

A paper of Marxist polemic and Marxist unity



# weekly worker



**CPGB AGM debates the  
political failure of Left  
Unity and the tasks of 2016**

- Margaret Beckett's report
- Turkey's Kurdish war
- World economy on brink?
- Soviet collapse

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Towards a Communist Party of the European Union

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Origin of  
language  
lies in song





# LETTERS



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

## PSC cowardice

At the Palestine Solidarity Campaign annual general meeting on January 23, I moved a motion on Prevent and the Counter-Terrorism Act 2015. The PCS executive had presented a motion on the Counter-Terrorism Act which failed to mention any details about the act or indeed Prevent. To call it pathetically weak would be an understatement. I therefore moved an alternative motion, which was seconded by Clayton Doyle of Manchester PSC. It was supported by both Brighton and Waltham Forest PSCs.

What were the PSC executive's objections to our motion? Well, they objected to stating that Hamas, Hezbollah and the PKK weren't terrorist. No-one, of course, believes that they are, but they spuriously suggested that, because the political wings weren't proscribed, therefore everything was fine. But there have been government attempts to proscribe the Egyptian Muslim Brotherhood. Terrorism is being redefined as essentially any armed group that the west opposes. There is no pretence at any objective definition. Thus it was sheer political cowardice.

The most amusing objection came to affiliating to Together Against Prevent. "We don't know who they are. We don't affiliate to any groups," proclaimed Hugh Lanning. As I said in reply, if we don't, then it's about time we did. Who Together Against Prevent are can easily be found at <http://togetheragainstprevent.org/supporters>. There are three PSC branches, a couple of University and College Union branches and the National Union of Students affiliated, plus numerous community groups. It is true that there is a need for more trade union branches and unions, but that is where the PSC could help. Instead it chose, out of total political cowardice and inertia, to do nothing.

The irony is that the PSC's main objective in the conference documentation was to "Build alliances for political action", yet the reality is that the executive, which is dominated by Socialist Action and the Socialist League, is afraid of its own shadow and runs a mile from anything which is too controversial. Despite being nominally Marxist groups, in practice they are reformists of a particularly tepid kind.

I made a few comments about how we get the same action plan dressed up in a few contemporary events reappearing year after year. There is no attempt at critical self-assessment. The executive merely praises itself on a job well done and so we go on, repeating what we did the previous year.

I also spoke in the morning of the conference on the annual and action plans. They are basically a shopping list of the good and great. The problem is that there is no underlying political strategy, so the PSC's propaganda is limited to a human rights agenda. The PSC does not have explicitly anti-Zionist politics and thus it has no analysis of the reasons why Palestinians are subjugated and the relationship between that and Zionism. The idea of asking itself where it went wrong and what it got right is alien to it.

Another problem is that the AGM as presently constituted is not able to get to grips with the specifics. There are no amendments to the action plan nor any real discussion of the minutiae. What is needed, as a minimum, is for the conference to break down into different groups to discuss different aspects of PSC's work in the future. In other words, a radically different format from that which presently exists.

What was most interesting about Palestinian 'ambassador' Manuel Hassasian's speech was his acceptance that two states are dead and his call for a unitary state in the whole of Palestine. Of

course, this is not the official position of the quisling organisation, the Palestinian Authority, which he represents.

The PSC, however, is frightened of even discussing the question of a single state or the fact that two states is as dead as a dodo. Instead, for the sake of humouring MPs, it is wedded to the dead-in-the-water 'two states solution'. For the same reasons it has no perspective on the wider Middle East, despite the fact that without change in the Arab east there is no possibility of change in Israel/Palestine itself.

In short it was, once again, a disappointing AGM.

The PSC is the largest solidarity organisation in Britain, with over 5,000 members. It should be spearheading the attack on Zionism in Britain. Instead it is content to put over a broad, but depoliticised 'human rights' agenda, on behalf of the Palestinians, to MPs and those in power. It avoids like the plague all political questions, such as the nature of the Jewish state and Zionism.

Those to the left of the PSC have been content to organise in direct action groups like the Boycott Israel Network. This is fine, but it also avoids the central problem of the PSC's politics. It is appealing to a constituency of MPs, who are motivated not by human rights or justice, but by the foreign policy needs of the British state.

**Tony Greenstein**  
Brighton

## Back to cold war

In the face of the ongoing global economic crisis, with massive unemployment and a wage and welfare gap continuing to grow, the remnants of communist parties around the world see a chance of again becoming major, even leading, political forces. And the prime vehicle toward this goal is the trade union movement.

It is this that lies behind the decision of the Congress of South African Trade Unions to host the 17th congress of the World Federation of Trade Unions. Until this week, none of the other South African trade union federations nor the major international body, the International Trade Union Confederation, were aware of this decision.

ITUC general secretary Sharan Burrow has now sent a formal request to Cosatu to confirm whether the federation intends to host the WFTU congress. In previous statements, ITUC has made clear that it does not consider the WFTU to be a "genuine trade union organisation", since it includes among its affiliates the state-sponsored unions of countries such as North Korea and Syria.

However, formal affiliation to the WFTU and closer links with that body have been on the cards for Cosatu for more than three years. In the wake of May Day rallies in 2012, South African Communist Party general secretary Blade Nzimande urged Cosatu to affiliate to the WFTU, which is led by George Mavrikos, a former Greek Communist Party MP. Nzimande maintained this would "advance the cause of national liberation and socialism in the world today".

At the Cosatu congress later that year, several affiliates called for affiliation to the WFTU as an "anti-imperialist, class-based federation". Significantly, one of the leading supporters of this position was the National Union of Metalworkers of South Africa, which was subsequently expelled from Cosatu.

The move to now host the WFTU congress again brings to the fore the ideological fragmentation that existed after World War II, where the WFTU became, to a large extent, the agent of Soviet foreign policy throughout the cold war period. The International Confederation of Free Trade Unions (now ITUC) was the largely United States and British-inspired response.

With the disintegration of the Soviet Union and its satellites in 1990, the WFTU all but collapsed. This was a time of triumphalism for one side in

a politically bipolar world: the private-enterprise west had apparently finally dominated the state-centred east and these models were portrayed as the only alternatives available. Yet, on an economic level, both functioned on the same principle: competition. And this meant the accumulation of profit in order better to compete.

On the one side was the fusion of government and business - of state and capital; on the other, the economy was privately controlled, with the government at apparent arm's length. In the east the trade unions became merely conveyor belts for party and state; in the west, they were, to varying degrees, independent of party, state and business, although wooed and put under pressure by all.

But the concept of freedom of association, of the right of workers to independently form and manage unions, remains the ITUC cornerstone, and sets it apart from the WFTU, which accepts that "worker states" should be supported by their trade unions.

These ideological differences that erupted after World War II saw, especially in Europe, the trade union movement split along political and even religious lines, with Christian, communist, social democrat and other federations coming into being. This is the antithesis of the principle that trade unions should unite workers internationally, irrespective of ethnic, gender, political or religious differences.

This principled view sees trade unions as the vast reserve army of the sellers of labour, providing primarily protection against the ravages of the free market, while also supplying the volunteers to political parties wishing to reform or completely change the system.

The debate has now been reopened, with the South African labour movement facing the prospect of being dragged back into the rigid sectarianism of the cold war. Will sense prevail or will the already weakened and fragmented movement continue to lose ground?

**Terry Bell**  
Cape Town

## Marxist borders

Immigration policy after achieving socialism is almost entirely ignored in the left's great migration debate. Expressing the dominance of opportunism in all wings of the left, migration policy is based on impressions about how a restrictivist versus open-borders programme affects immediate class relations: does an open-borders programme promote solidarity or division, incite or undermine a rightist backlash, depress or increase wages?

But Marxists advance their core fighting programme, whether conceived as minimum or transitional, as *constitutive* of socialism. The fundamental issue should be migration policy under socialism. This is the issue that resolves the migration debate, because the most cursory appraisal informs Marxists that socialist migration policy will be subject to democratic planning by the working class and not disguised as the freedom to work wherever the wage slave 'chooses' in a labour market.

Trotsky's socialist vision for nationalities articulates with a planned labour economy, not with open borders: "Once socialism has become master of our planet, or at least of its most important sections, it will have unimaginable resources in all domains. Human history has witnessed the epoch of great migrations on the basis of barbarism [we're in such an epoch today - SD]. Socialism will open the possibility of great migrations on the basis of the most developed technique and culture. It goes without saying that what is here involved is not compulsory displacements - that is, the creation of new ghettos for certain nationalities - but displacements freely consented to, or rather demanded by, certain nationalities or parts of nationalities ... National topography will become a part of the planned economy. This is the grand

historical perspective that I envisage."

Not individuals working wherever they want, but the masses democratically controlling their collective future. Distinct national-territorial groupings determined by collective, not individual, decision-making. No forced assimilation of nationalities. National groupings continuing to exist for at least an epoch. Even under communism, when the nation-state withers away, we cannot foretell whether national groupings will arise. States will have withered away, but population distributions based on a distinct culture may continue to exist and, if they do, they will be subject to collective planning, not capitalist anarchy.

At stake is the communist versus anarchist vision. Conscious workers will demand socialism to control the terrible uncertainties that infect life under capitalism. Today, the uncertainties of mass migration come to the fore and most of the left stands for leaving the result ... to the market.

Control of migration under capitalism is always fraudulent. But the futility of capitalist restrictivism does not discourage Marxists from emblazoning the end of forced migration and forced assimilation on their revolutionary banner.

**Stephen Diamond**  
USA

## Imposition

The debate over whether socialists should fight for or against the 1707 Act of Union in Left Unity has raised some significant issues. A comrade on social media has said, regarding the Scots and what I have put forward: "the position you are in effect advocating forces an independent Scotland upon them - something they do not want. It is this that you refuse to fully accept."

The key words here are "force" and an "independent Scotland". No socialist could give up on "force" unless they abandon class struggle and become a pacifist, libertarian Buddhist. Apologies for any hurt caused to this unfairly despised section of society.

All politics is about one class imposing its programme on society and hence on other classes, with our without democratic mandate. Even libertarian parties seek to 'impose' the principle of *non-imposition* on the people. Socialists are no different when it comes to imposing. We have a definite programme, even when we dispute its contents among ourselves, which we recognise requires the support of the majority of the working class.

However, when it comes to socialists deciding whether to support or oppose the Acts of Union, immigration controls or the trade union laws, we do not subcontract this to public opinion. We do not say most people want immigration controls, so that will be our policy, so we cannot be accused of trying to 'impose' on the majority. That idea of policy formation by populist focus groups belongs in the Labour Party.

As socialists, therefore, we have to abandon the bogus principle of non-imposition and decide whether the Acts of Union are in the short and long-term interests of the working class. Having decided that, the party should fight to 'impose' this on society by winning a majority of the working class. The Acts of Union are a class question, not just a Scottish question, and the majority of the working class in the UK, to be won over, are in England.

The second issue is Scottish independence. The abolition of the monarchy, House of Lords and Acts of Union are policies for the working class throughout the UK, accepting that they imply the abolition of the UK as a political-constitutional entity. However, this does not mean imposing permanent independence on Ireland, Scotland or Wales. Marx himself saw that federalism and independence were possible solutions and he changed his mind over what to prioritise.

The Acts of Union may be abolished by a Scottish government or a UK government as a manifesto commitment, with or without a referendum. There was no referendum in 1916 when Irish republican socialists tried to abolish the Act of Union by force. But let us stick with the scenario of an elected UK government with a majority at Westminster.

Abolishing the Act of Union would in reality give Scotland the freedom to choose its future relations with England - either, for example, in a federal republic or as an independent republic. A federal republic which is not genuinely voluntary is worse than useless. We assume for the sake of argument continued membership of the European Union, with open borders, etc.

Abolishing the Act of Union 'imposes' on Scotland its sovereign right to decide its future relations with England. It would begin no more than a period of negotiation. The Scottish people would have the right to decide and negotiate its future without the interference of a British government threatening to take away everybody's job or steal their currency.

The possibility of a federal republican outcome is much more likely in this scenario than a Scottish majority having to fight the British ruling class defending the Acts of Union using force if necessary. Only if this UK government was in favour of 'English independence' can it be claimed that independence was 'imposed' by the majority nation on the smaller nations. The resolution I proposed for last year's LU conference does not call for English independence.

**Steve Freeman**  
Left Unity and Rise

## Under the bed

Whilst I agree with much of his article ('Stay as money, face death as capital', January 21), Hillel Ticktin claims there is \$76 trillion of uninvested cash held by capitalists, yet there is no crisis of profitability and the rate of profit is 12%. How can this be?

I and, I suspect, anyone would not keep their wages in a tin under the bed if they could get a 12% return on investing it down at the local Coop bank. Rather, I suspect, he is wrong when he dismisses the Marxists who are pointing to the tendency of the rate of profit to fall as a reason for the current crises in capitalism. It is surely the fact that there is no return on their investment to be made that stops them from investing in new plant and machinery.

**Dave G**  
email

## Untimely death

I wonder if the mainstream media in general and, arguably most nauseating of all, BBC News in particular would have fawned over the memory of the person they both repeatedly and incessantly described as an "inspirational genius" or suchlike, if the object of their adoration and generalised outpourings (namely the late David Bowie) had identically come up over the years with his works of pop music artistry, but rather than with song lyrics being written as actually they were, in both stark distinction and marked contrast the man had marketed, promoted and sold a hard leftist and thus highly disciplined/relentlessly focused Marxist-Leninist/Trotskyist revolutionary approach to society and culture and indeed politics?

