

Britain on the brink



London firefighters demonstrate against cuts.

photo Suzanne Beishon



Bus workers building a campaign to defend services.

photo Paul Mattsson

ATIDAL WAVE of protest is rolling towards the coalition government, roaring, foaming, darkening the sky, sucking every political argument into a lethal wall of water... delegates to the TUC, freed from decades of impotence, joyfully surfed its crest."

Peter Taaffe

Guardian writer Simon Jenkins was not exaggerating. Before running away from the Liberal Democrat conference to the safety of New York, Nick Clegg assured delegates that it would 'be all right on the night'. We will all swallow the noxious medicine to come on 20 October from the Con-Dem government. Osborne and Cameron will then be able to 'grow' the economy, and this will lead to their return to power.

As if the prescriptions for managing a capitalist economy were as simple as an edition of *Gardeners' World!* They can do no more control or command the blind play of the productive forces - which is the essence of capitalism - than King Canute could control the waves.

In fact an already catastrophic economic situation will be deepened by the savage cuts about to be inflicted on us.

The Liberal Democrats are experiencing an electoral Siberia already. One of their leaders has admitted to the *Financial Times* that they could drop to 5% in the polls. They are 12-13%, half that of May's general election support. The Tories, he claimed, would sink to 25%!

One anonymous senior Lib-Dem stated to the Independent's Andrew Grice: "If the government's economic strategy doesn't work, we are fucked. If it succeeds and we have been standing on the sidelines, we are fucked as we won't get any credit."

Since 2007, world capitalism has been in the grip of what capitalist experts describe - with some relief - as the "Great Recession". Through state measures of bailing out the banks - so-called quantitative easing - together with other economic short-term measures, they have managed up to now to avoid a repetition of the last Great Depression of the 1930s.

But parts of the world are mired in what can only be described as a depression with little prospect of a quick or easy escape. The Obama government in America saved at least one million jobs, but this has not stopped eight million other workers from being ejected from the factories since 2007.

Unemployment

IN BRITAIN about one million jobs have been 'saved' by similar measures. Yet unemployment is almost 8% and destined to climb. The much vaunted economic recovery is more like 'a dead cat bounce', with the majority of capitalist economists - apart from an incorrigible few optimists - now expecting a double dip in the economy.

Marxists have always pointed out that capitalism - an economic system based upon production for profit instead of the social needs of the people - will always find a way out of a crisis, if a force does not show a real alternative. That force is potentially the working class.

But the working class has a huge burden of decades of neoliberalism on its back. It is also held back by the lack of authoritative mass organisations and

leadership, able to put their stamp on the situation by providing such a class and socialist alternative.

The world economic situation is now openly referred to in capitalist circles as "the great disappointment". At the same time, the different wings of capitalism are divided over how to tackle the huge state debts - the debt overhang. This is a consequence of the huge bubbles in the financial and other sectors of the economy of the last 20 years. One capitalist economist admits the bubble was the worst for 130 years, while Mervyn King, governor of the Bank of England, claims it was the "worst ever".

The open split between the 'deficit deniers' and the 'growth deniers' is unprecedented. It is a symptom of the underlying crisis of capitalism and the uncertainty about how best to defend and expand their system. The Keynesians believe - quite correctly - that cutting the deficit in the midst of a deep crisis will only exacerbate it. Paul Krugman in the US and New Labour's Ed Balls argue this case.

On the other hand, the 'growth deniers' believe that the deficit has to be cut to prevent the 'bond vigilantes' from launching a financial attack on the currency. Both are correct in their arguments against each other and both are wrong in their solutions.

Worsening the situation

IRELAND HAS followed the path advocated by Cameron and the British government in the last three years. The results are a catastrophic worsening of the economic situation there, the ballooning of the deficit, a savage cut in living standards and a rise in unemployment.

This is 'Hoover economics' at its worst. President Herbert Hoover of the US, by advocating "liquidation of the farmers, liquidation of capital and liquidation of labour" following the 1929 crisis, aggravated it enormously.

The net result of the Con-Dem government's proposals will be to ratchet up unemployment, which has already increased by a million during the course of this crisis. The 'deficit deniers' have no long-term solution.

The economic perspectives for capitalism are for a drawn-out crisis. This is not an episodic or cyclical crisis but systemic. The capitalist system has arrived at an historical cul-de-sac. It is symbolised by the huge 'liquidity' and the accumulation of record profits, not just by the banks but by non-financial companies as well. Trillions have been accumulated and hoarded by the rich but there are no safe profitable outlets.

Financial assets therefore, such as government bonds, are invested in. Some of these are extremely risky. This is in place of ploughing back the surplus extracted from the labour of the working class into industry. A spiral of decline and rising unemployment is the result. The parasitism of modern capitalism is underlined.

Even its advocates like Vince Cable are compelled to attack capitalism, as he did in his demagogic attack at the Lib-Dem conference, while still defending it to the hilt! The Tories are quite happy for the time being to sit back and allow the Lib-Dems to take the flak, the responsibility, for the impending cuts.

And the startling fact is that the agonies for working people which flow from



RMT members join a European demonstration against rail cuts and privatisation.

photo Paul Mattsson

these cuts, will not fundamentally alter the deficit. In Greece, if the ruling class successfully carries through its plans for austerity the net result will be that the deficit will rise by 2014 to 170% of gross domestic product!

In Britain the government is driven by the same ideological approach that Thatcher had - to cut down the present state and reduce it to an 'enabling' state. This means that the state must 'enable' the paymasters of the Tories and the Liberal Democrats, the capitalists, to make greater and greater profits through privatisation and the mass casualisation of the labour force.

90% of the huge redundancies carried out in Spain, resulting in 20% unemployment, have affected the 'precarious' workers. Already in this country almost eight million workers are part-time or on limited contracts, a big section of them against their wishes.

