively inflated property portfolios and other forms of fictitious capital. In fact, as a result of past bailouts of the private holders of Greek debt, the European Central Bank itself has a sizeable chunk of its own capital made up of what are likely to be pretty worthless Greek bonds, which if Greece defaults will put a hole in the ECB's capital assets that will need filling from somewhere.

In 1847 and 1857, Marx and Engels made clear their opposition to the kind of fetishism of gold and silver as money that Eddie seems to exhibit here, as put forward by the Currency School, as well as a similar attitude adopted by John Stuart Mill. The real issue is not whether the currency is backed by gold, silver or other assets, but whether the nominal value of currency is more or less than is required to meet the needs of circulation. Even that is not absolute, because monetary stimulus itself can be a necessary means of bringing additional capacity into production, so that the value of commodities being circulated increases in line with the value of currency circulation. That is in addition to the conditions Marx and Engels described in 1847 and 1857, where a concern to limit the currency to an artificial relation to gold caused a credit crunch and financial crisis, which in turn caused a 37% drop in economic activity. This was only ended by the suspension of the 1844 Bank Act and

the rapid injection of liquidity.

The cause of inflation in relation to the *assignat* was not that it had no such relation to gold or silver, but that far too many were printed, so that their nominal value way exceeded the value of commodities to be circulated. The requirement of any fiat currency is not that it is backed by gold or silver, but that it is not issued in such excessive quantity as to cause high levels of inflation. The requirement for any form of IOU issued by the state, whether it is a banknote or a bond, is that holders of those notes feel confident that the state has the ability to honour them. In the end, that does not come down to whether that state has large reserves of gold or silver, but whether it has large amounts of capital.

The ability of a state to redeem its bonds or to pay the coupon interest on those bonds depends upon the amount of capital within the state for two reasons. Firstly, the state pays the interest and ultimately redeems the bond from the income it receives in taxes. But the amount of revenue the state receives in taxes depends upon the level of economic activity occurring within the state. In order for taxes to rise, economic activity must increase, and that requires an accumulation of productive capital, so that additional surplus value is produced. Secondly, in the short term, a state can pay the coupon interest and redeem outstanding bonds, even if its income is not rising, providing there are large amounts of capital accumulated within the state, so that the payments are made by liquidating a proportion of this accumulated wealth.

But there is a correlation here too, as in fact Greece has demonstrated over the last five years. If currency circulation is curtailed, then, as happened in 1847, the consequence can be a financial crisis and a sharp contraction of economic activity itself. But the contraction of economic activity reduces the ability of the state to obtain revenue in taxes and thereby to honour its obligations. That has been seen in Greece and every other country that has had austerity inflicted upon it, including the UK, whereby the debt-to-GDP ratio rises rather than falls.

As a number of economists have pointed out, there is no reason why Greece could not print electronic euros through its banking system if it was cut adrift by the ECB. All private banks print electronic euros, pounds and dollars, etc all the time by the creation of deposits. Such a course of action would be far better than creating a new drachma, because any additional electronic euros printed by a Greek central bank to meet the needs of the state would be only a small proportion of total euro circulation and unlikely to lead to inflation, especially given current disinflationary conditions and the money printing being undertaken by the ECB itself.

Creating a new drachma almost certainly would be massively inflationary for exactly the same reasons. It is another reason that Greece needs to remain within the EU and euro zone, but also another reason why the solutions to the problems of Greece and other countries within the zone can only be resolved on an EU-wide basis. The most precious resource for Syriza at the moment is time, but it is only a resource if it is used to build a European-wide movement designed to address those issues and to oppose austerity with an alternative vision of how the economy can be run.

**Arthur Bough**  
email

## Decline

If the advent of the permanent crisis (collapse) of capitalism is decades in the future, as opposed to an ongoing reality (and also opposed to its being chimerical), this conclusion has fundamental implications.

First, the subjective factor has not appreciably lagged behind the objective possibilities, which are unripe for

international revolution. Second, the transitional programme - a response to a supposed permanent capitalist crisis - is premature, consequently untested in practice. Third, the working class isn't suffering a crisis of leadership, nor are left stupidity and sectarianism the main factors holding the working class back. Fourth, the present is a backward period in the history of a still immature class, not a descent into barbarism.

Various standards have been proposed to define 'decline'. Mike Belbin recommends the yardstick of capitalist public dependence (Letters, April 16). In modern capitalism, markets fail to create sufficient public goods (sufficient for capitalist needs, and good for capitalists, that is), but, ideologically, it's ambiguous whether this trend toward economic activity outside the market is a limitation or an adaptive strength. The economic significance is that a larger portion of surplus value must be allocated to support the producers of public goods needed by the ruling class, a fact that presumably helps explain why the collapse is predicted to occur well before variable capital becomes vanishingly small. But to call this trend the capitalist decline is to change the subject.

Comrade Belbin asks about the concrete manifestation of the post-collapse world. We have a model: what the entire Second International thought was a collapse, indeed, must have exhibited the symptoms. The difference would lie in greater universality (the United States rose toward hegemony during the inter-war period), greater duration and the comparative unavailability of war as a capitalist solution.

The exhaustion of capitalist possibilities was incontestably not contemporaneous with Marx. A reappraisal of what's imminently attainable is not a call to quietism or reformism.

**Stephen Diamond**  
USA

## Wrong party

I have read the Socialist Resistance document on the Green Party (March 2015) and I think you were really unfair in attacking both in one of your recent 'Notes for action' email bulletins. Essentially, SR's analysis is that the Green Party is a progressive and even a pro-working class formation. That has got to be right.

Yes, a structural relationship with trade unions and the labour movement is an important factor in assessing whether or not a party is working class, but by no means the only or most important. I think trade unions are really important, as mass democratic organisations of the working class, which organise workers in their place of work to bargain more effectively with employers. But it is a sad fact that trade unions only represent a minority of the total workforce, with only around six million members, overwhelmingly in the public sector, far distant from the production of surplus value. And if a structural relationship with trade unions is the most important criterion, only the Labour Party in the modern capitalist world would qualify as a working class party - a nonsensical position.

Of far more importance must be the politics and the policies of the political party: do they clearly and decisively seek to advance the interests of the working class as the creators of wealth and as the majority of the population, as opposed to and at the expense of the owners of wealth, the minority capitalist class?

Of slightly less importance is the class origin and composition of members of the political party, although a genuine working class party should clearly have a significant number of

working class members and leaders. I would suspect that by this measure the Green Party would outshine the Labour Party.

I agree SR fudges this in a somewhat Menshevik manner by defining working class as all those who sell their labour-power. A better definition would identify those more directly involved in the production of surplus value, their relations to the means of production and the degree of control they have over their working conditions.

The Green Party 2015 manifesto is without question pro-working class, in that its policies taken as a whole would clearly benefit the vast majority of the working class and most of its sections and indeed wider strata. It very clearly targets 'the one percent' of the richest and most powerful who dominate the economy and governance, and talks of designing and building an economy and society which will work in the interests of the great majority of the population, who have to work for a living or who are dependent on state benefits. It talks of workers' rights, vibrant and democratic trade unions, and the rights to take industrial action and to picket.

The Greens do not actually use the term 'socialism', but it is clear their policies and aims can only be realised in a publicly owned and democratically controlled economy, and this principle explicitly runs through most sections of their manifesto. It actually identifies "consumer capitalism" as the basic problem and states that the solution is a "democratically managed economy" (p9). Not a "predatory" or "monopoly" variant of capitalism, but capitalism itself and its very essence.

I did wonder about one of SR's concluding paragraphs, which indicated that even the election of conservative and rightwing Green MPs (as opposed to the majority of the leadership who are very radical and left) would be progressive, but I guess they are being elected on a pro-working class and left platform, and it is the policies, not characters, which are important.

I have to say I have been impressed by the *Weekly Worker's* apparent commitment to your latest intervention in another political party, Left Unity, and it does appear more genuine than some of your previous 'entries'. I do, however, think there is a contradiction and issue of principle here. Groups like SR genuinely believe in new model parties of the left, which include reformists and revolutionaries, and which embrace modern themes around feminism, identity and sexual politics, climate change, free movement of peoples, internationalism and cosmopolitanism, as well as those motivated by ideas of socialism and class.

So it seems reasonable for groups like SR to be in Left Unity and to advocate approaches which do not limit its potential appeal to just already existing Marxist revolutionaries. That doesn't mean they are rightwing or 'resisting socialism'. They are simply defending the aims, purpose and the basis of the party itself.

The role of socialist revolutionaries in Left Unity is not to hijack or take over the party, but to work alongside people of different backgrounds, experiences and perspectives, and to spread their own ideas through personal example, debate, persuasion, adherence to democratic pluralism and freedom for minorities and individuals to express their views.

My understanding is that the *Weekly Worker* is opposed to such new model parties, and instead has the (opposite?) aim of a single Marxist party, although, to your credit, you do advocate this should be a 'mass' party, not another 'sect'.

So why are you in Left Unity, if fundamentally you want to change it into something completely different?

Surely, when becoming members, you had to sign up to its basic founding principles, which were precisely an attempt to be a new model left party in Britain?

I do not see how you can be honest and principled members of Left Unity when you fundamentally disagree with its very basis. I think you should let those who believe in new model left parties get on and do so, and that you should be talking to other groups who share your different aim of a 'Marxist' party.

**Andrew Northall**  
Kettering

## Silly questions

Despite being a regular reader, someone who has written many articles over the years, and has been generally supportive of this paper, I find it more than disappointing that you should support the Trade Unionist and Socialist Coalition in Bermondsey, where I am standing as a Republican Socialist. Unless you believe that revolutionary candidates should always stand down for reformists, I can see no justification.

In Bermondsey one socialist candidate is putting forward a revolutionary idea about democracy and its central importance to the working class and the fight against austerity. The other is limited to the anti-austerity politics of the Labour left.

It is understandable that the Socialist Party, the Socialist Workers Party and Socialist Resistance should support the Tusc candidate because it is a reflection of their own deeply held 'economism'. But it is not obvious why the CPGB should back the Tusc candidate, given your programme and declared revolutionary aims.

Because you have concealed your motives by refusing to recognise significant differences in programme and slogans, I am setting out all the possible reasons, real or imaginary, to help pinpoint the truth.

1. I was asked to join the CPGB in the past and chose not to. Am I therefore being blacklisted by the CPGB? As far as I know, you have not asked Kingsley Abrams to join the CPGB. He has not refused. Does this make him a better candidate or more worthy of support?
2. I have openly criticised the CPGB in the pages of the *Weekly Worker* on many occasions. Kingsley has never criticised the CPGB and never written in the *Weekly Worker*. Does this make him a better candidate or more worthy of support?
3. Kingsley was a member of the Labour Party through the Blair and Brown years. I have never been a member of the Labour Party. I have spent those same years opposing the attacks by Blair and Brown on the working class. Does this make him a better candidate than me? Does this make him a better candidate or more worthy of support?
4. In January Kingsley applied to become a Labour Party candidate for parliament. I have never done that. Does this make him a better candidate or more worthy of support?
5. Kingsley will no doubt get many more votes than me because he has the backing of SP, SWP, SR, CPGB and Left Unity. I will get very few votes. Neil Coyle, the Labour candidate, will get most votes. Is Neil better than Kingsley, who is a better candidate or more worthy of support than me?
6. Are you supporting Kingsley, despite the fact that he will get less votes than Neil Coyle, because you back the Tusc programme and policy?
7. How is it that you claim to support republicanism and yet back Tusc, which is not republican and has no policy on democracy?
8. Is it simply because I am an openly declared anti-unionist? Is it because I am standing out against the rise of

English anti-Scottish chauvinism, as promoted by Simon Hughes, David Cameron and Ed Miliband (Scottish National Party beyond the pale)?

9. Is it because the CPGB is a sectarian group whose approach is determined by the perceived short-term advantage of the CPGB rather than the revolutionary interest of the working class?

10. Is it because the CPGB has abandoned its programme to make a short-term deal with Tusc and LU? Can you explain what advantage you might get from this deal or what benefit they have promised you?

Ever optimistic that Marxism will prevail over sectarianism.

**Steve Freeman**  
Bermondsey and Old Southwark

## Clusterfuck

‘Getting the Soviet Union right’ (November 7 2013) is a good article, and its author, Jack Conrad, clearly has some talent. However, there is an oversight to which I would like to draw your attention. It appears to me that there is a contradiction between two different parts of your article, as illustrated in these two quotes from, respectively, the beginning and the end:

Quote 1: “Any Marxist, socialist or revolutionary who has sat in a pub, worked in a factory, waited at a bus stop, canvassed for a leftwing candidate or sold papers on a big protest demonstration - and talked to so-called ordinary people - will have been asked an elementary but nonetheless profound question: ‘What about Russia?’ Almost without exception it comes with an instant follow-up: ‘If things went so disastrously wrong in the USSR, why will you lot be any different?’”

Quote 2: “Clearly we must reject guilty evasion, apologetic excuses and the twisting of facts to fit the label. Marxists have an obligation to come up with a coherent, scientific, fully theorised explanation of the Soviet Union.”

The contradiction concerns which question it is most important to answer. At the beginning, you identify the question as “why will you guys be any different?” At the end, the question has become: ‘What happened in the Soviet Union, and how are we supposed to describe the rat-bastard version of whatever it was that called itself scientific socialism?’

These are two entirely different questions. Both are important, but the first (correctly understood) is far more important than the second.

What people really want to know (which is closer to your first question) is: ‘Why should we think that, if we overthrow the class rule of the bourgeoisie, things will be different this time?’ The correct answer (somewhat described, and somewhat hinted at, in your article) is that we intend that the revolution will take place in circumstances where the revolutionary government will not be forced to suspend democratic rights for an extended period of time in order to survive. The simple reason for this is that, without democratic rights, extended to the population at large, the revolutionary state will, within a relatively short period of time, degenerate into a counterrevolutionary state.

No-one can say with precision what circumstances of instability and popular discontent might force a revolutionary state to suspend democratic rights. However, in a modern society, with a modern economy, the linkage between (1) the democratic rights of speech and organisation, (2) the unfettered use of the internet and (3) productivity and economic development is quite strong, and is growing stronger with each decade, as the revolution in communications continues to unfold. Any government which finds it necessary to clamp down, in a major way, on the internet, will also find that it is crippling its ability to remain economically competitive. In a world in which imperialist countries still remain, this would make it difficult for a revolutionary government to defend itself.

Of course, many people point to the example of China. The Chinese government has (so far) been able to effectively censor the largest population of internet users in the world, while also achieving the highest sustained economic growth in a large economy that the world has ever seen. But, even in China, this state of affairs cannot last forever, and is unlikely to last more than another 10 or 20 years or so.

So, the short answer, as described above, is relatively simple: if a revolutionary government ends up in a situation where it feels forced to shut down democratic rights for an extended period of time, then it will also be forced to cripple the internet, and cripple the growth of productivity, and will almost certainly be doomed. The short answer, therefore, is that we need to avoid that situation - because otherwise we are fucked.

On the other hand, as long as the democratic rights of speech and organisation exist, then the working class will have the means to self-organise and prevent the corruption of the party in power or (failing that) replace the party in power with one which is not corrupt.

The second question - ie, how to describe the fucked-up situation that came about in the Soviet Union - may be more difficult to answer, but is also less important. Most political groups essentially evade both questions 1 and 2. They essentially respond to both questions by saying ‘shit happens’ and urging one and all to move on to more ‘practical’ questions. But it has long become a practical necessity for the movement with the goal of overthrowing capitalism to address these questions. If it fails to do so, then it is not deserving of the attention and respect of the working class. It is as simple as that.

I think we can say some things about question 2. First, we must make clear that, however we may describe the Soviet economic and political system, the working class there was not in power. Without the democratic rights of speech and organisation, the working class had no ability to make itself conscious. It was, as your article points out, atomised. This is why the common description of a deformed or degenerated ‘workers’ state’ is bullshit, because this description ignores that the Soviet Union was divided into exploiting and exploited classes.

