

NO CUTS – FULL STOP!

Capitalist crisis and the public sector debt



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This pamphlet is dedicated to the memory of two women who were staunch fighters on the side of the working class and for socialism. Their contribution will not be forgotten.
Rene Waller (1913–1999) was a member of the RCG, contributor of 'Pensioners Notes' to FRFI newspaper and a lifelong communist. She was active in local campaigns in London and on the non stop picket outside the South African Embassy calling for the release of all apartheid's political prisoners (1986-1990).
Ellen Luby, 1923–2010, was an inspiring working class fighter who led local struggles in the London Borough of Camden throughout her life.

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Introduction

On 17 February 2011, Labour-led Islington council ordered the police to clear the public gallery of protestors as it agreed £52m budget cuts with a loss of 350 jobs. Similar scenes are being repeated up and down the country, as Labour councils seek police protection while they act as the ConDem coalition's executioner in a wholesale attack on working class services and jobs.

The ConDems have declared class war, utilising the deepest crisis since the Great Depression of the 1930s to continue the class offensive that began in the 1980s. State welfare is facing massive cuts; benefits are being slashed; thousands of public sector workers are set to lose their jobs. Labour-run councils across Britain have shed crocodile tears as they implement the most savage reductions in services in a generation (*No cuts – full stop*, p5). These attacks must be resisted, and to be resisted they must be understood. This pamphlet draws on recent articles from our newspaper *Fight Racism! Fight Imperialism!* as a contribution to the debate that is essential if we are to build a fighting anti-cuts movement.

At the centre of the pamphlet is an edited speech by David Yaffe, given at the London School of Economics in December 2010 (*The cuts and the crisis of capitalism*, p10) explaining the roots of the crisis and the cuts. The government argues that axing state spending is necessary because Britain is on the verge of bankruptcy, and that the deficit must

be dramatically reduced whatever the cost to people's lives. This is a lie. The working class bears no responsibility for the crisis of capitalism, and the onslaught on state services are 'necessary' only for the capitalists, in order to prop up the parasitic system epitomised by the City of London. This is not simply about Tory ideology, but sustaining Britain as a major imperialist power. Remember that the current attack began under the previous Labour government under Blair and Brown, just as the Labour government of the 1970s attacked state spending and so paved the way for the Conservative Thatcher government cuts of the 1980s. It is the same story with the current attack on the NHS: the thousands of job losses that hospitals are announcing weekly are the outcome of the last Labour government's demand for £20bn cuts by 2014, and it was Labour's privatisation drive which served as the launching pad for the destruction of the NHS set out in the ConDem's Health and Social Care Bill.

The fightback against the cuts began in autumn 2010 with large, militant demonstrations by school, college and university students. The initial rallying point was the government's proposals to slash state funding to universities, increase tuition fees to £9,000 a year, and withdraw the £30-a-week Education Maintenance Allowance for 16-18-year-olds in full-time education. On 10 November 2010 thousands of students stormed the Conservative Party HQ in Millbank in London during national protests. This set the tone of defiance across Britain. Protests led by students quickly expanded to oppose all attacks on state spending, with direct action against a wide range of companies and banks variously implicated in avoiding taxes, backing the cuts and receiving state bail-outs. As a consequence, students have found themselves on the receiving end of a systematic campaign of intimidation, violence and imprisonment by the police, media and courts, which has exposed British 'justice' as a sham in front of thousands of young activists (*Policing the movement against the cuts*, p25).

The Labour Party is determined to stifle any resistance. Before the election the Labour Party called for the 'most swingeing cuts in public



Students invade the Millbank Tory HQ to protest against massive fee rises and the abolition of the Education Maintenance Allowance, November 2010

spending in a generation'. Thirteen years of Labour government offered the working class nothing but war, privatisation and repression. Labour does not dispute the need for cuts, only the pace at which they are implemented.

The trade unions are little better. They have timed their first gesture of opposition – the national demonstration on 26 March – to take place weeks after local councils have agreed their budgets. Their priority has been to negotiate voluntary redundancy agreements rather than lead meaningful opposition. They do not intend to offer any effective opposition since this would require a challenge to the anti-trade union laws. Their spinelessness should come as no surprise given the membership and history of British trade unions (*The trade unions and the cuts*, p28).

The only thing that can stop the cuts is a massive campaign of civil disobedience. This will have to be led by the people affected most by

the cuts, including the poorest sections of the working class, just as the campaign against Thatcher's hated Poll Tax was won in the early 1990s (*Lessons from the struggle against the Poll Tax*, p32).

There are two responses to the capitalist crisis. The ConDem coalition has made its response crystal clear – the working class will pay, and the ruling class will continue to reap the benefits of a system which oppresses and impoverishes millions of people around the world. The only alternative to this is for the working class and oppressed to unite in order to deal the ruling class a decisive defeat. Cuba demonstrates what can be achieved through socialism even with few resources (*Cuba's socialist alternative*, p35). There is no lack of resources in Britain. The problem is the social form of those resources – capitalism. The only alternative for the working class in Britain is socialism. No to the cuts – full stop!

Thomas Vincent

No cuts – full stop!

First published in Fight Racism! Fight Imperialism!
219 February/March 2011.

Throughout Britain, Labour-run councils are preparing to implement savage cuts in local services and drive thousands of workers out of their jobs. Not one council is stepping out of line. *Robert Clough* reports.

