

A paper of Marxist polemic and Marxist unity

weekly

worker



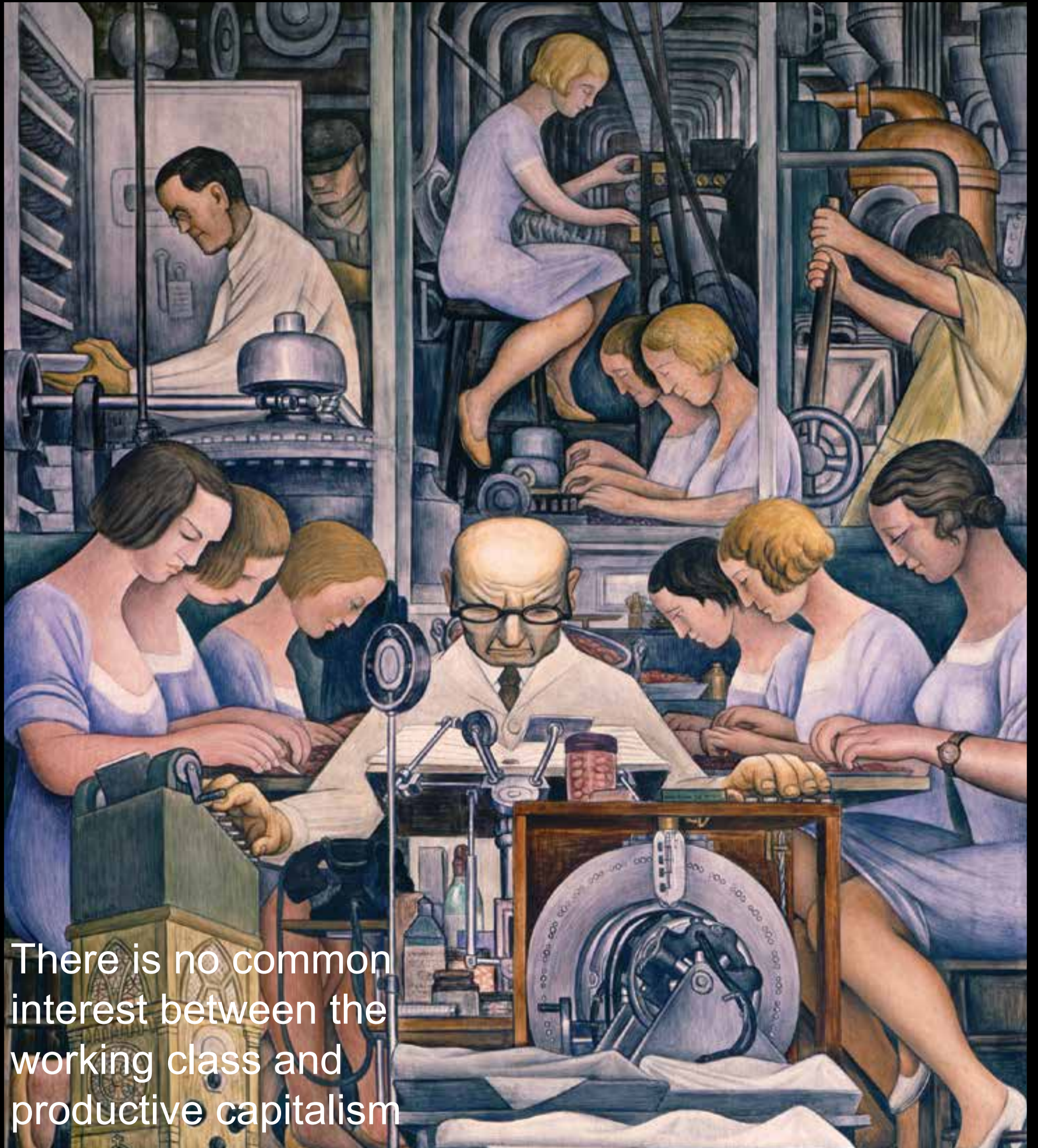
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Towards a Communist Party of the European Union

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There is no common
interest between the
working class and
productive capitalism

LETTERS



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

Not our job

Chris Gray states that the basic income scheme (BIS) is “necessary to strengthen the power of organised labour, in order to abolish the current mode of production” (‘Basic income urgently needed’, March 17). He believes the scheme is “socialist or progressive” and urges the left to campaign for it.

I disagree. I contend that the BIS does not challenge the hold commodity fetishism has over workers and thus helps to prolong the life of capitalist social relations. It has no socialist content and the left should not be seen to promote it.

The BIS is a social security system in which all adult citizens regularly get a sum of money from the government, regardless of income derived from elsewhere. It is a form of state mini-pension extended to adults of every age. According to one of Gray’s sources, this would be a “modest” sum set at a level that would prevent an individual from starving to death through the absence of paid work. The scheme does not appear to take into consideration the threat of death unemployed workers face through homelessness or hypothermia. It does not address other sources of workers’ injuries and death, such as overwork, exhaustion, mental illness and addiction. Nonetheless, Gray’s article mentions “add-ons” for people with special needs, such as the disabled. I assume these would be means-tested.

How “progressive” is this proposal? Gray quotes Paul Mason, one of Jeremy Corbyn’s economic advisors, favourably. Mason thinks that the scheme gives “people the chance to build positions in the non-market economy”. Certainly the BIS gives voice to a section of the ruling class that realises the attempt to restore the classical operation of the industrial reserve army of labour is now politically unacceptable and a utopian dream. In order to reproduce an exploitable workforce and prevent food riots some form of social security is necessary. Moreover, if the state provided a regular income to every individual, some of the effects of underconsumption can be offset. The scheme could be used to reduce state expenditure on social security. It would diminish the influence of a coercive bureaucratic apparatus on the population surplus to the requirements of capital. The BIS could therefore be a popular measure with cross-class support. It would act as a means of stabilising commodity relations in a declining and crisis-ridden capitalism.

It is therefore not true to state, as Gray does, that “the capitalist class would adamantly refuse to accept the idea”. Contemporary Alaska and Iran both have forms of the BIS and, if the June referendum is successful, Switzerland will be the first European country to adopt it. The “progressive” (ie, left liberal) section of the capitalist class supports the BIS because it is consistent with other measures to reclassify labour-power and make it more productive. These include the continued erosion of workers’ rights, privatisation and cuts in public expenditure on health, education and welfare.

Gray quotes Paul Mason’s generous estimate of £6,000 a year. Mason thinks this could be hiked to a minimum wage of £18,000 through paid work. I calculate that a worker on £7.25 per hour would have to work longer than a 30-hour week to reach Mason’s minimum

wage target. In other words, workers would still be forced to sell their labour-power below its value in order to raise their standard of living above near starvation. Moreover, if wages remain low, they will continue to work long hours. As such the BIS-like existing working tax credits and housing benefits - would serve as a state subsidy to small and medium-sized enterprises.

The recommodification of health, education and social care through privatisation and so-called ‘outsourcing’ all contribute to the competitiveness of a BIS-supported workforce. Workers would still be forced to compete for a wage as atomised individuals with other workers. Waged work will be needed to pay for rent, debt, mortgages, fuel, transport and other basic necessities. The BIS would not therefore magically “strengthen the power of organised labour”, as Gray states. Rather than bringing into being Mason’s fantasy of a “non-market economy”, the scheme would, at best, ameliorate and, at worst, prolong the existing forms of economic tyranny and control over workers.

Notwithstanding these criticisms, the socialist alternative does indeed mean creating conditions that strengthen the collective power of workers and their families. This power must be sufficient to abolish the commodification of social relations and replace them with a democratically planned, classless society. This means campaigning for the decommodification of labour time, the labour process and the products of labour.

It follows that the socialisation of the means of production and permanent full employment would abolish the operation of the industrial reserve army of labour completely. Moreover, automation and a working week as short as 15 hours would, I guess, produce a surplus product sufficient to meet the needs of the world’s population.

Democratic planning from below is an essential means to these ends. This would involve the collective expression of the needs of specific groups of individuals. Thus planning for the needs of the homeless requires the abolition of rent and the extension of free social housing to the whole of the population. Planning for the needs of the disabled entails the free availability of assistive technology, free access to transport, and properly trained and rewarded teams of support workers. Planning for the needs of ex-prisoners and addicts means they have free access to health and educational resources and generous forms of free social support. No doubt planning for the needs of the mentally ill and the elderly will take similar forms. These demands could be transitional to the revolutionary forms of power of the future.

The BIS addresses none of the above needs. It also ignores their expression as collective forms of power. It is not the job of socialists to advise bourgeois governments on how to use social security systems to control workers’ sale of their labour-power more efficiently. We should therefore resist and reject Gray’s call for the left to lead a campaign for the scheme.

Paul B Smith
email

Income fail

Chris Gray has written a few times in the *Weekly Worker* on his advocacy of universal basic income. It is unfortunate to read his citation of Paul Mason’s concession statement that “This replaces unemployment benefit. Other forms of needs-based

welfare - such as family, disability or child payments - would still exist, but would be smaller top-ups to the basic income.”

Universal basic income fails to address: (1) structural and cyclical unemployment; (2) desire to work and avoid the stigma of not doing something; (3) inevitable downward pressure on wages as a result of implementation (Speenhamland, Karl Polanyi’s classical observations, Francine Mestrum’s and Yves Smith’s articles warning about this problem, etc); (4) privatisation of the social wage (welfare being substituted, as Paul Mason put it very, very mildly); (5) class origins of political advocacy and beneficiaries (working class vs lumpen).

Any implementation of a basic income programme should, at best, be in place only as a top-up to an expansive job guarantee/employer of last resort programme (Hyman Minsky, L Randall Wray) as a structural, radical left reform (Jesse Myerson).

As for transitions and directional demands, basic income pales in comparison to this measure: extending workers’ self-management to a labour commons union (Tom Walker, whom I’ve had the honour of meeting in person) and a mandate of systematic work time reduction, decreasing employment participation for a static or growing population, while maintaining present levels of both real labour productivity per capita and real living standards (Robert LaJeunesse). This measure acknowledges that there may be one justifiable anchor for the policy-based maintenance of stagnant, but not depressed, real discretionary income: a slow, but long-term decline in working hours. More importantly, it stresses that the big corporate capitalists and the petty capitalists prefer more money being paid to ‘the 99%’, so that they can keep spending, preferring consumption habitually over leisure.

Jacob Richter
email

Don’t blame EU

Surveying the arguments for leaving the European Union put forward by trade union leaders, elements of the left and the *Morning Star*, I am struck by the absence of any reference to two matters which ought to concern any worker, let alone principled socialist.

The British state, which the ‘leave’ advocates wish to withdraw into, is headed by the monarchy - linked directly to the government and institutions of the state through the Privy Council. It is worth remembering that the reigning monarch still lays claim to the ownership of some one-sixth of the planet’s land surface. How can we ignore this most secretive of institutions? The answer is probably related to the fact that the left has in the last century for the most part failed to campaign for its abolition and the establishment of a modern democratic republic.

The right, on the other hand, and certain ‘liberal’ newspapers, remains only too ready to rub our noses in the real power of the monarchy and Privy Council when it reminds us of what the left chooses to forget. For example, the mockery of the newly-elected Labour leader, Jeremy Corbyn, for his dress sense in the royal presence and in the posing of questions as to whether he would kneel or bow to the queen in attending the Privy Council. Backing up the mockery came the real threat from the military, warning the general public not to vote for Corbyn. No disciplinary procedure

against the army officers concerned was implemented. But the Brexit lobby apparently have no problem with such threats.

Associated closely with this state of affairs is the continued, centuries-old presence in parliament of the leaders of the Church of England. The left again fails to campaign for the separation of church and state - even when the Church of England is no longer representative of the majority of religious persons resident in Britain.

Yet Germany, France and Italy, at the centre of the EU, are by comparison modern democratic republics with separation of church and state. If, as those who advocate Brexit claim, the governance of the EU is shrouded in secrecy, obscure and by inference undemocratic and a threat to workers, is governance in Britain transparent? How much don’t we know about the powers invested in the monarchy, the Privy Council and the institutions within the state and Commonwealth? Who now recalls those very powers being deployed in 1975, for one example, to remove the elected government of Gough Whitlam in Australia? More than that, what role have these institutions played in attacks on the trade union movement in the 1970s and 80s?

How much resort have some prime ministers made to these powers through the Privy Council, without parliament’s assent or knowledge, let alone that of the public at large? Until such matters are widely discussed and transparent to all voters, at least those who are allowed to vote, we cannot begin to understand or make judgement on them, let alone conceive of a genuine comparison with the EU (which does not, of course, have an army).

The second matter being ignored by those in the labour movement advocating a retreat from the EU concerns the history of Europe over the last millennium. I commend to readers Hans Magnus Enzensberger’s *Brussels, the gentle monster, or the disenfranchisement of Europe* (Seagull Books, 2011) for demystification of the processes leading to the creation of the Common Market and the EU.

Before the 1950s Europe had been a battleground for almost 1,000 years. Napoleon’s armies did not just reach Egypt: they swept through east Europe to Moscow, creating vast cemeteries in their wake. The arrival of the German army at the outskirts of Paris in 1871 witnessed the massacre of the Paris Commune and the end of the First International. All of which and more, including the two world wars, gave rise to racial hatred and violent prejudices, which became component parts of, among other things, ‘British values’, as referred to by prime ministers when it suits them. I reject these ‘values’.

The creation of the Common Market, the EU, has done a great deal to put an end to wars, to occupations in Europe, and to calm down racial and inter-ethnic prejudices. The freedom of movement between countries, travel and settlement, was not possible even in the early 1950s. It has opened up the possibility of the development of human cooperation on many levels.

But how have our trade unions, and particularly the leaders of the TUC, responded to this potential? How many cross-Europe campaigns have they organised in their members’ defence since 1973, and especially since the 1989-90 collapse of the states of eastern Europe? What is the record of the TUC when workers in eastern Europe, Cyprus, Greece and Spain have all been

under attack? Have our trade unions initiated Europe-wide campaigns to defend democratic rights, let alone extend them? Why not? In his letter published on February 11, Chris Gray explores the potential for defending and extending democracy within the EU. We cannot know just how much potential there is unless a series of campaigns are mounted across Europe to test the circumstances we are presented with.

Since Jeremy Corbyn was elected Labour leader, he has opened up just one such possibility, linking workers here with those under attack elsewhere in Europe. We are not in a position to conceive what the full potential is in the EU for uniting workers all the way across it and beyond its borders - tasks we urgently need to accomplish in the context of a global market - unless we are present inside the EU. Outside, isolated in Britain, workers will not be in a position to resist or defeat the Transatlantic Trade and Investment Partnership.