Oh yes, indeed - notwithstanding the man's undoubted and ground breaking music scene super-talent, in those wholly imagined circumstances I've just described, would such a fully enlightened performance, genuinely liberated and *truly* progressive stance have generated an equivalent stream of unquestioning/unmanaged admiration - a similar slew bordering upon monsoon of nostalgic veneration? No, definitely and certainly *not*!

**Bruno Kretschmar**  
email



# AGM

## Politics and organisation

The CPGB AGM looked back at the past year and forward to our current tasks. Mike Copestake reports

Sunday September 24 saw CPGB members from across the country gather together in London for the organisation's annual general meeting. The AGM cast an eye back at the year that was 2015, its positive and negative aspects, debated our future work in the light of this, and considered how organisational tasks, and responsibility for them, are directed and shared out.

Mike Macnair for the Provisional Central Committee kicked things off with a reminder of the - relatively simple - goals of the organisation: that is, the formation of a politically and organisationally independent party of the working class, imbued with a proletarian-internationalist perspective. We call this a Communist Party, and it remains our primary aim. Our orientation to this end, he added, does not imply an attempt, like every other left group in existence, to go directly to 'the masses' in order to 'build the party' - especially given how fruitless this has been for the sects themselves.

According to the dominant left ideology, 'going to the masses' avoids sectarianism, but in practice it means little more than avoiding an open presentation of a Marxist programme, open political disagreement and hammering things out openly. The bureaucratic, activism-centred groups usually ignore the existence of rival groups, but this is in fact a dead end, which only produces and reproduces a powerful sectarian poison within the movement. Nonetheless, he believed that fundamentally it was to the currently constituted left we should look for the raw material to bring about the democratic, mass Communist Party and international of the future, or at least its seeds.

Looking forward to 2016, the comrade began with the current economic situation. We should expect a continued period of low growth and of the progressive manifestations of the gradual decline of the United States as the main world power. Likewise, we should expect the decline of the left to continue - a decline he backdated to around the time of the collapse of the USSR: traditional Trotskyist organisations had anticipated a workers' revolution in the former Soviet Union, and when this failed to materialise they were left theoretically at sea. Their bureaucratic centralism, combined with their sectarian proliferation, was totally unappealing to the working class.

In addition, the appearance of new left parties, such as Die Linke, Syriza and Podemos, had failed to benefit the far left in Britain. There was no significant growth in 2015 - either in the UK or more widely in the world. In his judgement, the Labour left and the new Momentum organisation, formed to support Jeremy Corbyn's leadership, were weaker than their 1970s and 80s predecessors.

We are not living in a period of general leftwing or working class political revival, but of continue decline, he concluded. Yet looking back to our 2015 AGM, the political scene was in many ways very different. A year ago, the general election was still looming, there was no Corbynmania, and Left Unity still looked as though it had some life.

The main problem for LU was that its leadership persisted in imagining that, despite left Labour capturing the heights of the Labour Party and drawing hundreds of thousands towards it, LU's left Labour politics plus activism would enable it to attract the thousands who it imagined would soon become disillusioned with Labour. Despite small but significant victories within LU - the Communist Platform has, for example, helped push back 'safe spaces' and drawn attention to the utterly insane party constitution - the leadership has for all practical purposes ignored the developments within Labour under the rubric of 'business as usual'.

In the debate fellow PCC member Jack Conrad concurred that we might well be looking at continued economic stagnation in 2016, the fact is that another catastrophic downturn was also possible - which, he thought, would alone provide the circumstances in which Labour could be propelled into office come the 2020 election. Looking towards the coming period, the comrade stressed the role that Labour Party Marxists - the group that takes its inspiration from the CPGB's *Draft programme* - could play in equipping Labour members with a strategic outlook. We must try to ensure that Momentum is not, like many before it, run aground through 'movementism' by either its leadership, or those operating in its margins, including members of LU, the Socialist Party in England and Wales and the Socialist Workers Party, who believe "the movement" and "the next demonstration", not the internal Labour Party struggle, to be of prime importance.

Sarah McDonald thought that groups like the SWP and SPEW would remain confused about the Labour Party, having no interest in fighting the battles within it against its bourgeois pole, and yet unsure how to lead its membership into the so-called 'real' struggle - marches, strikes and demonstrations.

For Charles Gradnitzer Labour's witch-hunting clauses should not be a significant obstacle to joining or engaging with Labour, so long as the right was not in total control locally. In his view Momentum was not split between those who wanted to turn outwards and others who thought we should concentrate on the internal Labour struggle, but that it would do both.

Looking forward to the coming year, comrade Farzad stated that questions of political economy were something of a weakness for our organisation and thought it was a good thing for the *Weekly Worker* to carry articles on the subject from the likes of Michael Roberts and Hillel Tickin. Adding to the list of what Mike Macnair had considered our "good judgements" during 2015 (on Syriza, Corbynmania, Left Unity), comrade Farzad also mentioned our opposition to any outside intervention in Syria, which saw many on the left demanding imperialist intervention.

Following this discussion, comrade Conrad gave a brief introduction looking forward to 2016 and our tasks. This session merged with a discussion on the party's internal organisation that had been sparked by a short document circulated by comrades Tina Becker and Sarah McDonald.

In comrade Conrad's view Left Unity's future did not look bright - in many parts of the country it has been substantially weakened or no longer functions at all. In view of this, while the CPGB has not totally given up on its LU work, it would be urging its supporters to focus more on the Labour Party, engaging with both Momentum and Labour Party Marxists. He anticipated that LPM would be looking to open up its ranks, whereas previously it had attempted to establish and retain its own distinctive political identity and programme. It should now welcome all comrades who accept the thrust of its established positions.

It was the task of communists in and around the Labour Party to emphasise that the 2020 elections, and 'taking office' generally, are not the main goals towards which we should strive, but rather the strengthening of the working class and its organisations, based upon their opposition to the existing order and a commitment to an alternative vision for the world. As for the Labour right, it is stuck with Corbyn for the time being, and will not be able to mount a successful coup in the short-term.

Tuning to Hands Off the People of

Iran (Hopi), a campaign within which CPGB comrades have played a leading role, comrade Conrad stated that the PCC's view is that an organisation with a more specific, pro-working class solidarity remit is needed, now that the immediate threat of military action or outright war has clearly subsided. It should perhaps be renamed to reflect that change.

In terms of our wider perspectives, he stressed that the *Weekly Worker* would go on attempting to demonstrate to the rest of the left the way basic questions of Marxism and communist organisation should be tackled, and that, despite its weaknesses in this or that respect, it was an excellent paper, an outstanding achievement, and one that we should look to continually improve.

As far as our organisational affairs are concerned, comrade McDonald spoke to the contents of the short document that had been circulated. Since Mark Fischer had to step down from the post of national organiser, essential party tasks were now falling to a few already busy individuals. In addition the weakness of some cells necessitated a rethink on how to move forward - she questioned whether there was a need for a cell that specifically focuses on Left Unity at this time, for example. The discussion document recommended locally based rather than online cells as being generally more effective.

In terms of reorienting and renaming Hopi, some comrades argued that this might add too much to our existing work, which in any case ought to be shared out better. In the absence of a national organiser, there was also concern expressed that one or two PCC members had perhaps taken on too much. The debate that followed helped enlighten all, with a little heat too, as to the thinking of the PCC and the amount of work involved.

Comrade Farzad stated that a reorientated/renamed Hopi would not mean a whole lot of extra work. In her view the organisational work taken on by the PCC was hardly excessive and the PCC should seek to inform itself better in relation to such tasks, rather than relying on one person, as perhaps it had done in the past.

As far as the recurring burden on particular individuals resulting from the organisation of certain events - the CPGB's annual summer school, Communist University, was specified by several comrades - both Paul Demarty and Mike Macnair were sympathetic, while Laurie McCauley thought that it was wrong to generate the idea that organisational and political work were two separate things.

Comrade Conrad commented that the PCC had brought its views on our 2015 activities and its perspectives for the coming year to this AGM precisely to avoid putting the organisational cart before the political horse, and, since comrades seemed pretty happy with the PCC's proposals for the coming period, we now knew what we would be organising around.

For ex-national organiser Mark Fischer it was important that knowledge relating to the functioning of party tasks be shared, so as to decrease reliance on a few individuals, who, after all, may suddenly fall under a bus or whatever. He argued that we must continue to exert every effort to improve the way we function, as well as our collective culture, which means that the PCC as a whole must be better acquainted with the distribution of tasks and responsibilities.

As the discussion continued, it seemed evident to me that greater clarity had been brought to the subject and many concerns had been assuaged. The general view was that it had been a useful debate and the circulated document contained some good points ●

# 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 January 31, 5pm:** Weekly political report from CPGB Provisional Central Committee, followed by open discussion and reading group. Calthorpe Arms, 252 Grays Inn Road, London WC1. Study of Ralph Miliband's *Parliamentary socialism*. This meeting: chapter 2 ('World War I'), section 1: 'The great illusion'. Organised by CPGB: [www.cpgb.org.uk](http://www.cpgb.org.uk).

## Radical Anthropology Group

**Tuesday February 2, 6.45pm:** Introduction to social and biological anthropology, Daryll Forde seminar room, Anthropology Building, 14 Tavinton Street, off Gordon Square, London WC1. 'Biological and social anthropology: a stormy relationship'. Speaker: Hilary Callan. Organised by Radical Anthropology Group: [radicalanthropologygroup.org](http://radicalanthropologygroup.org).

## Media bias and Israel

**Saturday January 30, 2pm:** Public meeting, Unity Hall, Central Road, Yeovil BA20. With guest speaker Ilan Pappé. Organised by Palestine Solidarity Campaign: [www.palestinecampaign.org](http://www.palestinecampaign.org).

## No to the Housing Bill

**Saturday January 30, 12 noon:** March to Downing Street. Assemble Imperial War Museum, Lambeth Road, London SE1. Organised by Lambeth Housing Activists: <http://housingactivists.co.uk>.

## Labour CND

**Saturday January 30, 10am to 5pm:** Annual conference, Conway Hall, 25 Red Lion Square, London WC1. Organised by Labour Campaign for Nuclear Disarmament: [www.labourcnd.org.uk](http://www.labourcnd.org.uk).

## Defend migrant rights

**Saturday January 30, 4pm:** Public meeting, Settle Down Café, Thornton Street, London NE1 (next door to Tilley's bar, near O2 Academy). Organised by Migration and Asylum Justice Forum: [www.facebook.com/migrationandjustice](http://www.facebook.com/migrationandjustice).

## Less Trident, more welfare

**Tuesday February 2, 7pm:** Public meeting, Trinity Centre, Trinity Road, Bristol BS2. Organised by Stop the War Coalition: [www.stopwar.org.uk](http://www.stopwar.org.uk).

## Red Africa

**Thursday February 4 to Sunday April 3, Wednesdays to Sundays, 12 noon to 6pm:** Art, film and talks, Calvert 22 Gallery, 22 Calvert Avenue, London E2. Part of the Red Africa season. Organised by Calvert 22 Foundation: [www.calvert22.org](http://www.calvert22.org).

## Gaining Momentum

**Thursday February 4, 6pm:** Launch event for Momentum's Teesside branch, Middlesbrough town hall, council chamber, Albert Road, Middlesbrough TS1. Speaker: Jon Lansman. Organised by Momentum: [www.facebook.com/events/881079148672425](http://www.facebook.com/events/881079148672425).

## No war in my song

**Sunday February 7, 1pm to 11pm:** Concert, Railway Hotel, Clifftown Road, Southend-on-Sea. Featuring a variety of anti-war musical acts. Organised by Southend Stop the War: [www.facebook.com/events/1498472323816680](http://www.facebook.com/events/1498472323816680).

## Britain and Palestine

**Saturday February 13, 10am to 5pm:** Conference, Sarum College, 19 The Close, Salisbury SP1. £25 (£12 students). Debating Britain's past and future relations with Palestine. Lunch included. Organised by Palestine Solidarity Campaign: [www.palestinecampaign.org](http://www.palestinecampaign.org).

## Rage against war

**Saturday February 20, 12 noon:** Rally, outside Leeds Art Gallery, the Headrow, Leeds LS1. Organised by Leeds Stop the War Coalition: [www.facebook.com/LeedsCoalitionAgainsttheWar/timeline](http://www.facebook.com/LeedsCoalitionAgainsttheWar/timeline).

## Labour Representation Committee

**Saturday February 20, 10am to 5pm:** Special conference, 'The tasks facing the Labour left and LRC'. Conway Hall, 25 Red Lion Square, London WC1. Organised by Labour Representation Committee: <http://l-r-c.org.uk>.

## Sink Trident renewal

**Tuesday February 23, 7.30pm:** Public meeting, Stantonbury theatre, Milton Keynes MK14. Organised by Milton Keynes Stop the War Coalition: <http://mkstopwar.org.uk>.

## Revolutionary or dreamer?

**Saturday February 27, 1pm:** Public meeting, Red Shed, Vicarage Street, Wakefield. The life of William Morris. Organised by Wakefield Socialist History Group: [www.theredshed.org.uk/SocialHist.html](http://www.theredshed.org.uk/SocialHist.html).