It is a repeat of the 1980s when, under a Tory government, Labour council after Labour council accepted rate-capping and the consequent job losses, and then Labour leader Neil Kinnock hounded Liverpool city council leaders for trying to resist. This time however there is no chance that Liverpool Labour leaders will emulate their predecessors: the council is expected to cut over 1,500 jobs next year on top of 580 voluntary redundancies to date, in an effort to save £91m in 2011/12.

Other Labour councils in the north west cutting jobs and services are:

- Tameside Council – is preparing to get rid of 800 jobs over the next four years with 550 of them going in the next financial year.
- Salford Council – 700-1,000 jobs will go over the next three years with 700 to go in 2011/12 alone.
- Oldham Council – has given statutory notice of a possible 800 redundancies in the new financial year.
- Wigan Council – in July it was already talking about the loss of 650-820 jobs over the next three years.

- Manchester City Council – facing cuts of 21% in government funding over the next two years and on 13 January announced it would be reducing the workforce by 17% – about 2,000 jobs.
- Bolton Council – has given the statutory notice for up to 2,000 redundancies.

In Labour-run Leeds, 3,000 jobs will go over a four-year period, with 570 going by the end of March 2011. It is not just jobs that Labour councils are cutting: it is essential services for working class people. Day centres, libraries, luncheon clubs, youth and sports centres are closing. Amongst the most punitive cuts are those to respite schemes for carers of disabled and elderly people. Childcare schemes are being axed; private sector provision can only be afforded by the rich. In an attempt to obtain legitimacy for their actions, many councils are organising 'consultations' over what services should be axed: resistance is not one of the options they are presenting.

The story is no different in London. Newham Council, the sixth most deprived borough in the country, has declared that up to 1,600 jobs are under threat. It has suggested that this number may be reduced to 1,200 if workers are willing to accept a series of austerity measures including a pay freeze and reduction in sick pay and holiday entitlement.

Islington, the eighth most deprived borough in England, faces £335 million cuts. When challenged at a meeting in October 2010 to refuse to implement cuts, even if it meant breaking the law, Labour councillor Paul Smith objected that 'If I went to prison, on the same day, a Tory administrator would come in and cut council housing, cut free school meals and cut everything good that we're doing.' It is clear he has no belief in fighting for change.

Labour-run Greenwich issued redundancy notices to its 8,000 workforce on 6 January. It intends to re-employ staff on inferior terms and conditions.

In Camden, Labour council leader Nash Ali said it 'brings me to tears to stand here with these cuts you are facing. But we have no choice.' Of course there is choice: to resist, or to act as agents of the ruling class. Yet

as former Militant MP and now Coventry Socialist Party councillor Dave Nellist observed at a conference against the cuts organised by the National Shop Stewards Network (NSSN) on 22 January, 'Labour councillors opposing the cuts on Labour councils are rarer than poor bankers in this country!'. Labour councillors who refuse to oppose the cuts and refuse to campaign against them must be treated as what they are – class enemies. The anti-cuts movement must reject any attempt to let Labour councils off the hook.

No compromise – no redundancies, compulsory or otherwise

While councils make their plans, there is no corresponding preparation by the trade unions, let alone action. They passively await the TUC national demonstration on 26 March as a gesture of opposition. Up and down the country they are in negotiations with councils over voluntary redundancies: they will call it a victory if the redundancies are 'chosen' by workers rather than being compulsory. The end result is no different: voluntary redundancies mean that jobs are lost for the next generation. The anti-cuts movement must also reject any attempt by trade unions to negotiate away jobs, terms and conditions or services whether it is a Labour, Tory or LibDem council.

However, sections of the anti-cuts movement are willing, under the guise of 'unity', to compromise with those who have no intention of fighting the cuts. Writing in *The Guardian*, general secretary of Unite the Union Len McCluskey said that 'These are ConDem cuts, and this is a capitalist crisis. Any attempt to blame Labour local authorities for the problem is a shortcut to splitting our movement and letting the government off the hook' (19 December 2010). But does this mean that Labour councillors should be 'let off the hook' if they are verbally against the cuts but implement them in practice? McCluskey's answer is that it 'doesn't mean Labour councils should get off free. There are, alas, Labour councillors embarking on union-bashing under cover of cuts, something we won't tolerate'. In a situation where every Labour council is implementing cuts, McCluskey's rhetoric may protect some workers,

but the majority will be sold down the river along with those most dependent on council services.

Unite is now affiliated to the anti-cuts organisation Coalition of Resistance (CoR). What position is CoR going to take on Labour councils implementing the cuts? What position will it take on trade unions refusing to fight the cuts? We can have no doubt: compared with Unite, small opportunist left organisations within CoR like Counterfire or Workers' Power carry no weight whatsoever. What Len McCluskey says will go.

The same ambivalence characterises the Socialist Workers Party (SWP), whose leader Chris Bambery said: 'The movement must try to involve Labour MPs and councillors. You can't build a genuine mass movement without involving the people who vote Labour' (*Socialist Worker* 15 January 2011). But he is not clear on whose terms they should be involved. Saying 'we are with Labour when they fight the Tories but criticise them if they want to vote through cuts' is not hard enough. Every Labour MP and councillor says they are fighting the ConDem plans. Many will doubtless be on the TUC demonstration. But our terms have to be that they must vote against and organise against the cuts in Labour councils, and that we won't just criticise them if they vote through cuts, we will campaign against them as class enemies.