We cannot simply leave this matter at the level of a vote in the referendum, any more than we can trust the TUC to take care of workers’ needs or interests. We cannot, of course, even vote for the TUC general secretary, such are the limits on democracy within our own organisations. So, together with a ‘remain’ vote, we must campaign for the thorough transformation of the trade union movement in Britain and the EU. The contested results of the elections for general secretary in Unison and the GMB unions are real symptoms of the democratic deficit inside Britain, which cannot be blamed on the EU.

Remain in the EU, campaign from the rank and file up for the thorough democratisation of the trade union movement, full stop.

Ian Harrison
Sussex

Jewish racists

What a couple of miserable specimens of Zionist racism the *Weekly Worker* indulged in its letters page last week (March 24)! First of all we have ‘Judd Seuss’, who claims to speak for the ‘Jewish left’, but uses as his *nom de plume* the title of the vilest Nazi propaganda film *Jud Süß* (‘The Jew Seuss’). In my experience, that would make any leftwing Jewish person shudder and wonder what kind of warped individual they were dealing with. It’s obvious through his very anonymity and use of a Nazi pseudonym that he is simply one of the many Zionist trolls in circulation. Any genuine anti-racist would vomit at the thought.

Then there is Peter Leapman, a prime specimen of pro-Israeli racism. The purpose of his hypocritical, psychotic and genuinely racist rant is revealed at the end, where he bemoans that “too many people on the Corbynist left are already deranged by their hatred of Israel, this would merely fan the flames of the hard left’s incipient hostility to Jews”.

This reveals clearly his own racist, anti-Arab agenda. Israel, the pogrom state, was created through a massive population expulsion and suite of Srebrenica-style massacres in 1947-49 that drove out over two-thirds of the native Arab majority population. This was meticulously documented by the Israeli historian, Ilan Pappé, in his monumental work *The ethnic cleansing of Palestine*. There could be no state of Israel without the expulsion of its Arab majority. Yet Leapman thinks that hostility to Israel is “deranged”. He obviously thereby approves of its expulsion of Arabs and thinks the

idea that the Palestinian majority should have equal rights to Jewish settlers over their country of origin to be “deranged”. Anyone who cannot discern the racism in Leapman’s rant is either a bit thick or, more likely, influenced ideologically by Zionist philo-Semitic, anti-Arab racism themselves.

The essence of Leapman’s screed is that Jewish racists should get special treatment, and an amnesty, from the left just because they are Jewish. This is a racist position. Thus, when Gerry Downing pointed out on TV that Israel’s racist ‘Law of Return’ citizenship law gave sections of capital within imperialist countries a material interest in the oppression and dispossession of the Palestinians, he was merely stating the logical, materialist consequences of a known, universally acknowledged fact. The fact that Andrew Neil, Labour Zionist Phil Collins, the likes of Leapman, along with the entire rightwing media, consider merely pointing out this material interest of overseas Jewish bourgeois in the oppression of Palestinians to be a forbidden topic shows the depth of anti-Arab racism in the British establishment today.

That the likes of the CPGB’s Jim Grant, as well as the *Weekly Worker’s* guest columnist, Tony Greenstein, also consider it to be ‘anti-Semitic’ to mention this fact, let alone to try to use the Marxist method to analyse it, and echo the anti-communist demagoguery of Zionists like Neil and Collins that equates Marxist analysis of Zionism and the Jewish question with Nazism, shows how much the CPGB have conceded ideologically to Zionism and anti-Arab bigotry.

This is shown by the ridiculous lecture that Leapman, this pro-Naqba pogromist and racist, feels able to give avowed communists on morality and ‘anti-Semitism’. Trotsky once said that, when one receives lectures on ‘morality’ from such people, it is a good idea to keep one’s hand on one’s wallet. If the CPGB were not capitulatory, such a piece ofchutzpah from this bigot, whose ‘morality’ is that of Deir Yassin, the Gaza massacres and other Nazi-like crimes against the Palestinian people, would not be possible. But for the CPGB too it is reprehensible to draw attention to diaspora Jewish bourgeois organised racist lobbying to crush the Palestinians, out of a pathetic liberal guilt over the Jewish question, which is counterposed to the duty of Marxists to be a tribune of the oppressed, according to today’s social reality.

At bottom Leapman’s ravings are anti-communist. Pro-Zionists like him hate the communist tradition that Marxists like us stand in, the tradition that owes much to the best of the Jewish intellectual tradition, such as Marx, Trotsky, Abram Leon, Isaac Deutscher at his best. All these are figures the CPGB is hostile to, in many cases with particular regard to their best work on the Jewish question. Instead the CPGB endorses the baleful tradition of Hal Draper, whose erudition was not matched by principle, and who most infamously tacitly supported the ethnic cleansing of Palestine in the name of Jewish ‘self-determination’. It is odd, to say the least, that Tony Greenstein can live with this, but that is his contradiction.

He has partially defended Gerry Downing, as has the CPGB, on narrowly democratic grounds, while solidarising with the witch-hunters on the substantial allegation of ‘anti-Semitism’, despite Tony testifying that our comrades are not ‘personally’ racist. This inherently contradictory stance has not saved Tony from being witch-hunted and suspended from Labour himself. We welcome this support as far as it goes, but continue to demand a proper united

front campaign with full freedom of propaganda for the left tendencies to argue their views.

We reject all restrictions by self-appointed ideological censors on the freedom of Marxists to analyse ruling class politics, including those of the parts of the ruling class that are of Jewish origin. Anyone seeking to restrict freedom of historical materialist analysis in this way is crossing class lines, and siding with bourgeois politics against Marxism. We defend Tony Greenstein despite these important political differences.

Ian Donovan
Socialist Fight

Bankrupt

It is very clever of Judd Seuss to tell us that the Jewish left is ringing an alarm bell. However, I would be more convinced of his argument if he hadn’t named himself after one of the most anti-Semitic films, the Nazis’ *Jud Süß*.

As for Peter Leapman, he gives himself away when he refers to the Corbyn left as being “deranged by their hatred of Israel”. Hatred of Zionism is no more a product of mental illness than hatred of apartheid or any other form of racism. Leapman’s assertion that the Labour Party is anti-racist is risible. It is a party of British imperialism and it is unfortunate that John McDonnell in particular jettisoned his anti-imperialist politics in respect of Ireland on becoming shadow chancellor.

Mike Belbin is correct when he says that being anti-Zionist and anti-Israel is no more racist than opposition to the Chinese rulers. False allegations of anti-Semitism are a form of defamation designed to deter criticism of Israel. They create a situation whereby people cannot distinguish between the real thing and the bogus cry. The Zionist definition of ‘anti-Semitism’ drains the term of all meaning.

The question Gerry Downing, Ian Donovan and Socialist Fight pose is more difficult. Are they anti-Semitic or not? In my view their politics leads inexorably in an anti-Semitic direction. If it is true that there is a separate, transnational Jewish bourgeoisie that has a dual loyalty, because of dual citizenship, then there is only one logical outcome. If indeed Palestinian suffering is on account of a specific component of the western bourgeoisie, its Jewish component, then we are bound to campaign against them.

The fact that Downing and Donovan, as far as I know, recoil from their own logic is testimony to the bankruptcy of their position. It would be insanity to campaign against and single out Jews in the bourgeoisie as opposed to non-Jews. Utter madness. It could only create divisions in the working class, not the ruling class. According to Socialist Fight’s new theory, we should campaign against Sir Philip Green and Stuart Rose - both Jewish capitalists - but leave Mike Ashley and John Browne alone. This is not serious socialist politics. It is to go backwards to Proudhon.

I have no doubt that neither Downing nor Donovan are anti-Semitic in a personal sense and that is why I would not support their expulsion. But at a time when the anti-Zionist left is under attack in the Labour Party and I am under threat of expulsion personally, I would want to have nothing to do with any campaign Gerry might mount against his expulsion. His behaviour and his politics are insupportable and have weakened the position of anti-Zionists in the party, myself included.

Gerry Downing also goes wrong in his statement that “those who are fighting imperialism right now are by definition anti-imperialist”. It seems that Gerry has progressed from the socialism of fools to the anti-

imperialism of idiots.

It was Trotsky who said that you don’t simply put a minus where the bourgeoisie puts a plus. Islamic State and al Qa’eda are indeed the consequence of imperialist interventions in the Middle East and Afghanistan, but they are not anti-imperialist. An organisation that seeks the genocide of Shi’ite Muslims and Kurds, which uses torture, rape and sexual enslavement as a weapon of war is in no sense fighting imperialism. If anything it is emulating imperialist butchery and adding to it. There is nothing whatsoever progressive in their politics and they are a dire threat to secular national liberation and social movements. That they are relatively weak movements compared to the United States is irrelevant.

The struggle of the Kurds is a beacon in a region plagued by sectarianism and confessionalism. No group hates IS more than the Kurds and their organisations, the PKK and PYD. I suggest we take our lead from the masses rather than Gerry Downing’s bankrupt theories.

Tony Greenstein
Brighton

Whose side?

Like so many, I have been watching the events of the terror attacks in Belgium and have followed much of the subsequent media coverage with interest. What has been astonishing is the clear absence of any attempt at real analysis as to why and how such attacks occur, with endless debates taking place which attempt to link the attacks with both the refugee crisis and the European Muslim community.

While I understand there may be some concern around both issues, what is amazing is the lack of basic background knowledge on policies such as the covenant of security, where under Tony Blair jihadist organisations were allowed to freely operate on UK soil, on the condition that terror-based attacks only occur against civilian populations across the Middle East. This contract allowed radical Islamist preachers, hate-filled materials, recruitment and fundraising to take place across all major British cities, where, in a post-9/11 environment and under the banner of ‘freedom of speech’, advocates for what we call terrorism were operating under the noses of the British government, which across Europe earned Blair’s Britain the nickname, ‘Londonistan’.

It’s clear the lives of the Middle Eastern people still hold little value for Europeans, even over a decade after the 2003 invasion of Iraq, where all major terrorist incidents across Europe, including the mass shooting of Jewish children in Toulouse, have overwhelmingly been carried out by those who have been allowed to freely travel between their native European countries and into Iraq, Syria or Afghanistan.

European governments have repeatedly been warned of such facts as these, but the political inability to grasp reality has been repeatedly exposed through the attacks on European soil since 2010, combined with membership of Islamic State only becoming illegal in some European countries since the takeover of Mosul and the mass exodus of Iraqis in 2014. It’s amazing that, while some have mocked the Iraqi army’s retreat from Mosul in 2014 and some in the European parliament even attribute the growth of IS to the Maliki government in Baghdad, the very presence of thousands of European affiliates to Islamic State has made even children in Iraqi refugee camps wonder whose side Europe is actually on.

Hussein Al-alak
Manchester

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 April 3, 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 3 (‘Parliamentarism vs direct action’), section 3: ‘Labour’s fling’.

Organised by CPGB: www.cpgb.org.uk.

James Connolly and the workers’ republic

Saturday April 2, 2.30pm: Discussion, Marx Memorial Library, 37A Clerkenwell Green, London EC1. With author Pdraig Yeates. £3.

Organised by the Marx Memorial Library: www.marxlibrary.org.uk.

Women making history

Saturday April 2, 11am to 3pm: Political and historical day school, Working Class Movement Library, 51 Crescent, Salford M5.

Organised by Independent Working Class Education:

<http://iwceducation.co.uk>.

Socialist opposition to World War I

Monday April 4 to Thursday April 14: Exhibition, Congress House, Great Russell Street, London WC1. Display of historic posters and photographs.

Organised by Marx Memorial Library: www.marxlibrary.org.uk.

No to settler violence

Tuesday April 5, 7.30pm: Meeting, Kingston Quaker Centre, Fairfield East, Kingston upon Thames. Featuring eye witnesses from Palestine.

Organised by Palestine Solidarity Campaign: www.palestinecampaign.org.

15 years of the ‘war on terror’

Wednesday April 6, 6.30pm: Meeting, Torriano Meeting House, 99 Torriano Avenue, London NW5. Speaker: John Rees.

Organised by North London Stop the War Coalition:

www.facebook.com/events/972875536166608.

Attack of the drones

Friday April 8, 11am: Protest against local manufacture of military drones. Thales arms factory, Manor Royal, Crawley, West Sussex.

Organised by Sussex Stop Arming Israel: www.ssaai2016.wordpress.com.

IS, imperialism and Syria

Monday April 11, 7pm: Public meeting, Friends Meeting House, Upper Goat Lane, Norwich NR2.

Organised by Norwich Stop the War Coalition: <http://norwichstopwar.org.uk>.

Universal credit - what next?

Wednesday April 13, 9.30am to 3pm: Education session, Learning Partnership Cornwall, Redruth Centre, 5-6 Station Road, Redruth.

‘Universal credit - what will it mean for workers?’ Free entrance.

Bookings: www.eventbrite.co.uk/e/universal-credit-what-will-it-mean-for-workers-tickets-17222895143.

Organised by South West TUC: southwest@tuc.org.uk.

No to anti-union laws

Wednesday April 13, 7.30pm: Activists meeting, Karibu Education Centre, 7 Gresham Road, London SW9.

Organised by South London National Shop Stewards Network:

www.shopstewards.net.

End austerity now

Saturday April 16, 1pm: National protest against state budget cuts. Assemble Gower Street/Euston Road, London NW1.

Organised by People’s Assembly: www.thepeoplesassembly.org.uk.

Skateboarding in Palestine

Tuesday April 19, 7.30pm: Film show and discussion, Whitstable Labour Club, 12 Belmont Rd, Whitstable. With Theo Krish, who builds skate-parks in Palestine.

Organised by Faversham and Whitstable Palestine Solidarity Campaign:

www.facebook.com/fwpsc.

Workers Memorial Day

Thursday April 28, 11am: Meeting, Unite the Union, 1 Cathedral Road, Cardiff CF11. Memorial for all workers killed or injured due to unsafe working conditions. Free, with small buffet.

Organised by Welsh TUC: wtuc@tuc.org.uk.

Racist and Islamophobic

Saturday April 30, 5pm: Meeting, Augustine United Church, George IV Bridge, Edinburgh EH1. The effects of the ‘anti-terrorist’ Prevent policy.

Organised by Muslim Women’s Association of Edinburgh, Edinburgh Stop the War and Scotland Against Criminalising Communities: www.stopwar.org.uk/index.php/events/local-stop-the-war-events/1837-30-apr-edinburgh-public-meeting-prevent-racist-and-islamophobic.

Stop the War Coalition

Saturday May 14, 11am to 5pm: Conference, Midlands Institute, Margaret Street, Birmingham, B3.

Organised by Birmingham Stop the War Coalition: www.stopwar.org.uk/index.php/events/local-stop-the-war-events/1842-14-may-birmingham-stop-the-war-conference.