## Marching against austerity

**Saturday April 16, 1pm:** National protest march. Assemble Gower Street/Euston Road, London NW1. Organised by People's Assembly: [www.thepeoplesassembly.org.uk](http://www.thepeoplesassembly.org.uk).

## 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.



**LABOUR**

**Jeremy Corbyn: socialism can never win by relying on bourgeois media**

# Something for everyone

Readers of Margaret Beckett's report on the general election defeat see only what they want to see - and miss the big picture, argues **Jim Grant** of Labour Party Marxists

It can sometimes seem nowadays that the Labour Party is divided into two internally united and violently opposed camps - the left and the right, with the suitability of the party's new leader as the issue of principle on which they are divided.

In fact, the upper echelons of Labour have always contained a morass of centrists: grey people who worship government office above all else, and will pull behind those who promise it. It so happens that those promises are most compellingly made by the right in 'normal' times (we shall see why later), and so we find such people most often under the right's magnanimous care. They include former rightwingers left behind, somewhat bewildered, by the aggressive Tory-ward trajectory of the Blair years; high-profile and basically apolitical 'safe pairs of hands' (Jack Straw, say); and a rump of also-rans and sometimes-weres.

Among the latter, we might name Margaret Beckett. Beckett picked up a few front-line roles in the Blair years, becoming Britain's first female foreign secretary, for those who keep track of that kind of thing. Yet she has been quiet for the last few years, after being sidelined by Brown. She got back in the news last year as one of the "morons" who nominated Jeremy Corbyn for the leadership; but by that time, presumably, she was already compiling her most recent ticket to the front pages - a 36-page report on how Labour can have been so blindsided by defeat last May - on the say-so of interim leader Harriet Harman.

As befitting her political profile, Beckett has produced a report regarded as most amenable by, well, almost everyone. The left will be reassured that Ed Miliband's periodic 'left turns' produced his team's most popular policies - a freeze on energy prices, the mansion tax, the gentlest nudges against the corrupt bonanza of privatised rail transport. The right will

find their catch-words in there too, in Labour's failure to make the case for its economic competence, and its failure to close the gap with the Tories over touchy subjects like immigration. Stephen Bush rather acidly notes on the *New Statesman* website:

A failure to win trust on "issues of connection" - ie, welfare and immigration - is blamed in part for the defeat, but whether that involves a harsher tone or "winning the argument" for either high immigration, higher social security or both is left unclear. Labour divides into four quarters on this ... None of these groups can say with any honesty that the Beckett report provides them with any clarity as to which approach to pursue.<sup>1</sup>

Quite apart from giving warring camps within Labour something new to squabble over, Beckett's report has been met with the usual potluck of cherry-picking and outright mendacity from the press. We were right all along, they say: nobody "trusted" Labour on the economy, nobody "trusted" Labour on immigration, and nobody could see Ed Miliband as prime ministerial material - you know: his teeth, his bacon sandwiches, etc.

Thus findings on the popularity of Miliband's anaemically leftwing policy platforms are, of course, ignored. It does not fit into the prevailing narrative of 'economic trust', though we note that this phrase can mean an awful lot of things, depending on who you ask and how. Democratic primary voters in America, for example, 'trust' the reformist-socialist, Bernie Sanders, over Hillary Clinton on economic matters - presumably meaning that they trust him to *actually* make Wall Street bankers' lives a little more difficult, rather than just huff and puff

a little under pressure (however naive this trust actually is).

The bigger lie, however, is a sneakier one. All these problems have one thing in common (alongside their vagueness and artificiality): they are all matters of *perception*. Yet they are being presented as if the Labour Party's fate last May was entirely in its own hands. Miliband could have been more 'prime ministerial'. 'Economic trust' could have been restored.

But this is not how political perceptions work. There is another agent in the process that has a big impact on how policies, politicians and so forth are perceived. This agent is, of course, the very same media currently crowing about their correctness.

## Believing their lies

So to return to 'economic trust' for a moment - the claim, again, is that the Labour Party was not able to shake the perception that it was at fault for creating the post-2007 mess. This is a truly fantastical notion at face value. There was a *global financial crisis*, for heaven's sake. Britain was not one island of disorder in a calm ocean of prosperity. Yet this absurd accusation was hurled about by Tory frontbenchers as if it were self-evident. Given that they did so, it would be quite simple for the lowliest hack on a national newspaper to demonstrate how risible the line was every time it was trotted out.

This, obviously, did not happen - even *The Guardian* and the like were often too busy aiding Blairite manoeuvres against Miliband to point this out with much force. Most other papers *repeated* such horseshit in every other editorial. What is true of 'economic trust' is true also of the immigration issue, and most especially the doomsday scenario of a Labour-Scottish National Party coalition government - Rupert Murdoch played

a devilishly clever game by having his papers simultaneously support the SNP in Scotland and whip up chauvinist hysteria against them in England. The crowing of the *Mail*, *Times* and company thus amounts to the following statement: 'Labour lost the election because people believed the lies we told them repeatedly over the course of five years.' Any Labour politician who repeats any of these question-begging non-explanations for Labour's defeat is thereby exposed as a traitor and an enemy agent.

For what this whole rigmarole amounts to is nothing short of a protection racket - in fact it is worse. The mafia will take your money in return for not burning down your restaurant; if you pay, they will at least keep to their end of the bargain. When it comes to the press, however, they will demand genuflection before their interests, and in return they *might* choose not to ridicule you at some later date. Those who urge Labour to make the necessary payments can promise nothing, and if it does not work the prescription will be the same: give more ground, bend the knee further, *still* with no guarantee, or even reasonable expectation, of success.

Our centrists will, of course, be concerned that this is the only game in town - even if the house always wins. Indeed, it is - at the moment. We in the Labour Party Marxists are often ridiculed for not encouraging the formation of 'left governments' under conditions where they will lead to disappointment, and many of these same critical comrades were holding their noses and voting for Miliband in May. Yet what if Beckett's report had been unnecessary, and Ed had triumphed (with or without nationalist support)? Where would we be now?

Stuck with an unpopular Labour PM in pell-mell retreat, obviously enough. That energy price freeze would not have made it to Christmas. The Tories would not

be in government, but they would transparently be a government in waiting, no doubt with someone worse than Cameron in charge. And at the grassroots? Would we have a 400,000-strong Labour Party, replenished overwhelmingly with leftwing recruits?

The point of this digression is simple: for the working class under a bourgeois political regime, the pursuit of government *at all costs* drags politics as a whole to the *right*. This is why we find the likes of Margaret Beckett more comfortable with Tony Blair than Jeremy Corbyn - Blair's promises of power have a truer ring to them, what with Rupert Murdoch singing backing vocals and everything.

We need to escape from this bind, and that means changing the rules. We do not need a Labour government in 2020 nearly as much as we need an effective opposition *now*. Many Labour left groupings, from the likes of the marginal Labour Representation Committee, through Momentum, up to Corbyn's inner circle itself, like to talk about making Labour into a great mass movement again; that is a correct impulse. The trouble is that they invariably fail to see that this aim is in contradiction with the exclusive veneration of getting into government, and even more sharply the belief that any Labour government is better than any Tory government. Look at the threadbare state in which the Labour Party was left by Blair and Brown - that is where 13 years of 'sensible' government gets you.

If, on the other hand, we become an effective opposition - that is, one that stands for an alternative form of society, for the rule of the working class - then we can change the rules ●

## Notes

1. [www.newstatesman.com/politics/elections/2016/01/beckett-report-wont-help-labour-win-next-election](http://www.newstatesman.com/politics/elections/2016/01/beckett-report-wont-help-labour-win-next-election).



## TURKEY

# Erdoğan starts to come unstuck

The Turkish president seems to be meeting his match, writes **Esen Uslu**

The civil war being waged in the south-eastern cities and towns since mid-July 2015 has shaken Turkey to its core. The unexpectedly resilient Kurdish forces have maintained themselves despite suffering heavy losses.

The army and police are unable to gain control over certain districts despite employing heavy and sophisticated weaponry, including tanks, artillery, drones and helicopters. Turkey has also deployed its best trained counter-insurgency troops.

The youth in some of the poorest districts of the major cities have been fighting an unequal war - whole areas have been reduced to rubble by the Turkish side, which has daily breached every international rule of war. Dead bodies cannot be collected for burial and the wounded cannot be taken for treatment either by relatives or ambulance crews. Relatives carrying white flags as they try to rescue their loved ones have been fired on in some instances.

The tight control imposed on the media has meant that any journalist who merely questions the government line, let alone defies it, is liable to be sacked. A handful of persistently outspoken media personalities have been jailed and are awaiting trial for treason.

Turkish TV channels are giving full coverage to the military funerals of 'martyred' soldiers and policemen, in bulletins infused with rabid anti-Kurdish language. The mounting Kurdish casualties are referred to as "terrorists" who have now been "rendered ineffective". However, an uninformed observer of the Turkish media might be led to believe that these are just minor skirmishes and nothing of great import is happening in Turkey - apart from refugees drowning every day in the Mediterranean or Aegean, of course.

### Magician

President Recep Tayyip Erdoğan is renowned as a magician when

it comes to elections. He has won every time he has stood since 2002 despite the supposed odds. His reform programme, which for a while seemed in line with the European Union's aims, was rolled out during the early years. However it lost steam, especially after the 2008 economic crisis.

He has always created illusions in, or hope for, a negotiated end to the Kurdish war. He exceeded the limits imposed on preceding politicians by the military top brass. He mouthed fine phrases about 'recognising the Kurdish reality', and started a two-step dance with representatives of the Kurdish freedom movement. He allowed the Kurds to enjoy some basic rights, such as language education.

He entered into a tacit ceasefire with the Kurdish guerrillas on the basis of negotiating with Abdullah Öcalan, the jailed leader of the PKK (Kurdistan Workers Party), who had been kept incommunicado on a prison island since 1999. Eventually a group of PKK prisoners were transferred so that they could act as his secretariat. Öcalan was also allowed carefully controlled visits from nominated Kurdish politicians.

Erdoğan overcame the strong objections from the state security services and armed forces. Top military commanders, including the chief of the general staff, were charged with attempting to stage a coup and imprisoned. Hundreds of army, navy, air force and gendarmerie officers were detained for long periods.

The judiciary that attempted to slap his wrists was also summarily and harshly dealt with. The supreme court of appeal, the constitutional court and the council of state, as well as the supreme council of judges and prosecutors, were 'reorganised'. All top judges and prosecutors have now to be vetted for their political loyalty.

The economy seemed to pick up, thanks to the quantitative easing policy of the US Federal Reserve. And the most important economic reforms insisted on by the International Monetary Fund, such as

the independence of the Central Bank of Turkey, were implemented. This relative stability enabled Erdoğan to face down Turkey's most important finance capital groups, which were not exactly keen on his neo-Ottomanist-Islamist stance in the international arena.

And in the international arena he had been the star of many worlds. European politicians who liked to boast of their subtle diplomacy claimed Erdoğan's reforms as their own success. In the Middle East, his strong grip on power and Islamist politics made him the darling of every reactionary. His pact with Saudi Arabia and Qatar resulted in an axis of reaction during the Arab spring, but started to call his international position into question.

The Erdoğan political machine seemed invincible until the war in Syria took an unexpected turn. Islamic State, supported by the Sunni coalition of Saudi Arabia, Qatar and Turkey, seemed to be tightening its grip, but, even though the Kurdish resistance in Rojava - or Syrian Kurdistan - had been crushed, Kurdish forces eventually won an unprecedented victory against IS, albeit with US support. It was a slap in the face for Erdoğan, who had claimed just a couple of days earlier that Rojava was about to be obliterated.

### Reversion to war

Since late 2014, the personal grip of Teflon Erdoğan over the state machine and media, which once seemed unshakable, has become increasingly fragile. In the days prior to the June and November general election campaigns, he seemed unexpectedly brash in walking away from negotiations with the Kurds.

When the minutes of the negotiations at Imrali prison between state officials and Kurdish politicians were made available by the Kurdish side, for the first time people started to get a glimpse of the behind-the-scenes negotiations. Erdoğan had asked

Kurdish representatives to curb the rhetoric of the guerrilla commanders based in the Qandil mountains in north-eastern Iraq. As the pro-Kurdish People's Democratic Party (HDP) was preparing for a robust campaign in the June 2015 election, while at the same time taking negotiations to a new level (ministers and Kurdish representatives were to debate in public), the Erdoğan camp realised that they would not get the result they were expecting at the elections. It was their last opportunity to kick away the table and blame the other side.

During the ceasefire period, the army had undertaken a massive programme in the rural areas of replacing their old outposts with gendarmerie forts. The military's increased capacity for drone warfare and aerial precision bombing, as well as long-range artillery, led the high command once more to believe that the Kurdish war was winnable. The new crop of generals promoted by Erdoğan thought that they could end the war if they acted ruthlessly and aggressively.

Since July events have proved that Turkish state forces are capable of ruthless and aggressive action; however, such action has resulted in ever stiffening Kurdish resistance. For a while, especially after the June election, Erdoğan's actions seemed vindicated and he once more won in November. However, the Kurdish resistance was far fiercer than expected.