A basic knowledge of economics tells us that, if the working class did not run the Soviet Union, then what existed there must have been either (1) some form of capitalism, (2) some form of feudalism or (3) some combination of the above. I favour the third explanation, although it tells us a limited amount. It does not tell us if the first explanation was primary and the second explanation was secondary, or the other way around.

A revolutionary Marxist group that originated in Samara, Russia in the 1970s (and organised major strikes at metal-working plants under Soviet rule, as well as under Yeltsin) took the view that the Soviet economic and political system was based not on ‘scientific socialism’, but on scientific feudalism. This explanation struck me as strange when I first made contact with this group around 1999, but seems far less strange today. It seems clear to me that this must be at least part of the explanation.

The Soviet economy and political system was some combination of scientific feudalism and state capitalism. While this explanation leaves unsettled the question of how much of each was in play, it helps ordinary people, as well as activists, understand (roughly) what happened, and helps to cut through the cargo cult worship of central planning and so forth that took root, as the Soviet experiment rotted alive.

And this helps the working class understand how we will avoid the gigantic clusterfuck that took down the Soviet Union: we will have democratic rights and self-organisation. And the

working class, for the first time in history, will run the show.

**Ben Seattle**  
email

## Jewish nation

The dialogue between Tony Greenstein and me is becoming repetitious, so I will refrain from replying fully to his letter (April 23). Interested readers can find my position on the main issues expounded in several articles published in the *Weekly Worker*, especially ‘Hebrew versus Jewish identity’ (May 16 2013).

However, I must correct three factual errors in Tony’s letter. First, he describes one of the parties constituting the Joint List that ran for the Knesset in the Israeli elections of March 17 as “Islamist”. This is incorrect: the party in question is not fundamentalist; hence Islamic rather than Islamist.

Second, Tony alleges that the Joint List “supports a ‘just solution’, not the right of return of the Palestinian refugees”. In fact, its brief platform explicitly calls for “a just solution to the problem of the Palestinian refugees that ensures their right of return according to UN [general assembly] resolution 194.”

Third, Tony claims that “socialists and communists would have opposed the classification of Polish Jews as members of a separate, Jewish nation.” Surely, he cannot deny that the Jewish Labour Bund, a socialist party with mass support among the Jewish working class, insisted precisely on regarding the Jews of Lithuania, Poland and Russia as a nation. Moreover, in the Soviet Union the Jews were officially regarded as nation and were so described in their ID documents. Of course this Yiddish-speaking nation no longer exists following the Nazi genocide and the dispersal of its survivors. For further details, see my above-mentioned article.

**Moshé Machover**  
email

## Faraway

Is Ralf Hoffrogge to labour and left historiography what the likes of Alexander Filippov are to Russian history (‘Before the great betrayal of August’, April 23)?

I hope so. The lyrics and underlying ideals beneath ‘We follow the path of boldness to which Lassalle led us!’ should be rehabilitated and repopularised by the class-strugglist left as vigorously if not more so than ‘Stalin brought us up - on loyalty to the people; he inspired us to labour and to heroism!’ is being rehabilitated by Russian historians’ take on the Great Patriotic War and building up towards it.

Though Mike Macnair framed Ferdinand Lassalle’s ‘iron law of wages’ agitation as an anti-union stance, with his legal background he should appreciate that not even Lassalle was quite aware of the levels of dispute resolution that exist today, that litigation (employment lawsuits) and arbitration are more adversarial than mere collective bargaining and, ahem, mere labour disputes towards such. Do class-action or group-action employment lawsuits trump union activism now as a better means of gaining working class sympathy?

Beyond such litigation, still within the framework of mere labour disputes, Lassalle’s emphasis on ‘politics’ in political economy and on genuine political action, however crude, placed later Marxist polemics against narrow economism and broad economism to downright shame!

Interestingly, Hoffrogge’s conviction and suggestion that Marx felt alienated because the united Socialist Workers Party of Germany made Lassalle ‘the hero’ instead of himself prefigured Italian working families naming sons Lassalo and only daughters Marxina. I don’t agree with the historian’s personalisation, but nobody should be surprised that organisers and agitators on the national ground would be elevated above faraway exiles who don’t come back.

**Jacob Richter**  
email

# ACTION

## CPGB podcasts

Every Monday we upload a podcast commenting on the current political situation. In addition, the site features voice files of public meetings and other events: <http://cpgb.org.uk/home/podcasts>.

## London Communist Forum

**Sunday May 5, 6.30pm:** Weekly political report from CPGB Provisional Central Committee, followed by discussion of Leon Trotsky’s *On literature and art*. Calthorpe Arms, 252 Grays Inn Road, London WC1. This meeting: ‘Communist policy towards art’. Organised by CPGB: [www.cpgb.org.uk](http://www.cpgb.org.uk).

## Radical Anthropology Group

Introduction to anthropology  
**Tuesday May 5, 6.30pm:** ‘Capitalism, fossil fuels and the discovery of global warming’. Speaker: Gabriel Levy. Cock Tavern, 23 Phoenix Road, London NW1. Talks are free, but small donations welcome. Organised by Radical Anthropology Group: <http://radicalanthropologygroup.org>.

## No to Islamophobia, no to war

**Thursday April 30, 7pm:** National rally, Waterlilly conference centre, 69-89 Mile End Road, London E1. Speakers include: Lutfur Rahman, Baljeet Ghale, Ken Livingstone, Kate Hudson. Organised by Stop the War Coalition: [www.stopwar.org.uk](http://www.stopwar.org.uk).

## May Day in Leeds

**Saturday May 2, 11.30am to 3pm:** Rally, Victoria Gardens The Headrow, Leeds LS2. Speakers from Syriza, local trade unionists and activists involved in anti-austerity struggles. Organised by TUC: [www.tuc.org.uk/events/may-day-march-and-rally](http://www.tuc.org.uk/events/may-day-march-and-rally).

## Palestine solidarity

**Sunday May 3, 1pm to 7pm:** Palestine Awareness Day, Small Heath Park, Birmingham B10. Organised by Palestine Solidarity Campaign: [www.palestinecampaign.org](http://www.palestinecampaign.org).

## Walk for Palestine

**Saturday May 9, 11am to 4pm:** Fundraising walk and talk with Palestinian activists. Assemble John Scurr community centre, 1A Bekesbourne Street, Limehouse, London E14. Organised by Palestine Solidarity Campaign: [www.palestinecampaign.org/events/walk-for-palestine](http://www.palestinecampaign.org/events/walk-for-palestine).

## Lessons for today

**Saturday May 9, 1pm to 4pm:** Discussion, Red Shed, Wakefield Labour Club, Vicarage Street, Wakefield. ‘The story of the Independent Labour Party and its lessons’. Speakers: Iain Dalton (Socialist Party), Barry Winter (Independent Labour Publications). Free admission and free light buffet. Excellent real ale. Organised by Wakefield Socialist History Group: [www.theredshed.org.uk/SocialHist.html](http://www.theredshed.org.uk/SocialHist.html).

## Socialist films

**Sunday May 10, 11am:** Screening, Bolivar Hall, 54 Grafton Way, London W1. Roman Chalbaud’s *El caracazo* (Venezuela, 110 minutes). Followed by discussion. Organised by London Socialist Film Co-op: [www.socialistfilm.blogspot.com](http://www.socialistfilm.blogspot.com).

## End the Yemen conflict

**Monday May 11, 7.30pm:** Discussion, Rumi’s Cave, 26 Willesden Lane, London NW6. With Cambridge political scientist Dr Glen Ragwala. Organised by Stop the War Coalition: [www.stopwar.org.uk](http://www.stopwar.org.uk).

## The body of an American

**Wednesday May 13, Thursday May 14, 7.30pm:** Anti-war play by Dan O’Brien, Swansea Grand Theatre, Arts Wing, Singleton Street, Swansea SA1. Organised by Tent Of Xerxes: [www.facebook.com/tentofxerxes](http://www.facebook.com/tentofxerxes).

## These dangerous women

**Thursday May 14, 7.30pm:** Evening of film, prose, poetry, music and discussion, New Cross Learning (formerly New Cross Library), 283-85 New Cross Road, London SE14. Introduced by Natalie Bennett, Green Party. Organised by Lewisham Stop the War: [www.lewishamstopwar.org.uk](http://www.lewishamstopwar.org.uk).

## 14 hours for 14 years

**Saturday May 16, 8pm:** Sponsored Guantánamo cage event and vigil, in front of National Gallery, Trafalgar Square, London WC2. All monies raised will go towards meeting the cost of the Shaker Aamer parliamentary group delegation to Washington and to aid the campaign for Shaker’s freedom. Organised by Save Shaker Aamer: <https://twitter.com/SaveShakerSSAC>.

## Confronting a world at war

**Saturday June 6, 10am to 5pm:** Stop the War Coalition AGM, TUC, Great Russell Street, London WC1. Organised by Stop the War Coalition: [www.stopwar.org.uk](http://www.stopwar.org.uk).

## Housing for people, not profit

**Thursday July 3, 7.30pm:** Meeting, Chestnuts Arts and Community Centre, 280 St Ann’s Road, London N15. Speaker: Felicity Dowling. Organised by Haringey Left Unity: [www.facebook.com/HaringeyLeftUnity](http://www.facebook.com/HaringeyLeftUnity).

## CPGB wills

Remember the CPGB and keep the struggle going. Put our party’s name and address, together with the amount you wish to leave, in your will. If you need further help, do not hesitate to contact us.

**MAY 7**

# Gambling on a government - or bidding for an opposition?

Our voting recommendations are not about deciding how we should be ruled under capitalism, argues **Peter Manson**, but about constructing a working class alternative

Come election time, the left in Britain has traditionally taken up the call, 'Vote Labour, but ...' In other words, we put Labour into office either as the lesser evil or because, in theory at least, it will be more susceptible to working class pressure. Of course, there is nothing unprincipled in calling for a blank Labour vote - with or without a 'but'. However, electoral recommendations are all about tactics - how actually can a genuine working class alternative be built?

There are two parts to that question: first, how do we assess the current forces of the working class, including the Labour Party? Second, what type of working class organisation do we need and how precisely do we expect it to come into being? To answer the second question first, we are clear that we need a single, united, mass Marxist party, which somehow must be initiated from within the currently constituted revolutionary left in a way that brings together its best elements.

Which brings us back to the first part of the question - how do we assess our current forces? Frankly, the organised working class movement, and especially the revolutionary left, is in a truly dire state. The latter is divided amongst pathetic confessional sects, each believing that *it*, as long as bureaucratic control is maintained, and the leadership can successfully adapt to this or that spontaneous outburst or movement, will become the vanguard party at some time in the future.

What about Labour? Along with most of the left - the most notable exception being the Socialist Party in England and Wales - we hold that Labour remains, at root, some kind of working class party: it is still a *bourgeois workers' party*, to use Lenin's famous phrase. It is sponsored and financed by the trade unions, and its members and supporters are overwhelmingly working class. While this situation remains, it is criminal to simply turn our backs on Labour, as SPEW has done, claiming that it can *never* become a party that actually does represent our class in any shape or form. You might just as well say that the unions can never be won to really represent our interests either. The truth is, if the union bureaucrats can be forced to fight for workers through rank-and-file pressure, they can also be made to fight within Labour to transform it - into a party that groups together all the main organisations and trends within the working class, including, of course, the Marxists.

If that is the case, it is futile to attempt to create a Labour Party mark II, as SPEW is doing, currently through the Trade Unionist and Socialist Coalition. Our electoral recommendations ought to reflect the possibility and aim of winning Labour for the working class. We need to emphasise that Labour does indeed remain a bourgeois workers' party - although, obviously, the bourgeois pole is today very much in the ascendancy. Nevertheless, there are elements within Labour, including amongst its general and local election candidates, who represent the



Apologies to Daniel Murrel, New Statesman

## Short-termism or playing the long game?

working class pole, albeit in a highly attenuated sense.

### Vote Labour left

The immediate task is to create political lines of demarcation within Labour. We are therefore calling for a critical vote for those Labour candidates who have signed up to, or commit themselves to supporting, Michael Meacher's left alternative platform. These include - in addition to Meacher himself, obviously - John McDonnell, Diane Abbott and Jeremy Corbyn.

The Meacher statement calls for an "alternative to the continuation of austerity and spending cuts". The Tories are for austerity because "it gives them political cover to achieve their real objective, which is to shrink the state and squeeze the public sector back to where it was in the 1930s". By contrast, "We need public investment to kick-start the economy out of faltering growth and to generate real job creation and rising incomes."

The statement claims that "a £30 billion investment package can be financed for just £150 million a year - enough to create more than a million real jobs within two-three years". This money would be "used directly for industrial investment rather than for bond-buying by the banks as hitherto, or through taxing the ultra-rich by a special levy".

The statement also calls for rail renationalisation: "The most obvious and simplest way to achieve this is by letting the rail franchises expire and then taking them back into public ownership

at no cost whatever to the taxpayer." And it demands "the restoration of collective bargaining and employment rights as a check against excessive corporate power".

The declaration bemoans the current weakness of the unions: "When the Thatcher government came to office in 1979, 82% of workers in the UK had their main terms and conditions determined by a union-negotiated collective agreement. The latest figures now show that the coverage is down to just 23%. One very significant result is that the share of national income going to salaries and wages has fallen dramatically from 65% in 1980 to 53% in 2012 ..."

This has resulted partly from "the collapse in trade union membership from 55% of the workforce in 1979 to 23% in 2012", partly "as a result of the anti-trade union laws introduced in the 1980-90s" and partly "because the state has withdrawn support for collective bargaining as part of the free market ideology of deregulation of all markets, including the labour market".

Therefore, "An incoming Labour government should choose to enhance the role of trade unions". That would not only create "more just and equal workplaces", but "will assist on the road from austerity". We should therefore "actively promote sectoral collective bargaining and strengthen the rights of trade unions to recognition, and of their members to representation".<sup>1</sup>

Despite the blatant reformism of this statement, it represents the working class pole within Labour, as opposed to the openly pro-capitalist right. Which is

why we should prioritise a vote for such candidates - even if they are opposed by candidates of the left, such as Tusc. We want to emphasise that Labour remains a strategic site of struggle.

Eleven of the 15 candidates on the Meacher list are also among the 39 Labour candidates who are "sponsors and participants" of John McDonnell's Left Platform. The Left Platform statement is more wide-ranging than that of Michael Meacher. It too demands, "collect the taxes" and "end austerity". We also need "a wealth tax" and a Tobin tax to "tackle speculators". It also calls for "a living wage of £10 an hour, the outlawing of zero-hours contracts and the restoration of trade union rights", plus "full employment" and renationalisation (not just of the railways).

These demands, it says, are inspired by "the vision of a socialist society we aim for". Such a society would be "thoroughly democratic in all aspects of our life", it would be "more equal, so that the extremes of wealth and poverty are eliminated", and within it "our core economic assets" would be "held in common to serve the whole of society, not a rich few".

The platform declares that "a governing administration that can assist in moving towards that" would implement the measures it advocates: "By adopting a number of extremely practical policies, Labour in government after May could have as radical an impact on our society as the Attlee government in 1945."<sup>2</sup>

Once again, the reformist illusions are evident, and once again, despite that, it is clear that this statement also represents the working class pole of the Labour Party. Those who sign up to it should be offered critical support. However, a word of warning: the 39 parliamentary candidates named as "sponsors and participants" are those who backed comrade McDonnell's initial call, and, in our view, voters should ask them to confirm that they actually uphold the platform subsequently drafted.

### Non-Labour left

Where there is no supportable Labour candidate, we are urging comrades to vote if possible for other working class organisations - Left Unity, Tusc, the *Morning Star's* Communist Party of Britain, Star, Socialist Labour Party, Socialist Party of Great Britain, Workers Revolutionary Party ...