Unofficial war artist

Ends Monday May 30: New exhibition of Peter Kennard’s work, Imperial War Museum, Lambeth Road, London SE1. Free entry.

Organised by Imperial War Museum:

www.iwm.org.uk/exhibitions/iwm-london/peter-kennard.

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.

POLEMIC

Social democratic corporate management?

There is no common political interest between the working class and productive capital, writes **Mike Macnair**



Diego Rivera: 'Detroit industry' (1932-33)

This is the second part of my reply to Arthur Bough's critique¹ of my November 2015 two-part article² on the question of government. Last week I addressed some minor points, and at more length comrade Bough's attempt to argue from the ultimately determinant character of production to his claim of a necessary dominance of industry over finance.³

This week I am concerned with the general phenomenon of *statisation* of capitalism, and its persistence in spite of the ascendancy of free-market ideologies since the 1980s, and whether this persistence has to be explained by the supposed dominance of industry over finance; with the closely related question of whether the Labour Party and similar parties are to be characterised as political representatives of industrial capital, as opposed to the Tories and similar parties being representatives of finance and small capital; and with the questions of 'ownership' and the legal form of the corporate firm.

As I said last week, comrade Bough's argument is that Marxists should support advocacy of consistent social democratic policy, on the ground that by strengthening industry at the expense of finance this will strengthen the position of the working class; while as Marxists arguing for the replacement of state operations by cooperatives, especially producer cooperatives.

His arguments about the dominance of industry over finance are offered as support for the *realism* of pursuing a social democratic policy to strengthen the position of the working class. His arguments about ownership and the corporation serve both this purpose (through the idea that the corporation is an 'advanced form' of capitalism) and also the case he makes that the only road to superseding capitalism lies through cooperatives.

I should add that since his January articles, comrade Bough has argued in 'A socialist campaign for Europe' that a consistent social democratic policy is not possible in one country, but is possible in the European Union as a whole; and that this provides a case for left governments to take office, with a view to winning control of the EU council of ministers country by country.⁴

This argument is a substantial improvement on previous versions - it is certainly true that the EU *could*, if it became more centralised and adopted protectionism, directed against the US and offshore, and rearmament to escape

the need for reliance on the USA, pursue a social democratic policy. Comrade Bough still dodges, however, the problem of *constitutional order*: winning a majority of countries in the council of ministers leaves intact *other* elaborate safeguards against majority rule in the EU: the commission, the court of justice and the treaties ... The underlying problem here is the traditional *economism* of the British Trotskyist left.

Statisation

Comrade Bough says:

For a whole period, in which this productive capital was openly seen as the dominant fraction of capital, after World War II, the state acted openly to promote its interests, both within the nation-state and increasingly on an international basis ...

The period from the mid-1970s only in part saw a reversal of that trend. Even Thatcher and Reagan presided over an expansion of the state's role in the economy, both in monetary and fiscal terms. In fact, Thatcher ran a considerably larger budget deficit as a percentage of GDP than did Blair.

As was the case with the ultimately determinant role of production (discussed last week), there is a truth here: however much the ideologues and the media may talk about achieving the 'small state', or eliminating the budget deficit, in reality they cannot.

I made this point seven years ago in connection with Alistair Darling's 2009 budget,⁵ and in fact it is a complete commonplace that Osborne *has failed* to meet his target for reducing the public-sector deficit since 2010 and *will fail* to do so.⁶ It is a mistake, however, to suppose that either the 'big state' or budget deficits represent the interests of industrial capital as such, as opposed to financial capital. For one example, the *present* budget deficit is largely a product of bailing out banks after 2008, though there is also a substantial element of Gordon Brown's stimulus spending (coordinated with the US) in response to the 2001 dot-com crash and to the near-crash in 2003 around the invasion of Iraq.

Comrade Bough argues that the bank bailout was in the interests of industrial, as opposed to financial, capital. But this is not defensible. Suppose, purely for the sake of argument, that there is a

fundamental conflict between industrial and financial capital, as opposed to merely episodic or secondary conflicts. (Such a fundamental conflict is problematic in *theory*, given the points made last week and in my original articles, and in recent times lacks evidence, given, for example, the extent of the involvement of industrial firms in direct *consumer* financial operations.) Even so, while a disorderly meltdown would be disastrous to everyone, what has actually happened is a large financial bailout, followed by continuing 'stimulus' operations, which *still* merely serve the - still incomplete - recapitalisation of the banks, rather than feeding through into significantly enlarged demand.⁷ It would be equally if not more beneficial to industrial firms to have had instead an orderly sharp deflation by controlled debt write-downs.

Equally, housing benefit accounted in 2015 for £24.3 billion of total working-age benefits of £51.7 billion, or a little less than half the total.⁸ But it is necessary to be clear as to whom housing benefit subsidises. The answer is that it is largely a subsidy to private landlords - with the incidental consequence of driving up general housing costs, which in turn implies *both* a squeeze on the employed working class (UK average rent runs to above 50% of average earnings, where in the US it is around 33%) and a squeeze on employers. The 'big state' here is subsidising the 'small rentier' class at the more or less direct expense both of productive industry and of employers in the unproductive sectors.

When the small rentiers back the Tories, or the UK Independence Party - as they do - in the hope of the 'small state', they merely hope that *other pigs* will get their trotters out of the state trough to leave more room for *their* trotters; the rest is self-deception, either in order to deceive others or to save their bad consciences.⁹ The same is, of course, true of the farmers, who would mostly be bankrupt but for subsidies - currently through the EU Common Agricultural Policy, but before 1972 through a system of direct agricultural subsidy, introduced after World War II.¹⁰

What is involved, in other words, is the *choice of where state subsidies should be directed*, variously for geo-strategic purposes (this is the central reason for agricultural subsidy) or for the purpose of constructing agent loyalty (this is the open justification

of 'executive compensation' arrangements¹¹) or political coalitions (the subsidy to private landlords).

The reverse side of this coin is that, as far as *practical economic management* is concerned, comrade Bough is correct to say that little changed with Reaganism/Thatcherism. The point is not new: Simon Clarke in 1988 usefully commented that, "whereas the governments of the left in the 1970s had pursued monetarist macroeconomic policies within a Keynesian ideological and political framework, the governments of the new right increasingly adopted Keynesian macroeconomic policies within a monetarist ideological and political framework".¹²

Nonetheless, more changed in the late 1970s-80s than *just* the ideological framing of government policy. Governments between the late 1940s and the 1970s had pursued, as conscious policy, full employment. Since this involved leaving standing large areas of industrial overcapacity (for example in coal and steel, managed through the European Coal and Steel Community from 1951), often necessarily nationalised because they were not profitable, it required the policies of managed trade (ie, limited, but nonetheless accepted, protectionism), managed exchange rates (Bretton Woods) and hence exchange controls. The counterpart to these policies in both the Soviet bloc and the 'third world' was the construction of nationally autonomous industrial development projects, again usually involving extensive nationalisations.

Both sides of this approach were now rejected. US state funding was redirected from right social democrats to Hayekian 'market liberals', and at the same time (in fact, slightly earlier) US global policy was reflagged under 'human rights', while the US began to sponsor insurgencies and guerrilla operations against leftwing 'third world' governments. Simultaneously, it was openly argued that economic management in the 1950s-60s had underestimated the 'natural rate of unemployment' and thus led to 'wage-push inflation', as seen in the 1970s.

The turn was thus transparently a response by *state policy-makers* to the perceived excessive strength of the working class - and of 'third world' nationalists - in the preceding period. The object of the exercise was, by facilitating the free movement of capital, to weaken the working class

as a class; and, at the same time, to constitute a new political alliance of capital with sections of the middle classes, who had been 'held back' by features of the 1960s-70s regime.

In the UK the resulting change certainly involved the immediate gutting of traditional industries, resulting in real dominance of finance in the UK economy; and 'offshoring' of some jobs from the US, resulting in *increased prominence* of finance in the US - although US-based corporations continued, through corporate holding-subsidary chains, to *own* a lot of the 'offshored' industrial production. This underlying ownership has become increasingly evident, as industrial production jobs have been moved from Latin America and the mid-east to the far east, from the far east to China, and are now beginning to be moved from China to Vietnam, etc.¹³

But the shift towards de-unionisation, increased subordination of the working class as a class, and ideological anti-collectivism and anti-egalitarianism, has been equally present in countries which have, like France and Germany, retained very substantial domestic industrial production.

In other words, this was a turn of *capital in general*, including big industry, and its political representatives among state policy-makers, against previous arrangements to *manage the working class* through trade unions and social democratic and similar parties. It was not a reactionary movement of small capital and of some imagined Brit equivalent of Iranian bazaari merchants and pre-capitalist financiers against industry.

If we ask why statisation persists under this turn, the answer is partly that the presence of the state (and/or charities) in the organisation of sections of production (like, for example, health, education, highways) is a permanent feature of capitalism - absent from Marx's *Capital* partly because the book is radically unfinished and partly because the whole book is a counterfactual critique of Ricardian and Proudhonist notions of a 'purified' market, free from monopolies, state subsidies, cronyism, etc.¹⁴ In addition, capitalism has developed to a point at which important elements of production, which cannot be simply abandoned, are so capital-intensive that they *cannot* be run at a profit unless they are subsidised, either by operating as full monopolies or directly by the state.

This development of statisation, as capitalism develops - a phenomenon already seen in later antiquity and later feudalism - is relevant to strategy. But to identify it with *social democracy* involves falsifying the nature of the latter both as to its content and as to its class support.

Social democracy

Comrade Bough argues:

The joint stock company, as much as the cooperative, represents such socialised capital, and the end of capital as private property:

"This result of the ultimate development of capitalist production is a necessary transitional phase towards the reconversion of capital into the property of producers, although no longer as the private property of the individual producers, but rather as the property of associated producers, as outright social property. On the other hand, the stock company is a transition toward the conversion of all functions in the reproduction process which still remain linked with capitalist property, into mere functions of associated producers, into social functions" (*Capital* Vol 3, chapter 27).

Upon this material basis of socialised productive capital, and privately owned interest-bearing capital, rests two contradictory class interests, representing two opposing forms of property - one forward-looking and progressive, the other backward-looking and reactionary. It is on this basis that the political division, within bourgeois democracy, between conservatism and social democracy, rests.¹⁵

And

Moreover, as Marx pointed out earlier, the extension of public education and the welfare state extends this process even further, increases the supply of such labour-power, so that the wages of these "functioning capitalists" fall, sometimes even below that of other skilled workers: "With few exceptions, the labour-power of these people is therefore devaluated with the progress of capitalist production. Their wage falls, while their labour capacity increases" (*Capital* Vol 3, chapter 17).

It is on this basis that a shared material interest arises between these managers and workers, as both form part of the associated producers, who now are the real owners of the socialised productive capital, and stand in opposition to the lenders of money capital. It is, in fact, the material basis of *social democracy*.¹⁶

There are a series of further similar arguments throughout comrade Bough's blog series, but these are particularly clear examples of the dogmatism of his argument (its dependence on citation-grazing in Marx) and of its economic reductionism (political conflicts are required to *directly* reflect class fractions).

A specific example of the dogmatism is the claim that "the wages of these 'functioning capitalists' fall, sometimes even below that of other skilled workers". While this might have been a legitimate claim in the 1950s-70s, precisely the changes made to "executive compensation" under the rubric of "agency" since the late 1970s have reversed this trend. It may be that the underlying *cost of reproduction of managerial skills* has fallen and continues to fall - though post-Callaghan 'reforms' to education have, in spite of the increase in *apparent* credentials, resulted in these credentials being less practically informative. But *actual managerial wages* have risen sharply relative to

those of other skilled workers, precisely and explicitly in order to secure loyalty to the shareholders.

Beyond these points, only two short points need to be made.

The argument that social democracy expresses the common interests of workers and industrial corporate management requires attributing an astonishing degree of 'false consciousness' to industrial corporate management. Quite understandably, this social group generally *does not* back social democratic parties, which are usually associated with trade unions, even where they are not, like the Labour Party, based on them. In fact, where capitalists *do* back such parties, we are to a considerable extent concerned with *small and medium* operators, like the small businesspeople of south Asian origin not uncommonly found in local Labour parties, or with financial 'freebooters' like Robert Maxwell, who have more freedom of choice than industrial managers.

The second point is that it is an astonishingly artificial broadening of 'social democracy' to read it as covering all sorts of state interventionism. Comrade Bough's analysis would in effect require the labelling as 'social democratic' of the British Liberal and Tory parties of the later 19th century, of the US Democratic Party - and the Republican Party of Eisenhower and Nixon. The result is to render the *category* 'social democratic' so broad as to be analytically useless.

The better understanding is that the social democratic parties are parties primarily based on the working class as such, albeit ones whose commitments to nationalism and constitutionalism lead them to *seek to* ally strategically with, and even to include, sections of the capitalist class. These alliances when they take effect need not be with industrial or corporate capital as such, but can perfectly well be with financial or other forms of capital (as was the case with Blairism). They are 'bourgeois workers' parties', because they are the parties of the *right wing of the trade union bureaucracy*, whose 'bourgeois politics of the working class' is about dickering over wages and conditions without calling into question the capitalist order in general. But precisely because the social democratic parties claim to stand for the interests of labour as such, they inevitably *do* to some extent call into question the capitalist order in general.

For this reason all sections of the capitalist class in general prefer that the political representation of the working class should not be through a party which claims, by names like 'Labour' or 'Socialist', to be workers' parties, but through straightforwardly liberal or nationalist parties. After the Russian Revolution, however, and all the more after 1939-45, a lot of concessions had to be made to the working class, with the result that in some countries (UK included) social democratic parties became more 'normal' 'parties of government'. *How far* this can safely be abandoned has been debated among capitalists in the UK in the recent past, and there is certainly a section of capital - chiefly in the media and advertising - which wants to see the end of the Labour Party, either by turning it into a new Liberal Party (the Blairite project) or by marginalising it.

Ownership

I referred last week to comrade Bough mistakenly taking superficial 'black letter' legal statements about ownership at face value, both in relation to the corporation and more generally in relation to creditor claims.

On the general point of ownership and creditor claims I am following, though not exactly, Marx and Engels as against Bough, though the point needs a bit of elaboration. On joint stock companies Marx at least (less clearly Engels) was subject to a misapprehension about the age and

significance of these, which led to his thinking about the *joint stock firm* as a form of 'late capitalism' transitional to socialised production, where it would have been better to recognise *limited liability* as a form of statisation reflecting the beginnings of capitalist decline. This misapprehension is reflected in comrade Bough's argument.