The anti-cuts movement must, of course, support all trade union action against the cuts where it takes place. Yet we cannot have illusions that trade unions are fighting organisations of the working class, or that they should be seen as the leadership of anti-cuts resistance. To date opposition to the cuts has been spearheaded by young people, but only one in 20 working teenagers is in a trade union, and only one in 10 of those aged 20-25. Trade unions organise predominantly among the older, better-off sections of the working class, especially in the state sector. 53.6% of trade unionists are managers, professionals or associate professionals compared to 34% 20 years ago.

The majority at the January NSSN conference were quite right to oppose any concession to Labour councillors who implemented cuts.

However, they were quite wrong to put the trade unions in the driving seat of the anti-cuts campaign they then set up. Their justification – a picture of the trade union movement as 'six million organised workers, who can organise mass strikes and coordinated joint action' – bears no relationship to reality. Their new campaign will now make trade union representatives a majority on its national committee, and though it will include community-based anti-cuts groups, they are reduced to organising 'support to back up trade union actions to stop job cuts and save services.'

The mass of the people fighting the cuts are not going to accept that they should be cheerleaders for a trade union movement whose main characteristic is a total lack of movement. Effective trade union action will require a challenge to the anti-trade union laws, and the trade union leadership will not only absolutely resist such a move but will instead police its membership to ensure that they do not get out of hand.

Despite the lull in the level of student activity, more forces are bound to join the struggle as the reality of council service and job cuts hits home. It is not the time to be making a single concession to Labour councillors or MPs. They can take the side of the working class and fight against council cuts whether Labour, LibDem or Tory, or they can choose to act as the ruling class's executioners. The overwhelming majority have clearly made their choice. They are class enemies, and we should have no hesitation in calling them such. ■

The cuts and the crisis of capitalism

The following is an edited version of a speech by David Yaffe, Fight Racism! Fight Imperialism! Editorial Board, at a meeting at the London School of Economics on 10 December 2010

I will start by saying that the students' response to the ConDem government's plans to increase university tuition fees and abolish the Education Maintenance Allowance has been fitting and inspiring. It struck a chord with millions of people – who if they're not facing cuts now are certainly going to be facing cuts in a very significant way over the next year or so.

Secondly I would like to state what *Fight Racism! Fight Imperialism!*'s position on the question of tuition fees is: very, very simply, we are for free and universal education for all, up to the end of university. We expect and argue that university education should be financed out of general taxation. Some have argued that this is unrealistic because we have to cut the deficit. We say we are not responsible for the deficit and therefore we don't accept any arguments that are related to the deficit being cut in this way. And perhaps, to go back to the words of an old Irish revolutionary, murdered by the British government in 1916, James Connolly, who wrote a song, the chorus of which ran: 'For our demands most moderate are – we only want the earth'. And I think that's a good revolutionary response to the demand by the capitalist class, by the ruling class, that we solve their crisis for them.

The third point I'd like to make about the student actions, is that they have significantly undermined the overbearing arrogance of this government and they have therefore given people confidence to face up

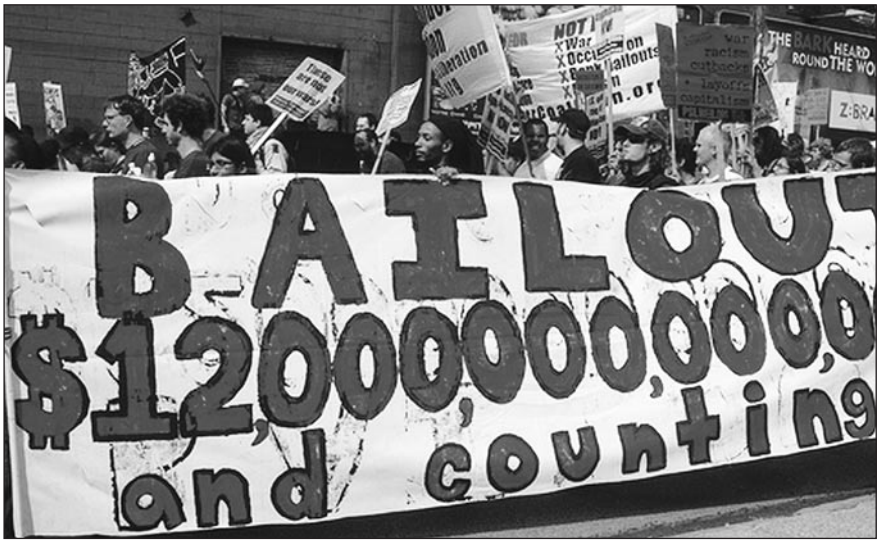
to that government and take a stand against the cuts. It often seems to be the case that the students move first, and eventually the struggle spreads much more broadly in society.

The arrogance and self-confidence of the new ConDem coalition government was highlighted by George Osborne's emergency budget, presented to Parliament on 22 June 2010. It amounted to a wholesale assault on the public sector. No less than the *Financial Times*'s chief economic commentator, Martin Wolf, who is generally regarded as a neo-liberal, was driven to say: 'Nothing in the election campaign could have prepared the British public for this bloodbath.'

It was in reality a declaration of class war. The 20 October spending review reinforced that, with the Chancellor announcing the largest cut in government spending since the Second World War. Together with measures announced in the June budget, £81bn will be cut from public spending over four years, including £18 billion from welfare benefits, with the vast majority of these cuts hitting the poorest sections of the working class. In fact, in the research that has been done on the impact of the cuts, it has become absolutely clear that the poorest sections of the working class will suffer most.

