

Capitalism stuck in a blind alley

Determination to struggle grows

On 14 and 15 July members of the National Committee of the Socialist Party met. This article is based on the introductory speech given by Socialist Party general secretary Peter Taaffe.

'Murdochgate' is in effect Britain's Watergate - it has acted as a catalyst for all the gathering discontent that exists with the government and the system it defends. The News of the World (NoW) web of intrigue links the government, particularly David Cameron, to what some have called "institutionalised criminality" including the police.

As Jonathan Freedland of the Guardian commented: "No wonder the [Metropolitan Police] was so lethargic in investigating hacking: why look too deeply into the affairs of people who represent either a meal ticket or a future paycheck?"

Freedland compared this crisis to the revolutionary movement in Romania in 1989 when the Stalinist dictator Ceausescu was booted at a mass rally in Bucharest. This led to a revolution which overthrew him and his system.

Sarah Brown, wife of former Labour prime minister Gordon, invited Rebekah Brooks, former editor of the News of the World, to a 'pyjama party' at 10 Downing Street even after that paper had threatened to run an exposé on her son's health! Brown herself attended Brooks's wedding, alongside the rest of the New Labour glitterati.

David Cameron also hosted News Corporation figures at Chequers, the prime minister's country home, estimated in 2007 to have cost the taxpayer £1,738 a day to run. Rebekah Brooks, Rupert Murdoch's son James and others were entertained there.

The trigger to the crisis was the hacking of Milly Dowler's phone. Just to say the words 'he hacked the phone of a dead school student' produces nausea. A single incident can encapsulate all the doubts, all the horror in relation to the capitalist system.

Miliband

Labour leader Ed Miliband was on the ropes after the self-inflicted damage of repeatedly condemning the public sector pension strikes, provoking enormous anger. Even the question of his leadership was discussed within New Labour.

But he seized the time, recognising that the hacking of Milly Dowler's phone was a defining moment. By openly challenging Murdoch, he tied his fate to destroying the authority of Murdoch. As a result, he has gained a certain kudos.

Will it last? That is unlikely, no more probable than Barack Obama's ratification of the assassination of Bin Laden guarantees him a second term as US president. It is the economy, the bread and butter issues, which will shape the outcome of the next US election.

The BSkyB deal is finished. It doesn't mean that the Murdoch empire is finished yet. But as the Financial Times (FT) points out, if they had tried to carry the deal through the repercussions against would have been even greater.

News Corp's British newspapers are not its main asset internationally, with its Fox TV network, spewing out right wing propaganda, still making huge profits in the US. Nevertheless the company's share price has fallen 20% following the



Marching in London on 30 June photo Paul Mattsson

scandal.

As a result of his cosy relationship with Murdoch, Cameron is desperately struggling to maintain his position. Miliband, like the man who milks the cow only to kick over the bucket, undermined his new-found popularity by agreeing a common parliamentary position with the Tories and Lib Dems.

And, of course, he too previously danced to the tune of Murdoch, quaffing champagne at his summer party only weeks ago. For the three capitalist parties, Tory chancellor George Osborne's "We're all in it together" never sounded so appropriate.

However, we socialists and working class fighters like Scottish socialist Tommy Sheridan are not and never have been 'in it'. The Socialist Party took the political position that the case against Tommy was a frame-up. We, and all those who stood by Tommy, have been proved correct.

Following the Murdoch revelations, in particular around the role of Cameron's "friend", Andy Coulson, former NoW editor and central to the trial in Scotland, there has been a sea-change in Scotland, especially amongst the working class. The general feeling expressed on the streets and on radio and television is that

Tommy Sheridan was framed and should be released immediately.

Brooks's departure and the sensational resignation of Metropolitan Police commissioner Stephenson, while welcome, are insufficient. We demand not a judge's but a workers' inquiry. The TUC should front it and the print unions, journalists and printers who were sacked at Wapping should form the basis of an independent inquiry by the working class.

30 June

Much to the relief of Miliband, Cameron et al, the magnificent strikes of 30 June have been temporarily pushed out of the media spotlight by the drama of this crisis. But from the point of view of the working class and ourselves, this development has been the most important event in Britain in the last period.