The *Institutes* of Gaius, written around 160 AD, asserts (book 2, section 7) that "... the ownership of provincial land belongs to the Roman people or to the emperor, and individuals have only possession and enjoyment of it". A few sections further on, however, Gaius tells us (2.20-21): "Thus if I deliver a garment or gold or silver to you, whether on account of a sale or gift or any other title, it becomes yours, provided only that I am the owner ... The same applies to provincial lands." In other words, having told us that provincial land is in principle owned by the state, Gaius goes on to describe how private individuals can make others owners of it.¹⁷

Nor is this a peculiarly pre-modern phenomenon. Early in the 2008 edition of *Megarry and Wade: the law of real property*, we find the statement:

Although in practice land is commonly, and correctly, described as owned by its various proprietors, English land law still retains its original basis, that all land in England is owned by the crown. A small part of that land is in the crown's own occupation and such land has been described in a recent statute as 'demesne land'. The rest is occupied by tenants holding either directly or indirectly of the crown. In England all land is held of a lord, and allodial land (ie, land owned independently and not 'held of' some lord) is unknown.¹⁸

"Commonly, and correctly": the reality is that the person holding the "fee simple absolute in possession" (Law of Property Act 1925) can for most purposes be treated as owner.

In both cases the claims are ideological-apologetic. Gaius's claim is an inversion of the reality, that land in Italy and certain other privileged places which had 'Italic land status' (for example, Beirut or Mérida) was exempt from the land tax which applied everywhere else. In England, the regime preserves a nominal feudalism (and, along with it, various usually trivial, but occasionally annoying, feudal rights¹⁹) in connection with both the idea of the sanctity of property and the ideology of the 'thousand-year constitution' (eg, John Major, 1997).

The consequence is that in order to analyse ownership for the purposes of analysing the social relations of production, it is necessary to look behind the juridical notion - whether or not it is *obviously* ideological - to the practical powers of control, 'its' economic fruits (rents, and so on), the powers of disposition (sale, gift, etc) - and the ability to recover the thing by socially (legally) authorised self-help or by state action (litigation).

This method of analysis underlies the point that the 'true owners' are the creditors. This sort of approach is no novelty. For example, Marx in *The eighteenth Brumaire of Louis Bonaparte*, chapter 7:

But in the course of the 19th century the urban usurer replaced the feudal one, the mortgage replaced the feudal obligation, bourgeois capital replaced aristocratic landed property. The peasant's small holding is now only the pretext that allows the capitalist to draw profits, interest, and rent from the soil, while leaving it to the agriculturist himself to see to it how he can extract his wages.²⁰

A similar issue arises in relation to who 'owns' the company. *John Shaw & Sons v Shaw* (1935) was a dispute

between brothers in a family-owned company, and Greer LJ's *dictum*, which comrade Bough cites, is merely about who, under the peculiar constitution of this company, had the power to cause the company to sue the other parties. If we ask who has the more general 'owner powers', the answer is that *in certain respects* the shareholders are like 'equitable owners'. *Re Duomatic* (1969) establishes that the shareholders may informally agree to override the company's constitution; *Multinational Gas* (1983) that shareholders have the power to authorise the directors to speculate carelessly, resulting in major losses to the creditors. There is, moreover, an elaborate body of law on 'lifting the veil', under which in some circumstances the company can be *identified with* its shareholders.²¹

It would, no doubt, be *possible* to make out a case for comrade Bough's view that the 'corporate person' is the true owner, but it would need much more careful legal-economic analysis than comrade Bough offers; 'Marxist' writers taking this approach have generally done so with a view to downgrading the significance of 'class' as a social phenomenon (since its logic is that almost all 'capitalists' are abstract entities).²²

Mutatis mutandis this sort of analysis allows us to see that it was mistaken to characterise the workers as owning the means of production in the Stalinist regimes; and that it is pretty questionable whether the workers own the means of production in the bureaucratically managed cooperatives. *Making managers answerable to those below* is the fundamental question which lies behind the issue of ownership; and this question is arguably posed as directly, if not more directly, in the state, political parties and trade unions as in co-ops.

Joint stock firms

The point here is again a short one. Comrade Bough, relying on characterisations offered by Marx in the later 19th century, argues that the joint stock firm is a more 'socialised' form of production than the sole-trader or family business and hence, since it represents a higher form of capitalism in transition towards socialism, is 'progressive'.

The argument is unhelpfully combined with his view of legal corporate personality, since many sole traders and family firms operate through limited companies (indeed, the landmark 1896 case of *Salomon v Salomon* concerned an incorporated sole trader), implying that there is no real contrast between corporate and 'non-corporate' businesses.

More fundamentally, however, *joint stock firms are much older than* limited-liability (1855 in the UK) or registered companies (1844 in the UK). Anne L Murphy has shown that organised private firm share markets began, along with markets in the public funds, in the 1690s. Ron Harris has examined the use - or not - of the corporate form by businesses between 1720 and 1844. Joshua Getzler and I have shown that well back into the 1700s, and perhaps beginning in the later 17th century, the 'jingle rule' treated insolvent partnerships partly as separate entities.²³ Complex partnership firms, in fact, go back to the early development of *proto-capitalism* in late medieval Italy.²⁴

Why should Marx have imagined - as he fairly clearly did - that the joint stock firm was a novelty and transitional towards socialism? The answer is that he was writing in the midst of a sharp debate in the UK about the merits and demerits of limited liability, conducted in terms of political economy, which represented the *joint stock firm as such* as a modern novelty with a view to either supporting or opposing the introduction of *limited liability*. The debates have been recently studied by James Taylor (from a historian's point of view) and by Rob McQueen (more

from a lawyer's). It is apparent from both studies that it would have been extraordinarily difficult for anyone in the period to think outside the frame of the assimilation of the joint stock firm to statutory incorporation and limited liability.²⁵

Limited liability in the strong sense in which it was adopted through the 1855 act (and its subsequent extension, reinterpretation and so on) was indeed an innovation. And McQueen shows that at least part of the grounds for this innovation came from, on the one hand, a fear of 'British decline' as a result of unlimited liability for investments in overseas debt securities; and, on the other, from a perceived need to incorporate the middle classes and the upper working classes by getting them to invest - the first stirrings of 'Tell Sid'. But, again, what is in question is not the specific needs of *industry*, but the general needs of *capital* in managing both its own decline and the rise of the working class ●

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Notes

1. 'Making inroads into power of capital' *Weekly Worker* January 21 2016.
2. 'Overcoming the power of capital' November 5 2015; 'Masses and government' November 12 2015.
3. 'Two strategic illusions' March 24 2016.
4. <http://boffyblog.blogspot.co.uk/2016/02/a-socialist-campaign-for-europe-part-1.html> (February 22) has links.
5. See 'Spinning, not turning' *Weekly Worker* April 30 2009.
6. Googling 'Osborne budget deficit reduction fail' produces "about 389,000" hits. A recent example is 'A budget of tricks and taxes, but George Osborne might still fail to end the deficit' *The Daily Telegraph* March 16 2016.
7. Compare, for example, C Martin, C Milas, 'A very large gamble': www.bath.ac.uk/ipr/policy-briefs/quantitative-easing.html; see also M Roberts, 'From monetary policy to fiscal policy and the law of unintended consequences' (March 17): <https://thenextrecession.wordpress.com/2016/03/17/from-monetary-policy-to-fiscal-policy-and-the-law-of-unintended-consequences/>.
8. Figures from www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables-2015.
9. See R Trivers *Deceit and self-deception* London 2011.
10. Agriculture Act 1947. See, for example, JK Bowers, 'British agricultural policy since the second world war' (1985) *Agricultural History Review* Vol 33, pp66-76.
11. Eg, discussion of the academic literature to that date in LA Bebhuk and JM Fried, 'Executive compensation as an agency problem' *Journal of Economic Perspectives* Vol 17 (2003), pp71-92.
12. *Keynesianism, monetarism and the crisis of the state* Cheltenham 1988, cited here from the Kindle edition, chapter 11, towards the end of the chapter. Compare also G Pilling *The crisis of Keynesian economics* London 1986, pp48-49; L Turgeon *Bastard Keynesianism* Westport 1996; JK Galbraith and J Travis Hale, 'American inequality: from IT bust to big government boom' *The Economist's Voice* October 2006.
13. J Smith *Imperialism in the 21st century* (New York 2016) makes the phenomenon of capital movement in pursuit of low-wage economies into a general theory of imperialism and globalisation. That is clearly overstated, but Smith provides useful documentation of some of the phenomena. On ownership chains see, for instance, P Nolan, J Zhang and C Liu *The global business revolution and the cascade effect* Basingstoke 2007, studying in detail aerospace, beverages and retail.
14. See J Harrison *Marxist economics for socialists* London 1978.
15. <http://boffyblog.blogspot.co.uk/2016/01/overcoming-power-of-capital-part-1-of-8.html>.
16. <http://boffyblog.blogspot.co.uk/2016/01/overcoming-power-of-capital-part-3-of-8.html>.
17. Quotations from F de Zulueta (ed) *The institutes of Gaius* Oxford 1946, pp67, 71.
18. Seventh edition by C Harpum, S Bridge and M Dixon, London 2008, p23.
19. Eg, 'Calls to abolish outdated rights for lords of the manor that "serve no purpose in the 21st century"' *The Independent* January 16 2014.
20. www.marxists.org/archive/marx/works/1852/18th-brumaire/ch07.htm.
21. P Davies, S Worthington (eds) *Gower and Davies: principles of modern company law* (London 2012) is a convenient textbook discussion of a lot of the relevant material, going beyond those topics mentioned above.
22. Eg, PQ Hirst *On law and ideology* London 1979, chapter 5.
23. AL Murphy *The origins of English financial markets* Cambridge 2009; R Harris *Industrialising English law* Cambridge 2000; J Getzler and M Macnair, 'The firm as an entity before the Companies Acts' in P Brand et al (ed) *Adventures of the law* Dublin 2005.
24. M Weber *The history of commercial partnerships in the middle ages* (1890), Lanham 2003; Q van Doosselaere *Commercial agreements and social dynamics in medieval Genoa* Cambridge 2009.
25. J Taylor *Creating capitalism* Woodbridge 2006; R McQueen *A social history of company law* Farnham 2009.

OUR HISTORY

Kautsky on referenda

As a contribution to the debate regarding the tactics to adopt in relation to the European Union referendum, **Ben Lewis** has translated this piece by Karl Kautsky on 'direct legislation'. Kautsky (1854-1938), known as the "pope of Marxism", was a thinker who, as recent scholarship has underlined, had a profound influence on the theory and practice of Lenin's Bolsheviks

What follows is an edited version of a chapter from Kautsky's seminal discussion of Marxism's attitude towards the state and democracy entitled *Parliamentarism, direct legislation by the people and social democracy*. First published in 1893, the pamphlet was reissued in 1911 under the shortened title of *Parliamentarism and democracy*. On both occasions, it visibly impacted on the thinking of European social democracy.¹ Though the work as a whole is yet to be translated into English, its broad-ranging historical overview of democracy - from the Iroquois through to the German *Kaiserreich*

- will be familiar to many readers.

The pamphlet explains why the German working class must pioneer the struggle for representative democracy, as outlined in the political demands of the Social Democratic Party of Germany's *Erfurt programme*, which was adopted in 1891. Kautsky's fundamental point of departure is to defend the assertion he made in his enormously influential commentary on the *Erfurt programme* (known in English under the title of its - savagely abridged - translation, *The class struggle*):

Direct legislation by the people cannot, at least in a large modern

state ... render parliament superfluous: at best it can operate alongside parliament in order to correct it in individual cases. It is absolutely impossible for direct legislation to take care of the whole of the state's legislation and it is just as impossible for it to oversee the state administration or, if necessary, to guide it. For as long as the modern large state exists, the focus of political activity will always lie in its parliament.

At first glance, reprinting this piece may seem like a somewhat strange exercise: what, for example, does a text originally written in

1893 have to offer to the debate around the nature of the June 23 vote? What follows is obviously not a discussion of the question of European unity, internationalism versus nationalism or anything of the sort. Nonetheless, some of Kautsky's arguments can perhaps help modern-day Marxists to take a step back from the reactionary political circus that is the referendum campaign and to think more thoroughly about the role of referenda and direct democracy, the nature of political parties and parliament and how all of these fit into the working class's project - as *The communist manifesto* puts it - to "win the battle of democracy".

Not only does Kautsky discuss referenda, especially through reference to Switzerland: he underlines the central point that the strength of Marxist political parties lies not in this or that particular demand, tactic or action in isolation, but rather "the totality of its practical demands" and the final aims contained in its programme.

For this reason alone, Kautsky argues, from the standpoint of working class politics referenda are to be seen as highly problematic - as is taking at face value the two 'options' on offer in any given vote, without thinking about the broader socio-political context ●

Direct legislation by the people and the class struggle

We believe we have demonstrated that in a modern state the focus of political activity necessarily lies in its parliament. We believe we have also demonstrated that this fact is no tragedy for the proletariat, because through its class struggles it develops a range of abilities which enable it to render parliament subservient to its aims.

Direct legislation by the people can only be considered in the manner in which it already exists in Switzerland - that is to say, in the sense it is also demanded by the *Erfurt programme*: not as a means of eliminating the representative system, but merely of making this system more democratic and of subjecting it to the control of the population.

Direct legislation by the people in this sense - the referendum and the initiative² - which should, however, more fittingly be called the direct participation of the people in the legislative process, naturally plays a more modest role in politics than, for instance, suffrage. This is because direct legislation leaves the focus of political activity to parliament. Yet suffrage, which determines the composition of parliament and thereby its activity, is of much greater significance than the right to monitor parliament or to encourage it to pass certain laws - both of which can only assert themselves here and there and which are anyway implemented by the same people who have already made their will known in the act of voting.

The only question left for us to examine is the importance that direct legislation by the people in this modest sense can acquire for the proletarian class struggle.

The radical democracy³ of the old school could only view direct legislation (in what follows, we will use the word solely in the narrow sense outlined above) as a highly advantageous arrangement. After all, for this trend of thought only 'the people' come into consideration; and it is supposed that direct legislation by the people increases the power of those people.

For the social democrats, the matter is not so simple. The democracy was the child of a situation in which it was necessary to combine all classes of the

population against the aristocratic-absolutist regime. The democracy was only able to solve this problem by ignoring the class antagonisms amongst the mass of the people.

Social democracy was formed when the aristocratic-absolutist regime was broken. It emerged out of the contradiction between the proletariat and the bourgeoisie - a contradiction that is now by necessity manifesting itself. If the historical task of the democracy was to mask the class antagonism between the proletariat and the bourgeoisie, then the particular task of social democracy is to unveil this antagonism and to bring it most sharply to the consciousness of the proletariat.