Thanks also to other developments in the region - such as Iran returning to the fold of the 'international community' and Russia reasserting its position in the Syrian arena with a vengeance - Erdoğan's position was severely weakened. The bellicose stance taken against Russia was kept in check by the intervention of Turkey's allies, after the downing of a Russian jet in November. With the Kurds now a major player in Syria, Erdoğan's Turkey was reduced to being the last bastion of support for IS. Even the

United Arab Emirates has joined the chorus criticising Turkey's stance in Syria. Erdoğan tried to reassert himself by unilaterally sending more troops and weaponry to train anti-IS forces. However, this move was met with loud opposition from the Iraqi government, and Turkey had to perform an about-face.

However, the most important challenge has come from within - though not from the so-called 'social democratic' CHP, of course. When Erdoğan went on the warpath, the CHP returned to its original nationalist-xenophobic factory-setting, ending virtually all opposition to the government. It was paralysed by fear of being seen as a supporter of the Kurdish uprising. The Alevis, the other major social group opposing Erdoğan's Islamism, also shied away from opposing Turkey's war. Similarly, the usual suspects of the Turkish left were unable to mobilise - attempts to organise demonstrations have been met by Islamist suicide bombs.

However, unexpected opposition came from the academics. While just about every organised political force had been intimidated or hesitant, about a thousand academics signed a declaration indicating their open opposition to the war.

Erdoğan's political machinery adopted the only stance it knew, arresting a couple of dozen university teachers and threatening scores more. However, this was met with unexpectedly strong opposition. Large sections of Turkey's intellectuals, as well as intellectuals and politicians from around the world, offered their support to the victimised academics and called for a negotiated settlement to the Kurdish war. Some of Erdoğan's long-time political allies started to jump ship.

Now he appears more and more like an isolated politician unable to control developments. This could be the beginning of the end for Teflon Erdoğan ●

**Turkish military: another army 'martyr'**





**ANTHROPOLOGY**

# Origin of language lies in song

**Chris Knight** of the Radical Anthropology Group examines one of science's most intriguing unsolved problems. This is an edited transcript of a talk given to Communist University in August 2015

**J**erome Lewis is that rare thing: an anthropologist who has had years of experience conducting fieldwork with a group of hunter-gatherers in the Congo. He has become especially interested in the way the Bayaka forest people sing and he argues that their polyphonic singing is an expression of their egalitarianism, their communistic way of life.

There is much improvisation, with frequent switching between melodies, but no-one is organising this. Jerome describes the way in which this kind of singing acts as a sort of blueprint for these people's style of government: they enjoy 'government from below'. Just as they organise their singing, so they organise everything else. Building on Jerome's fieldwork, the two of us have been working together in recent years to try to solve one of science's great remaining mysteries: the evolutionary emergence of language in our species.

Many Marxists might wonder why this should be considered a mystery. Didn't Engels solve it long ago, when he wrote that people began developing language from the moment they had something to say to one another? Surely when people need to cooperate in labour tasks they must communicate with each other, and that is how language develops?

I agree that this is a fairly accurate description, but we need to do quite a lot more. Many animals cooperate in all sorts of ways and, of course, they communicate. But language in the human sense, with its grammatical rules and its digital structure, is radically different from anything known in the animal world. So Engels's explanation, although basically correct, would not in itself satisfy any scientist today. It is hardly detailed enough to qualify as a scientific theory.

So why is the origin of language one of the most difficult questions in science? Let me explain some of the paradoxes.

## Darwin and Chomsky

I shall start with Darwin's theory, which he himself described as "descent with modification". Fish have fins, but animals have legs. The point here is that the fin provided a starting point. Over millions of years, as certain fish became stranded on mud-flats, their fins became more stubby, more bony, and the eventual result was legs. "Descent with modification" only works if there is a precursor: had there been no fins for evolution to work on, legs could not have evolved.

The problem with language is that it is very hard to find a precursor. Let us take, say, the chimpanzee 'pant-hoot'. Like all other primate vocalisations, it is basically body language - audible bodily condition, arousal, emotion. Listeners are interested in inferring the exact degree of arousal not by choosing from a set of categories, but by evaluating the signal in terms of an infinite range of gradations. Needless to say, human language can be emotional too, but that is not central to the system. Language works by selecting between a limited range of choices, as in the contrast between 'bin' and 'pin'. Deep down, grammatical language is a digital, dispassionate, logical means of communication.

It has often been said that,



**Chimpanzees: tools, but no language**

since language is so complex, its precursor must have been something correspondingly complex in our primate ancestors. That would suggest a basis in primate cognition, which is hugely complex, rather than primate vocal communication, which shows little if any of that complexity.

Ape intelligence is complex in the sense that it is 'Machiavellian'. Apes can easily work out that 'the enemy of my enemy is my friend' and so on. But to say that is to leave unexplained the basic problem, which is how primate social intelligence ever came to be expressed in ways allowing complex thoughts to be shared.

Most scientists these days agree with Noam Chomsky and his supporters that language is in some sense an instinct. I agree with that too. Not in the sense that words and grammar are instinctive, but in the sense that a young child does not have to be trained to acquire language through reward and punishment. In the 1940s and 1950s, it was thought by many that a child acquires its first language in the same way that a laboratory rat is programmed to run through a maze - that is, through rewards and punishments applied from outside. As a result of Noam Chomsky's brilliant insights, it is deeply unfashionable to believe this now.

A child very quickly works out how to speak the language of those around it. Grammar is the most theoretically complex edifice imaginable, yet a child picks up the complexities almost effortlessly at the age of two or three - a biologically fixed time known as the critical period for language acquisition. More complexity comes out from the child than apparently goes in. Anyone who

has ever had children will know that they will often say things which are so original, so funny or so imaginative that you can only wonder where they got it from! A human baby comes into the world with the innate equipment to do that: a chimpanzee does not. Chomsky calls this biological endowment, possessed equally by all of us, "universal grammar".

So where does this biological endowment come from? If you look at most human instincts, you can discern a counterpart of some kind in the animal world. We have a sex instinct, and it is clear where this comes from. Aggression? Not a problem. Maternity? Not a problem. These human instincts have counterparts in the animal world. But if we accept that humans have a genetically determined language instinct - and I think we should - then where on earth did that come from? It seems to have evolved in our species from nowhere. It is hard to see any animal counterpart or precursor. Chomsky suggests that it must have been installed in just one step by a single mutation, perhaps triggered by a cosmic ray shower.

Biologists would normally expect a completely new instinct to take millions of years to evolve. If a language instinct began evolving in our species millions of years ago, archaeologists might expect that unusual development to be accompanied by other signs of unusual things happening, such as remarkable levels of planning and social cooperation. But if you look at the Australopithecines evolving several million years ago, there is no sign that they were doing anything particularly cooperative. They seem to have been living much like other

monkeys and apes - albeit on two legs and with some tools. So, if language did start evolving two or three million years ago, it seems strange that it left no indirect signs which archaeologists can discern. The conclusion must be that language did not start evolving until very much later.

Most specialists nowadays assume a relatively recent date for the emergence of language - say, 150,000 to 200,000 years ago, coinciding more or less with the emergence of *Homo sapiens*. Chomsky suggests a date of around 100,000 years ago at most.

In Africa, where we evolved, we begin to get evidence for the use of red ochre pigments in body art from around 250,000 years ago, suggesting that our ancestors may by this stage have been regularly staging symbolic rituals. It seems plausible to suggest that symbolism in such activities was in some way linked with linguistic symbolism. But if grammatically complex language has only been with us for that brief period of time, it is difficult to see how the necessary biological underpinnings could have had time to evolve.

Charles Darwin had a very simple idea, but unfortunately it does not seem to work. He argued that if apes cannot use language, it is because they are not clever enough. As our primate ancestors' brains got bigger, he argued, they learned to imitate other species' calls and cries, arranging and combining these sounds in more and more complex ways. But, as Chomsky and others have pointed out, there does not seem to be any simple correlation between the cognitive complexity of a species and its communicative complexity. The creature with perhaps the most

complex form of communication apart from humans is the honeybee, whose brain is about the size of a grass seed. Through its celebrated waggle dance, a bee that has discovered important information can tell the rest of the hive where the flowering plants are, where they are in relation to the angle of the sun, how to get there - and it is all done in the darkness of the hive.

There is no correlation here between the size of the brain and communicative ability. And, when it comes to primates, there is a hugely disappointing reverse correlation - the more intelligent the primate, the bigger the brain, the *less* complex its vocalisations seem to be. So, for example, many monkeys with relatively small brains actually seem to have a *more* complex repertoire of meaningful vocalisations than is possessed by the larger-brained great apes, such as chimpanzees. At first sight, this reverse correlation seems hard to explain.

## Machiavellian

To grasp what is happening, you have to remember why scientists describe primate intelligence as 'Machiavellian'. Monkeys and apes live in complex political systems. Their intelligence is politically calculating and self-serving, with no need to take account of moral principles upheld by the group as a whole. Needless to say, there is also cooperation, as when chimpanzees band together to hunt colobus monkeys. But, once some individual has seized its monkey victim and begun trying to eat it, others quickly arrive and there is a fight over the spoils, with no advance commitment to ensuring fair shares. Apes are highly competitive creatures. Even



when they work together, there is no community-wide contract or commitment to put common interests first.

Insofar as an intelligent primate can manipulate its vocal calls, it will tend to do this in order to deceive. Occasionally a monkey, while feeding, will falsely emit an alarm call to scare off its rivals and then grab the available food for itself. But this works only if most calls are honest. Deception has to be relatively rare, otherwise the signaller will soon find itself ignored. The more patently Machiavellian or 'fake' an animal's calls, the less likely are those around it to pay any attention to it at all.

This explains why Darwin's theory about regular, routine vocal mimicry does not work. To mimic emotional cries on a regular basis would be to fake them deliberately, which would render them no longer trustworthy. This, then, is the difficulty with Darwin's theory: where primate listeners are concerned, a constant priority is to be on guard against the possibility of being deceived. As a result, signallers are under constant pressure to convince sceptical listeners of the intrinsic reliability of their calls and cries. Lack of trust in communicative intentions has the effect of restricting primate vocal signalling to hard-to-fake body language, much like human screams, sobs and cries.

All this is beautifully explained by the Israeli theoretical biologist and ornithologist, Amotz Zahavi, in his ground-breaking book, *The handicap principle: a missing piece of Darwin's puzzle*. It is a wonderful read. Published in 1997, the book helped transform our understanding of animal communication.

A good illustration is the peacock's tail. Why does the male need such extravagant plumage to attract the peahen? In fact, the tail brings all kinds of problems: it stops the male from flying very far, it invites parasites, and if the brilliant pattern turns out to be even slightly asymmetrical the problem shows and, as a result, any female will reject him completely. Zahavi's answer is that it is precisely because the tail makes the peacock so vulnerable - precisely because the display is so costly in all these ways - that it is so convincing. Only an extremely fit male could afford that kind of handicap.

Another example is 'stotting'. In Africa when a lion approaches what do gazelles do? You would think they would just run away, but no. Instead they perform a sequence of high jumps, each throwing its highly visible backside as high as it can in the air. Why would the herd of gazelles do that? Zahavi's answer is simple: each gazelle wants the lion to chase someone else. The predator sees a whole range of jumping backsides. Which one will it decide to target? Not the gazelle who is so confident that it demonstrates its reserves of spare energy by impressively jumping up and down. The lion is more likely to pick on any gazelle in the herd who seems in a hurry to escape. So the gazelles are engaged in costly signalling, using as much energy as they can afford to bounce up and down instead of running away. This is a brilliant theory that explains so much.

## Efficiency

All animal signalling is in some way costly. Animals do not just use a minimum of sound to make a point. Go to a zoo and hear the monkeys hooting and howling - they keep repeating the same sound over and over again. These are costly signals, audible body language - extravagant rather than efficient. Admittedly, there are occasions when we humans, too, must resort to costly cries, screams, sobs and so forth. This

tends to happen when we need to convince others that we really mean it. But for most of the time, when we are engaged in conversation, there is no need to shout, bang the table or scream. Where people trust one another and share similar concerns, it becomes possible to exchange quiet combinations of ultra-low-cost signals, each consisting of a small number of categorically differentiated vowels and consonants. Repetition is kept to a minimum. Human language is the most efficient system of communication on the planet.

One way to maximise efficiency is to rely on the muscles and mechanisms which take least effort to move. When we speak, we use what are called the articulators: movable mechanisms, such as the tongue, lips, mandible, soft palette and larynx. These are parts of the mouth and throat which evolved originally for eating and breathing, not speaking. The lips bring in food, the tongue manipulates it, the mandible chews, the soft palette helps us swallow. Speech scientists like to point out that talking involves going through the motions of eating. It is as if we were chewing, while at the same time phonating - producing sounds from the voice box. It is significant that monkeys and apes appear unable to manage this feat: either they are vocalising or they are eating: one or the other. As an ape starts to vocalise, its tongue becomes temporarily immobilised, playing no role in modulating the sound. We humans are unusual, in that we can do both - switching on the voice while simultaneously activating the ingestion system.

When we do this, each so-called articulator functions as a digital switch, which has to be in one position or the other: typically either 'on' or 'off'. Either the lips are open or closed, the vocal folds are audibly vibrating or silent, the tongue is in this or that position inside the mouth. If the consonant 'd' is unvoiced, the sound switches to a 't'. An intermediate sound somewhere between 'd' and 't' is not possible. Note that the switch from one state to the other could easily change the meaning of a whole sentence, doing so at essentially zero cost.