Unfortunately in five constituencies a Tusc candidate is opposing a Labour left, but for the most part it seems that an effort has been made to avoid a clash. That does not apply, of course, to the smaller sects, which in many cases have declined invitations to consult about a single candidate. So in 17 seats there is a clash involving either Left Unity or, more usually, Tusc. In Vauxhall, Simon Hardy is opposed by the SPGB, while in a further 16 constituencies Tusc is opposed by the SPGB (three seats), WRP (four), CPB (two), SLP (two), and Respect, Class War, the SEP, Republican Socialists and Communist League (one each).

In such cases, we are clear about the order of priority.

1. Left Unity. There are many weaknesses in LU's manifesto, but despite that there is much that

is positive. Eg, it stands against demands for British withdrawal from the European Union; it supports open borders. We also note that, though LU has no agreed position on the Labour Party, it has declined to stand candidates against Labour lefts.

All but three of the 10 LU candidates are standing jointly with Tusc. Apart from Simon Hardy in Vauxhall, the other two exceptions are Stewart Weston in Bristol West and John Pearson in Stockport.

2. Tusc, which is standing by far the largest number of left candidates (135, including 10 in Scotland). The main organisation involved, SPEW, aims to establish a Labour Party mark II, basing itself on lowest-common-denominator unity. Furthermore, we expect that after May 7 Tusc will disappear from the radar, as has been the case with past electoral contests. SPEW, and obviously the Socialist Workers Party too, will go back to prioritising their own organisations. Nevertheless a half-decent showing by Tusc candidates, would undoubtedly be positive, given the suffocating austerity consensus reigning amongst mainstream parties.

3. Other leftwing groups and candidates. A vote even for the WRP, SEP and SLP (which is standing only in Wales this time) represents a leftwing, working class protest against capitalism and should be advocated in the absence of a more serious left candidate.

A full list of supportable left candidates - in order of priority, where there is a clash - is now available on the CPGB website.<sup>3</sup>

### Greens and Nats

Given the widespread leftwing infatuation with green and nationalist politics, we seek to draw a clear red line. While undoubtedly the Green Party, Scottish National Party and Plaid Cymru are putting forward policies that are to the left of Labour, these parties represent at best a diversion, at worst a reactionary, pro-capitalist alternative. We say:

- No support for nationalists in Scotland, Wales and Northern Ireland. Nowadays the Scottish Socialist Party and Solidarity are merely external factions of the SNP. No matter how weakened, the unity of the working class in Britain must be defended. We support the demand for a federal republic and oppose all manifestations of separatism, especially when it poses in the guise of socialism.

- No support for Green Party candidates. At this juncture the principle of class politics must be highlighted. The Green Party is a petty bourgeois political formation and does not even pay lip service to working class and socialist politics.

Where there is no supportable candidate, the CPGB urges voters to spoil their ballot papers with some suitable message: eg, 'For socialism'●

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### Notes

1. <http://labourlist.org/2015/01/16-labour-mps-release-statement-calling-for-change-in-party-policy-direction>.
2. <http://leftplatform.com/what-we-stand-for>.
3. [www.cpgb.org.uk/may2015candidates.html](http://www.cpgb.org.uk/may2015candidates.html).

# No strategy towards Labour

What is the left saying about the general election? Daniel Harvey has been investigating

**C**ontradictory and confusing advice over which way to vote is on offer from the left. This is centred, as usual, around its incoherence over the Labour Party and the best way to build an alternative to Labourism.

Let us take a look at what the various organisations are saying.



## SPEW

The Socialist Party in England and Wales may now be the largest group on the left - it certainly provides the main support for the Trade Unionist and Socialist Coalition. The organisation is, of course, the former Militant Tendency which was purged from Labour in the late 80s and early 90s. It is a die-hard article of faith for SPEW that this was the turning point in Labour's history, when it stopped being a classic bourgeois workers' party in the sense that Lenin described. Deputy general secretary Hannah Sell puts it this way:

At root ... Labour today is a capitalist party. Unlike in the past, when 'old' Labour, though it had capitalist leadership, was nonetheless a workers' party at its base, it could via its democratic structures, be pressured by the working class.

She continues:

In the past when Labour had been defeated, particularly after 1979, a strong leftward move developed in the ranks of the Labour Party. Following 2010 this has been completely absent. Labour's pro-austerity programme has been accepted by the party with barely any protest.<sup>1</sup>

This, of course, ignores the fact that at least 39 Labour parliamentary candidates are supporting old Labour-type platforms in the current election (see opposite). According to the SPEW argument, the democratic structures in the Labour Party were "destroyed long ago" and so now there is no means of putting pressure on the Labour leadership and so no point in trying to influence members of it, or the millions of working class people who still vote for it. Partly this is just nostalgia, ignoring the actual history of Labour, which has always had a remote elite in the Parliamentary Labour Party which is largely disconnected from the base, and was designed that way in the first place to protect the leadership from ever having to bend to that kind of pressure.

The actual behaviour of the Labour Party, even in its supposed heyday, back during the long boom from the late 40s to the late 60s, was to try to impose restraints on the labour movement, trying to push through *In place of strife*, for instance, before imposing 'pay restraint' in the late 70s, when inflation surged to double digits.

Yet SPEW's view that the Labour leadership can no longer be pushed to the left is contradicted in its own analysis elsewhere. For example, "The idea that Labour would face ... being propped up by parties who say they want to push a Labour government left fills the capitalist class with dread."<sup>2</sup> So which is it then? Is Labour irredeemably Blairite, or is it capable

of moving leftwards when it comes under pressure?

And what is the alternative that SPEW puts forward with Tusc? Another federal lash-up with what it can scrape together from the left union bureaucracy in the sole form of the Rail, Maritime and Transport union. Tusc has no actual members or branches, so there is in fact even less democracy than in the Labour Party in that sense. Decision-making and policy is determined by the participating groups - the Socialist Workers Party and Independent Socialist Network, as well as SPEW and the RMT, who all formally have a veto. Tusc even goes along with Labour's reactionary policies on immigration - the SPEW leadership ensured that Tusc rejected a move to come out against all immigration controls at its recent conference.

The purpose for this is obvious: Tusc's role is to be a reformist front for SPEW, which is itself 'the party' to which it wants to recruit. This is actually only an adaptation of the earlier Militant *modus operandi*. And there is only one recommendation regarding the election: vote Tusc and ignore the Labour left.



## SWP

The SWP is very much the junior partner in Tusc, where it is content to take a back seat, whilst putting forward a few of its members as candidates. The SWP is generally more apathetic about electoral politics in line with its Luxemburgist 'mass strike' orientation, but the approach this time around seems to be quite vague and non-committal. The SWP implies that a vote for Labour would be a good idea where there are no Tusc or Left Unity candidates standing, but it is in no way definite about it. Here, for instance, is how an article on the Labour Party opened in *Socialist Worker* last week:

The majority of working class people dread the idea that the Tories might win the general election. They know that it will lead to an attempt to finish off the NHS, years of more assaults on our living standards and a systematic offensive to take away everything workers have fought for and gained. But many do not see the Labour Party as a serious alternative. The last Labour government backed war and privatisation, while in opposition Labour has accepted austerity.

Of course it is not irrelevant who wins on May 7. If the Tories win the election then every reactionary, racist and pro-capitalist throughout the land will rejoice. They will feel that bit more confident to attack us. The bullying boss, the police chief and the judge will all be even surer that the politicians will back them up. If Labour wins it will boost many working class people's confidence to have got rid of the

Tories.<sup>3</sup>

The important thing though is this:

It's about positioning ourselves within the weakening of Labourism to try and break workers away from it - during the election and afterwards. The decline in support for Labour underlines the need for a united left alternative in England and Wales, as well as in Scotland. It must have real roots and, unlike Labour, an orientation on workers' struggles and fighting for socialism.

The idea that Tusc fits this description, when it has no actual existence on the ground between elections, is ludicrous. But the SWP shares with SPEW the notion that 'the party' that has an actual 'orientation on workers' struggles' already exists - ie, itself.

Besides this, there is also the naivety that these two groups seem to share about what is taking place in Scotland. Both acknowledge that the Scottish National Party has "claim[ed] the mantle of an 'anti-austerity' alternative standing to the left of Labour",<sup>4</sup> but, seeing as they both succumbed to the Scottish nationalist call for independence in the September 2014 referendum, they have been left to compete with this far more effective campaigning machine on the basis of the denuded "anti-austerity" politics they have been pushing up to now. According to *The Socialist*, "The huge growth in support for the SNP in Scotland following the TV debates shows the potential for a genuine anti-austerity alternative to be built."

Without any serious critique of the role of nationalism grounded in actual socialist politics, both groups have been reduced to criticising the SNP (as well as the Greens in England) solely on the basis that they voted for cuts in this or that council.



## CPB

Then there is the party representing the flag end of 'official communism' in Britain, the *Morning Star's* Communist Party of Britain, which is standing nine candidates in the major cities (but also in North Devon!). At the same time it is very much for a vote for Labour everywhere else. The telling point though was demonstrated in *The Daily Telegraph* this week, where readers were asked if they could tell the difference between extracts from the CPB's and Labour's manifesto.<sup>5</sup> True, the *Telegraph's* anti-Labour agenda is clear in pretending that Miliband can be confused with the CPB, but I have to admit that, although I probably pay unusually close attention to these things compared to the average member of the public, I only managed to get seven out of 12 answers correct.

Which party, for instance, pledges to abolish the non-domicile rule? Labour, the CPB, or both? Which party pledges to build 250,000 new affordable homes? There are some modest differences in terms of the CPB supporting a "wealth tax" at two percent on the richest, and pledging to get rid of British overseas tax havens, but this is very thin ground on which to

be competing with Labour, especially now Miliband has inched left from Blairism over the last few years.

There is something to be said, however, for sincere reformism. As a feature in the *Morning Star* put it, "It's time for some bright sunny uplands, an end to Cameron's awful diet of austerity and fear. Come May 7 I will cast my vote for Ed Miliband and the Labour Party with a slight glimmer of hope in my heart."<sup>6</sup>

This "glimmer" is based on the notion that "on some of the core issues ... - the NHS, the welfare state, housing and foreign wars - there is clear blue water between the Tories and Labour". There is a tiny basis in reality for this, but it is clearly delusional to ignore the race to the bottom against the UK Independence Party and the Tories that Labour has been pursuing on migration, where all of them have got into an arms race over denying welfare to migrants. Labour has pledged to uphold Tory cuts in its first years in office. It was the party that introduced privatisation proper into the NHS, and it is committed to the Transatlantic Trade and Investment Partnership, which will add to a number of previous trade agreements making privatisation of the remaining public services more likely.



## AWL

But the prize for most enthusiastic auto-Labourism this time around must go to the Alliance for Workers' Liberty, which has surpassed even the CPB in one sense: the AWL-sponsored Socialist Campaign for a Labour Victory does not just come out hard for a Labour vote, but, unlike the CPB, which is prepared to call for a Tusc vote, for instance, in "non-marginal seats", does not recommend a vote for any left-of-Labour candidates at all:

... we see the Tusc effort for May 7 as a much inferior way to build socialist awareness than the SCLV. Tusc is also running in many marginals (something previous minority socialist election campaigns have generally avoided), and that disdain for the labour movement's wish to oust the Tories cannot help.

Equally, Left Unity is no better:

The Left Unity group, launched by Andrew Burgin and Kate Hudson after they quit Respect, will also run a few candidates, but in general it is a small group pretending to be a 'broad left' party like Die Linke in Germany, and neither politically nor organisationally better than Tusc.<sup>7</sup>

Fundamentally, the AWL has fallen in behind the union bureaucracy in backing Labour, and poses equally risible 'demands' to expose it and put 'pressure' on the Labour leadership:

Because Labour remains linked to

the unions - because they could use their voice in the party to shift its course, if they chose to - we *should* support the election of a Labour government. But if we are going to avoid becoming foot soldiers for the Labour leadership, we need to do more than that.

We need to demand the unions stop covering politically for the Labour leadership, and start fighting for workers - in the first instance, by actually campaigning for union policies.

The AWL does acknowledge that a "strong slate of class-struggle socialist candidates, to champion workers' interests, raise the profile of socialism and put pressure on Labour from the left, would be best". However, it continues: "But that is not on the cards. Non-Labour left candidacies will be weak both organisationally and politically. In any case, even if you want to vote Green, Tusc or Left Unity here or there, that doesn't answer who will form the next government and what it will do. The left should not attempt to dodge this question."<sup>8</sup>

Of course, what the AWL is actually doing to build that working class alternative to Labourism is extremely meagre. It now has only one active member in Left Unity, Ruth Cashman (who stood with the Workers Power candidate, Rebecca Anderson, for the position of joint trade union representative in LU's recent internal elections). The actual pressure the AWL approach brings to bear on Labour is negligible.

The other thing to note about the AWL is the way its position on Labour has wildly oscillated over the years. It was only in 2008 when *Workers' Liberty* had an article headlined: "The Labour Party is a stinking corpse!" Back then it advocated "winning support from unions, or (the more realistic option now) from local or regional union bodies, for authentic, independent working class electoral challenges to New Labour. Obviously how and when this is done is a tactical question, but in general it is now essential."<sup>9</sup>

What all of these different perspectives represent is the left's failure to escape the orbit of Labourism or present any credible strategy for actually breaking people away from reformism. You either get a rose-tinted recreation of old Labourism, or a falling in behind the existing Labour Party as is. None of the tactics put forward really poses a solid political test in regard to Labour.

Even Workers Power, which calls for support for all socialist candidates, but alongside a blanket vote for Labour everywhere else, fails on this basis. There are no conditions placed on support for Labour candidates at all. In the end it just boils down to the same lesser-evilism: 'Kick out the Tories' ●

## Notes

1. www.socialistparty.org.uk/keyword/Labour\_Party/article/20337/18-03-2015/use-your-vote-to-hit-the-1.
2. www.socialistparty.org.uk/issue/853/20598/22-04-2015/election-distorted-effect-of-anger-against-austerity.
3. http://socialistworker.co.uk/art/40376/The+Labour+Party+and+socialism.
4. www.socialistparty.org.uk/issue/853/20601/22-04-2015/labour-is-facing-electoral-oblivion-in-scotland.
5. www.telegraph.co.uk/news/general-election-2015/politics-blog/11554098/Can-you-tell-Labour-and-the-Communists-2015-election-manifestos-apart.html.
6. www.morningstaronline.co.uk/a-075f-No-alternative-why-ill-vote-for-Labour-on-May-7#.VUCqg5MYCuk.
7. www.workersliberty.org/node/24805.
8. www.workersliberty.org/node/24454.
9. www.workersliberty.org/story/2008/04/14/labour-party-stinking-corpse.

## PROGRAMME

# Thinking the alternative

In his third article on the maximum programme, Mike Macnair argues that we can already see aspects of the social goals of communism in the present

In the first of this series (April 9) I offered an outline of the case for communists to have and to promote a maximum programme of 'final goal': that is, a strategic, long-term alternative to capitalism as such; a critique of the idea argued by Chris Cutrone (and repeated in his April 16 letter), that our concept of the alternative should build on the unfulfilled promise of liberalism; and an outline of the CPGB's maximum programme, as stated in our *Draft programme*. I asked whether this 'final goal' is really posed for us by capitalist development, or is just another utopia - and, if it really is posed for us, what questions this in turn poses for present-day politics.

In the second article (April 16) I approached the same question of the nature of the strategic alternative to capitalism through two very different treatments of the same issue. Peter Hudis's *Marx's concept of the alternative to capitalism* (New York 2013) asks the 'Marxological' question, what Marx proposed as the alternative to capitalism, and comes to the conclusion that this is a truly human society, one which escapes from *alienated* labour. However, Hudis's account flattens or simplifies Marx's views of the question in the direction of 'Hegelianising' Marx at the expense of the real influence of Feuerbach; of failing to recognise the continued relevance of the ideas of the *Communist manifesto* (and of ideas about pre-capitalist societies) in the late Marx; and of uncritical use of the *Critique of the Gotha programme*. Nonetheless, I argued that Hudis is clearly right that Marx's project is precisely one of general human emancipation - and hence of a society whose *social goal* is the *development of human capabilities*, both individual and collective.