Social democracy is the representative of the interests of the proletariat - but the proletariat is not synonymous with 'the people'. This is not because social democracy can only represent proletarian interests exclusively. Its historical task points it towards promoting the development of society in all the areas in which it is able to intervene, and to lead the cause of all the exploited and oppressed. It is

also to be expected that, wherever social democracy has become a powerful party, the petty bourgeoisie and peasants will join it *en masse*. This is because these classes are incapable of forming their own political parties. They can only choose between joining one of the parties of the propertied or joining the party of the propertyless. And, the more they are oppressed by capitalist exploitation, the more they feel that they are propertyless, the more they will be inclined to join the party of the propertyless.

It can even come to pass that social democracy wins the majority of the people, even in countries where waged workers do not form the majority. But today this is still far away. And, however close we may get to it, the proletariat will always form the backbone of the

party; its characteristics will determine the party's character, its strength the party's power. Bourgeois and peasants are most welcome to join us and to march alongside us, but the proletariat will always show the way.

Yet if the mass from which social democracy draws

its recruits not only consists of the wage workers, but also the peasants and the petty bourgeois - craftsmen, middlemen, small officials and so on (in short the so-called 'common people') - then these classes, with exception of the class-conscious wage workers, also form areas of recruitment for our enemies. The main root of our enemies' political power lay, and still lies today, in their influence on these classes.

Granting the people political rights thus by no means leads to safeguarding the interests of the proletariat or those of social development. It is well known that universal suffrage has not yet delivered a social democratic majority anywhere. On occasion, it can provide more backward majorities than would be the case under the same circumstances with a census vote.⁴ It can get rid of a liberal regime in order to put a conservative or ultramontanist⁵ one in its place. In these cases, the liberals declare that the people are not yet 'ready' for freedom.

Nevertheless, the proletariat must under all circumstances demand democratic institutions for the same reason that it - once having gained political power - can only use its class rule to put an end to all class rule. It is the lowest of the social strata. It cannot attain political rights, at least not for the class as a whole, without everyone attaining them. All other classes can potentially become a privileged class, but not the proletariat. Social democracy, the party of the class-conscious proletariat, is thus the strongest buttress of democratic aspirations - much stronger than the democracy itself.

But, while social democracy is the most resolute champion of the aspirations of the democracy, it must not share its illusions. It must remain conscious that every popular right it wins becomes a weapon not only for social democracy itself, but also for its enemies. It must in certain circumstances be prepared for the fact that democratic achievements initially may be of more use to these enemies than to social democracy itself - but only initially, because eventually, of course, the introduction of democratic institutions in the state must turn out in favour of social democracy,

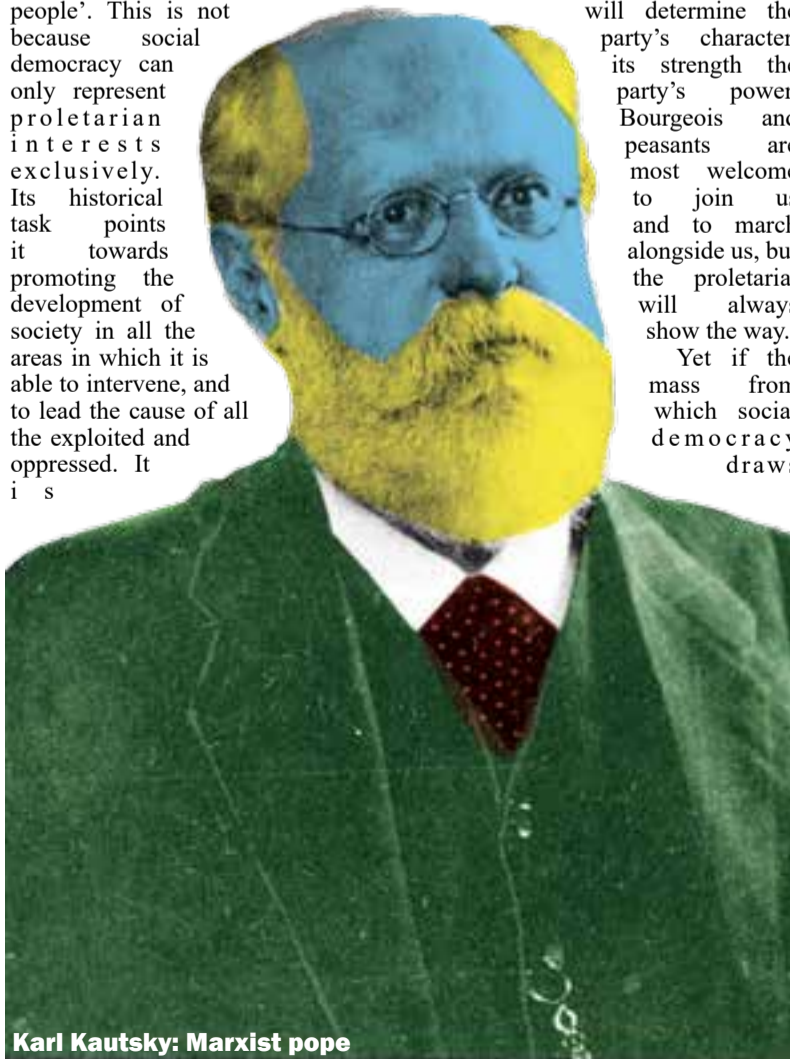
must facilitate the struggle of social democracy and lead it to victory. The fighting proletariat has so much confidence in the development of society, so much confidence in itself, that it fears no fight - not even against a superior force. It merely demands a battlefield on which it can move freely. This battlefield is the democratic state; it is where the last decisive struggle between the bourgeoisie and proletariat will be fought out.

If social democracy does not share the illusions of the democracy, then it also differs from it in the value it places on the individual democratic institutions. In assessing these institutions, social democracy does not merely ask whether they increase the power of the people in general, but also whether, and to what extent, they influence the strength and development of the proletariat in particular. From this point of view, social democracy places particular emphasis on certain democratic demands, which the bourgeois democracy does not at all emphasise - and vice versa. Freedom of association, for example, is a living condition for the proletariat, but not for the petty bourgeois and the peasants - and least of all for the capitalists, for whom it is most inconvenient. Thus the bourgeois democracy never fought for this demand with particular zeal; the French Revolution even ushered in a direct ban on all associations. By contrast, the right to freedom of association is one of the emerging proletariat's first demands.

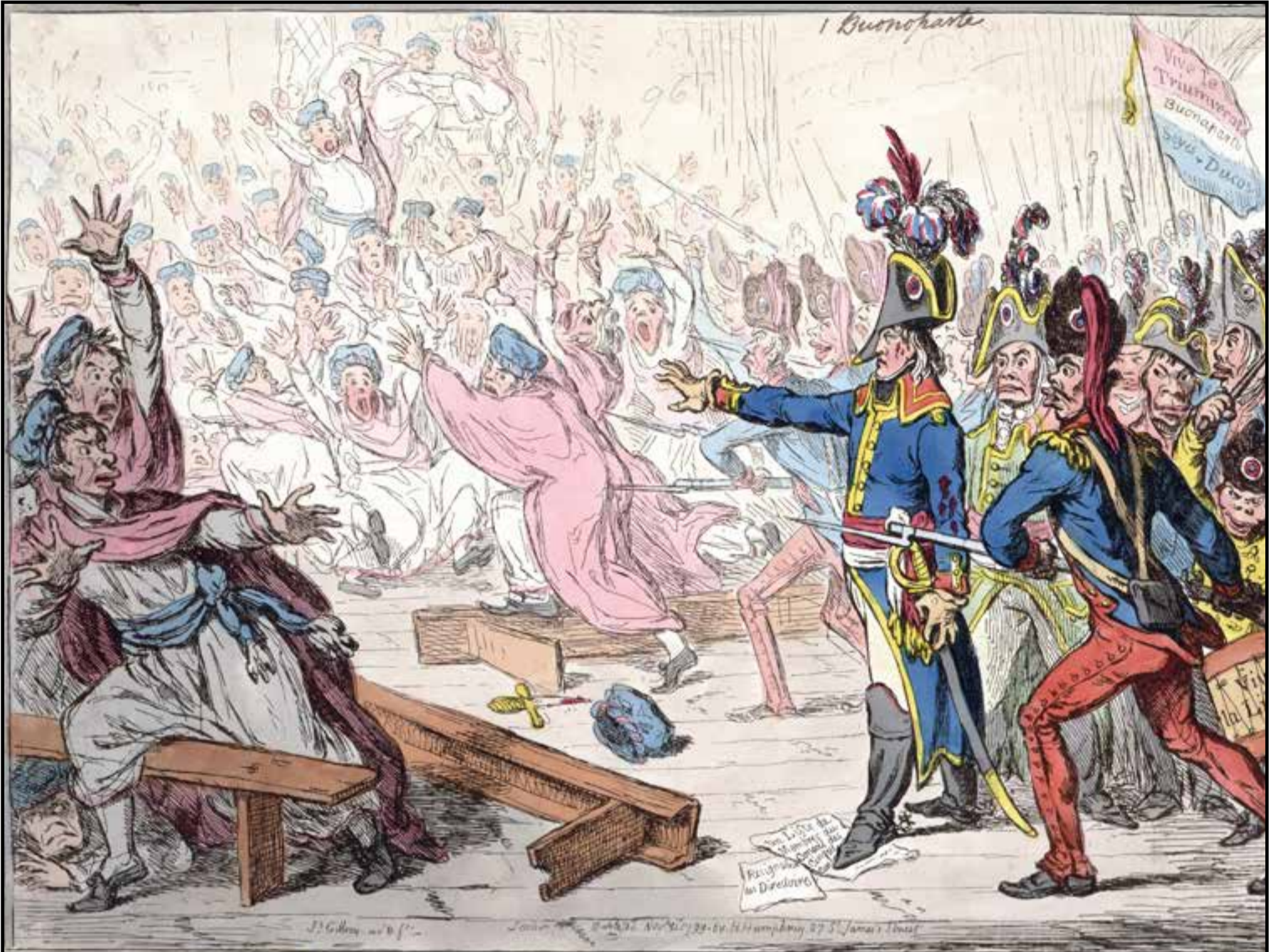
Town and country

In dealing with the question of the referendum and the initiative, we can thus not be content with the assurance that they increase the power of the people. We must ask, how do they influence the proletariat's strength and process of development? The answer to this question primarily hinges on the value we attribute to direct legislation by the people.

We have shown that the modern representative system is not particularly favourable to the peasantry and the petty bourgeoisie - particularly those in the rural towns. The classes that are most likely to come into their own in the representative system are: those who preside over great wealth - whether



Karl Kautsky: Marxist pope



Napoleon III used plebiscites; he carried on where his uncle left off: James Gillray, 'Bonaparte closing the farce of égalité' (1799)

in capital or land; the intellectuals; and - under a democratic system - the fighting and class-conscious part of the industrial proletariat. In general one can thus say, the parliamentary system favours the population of the cities *vis-à-vis* the rural population. All the above-mentioned strata of the people who live in the country - even the large landowners, for example - are related to the city in manifold ways and receive their ideas from there.

But, in turn, of the large cities, it is the capital city that has a particular influence on the parliament. In an earlier chapter, we pointed out that the centralising tendencies of the modern mode of production make it possible for the city population to influence the government to a greater extent than the remainder of the population. This is because the government is necessarily based in the economic and political centre of the country, the capital city. But in a parliamentary country it is equally necessary that parliament is also based in the capital. The medieval legislative assemblies, sessions of the court and the estates were not tied to any particular location - nor was the government. By contrast, in our century all attempts on the part of reactionary governments to deprive parliament of the influence of the city and to relegate it to a small country town have been short-lived experiments. Despite its fear of revolutionary Paris, the French reactionary chamber of 1871 had to remain close to the Parisian cannons, in Versailles.

The capital city's influence on

parliament assumes the most varied forms. In revolutionary periods it can even come to pass that the population of the capital city directly dictates its will to the chamber and that this chamber is the mere tool of the capital's population. But even in the most peaceful times it is hardly possible for a deputy to escape entirely from the impact of the capital. The moral naivety of the rural deputies might often suffer badly as a result, but their political horizons will certainly be expanded.

Direct legislation by the people counteracts these tendencies within parliamentarism. Since parliamentarism strives to place the political focus in the population of the large cities, this means that this political focus is to be found amongst the mass of the population. With the exception of England, however, even today this mass lives in the rural districts and towns. Direct legislation takes the city population's particular political influence and subjects it to the rural population.

Earlier in the pamphlet, we already saw how peasant production isolates people. The capitalist mode of production and the modern state, however, work powerfully towards abolishing the rural seclusion of the peasants - through tax demands, military service, railways, newspapers and suchlike. But, as a rule, the increase in the points of contact between urban and rural areas merely causes the peasant to experience his desolation and loneliness as something painful. This process does not raise his status as a peasant, but awakens in him

the desire for the city and drives all energetic and independent-minded elements from the country into the cities, robbing the former of its best forces. Thus the rise of modern commercial life tends to promote the desolation and loneliness of the countryside rather than rectify it.

The fact is that in any modern state the rural population is the most backward economically and politically. This is not to reproach them - it is their misfortune - but it is a fact to which we must be alert. Wherever and however long this situation exists, we have little reason to put our shoulder to the wheel for direct legislation.

Switzerland has perhaps the most progressive rural population in Europe. Its good school system, its often longstanding democratic habits and its dispersal of a large section of capitalist industry across the countryside - amongst which we can also include the 'flat' land of the deeply cut valleys - make the Swiss peasant intellectually lively and broaden his horizons. On the other hand, the Swiss wage worker is generally more conservative than most of his comrades in Europe. That which raises the peasant holds the worker back - namely the dispersal of capitalist industry across the countryside. The Swiss worker is often very close to the peasant economically too, calling a little piece of land his own. In addition, Switzerland lacks a leading capital city. The contradiction between town and country is much less developed there than it is in a modern large state. And many politicians in

Switzerland argue that referenda have a conservative effect.

Parliament and referenda

The referendum has yet another adverse effect for the revolutionary proletariat. We have seen that the parliamentary system necessarily requires large, national and self-contained parties. Only through their fusion into such parties can the individual classes come into their own in the parliamentary state. During elections, all of those with the right to vote are drawn into party struggles in the liveliest possible manner. The candidates appear before the voters not as individuals, but as representatives of specific parties who present their programmes to the population and ask them to decide.

In times of a decaying parliamentarism - that is to say, when in parliament there are only parties standing opposite each other that are not separated by any fundamental contradictions, when these parties do not conduct their struggles in order to assert their principled demands, but merely in order to get access to the state coffers - then, of course, all the petty differences which the candidates dig up in order to differentiate themselves from other parties are mere humbug: the election campaign leads not to the enlightenment of the electorate, but to its deception.