All the other subtle moves we make while speaking - for example, differentiating between 'z' and 's', or between 'o' and 'a' - are so cheap and easy as to be essentially cost-free. One consequence is that unlike primate vocal signalling, whose costly features must be evaluated by the listener on an analog scale, the signal stream under these circumstances gets reduced to digital format.

Whereas Chomsky explains this by claiming that the human brain incorporates a special digital module, I prefer a simpler explanation. Intentions cost nothing. Where listeners trust you sufficiently to care primarily about what you intend, there is no longer any need to scream, wave your hands or shout. Your audience will now encourage you to use short cuts.

If you can reduce the costs of signalling sufficiently, you soon arrive at the point where all that matters is that your partner can discern the difference between 'signal on' and 'signal off'. This has huge theoretical significance, highlighting what Chomsky considers the core principle which sets language apart from primate vocal communication. Chomsky calls it 'digital infinity'. I agree that digital format is central, but do not agree that this implies a special computer module in the brain. It is simply that if you keep cutting costs, that point is where you will eventually arrive. To reduce signal costs to zero is, by definition, to arrive at the logical extreme of a digital system of communication. It is well known by speech scientists that

speech is digital, but all too often this is explained mechanistically instead of socially and politically. I am arguing that speech is digital because, to repeat, where trust is sufficiently high, that is what you get.

To the listener attending to human speech sounds, what matters about each arrangement of vowels and consonants is not the precise quality of sound or what it reveals about the speaker's bodily state or reserves of energy. All that matters is the underlying communicative intention. Note how different this is from what happens when a chimpanzee hears another chimpanzee emitting, say, a food call. The listening chimpanzee is hardly interested in what the signaller intends. Its focus, rather, is on the precise quality of that signal as a guide to the other chimp's involuntary excitement on discovering food.

So what is it that stops apes and monkeys from producing complex syllables, vowels and consonants? The choice is between a Marxist, materialist explanation and an abstract, mechanistic one. Scientists who are not Marxists tend to rely on mechanisms. A good example here is the idea that monkeys and apes have an unfortunately inflexible tongue, or maybe the wrong kind of nerves controlling the tongue. You may find it hard to believe, but arguments of that kind are continuously being proposed. Somehow, it is said, we humans began talking when genetic mutations led to a more flexible or more controllable tongue.

But think about it. The idea that evolution could possibly have yielded an ape or monkey with an inflexible tongue makes no sense. The truth is the exact opposite: non-human primates need a flexible tongue under volitional control, because otherwise they would starve. I like to turn the argument on its head. It is precisely because the tongue is so flexible and easy to manipulate that it is excluded from a role in primate vocal communication. If you follow my train of thought, I hope you will immediately see that if the chimpanzee were to use its remarkably flexible tongue, lips, etc to intentionally manipulate its signalling, then no other chimp would believe what it was saying.

So it is an entirely social and political deficit - lack of community-wide trust - which continuously drives chimpanzees to fall back on the muscles and mechanisms in their bodies which are least subject to volitional control and which, therefore, are most likely to provide reliable evidence of what is happening. If there is any doubt about the truth of what is being conveyed by a particular call or cry, non-human primates have good reason to press for another and more convincing version of that same signal - one which cannot possibly be faked. This explains why primate vocal communication seems so repetitive to human ears. It is easy to see why the same factor of mistrust leads to the marginalisation of the all too flexible, potentially deceptive tongue.

## Choral singing

Turning now to human evolution, the articulatory apparatus for speech hardly needs to be explained. For millions of years, the basics were already in place among our ancestors, for the simple reason that possession of a flexible tongue, lips and so forth had long been essential for eating. Much more difficult was to establish something new - full volitional breath control and control over the larynx. The challenge was to develop the uniquely human ability to take a deep breath and make continuous vocal sounds, while breathing out and articulating at the same time. An intriguing theory now being widely debated is that our ancestors refined

and developed these capacities by regularly resorting to choral singing.

Singing is extremely important for African hunter-gatherers. That is especially true for the women, who sing whenever they go out foraging. When the men are out hunting they do the opposite, remaining as quiet as they can. If they do need to communicate, they resort to sign language, or perhaps silently move certain twigs or leaves. Silence is needed to avoid scaring away the animals they are hunting. But when the women are out foraging they face quite different challenges. Charging buffalo, elephants and other large animals can pose a real threat. To keep themselves and their children safe from harm, they *want* the animals to keep away.

Working in the Congo among the Bayaka forest people, Jerome Lewis reports how he once asked the women, "Why do you sing so much?" They replied, "We are singing for our lives." They explained that when they were out in the forest, especially on dark nights with no moon, they knew that their traditional style of polyphonic singing kept the dangerous animals away. Jerome is inclined to believe what the women themselves say. With that particular kind of polyphonic choral singing, even a small group of five or six women can produce sounds conveying the impression of a sizeable group.

In the distant evolutionary past, the predators of the day - sabretooth tigers and similarly fearsome creatures - preferred to hunt on moonless nights, so as to take advantage of their superior night vision. Even to this day, Bayaka women's polyphonic singing reaches a crescendo during the nights of the month when there is no moon. In the case of the Hadza of Tanzania, we find the same thing - women's polyphonic singing goes on for hours in or near the camp during dark nights with no moon. Those dark nights are precisely when lions pose most danger. If you add it all up, it makes beautiful sense.

Singing bonds people together, producing a group effect. It is difficult to sing without feeling some kind of emotion. The reason for this is that our primate ancestry still associates the production of pitch changes with profound changes in emotional state. If you go back far enough into our pre-human past, there must have been a time when it just was not possible to cry, scream, moan or howl, producing pitch variations accordingly, *unless* the corresponding emotions were being genuinely experienced. Over time, it became possible to exert a certain amount of control over these variations in emotionally expressive sound. But, even if this involved a certain ability to imitate or fake the sounds, it remained difficult to establish full independence from bodily or emotional states. Deep down, when you emitted or heard these sounds, they continued to churn the emotions. As if you were still a chimpanzee or gorilla, your emotional brain would have heard the sounds as genuine expressions, not fakes.

For this reason, the best way to control production of such sounds would have been to put yourself in a situation where the corresponding emotions were genuinely being worked up inside you. By getting sorrowful, you could make sorrowful sounds; by getting elated, you could vocally convey elation to everyone else. Note that if your real environment at the present time does not trigger the necessary feelings, all this might prove impossible to achieve. An obvious solution would have been to produce pitch changes jointly with other people, ensuring that the whole group's emotional states became shared as part of a constructed artificial environment.

That would imply choral singing. Where this occurred, body language would have become collectivised, as singers tuned in to each other. People would now have enjoyed enhanced volitional control over the emotionally expressive sounds they could make. Whenever the group changed its mood, the vocal expression of that mood would have changed accordingly.

It is important to stress here that choral singing is emphatically not the same thing as speech. Every principle of efficiency central to speech is systematically violated. Instead of interspersing short vowels with consonants, we draw out those vowel sounds without requiring tongue movements or consonants at all. Perhaps the key point is that in music efficiency would be absurd and so you do not resort to abbreviations. To produce the effect you must go through the full performance - each and every note of it - and in many cases repeat the entire sequence again and again. Singers are not under pressure to speed up or cut corners. Since in music there are no abbreviations, it follows that there are no sequences of abbreviations which need to be clearly differentiated from one another. Words are not required. Technically, there is no need to overlay pitch variations with contrastive vowel-consonant alternations. While singing in the forest, Bayaka women will dwell endlessly on varying the pitch of just a few vowel sounds.

Singing, then, requires time and energy. To sing through the whole night with a chorus of other women is to do something costly which signals your commitment to the group. I have stressed that singing is not language, but now I want to stress that precisely for that reason - because singing takes time, is costly and is emotionally bonding - it can generate exactly the kind of group-level trust on which language depends.

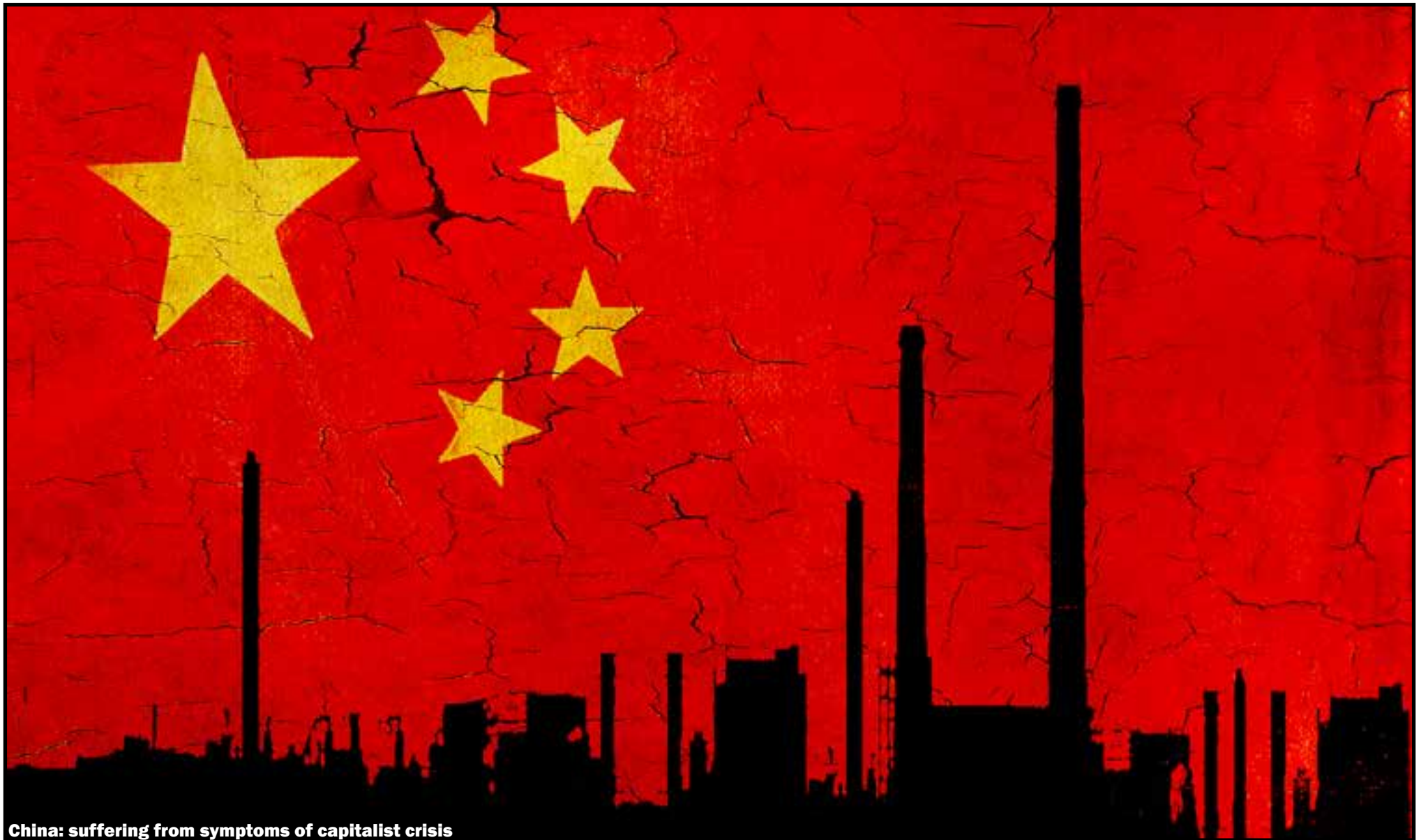
Let me conclude with a possible scenario. Imagine that the singing has now stopped. Even though no-one is singing, everyone remains aware of the group's repertoire of different songs. This gives everyone the rudiments of a shared code, allowing the possibility of using fragments of song to convey diverse messages in different, freely chosen contexts. There might be one melody which people traditionally sing when they are looking for honey, another which they sing when someone has recently died. Each song has a certain pattern and content and, when the occasion arises, everyone would normally join together in singing the whole thing.

But, right now, it is the next day. We are starting to plan other activities, perhaps without any singing at all. Someone might just pick a little fragment out of the honey song to suggest we go looking for honey. So you get parts of the song standing in for the whole, just to convey a thought, and then, to distinguish one song fragment as clearly as possible from another, you might find vowels and consonants useful in a way they never were before.

In a short talk of this kind, there is no time to answer all the problems I earlier raised - that would take a book. But this brief sketch in my view captures the essence of how language in our species evolved. It did not all happen the way Chomsky says it did - in one step as a result of a mutation triggered by a cosmic ray shower. Rather, it happened as a consequence of profound social and political change ●

## Further reading

C Knight and J Lewis, 'Vocal deception, laughter and the linguistic significance of reverse dominance', in D Dor, C Knight and J Lewis (eds) *The social origins of language* Oxford 2014, pp297-314.

**ECONOMY****China: suffering from symptoms of capitalist crisis**

# The impending global recession

Blaming China is a diversion, argues **Michael Roberts**. The USA is still key

**A**s I write, the US Federal Reserve Bank's monetary policy committee (FOMC) is meeting to review its policy interest rate. This sets the floor for all interest rates (mortgages, government bonds, foreign loans, etc) in the US and overseas, and last month the FOMC raised it from near zero to 0.5%. That was the first hike in nearly 10 years - the last was when the US and world economy was motoring along in a property and bond boom, before the global financial crash and the great recession ensued.