Moreover, the private sector will be completely incapable of taking up the slack arising from the services and jobs eliminated from the public sector. The cuts that are coming are eye watering. The only parallel - as The Socialist has pointed out - is with the cuts programme of the Geddes committee in the early 1920s, which was a factor that led to the 1926 general strike. Even if it does not reach the 40% that has been flagged up, it still represents an attempt to "assassinate", in the words of Tony Woodley leader of Unite, the wages and conditions of workers and public services in general.

In a warning of what to expect from a frontal attack on the working class, the head of the Institute for Economic Research in Munich said: "We are in the

second Greek crisis... it is impossible to cut wages and prices by 30% without major riots".

This applies not just to Greece but to Britain as well if this government proceeds to confrontation over the public sector. This esteemed banker says: "This tragedy does not have a solution", a remarkable confession of bankruptcy. In effect what is promised is a civil war against everything the British working class has built up through struggle.

It is a replay of the 1930s on a much higher level. The police warning about the consequence of cuts to them - "if you cut the police we won't protect you from the riots that are coming" is their unspoken theme - harkens back to this period. The cuts of the 1930s 'National' Government provoked the mutiny of the sailors and soldiers at Invergordon. It also produced riots in Birkenhead on Merseyside and significantly of Catholic and Protestant workers in Belfast.

Phoney war

AT THE moment there is an air of a phoney war with only the promise of the savagery to come. But the plans of councils in Birmingham and Suffolk - which will cut its workforce from over 3,500 to a couple of hundred - to become 'virtual' councils has sent a frisson of fear through the ranks of local government workers.

The same applies to workers in the public sector in general. They will be looking for more than words - promises of action in the mists of the future. But this was the TUC's stance at its recent congress. Bureaucratic officials, comfortably ensconced in their offices, are incapable of

Labour divided

IN THE aftermath of Ed Miliband's victory in the leadership contest, New Labour will also be riven with conflict and divisions. It has served the right-wing press and Ed Miliband's backers to talk up his 'left' credentials but the difference between him and his brother David is really just 1.3%.

This was shown in his post-leadership election statements when he distanced himself from the 'Red Ed' label and dismissed any notion that he would "lurch to the left". His differences with David on the cuts are on timing not principle. He distanced himself from the unions that raised him to the leadership.

Unite's executive recommended Ed Miliband. Yet Unite leader Tony Woodley said strike action against the Con-Dem cuts was "inevitable". So it is incredible that Tony Woodley and the other union leaders did not use their



Ed Miliband.

leverage on Ed Miliband to demand that he stand for the immediate withdrawal of the anti-union laws!

- was made possible by the concessions given to them by Labour on the issue of tuition fees.

But the planned increase in fees by the Con-Dem government, a 75% cut in university spending and teaching - which has even exercised the opposition of the *Financial Times* - will completely discredit the Liberal Democrats. The perspective for them is not one of the coalitions in Wales and Scotland but that of the 1930s.

The Liberal Democrats split over the National Government then. Those who entered the government - the 'National Liberals' - split from their party and were absorbed by the Tory Party. By 1950 the Liberals were reduced to a rump with a mere 2% support.

A similar fate awaits Nick Clegg. Since joining the government, it has been revealed that he worked for Tory grandee Leon Brittan in the European Commission before becoming an MEP. Brittan stated at the time that he could become a very good "Tory prime minister"!

Continued crisis

THEREFORE THE scenario opening up is one of continued economic crisis - stagnation - an offensive by the employers and the government, and a ratcheting up of social and political tension.

Splits under the pressure of the situation will not be restricted just to the Lib-Dems. The Tories - as the poll tax demonstrated - will come under ferocious pressure to step back. Already sections of the strategists of capital are warning that the government must have a plan B if it meets too much resistance to its cuts programme.

The Federal Reserve in the US and even Mervyn King, the governor of the Bank of England, have indicated the need for a further increase in government expenditure if the floor begins to fall under the economy, as it will do if the government's proposed measures are implemented.

At local level, where the majority or a substantial section of the cuts will be implemented, New Labour will not be allowed to hide. They will be called upon

Truly we are on the verge of a massive movement of unprecedented social upheaval in this country and in Europe as a whole. In the course of this epic battle, capitalism will demonstrate its incapacity to guarantee the basic elements of human existence, jobs, decent social services, housing, etc. It is necessary to raise clearly the banner of socialism, the idea of a democratic planned society in place of the barbarism which is about to be inflicted on the British people. Massive resistance and occupations are necessary and socialism is the demand of the hour.

by the government to wield a not-so-small axe against jobs and services. This is 'make your mind up time' especially for New Labour-controlled councils.

It will not be sufficient to urge that protesters should direct their attention to the Westminster government. They have two choices: capitulation in the teeth of the enemy or join the resistance against the cuts. That will mean taking the 'Liverpool road', imitating the actions of the Labour council which fought Thatcher by defending every job and all services in a titanic struggle between 1983 and 1987. The trade unions - and particularly their leadership - will face a similar choice.

They will not be forgiven if their opposition to the government and its programme is largely words. What is at stake here is the fate of millions of workers. Decisive action is necessary to defeat the government. Cameron has made it quite clear that even if the deficit is eliminated there will be no increased public expenditure. This is, in effect, a programme of eternal austerity.

The plans for demonstrations on 20 and 23 October are the beginning. A national demonstration is the minimum necessary. We must follow the French workers. We must imitate the immortal Greek workers and, if necessary, their series of general strikes. Not a library, not a government office or a council service must be closed. Any threat to do this must be met with action, including strike action - legal or not - and, if necessary, occupation of workplaces, drawing in the users of services as well as the workers.

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