But things are quite different wherever great antagonistic interests stand before each other - thus in our period especially when social democracy intervenes. Social

democracy stands in irreconcilable opposition to all other parties; it is in its vital interest to bring out this opposition to the full. Wherever the party appears, therefore, election campaigns inevitably and increasingly become struggles between great principles. The population becomes acquainted with new ideas and is compelled to occupy themselves with these ideas. Even if here and there social democrats who are soft-hearted or too clever by half should attempt to hide their revolutionary aims, it will be to no avail. Our enemies themselves would ensure that the population understands that there is the most profound contradiction between the social democratic and the bourgeois candidate: not just when it comes to this or that side issue, but in their entire worldview.

The development of great contradictions also works towards ensuring that the small differences and on occasion contradictions - the small, particular and momentary interests that emerge between the various professions and layers within one and the same class - recede behind great, permanent and general interests. Whenever they involve class struggles, parliamentary battles and election campaigns in particular stimulate the separation of the individual classes. On the other hand, they also promote the fusion of the individual elements within each of the fighting classes. They are a powerful means of awakening and strengthening class-consciousness, a powerful means of uniting the proletarians under one banner, of generating enthusiasm

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and excitement for far-reaching goals amongst the workers and of having them enter into the struggle for them as a united phalanx.

In this way, the election campaign promotes the separation of the parties amongst the people; in this way, it becomes a powerful lever of organisation and discipline, as well as of enlightenment and propaganda. This aspect of the election campaign is so important that it is mainly for this reason that social democracy also champions universal suffrage even in countries where parliament is by no means the decisive factor and where it plays a very modest role in relation to the government: that is to say, in countries where the possibility of positively influencing the legislative process and the state administration is very small. This explains the bourgeois parties' fear of each and every election campaign where there is a powerful social democratic movement that can legally participate in the elections.

Direct legislation by the people has the opposite effect. Here the population is not called to vote on entire, comprehensive programmes for the reorganisation of society and politics, but merely on a single measure, a single proposal - which, moreover, always has to be adapted to the momentary power relations in state and society, if it is to be a 'practical' vote and not intended as a mere gesture.

Programme and demands

We have seen above that a law is usually the result of a compromise. This is particularly true today, at a time when so many parties appear on the political stage and the old bourgeois parties are so split.

Some have argued that parliamentary corruption stems from this need for compromise. We think that this is an exaggeration. After all, the parties send their most perceptive and experienced politicians to parliament. As a rule, these people know full well what they are doing when they enter into a compromise: in making a compromise they are neither led astray nor are their fundamental beliefs shaken. If, in the act of compromise on legislative proposals, weaknesses of character and unscrupulousness come to light, then these characteristics already existed before. The compromise did not produce these weaknesses, but merely brought them to light.

The supporters of direct legislation are of a different opinion, but they are replacing one evil with another by transferring votes on draft laws to the people, for this means nothing else than relocating the root cause of corruption from the parliament to the people! For there can be no legislation without compromise; the great mass of people, which does not consist of trained politicians, must be confused all the more easily and led further astray by compromises than the politicians in parliament. If it was the compromise in voting on bills that was the cause of corruption, then this would exert a much more damaging influence than in enacting legislation in parliament.

But what is certain is this: there is hardly one practical demand on today's legislative process which would be particularly unique to a single party. Even social democracy can hardly make such a demand. What distinguishes it from the other parties is the *totality* of its practical demands - the aims to which these demands point. The eight-hour day, for example, is in and of itself not a revolutionary demand; within the framework of the social democratic programme, it is a means of raising the working class and of contributing to its socio-political maturity, to its

ability to take the work of liberation and social transformation into its own hands. The same eight-hour day can be a conservative demand within the framework of the programme of a party of social reform that banks on the delusion of being able to reconcile the working class with the existing social order through concessions.

Thus, if the population is not presented with entire party programmes, but merely individual legislative measures to be accepted or rejected, then this inevitably leads to a situation where all the individual parties who have an interest in this measure - as hostile as they may otherwise be towards each other - now suddenly pull in the same direction and to a certain extent cooperate. Do we really believe that educating the large and as of yet indifferent mass of the people is thereby made any easier? Direct legislation by the people has the tendency to restrict, not promote, the separation of the population into parties; over and again it creates new bridges between the parties that usually diverge from each other in various directions - simultaneously, it works towards reducing cohesion within the individual parties.

What holds political parties together - particularly when they have a great historical role to fulfil, such as the social democratic party - are its final goals, not its immediate demands; not ideas about how the party should behave regarding all the individual issues that confront it. Differences of insight, temperament, interests, tradition and so on can be found within every party; they will result in the most varied differences of opinion. Naturally, these differences can only relate to some of the party's imminent tasks, not its final goals and not the method that is generally to be followed in achieving them. After all, without unity on these points, combining such disparate elements into a party would be an absurdity.

As I have argued, differences of opinion will always exist within a party, and on occasion they can reach a threatening pitch. But, the more lively the awareness of the great goals common to all party members, the more powerful the enthusiasm for them, the more difficult it will be for such differences to blow the party apart, with the demands and interests of the moment taking a back seat relative to the party's goals. From this point of view as well, elections, which have an enlightening and incentive effect, are invaluable for social democracy.

By contrast, direct legislation tends to distract interest from the general matters of principle to a focus on concrete, individual questions. The more this tendency comes into effect, the more it reduces cohesion within each party, at least in relation to several of these questions. And the discussions which would otherwise take place within the party are now carried into the mass of the population, to layers which have only started to come into contact with the party and can easily split from it due to momentary differences.

Sectarianism, which one-sidedly becomes fixated on this or that measure, can be strengthened by direct democracy; the party system cannot. Were it possible to replace the representative system with direct legislation by the people, then this would lead to the complete dissolution of parties. This is admitted by the supporters of direct democracy themselves - they have even hailed it as one of the advantages of direct democracy. The dissolution of parties will not happen, of course, because it is impossible to transfer legislation completely to the population as a whole. But, under certain circumstances, even the referendum and the initiative, following the Swiss model, can strongly counteract, on

the one hand, the intensification of antagonisms within the party and, on the other, the consolidation and disciplining of parties.

But this is not in the interest of social democracy. Other parties can put the wealth or the influence of some of their members in the balance. Social democracy can only assert itself through the combined strength of the fighting proletariat.

Centrality of party

In some circles it has again become fashionable to turn up one's nose at the party system. That is nothing new. The anarchistic and other literati socialisms of our day merely repeat what the utopian socialists said two generations ago.

This view was understandable wherever the bourgeois party system in politics ruled exclusively (with the exception of England, where the Chartist party flourished) and the class struggle as the lever of the emancipation of the proletariat was not yet clearly understood. It is absurd if one adopts the position of *The communist manifesto*.

Only as a political party can the working class in its entirety achieve a solid, permanent union. Purely economic struggles always merely concern one or several professions - mainly those in a small locality, town or province. In and of themselves alone, none of these struggles are yet the class struggle. At first, they never concern the interests of the entire working class, but merely the particular interests of a certain branch. Wherever the workers have not gone as far as to organise themselves into an independent political workers' party, wherever they remain restricted to their purely economic organisations, trade unions and mutual-benefit funds, it is all too easy for the particular interests of a section to come to the fore: class-consciousness - without which social-revolutionary action is impossible - has not been awakened. The worker who does not feel that he is a proletarian, but merely a typesetter, hatter or metalworker and who merely represents the interests of typesetters, hatters or metalworkers, can behave very radically in relation to various questions, such as in an angry atheism, but his radical behaviour will remain that of a mere pot caster in the pub, like the philistine who has become agitated and flails around in a 'revolutionary' fashion. His actions will have no influence on the transformation of society in the proletarian sense.

The formation and activity of a specifically workers' party, which seeks to conquer political power for the working class, already presupposes highly developed class-consciousness amongst one section of the workers. But the activity of this workers' party is the surest means of awakening and promoting class-consciousness amongst the mass of the workers. The party only recognises objectives and tasks which concern the proletariat as a whole; it has no place for the jealousies of individual specialised organisations.⁶ Purely economic organisations, being merely sectional organisations, can only set themselves goals within the present-day mode of production. However, as the representative of the class interests of the proletariat as a whole, the workers' party - if it is not grounded in a social democratic outlook from the outset - must sooner or later inevitably come to fight against the current mode of production, within which the emancipation of the proletariat is impossible. If the trade union activist is conservative even when he acts in a radical fashion, then each and every independent political workers' party is by its nature always revolutionary, even if it is 'moderate' in appearance and even in the eyes of its members.

Thus we revolutionary socialists

do not have the slightest reason to wish that the "parties should go under in the nation", as Victor Considerant⁷ demands and, to the extent that direct legislation by the people has this kind of effect, it will merely inhibit the proletariat's efforts towards emancipation.

Preconditions

This is not to say, however, that direct legislation by the people (of course, in those of its forms in which it can at all be realised) is under all circumstances reprehensible in today's society, a society of class and party contradictions. That would be to throw the baby out with the bathwater.

In our view, from what has been said above it follows that referenda and the initiative do not belong to those democratic institutions which can be demanded by the proletariat everywhere and under all circumstances in the interests of its emancipation. The referendum and the initiative are institutions which under certain circumstances can be quite useful, even though these effects must not be overestimated, because on occasion they can also cause great harm. We should thus not aim to introduce the referendum and the initiative everywhere and in all circumstances, but only where certain preconditions are fulfilled.

Amongst these preconditions we include the absence of the contradiction between city and country, which is almost the case in Switzerland, or - even more advantageously - the predominance of the urban population over the rural population, something which has hitherto only been achieved in England.

Another prerequisite is an advanced political party life that has gripped the great mass of the population, so that the effect direct democracy has in dissolving parties and in bridging the opposition between parties can no longer be feared.

But the most important condition is the absence of an overly centralised independent state administration that stands opposed to parliament.

Wherever such a system exists, wherever parliamentarism is only a sham parliamentarism - and still today this is true of the great majority of European states - the weakening of parliamentarism in the form of direct legislation by the people does not benefit the people, but the government; quite apart from the fact that under the rule of a 'strong government' direct legislation could only be implemented in a form where the people are merely called on whenever it suits the government. Under a government of this kind, which actually has the entire immense apparatus of the modern state unconditionally at its disposal in order to influence the population, the downsides of direct legislation mentioned above - the favouring of the reactionary countryside at the cost of the revolutionary cities, the degradation and blurring of the parties - must be expressed in the worst manner. 'People's legislation' now becomes a 'plebiscite', and what this means has been shown by the French empire.

In bureaucratic-military states, where the government is confronted by the mere shadow of a parliament, not a real one, then it is not the task of the emerging, revolutionary classes to remove this shadow's last vestiges of power; that would be suicide and they would thereby carry out the government's work for it. Rather, their task is to enliven the shadow, to give it blood and to make it capable of resisting the government.

We understand perfectly well why party comrades in Switzerland advocate direct legislation so enthusiastically. Nowhere are the preconditions for it as fully developed as in the Swiss confederation. And

the current situation forces them towards this activity. In Switzerland, a sort of equilibrium has set in between the classes: no class is able to undertake a great action on its own. On the other hand, when it comes to political rights, our Swiss comrades are fortunate enough to have already for the large part everything that can be demanded. If they want to have a positive effect, if they want to be active practically, if they do not wish to limit themselves to agitation and gestures, then they cannot do much else than make this or that small improvement to the political edifice, which is by and large finished.

But one size does not fit all. We Germans and Austrians have different things to do. We have to engage in the great and bitter struggle against militarism and absolutism. The burden of this struggle falls almost entirely on social democracy. The bourgeoisie has long ceased to see parliament as the chosen instrument of its rule - as an instrument that is safe under all circumstances. It feels that it has become impossible to keep the proletariat away from it, and that the hour is approaching where the proletariat in Austria will conquer universal suffrage and where in Germany it will conquer parliament with the aid of universal suffrage. The bourgeoisie feels that it is lost if parliamentarism becomes a truth; it no longer seeks salvation in this system, but in militarism and absolutism.

In the 1850s and 60s, when the bourgeoisie in parliament - to the extent that there were parliaments - ruled without restriction, it was possible to believe that the proletariat's struggle for political power would be one that would involve the elimination of parliament. Today increasingly shows that, in eastern Europe at least, this struggle is becoming one for parliamentarism and against absolutism and militarism.

Indeed, the bourgeoisie in Europe east of the Rhine has become so weak and cowardly that it seems that the regime of the bureaucrat and the sabre cannot be broken until such a point when the proletariat is able to conquer political power, that the overthrow of military absolutism will lead directly to the proletariat's encroachment on political power.

One thing is for sure: in Germany as in Austria - indeed, in most European countries - the preconditions that are necessary for the beneficial functioning of legislation by the people, the necessary democratic institutions, will not become a reality before the victory of the proletariat.