The capitalist press jeered that, in the light of the convulsive movements in Greece, Spain, Portugal and Italy, there didn't seem to be mass protests in Britain. This was even after the epic 26 March sea-change in Scotland, the biggest trade union strikes in recent history, the Guardian ran an article: "Where is the anger now?"

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Teachers, it was argued, don't have the power of the miners or other industrial workers who went on strike in the past. We argued otherwise, especially today, where so many parents work full-time. Schools occupy a crucial position. Teachers coming out on strike have a massive indirect effect on workplaces and industry.

In the strike and its aftermath, the government lost the argument over pensions. Perversely, Cabinet Office minister Francis Maude claimed the voter turnout for strike action showed that civil service workers in the PCS union were not with the leadership.

PCS general secretary Mark Serwotka challenged that if Maude and the government really wanted to know trade union members' feeling, they should wait for the 30 June strikes. He also argued that the government should remove the ban, introduced by New Labour in 1999, on online voting for strike ballots.

On 30 June, workers massively answered the strike call. Far more than voted for the strike, in the NUT, ATL and UCU teaching unions and the PCS, participated in the hugely successful strike and demos. The strike represented a big defeat for the government and the employers' propaganda barrage. Maude then refused to appear on TV on the night of the strike to argue his case for attacking pensions.

Change of tack

Significantly, the government then changed tack. As we go to press, it appears that a deal including a 12-week consultation period is being dangled in front of local government trade unions. This is a blatant attempt to undermine the campaign for a four million-strong one-day public sector general strike in the autumn.

It wasn't just the government and the employers who were frightened by the power that was shown on 30 June; the conservative officialdom - the right wing within the trade union movement - also took fright. Dave Prentis, general secretary of the largest public sector union Unison, was manoeuvring behind the scenes.

Both Prentis and the government believe that they can arrive at some kind of a deal by limiting the increase to contributions of workers to the Local Government Pension Scheme, thus evading strike action. In other words, there is an attempt by the government with the connivance of right wing union leaders to counterpose negotiations to mass struggle.

Of course, if a victory can be won through negotiation all well and good. Workers do not support strikes just for the sake of it. But in this battle the government is most likely to be pushed back through action.

The government now wants to reach an agreement; if 50% of contributors are forced to opt out of the local government scheme, which amounts to tens of billions of pounds, it could fold. Together with other factors this could trigger a stock exchange collapse, thus enormously aggravating the current economic crisis. Prentis is trying to ignore pressure from



Francis Maude - lies exposed

ordinary union members. The left in Unison must step in. Unison members face savage job cuts and attacks on wages, with the 'fire and rehire' approach to undermining workers' conditions, as attempted in Southampton, Shropshire and Labour-led Waltham Forest, for example.

The demand for a recall conference in order to press for a fighting programme of national action must be raised. Support for such a programme is inherent in the localised but ferocious battles that are developing across the country; in Southampton rubbish piles up on the streets but support for the strike by council refuse workers remains high.

There is now a visible and appreciable hardening of the mood of the working class. It is true that, as Murdochgate has shown, the ruling class in Britain is capable of bending in the face of hostile social pressures. But working class resistance to the cuts is also stiffening and a strong leadership can be decisive in securing victories.

Inequality

It is clear that capitalism, based as it is on the werewolf-like search for profit, is not able to escape this present impasse easily. In fact everything the capitalists have done, including the huge stimulus packages, has not solved the situation.

The relentless search for easy profits over the last three decades has accumulated massive problems for capitalism. Rising inequality is basically a growth in the share of the wealth taken by the bosses and a diminution in the share taken by the working class.

Median wages in the US were actually stagnant or declined for 20 years before this crisis. Cheap goods from China, cheap debt and low inflation went some way to softening the situation. But these factors have now changed or are likely to soon with, for instance, a slowdown in the Chinese economy, which could even become part of the worsening situation.

We are now supposed to be in a recovery! We have the phenomenon now of long-term permanent unemployment; 850,000 people in Britain have been unemployed for 12 months or longer. That's an indication of the sickness of the system.