Michal Polak's *Class, surplus and the division of labour* (London 2013) approaches Marx not through Marxism, but through engaging with 'analytical Marxist' and similar critiques of Marx. However, Polak argues for the acceptance of one fundamental aspect of these: Sraffian economics. On this basis, he arrives at the idea that managerialism would remain a regime of exploitation, even if the managers obtained only marginal consumption privileges (as was, in fact, true of Stalinism). I find Polak's economic arguments seriously questionable - in particular, because the Sraffian abstraction from money and equilibrium orientation, though it allows a useful focus on the necessities of social reproduction, deprives Marx's economics of a good deal of its predictive power, especially in relation to crises and the inequality of nations.

Nonetheless, I think that there are two particularly valuable points in Polak's arguments. The first is that Marx's vision of the new society involves overcoming of the 'division of labour', meaning occupational specialisation. The second, and related, is the persistence of the middle classes, even if the immediate political power of big capital is overthrown.

At this point it is, I think, necessary temporarily to step back radically, and for the moment to put on one side Marx and Marxism altogether (we will come back to them extremely rapidly), in order to ask the question again: *why* should we be looking for a strategic alternative to capitalism? (I said that there would be three articles in this series. I have been driven to the



Kazimir Malevich: 'Suprematism with eight rectangles' (1915)

conclusion that there will have to be four, since it is not possible to make the argument clearly within three.)

Because I am putting Marx and Marxism temporarily on one side, I also altogether ignore for the moment the fact that today's society is characterised by *long-standing* economic inequality; that the majority are held in subordination to a small minority who have powers of decision-making; that labour is alienated; that the society is riddled with a series of forms of discrimination and disadvantage (round gender, 'race'/ethnicity, sexuality, age, disability, etc). I do so in the first place because these features are also true of all prior societies since the end of hunter-gatherer 'primitive communism'.<sup>1</sup>

Secondly, it is reasonably clear that life under capitalism *can be* better than in pre-capitalist societies - which is visible at the most obvious level in the form of the radical increase in population capitalism is able to support, compared to previous societies.

Thirdly, precisely because humans have lived for a few millennia with inequality, alienation and so on, we remain able to *tolerate* these phenomena even if we (routinely) grumble about them. Radical change, and the search for an alternative social order, becomes posed as practical politics not merely because the existing social order has unattractive features, but because it is currently *making matters worse*.

## War

I begin where I began in my February 26 article, with 'radicalisation' into support for Islamic State and, more generally, war and destruction in the Middle East. It is unnecessary to make any Marxist assumptions at all to reach the conclusion, *first*, that 'radicalisation' into support for Islamic State and similar groups reflects an entirely morally legitimate aspiration to end US dominance of the Middle East and its inhuman, destructive consequences (Fallujah; Abu Ghraib; Israeli operations against Gaza, etc; drone attacks on civilians; the 'sanctions' siege of Iran; International Monetary Fund restructurings and their mass unemployment consequences; and so on). The US state *holds other*

*peoples in subordination*, just as the 19th century British empire did, if in a different (and in some ways, since 1975, a more destructive) form.

*Second*, in practice IS and similar groups *do not* - unlike the old semi-Stalinist secularist national movements - represent an actual alternative to US domination, destruction and war. On the contrary, besides the fact that they are funded by US allies in Saudi Arabia and the Gulf, the religious-sectarian nature of their political project means that they *serve the US*, by inflicting death and destruction either on their own country (Syrians, Iraqis, Libyans), or on the country to which they become war tourists (British and other overseas jihadis). They serve the US because the *practical* orientation of US policy in the 'third world', ever since the mid-1970s and the US defeat in Indochina and Portuguese revolution, has been to inflict destruction on those who offer any sort of nationalist project, not to attempt to impose any real local order.

Neither of these points are Marxist claims; they are merely - obvious - empirical claims. Marxism can offer *explanations* of the phenomena, which connect them to capitalism. But the phenomena themselves pose immediately a moral question of alternatives to the presently existing (dis)order.

As I said in my February 26 article, the Middle East is by no means the only region targeted for subordination and destruction. Ukraine has also been a recent target - and a dangerous one, which is *capable* of triggering a full-scale great-power war and a nuclear exchange. This reality speaks against both 'racial' or 'anti-orientalist' and more general 'third worldist' explanations of US policy. On the other hand, it points towards a tendency both to increased warfare and to ever more destructive war. It is not necessary to suppose that great-power war would necessarily lead to a large-scale nuclear exchange - after all, chemical and biological weapons were available, but not used, in World War II. It is rather that the tendency to produce state failure, Fallujahs and so on is clearly increasing in its present effects and coming closer to the threat of full-scale great-power war; and *conventional* weapons are already a good deal more destructive than those used in World War II, which in turn

inflicted many more deaths and much more destruction than World War I.

## Climate

Closely linked to the direct problem of geopolitics is that of human-induced climate change. The problem is, *first*, that inaction on this front will probably result in us bequeathing to our descendants an uninhabitable world - and may already be producing a substantial increase in storm damage.<sup>2</sup>

*Second*, however, effective controls on carbon emissions require global action; and the possibility of global action, in turn, immediately poses very sharp distributional issues: should the costs involved be borne chiefly by the 'first world' states, which have, hitherto, been the main beneficiaries from fossil fuel-based industrialisation? Or should 'developing' countries be blocked from 'developing' further using carbon-intensive means?

These questions have led to an effective failure to reach international agreement. There has, indeed, been some slowing in the growth of carbon emissions since 2008 - but this is due merely to the effects of the recession and decelerated growth after the 2008 crash.<sup>3</sup> The problem is that even if - as some economists argue - there could be a 'green capitalism', in the *transition period* any state which imposed controls would disadvantage 'its' businesses, and GDP growth in its territory, benefiting other countries which did not impose such controls. In other words, overcoming the climate change problem *necessarily requires* creating a world authority massively more powerful than the USA (let alone its United Nations front).

## 'Structural reform' and crises

'Closer to Marxist home', since the abandonment of the 'Keynesian consensus' in the late 1970s, the underlying situation facing wage-workers globally has worsened and continues to worsen - and economic 'authorities' from the IMF down to the 'business correspondents' continue to argue that this situation *must be worsened further* through 'labour market flexibility' in order to achieve 'competitiveness'. Where industrialisation *had* developed in the 1950s-70s 'third world', 'debt crises', 'restructuring' and other capital mobility have today produced endemic unemployment and pauperisation on an enormous scale; elsewhere, as in China and Iran, various devices are used to enable capitalists *not to pay* their workers; in the 'advanced capitalist' centres there is 'managed' unemployment and an endless downward ratchet on pay and conditions.

Nobody any longer seriously argues that economic inequality is being ameliorated through economic development and 'trickle-down' or, in the style of the 1950-60s social-democrats, that capitalism is gradually being replaced by something else. Instead, what is on offer is economic "There Is No Alternative" and otherwise divide-and-rule, whether through nationalism or 'intersectionalism'. These latter serve as gatekeepers for the protection of the class interests of the capitalist "1%" and its middle-class agents and allies, against the idea of developing working class solidarities and organisations.

My point here is not merely that

there is striking inequality: as I said above, we humans have lived with this now for millennia. The point is that the recent evolution of the capitalist world economy involves *making things worse* for very broad masses; contrary to a common academic criticism of 'traditional Marxism', there is *in the current period* some 'absolute immiseration', *increasing* impoverishment, of a large part of the global working class. Moreover, the institutions (IMF and so on) and ideologues insist that this trend *must continue*.

These observations again in themselves require no Marxism. They are shared with people who were on the *right* of Labour before Blairism, with some who are old-time 'liberal' Democrats in the US and even with some 'Christian Democrats' in Europe. For that matter, the idea that workers needed to organise predated Marx: proto-trade unions went back to the 1400s, various more general attempts date to the 1820s and 1830s, and arguments for working class organisation more generally can be found (for example) in the work of Flora Tristan.<sup>4</sup>

Also a return to an older world - and this brings us yet closer to Marx and Marxism - is the return of *serious financial crises*, again related to the break with the 1950s-70s 'consensus', this time *most immediately* in the form of financial deregulation. The Latin American debt crisis of the early 1980s; the 1987 stock market crash (and, in Britain, the burst housing bubble c1990); the savings and loans crisis of the same period; the 'Asian financial crisis' of 1997; the dot-com bubble and 2000-01 crash; most recently and most spectacularly, the 2008 crash. The trend line is to *increased* 'real economy' impact of financial crashes, in spite of the immense scale of money-printing to attempt to mitigate their effects.

The belief that the business cycle could be effectively managed by state intervention (again common in the 1950s to early 1970s) is not quite as dead as social democratic, gradualist claims to have got 'beyond capitalism'. But what is *offered* to manage crises is merely bailing out banks, etc, and printing money in 'sterilised' ways which prevent this leading to inflation (except of capital asset prices) and hence cling to the squeeze on the working class. If one can imagine the capitalists and their agents demonstrating, their slogan would be: 'No return to the 70s! Unions out now!'

## Marxism

If the *observation* that financial crises have become more frequent and serious since the 1980s does not require Marxism, *recognition of the fact* does require taking Marxism seriously. The reason is, first, that the various forms of marginalism, which are the foundation of all pro-capitalist economics (including Keynesianism), necessarily make crises and business cycles 'exogenous' to the market, since such events are necessarily inconsistent with the theoretical assumptions made by these approaches to explain the *apparent* phenomenon of market equilibrium. That financial deregulation should promote increased frequency and severity of crises is therefore inconsistent with the foundational presuppositions of all these schools.

Second, the primary offer for

'saving capitalism from itself' (Yanis Varoufakis, but also numerous other, less prominent figures) is some sort of return to the 'Keynesian consensus' of the 1950s-70s. But after seven years of below-par growth since 2008, it should be brutally clear that capitalists and elite actors are not prepared to offer such a return. For Keynesians the elites are acting irrationally; but there is a strong case for supposing that it is, rather, irrational itself to imagine that the elites are acting directly against their own economic interests.

Marxist theories, in contrast (I say theories in the plural because there are several defensible varieties) imply that the elites are acting consistently with their own interests. The problem is, at the end of the day, the same geopolitical one as that in relation to climate change. Action by any individual state - or, indeed, any individual bloc like the European Union - to move into 1950s-70s-style demand management without coercive measures against states which do not play by these rules would result only in a flight of capital and deepened 'stagflation', as happened to the first Mitterrand government in France in 1981-84.

Why, in turn? I will not go into depth on the issues here, but essentially the point is that the regime of the 1950s-70s was peculiar to its circumstances.<sup>5</sup> It was made possible by the massive destruction of capital values in 1939-48, and especially the liquidation of British overseas claims, which raised the rate of return on capital invested in productive industry by reducing total capital values and especially the claims of (British) financial capitals. It was made necessary by the combination of Soviet tanks on the Elbe, the Chinese and other revolutions, and the existence of mass communist parties in France, Italy and elsewhere - as well as the more general loathing for unfettered capitalism expressed in events like Labour's 1945 election victory.

By the 1970s, however, elites - especially US capital and the US state - were beginning to regret the 1950s-70s regime. It may have 'contained communism', and laid the foundations for marginalising Marxism and class politics, by offering the appearance of 'open society' prosperity and consumerism. But it also made both the working class and nation-states outside the central great powers too strong. It is possible that the tools of 1950s-70s economic management were genuinely 'running out of steam', with profit declines in the US and other 'core' countries in the later 1960s; it is possible that the US state simply broke them in its own interest by breaking the gold-dollar link in 1971, because this link was inconsistent with the costs to the US of its role as global policeman.

Either way, a return to 1950s-70s style global economic management would require a third world war (to make it possible), followed by a new cold war (to make it necessary). It is this circumstance, together with the explanatory uselessness of marginalism, which poses the question of Marxist explanations of crisis, etc.

Once we see this, we can also see that Marxist understandings of our other problems have more explanatory value than treating them separately; and that the question of a strategic alternative to capitalism is posed. Working backwards, the question of class and polarisation is obvious. If labour inputs are at least a constraint on prices (whether or not Marx's exact algebra and the 'transformation' procedure are appropriate), this implies that the employer-employee relation is antagonistic. Hence the tendency of the employing class (including, perhaps especially, small employers) and its political and other representatives to push for worsening wages, hours and conditions of work.

Further, a labour values approach, unlike marginal utility approaches, inherently implies a

tendency to business cycles of boom, crash, slump, recovery (whether the particular approach taken is underconsumptionist, falling rate of profit, or whatever). But the cycle implies that capitalism moves from a positive-sum game in boom periods to a negative-sum game in slump periods. In the negative-sum game phase, it is inherent that distributional politics are sharply posed both within states, as in the destabilisation of the Middle Eastern regimes, and between states: ie, that states will use any advantages to offload losses onto others. Several examples have been visible in the responses to the 2008 crisis. This logic in turn implies the inability of states to agree on steps to combat human-induced climate change; and it implies imperialist geopolitics and a rising tendency towards war and destruction.

Capitalism can be 'saved from itself' - this time round at least. But what is needed to do so is a new 1861-67 to raise up really independent rivals to the USA, and a new 1914-45 to destroy the USA's global military dominance, liquidate its overseas assets and create a new world top-dog state, which could provide a new global reserve currency, together with a new 1917 - not leading to global socialism, but to a new cold war. This option is unattractive in itself and carries a high risk of human extinction through full-scale strategic nuclear exchanges along the way. Thinking an alternative to capitalism should, therefore, be a preferable option.

## Coordination

What lies behind both the business cycle and the central role of states in the 'geopolitical economy' of capitalism<sup>6</sup> is the fact that equilibrium theories, and behind them the 'hidden hand', are false. An economy of individual 'rational utility maximisers' would fly apart; the appearance of equilibrium is created partly because very many people do not 'rationally maximise utility', but merely put up with acceptable levels, and partly because the free market requires the strong state. Hence, the more policy imposes 'rational maximiser' behaviour on economic actors, the more there will be both a tendency to crises and a tendency to state mercantilism, with its own logic of tending towards imperial state-to-state, patron-client relations and towards war.

The problem of the alternative is the problem of practical coordination of our global common activities. Beyond isolated hunter-gatherer life and subsistence agriculture, the world is dominated by an extended and complex material division of labour.<sup>7</sup> Except the very poorest peasants, and the most isolated indigenous populations, no-one is outside the global division of labour. For example, even the simplest iron and steel tools made by local smiths involve supply from the outside iron industry, which is - in the modern world - structured by states and markets.

The division of labour implies the need for mechanisms to coordinate people's different activities. These activities only when combined produce a liveable result. For a very simple example, if too much human labour time was spent building monuments (whether pyramids or office blocks) and not enough growing food, the builders would starve.

At the very deep roots of capitalist society is the fact that this coordination is accomplished - imperfectly - through the money mechanism. I do not grow my own food, weave my own clothes, etc: I work for a money wage (salary) and buy the goods I need.

The underlying principle of money is that participants in the market exchange equal quantities of (average, socially necessary) labour time. Without this principle, the aggregate price of food - for example - could fall

below its aggregate cost of production, so that the farmers stop producing more than they need for themselves and the rest of us starve. This principle could provide immediate feedback on prices in a low-surplus economy. But in a complex economy it is highly mediated: money prices diverge extensively from labour values, and this divergence only reappears as a problem in the form of the boom-bust cycle.

In order for money to work as a means of coordinating all our different activities under the division of labour, it has to be a means of exchange; and this means that it has to be not merely a measure of value, but also a store of value. If wages ceased to be worth anything between the date at which the worker was paid and the date at which she needed to use the money to buy things, the economy would again be dislocated: this is what happens in hyperinflation, as in Zimbabwe recently. In order to function as a store of value, money has to be limited in quantity.