Before this, legislation by the people can perhaps have a certain application in the United States, in England and in the English colonies - and in certain circumstances in France - but for us eastern Europeans it is part of the inventory of the 'state of the future' ●

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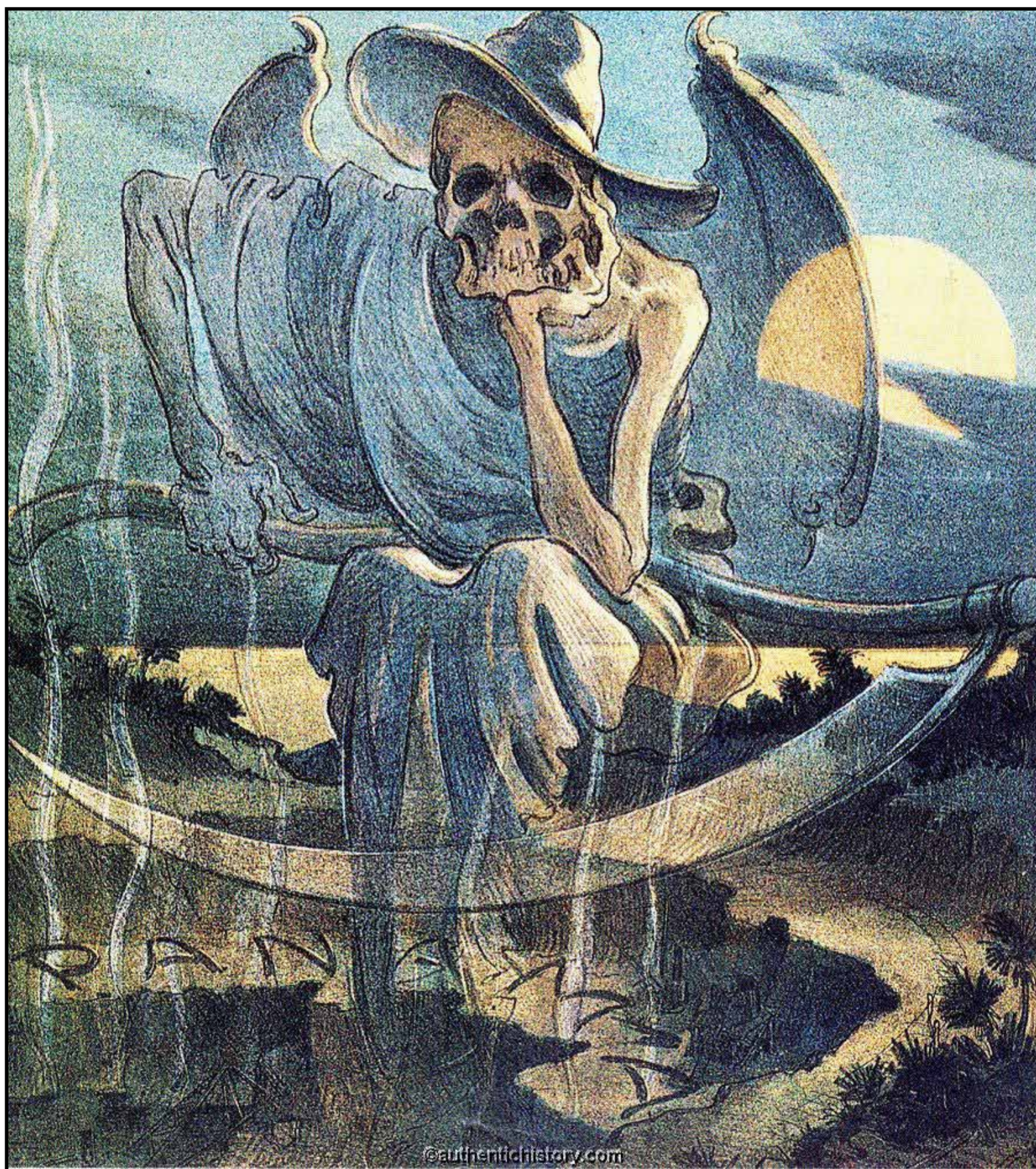
Notes

1. For an overview of the text as a whole and some of its core arguments, see B Lewis 'Referenda and direct democracy' *Weekly Worker* September 18 2014.
2. 'The initiative' refers to the process whereby, if a certain number of signatures are gathered regarding an issue, then parliament is obliged to discuss drafting a law pertaining to it.
3. In Marxist writings of this period, 'the bourgeois democracy', 'the democracy' or here 'the radical democracy' means the party or trend of leftwing liberals and radicals.
4. Eg, where the votes of the propertied are worth more than those of the propertyless.
5. I.e. a pro-Vatican administration.
6. Kautsky's original footnote: "America - where individual workers' organisations conduct bitter war against each other and on occasion do not hesitate to engage in labours of love for the capitalists if this means dealing a blow to another workers' organisation opposed to them - shows where a trade union movement can lead if it does not go hand in hand with a powerful, independent political workers' movement."
7. Victor Prosper Considerant (1808-93) was a French utopian socialist.

REVIEW

North and south

What is the nature of modern imperialism, asks **Michael Roberts**, one hundred years after Lenin?



Rise of US imperialism: 'Panama and yellow fever' (1904)

Has imperialism changed since Lenin wrote his seminal work, *Imperialism, the highest stage of capitalism*,¹ exactly 100 years ago? Two new books on imperialism by British Marxists help us to answer that question. The first, by Tony Norfield (*The City - London and the global power of finance*, published by Verso Books²), looks at the 'centre' of imperialism in the major financial hubs of mature capitalist economies. He analyses the 'superstructure' of modern imperialism, if you like. In the second, John Smith (*Imperialism in the 21st century*, published by Monthly Review Press³) looks at the foundations of exploitation under modern imperialism in the 'periphery'. These books thus complement each other and offer new insights into the economic nature of imperialism that

bring Lenin's work up to date.

Superstructure

In *The City*, Norfield emphasises that finance and production in 21st century capitalism are inseparable - "they are close partners in exploitation". They always were from the beginnings of industrial capitalism, but it is even more the case now. So the view often expressed in Keynesian and Marxist circles that there is a categorical division between finance and productive capital, where the former is 'bad' and the latter is 'good', is an error that leads to a misunderstanding of the nature of imperialism and the role of financial centres like the City of London.

Norfield reveals that Britain is second only to the US in the importance of its financial sector

globally, and in some areas, like foreign currency trading, it leads. Britain has the second largest stock of foreign direct investment (FDI) of nearly \$2 trillion, equivalent to 30% of UK GDP. Of the top 500 global companies, the UK was second only to the US, with 34 companies. The UK had six financial institutions in the top 50, compared to the US with 10. And UK bank assets are four times UK GDP - the highest ratio in the world after Switzerland and tax-haven Luxembourg.

The advantages of London as a global financial centre are its central time-zone for financial dealing, the main language of imperialism (English) and the huge back-up in professional services, contrasting with the relative weakness of US money markets and banks that have less

global reach.

British capitalism lost its hegemonic status a hundred years ago, but in the post-war period its financial sector has maintained its global role, while its manufacturing base diminished.⁴ The Eurodollar market in the 1960s and the 'Big Bang' of the 1980s, when US banks and foreign banks were allowed to operate without restriction, have preserved the City's pre-eminence.

Norfield gives a global pecking order for imperialist powers, given a range of criteria (GDP, military spending, FDI, bank assets and FX trading). The US is the hegemonic power, but Britain is second, followed by Germany, China, Japan and France. He makes the point that financial privilege is a form of economic power, enabling imperialist countries to draw

upon resources and value created elsewhere in the world. For Norfield, the definition of imperialism follows: the domination by a small number of countries of world markets through their multinational corporations, which can be both making things, providing services and finance, or often all three.

And he recounts the valuable research of some Swiss engineers on how just 147 companies globally control the world (p113).⁵ Interestingly, the same Swiss researchers have recently published a new report that shows how US and European companies still dominate the levers of financial and corporate power globally,⁶ with Asia hardly getting a look-in, despite the great Asian 'production miracle' of the last 30 years.⁷ Finance cannot be divorced from productive capital: it is a feature of the modern world economy. That means just looking at the activities of corporations within the nation-state is to miss the real story. As Norfield points out, US corporation revenues from abroad are worth \$3 billion a day and total more than the annual GDP of Switzerland.

Norfield points out that banks can create money (p83), so that money can appear to make money "completely independent of capitalist production" (p85). Money dealing and commercial banking are not 'parasitic' as such, because they are necessary to lubricate the wheels of capitalist production. But interest-bearing capital (money to make money) is parasitic, as it deducts from the profits of productive capital. And imperialism is interest-bearing capital globalised. Marx connected the phenomenon of money out of money (p90) with his term, 'fictitious capital': a claim on the value-creating assets of companies and their future earnings.

Norfield reveals the outdated nature of Hilferding's classic Marxist account of finance capital.⁸ Hilferding focused rightly on fictitious capital as a key feature of monopoly capitalism or imperialism, but he considered the banks as the only levers of financial power, whereas in modern imperialism there are many other sectors of fictitious capital. Also, the nation-state now plays a key role in supporting and expanding monopoly capital and imperialist power.

One advantage for modern capital accumulation is that bonds, stocks and derivatives are extremely liquid (easy to buy and sell by the second). But, as Norfield says, fictitious capital does not break the link between the production of value from labour-power or with the value of 'real' assets like commodities, plant, equipment, etc: it just 'stretches it'. The expansion of fictitious capital enables capitalism to accumulate faster, but also to crash further. Indeed, the development of modern finance and the expansion of fictitious capital in all its new forms from the 1980s onward were really a response to the fall in the profitability of productive capital in all the major capitalist economies from the mid-1960s to the early 1980s.

Back in 1916, Lenin described Britain as the world's largest 'rentier' economy.⁹ That is an old-fashioned French word for an economy based on sucking up 'rents' through the monopoly ownership of capital (or land) from the profits of the productive sectors. Both sectors exploit labour, but the rentier economy relies on its financial and legal monopoly to take a

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share of the surplus value appropriated from labour. This gives British capital its important role in modern imperialism, but also its Achilles heel in any financial crash. British capital would be more vulnerable than most in another global crash.

One of the consequences of Britain's rentier economy is its ambiguous relationship with European capital - in particular Franco-German capital and the European Union. British imperialist strategists have looked across the Atlantic to the US for partnership in financial power, but also to Europe for trade and investment. The UK is the piggy in the middle between the US and Franco-German Europe.

That ambiguity continually surfaces - in its latest guise, as British capital considers whether it wants to break with the EU or not, given that Europe continues to stutter along in its long depression. Norfield shows why the City of London is overwhelmingly in favour of the UK staying in the EU and opposing 'Brexit'. The City depends on the free flows of capital between the 'capital surplus' economies of the oil and resource producers (Brics) and North America's multinationals into and out of Europe. That nexus would be seriously impaired if the UK were outside the EU, especially if the EU were to disintegrate itself in the future.

Foundations of exploitation

At the other end of the story of modern imperialism, John Smith starkly reveals the exploitation of billions of people in what used to be called the 'third world' and is now called the 'emerging' or 'developing' economies by mainstream economics. Wage workers in the periphery of imperialism (Smith calls these countries, "the south") are "superexploited" with wages below the value of labour-power. He gives the example of Bangladesh textile workers: "The starvation wages, death-trap factories and fetid slums in Bangladesh are representative of the conditions endured by hundreds of millions of working people throughout the global south, the source of surplus value sustaining profits and feeding unsustainable overconsumption in imperialist countries ..." (p10). The surplus value created by these superexploited workers is captured by the transnational corporations (TNCs) and transferred through the 'value-chain' to the profits of the imperialist countries of "the north" (Apple i-phones and Foxconn):

The only part of Apple's profits that appear to originate in China are those resulting from the sale of its products in that country. As in the case of the T-shirt made in Bangladesh, so with the latest electronic gadget, the flow of wealth from Chinese and other low-wage workers sustaining the profits and prosperity of northern firms and nations is rendered invisible in economic data and in the brains of the economists (p22).

Smith points out that "about 80% of global trade (in terms of gross exports) is linked to the international production networks of TNCs". The United Nations Conference on Trade and Development estimates that "about 60% of global trade ... consists of trade in intermediate goods and services that are incorporated at various stages in the production process of goods and services for final consumption" (p50). Smith argues that outsourcing has been a conscious strategy of capitalists, a powerful weapon against union organisation, repressing wages and intensifying exploitation of workers at home, and has led above all to a huge expansion in the employment of workers in low-wage countries. As Smith quotes Gary

Gereffi,

A striking feature of contemporary globalisation is that a very large and growing proportion of the workforce in many global value chains is now located in developing economies. In a phrase, the centre of gravity of much of the world's industrial production has shifted from the north to the south of the global economy.

Smith exposes the neoclassical view that wages are low in the south because productivity is low there. This view, Smith points out, has

never been systematically criticised by heterodox and Marxist critics of neoliberalism ... (and) contemporary Marxist scholarship ... with few but important exceptions ... [it] is astonishingly indifferent to and accepting of bourgeois economists' argument that international wage differentials merely reflect international differences in labour productivity.

There is a deliberate attempt by neoclassical bourgeois theory to identify wage growth with the productivity of labour and many Marxists go along with this, because they confuse use-values (the production of things and services) with their value (the prices of production). Instead, "wage differences are significantly affected by coercive suppression of labour mobility - in other words, by a factor that is, on the face of it, quite independent of productivity" (p240). But mainstream economic theory denies this reality. This leads to the idea that workers in China receive their 'fair share' in wages, given their productivity level.

Global exploitation

Smith quotes Martin Wolf from his 2005 book, *Why globalisation works* (Wolf forgets these perceived benefits of globalisation in his later works):

83% of the world's manufacturing workforce lives and works in the nations of the global south.¹⁰

The world's "economically active population" (EAP) grew from 1.9 billion in 1980 to 3.1 billion in 2006 - a 63% increase. Almost all of this numerical growth has occurred in the "emerging nations" - now home to 84% of the global workforce, 1.6 billion of whom worked for wages, the other one billion being small farmers and a multitude of people working in the infinitely variegated "informal economy" (p113).

The global proletariat has never been larger in numbers and in its share of the total workforce.¹¹ And yet the share of wages in domestic income has fallen, both in the south and north. According to the International Labour Organisation, since the early 1990s the "share of domestic income that goes to labour ... declined in nearly three-quarters of the 69 countries with available information". The decline is generally more pronounced in emerging and developing countries than in advanced ones. The declines in labour's share in emerging and developing economies were very steep - falling in Asia by around 20% between 1994 and 2010; moreover, "The pace of the decline accelerated in ... recent years, with the wage share falling more than 11 percentage points between 2002 and 2006."

This leads to Smith's main theoretical point and the most contentious. Capitalism started with the exploitation of labour through *absolute* surplus value (a longer working day) and bringing more people into the workforce. Then, as capitalism developed (as Marx showed for Britain in *Capital*), it was a rise in *relative* surplus value that dominated: namely, labour-saving technology is introduced to reduce the value of labour-power in the same working day. But now in the 21st century, Smith argues, the exploitation of the workers of the south is performed not so much through an expansion of absolute

but has its place in an account of competition, which is not dealt with in this work. It is nonetheless one of the most important factors in stemming the tendency for the rate of profit to fall (p240).

But now, according to Smith, all three modes of exploitation of labour are operating, with the third being the most significant in the south, Smith argues, because the imperialist north finds this the best and easiest way to capture surplus value there. In Smith's view, this development has been ignored, missed or confused by what he calls the "Euro-Marxists", who argue that the workers of the north are more exploited than those in the south because they are more productive.

Smith reckons that this confusion arises because of the use of 'gross domestic product' and 'value-added' by mainstream economics and is accepted mostly without question by Marxist economists. You see, GDP hides the fact that much of the value in, say, US GDP is not created by American workers, but is captured through multinational exploitation and transfer pricing from profits, created from the exploitation of the workers of the south. GDP confuses value-creating with value-capture and so does not expose the exploitation of the south by the imperialist north:

GDP as a measure of the part of the global product that is captured or appropriated by a nation, not a measure of what it has produced domestically. The D in GDP, in other words, is a lie (p278).