At the December meeting, Janet Yellen, the Fed's chief, explained that the hike in rates was appropriate, because the US economy "is on a path of sustainable improvement." And "we are confident in the US economy", even if borrowing rates rise.<sup>1</sup> So it was best to start a series of planned hikes before 'full employment' was reached, to stop wages rising too fast and causing inflation.

Well, as the Fed meets now, it appears to have a large amount of egg on its face. Even before its meeting last December, there were clear signs that the US economy, already decidedly sluggish in its recovery since the end of the great recession in 2009, was now slowing down again. And just before the Fed hiked its interest rate, the figures for US industrial production in November came up and they showed the worst fall since December 2009 at the end of the great recession. Since then, we have had further poor data, suggesting that US real GDP growth in the last quarter of 2015 was likely to be under 1%. Indeed, the latest Atlanta Fed estimate for US real GDP growth in the last quarter of 2015 is just a 0.7% annual rate.

If that turns out to be right (the first official estimate is out this week), then the US economy will have grown (after inflation) by just 1.8% in

2015 - down from 2.4% in 2014. In addition, both industrial production and manufacturing output have slowed to a trickle and retail sales - a measure of how much is being bought in the shops - has also slowed markedly.

JP Morgan investment bank has been very optimistic over the past few years that the US and global economy would recover to 'normal' levels of economic growth. But now, in the last few days, its economists have reached the following conclusion:

Over the past few weeks, it has become apparent that pace of activity in the global manufacturing sector remained anaemic into year's end. This realization upended our previous belief, which was based on preliminary data, that production growth strengthened last quarter. As we lowered our expectations for global IP growth, we did the same for global GDP growth. Our economists have made a rapid-fire set of revisions that left GDP tracking 1.5% annualized in 4Q15, the smallest gain of the expansion.

At the beginning of the new year, ex-Goldman Sachs chief economist Gavyn Davies headlined his blog in the *FT*: "Global activity contradicts market pessimism." He went on to say:

so far there is little sign of a recession starting, either in our 'nowcasts' or in hard data for industrial production and retail sales ... and the gradual slowdown in US growth from 2.1% last summer to only 1.5% now is an aberration, and it runs counter to the Fed's apparent determination to continue tightening monetary policy.<sup>2</sup>

But, within two weeks, the headline was: "US slowdown is now a headache

for the Fed". Davies commented:

last week came increased fears of a persistent slowdown in the US economy, following weak activity data from the US industrial sector. The drop in growth identified by these nowcast models is therefore becoming worrying. It needs to reverse very soon if the Fed's view, and the consensus view, of the economy is to remain valid.

He added: "the recession probability has been hovering around 15-20%, no longer an entirely negligible risk."<sup>3</sup> Two weeks is a long time in economics. This change of view by the economic strategists of capital has coincided with a significant collapse in stock markets around the world within weeks of the Fed's rate hike.

## China imploding?

What kicked this off was apparently China. The big investors, banks and financial institutions globally are worried that China is imploding and planning to devalue its currency hugely, thus driving down the rest of the emerging economies, many of which are already in recession (Brazil, Russia, South Africa, etc) and so will pull down the rest of the world, including the major advanced economies, into a global slump.

As a result, investment banks, previously confident of economic recovery and lauding the great emerging market 'miracle', fell into a despond of despair. Analysts at the Royal Bank of Scotland told clients to "sell everything", as stock markets could fall more than a fifth, while oil and other commodity prices could drop to a tenth of where they were just a year ago. RBS has noticed a "nasty cocktail" of deflation in commodity prices, emerging economies in

recession, capital flight by investors and rich citizens from China and other emerging economies, and the prospect of higher dollar debt servicing costs, as the US Federal Reserve carries out a planned hike in its policy interest rate this year.

RBS said:

China has set off a major correction and it is going to snowball ... the epicentre of global stress is China, where debt-driven expansion has reached saturation. The country now faces a surge in capital flight and needs a "dramatically lower" currency.<sup>4</sup>

Albert Edwards at Société Générale, who has been predicting a deflationary slump for the last five years of global economic recovery, was now convinced that the Chinese crisis will lead to a global slump: "The western manufacturing sector will choke under this imported deflationary tourniquet".

But is this right? There is no question that the Chinese economy is in trouble. Economic growth has slowed from double-digit increases back in 2010-11 to under 7% on official estimates in 2015. Many reckon that this official figure is nonsense and, looking at the pace of electricity consumption and spending, economic growth is probably more like 4%, which in Chinese terms is almost a recession.

When the great recession broke, the Chinese government reacted to a serious decline in global demand for its exports by launching a major government spending programme to build bridges, cities, roads and railways.<sup>5</sup> That kept the Chinese economy growing. Interest rates were slashed and local authorities were allowed to borrow in order to spend on housing and other projects.

There was a major credit boom. As a result, Chinese non-financial debt rose from about 100% to about 250% of GDP. Total Social Financing, a broad measure of monthly credit creation, is now growing at nearly three times the rate of officially recorded money GDP growth - or more if you do not believe the official GDP data.

The government was influenced by pro-capitalist economists in their ranks who have been continually arguing that the government must 'open up' the economy to foreign capital and private companies.<sup>6</sup> The government should privatise the big state-owned companies and banks, end capital controls and allow the Chinese yuan to become a freely fluctuating currency, it was argued. Indeed, just before the Chinese stock market and currency crash began, the government pushed for and got the Chinese yuan to be included in the International Monetary Fund's international reserve currency basket for the so-called SDR (special drawing rights). In effect, the Chinese currency was now increasingly subject to the laws of the international currency markets and the economy was increasingly influenced by the law of value.

More debt, slower growth and an overvalued currency, now subject to speculation, have engendered a stock market crash; now rich Chinese and foreign investors are trying to get their money out of China or the yuan and convert it to dollars abroad. Capital flight, as it is called, is running at over \$100 billion a month, or about \$1.2 trillion a year. Given that Chinese dollar reserves are about \$3.3 trillion and around half of that is needed to cover imports, if capital flight continues at the current rate, Chinese dollar reserves will be exhausted in about 18 months.

The Chinese authorities have been



unable to handle this financial crisis. By opening up their economy to currency and financial speculation, they created a Frankenstein that is now trying to kill them. First, they tried to weaken the yuan against the dollar to boost exports. But a weaker currency only encouraged Chinese companies and rich individuals to switch even more into dollars, by legal and illegal methods. Then they tried to prop up the stock market with extra credit and by making state-owned banks buy stocks. But this only fuelled even more debt. Then they reversed these policies, causing a stock market crash and credit squeeze.

The seeming incompetence of the Chinese authorities and the continued capital flight have now convinced many western capitalist economists that China will suffer a 'hard landing' or economic slump, capitalist-style, and this will add to already diving emerging economies and drive the world into slump.

But does a collapse in the Chinese stock market and fall in the value of the yuan mean an economic slump in China? The power of the state remains dominant in industry, in the financial sector and in investment. Yes, the Chinese authorities have opened the economy to the forces of capitalist value, particularly in trade and capital flows, and in so doing have made China much more vulnerable to crises. This is something that I forecast back in 2012: "if the capitalist road is adopted and the law of value becomes dominant, it will expose the Chinese people to chronic economic instability (booms and slumps), insecurity of employment and income and greater inequalities." And this has been the result of Chinese leaders succumbing to the pressures of the World Bank and others to 'liberalise' the financial sector and become part of the international financial 'community'.

## Slowdown

Yes, the world is slowing down. The long depression, as I have described it, is still operating.<sup>7</sup> Only last month, the World Bank pointed out that developing economies grew just 3.7% in 2015, the slowest since 2001 and two percentage points below the average 6.3% growth during the boom years between 2000 and 2008. And IMF chief Christine Lagarde reckoned that developing countries face a 'new reality' of lower growth:

Growth rates are down, and cyclical and structural forces have undermined the traditional growth paradigm. On current forecasts, the emerging world will converge to advanced-economy income levels at less than two-thirds the pace we had predicted just a decade ago. This is cause for concern.

A 1% slowdown in emerging markets would cause already weak growth in advanced countries to slow by about 0.2 percentage points, Lagarde said.

Crude oil prices have hit a nine-year low. Demand for oil has slowed sharply and oil stocks have built up to a record three billion barrels, while oil tankers circle the waters around refineries in the US and Europe, unable to unload because there is no demand. At the same time, the prices of important raw materials like iron ore and copper hit new lows. The transport of these resources in bulk carriers has collapsed, as measured by the so-called Baltic dry index, now at a 30-year low.

As a result, the large so-called emerging economies like Russia, Brazil and South Africa, where exports are mainly energy and other raw materials for the industrial and consumer economies of the mature capitalist world, have slipped into economic recession, with their currency values collapsing. The largest consumer of these raw materials was

China, but that economy has seen a significant slowdown in real GDP growth and is stockpiling its own steel, iron ore and copper, or trying to dump them abroad at low prices.

Last summer, I pinpointed this growing crisis for the previously booming 'emerging economies', which had taken off through the exports of raw materials and energy.<sup>8</sup> They financed the boom by borrowing at very cheap rates in dollars from the banks of the west. But now, with the collapse of their exports and falling prices, these debts are going to become much more difficult to pay back.

Financial firms in developing economies repaid a net \$15 billion of international debt in the third quarter, while non-financial companies issued just \$6 billion in new debt. Both figures were the lowest since the beginning of 2009, according to a report by the Bank of International Settlements (BIS).<sup>9</sup> Emerging market (EM) companies are starting to default more often than US borrowers, the first time that has happened in years.<sup>10</sup>

If the Fed continues with its policy of interest rate hikes, the cheap debt that the emerging economies have borrowed will get more expensive to service. The face value of dollar-denominated 'emerging-markets' sovereign and corporate debt has roughly tripled since the beginning of 2009, to \$1.7 trillion, according to Bank of America Merrill Lynch index data. These emerging nations are just starting to feel the weight of their mountain of debt. The BIS report reckons that the cost of borrowing in these emerging economies is very sensitive to Fed interest rates.

When in 2014 the Fed decided to end its quantitative easing (QE) measures (printing money), this caused what was called a 'taper tantrum' in emerging market economies (EME), where stock and bond markets plunged in value. Now the BIS says:

There have also been signs that EM local currency yields are increasingly sensitive to developments in the United States. The post-crisis era has been characterised by strong international spill-overs from US bond yields to emerging markets, even when those countries were at different stages of the business cycle. And this effect seems to have strengthened over time. A simple rolling regression of an EME bond index on US 10-year treasury yields suggests that the potential for spill-overs is larger now than it was during the taper tantrum.<sup>11</sup>

The BIS is worried that these tighter financial conditions "may also increase financial stability risks". Average credit-to-GDP ratios in the major EMs has risen by close to 25% since 2010:

Despite low interest rates, rising debt levels have pushed debt service ratios for households and firms above their long-run averages, particularly since 2013, signalling increased risks of financial crises in EMEs. Debt service ratios will inevitably increase even further when lending rates start to rise. Any further appreciation of the dollar would additionally test the debt servicing capacity of EME corporates, many of which have borrowed heavily in US dollars in recent years.<sup>12</sup>

If emerging economies get into a debt crisis, with companies defaulting and banks going bust, the mature capitalist economies will not avoid the impact. As it is, corporate debt has risen sharply in the US and Europe, as companies there have taken advantage of cheap loans to stack on cash. But, as corporate profit growth has slowed to a trickle in the last year, corporate

defaults and debt downgrades have risen, and that was before the Fed hiked its rate.

More than \$1 trillion in US corporate debt has been downgraded this year, as defaults climb to post-crisis highs, underlining investor fears that the credit cycle has entered its final innings. Much of the decline in 'fundamentals' has been linked to the significant slide in commodity prices, with failures in the energy and metals and mining industries making up a material part of the defaults recorded thus far.

## US and long depression

But will the slowdown in China and the slumps in major emerging economies bring down the world? The argument for that to happen is based partly on the claim that emerging economies are now the drivers of the world economy. Emerging economies make up 57% of world GDP and have outstripped the advanced capitalist economies, according to IMF figures.

But this is a wild exaggeration, because the IMF uses what is called a purchasing power parity (PPP) measure. This measures what you can spend or invest in local currency in any country - but that exaggerates the national output of emerging economies compared to measuring GDP in dollars, as is necessary in world trade and investment.

In dollar terms, emerging economies have only 40% of world GDP. Sure, that share has doubled since 2002, but it is still the case that just the top seven major capitalist economies, with 46%, have a greater share than all the emerging economies. And in the last two years, that share has stabilised. While China's share of world dollar GDP has rocketed from just 4% in 2002 to 15% now, it is still much smaller than the US share of world GDP. That has fallen from 32% in 2002 to 24% now.

These figures show the tremendous expansion of the Chinese economy. But they also show that the US remains the pivotal economy for a global capitalist crisis, particularly as it dominates in the financial and technology sectors. In 1998, the emerging economies had a major economic and financial crisis, but that did not lead to a global slump. In 2008, the US had the biggest slump in its economic post-war history and it led to the global great recession. In my view, this weighting still applies.

My main theme about the global economy is that it is in a long depression that can be distinguished from a 'normal' capitalist economic recession, because the global economy did not return to the previous economic growth rate in the recovery from a slump. Instead, economic growth, employment and incomes grew sluggishly, well below trend, and economies slipped back into recession. Such depressions are rare; there have only been three: in the 1880s in Europe and the US; in the 1930s; and now since 2008.