It should already be apparent that crises in the monetary system will inherently have effects in the 'real economy'. Money is the means by which the diverse productive activities in the 'real economy' are coordinated: if the money mechanism for some reason breaks down, so will the coordination, leading to problems in the 'real economy'.

Credit may and does substitute for cash money. A promise to pay from a credit-worthy person can be used as if it was cash to make payments (provided the benefit of the promise is assignable or negotiable: ie, transferable). In reality, most cash is credit money. In the recent past, we do not use gold and silver coins, but promises to pay by central banks or government (banknotes) and token coins intended to have a higher face value than their metal content. In using these instruments we are giving credit to the state which stands behind the issuer.

Credit and credit money, therefore, are omnipresent within capitalist societies. They are in modern times practically much more important than commodity money (gold and silver), though crises tend to cause spikes in gold prices.

The boom-bust cycle is not produced by the malignity of individual capitalists, but by the fact that the relations between our different productive and consumption activities are mediated by private property and private decisions through the money and savings-credit mechanism. The attempt to use the nation-state to overcome this problem runs up against the fact that both the material division of labour and the money and savings-credit mechanism are global. It thus leads either to defeat - as happened to the USSR, etc - or to a drive to inter-imperialist war.

## Cooperation

The alternative is to break with capitalism altogether and carry out social decision-making about production and consumption activities collectively and transparently. To do so is to abandon both private property and the money system. It is to begin to appropriate the means of production collectively: communism.

Precisely because the material division of labour is international, even this is only possible through coordinated international action. The most basic decisions have to be the common decisions of the world's billions, even if many decisions can, in practice, be local in character.

To say that our strategic goal is to get beyond private property and decision-making and the money system in favour of collective decision-making means that we have to accept that the largest individual interest anyone can have in any productive activity is ... to receive a living wage,

and to have the right of political participation in collective decision-making. It is thus, in the immediate term, to proletarianise the whole of global society.

It is for this reason that it is only the working class as a class which can possibly lead the way to communism. Communism is precisely the denial of the property claims, not only of capitalists, but also of family farmers/peasants, petty traders and so on, and of intellectuals, managers, bureaucrat-officials and professional politicians in their personal careers and their control of information. Here Polak's analysis is helpful - and Hudis's analysis of the USSR as 'state capitalism' (and similar analyses) unhelpful.

An instant transformation from capitalism to communism is therefore impossible, unless we were to attempt 'forced collectivisation' (the experience of the USSR indicates that we should not). What is in question is in the first place the collective appropriation of those means of production which capital has already socialised in its own way, by making them corporate property: factories, ships, mines, commercial farms, patents and copyrights, and so on.

Collective appropriation is something rather different from nationalisation. Nationalisation is the appropriation of property by the nation-state. This can only be a collective appropriation if the state is subordinated to the working class by the immediate expropriation of the rights of privacy/control of information, career continuity, powers of patronage (top-down appointments, etc) of the elected officials and representatives.

This shift implies that the beginning of the supersession of occupational specialisation begins with the overthrow of capitalism, and does so through rationing access to leadership roles and managerial jobs by 'term limits'.

To project cooperation in this sense is to take part, but only part, of productive activity out of the money-based coordination system and its incentive schemes. This implies, as Hillel Ticktin has argued (and as Evgeny Preobrazhensky argued back in the 1920s), that for a period there are conflicting social goals and incentive schemes, a society of real contradictions, which communists say should collectively choose to drive towards the complete supersession of the money mechanism.

What are the social goals of communism? As I argued above, this time following Hudis, they are the free development of human collective and individual capabilities.

Put another way, the conception

involved is sharply different from that of Marx's Critique of the Gotha programme. In the Critique of the Gotha programme the orientation, 'From each according to his abilities, to each according to his needs', only appears after a period in which money and markets have been totally superseded and replaced with non-tradable labour tokens.

However, production regulated by human needs is (again, as Ticktin has argued) already present in late capitalism, in the forms of education, health and welfare services. David Cameron's Tories and similar parties and tendencies aim to drive the frontier back towards increased rationing by money of access to education, health, and so on. But they have not (as yet) succeeded in restoring even the level of 'market dominance' in these fields which existed before 1914. After 140 years of capitalist development since 1875, we can already see, therefore, aspects of the social goals of communism in the present.

In the fourth article I will return to these issues in a little more depth ●

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## Notes

1. It is common (though not invariable) among 'Hegelian Marxists' to deny that labour is alienated in pre-capitalist society. But in reality labour appears as an alien power over us just as much if it appears as an alien human power (labour demands of the slave-owner or the feudal superior) or an alien divine power (the original context of Feuerbach's conception appropriated by Marx), as if it appears in the form of capital. What is specific to capitalism is not alienated labour as such, but the sub-form of the fetishism of commodities.
2. 'Racism' in its modern form is, of course, modern; but for antecedents in the classical period see D Isaac *The invention of racism in classical antiquity* Princeton 2004; for medieval ones, for example, the words 'slave' (Slav) and Anglo-Saxon *wealh* (modern 'Welsh', meaning foreigner or slave), replacing the Latin *servus*.
3. Uninhabitable future: an example is 'Global warming: scientists say temperatures could rise by 6C by 2100 and call for action ahead of UN meeting in Paris' *The Independent* April 22 2015. Storm damage: see, for example, [www.skepticalscience.com/hurricanes-global-warming.htm](http://www.skepticalscience.com/hurricanes-global-warming.htm).
4. Compare, say, 'Global emissions stall in 2014 following slowdown in China's economy' *The Guardian* March 13 2015.
5. Proto-trade unions: traceable from attempts to repress, for example, Confederacies of Masons Act 1425; see JV Orth *Combination and conspiracy* Oxford 1991; J Rule (ed) *British trade unionism 1750-1850: the formative years* London 1988. Early attempts to generalise: see Wikipedia, 'Grand National Consolidated Trades Union'.
6. See M Macnair, 'Keynesianism: nationalist ideology' *Critique* No41 (2013), pp199-213 and literature cited there.
7. Radhika Desai's phrase - see *Geopolitical economy* London 2013. I do not mean to endorse the specific claims of the book, which involve commitments to methodological nationalism and 'national roads' politics.

The division of labour is, of course, already present in hunter-gatherer and peasant societies in the form of the separate tasks of men and women. But this does not pose the same coordination problems as the developed division of labour.

## Fighting fund

# £274 in two days

“Unfortunately this may be my last donation for quite some time,” writes JH. He explains that his job is about to end and he is not sure when he will have work again. But the comrade is clear about his priorities: “Once I find employment again I shall resume donations,” he continues - and, in the meantime he sends us a cheque for no less than £55!

What can I say? ‘Thank you’ seems a bit insufficient, doesn’t it? Anyway, his was one of three cheques in this week’s post, the others being from RT (£20, added to his subscription) and BP (£25). Then there were three PayPal gifts - from GO (£20), GS (£10) and PM, a comrade in the US, who donated £5 (they were among 2,824 online readers last week).

As usual, though, the biggest slice of cash came in the shape of standing orders - thanks to SS, JM, GT, DS, JT, RC, PM and CC, whose regular donations ranged from £5 to £75.

All in all, quite a good week, which saw April’s fighting fund increase by £327. But we are still shy of our £1,750 target, which we need by 12 noon on Friday May 1. *We need £274 in two days!* Please use our PayPal facility or transfer your donation using your online bank account ●

**Robbie Rix**

Fill in a standing order form (back page), donate via our website, or send cheques, payable to *Weekly Worker*

## GREECE

# Crunch time approaches

Does Syriza have a plan B, wonders Eddie Ford, and is it viable?

**W**atching events unfold in Greece is like observing a slow-motion crash: with every week that goes by we are waiting for the final crunch.

According to heavily reported accounts of the April 24 meeting in Riga, euro zone finance ministers at one point had their heads in their hands whilst Yanis Varoufakis, the Greek finance minister and very 'erratic Marxist', lectured them yet again about the evils of austerity - and, of course, the virtues of Keynesianism. Further incurring their displeasure, in between sessions, he tweeted: "I welcomed their hatred" - quoting from Franklin D Roosevelt's famous 1936 Madison Square Garden speech, in which he pledged to continue the New Deal and attacked the "old enemies of peace" who were profiteering from the great depression.

Even worse, apparently, he failed to attend the official euro group dinner - an affront too far. Tempers extremely frayed, a senior official complained that it had become "impossible" to do business with Varoufakis - and that "any sympathy" for Athens was eroded by the "failure to draft concrete proposals". The Greek government is not playing ball.

But, in a move that took some by surprise, Varoufakis on April 27 was replaced as leader of the negotiating team by Euclid Tsakalotos, the deputy foreign minister for international economic affairs - who was privately educated at St Pauls in London and went to Oxford University (where he belonged to the student wing of Greece's Eurocommunist party, KKE Interior).<sup>1</sup> This is a possible indication that the Greek government is on the verge of capitulating to the 'institutions' in the form of the European Commission, International Monetary Fund and European Central Bank - though Varoufakis strenuously denies that he has been sidelined. Meanwhile Alexis Tsipras has called him an "important asset" for the Syriza-led administration. Indeed, various government insiders have told the press that the move was not much more than "window-dressing" aimed at placating the irritable head of the euro group, Jeroen Dijsselbloem, and the increasingly unhappy ECB. As for Tsakalotos himself, he claims to be adamantly opposed to any "further" austerity measures and guided by the concepts of "participatory democracy" and the "anti-globalisation movement".

However, EU officials have taken comfort from this reshuffle - common sense will reign again. The new negotiating team was described as "moderate" and "sensible", with the greater involvement of Giorgos Houliarakis being particularly welcome. He is widely viewed as a key ally of the more pragmatically inclined deputy prime minister, Yannis Dragasakis, former deputy speaker of parliament and a member of the KKE's central committee until 1991, when he resigned to join Synaspismos (Syriza's largest component). Houliarakis has been involved in talks with the so-called 'Brussels group' of financial technocrats doing most of the spade work on the conditions for resuming lending to Greece.

Tsakalotos is expected, alongside Varoufakis, to represent Greece at the next euro group meeting of finance ministers on May 11. This is widely seen as a make-or-break date for the Athens government to persuade the institutions to unlock €7.2 billion in bailout funds and open the way for talks on a third bailout package - something that Syriza specifically ruled out during its election

campaign, of course, fighting instead for a partial debt write-off (originally it had called for the repudiation of the entire debt). Then the next day, on May 12, Athens has to meet a debt payment of €780 million to the IMF.

The markets were slightly cheered up as well by Varoufakis's demotion, if that was what it was. After the announcement, Greek shares rallied, with the Athens stock exchange closing the day up 4.4%. Two-year bond yields also fell to a two-week low of 23.55%, though obviously still dangerously high. But far less good news came when Greece's central bank released figures on April 29 showing that bank deposits fell to a 10-year low in March, as savers continued to worry about the country's finances and the continuing impasse over releasing bailout funds. They dropped 1.36% to €138.55 billion, the sixth monthly fall in a row, albeit at a slower pace than in February. In response, the ECB raised the amount of 'emergency liquidity assistance' available to Greek banks - lifting the cap by €1.4 billion to €76.9 billion, after a similar increase last week.<sup>2</sup> The bank's governing council did signal, however, that access to such funds may become more problematic if bailout talks remain deadlocked.

In another possible sign that the government is preparing a compromise, the Tsipras administration has pledged to present reform proposals to legislators by April 30 in a bid to facilitate talks. But the bill is not expected to offer major new concessions, beyond those already discussed with creditors. It does include measures to clamp down on corruption and tax evasion by "boosting the independence" of the revenue collecting authorities. For instance, tourists on popular Greek islands will be required to use a credit card for transactions over €70 in an attempt to tackle tax evasion. Other "fiscal management" reforms will include a new tax on television broadcasting rights and TV advertisements. One official said Athens would "push back" plans to raise the minimum wage, but Greece's deputy labour minister has said that the government will not agree to demands for further pension cuts - something else demanded by EU officials.

## Asphyxiation

But time is rapidly running out to make some sort of deal with the institutions. Tsipras has said he is "confident" about reaching an "interim agreement" by May 9. On April 28 he ruled out defaulting on the €780 million loan repayment to the IMF, but the plain reality is that Athens is struggling to pay a €1.7 billion wages and pensions bill due at the end

of the

week, and at the time of writing it is not entirely certain that the bill will be met - or how. Indeed, with cash reserves running out fast and bankruptcy looming, it is far from impossible that the government will prioritise paying pensions and salaries over debts to the IMF and the ECB.

At the beginning of the week, Tsipras hit out at both the institutions and his political opponents. Some of his sharpest comments were reserved for the previous government and unnamed forces in Europe, which he accused of laying a "trap" for his government - they "derive pleasure from the prospect of a failure in the talks", he said, remarking that Syriza took over a "minefield" when it came to power in January. The new government inherited a situation of "financial asphyxiation". He is obviously right.

He singled out the ECB for special criticism. Greece's pressing liquidity problem, he stated, had been exacerbated by the bank's "politically and ethically unorthodox" decision to limit the issuing of short-term government debt. In this way, he argued, Greece lost its ability to refinance an additional €6 billion: ie, the banks were prevented from financing the government. In another jibe against EU officials, he said his government made a mistake by accepting a *verbal* rather than written commitment from Dijsselbloem that the ECB decision would be reversed once Greece got a deal to extend its bailout.

Responding the next day, Dijsselbloem said Athens should not have been surprised by the ECB's move. In his opinion, the Greek government "gambled" that, as part of the negotiation process, the ECB would "open its cashier windows" and "relax the rules". No way. There will be no "easy access" to ECB cash until there is a "solid agreement" with the euro group. Athens has been told this "time and time again", he emphasised. Dijsselbloem also reiterated his long-held position that Greece would need new loans to stay afloat. Without further financial assistance, the country "won't make it", he insisted - "that's the reality".<sup>3</sup> It is hard to disagree. Germany, needless to say, has made

it abundantly clear that Athens has to provide a *detailed* list of reforms if it is to have any chance of getting its hands on any more bailout money.

Now, you might have

expected the institutions to respond more generously, whether on a gut humanitarian level or out of pragmatic geopolitical considerations, to prevent Athens pivoting eastwards - which it shows signs of doing. But, as the *Weekly Worker* has consistently argued, there was never any possibility that the Euro bureaucracy (especially Germany, the paymaster) would blink first. If they agreed to substantially ease the conditions of the Greek bailout, or even write off the debt, then Ireland, Portugal and Spain would immediately be asking for the same treatment - they would be mad not to. Then so would Italy, which is too big to bail out - even for Germany. Anyone who thought Greece would get a sympathetic hearing from the smaller euro states could not have been more wrong: the exact opposite has been the case. Countries like Lithuania, Estonia, Slovenia, etc are imposing onerous austerity because *there is no alternative* - or so they tell their own people. But if Greece were to get a break, even a comparatively small one, it would straightaway undermine the political and moral authority of those governments - perhaps their legitimacy altogether. Therefore it was only to be expected that they would be the most militant advocates of a tough line against Athens.

Clearly, the EU has a plan B if and when Greece exits from the euro - firewalls to protect from contagion. If some accounts are to be believed, German officials are remarkably sanguine about the impact that 'Grexit' would have on the rest of the euro zone, German taxpayers are liable for around €70 billion of Greece's €240 billion of official debt - a manageable loss, it seems. Over the past five years, the EU has put €500 billion into the European Stability Mechanism for helping troubled banks or governments and the ECB has a bond-buying scheme for emergencies. According to one unnamed senior German official, Spain, Portugal and Ireland would be okay, as they have "done their homework".<sup>4</sup> When pressed, the same official said that if a 'Grexit' drove the financial markets to demand a premium before lending to another country, then Germany would reassure them by proposing more integrated euro zone policymaking.

Playing cat and mouse at a press briefing after the Riga meeting (or debacle), Wolfgang Schäuble, German finance minister, was asked what euro zone finance ministers would do if negotiations failed and Greece ran out of money. He replied: "You shouldn't ask responsible politicians about alternatives" - adding that one "only needs to use one's imagination to envisage what could happen" if Athens cannot meet its financial obligations.