Public sector investment is to fall by nearly half, 48% by 2014/2015. A near-50% cut in public sector investment. Just think what that actually means. Central government funding for local authorities will be cut by 26% over four years, so more than a quarter of the spending of local authorities will be cut over this period. These are dramatic cuts. In total, a combination of spending cuts and tax rises of around £113bn are planned, which is equivalent to £4,300 a year for every household in the country. These will be imposed by 2014/15.

All of this is taking place in a period of global crisis and increasing tensions between major countries threatening to turn into currency and trade wars. As we have argued in *Fight Racism! Fight Imperialism!* throughout the crisis, these measures have a clear purpose to them. The government is utilising the deepest crisis since the Great Depression of the 1930s to continue a class offensive that began in the 1980s. The



Demonstrators in the United States protest against the massive transfer of funds from the state to banks and financial institutions, autumn 2009

debate over public spending is little more than a cover for the ruling class as it prepares a massive attack on the living standards of working people in this country. It is a brutal attempt to lay the foundation for resolving the crisis of British imperialism and to sustain the City of London, the financial arm of British imperialism, as the dominant world financial centre. That is what lies behind the whole government policy over the public sector deficit.

It is an attack on the working class by a government staffed by millionaires: 18 of the 23 full-time members of the cabinet are millionaires, as well as 23 out of 29 entitled to attend cabinet meetings. They will not suffer from the cuts. They are acting in the service of the City of London. It is a fact that the number of millionaires in this country has increased from 37,000 in 1995 to 448,000 by 2009 – almost all of it under a Labour government.

We need to deal with a central myth that the ruling class is using to justify its policies. Chancellor Osborne claims that his measures have to

be taken urgently because Britain is on the verge of national bankruptcy. The fact is that Britain's total accumulated public debt, as a percentage of national income, is lower today than for much of the last 200 years. The average public debt, from 1688 to 2010, was 112% of national income. In September 2010, the public sector net debt was 57.2%, below that of the US, France, Germany and Japan. So unless Britain has been in constant state of national bankruptcy, the government's argument is simply deceitful. It is a deceit perpetuated by all the political parties and their media allies, and has had real resonance so far amongst the majority of the British population. So how has this come about?

Firstly, we have to reject the widespread view that these policies result simply from the right-wing ideology of the Conservative Party. In fact the policies of the ConDem government are a continuation of the process set in motion by the previous Labour government. Just as in the late 1970s the then Labour government began the attack on the public sector and laid the groundwork for Margaret Thatcher's neo-liberal counter-revolution, so the Labour government's planned deficit reduction in its pre-election March budget in 2010 opened the way for the ConDem coalition's programme to dismantle and privatise state welfare over the current Parliament. It was the Labour Prime Minister James Callaghan who told the Labour Party conference in 1976: 'We must get back to fundamentals. We used to think you could spend your way out of the recession and increase employment by cutting taxes and boosting government spending. I tell you in all honesty that option no longer exists'. That Labour government opened the way for Thatcherism by complying with the conditions of an IMF loan to defend the pound. It set monetary targets and cut public spending and wages.

In January 2010, the then Labour Chancellor, Alistair Darling, told the *Financial Times* that he would order his ministers to start work on 'the most swingeing cuts in public spending in a generation'. Halving the public sector deficit in four years, he said, was 'non-negotiable'. This was confirmed in his March budget. For the Labour Party – as for any ruling class party in power in this country – the interests of the inter-

national markets, the financial services sector and the City of London are the unquestionable priorities. It should be no surprise that the Con-Dem coalition felt confident enough on coming to power to slash state welfare and public spending even further than the cuts that were planned by the Labour government.

At the end of August 2009, the head of the Financial Services Authority, Lord Turner, former banker, described some of the innovative activities of the City of London, such as credit default swaps, as 'socially useless'. He said that the financial services sector had grown beyond a 'socially reasonable size' and the City had become a destabilising factor in the British economy. These were dangerous thoughts given the importance of financial services and the City to British capitalism, and the Labour government's priority that the City of London should remain a centre of world finance, the financial arm of British imperialism. Lord Turner's remarks were very quickly drowned out by an ideological assault on the public sector, directed at this stage not at public services as such, for which there is massive public support around the country, but at 'unsustainable public sector borrowing.' Suddenly, the most dangerous threat to the British economy was not the bloated financial sector but the debt of the public sector. This happened in a very short period of time, in fact two weeks. This was given ideological expression through an orchestrated campaign in the media, with politicians of all persuasions rapidly and willingly following this lead.

What followed was a public auction by the main political parties over the cuts in public spending necessary to tackle the 'unsustainable' public sector deficit. The main difference then between the Labour and Conservative Parties revolved around the starting dates of the cuts, with Labour arguing in its March 2010 budget that cutting too soon before April 2011 would drive the economy back into recession, and the Conservatives insisting on immediate deficit reduction to retain the confidence of the markets. So powerful, however, was the ideological offensive on public sector borrowing that Ipsos MORI, a market research company, was able to report that, while in March 2010 the number of

those opposing Conservative strategy was double those in favour of it, by the end of June this had radically changed with 44% backing swift deficit reduction and 35% against. A massive swing. It is significant how powerful the ideological assault by the ruling class and its media has been on the British population. Never, ever, underestimate them. They pave the way for their class policies.

Now, it is necessary to counter this ideological offensive against state spending. In this context, it is important to restate some fundamental points about financial capital and British capitalism.