The government claims to be in favour of 'job creation' yet 84 people are chasing

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Socialist ideas are gaining support photo Paul Mattsson

every job in Merthyr Tydfil. This indicates the incapacity of capitalism in a 'phase of recovery' to be able to deliver jobs. In effect, we are in a double dip recession.

The international economic position is even more explosive now than earlier this year, compounded by the programme of 'fiscal consolidation', cuts in living standards. The potential for another Lehman Brothers-type event on a European scale is rooted in the situation. There's not just a sovereign debt crisis, but another potential banking crisis aggravated by Credit Default Swaps - the insurance on defaults - which are hidden in the system. The euro, in its present form, is doomed.

In general these factors mean that capitalism is stuck in a blind alley even if there's some economic growth. However, in Britain, estimates suggest only 0.1% growth in the last quarter. That is, as the figures show, insufficient to absorb the labour of the working class. All the targets of the government, even the most pessimistic, lie in ruins.

There is no question that elements of a pre-revolutionary situation exist in many countries, certainly in Greece. But some of these features exist in Britain also. The capitalist class is beginning to see the seriousness of the situation.

The consequences of the crisis can be seen in every single sector. The high streets have faced carnage with shops shutting daily; even the likes of TJ Hughes discount stores - a landmark in Liverpool, founded in 1912 - have closed their doors.

The dilemma and the stupidity of British capitalism are summed up in the sell-out of Bombardier in Derby. Thirty years after the Specials first performed their song, Derby could be reduced to a 'Ghost Town'.

For workers facing the loss of their livelihood, it's not enough for the trade unions to express opposition - they also have to consider occupation to prevent

job losses and the movement of machinery out of the factory.

When you get library workers in an east London borough threatening to bring sleeping bags into work to occupy their libraries against closure, it is an indication of the temper of the mood and the possibilities that are developing.

The collapse of industrial investment is ominous. The Con-Dems' promise, their 'ark of the covenant', was that huge job losses in the public sector would be offset by the private sector. There is no possibility of this taking place.

Yet the public sector has been slashed and we face the cheap sell-off of public assets on an industrial scale. This year alone almost 3,000 contracts have been awarded to private firms.

Privatisation

The government's recent public services White Paper spells it out. Only frontline police, the judiciary and the army will not face outsourcing. Privatisation for the capitalists flows from their huge surplus of liquidity. There is no profitable enough outlet for it in industrial investment. The capitalists think that only by dismantling the state sector can there be any way out for capitalism.

But for the government this is not straightforward - every measure they take rebounds on them. Their plans for a cruel and, as the Socialist described, unworkable cap on benefits to £26,000 a household will result in 40,000 families losing their homes. Local authorities are expected to house them. What's more, we now know they have been aware of this for some time.

But the ruling class is, for the time being, locked into the policy of 'austerity'. Take the situation with housing. There is massive homelessness and growing

unemployment, including among construction workers, yet bricks and mortar lay idle. Instead of public investment in house building as recommended in a recent Sheffield Hallam University study, we have the return of 'Rachmanism', the super-exploitation of tenants in squalid conditions by slum landlords. There is a catastrophe in education and in the NHS, where privatisation and £20 billion of cuts are going ahead.

It is impossible for the working class to remain dormant. The Daily Mirror's Kevin Maguire agrees with the Socialist that the government might not last the year. If the Con-Dems do manage to struggle on it will be mainly due to the incapacity of Labour and the trade union leaders to press home the advantage now.

Can Labour be changed? It is being changed - but not into a vehicle for struggle. Miliband, Peter Hain and others in the Labour leadership are proposing subsuming the remaining elements of the party into a 'movement', dissolving the branches and diluting any remaining power from the trade unions.

Nonetheless, defections by New Labour councillors and splits cannot be ruled out. Under the pressure of working class movements, the most unlikely types can be forced to act.

And the working class is moving to the left, socially if not yet politically. Thousands have joined the unions in the wake of the 30 June strike. The middle class is also affected. Every promise to them has been broken; their houses could be 're-possessed' to pay for care in old age and their children, denied not only this inheritance but also an education and a future, will be radicalised.

In this context, a determined opposition, even a small, but independent new workers' party, based on struggle, with a socialist programme could be decisive.