## Referendum

But more importantly still, does Syriza have a plan B? After all, its leaders are not stupid. The financial press has been full of speculation about the reintroduction of the drachma or even the issuing of government-backed IOUs that by definition would be worthless within months, if not weeks. Another scenario, as commented upon last week in this paper, is that Tsipras will use his 70% popularity ratings to cynically split his party and do a deal with To Potami and

the remnants of Pasok - maybe even elements of New Democracy - thus keeping Athens's creditors happy, at least for the time being. But while such a plan might appeal to Washington, Berlin and Brussels, it is unlikely to appeal to Tsipras who has devoted many years of his life to building Syriza.

Yet we got the first distinct glimmers of a plan B when he defined his task as negotiating an accord that "won't repeat the vicious circle of austerity, misery and pillage". Though he ruled out a snap general election, we should not discount that possibility. Tsipras, has, however, said that if international lenders sought further austerity measures then a referendum would have to be called: "If the solution offered goes beyond our mandate, it will have to be endorsed by the people". But he quickly told the listeners he was "certain" that point would not be reached - despite the difficulties, he thought, the "possibilities to win" in the negotiations are "large". Dijsselbloem poured scorn on the very idea, saying Athens did not have the money or time to conduct a plebiscite. ND leader Antonis Samaras was blunt about Tsipras's options: "An about-turn by the government or a referendum on the drachma."

Of course, at this stage, we do not know what the wording of any referendum question would be - or what position Tsipras will be pushing for if it actually came to pass. It could be that the Syriza leadership will agitate for a compromise deal, or climb down in order to stay in the euro zone. On the other hand, Tsipras might decide to go with those on the left of the party who favour a complete break with the euro zone and implementing its full anti-austerity programme - which will certainly be the case, of course. Given the current circumstances, it is quite conceivable such a referendum would see a large or even overwhelming majority backing the view that the country's plight is attributable to foreign bullying: ie, *German* interference. This kind of appeal to national pride would contain a kernel of truth, it goes without saying, but it would inevitably see Greece kicked out of the euro zone.

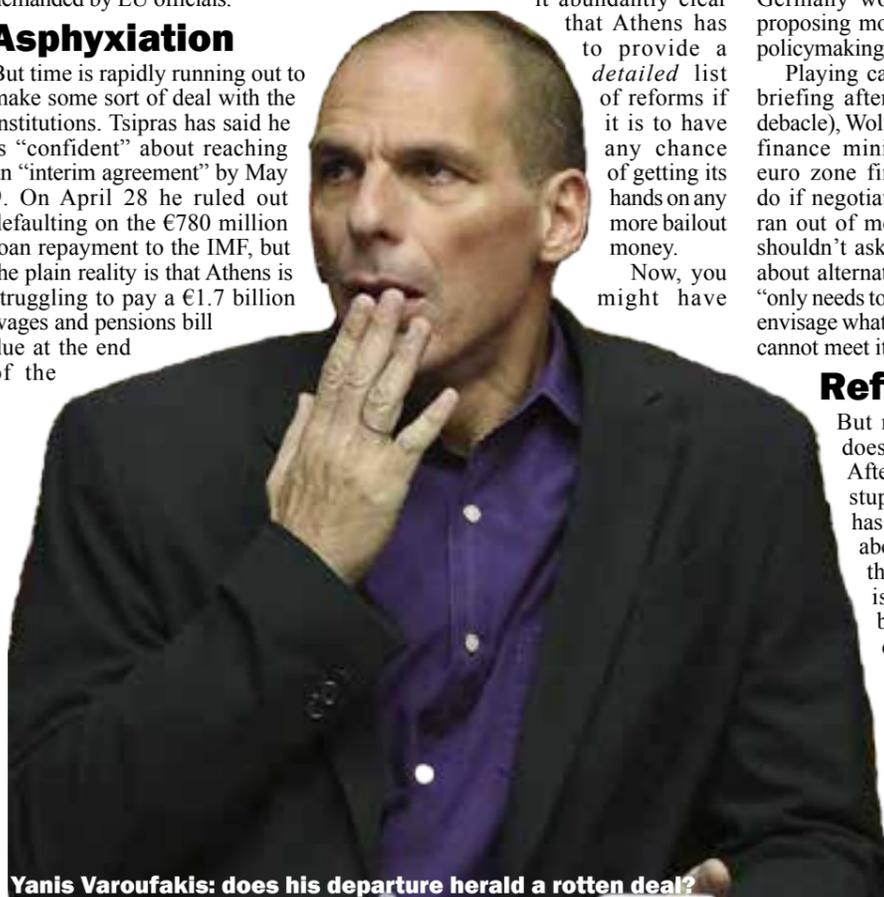
What then? The Greek government would have absolutely no choice but to preside over its own austerity regime and in all likelihood would be forced to go down the path that some in Syriza (most notably, Costas Lapavistas) have been agitating for over a number of years: a national socialist autarky. This orientation would presumably involve doing deals with Vladimir Putin, leaving Nato, etc - trying to become a Mediterranean version of Cuba.

Marxists do not deny that this is a viable political option - at least in the short term - though the absence of mass communist parties in Italy or France makes it a much riskier proposition now than in the 1960s. But from the *viewpoint of socialism* an impoverished Greece is not viable at all. That is why we emphasise the necessity of coordinated action and organisation across the EU. A United States of Europe would have every chance of spreading the flame of revolution to Latin America, Asia and Africa and finally to North America ●

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## Notes

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Yanis Varoufakis: does his departure herald a rotten deal?

## ECONOMY

# Close down financial casinos

Flash crashes, high-frequency trading and chicanery - 'spoofing' is just a symptom, writes Michael Roberts

If you watch sport on British TV (mainly Rupert Murdoch's Sky), you find that a large proportion of the ads that break up the action are for online betting. There are umpteen ways of betting, not just on the winners and losers, but in football on the time of goals, the goal scorers, the corners, the tackles and so on. And the visuals in the ads often present a massive casino where everybody is playing to win.

It is a perfect description of global financial markets - simply a global betting casino with bets by the minute, by the second and by the fraction of a second being made by bank traders. Casinos in Las Vegas and Atlantic City can be rigged - and so are the global financial casinos online. And every day people are trying to beat the casinos, including by cheating, while the casinos themselves try to make sure that the punters cannot win.

The latest example of this useless, wasteful and damaging activity is the case of Navinder Singh Sarao. Sarao lives with his parents next to London's Heathrow airport. According to the US Commodity Futures Trading Commission (CFTC), his trick was to enter a load of big, phony orders to sell US stock market futures. Then on May 6 2010, something very odd happened. There was suddenly a huge drop in the price of the stock market index, in just seconds. Then there was a quick recovery. It is called a 'flash crash' - something that has been increasingly happening in the global financial casino.

Immediately after this particular flash crash, Eric Hunsader, founder of the Chicago-based market data company, Nanex, which has access to all stock and futures market orders, detected lots of socially dubious trading activity that day: high-frequency trading firms sending 5,000 quotes per second in a single stock without ever intending to trade that stock, for instance. This is called 'spoofing'. And it seems that CFTC reckons Sarao was spoofing. On the day of the flash crash, Sarao never actually sold stocks. He was trying to trick the market into falling so that he could buy in more cheaply. He tricked the big casino machines in investment banks that execute the stock market trades of others. He 'gamed' them and made huge profits - some \$40 million is reported.

Does any of this matter? Is it not amusing that some clever, nerdy type in the Heathrow flight path, using a computer and making split-second trades, can dupe a whole stock market into crashing, if only a for less than a minute, and clean up?

High-frequency trading is all the rage in the US. HFT firms, using sophisticated mathematical models and algorithms, are gaining faster knowledge about the movement of prices in financial markets. So they can get in to buy and sell a millionth of a second before others.

Two things come from this: speedier information gives an advantage, but also allows the 'rigging of the market'. High-frequency trading is an advance in efficiency because it is speedier, but it is open to the usual chicanery of speculative investment. HFT is just another example of speculative capital engaged in arbitrage, simultaneously buying and selling two equivalent positions, or at least as instantaneously as possible. Time is risk. So reducing the time between buying and selling reduces risk to the speculator: HFT has taken that to the nth degree.

### Arbitrage

In one sense, high-frequency trading is nothing new in financial investment - it is just the latest technical revolution

in speculative financial trading and, in particular, what is called arbitrage. That means taking advantage of slight differences in the price of the same stock or bond before others notice.

Since the beginning of financial speculation, arbitrage has existed. The most famous example is that which made the legendary banker and speculator, Nathan Rothschild, hugely rich from the Napoleonic wars between Britain and France. Rothschild had an agent at the Battle of Waterloo in 1815. His agent saw that Napoleon was losing and rushed back to the coast, hired a boat for a humungous sum of 2,000 francs through a storm to England. On getting the news, Rothschild rushed to the London Stock Exchange and acted as though he wanted to sell British shares, giving the impression that British commander Wellington had lost. Everybody pitched in to sell and Rothschild quietly bought them all up before the news arrived of the British victory.

Let me quote Nasser Saber, author of three volumes on HFT, *Speculative capital*:

HFT is the adaptation to the new circumstances of old ways ... when a fund places an order to buy, say, 100,000 shares of a stock, the order has to broadcast to reach the market. But if before it reaches the market, we can intercept it and get ahead of the trade, buying as many shares as we can, that would push the share price higher, if only by a very small amount. We then sell for a profit, maybe razor-thin. If we repeat this process tens of millions of times a day, our low margin will be compensated by large volume ... that's HFT in a nutshell.<sup>1</sup>

The difference between Rothschild and high-frequency traders is that the former used a man and the latter use computers and software. Yes, it is efficiency and front running together - as it always has been. That is what financial speculation is all about. But then financial speculation creates no new value: it merely redistributes existing value or produces fictitious capital way out of line with real value. As such, it is not just no use at all, but positively dangerous to productive sectors.

Those with the algorithms and the maths and the technology can gain a momentary advantage over the average punter. And, of course, the average punter does not have access to the technology and also to the special 'private exchanges', where those 'in the club' can take advantage of these minute differentials at speed. Indeed, these private exchanges and dark pools of stocks were set up by the investment houses to stop the small HFT operations 'stealing' their arbitrage gains.

Back in 1998, Long-Term Capital Management (LTCM), a hedge fund, engaged highly-leveraged speculative investing, using a 'foolproof' and highly 'efficient' risk model called Black-Scholes. Its bets went wrong and it collapsed, losing \$3.8 billion and nearly taking the 14 largest US investment banks, who invested in it, down with it. LTCM and its investors were bailed out by public money from the Federal Reserve.

With HFT, spoofing and other forms of speculative capital, disaster brews more frequently. Speculative capital and trading is an accident waiting to happen and now at flash speeds. High-frequency trading and spoofing are very exotic and toxic forms of financial trading and are generating flash crashes. But speculative capital, as an

extreme form of financial capital, is also unstable and spills that instability into the accumulation of productive capital.

The global financial crash in 2008 was engendered by global investment banks engaged in speculative betting on US home mortgages and various derivatives of mortgage bonds. This created what the world's greatest financial investor, Warren Buffet, called "financial weapons of mass destruction".<sup>2</sup>

Regulation of these speculative activities was never applied. Bank derivatives were graded by credit agencies which were owned by the banks themselves and the agencies gave these products a top grading for safety. Governments and officials in the US turned a blind eye. In the UK, Labour, supported by the Tories and City minister Ed Balls (now the finance spokesman for the Labour Party), adopted what was called "light-touch regulation" of banking activities.

And now in 2015, after flash crashes and HFT, nothing has changed. Joseph Stiglitz, the Nobel laureate economist, recently called for a tax on high-frequency trading, and was blocked from a government panel that will advise regulators on spoofing and HFT: "I think they may not have felt comfortable with somebody who was not in one way or another owned by the industry," Stiglitz said in a phone interview.<sup>3</sup>

### Criminalities

Seven years since the global financial crash, the scandals and criminalities of the banks continue to come to the surface like scum on top of the barrel. The very latest is the record \$2.5 billion fine on the German Deutsche Bank for its role in rigging the short-term interest rate, Libor, which sets borrowing costs for households and small firms globally. This follows huge fines on Barclays and RBS.

And it is not so long ago that America's biggest investment bank, JP Morgan, had to pay the US government \$13 billion in compensation for selling 'toxic' mortgage assets to federal agencies, knowing full well that these mortgages were rubbish. The payment is in settlement to avoid criminal charges. It includes \$4 billion to settle claims by the Federal Housing Finance Agency that JPM misled Fannie Mae and Freddie Mac about the quality of loans it sold them in the run-up to the 2008 financial crisis, another \$4 billion in consumer relief and \$5 billion in penalties to be paid by the bank.

And JPM got off lightly. The bank had already made provisions of \$23 billion to cover these settlements. If the federal agencies and others had pursued their claims of misdoing to court, JPM was expecting to pay over \$30 billion, wiping out the past six quarters of profit. Instead it has got away with less than half that. And no banker has gone to jail for knowingly misleading government agencies. One analyst reckoned:

JPM and Dimon are getting a pretty darn good deal from the government. I suspect, when the settlement is actually disclosed, it will turn out that JPM's payout for rep breach violations/FHFA stuff are actually lower than for other banks and lower than that B of A \$8.5 billion settlement.<sup>4</sup>

All this took place after the global financial crash. JP Morgan continue to run a risky trading outfit out of London engaged in outsized trades in derivatives. The 'London whale', as

it was called, eventually lost the bank \$6 billion! The main trader, Bruno Iksil, told his senior executives that he was worried about the "scary" size of the trades he was engaged in. But they ignored him. And the US supervisors of the bank, the Office of the Comptroller of the Currency, supposedly now closely monitoring the banks, also did nothing. In a separate settlement, JPM also agreed to pay \$100 million and acknowledge wrongdoing to settle allegations by the Commodity Futures Trading Commission related to its botched 'London whale' trades. And the bank agreed to pay \$920 million to settle similar charges with US and UK regulators related to that 2012 trade.

The most awful example of financial criminality is the activity of HSBC bank, now threatening to move its head office out of the UK after the shame of its latest scandal. Stephen Green, former chairman of HSBC, is an ordained vicar, and in 2009 published *Good value*, an extended essay on how to promote corporate responsibility and high ethical standards in the age of globalisation! The good reverend was in charge of HSBC's private banking division based in Switzerland, before he became chief executive and chairman of the whole bank. And it is this Swiss division that was engaged in hiding the ill-gotten gains of thousands of rich people in many countries who did not want to pay tax for income made out of people in their home bases. HSBC went further in arranging clever ways to enable these rich people to recycle their cash back to the UK and other countries without tax payments.

Green's defence, provided by his supporters (he will not say anything himself), is that HSBC's federated corporate structure prevented group management getting to grips with tricky local details, such as spotting those customers who were running multi-billion-dollar drug cartels and arms deals. But, as Margaret Hodge, chair of the UK parliament's public accounts committee, put it, "Stephen Green was either asleep at the wheel or involved in dodgy tax practices."

"Light-touch regulation" and the neoliberal aim of reducing tax for the rich and 'creative' has been the norm in all the major capitalist economies, with corporate tax being cut back sharply to boost company profits and huge exemptions on tax allowed for the very rich to swan round the world avoiding their share of the burden of providing public services, infrastructure and communications paid for in taxes by the rest of us. And nobody in the big banks has been charged for these immoral and probably illegal activities. Instead the likes of the CFTC go after single traders like Navinder Sarao.

### 'Wealth creators'

Why was nothing done? First, because the rich and powerful are always to be supported by governments that believe they are necessary to make capitalism work. And, second, because, in the case of Britain and the US, big banks like Goldman Sachs or HSBC are seen as necessary 'wealth creators' through financial markets that are so important in decaying modern capitalist economies. Despite recent attacks on tax avoiders by Labour leader Ed Miliband, his finance spokesman, Ed Balls, seems less combative: at a recent meeting with City financiers he was reported as saying: "You might hear anti-City sentiment from Ed Miliband, but you'll never hear it from me."