Thus, according to Smith, Lenin's is still right. There are 'oppressor nations' and 'oppressed nations' and which is which is not determined by just financial power (Norfield), but also by the superexploitation of the proletariat of the oppressed south on a systematic basis. It was this that was described by Lenin.¹² But - as Smith quotes Andy Higginbottom - what is inadequate now about Lenin's analysis at the end of the 19th century, is not that exploitation is actually less in the south than the north or that there are not really oppressor and oppressed nations any more, but that

Lenin does not theorise imperialism with respect to the rising organic composition of capital or the tendency of the rate of profit to fall ... This theoretical incompleteness in the study of imperialism is atypical of Lenin, and stands in marked contrast with his own economic analyses of the development of capitalism on Russia, which are firmly based on the categories of *Capital* (p229).¹³

Oppressor and oppressed

But I have to say that I am troubled by some of Smith's analysis. First, there are the categories of 'north' and 'south'. Now I know that these are shorthand definitions for imperialist economies/nations, on the one hand, and 'dependent' economies/nations, on the other, just like 'third world' was. But shorthand terms can cause confusion. For example, obviously Mongolia and Moldova are geographically in the north, but not part of the 'north' as Smith categorises it.

And can we be so clear about the division between 'oppressor' and 'oppressed' nations? Take the Belgian Congo. In the 19th century, the people there were cruelly exploited and subject to slavery and genocide as a personal fiefdom of King Leopold. Their natural resources were devoured and so were the people. But the Congo was not an oppressed *nation*, because

there was not one nation, but lots of small 'nations' or tribes in the region now called the Congo Republic.

For that matter, India was not really one nation when it became a firm colonial possession of British imperialism from the mid-1750s. Indeed, since independence in 1947, it has divided into three nation-states. The people of India were exploited hugely by the British state and its commercial and industrial companies, ensuring that no budding Indian-owned industry could develop. But is India an 'oppressed nation' in that sense now, when it is a nuclear power, has major industries under local ownership and the state machine?

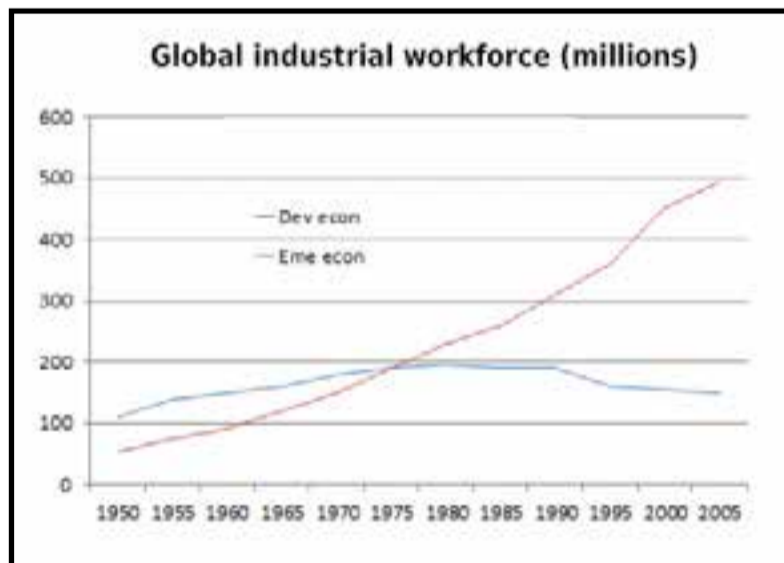
Yes, the foreign multinationals of the north flourish in India, but so do domestic capitalists - big time - in the exploitation of the urban workforce and capitalistic farm production from tenants on the land. Some of the top local bourgeois have become international players - billionaires living in the north. And India has imperialist ambitions of its own in Nepal, Bhutan, Kashmir and even Burma. It is not all black (north) and white (south). Brazil too fits into this category of local bourgeois development alongside the multinationals of the north.

'Oppressed nations' like Korea, Indonesia, Malaysia or Taiwan now export not just goods (cars, phones, tablets, TVs, etc) for profit, but also capital into the rest of Asia and Europe. And they use cheap labour in China, Vietnam, etc. Indonesia was an archipelago of nations owned by the Dutch. After independence, the Indonesian state in Java brutally suppressed smaller islands like East Timor and New Guinea. Is Indonesia an oppressed nation or an oppressor? And is China an oppressed nation facing imperialism, when its cheap labour force (increasingly less so) is exploited in the same way by Chinese capitalists and state industries, and not just by foreign multinationals?

Take Greece. It was increasingly dominated by Franco-German capital in the euro zone, which eventually brought the economy to its knees in the crisis. But Greek oligarchs also operated in shipping, pharma and mining to exploit Greek workers (of whom some were superexploited). And Greek capital has always harboured its own imperialist ambitions in the Balkans in rivalry with Turkey. Or Ireland, which is highly dominated by American multinationals, which take out a sizeable part of value created by Irish workers every year. Yet Irish capital has also built 'nationalist' financial and pharma sectors.

So are these examples of oppressed nations or oppressor nations? Sometimes the oppressed is also the oppressor. There is some 'north' in the 'south'. From an economic standpoint, imperialist domination means the appropriation of wealth and surplus value from other national economies. But imperialism is an articulated structure, from the dominant imperialist countries to the dominated ones. The dominated ones are in their turn dominant *vis-à-vis* other countries.

Smith reckons that Marxist economists of the north, in debating the role of Marx's law of the tendency of the rate of profit to fall, make no allowance for international variations in the rate of exploitation, nor for changes in the organic composition of capital (technology to labour). Well, it may be true that Marxist economists like myself have "ignore[d] the fact that a substantial part of the surplus value that is captured by firms in imperialist countries and realised as profit was extracted from workers in low-wage countries" (p248). But we debaters have not ignored global movements in the rate of exploitation. Indeed, one of the features of the post-1945 period is that the rate of surplus



It is right to say that transnational companies exploit their Chinese workers in the hope of making profits. It is equally right to say that Chinese workers are exploiting transnationals in the (almost universally fulfilled) hope of obtaining higher pay, better training and more opportunities.

In contrast to Wolf's view, the huge low-wage proletariat that has emerged in the last 30 years is the key to the profits of imperialism, transferred from the south to the north. In 2010, 79%, or 541 million, of the world's industrial workers lived in "less developed regions" - up from 34% in 1950 and 53% in 1980 - compared to the 145 million industrial workers, or 21% of the total, who in 2010 lived in the imperialist countries (p103). For workers in manufacturing industry, this shift is more dramatic still. Now

and relative surplus value, but rather through driving wages below the value of labour-power (superexploitation).

In *Capital*, Marx recognised this as being an important form of exploitation of labour, but argued that, even without it, capitalism could exploit labour-power and capture surplus value. Marx considered that, of the counteracting factors to the tendency of the rate to fall for capital, there was not just a rising rate of exploitation or falling costs of technology, or increased foreign trade and financialisation of capital, but also the reduction in wages below the value of labour-power (superexploitation). Marx ruled this latter factor out in his abstract analysis of the laws of motion of capital:

Like many other things that might be brought in, it has nothing to do with the general analysis of capital,

weekly worker

Campaign for workers' party

Tactical flexibility, political principle

Bernie Sanders should stand as an independent socialist in the presidential election, argues Eddie Ford

Quite remarkably, and very encouragingly, Bernie Sanders remains in the game - just. Last week he crushed Hillary Clinton in the western states of Washington, Alaska and Hawaii, taking at least 70% of the vote in all three, including a whopping 82% in the case of Alaska. As an interesting addendum, on March 21 Sanders convincingly won the Democrats Abroad primary by 69% to 31% on a turnout up 50% from 2008 - getting nine delegates to Clinton's four and defeating her in 167 of 170 countries.

Buoyed up, Sanders claimed that these decisive wins opened a clear "path to victory" for his nomination, so "don't let anybody tell you we can't win the nomination or win the general election". The next battles will be fought in New York and Wisconsin - then a round of large north-eastern states with *closed* primaries: ie, only registered party members are allowed to vote. Sanders, however, tends to do a lot better in open caucuses - where he can appeal to independent and non-affiliated voters.

Meanwhile, the Vermont senator continued his scathing attacks against the "obscene" big money behind Clinton - citing a fundraising dinner hosted by actor George Clooney, where supporters were invited to pay as much as \$353,000 per ticket. He also pointed out that Clinton relies on Wall Street and corporate donors, as well as political action committees known as 'super pacs'. In a possible sign that his anti-corporate message might be hitting home, a recent poll of 3,000 likely Democratic voters gave a clear majority in favour of Sanders. Yet he still faces a daunting uphill battle. According to the Associated Press, Clinton currently leads by 1,243 delegates to 975. But, when the superdelegates are added to the count, you get a totally different picture. These unelected delegates - consisting of "distinguished" party leaders, such as former presidents, senators, house leaders and governors - are free to support *any* candidate for nomination at the party's convention. Naturally, such people are massively biased in favour of Clinton, currently by 469 to 29 - meaning that she is significantly ahead by 1,712 to 1,004 in the race to reach 2,383 delegates. The *Daily News* ran a story about how "every single" New York superdelegate they contacted said they would "never" back Sanders - regardless of who actually won the primary.¹ On this basis, Clinton's campaign manager, Robby Mook, has confidently stated that it is "impossible" for Sanders to catch up.

Sanders also faces an additional financial hurdle. Despite the very impressive number of small donations to his campaign (in January he received a record 3.25 million individual contributions, totalling \$20 million), it is not clear whether he can financially make it to June. In turn, this only emphasises how urgently he needs to win Wisconsin on April 5 to maintain the "momentum" he believes is behind him. Frankly, in order to stand any chance at all, Sanders needs to win big yet again in New York on April 19 - which has



Sanders: voting is a tactic

291 delegates up for grabs. Then on April 26 Pennsylvania and four other eastern states will be polling, offering 463 delegates between them. Without scooping up about two-thirds of these delegates, Sanders' chances dwindle to zero.

Discussion

Bernie Sanders has declared that if he fails to win the Democratic nomination, then he will back Clinton for president. Back in December 2014 he told the *New York Magazine* that he would not run as an independent and "play spoiler".²

We in the CPGB think this is seriously mistaken. When Clinton inevitably wins the Democratic nomination, Sanders should not call for a vote for her, but instead stand as an independent socialist - whatever the considerable problems with his understanding of the term. And if he were to split the vote and let in Donald Trump or Ted Cruz - so what? His campaign could form the raw material for a working class party in the US - a huge step forward in historical terms. Interestingly, recent polling indicates that 56% of Democrats now have a "favourable" view of socialism - a quite remarkable statistic, given that America is the land of rampant anti-

communism and the cult of rugged individualism.

It would be an extremely good idea if we could continue to make use of the space Sanders has opened up - something that dogmatic leftists fail to understand. One of them is Alan Gibson of the International Bolshevik Tendency. He scolds us for critically supporting the "capitalist politician", Bernie Sanders, and for making historical comparisons with Marx's strong support for that undeniably bourgeois politician, Abraham Lincoln (Letters, March 24).

Yes, says the comrade, it was "wholly correct" for Marx to back Lincoln, because that aided the "completion of the bourgeois democratic revolution", but since the "advent of imperialism", on no account must Marxists support a non-working class politician - or, in this particular case, someone who says he is a socialist but stands within a bourgeois party. What nonsense.

Does this 'iron law' apply to anti-imperialist struggles too? We were under the distinct impression that the IBT advocated "military support" for *all* forces, including totally bourgeois and reactionary ones, that come into conflict with imperialism. The IBT states that revolutionaries "side

militarily with any indigenous forces - including the reactionary Taliban, Isis, al Nusra and al Qa'eda - in confrontations with the 'democratic imperialists'.³

But, of course, the comrade absurdly separates military support from political support in a totally non-Marxist way. We in the CPGB, on the other hand, subscribe to the idea *à la* Clausewitz that war is the continuation of politics *by other means*: the obverse being that under imperialism 'peace' is just a prelude to war. Anyway, with regards to Sanders and election tactics in general, Marx and Engels thankfully were not dogmatists like comrade Gibson.

Indeed, under certain circumstances it is possible to support *the Tories*. Thus in 1893, Engels says that Keir Hardie "publicly declares that [Irish nationalist Charles Stewart] Parnell's experiment ... ought to be repeated at the next election and, where it is impossible to nominate a Labour candidate, one should vote for the Conservatives, in order to show the Liberals the power of the party". While Engels himself "recommended" this policy "under definite circumstances", it was important to "announce it as a possible tactical move" only.⁴

In other words, Engels was saying it could be permissible to vote Tory in order to force concessions from the Liberals - the main point being, however, that Marxists aim for the *utmost tactical flexibility* when it comes to elections, but always within the larger framework of a general political programme. The central aim of our electoral interventions is always to promote the independent organisation of the working class. Or, to put it another way, our electoral tactics therefore have to be highly responsive in order to promote the 'few ideas' (maybe just one basic idea) that can be argued with as many people as possible under election conditions - and which have an actual chance of being *developed*. The central point is that all such issues have to be grasped as tactics within a framework of principled aims.

US left

Unfortunately, many on the US left have adopted a position of sectarian dismissal in relation to Bernie Sanders. The comrades of the International Socialist Organisation, expelled in 2001 from the International Socialist Tendency by the British Socialist Workers Party, last year presented us with a 'socialist FAQ' on Bernie Sanders and the left. In fact, we discover, Sanders'

candidacy "represents a capitulation to the two-party status quo and capitalist domination of elections".⁵ Instead, the ISO comrades recommend: "We need to win the new left born out of Occupy, public-sector union struggles and the Black Lives Matter movement to breaking with the Democratic Party and building an electoral alternative as a complement to struggle from below."⁶

More straightforwardly, Socialist Action - affiliated to the Fourth International - dismisses Sanders as "today's central shepherd of the unwary back into the Democratic Party fold".⁷ Sanders' "current assignment" is to "corral working class discontent back into the capitalist framework". Even more bluntly still, and with absolute predictability, the Spartacist League denounces Sanders as an "imperialist running dog" - no marks for originality - whose "radical liberal acolytes are leading youth straight into the demoralising dead end of the Democratic Party".⁸

On the other hand, we get a rather more sane view from Socialist Alternative - part of the Committee for a Workers' International led by Peter Taaffe's Socialist Party in England and Wales. SA welcomed Sanders' call for a "political revolution" against the "billionaires and oligarchs" that rule the US. The Vermont senator, it argues, has "opened up an urgently needed debate about an alternative to capitalism: democratic socialism".⁹ Correctly, the comrades add that if he does not win the Democratic nomination, Sanders "should keep going as an independent and not support Hillary".

There is a certain irony in this, of course. When it comes to the May 5 local elections in England, SA's comrades in SPEW are intending, with very few exceptions, to stand candidates *against* Jeremy Corbyn's Labour Party on May 5 - a bourgeois *workers'* party, when all is said and done ●

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Notes

- www.nydailynews.com/news/politics/new-york-superdelegates-largely-back-clinton-sanders-article-1.2581729.
- http://nymag.com/daily/intelligencer/2014/12/bernie-sanders-for-president-why-not.html.
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