The global economy is in a long depression because the profitability of capital has not recovered and because corporate and public debt remains historically high, both weighing down on investment in technology to boost productivity and growth. A combination of depressionary factors has come together, not seen since the 1930s.<sup>13</sup> One consequence of this depression is that no amount of mainstream policies like monetary boosts (QE) or fiscal stimulus (government spending) can turn things around.<sup>14</sup>

In this environment, I have argued that there was a serious danger that the US Fed would repeat the mistake it made in 1937 during the last great depression of the 1930s.<sup>15</sup> Then it

concluded that the US economy had sufficiently recovered to enable it to start raising interest rates. Within a year, the economy was back in a severe recession, from which it did not recover until America entered the world war in 1941.

## Macroeconomic debate

So should the Fed be hiking interest rates at this time? This question was debated at the recent annual meeting of the American Economics Association by the great and the good of mainstream economics. There were two sorts of responses to this question.

The first was to ignore the fact of the weak global and US economic recovery or argue that it did not matter. Among leading luminaries, Martin Feldstein, former economics advisor to George Bush, reckoned that the US economy was recovering well, with unemployment down and incomes rising. So there was nothing to worry about.

John Taylor, leading economist from Stanford University, took a different tack. Yes, the US economy was very weak, but this was the fault of the economic and monetary policies of the current US administration and the Federal Reserve. What was needed was to reduce regulation of the banks and large companies, so that they can grow, and for the Fed to end its cheap money policy. Let's just get back to business as usual and things will be fine. Taylor appeared oblivious to the fact that it was the failure to regulate the banks and financial system or to stop the introduction of speculative financial instruments that contributed to the global financial crash in the first place!

But the main response of the other contributors at this mainstream meeting was to conclude that we just do not know why the economic recovery was so weak and now seems to be faltering. The vice-chair of the Fed, Stanley Fischer, offered several possible reasons, but said he did not know which was right.<sup>16</sup> Fischer was worried that the 'equilibrium rate of interest' (now called R\*), where savings and investment are matched with full employment and moderate inflation, looked very low, as inflation was near zero. This was another way of saying that the equilibrium rate could be 'zero-bound' and thus the economy was in some form of 'secular stagnation', as argued by

Keynesians like Larry Summers.

But Olivier Blanchard, former chief economist of the IMF, and ever the optimist, offered Fischer a positive answer.<sup>17</sup> Actually, the US economic recovery was beginning to look normal, after all. You see, the infamous Phillips curve of the 1970s - according to which, inflation would rise when unemployment fell - was still operating weakly. So, as labour markets tightened, inflation would rise and the Fed would be justified in raising its policy rate, as it had started to do.

Another view is that of the Austrian school of economics, which argues that the 'easy money' policy of the Fed and other central banks, including the use of QE - ie, 'printing money' - has only fuelled the stock market and bond boom that is now bursting and has distorted the allocation of investment into productive sectors. This malinvestment must be quashed with a strong dose of monetary tightening to get interest back into line with the Wicksellian 'natural equilibrium'. (Johan Gustaf Knut Wicksell was a leading Swedish economist of the pre-Keynesian 'Stockholm school'.)

This Austrian view has been promoted by the economists of the international central bankers association, the BIS. The BIS economists reject the Keynesian view of 'secular stagnation' that must be overcome by more monetary and fiscal stimulus. That is just making things worse, in their view. In several studies they argue that what causes crises is excessive credit, leading to malinvestment and financial bubbles that burst. Their latest study of recessions in 22 rich countries dating back to the late 1960s claims just this.<sup>18</sup> It is not a lack of demand that 'causes' economic crises under capitalism, as Keynesians like Paul Krugman, Larry Summers or Brad DeLong argue, but malinvestment in the supply side of the economy, caused by too much debt.

Returning to Wicksell, the BIS economists reckon that if real interest rates (after inflation is deducted) are held too low (ie, below the 'natural rate' that equates savings and investment in the 'real economy'), then credit bubbles and malinvestment ensue. And rates are too low: they are way into negative territory, last seen during the first post-war international slump of 1974-75.

The BIS reckons the Fed is right to hike interest rates, but what is

## Fighting fund

### £399 needed in three days

The last week has been a disappointing one as far as our fighting fund is concerned. A mere £167 came in towards our £1,750 monthly target, which means that our running total stands at a less than brilliant £1,351. That, in turn, means that we need exactly £399 by 9am on Monday February 1.

Comrades CL and WK played their part, with cheques for £25 and £20 respectively, while JS (£30) and PM (£5) took advantage of our PayPal facility. In addition, £87 came in via regular standing orders. But the truth is we need a big last-minute acceleration to make sure we get what we need by the end of the month.

Let me focus in particular on all those online readers of the *Weekly Worker*. Last week there were 2,975 of them, but only the two mentioned above clicked on the PayPal button. Of course, if you send us a cheque

or postal order, it will be too late for January's fund, but, apart from PayPal, there is another speedy way to get us the cash. I'm referring, of course, to those comrades who have an online bank account. Make a transfer to the *Weekly Worker* (account number 00744310; sort code 30-99-64) and it will land our end in seconds!

I really hope that enough of you will do that. Put it this way: if a mere one percent of our web readers transferred £13.50, we would have a fiver to spare! But we can't count on as many as 30 comrades doing that, so please make it a bit more! How about four £100 donations?! ●

**Robbie Rix**

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



# ECONOMY

wrong is that it has taken too long to do so. Now the economy will have to go through 'cold turkey' or 'creative destruction' (to use the phrase of the early 20th century Austrian economist, Joseph Schumpeter) to clear the system of excessive credit and unproductive investment. In other words, another slump.

In a way, nothing has changed since the debates of the 1930s between the Keynesians, who blame a lack of demand for the depression (with no real explanation of why demand slumped), and the austerians (Austrian school, and monetarists like Milton Friedman), who blame excessive credit and the interference of central banks and governments in the 'natural' workings of the market.

In my view, the cause of the great recession and subsequent depression cannot be laid at the door of the lack of demand (Keynesian) or the existence of too much debt (Austrian). Neither theory has a place for the profitability of capital in an economy that depends on a mode of production based on making a profit! Yes, in a slump, there is a lack of demand (capitalists cut investment and households stop spending). But that is a *description* of a slump, not an explanation. Yes, too much debt can provoke a financial crisis and weigh down on future investment. But why and when does debt or credit - a necessary part of capital accumulation - become 'too much'?

The Marxist answer, in my view, is that debt becomes too much when it can no longer be serviced, because the profits from productive investment become insufficient to sustain it. And demand becomes inadequate when the profits from investment drop so much that capital stops employing labour, closes down companies and reduces the utilisation of plant and equipment.

So what matters is not the level of interest rates - whether they are too high or too low, relative to some 'equilibrium natural rate of interest' that US mainstream economists are now arguing about - but what is happening to corporate profits and investment. Investment drives employment and incomes, and thus economic growth.

Currently global corporate profits (a weighted average of US, UK, Germany, Japan and China) have turned negative and US corporate profits are now also falling (on a year-on-year basis). That suggests that US business investment, which has been expanding at only 3%, will also start to drop within a year or so. If that happens, then the US will likely head into recession. But it will not be China or emerging economies that will be decisive.

## US election policy options

Eight years after the election of Barack Obama at the depth of the great recession, the economic policies of the administration and the forecasts of sustained recovery by mainstream economics have failed. Now there is a rising risk that the US could enter a new slump in 2016 or 2017 - right at the time of the election of a new president. And, whoever is elected, do they have any idea of how to avoid a new slump or get America out of it?

On the Republican side, we are offered a range of neo-conservative, pro-gun lobby, anti-abortion, anti-gay rights, anti-labour, anti-welfare, anti-tax multi-millionaires and climate-change deniers - the noisiest and most popular (among Republican Party supporters) apparently being Donald Trump.

Let us leave aside Trump's provocations on gays, immigration, Muslims and 'liberals' and instead have a look at the economic policies he advocates for America. The

Republican leadership represents Wall Street, the big corporate moguls and the military-industrial complex. But Republican Party activists are mostly small businessmen and older, white, 'middle class', male workers in America's suburbs, who reckon, or are told, that what is wrong with America's economy is too much government, too high taxes and too much free trade and immigration that does not protect Americans.<sup>19</sup> This is the classic petty bourgeois (to use Marx's phrase) view.

It is these people that the billionaire Trump appeals to. So his economic proposals boil down to cutting taxes, reducing government spending (but not the Medicare needed by his elderly supporters), taxing imports to 'protect' American jobs and reducing bureaucracy.

But, of course, Trump's economic plan does not really help his base of support. He wants to cut corporate taxes and income tax for all. The biggest beneficiaries of this would be the very rich. Top billionaires would see their taxes decline from 36% to 25%, and corporations would get a cut from 35% to 15%. On average, most people would see their tax bill reduced by about 7% of their after-tax income, but savings for the top 0.1% of the wealthy would amount to \$1.3 million - 19% of their income.

These tax cuts, if implemented, would, according to the Tax Policy Center, result in a loss of government revenue worth \$25 trillion over the next 10 years.<sup>20</sup> So, just to get to 2025 without increasing the deficit, government spending would have to be cut by about 20%. The biggest loophole in the Trump tax plan, according to Robertson Williams of the Tax Policy Center, is the "pass through" provision, which would allow self-employed contract workers to have their income taxed at the lower 15% rate (this again is a policy aimed at Trump's base).

Trump says he would raise tariffs on foreign goods to help American industry and impose punitive sanctions on China and Mexico, which are America's two largest trading partners. This would break the Nafta agreement. If the US were to impose tariffs (driving up domestic prices), retaliation would follow from trading competitors. All of this is anathema to the Republican grandees, who follow the demands of Wall Street and the big corporations for 'free trade'. But it sounds great to the self-employed and other small businessmen, who are struggling to make ends meet, even though reduced government services would hit them too.

On the Democrat side, Hillary Clinton is facing a strong challenge from Bernie Sanders, the 'socialist' senator from Vermont. That again is another sign that union workers, public-sector employees and active working class Democrats are fed up with the dominance of the Democrat establishment, financed by hedge funds and big business and so tied to their policy needs. Sanders has called for a living wage for all, government investment, breaking up the banks, etc.

These policies are mild in their impact on a capitalist economy in successful times, but they are unacceptable in a capitalist economy still struggling to grow after the great recession and possibly heading back into economic slump. So, for capital, it would be a disaster if Sanders won the Democrat nomination, because it would pose a new threat to the profitability of capital.

But Sanders is also opposed by supposedly liberal reformist elements on the Democrat side. Top Keynesian economist Paul Krugman has launched a series of posts against Sanders.<sup>21</sup> Krugman is opposed to Sanders not particularly because he is against the latter's mild measures, but

because he considers them unrealistic in the face of a Republican Congress and the might of Wall Street and the media.

So we 'liberals' ought to settle for Hillary in order to get a few things done, as we did under Obama. As Krugman put it, "accepting half loaves as being better than none: health reform that leaves the system largely private, financial reform that seriously restricts Wall Street's abuses without fully breaking its power, higher taxes on the rich but no full-scale assault on inequality".<sup>22</sup>

You see, if Obama could not do much at a time when Bush and the Republicans were discredited thanks to the great recession in 2008, there is even less chance now. Of course, this argument assumes that Obama ever advocated anything radical to control the financial sector, reduce inequality or empower labour. On the contrary, Obama appointed Wall Street bankers to bail out the financial institutions, and had then Fed chief, Ben Bernanke, help the banks with mountains of cash and appointed a treasury team that aimed to curb government spending on public services and infrastructure.<sup>23</sup>

But Krugman argues that a campaign for a "radical overhaul of our institutions" is a pipe dream because the 'broad public' will never support it:

The point is that while idealism is fine and essential - you have to dream of a better world - it's not a virtue unless it goes along with hard-headed realism about the means that might achieve your ends. That's true even when, like [Franklin D Roosevelt], you ride a political tidal wave into office. It's even more true for a modern Democrat, who will be lucky if his or her party controls even one house of Congress at any point this decade.

So there it is. The US economy is heading down again. The policies of the last eight years under Obama have not turned things around. Krugman's response is that backing Clinton is the only thing to do - in the hope that a few crumbs will fall the people's way, as a new recession looms ●

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# REVIEW



Moscow 1991: chaos amid the collapse

# Not a lot has changed

Hamid Ismailov *The underground* Restless Books, 2015, pp279, £10.99

The story itself is not so important: it is the ideas and the images it evokes which make it worth reading. It is told in the first person:

I am Moscow's underground son ... my mother 'Moscow' was born in a little Siberian town ... She picked me up from an African sportsman ... in the Olympic village. I became a cross between a bulldog and a rhinoceros ... my mother died when I was eight and I died four years later ... The rest is just decaying, late-blown memories ... the metro became my best friend, where I always fled from the terrors and delusions of life on the surface kingdom.

*The underground* is a long lament - an allegory - for a lost dream. It straddles the last few years of the Soviet Union and its chaotic aftermath; from socialised property and a system which was neither socialist nor capitalist - under the rule of a brutal, dehumanising, centralised bureaucracy, wherein the law of value was in a state of suspension - to the system's inevitable fall and the restoration of capitalism, spearheaded by the bureaucracy and its agents of repression.