The financial sector is not a wealth creator: at best, it is a wealth distributor or facilitator, and at worst,

and increasingly so, it is a parasite on the productive sectors of the capitalist economy. Is the financial sector useful and productive? Even mainstream economics doubts it. Andy Haldane, now chief economist at the Bank of England, has shown that banking is not productive and even positively damaging to the 'real economy'.<sup>5</sup> And a paper by the Bank for International Settlements (BIS) finds that, as the financial sector grew its share of GDP in the major economies, overall economic growth slowed. The BIS reckons there was a causal connection.<sup>6</sup>

First, the high salaries commanded in the financial sector made it harder for genuinely innovative firms to hire researchers and invest in new technologies. Second, the growth of the financial sector has been concentrated in mortgage lending rather than in loans for investment in new technology. Credit has gone into a property boom, not in boosting investment. The BIS found that manufacturing sectors that are dependent on either external finance or proportionally high research and development (R&D) suffer disproportionate reductions in productivity growth when finance booms. By draining resources from the real economy, financial sector growth becomes a drag on real growth.

For 40 years, the financial sector stayed roughly the same size relative to the rest of the economy. Then a phase shift occurred, starting in the late 1980s, and it has since commanded a share twice as large. The growth rate in productivity was systematically faster when the finance sector was relatively smaller and then, when the finance sector became bigger, productivity growth became smaller. The BIS found that a sector with high R&D intensity located in a country whose financial system is growing rapidly increases by between 1.9% and 2.9% a year slower than a sector with low R&D intensity located in a country whose financial system is growing slowly. Financial booms are not, in general, growth-enhancing.

Banking should be a public service, not turned into speculative capital operations. The proposed reforms of the banking system - more regulation, higher capital adequacy ratios, breaking up the banks into smaller units, separating the risky investment arm from the 'safe' retail and commercial arms and a financial transactions tax - all these will not be enough to make banking a public service. If we stop short of that, as nearly every set of reform proposals does - like, for example, the recent one proposed by the Keynesian-style think tank, Class, promoted by the British trade unions<sup>7</sup> - then it will fail to do the job.

We need public ownership of the main banks globally and in each country. We need to close down these financial casinos. That is the only way to stop the unstable speculative financial sector from ruining the economy and destroying jobs and incomes ●

### Notes

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**IRAN****Rich kid with bling on full display**

# Children of ayatollahs flaunt their wealth

In the wake of the Lausanne nuclear deal, the question of economic inequality has become central, writes **Yasmine Mather**

**T**hree deadly road accidents in one week, involving expensive cars driven by super-rich young Iranians, have dominated this week's news in Iran - especially after the country's supreme leader, ayatollah Ali Khamenei, used a meeting with police chiefs to criticise fast-driving, wealthy youngsters. Khamenei said: "I hear that young people from the generation of wealth, a generation intoxicated by their money, are driving luxury cars and parading in the streets, making the streets insecure ... This is an example of psychological insecurity."<sup>1</sup>

The cars involved in these accidents were Porsches, Ferraris and Maseratis driven by sons and daughters of ayatollahs or their cronies - people who live in multimillion-dollar luxury apartments, wear branded clothes and boast all modern accessories. An Instagram page, *Rich Kids of Tehran*, dedicated to the spending habits of this group, has gained notoriety as an example of obscene spending. The page shows young men posing next to private planes and helicopters, wearing expensive Rolex watches and holding gold-plated mobile phones, plus young women wearing ball gowns in luxury mansions with private cinema screens and swimming pools. A far cry from the lives of ordinary young Iranians, who need two or three jobs just to survive - and even then on incomes close to the state's own poverty line.

According to Saham news, the owner of the yellow Maserati killed in last week's accident was Mohammad Hossein Rabbani, the grandson of ayatollah Rabbani Shirazi.<sup>2</sup> Rabbani is listed in the official media as a religious scholar who opposed the shah's regime and became a servant of the newly

founded Islamic Republic after 1979. However, most of us on the Iranian left remember him as the personal representative of ayatollah Ruhollah Khomeini, leader of the Islamist movement that overthrew the shah. Rabbani was sent to Kurdistan soon after the February uprising to uphold the rule of the "government of the poor and disinherited" by overseeing attacks on villages where leftwing groups who were fleeing the Islamic regime's terror had sought refuge in Kurdish areas. It is also claimed that he played a part in show trials that led to the execution of communists in Kurdistan and Khuzestan.

How ironic that the grandson of this fine representative of "the poor and disinherited" should be killed driving a Maserati. It is also interesting to note that the supreme leader, who presides over a \$95 billion foundation, is disturbed not by the excessive wealth gathered by clerics and their relatives *per se*, but by its ostentatious display in the form of expensive cars.

## Rentier economy

All those studying the economic, political and social consequences of gross inequality should visit Iran's Islamic Republic. In explaining the current economic disaster in Iran, bourgeois economists are quick to point out the rentier nature of the economy - the reliance on oil, the role of the Revolutionary Guards in controlling the black market ... However, what they fail to point out is this is made possible and compounded by the fundamentals guiding Iran's economic policies: unfettered neoliberal capitalism. Fast, expensive cars are not a major contributor to the "psychological insecurity" of the population. Low wages, job insecurity,

systematic non-payment of wages, spiralling prices, food shortages, lack of basic medication are.

As elsewhere under neoliberal capitalism, there is no 'trickle-down effect'. While clerics and their closest civilian and military supporters have made billions from sanction-busting and the black market, ordinary Iranians have faced hunger, abject poverty and death due to shortage of medicines and surgical equipment. No doubt the display of grotesque wealth is adding insult to injury, but the supreme leader should pay more attention to the injury. Shahrzad Elghanyan, a *New York Times* reporter, was astonished by what she saw in a programme screened by the pro-government Press TV: "It was not just the wealth that struck me, but how freely Iran's 'one percenters' flaunted the symbols of western decadence without fear of government retribution."<sup>3</sup>

She adds:

Thirty-five years after a revolution that promised an egalitarian utopia and vowed to root out *gharbzadegi* - the modern, westernised lifestyles of Iran's cosmopolitans - how have some people become so rich?

Much of Iran's wealth, it turns out, is in the hands of the very people in charge of maintaining social justice. Hard-line clerical leaders, together with the Islamic Revolutionary Guards corps ..., have engineered a system where it is largely they, their family members and their loyal cronies who prosper.<sup>3</sup>

I have previously written about the pro-rich policies under Mahmoud Ahmadinejad's presidency, but there is no doubt that Hassan Rowhani is

continuing along the same lines. What is different is that the current president is more ideological in his defence of neoliberal capital and, now that the nuclear negotiations have progressed, he is turning his attention to internal politics, with disastrous consequences for working people.

Iran's super-rich, the one percent, are getting richer by the minute, because they thrive on neoliberal economic policies, implemented with the help of the state's military and security forces. Ahmadinejad promised a situation where 100% of Iran's workforce are employed on temporary contracts and this is one of the few aims that were all but realised during his presidency. Currently the overwhelming majority of the country's workforce are employed on such contracts, deprived of any employment rights. Companies do not need to sack rebellious workers and those who organise protests: they just refuse to renew their contracts. In this respect Rowhani is merely following in Ahmadinejad's footsteps.

Since 1988, when Iran first accepted International Monetary Fund loans, the IMF has sent a commission to Tehran every spring to verify the country's compliance with global capital's requirements. Every year by mid-summer the central bank and the government propose further privatisation in the industrial, banking and service sectors, bringing further misery to tens of thousands of workers, victims of subsequent job losses and casualisation. However, the level and scope of privatisation approved by Iran's supreme leader in 2006 was unprecedented - Khamenei had to 're-interpret' article 4 of the Islamic Republic's constitution. The government initiated plans to sell off

80% of its stake in a range of state-run industrial companies, in the oil sector, banking, media, transportation and mineral sectors, thus contravening one of its own economic 'principles', as laid down in the constitution.

As early as August 2006, when Iran first entered nuclear negotiations, most of the 100 or so points raised in the document sent by Iran to the US administration read more like a begging letter. They called for the lifting of sanctions to allow US transnationals the kind of investment opportunities enjoyed by European, Japanese and Chinese companies. By 2007, sanctions imposed by the United Nations created a situation where European and Asian companies were also prohibited from dealing with Iran, leading to the desperate situation of the last few years.

## Promises

In 2013 Rowhani's electoral success came about because he promised to end the country's isolation and the asphyxiating sanctions. The implication was that all this would inevitably lead to economic recovery, as Iran is integrated closely into the world capitalist order. It is therefore not surprising that, following the partial success in nuclear negotiations, Iranian capitalists and the Rowhani administration are eager to encourage western investment, with promises of a skilled and semi-skilled workforce at dirt-cheap rates, courtesy of the 'economic restructuring' programmes of the last two decades. Since the Lausanne deal in early April, the Iranian president and his ministers have only one item on their agenda: 'foreign investment', presented as the panacea for all the country's economic woes.

# What we fight for

As I have pointed out, previous Iranian administrations also presided over market-oriented capitalist economies. As state-owned companies were privatised, the main beneficiaries were regime insiders, so individual clerics, their immediate families, bazaaris, landowners close to the regime, as well as Islamic collectives, including sections of the Pasdaran (Revolutionary Guards), grew super-rich.

The old bourgeoisie keeps referring to this stratum as the *nouveaux riches*, amidst complaints about their greed, corruption and pitiless exploitation. However, the reality is that all sections of the capitalist class benefited from and relied on government 'restructuring' policies to sack workers and re-employ them under temporary contracts. Successive administrations watered down the post-revolution labour legislation in favour of the factory owners. 'White contracts', where the worker signs a blank sheet of paper and the employer fills in the contract details, are now the norm.

All this has contributed to a massive gap between rich and poor. The Maserati driven by Shirazi's grandson cost around half a million pounds - the equivalent of the monthly salaries of 2,500 industrial workers or 2,000 teachers. According to leftwing economist Parviz Raees,

Ahmadinejad supported semi-governmental capitalism - meaning corporations, organisations and semi-governmental military and non-military institutions - against a governmental, clerical and bureaucratic economy. All these factions existed before, but Ahmadinejad's administration, a conservative administration with radical rightwing economic policies, was trying to strengthen this new faction and create a new layer of capitalists. This layer established itself and took over as the main agent for investments, civil projects, extraction of natural resources, civil-military projects and developmental contracts.

Rowhani's administration has clearly accepted and recognised the existence, and the interests, of this new group. Right now, the problem is their disagreement regarding a portion of the resources and interests. We can see signs of this disagreement, for example, in [members of parliament] attempting to expose the supposed, not the real, corruption figures.<sup>4</sup>

In recent weeks, the issue of corruption and use of illicit funds (eg, from drug deals) in election campaigns has become a hot topic in Iran. In February 2015, the official news agency, IRNA, quoted Iran's interior minister, Abdolreza Rahmani Fazli, as saying that political life in the Islamic Republic was tainted by "dirty money", including from drug smuggling. The minister gave the example of \$600,000 spent by one candidate during a city council election as an example. The accusations ahead of crucial parliamentary elections were aimed at the more conservative opponents of the current administration and the minister faced an attack by 30 MPs, who accused Fazli of "undermining the healthiest and most transparent electoral system in the world".<sup>5</sup> By late April he was retracting his claims, but the damage was done - the minister's comment confirms what most Iranian people have long known: the Islamic Republic is institutionally corrupt.

The Rowhani administration has made a number of claims about its policies aimed at improving the economic situation, not least in tackling the spiralling rate of inflation combined with stagnation. However, most of the publicity about the government's *Proposed package to turn stagnation to expansion* is waffle. As Ismail Hossein Zadeh points out in *Counterpunch*, the document "turns out to be disappointingly devoid of any specific guideline or clear policy for economic

recovery". He goes on:

Slightly more than 40% of the package is devoted to a withering criticism of economic policies of the previous (Ahmadinejad's) administration, which is not only full of factual falsehoods and distortions, but is also dubious on theoretical grounds. The rest of the package consists of a series of vague statements and general descriptions that fall way short of a meaningful economic plan or programme. Reading through the package feels like reading through lecture notes of an academic economist on neoclassical/neoliberal macroeconomic theory, not a policy prescription or an economic agenda.<sup>6</sup>

## Rowhani's economics

Over the last two years the international press and media have concentrated on Rowhani's foreign policies, in terms of both negotiations with the P5+1 and confrontation with conservative figures internally. Outside Iran very few are familiar with the Iranian president's economic vision. He is an avid defender of market forces and opposed to state intervention (unless it is directed towards helping the market). In a major speech delivered in August 2014 Rowhani claimed: "The state must stay out of economic activities, and place those activities at the disposal of the private sector ... The private sector understands the economy much better, and it knows where to invest."<sup>7</sup>

He has written extensively on this subject in *National security and economic system of Iran* (August 2010). According to this book, the economic hardship faced by the peoples of the third world has nothing to do the global economic order or imperialist exploitation. It is a direct result of their own isolationism and economic mismanagement. So recessions, joblessness and hardship have nothing to do with neoliberal economics.

In other words, Iranian workers can expect little help from Hassan Rowhani. He is opposed to "oppressive" labour legislation (ie, legislation that restricts the freedom of capitalists) and believes that low wages and temporary-contract employment helps promote prosperity. His book states: "One of the main challenges that employers and our factories face is the existence of labour unions. Workers should be more pliant toward the demands of job-creators." The fact that there are no independent trade unions in Iran and that most of those who have fought to establish them are currently in jail escapes the president's notice. The book should be read by neoconservatives in the Republican Party - surely they will appreciate many of the Iranian president's comments.

According to Rowhani,

There is a close correlation between economic development and political stability, which means maintaining dialogue and friendly relations with the outside world. As stable international relations paves the grounds for economic development, economic development, in turn, makes a country more secure or stable, as it makes the country less vulnerable to external threats. Thus, there is a positive correlation, akin to a virtuous cycle, between the goal of economic development and the policy of establishing or maintaining friendly relations with the outside world.

For Rowhani, the man with an eye on the international situation, there are lessons to be learnt from the 'Arab spring'. Economic misery, frustration with ever-increasing unemployment and a growing gap between rich and poor fuelled the revolt. In countries such as Egypt, Tunisia and Syria the super-rich were identified as pro-western, decadent and anti-Islamic. Yet ruthless repression of the left had created a situation where

Islamists, often supported by Saudi funds, could benefit from the political vacuum created when protestors took to the streets, expressing all the frustrations built up over decades.

In Iran, the Islamists have been in power for 36 years and no-one amongst the millions of unemployed or unpaid workers have any illusions about the regime. They have seen how Islam's version of neoliberal economics works. The youth (some 78% of the population) - at least those not affected by drugs and addiction - can be divided into two categories: a minority who maintain illusions about the west and bourgeois democracy, hoping that full integration into the world capitalist order will bring prosperity; and a majority who reject current economic policies.

## Protests

Since January 2015 we have seen a wave of workers' protests for pay increases in line with the growing rate of inflation, against the non-payment of wages, against employers' refusal to renew contracts and against mass layoffs.

According to IRNA, Khatoun Abad Copper workers have gathered with their families on a number of occasions and at times for consecutive days in front of the governor's office in Kerman province, where they were protesting against threats to their job security. Varamin Sugar Company workers took to the streets in January to stop the closure of the company and the loss of their jobs. Ahvaz Water and Wastewater workers and miners from Tazeh in Semnan province were amongst large groups of workers waging protests over the non-payment of wages, while Iranian cities have witnessed demonstrations by teachers over poverty pay. They refused to attend classes for two days in January and there were similar protests in February and April.

Meanwhile, thousands of nurses from across the country gathered in front of the parliament to protest against the government's failure to implement regulated rates for nursing services. According to these protestors, although the new health bill has resulted in pay increases for doctors and surgeons, nurses have seen no significant improvement despite a substantially increased workload. This despite the fact that the country faces a serious shortage of nurses - the current ratio is only one

nurse for every 1,000 patients.