The massively increased role of financial capital, increasing speculation and the ever-expanding credit bubble built on a relatively declining productive base, which were the forerunners of the crisis, were the result of an over-accumulation of capital in the heartlands of capitalism. What does the over-accumulation of capital mean? It means there is surplus



Demonstration against the closure of the emergency department at Whittington Hospital, North London, February 2010

capital which is not being invested productively because the return on that capital is inadequate. It is actually being stored. After this whole period of crisis, don't think there is a shortage of capital. In Europe, there is something like $700bn of capital held by 466 multinational corporations. Former Prime Minister Gordon Brown says in his book *Beyond the Crash* that in the developed world, in the main capitalist countries, there is over $3,000bn of surplus capital – capital that is not being invested. This is a crisis of the over-accumulation of capital. It has been a continual crisis since the 1980s, and it has not been resolved. Its landmarks include the Latin American debt crisis of the 1980s, the 1990s' East Asia crisis, the crises in Brazil and in Russia, the 2000 Argentina default, the dot.com crash, and then the financial crash in the autumn of 2007.

'Financialisation' has become a fashionable term. What it describes – the expansion of the financial sector – is a consequence of the crisis of profitability in the capitalist system: the lack of profitable investment opportunities for capital. The financial sector does not produce any additional value but appropriates – plunders – a greater and greater proportion of the value produced by the productive sectors of economies around the world. The dominance of the financial sector in the British economy is a fact that is often ignored. Manufacturing is a small proportion of the British economy, and it has been declining since the turn of the 20th century. However, this relative industrial decline has been combined with a dynamic, aggressive imperialist expansion of commerce and finance overseas, a development which has now reached utterly unprecedented levels, as we shall see shortly.

The City of London has always been at the heart of the British state; the crisis has made that bond even tighter. This further consolidation of finance capital and the state is the further development of what has been called in the literature 'state monopoly capitalism', or imperialism. The speculative activities of the financial corporations and the uncontrolled lending that fuelled the unprecedented property booms in the main capitalist countries, led to the biggest financial meltdown in history. The

capitalist system survived this process because the state underwrote the debts of the banks and financial institutions on a scale never seen before. By 2009, the total support for the financial system from governments and central banks reached an unprecedented $14,000bn in the UK, the US and the Eurozone, almost equivalent to a quarter of global GDP. Quite staggering!

The rapid rise in state borrowing and increased public spending was necessary not only to prevent capitalist economies falling into even deeper recession, but also to ensure the survival of the imperialist banks and financial institutions. In the case of the UK, total government gross debt was 44% of GDP in 2007 and had risen to 68.2% in 2009. The US saw a rise from 62.1% of GDP to 83.2%; Germany from 65% to 72.5%; France from 63.8% to 77.4%; and Japan from 187.7% to 217.5% over the same period (gross debt statistics are used for international comparisons). That is what happened. That is the measure of how the capitalist system was – temporarily – saved in this period of two years.

At the end of 2008, more than a year into the present crisis, Britain's overseas assets reached a staggering £7,135bn, an unprecedented five times Britain's GDP of about £1,400bn! Now, we hear that the assets of the banks in this country are about five times Britain's GDP, but we never hear anything about the overseas assets of this country. No one talks about it. In fact, they have redone those figures recently and added in the financial derivatives – these are these things that the banks use to make money out of nothing, or money out of money – and they were a massive £4,040bn. Financial derivatives of UK banks alone are two and a half times the GDP! The UK's foreign assets, on these new figures, now come to £10,980bn, nearly 7.5 times Britain's GDP. There is no other country in the world that gets anywhere near that: for instance, the US's foreign assets are, at most, the same size as US GDP.

60% of these assets – or three times Britain's GDP – are listed under 'Other Investments'. Essentially they are loans and deposits abroad by UK banks which we could call a gigantic usury capital. What do we mean by usury? We mean borrowing cheap and lending dear. Usury is at

the centre of British capitalism. That is how it functions, as a giant usury capital; a sort of offshore centre for capital all over the world and every British government in this country wants to keep it that way. Now why?

Britain's foreign assets on the old figures were nearly matched by foreign liabilities of about £7,042bn, so there were net assets of about £93bn. It is neither here nor there, really, whether they are net assets or net deficits. The most important thing is the net earnings on the international investment account. That's what matters: how much do you earn from this usury capital? In 2008 Britain had a balance of payments deficit of £25.1bn; something like 1.7% of GDP. That is, it was spending 1.7% of the GDP more than it earned. The deficit on trade in goods reached a massive £92.9bn; about 6.5% of the GDP. Without the large surplus on services trade of £54.5bn, with financial services responsible for more than 70% of this, and the income earned from the international investment account which was £27.6bn, the standard of living of the British people would have fallen significantly. As it is, this plunder has enabled British imperialism to sustain privileged material conditions for a significant section of the working class and the middle class. No wonder that the political representatives of these strata in the Labour Party are implementing cuts in the councils they lead, and turning police on protesters, or that the trade union leaderships, far from fighting the cuts, are negotiating voluntary redundancy deals that may protect their members but destroy future jobs. That is how important this is, to keep the social stability of Britain intact.

It is not surprising, given this reality, that Alistair Darling and the Labour government ruled out any radical changes to the financial institutions based in the City of London demanded by the opposition parties and the Bank of England. There are around one million people working in the financial services sector in the United Kingdom and in the past nine years the sector has contributed tax receipts of £250bn. When you think about what it doesn't pay and what is hidden away in tax havens, you can see how much of the wealth of this country is in the hands of banks and financial institutions. They don't produce anything,



December 2010: Students in Newcastle upon Tyne hold a sit-in against the cuts inside Boots in protest at the letter to Chancellor George Osborne in The Telegraph *on 18 October, signed by business leaders, calling on him to make severe and immediate public sector cuts*

they don't produce any value, but they can contribute £250bn in taxes.