'Mbobó' was conceived during the Moscow Olympics of 1980. He is the victim of racial abuse - once described as the colour of overcooked bacon rind. A bright boy, who develops an early interest in Russian literature, he desires to be treated as another Pushkin by his peers and fellow citizens - Pushkin also had black blood in his veins - instead of being regarded as that "little black devil".

Mbobó's "perpetually drunk" mother, the beautiful Khakassian, Mara - or 'Moscow' - is at the head of the queue, when it comes to abuse. After Mbobó accidentally burns

himself, she punishes him, not just with a beating: "she crumbled dry corn on the floor, then made me kneel on it with my bare knees". 'Moscow' has two lovers, who play the role of stepfather in turn. On the one side, there is uncle ('Daddy') Gleb, an alcoholic who, when he is sober, writes for the journal *Friendship of Nations* (!). On the other, there is uncle Nazar, a burly Moscow policeman, who is a stickler for the rules (according to his own dictatorial judgment) - and god help those who break them. Especially poor little Mbobó, who can expect another beating, because uncle Nazar also likes a drink or two.

The three adults could be seen as archetypes for the proverbial dark Russian *muzhik* soul, reinforced over the years by the effects of atomisation under an inhuman system. Ground down by that system, they lurch from spontaneous acts of cruelty and sadism, initiated by drunkenness, to acts of extraordinary kindness and generosity, when they are sober: Uncle Gleb tells Mbobó the sad tale of a little cat, with which he identifies (the dream becomes reality and vice versa, as is so often the case), who dies in agony from kidney stones, despite the efforts of Mbobó and 'Daddy' to save him. Later, after one too many vodkas, 'Daddy' attacks mummy with a knife!

The novel is structured by time - before and after the fall of the Soviet Union/the death of Mbobó's mother - as well as short chapters, each named after the stations of the Moscow underground (much of which was built during the five-year plans in the 1930s). The Moscow metro stations are probably the most beautiful in the world. They reinforce the idea that Mbobó prefers to spend much of his life underground, since life above is so harsh. In this sense

the metro juxtaposes between the two realms: it is a bridge - like the river Styx - between life and death. The metro stations (especially at major junctions) are beautiful in their own way; a strange mixture of styles: socialist realism/neo-Gothic/Baroque/neo-classical/art nouveau. (Stalinism got the idea of interplay between styles, even pastiche, long before the postmodernists!)

From time to time, the author has Mbobó describe their strange beauty. At Ploshchad Revolyutsii station - famous for its statues of male and female revolutionary fighters - Mbobó meets his second stepfather, burly uncle Nazar. He lives in the once fashionable (soon to be again) Arbat, where he can see the Kremlin from his window. Surrounded by mosaic panels of peasants, Mbobó and his mother emerge from Belorusskaya station en route to the cemetery on a cold winter's day to bury his grandfather, colonel Rzhensky. The pallbearers slip on the frozen earth and "his body knocked against the sides of the coffin, nearly falling out". At Paveletskaya station, "in the depths of the hall like an altar ... the candelabra drenched the walls in wary light ... [I enter the hall of] the stained-glass panels of peasants, ... like the Parthenon, in uncle Nazar's iron grip."

For Mbobó, this is his "sanctuary" - not those churches up there "on the surface kingdom". Mayakovskaya station "doesn't have much in common with his poetry, with its depictions of flight, except for his clouds in trousers"! (Seen through a fisheye lens, it looks like a giant Fabergé egg!) Then there is Komsomolskaya station, with its "perfectly measured pillars made of light Gazgan marble". There are many ordinary stations further out from the centre too - where mummy might bash Mbobó's head against one of their ordinary pillars. All too soon

he will lie in the damp earth and wait for the resurrection, hopefully!

Mbobó's story ends at Ploshchad Revolyutsii station:

Trains race back and forth, but Anna Karenina is not on them, nor is my mummy, Moscow. [There is only] emptiness, complete emptiness ... the bridge between my present, other-worldly reality of death and the former unreality of what I called life.

But it is also the end of the Soviet Union: near Prospekt Mira station,

I bumped into Nazar, who, keeping with the new times, had traded his grey cop's uniform for a long business coat almost to his heels: he was now engaged in property speculation in the Arbat ... he was stepping out not to defend soviet power, but his business.

At Park Kultury, Uncle Gleb and his two associates, drunk and dressed like the tramps they have become, wait for uncle Nazar. When he arrives, together they toast "the new Russia". Uncle Gleb recites a Pushkin poem about hope and freedom. But later at Oktyabrskaya station, in this "underground temple", they stab Nazar fatally in the throat. Yes, "Gleb, who used to chase mummy with a knife". The dead Nazar, epitome of vigour and strength in life, was an officer of the MVD (internal affairs ministry) with connections in the police and government. Sentenced to manslaughter through "reckless indifference", Gleb is deported to Siberia. Not a lot has changed!

"Ladies and gentlemen, this train terminates here. Please exit the cars!" (But beware of the pickpockets waiting to fleece you) ●

Rex Dunn

## What we fight for

- 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.

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# weekly worker

**China takes  
lead as  
sanctions era  
ends**

## Open for business

Who will gain most from the lifting of sanctions? Yassamine Mather reports on the latest deals

The last 10 days have been a busy time for Iran's Islamic rulers. Since the official lifting of all nuclear-related sanctions, Tehran has hosted a visit by the Chinese leader, Xi Jinping, who became the first foreign statesman to visit the country after the lifting of sanctions. It was a visit supported by all factions of the regime, ending with a meeting with the supreme leader, ayatollah Ali Khamenei. The deal signed during this visit means that the two countries' trade will be worth \$600 billion over the next 10 years. Iran and China signed 17 agreements covering a range of areas, from energy to construction.

Soon after the Chinese leader left Tehran, Iranian president Hassan Rowhani travelled to Rome and Paris, accompanied by a 120-strong delegation. This was composed of government officials, ministers and businessmen. Agreements signed on January 25-26 with Italian firms are estimated to be worth around \$18 billion. The steel company, Danieli, and Italy's ministry of health are among two in a long list of institutions signing trade deals.

The Italians did their best to accommodate the requests made by the Iranian president's office prior to his visit: nude statues at Rome's Capitoline Museum were covered up, and there was no alcohol at the official dinners and receptions, where no expense was spared. However, for all the precautions taken by presidential aides to avoid Rowhani being photographed alongside embarrassing paintings, a picture emerged on mass media showing the president standing next to pope Francis in the Vatican Palace under a Renaissance painting of three nude angels. Clearly, unlike Italy the papal state had not accepted Iran's request to remove from view such embarrassing artworks.

On the second leg of his trip - to France - Rowhani is expected to sign a major deal with Airbus. This does not replace, but comes in addition to plans to buy civilian planes from US manufacturer Boeing. Iran's civil air industry has been one of the principal victims of western sanctions. Air travellers are used to waiting for hours, as antiquated aircraft undergo last-minute repairs or maintenance. Until last week Iranian planes could not be refuelled in most western European airports and, if it had not been for ingenious efforts by aircraft technicians at Heathrow and other airports, no passenger travelling on national or international Iranian flights would have been safe. So for ordinary Iranian passengers the end of sanctions is good news.

However, we all know what the real message of Rowhani's trip to Europe is: Iran is open for business. The country will provide cheap, skilled labour, and its repression of labour activists will help guarantee profitable returns. Amongst those benefiting will be French car manufacturers Renault and Citroen, who are poised to make a return to Iran.<sup>1</sup>

Rowhani's visit to Paris was, by



**Xi Jinping: guard of honour**

the way, met by protests from Iranian exiles - and not just from dubious organisations associated with regime-change funds, but also from genuine leftwing forces opposed to the continued repression and increased exploitation of the Iranian working class.

### High hopes

So what can we expect, now that sanctions have been suspended or lifted? One of the most significant aspects of the new era is an end to the embargo on buying Iranian crude oil, as well as an end to restrictions imposed over the last few years on Iranian trade, shipping and insurance.

In continental Europe, business has high hopes. According to Michael Tockuss, managing director of the German-Iranian chamber of commerce,

This is a day we were awaiting for years. There will be big changes. We will also get some 300 Iranian individuals and companies off the [EU] sanctions list. Up to now, we couldn't do a single business transaction with them - not even selling bread or biscuits.

For Iran, the immediate effect will be an increase in national income. At current prices, the lifting of energy sanctions means Iran could increase revenue from oil exports by \$10 billion in 2017.

The director of Iran's central bank estimates that the removal of banking sanctions will allow \$30 billion of foreign reserves - currently frozen in accounts around the world - to be brought back to life. However, this is probably an underestimate, as the US treasury puts the figure at nearer \$50 billion. Although Swift restrictions on Iranian banking have already been

lifted, banking remains amongst the grey areas of the Iran nuclear deal, mainly because many US-imposed sanctions, unrelated to the nuclear negotiations, remain in place.

Some of Europe's major banks are reluctant to handle Iranian transactions, as they are still recovering from the heavy penalties imposed by the US authorities following previous dealings with Iran. They had to pay over \$14 billion in fines or settlements. Tockuss's comment was: "When I speak to our big German banks, they say wait until 'implementation day', then another 12 months, then you might be able to speak to us again about doing business with Iran."

A similar picture is emerging in the UK. According to Justine Walker, director of financial crime at the British Bankers Association, "A number of UK banks have given commitments to US regulators not to increase their Iran exposure." Following a survey of 10 major banks, *The Guardian* concluded this week:

The majority were unwilling to disclose whether they had plans to deal with Iran, a few said there was no change in their existing policy, and the London-based Standard Chartered, which was fined £400 million by the US authorities in 2012, issued a statement to make clear it was not dealing with anyone or any entity that had anything to do with Iran.<sup>2</sup>

According to the same report, an HSBC branch in London was still refusing to open a personal bank account for an Iranian resident in the UK. HSBC later issued a statement, saying: "There are a number of factors we take into consideration when opening a new

account and we judge each application on an individual basis."

The banking sector has good reason to be cautious, for the United States is lifting what is often referred to as 'secondary sanctions': in other words, those related to non-US individuals or companies. But US 'primary sanctions', which prevent US nationals and companies from engaging in business with Iran, are still in force. Banks and financial institutions also remain wary in their dealings with the non-US subsidiaries of American companies - another grey area, adding complications to the start of the post-sanctions era.

Having said all this, according to Rowhani's vice-president, Eshaq Jahangiri, sanctions have added 15% to the cost of trading with Iran, and so lifting them will save the country some \$15 billion yearly in cheaper trade. The International Monetary Fund is also predicting a boost for the Iranian economy, with the country's GDP growth expected to rise to around 5% in 2016-17. Iran's current rate of growth is zero.

### Iran-China

And, of course, China remains in an advantageous position, having helped Iran circumvent aspects of international sanctions over the last few years. According to Iran's World Trade Center representative, Mohammad Reza Sabzalipour, "Westerners visiting the capital often wonder how we managed to pull off such ambitious projects during the heaviest sanction regime in history. Well, we did it with the help of our Chinese friends."<sup>3</sup>

A European diplomat speaking to the *New York Times* summed up the frustration felt by the EU establishment during the years of sanctions: "Where we had to stand on the sidelines, the Chinese have been filling the void ... They are way ahead of all of us." As Khamenei said during Xi's visit, "The Islamic Republic of Iran will never forget China's cooperation during the time of sanctions."<sup>4</sup>

There is an additional reason why China will remain a favoured partner. The mindset of Iran's supreme leader is stuck in the 1970s. Like many third-world nationalists of that time, he still believes that dealing with China is an integral part of the country's 'anti-arrogance' (his term for 'anti-imperialism') stance:

The government and people of Iran

have always looked and are still looking for expanding relations with independent and trustworthy countries like China, and on this basis the agreement between the presidents of Iran and China for the establishment of a 25-year strategic relationship is completely correct and wise ...<sup>5</sup>

China's economic integration into the world capitalist system should be obvious to anyone who has any basic understanding of the global economy. The market fluctuations in response to reduced rates of growth in China over the last few weeks provides ample proof of China's integration, so Iran's "strategic relationship" with China will have some political implications. However, in terms of the global economy, far from being immune from capitalist crises, China may be particularly vulnerable.

What does all this mean for the Iranian people? Last week a Spanish reporter, referring to an article I wrote in 2015,<sup>6</sup> asked whether the lifting of sanctions will lead to a better distribution of wealth or a continued increase in the gap between rich and poor.

I am afraid the answer is obvious. As Iran's frozen assets are returned, as the burden of economic sanctions is lifted, the beneficiaries of the new economic order - those who, according to the *Financial Times*, will be "coming out of the cold" - are the privileged sons of the ayatollahs, the leaders of the Revolutionary Guards, the friends of senior clerics and members of various factions of the regime. It is these establishment figures who will gain the most from the new era. Meanwhile, the majority of the Iranian population will by comparison see little financial benefit ●

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Please pay to Weekly Worker, Lloyds A/C No 00744310 sort code 30-99-64, the sum of \_\_\_\_\_ every month\*/3 months\* until further notice, commencing on \_\_\_\_\_ This replaces any previous order from this account. (\*delete)

Date \_\_\_\_\_

Signed \_\_\_\_\_ Name (PRINT) \_\_\_\_\_

Address \_\_\_\_\_