On foreign trips the president and his foreign minister are eager to tell reporters that there are no political prisoners in Iran. However, those of us who are in touch with labour activists in Iran know otherwise. Despite the sackings and threats, many workers continue to organise and participate in demonstrations, strikes and protests and many are sent to prison. The long list of labour activists currently incarcerated include: Yousof Abkharabat, Sharokh Zamani, Vahed Sayedeh, Jafar Azimzadeh, Jamil Mohamadi, Rasoul Bodaghi, Abdolreza Ghanbari, Muhamad Jarahi, Mahmoud Bagheri, Kourosh Bakhshandeh, and Behnam Ebrahimzadeh.

And, as Iranian workers prepare for protests to be held on May 1, the authorities have arrested a number of labour activists, including Mahmoud Salehi and Ossman Esmaili, members of the union committee at the Vahed bus company in Tehran, as well as the secretary of Tehran's teachers' association, Alireza Hashemi.

Workers organising protests face sentences of at least four to five years. Many of those currently held suffer from ill health caused by poor conditions. Political prisoners also complain of kidney pain, gum disease, arthritis and stomach ulcers - all due to torture.

This May Day Iranian workers will demonstrate and celebrate where they can - openly in some major cities, elsewhere by gathering in secret locations. They all have one thing in mind: solidarity with fellow workers in Iran and in other places. In the midst of the ravages of neoliberal capitalism in the Middle East, they are a beacon of hope for all those fighting for secular, progressive and internationalist values ●

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## Notes

1. Quote from the Iranian leader's website: www.khamenei.ir.
2. <http://sahamnews.org/2015/04/280950>.
3. [www.nytimes.com/2014/06/11/opinion/clerical-rule-luxury-lifestyle.html?\\_r=0](http://www.nytimes.com/2014/06/11/opinion/clerical-rule-luxury-lifestyle.html?_r=0).
4. [www.al-monitor.com/pulse/originals/2014/01/iran-parliament-corruption-mortazavi.html](http://www.al-monitor.com/pulse/originals/2014/01/iran-parliament-corruption-mortazavi.html).
5. [www.ibtimes.co.uk/iran-minister-accused-undermining-democracy-after-drugs-corruption-claims-1490765](http://www.ibtimes.co.uk/iran-minister-accused-undermining-democracy-after-drugs-corruption-claims-1490765).
6. [www.counterpunch.org/2014/10/17/neoliberal-economics-comes-to-iran](http://www.counterpunch.org/2014/10/17/neoliberal-economics-comes-to-iran).
7. 'Rowhani explains anti-stagnation economic policies': [www.farsnews.com/newstext.php?nn=13930519000461](http://www.farsnews.com/newstext.php?nn=13930519000461).



## HANDS OFF THE PEOPLE OF IRAN

### Explaining the chaos

Saturday May 30, 11am to 5pm  
The Cock Tavern, 23 Phoenix Road, London NW1

The peoples of the Middle East and north Africa live with the hell engendered by imperialism, war and state collapse. Is this symptomatic of a system in decline? Is the US deliberately spreading disorder in the hope of benefiting from national and religious divisions? Is Israel still the favoured ally of the US? Can the left and working class movement revive?

Our school will explore these complex issues and discuss how consistent anti-imperialist activists in this country should respond.

### Sessions

1. **Islamic State, Yemen, Syria, Iraq and negotiations with Iran.** Speaker: Yassamine Mather (chair, Hands Off the People of Iran)
2. **Inconsistencies of US strategy.** Speaker: Mike Macnair (Communist Party of Great Britain)
3. **Israel's future in light of changing US-Iran relations.** Speaker: Moshé Machover (Israeli socialist, co-founder of Matzpen)

PO Box 54631, London N16 8YE; office@hopoi.info; www.hopoi.org

■ Without organisation the working class is nothing; with the highest form of organisation it is everything.

■ There exists no real Communist Party today. There are many so-called 'parties' on the left. In reality they are confessional sects. Members who disagree with the prescribed 'line' are expected to gag themselves in public. Either that or face expulsion.

■ Communists operate according to the principles of democratic centralism. Through ongoing debate we seek to achieve unity in action and a common world outlook. As long as they support agreed actions, members should have the right to speak openly and form temporary or permanent factions.

■ Communists oppose all imperialist wars and occupations but constantly strive to bring to the fore the fundamental question - ending war is bound up with ending capitalism.

■ Communists are internationalists. Everywhere we strive for the closest unity and agreement of working class and progressive parties of all countries. We oppose every manifestation of national sectionalism. It is an internationalist duty to uphold the principle, 'One state, one party'.

■ The working class must be organised globally. Without a global Communist Party, a Communist International, the struggle against capital is weakened and lacks coordination.

■ Communists have no interest apart from the working class as a whole. They differ only in recognising the importance of Marxism as a guide to practice. That theory is no dogma, but must be constantly added to and enriched.

■ Capitalism in its ceaseless search for profit puts the future of humanity at risk. Capitalism is synonymous with war, pollution, exploitation and crisis. As a global system capitalism can only be superseded globally.

■ The capitalist class will never willingly allow their wealth and power to be taken away by a parliamentary vote.

■ We will use the most militant methods objective circumstances allow to achieve a federal republic of England, Scotland and Wales, a united, federal Ireland and a United States of Europe.

■ Communists favour industrial unions. Bureaucracy and class compromise must be fought and the trade unions transformed into schools for communism.

■ Communists are champions of the oppressed. Women's oppression, combating racism and chauvinism, and the struggle for peace and ecological sustainability are just as much working class questions as pay, trade union rights and demands for high-quality health, housing and education.

■ Socialism represents victory in the battle for democracy. It is the rule of the working class. Socialism is either democratic or, as with Stalin's Soviet Union, it turns into its opposite.

■ Socialism is the first stage of the worldwide transition to communism - a system which knows neither wars, exploitation, money, classes, states nor nations. Communism is general freedom and the real beginning of human history.

# weekly worker

No more  
petty  
Bonapartes

## Court protects Labour corruption

After Lutfur Rahman's removal as Tower Hamlets mayor, Paul Demarty calls for authentic local democracy

As the general election looms, attention is focused on the heights of national government, to the detriment of the strugglers in the localities; spare a thought, then, for poor Lutfur Rahman, whose glittering and eventful career as mayor of Tower Hamlets has come to an abrupt end courtesy of the high court.

Rahman was found to have violated numerous parts of electoral law during his successful re-election campaign last year. Favours had been done for prominent supporters; a letter from 101 imams urging voters to back Rahman as part of their religious duty was found to be an act of "unlawful religious influence"; he had smeared his Labour opponent during his re-election, John Biggs, as a racist.

He now finds himself summarily dismissed from his post, possibly facing criminal charges and, bizarrely, removed from the electoral rolls - as if he could somehow rig an election merely by voting in it. While we have no difficulty believing the charges against him, such as they are, we do find the notion ridiculous that he is somehow uniquely culpable of such skulduggery; the question needs to be answered, then, as to why an example is being made out of him.

We cannot answer that question without a short political biography of the energetic Mr Rahman - for a long time a Labour councillor in relatively good standing. In 2010, however, Tower Hamlets found itself lumped with a directly elected mayor - which led to the delicate question of which of the local Labour power-brokers would get the big job. Rahman wanted it, as did council leader Helal Uddin Abbas.

After a lot of grubby legal manoeuvres, during which Rahman was initially selected, he was excluded from the selection process by Labour's national executive committee. He was hardly the only person to be gazumped in that kind of selection process, but unlike many he decided to fight on anyway, standing as an independent with the support of a minority of Labour councillors, the remainder of Respect's base, and 'outsiders' like Ken Livingstone. He won.

### Huey Long

As a politician, Rahman is something of a Huey Long figure. There is a certain leftish populism to his politics - his administration has done more to shield his borough from the depredations of government policy than many others in London; hence in the main the support of the likes of Livingstone and George Galloway.

There is also, of course, the headline-grabbing stuff about fishy deals among the Bangladeshi community, close links to local mosques and so on. In reality, this is just standard-issue stuff: there cannot be a ruling Labour council group in any constituency with a significant, well rooted ethnic-minority community without some kind of 'good relations' being maintained with that community's self-appointed representatives.

A populist with a ruthless streak, well versed in the horse-trading of local politics; a mayor who delivers on his



Uniquely culpable?

promises and remembers his friends - this is the picture of Lutfur Rahman. Such people, however, also tend to be remembered by their enemies. Biggs was hardly the only person in Tower Hamlets to be scurrilously accused of racism: so routine were such outbursts on the part of Rahman and his coterie that they became a running joke at council meetings.

On one memorable and well-storied occasion, a Rahman associate rounded on Labour councillor Ann Jackson, noting that, while London had once been terrorised by the Blackshirts, now it had to deal with the "black cardigans". Jackson was wearing the offending attire because she was mourning her husband, who had been buried the day before. Classy.

With this kind of invective flying around, it was hardly surprising that *somebody* should drag him into court; in the end, this fell to four people described everywhere as mere plucky local residents - although we find it hard to credit (given the nature of this game) that they were otherwise wholly foreign to the turf wars over political patronage in the borough. Certainly, there is only one party that will benefit from this farce; its leader has big teeth and a small teenage fan club.

Parallels can be drawn with his supporter, Livingstone, who likewise struck out successfully as an independent mayoral candidate after a Labour snub, also relying on backroom fixers and boxing clever with 'community leaders'. Livingstone survived because Labour took him back, and because he was prepared to go back - in spite of everything. Rahman remained out in the cold; Tower Hamlets Labour was determined to defeat him, not submit to him. This is, basically, what has happened.

There are certainly those who have made out of Rahman some kind of folk devil. But he is no Nietzschean superman, transcending his historical horizons; his story tells us a lot about

some of the morbid afflictions on the British body politic, for which he is wholly not responsible. As rappers like to say, don't hate the player: hate the game.

The first one is - again - the headline-grabber: the advance of multiculturalism and official state anti-racism. One aspect of this is Rahman's political potty-mouth, accusing all-comers of 'racism' or else 'dog-whistles'.

This is a good time to note that - oh, happy day! - Rahman is not entirely bereft of supporters. Perhaps the most vociferous among them is Counterfire, the shrivelling rump of former Socialist Workers Party members headed up by John Rees and Lindsey German, which has leapt to the beleaguered mayor's defence. An email lands in our inbox, with the subject line, "Defend democracy in Tower Hamlets", howls of outrage at the "racially skewed judgments", and advertising an "emergency meeting to protest [the] outrageous ouster of UK's first elected Muslim mayor".

The meeting aims to "set the record straight about the removal of Lutfur Rahman as mayor of Tower Hamlets and set out what needs to be done to defend democracy in Tower Hamlets, to challenge racism in the borough and beyond, and to ensure that anti-racist, anti-war and anti-austerity politics find their rightful place in the council".<sup>1</sup>

Linked therein are two further diatribes: one by John Rees,<sup>2</sup> and another by Ady Cousins.<sup>3</sup> Both expend an enormous amount of energy disputing Judge Richard Mawbrey's incidental claim that Bangladeshis are "not in any real sense a minority" in Tower Hamlets (depending on how you add up 'white people' - do we include recent European migrants? - they are the *plurality* at 32% of the population).

Comrade Cousins establishes, with admirable rigour and empirical evidence, that Bangladeshis in Tower Hamlets do still suffer from racial discrimination. Very good! Alas, he did not find space to justify the assertion that this *particular* Tower Hamlets Bangladeshi, Lutfur Rahman, suffered his recent misfortunes as a result of racial prejudice; let alone that he was innocent of the charges against him.

Rees, meanwhile, froths about "the long and disgraceful war by Tories, Liberal Democrats and the local Labour Party to stop the rise of Bangladeshi representation in the area".

Unfortunately, this claim, to use the jargon of bourgeois political science, is bollocks. A glance at the ethnic make-up of Labour councillors in Tower Hamlets reveals over 50% Bangladeshis - ie, the latter are overrepresented. Rahman's quitting of the Labour Party, again, saw him stand against the not especially white Helal Uddin Abbas first time round.

### State policy

But this is hardly surprising, because there is no "war" on Bangladeshi representation here - quite the opposite. It is *official state policy*, and at least semi-official policy of all the mainstream parties, to *actively promote* ethnic-minority candidates, especially in metropolitan boroughs where white Britons are not so preponderant.

The concrete effect of this - we repeat - *official state policy* is a racial politics reflective of the bureaucratized structure of declining capitalism. The one charge against Rahman comrade Rees comes close to conceding may have some justice is the matter of funds misplaced for 'grants' to allies; and this is precisely the approach of central and municipal government to maintaining 'ethnic harmony': throwing freebies to those who can present themselves plausibly as representatives of a given 'community'. That means small charities and NGOs, and religious organisations.

The effect is to remove most of the ugliest features of what multiculturalism succeeded - openly racist controls on 'non-white' immigration, police forces composed almost entirely of racist whites and so on - but, paradoxically, leaving the general working class population of those siloed into such 'communities' still disenfranchised. They gain a louder voice - provided it is the voice of the imam, or the preacher, or the NGO chief. It is no surprise that, in this situation, the spoils in local government very often go to those who can effectively negotiate (in other words, bribe) the community leaders.

The second important factor is the increasing centralisation of British politics. Rahman's ouster follows on from Eric Pickles' suspension of some Tower Hamlets powers, which in turn resulted from his sending in of beancounters Pricewaterhouse Coopers. The episode with Ann Jackson's black cardigan is widely known, in part, because Pickles unilaterally ordered all council sessions to be broadcast on video. Since especially the Thatcher

years, the powers of municipal government have been radically curtailed.

This, ultimately, leads not to the *emergence* of corrupt local government (which is surely as old as corruption and local government), but to the bleak fact that there is, at this point, almost *no other purpose* to local government. Those who are not directly feathering their own nests have an eye on bigger things in the long term - a seat in the Commons. As the stakes get lower, so does voter turnout, and overall political engagement.

Even at the municipal level, however, the drift towards centralisation is evident - most strikingly in the rise of these directly elected mayors. Whatever one might say about the ethics prevailing among councillors, at least there are multiple self-interested agendas, which, taken together, might in principle alert voters to dodgy activities. Rahman, on the other hand, had £1.2 billion at his own executive disposal.

The result is, as with the cult of the straight-talking CEO and 'presidential' elections, a proliferation of petty Bonapartes. Rahman is a representative example of the species. Here, there is something of a contradiction: after all, such a mayoralty is a stronger card to play in negotiations with central government than the divided loyalties of dozens of councillors; Rahman was able to put up some token resistance to austerity far more effectively than 'old-fashioned' Labour-controlled councillors elsewhere.

We do not advocate presidential politics, in Westminster or Tower Hamlets or anywhere else. Instead, real power must be devolved as far as possible: with a serious stake in local affairs, the masses of people may be relied upon to take care of things, without demagogues to do it for them. Tower Hamlets council meetings will be less colourful without the contributions of Rahman and his cronies; but those assembled will not be less corrupt, cynical and grasping, until a genuine democratic transformation makes those meetings matter ●

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### Notes

1. <http://us1.campaign-archive1.com/?u=53a71b9aee8ba723d12b1635&id=e6923d4329&e=32f5f18321>.
2. [www.counterfire.org/articles/analysis/17776-lutfur-rahman-tower-hamlets-the-real-electoral-fraud-is-about-to-begin](http://www.counterfire.org/articles/analysis/17776-lutfur-rahman-tower-hamlets-the-real-electoral-fraud-is-about-to-begin).
3. [www.counterfire.org/articles/analysis/17777-when-is-a-minority-not-a-minority-when-they-re-bangladeshis-living-in-tower-hamlets](http://www.counterfire.org/articles/analysis/17777-when-is-a-minority-not-a-minority-when-they-re-bangladeshis-living-in-tower-hamlets).

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