There will be no caps on bankers' pay. There will be no breaking up of the larger City institutions. In addition it is clear that any government in power, Labour, Conservative or LibDem, will resist regulation from the European Union aimed at reducing the power of the City of London because as we have seen, the City of London lies behind the very existence of British capitalism and British imperialism.

The ConDem government would never have dared to launch its attack on the public sector if it thought there would be serious opposition. The Labour Party cannot credibly oppose the spending cuts because in power it called for the most swingeing cuts in public spending in a generation. The trade union movement will be unable and unwilling to mount serious resistance, so the ConDem government hopes to have free rein to pick off the poorest sections of the working class before tackling – as it must – wider sections of the working class. In this process it has tried and has to some extent succeeded in turning the working class against its own,

arguing, for example, for capping housing benefits so that families on benefits should not be able to live in better houses than those who work and cannot afford to pay the market rent. This essentially means that anyone made unemployed or who cannot find employment should not have decent housing. Figures show that 900,000 people will be affected by these new measures and face the possibility of losing their homes.

Coming from millionaires with many houses in different parts of the country and even abroad, this is obscene. Restrictions on working class credits and childcare costs will hit poorer working class families. £50 a week will be withdrawn from the million or so people claiming Incapacity Benefit for over a year. There will be a withdrawal of Child Benefit for higher-rate taxpayers, and this will hit about one and a half million families. Social housing faces the biggest cuts for decades, with the housing budget cut from £8.4bn to £4.4bn: nearly 50% over four years. New social housing tenants face rental charges of up to 80% of market rents. With 65% of social housing tenants on benefits, these cuts will lead to tens of thousands of families being driven out of their homes. This is the refined cruelty of the British ruling class.

We can go on. The schools resources budget will rise by 0.1% a year, but with a rise of 2.7% in the school population this will mean a cut in spending per pupil of around 2.2%. The Education Department's budget for buildings will be cut by 60%. The Education Maintenance Allowance, to encourage 16 to 19-year-olds to stay in education, has been abolished. 40,000 teachers could lose their jobs as schools are forced to make cutbacks. University funding is to be cut by 40% overall, teaching budgets by 80%, and further education is going to be cut by 25%. These are devastating measures. In all, some 500,000 public sector workers will lose their jobs, and about the same number in public services outsourced to the private sector. One third of public services, about £80bn, or 5.5% of GDP, is now outsourced to the private sector, a figure expected to grow as the government privatises more and more public services, opening them up to private profit.

The poorest parts of the country, where the population is more depen-

dent on public spending, will suffer most from the spending cuts. You only have to look at the role public spending plays in different parts of the country. Public spending accounts for 57.4% of GDP in Wales; 57.1% in the north-east; 50.3% in Scotland; 50.2% in the north-west; 42.1% in the south-west, but only 34% in the south-east. It is obvious where cuts in public spending are going to hit most. While public sector workers represent 20.8% of the workforce nationally, they are 31% of the workforce in Glasgow, 29% in Manchester, 39% in Liverpool, 33% in Sheffield, 25% in Leeds, 17% in Birmingham and 17% in Westminster, London. So if we ignore the extreme inequality between rich and poor in Inner London, the Coalition spending cuts undoubtedly will widen the so-called North-South divide.

However, spending on the war in Afghanistan will cost more than £15bn over the next four years. The money will come from a special reserve fund that has already provided £12bn for the war. Defending Britain's imperialist interests clearly takes priority over the needs of the working class, and this is what you would expect. The living standards of millions of people in Britain and around the world will be sacrificed to maintain Britain's global interests, and the global role of the City, its banks, insurance companies and other financial institutions. Meanwhile, the banks will flaunt their enormous profits and hand out obscene bonuses to their top bankers.

This is class war, brutally demonstrated by the recent statement by the Coalition Chancellor, multi-millionaire George Osborne, that he would reduce the number of people who claimed benefits as a 'lifestyle choice' – and he was not referring to the bankers.

We have no choice but to unite against the system that makes children, elderly people, the unemployed, the overseas worker, the sick and disabled, working men and women and students pay for the crisis, sacrificed to the global interests of British capitalism. Millions of people have to join the fightback and realise there is no capitalist solution to this crisis. The fight now is for socialism, uniting together the working class and anti-imperialist movements all over the world. ■

Conclusion – seize the time!

The ConDem coalition has declared class war. The violence with which the state has met recent protests and direct actions, the calls for student demonstrations to be banned and water cannon to be deployed, demonstrate the determination of the ruling class to enforce its will. We need a class response. The form of struggle – whether it involves strikes, occupations and other forms of mass civil disobedience – is not the fundamental issue. It is the politics that are key. A new movement must be built which expresses the independent interests of the working class. Socialism must be put back on the agenda.

We cannot build a movement that is shackled to the Labour Party and the trade union leadership. That is a recipe for disaster. The Labour Party is a ruling class party. In words it thunders against the cuts and denounces the bankers. But in practice Labour has shown itself to be completely anti-working class. In government, Labour started the cuts. If a single Labour-run council were to refuse to implement the cuts, this could provide a rallying point for a mass campaign of civil disobedience which would stop the government's plans in their tracks. As Dave Nellist said at the Right to Work's People's Convention in London on 12 February, even one council refusing to make the cuts would 'electrify politics'. But instead, in council after council Labour councillors are proving willing to wield the axe. The new movement cannot include within its ranks



Glasgow march against the cuts, December 2010

those Labour councillors and politicians who are doing the bidding of the ConDem coalition. It has to say what they are – class enemies. It has to confront those Labour politicians like Tony Benn, John McDonnell and Jeremy Corbyn who say they are against the cuts but refuse to break with councillors from their own party who are implementing those cuts.

The new movement cannot dance to the tune of the trade unions and their leadership. Only a small proportion of workers are in trade unions, and they represent only the better-off sections. They will pursue their own narrow self-interest at the expense of the mass of the working class. The trade union leadership refuses to break with the Labour Party. It negotiates voluntary redundancy deals which sacrifice jobs and services. It limits itself to gestures of opposition like the demonstration on 26 March whilst stifling real resistance. It will not risk defying the anti-trade union laws, which will be essential for effective action.

The struggles which are just beginning will inevitably produce new political forces and new forms of organisation. These will be forced to confront the forces of the past, the Labour Party and its apologists in the trade union leadership and the British left. The new movement must be completely open and democratic. This means no censorship of political ideas, literature or debate. This means the direction of the movement must be decided in public, and all attempts to remove decision-making to exclusive 'steering committees' or similar must be opposed. Without such democracy the movement will be closed down by those who want to force it to accept class enemies into its ranks. Without democracy it will be unable to pursue the independent interests of the working class and put socialism back on the agenda. Now is the time for us to build such a movement and throw down a challenge to the ruling class. No to the cuts – full stop! ■



Manchester demonstration against the cuts, March 2011



Appendix 1
Policing the movement against the cuts

In November and December 2010, youth took to the streets in their thousands to protest against attacks on education. The violence which confronted them was not the result of 'out of control' police officers but was, rather, a conscious state strategy developed since the uprisings of inner-city youth across England in 1980-81. In 1982, counter-insurgency specialist Major General Frank Kitson was appointed Commander-in-Chief of UK Land Forces while former chief of the Royal Ulster Constabulary, Kenneth Newman, was named as Metropolitan Police Commissioner. With their vast experience in criminalising and destroying popular movements in Britain's colonies, and Ireland especially, this was a signal that the British state was prepared to contain and subdue any revolt against the conditions that the growing capitalist crisis would inflict.

Kitson warned in 1971 that 'if a genuine and serious grievance arose, such as might result from a significant drop in the standard of living, all those who now dissipate their protest over a wide variety of causes might concentrate their efforts and pro-

duce a situation which was beyond the power of the police to handle.' This is what the British state is preparing for today. The violence meted out to student protesters by thousands of specially-equipped police officers trained in riot control, which almost led to the death of 20-year-old student Alfie Meadows, was a signal to any emergent working class movement that dissent will not be tolerated.

The state ultimately depends on armed force. However, state strategy extends beyond shows of force on the street. The ability to use force does not primarily depend upon equipment and training but upon the balance of political forces. One of Kitson's counter-insurgency tenets was to 'associate many prominent members of the population, especially those who may have been engaged in non-violent action, with the government' while at the same time trying to 'discover and neutralise the genuine subversive element'. 'Moderate elements' from within the movement such as NUS President Aaron Porter and University and College Union General Secretary Sally Hunt claimed to support action against tuition fees but actively condemned student protesters. In doing so, they aligned themselves with the forces of reaction. Their statements were welcomed by figures such as Employment and Learning Minister Danny Kennedy, who after Millbank stated: 'I am glad that the leadership of the NUS has seen fit to condemn this thuggery.'

Student leaders such as Porter, politicians of all parties and the police all claim to uphold the democratic right to assembly. In reality, they criminalise any effective protest. As we wrote in FRFI 31 in 1983: 'Only ineffectual political activity limited to establishment bodies and parliamentary debate will be regarded as legitimate. Anything else is outside the bounds of legitimate "democratic" opposition and must be dealt with as "a threat to public order".' As a consequence of what he called a 'sustained and serious level of violence', Met Police Commissioner Sir Paul Stephenson stated on 14 December 2010 that he had not ruled out banning future student demonstrations. On 27 January 2011, in relation to recent direct actions organised outside the usual 'official' channels, head of ACPO, Hugh Orde, warned that 'policing tactics will have to be different…slightly more extreme'. Three days later, police officers used pepper spray and hospitalised three peaceful protesters on a UKUncut action in

London against multinational tax avoidance.

All such attacks on the right to protest must be resisted. The courts cannot be relied on to deliver 'fair' sentences to working class people arrested for opposing the government's attacks. Legal defence must be combined with political defence. In Glasgow and Newcastle, FRFI groups have organised defence campaigns for their supporters who have been harassed and arrested by police for their political activity in the recent period. These campaigns have attracted widespread support. Protests have been organised outside courts and police stations, regular street rallies held and public meetings built to expose the class nature of the police and to defend democratic rights. The defence of those attacked by the British state must be central to any serious movement. See http://glasgowdefencecampaign.blogspot.com and http://defencecampaign.wordpress.com for more details.

Joseph Eskovitchl



Mounted police attack student demonstrators, December 2010



Appendix 2
The trade unions and the cuts

As council after council announces thousands of redundancies, there is no sign of significant trade union resistance. Instead, up and down the country, unions are in negotiations with councils to make the redundancies voluntary. They will call it a victory if the redundancies are 'chosen' by the workers rather than being compulsory. The end result is, however, no different: voluntary redundancies mean that jobs are lost for the next generation, and services are cut for good. Effective trade union resistance will require a challenge to the anti-trade union laws, but already TUC general secretary Brendan Barber has dismissed that possibility, telling the September 2010 Congress that members had to stick to the rules.

It was no different when the Thatcher government came to power in 1979 committed to a programme of rationalising industry, cutting state expenditure and punitive action against the trade unions. By 1982, unemployment had soared to over four million; the Tories had passed the first two of four anti-trade union laws. Yet what was the response of

the trade union leadership? To abandon the steelworkers who were on strike for 13 weeks at the beginning of 1980, and then low-paid NHS workers in 1982, thereby paving the way for the privatisation of ancillary services.

There was no shortage of militant declarations by trade union leaders: the 1982 TUC congress committed to taking action against anti-trade union laws 'without regard for legal consequences'. This was just deception. When, the following year, the National Graphical Association approached the TUC for support after it was threatened with the use of anti-union laws in its dispute with Eddie Shah, it was told to get lost. The 1983 TUC congress adopted a policy of 'new realism', of avoiding confrontation at all costs. The following year, the Revolutionary Communist Group concluded in its *Manifesto*:

> '[the] inability of the trade union movement to defend the British working class arises from its dependence on British imperialism. The evolution, growth and "success" of the British trade union movement has been the foundation of the massive apparatus – luxurious premises, conference halls, full-time staff, newspapers, pension funds etc – that are the dominant characteristics of the British trade unions. They are not fighting organisations.'
> (*The revolutionary road to communism in Britain – Manifesto of the Revolutionary Communist Group*, Larkin Publications, 1984, p127)

The 1984-85 miners' strike was to prove this point. In order to defend itself against the National Coal Board, the National Union of Mineworkers had to mobilise allies outside its ranks, in the communities, critical amongst whom were the women support groups. It took over 12 months for the Tories to break the miners: they could only do so because of the treachery of the TUC and Labour Party leadership. The defeat of the miners accelerated the retreat of the trade unions: privatisation followed privatisation and the electricians' trade union agreed a sweetheart deal with Murdoch's News International in order to destroy the 1987 print-workers' strike.

The fruits of the constant capitulation of the trade union leadership were the rise of New Labour and the triumph of Tony Blair on the one hand, and on the other, the collapse of trade union membership from 13.2 million in 1979 to 7.2



million in 1997, and a fall in the levels of strike action to unprecedentedly low levels – no more than 600,000 days being lost on average per year from 1991 to 1997. Figures today show that:

- There are more trade unionists in full-time employment earning over £1,000 per week than those earning less than £250 per week. This is at a time when the TUC has calculated that there are 5.3 million workers earning less than £6.75 per hour – £250 per week for a 37-hour week.
- There are nearly 2.9 million trade unionists who are full-time employees earning £500 per week or more, 12 times as many as those who earn less than £250 per week. This was at a time when median income for full-time employees was £469 per week.
- 48.8% of trade unionists have a degree or other higher education qualification compared to 32.9% of non-trade unionists and 36.7% of all employees.

In 1991, 34% of trade unionists were managers, professionals and associate professionals; in 1995 it was 41%. Now the majority of trade union members fall into these categories (53.6%); they outnumber those in unskilled occupations such as plant operatives and 'elementary occupations' by three to one. As a former Unison organiser at Manchester council says, 'many of the [union] bureaucracy come from middle or senior management – they are clearly not the same level as many of the ordinary workers' (*Manchester Mule*, January 2011). This change towards a more middle-class membership is a corollary of the increasing proportion of trade

unionists working in the public sector as opposed to the private sector. 61.2% of all trade unionists now work in the public sector; scarcely any work in hotels or restaurants where there are scandalous rates of low pay (0.7% of all trade unionists), whilst only 8.6% of trade unionists now work in manufacturing. The picture of the trade union movement presented at the National Shop Stewards Network conference on 22 January 2011 of 'six million organised workers, who can organise mass strikes and coordinated joint action' bears no relationship to reality.

In 2009, when the income of the three largest unions was £386.5 million, they spent only £3 million on strike pay. These unions – Unite, Unison and GMB – are giant monopolies, their 3.6 million members making up over half the TUC membership of near 6.5 million. They have gross assets of £507.9 million. Their annual income has risen since 2005/06 by 20% and their gross assets by 35%. These are not organisations that will risk their huge assets to defend workers: they did not do so under Thatcher, so why would they risk them now?

Robert Clough



Appendix 3
Lessons from the struggle against the Poll Tax

The Poll Tax was the brainchild of Margaret Thatcher's Conservative government. A punitive local tax, it was introduced in 1989 in Scotland and 1990 in England and Wales, replacing the previous 'rates' system. Unlike the rates or council tax, the Poll Tax was not linked to income or the value of property. Instead, each local area set a single rate for all adults, regardless of ability to pay. The Poll Tax was designed to discipline any council that charged high rates in order to provide better local services. It threatened to throw millions of already poor people into yet deeper poverty.

This blatant attack on the poorest sections of the working class sparked off massive grass-roots resistance over several years. Every area of the country had an anti-Poll Tax group; demands for payment were publicly burned; there were massive demonstrations inside and outside town halls where the Poll Tax rate was being set and widespread refusal to register or pay, with non-payers summonsed to court in their thousands. Despite the Poll Tax's immense unpopularity, the Labour Party,

which was in opposition in Parliament, refused to support the campaign.

Labour's disdain for the poor was echoed by sections of the left, with the major organisations determined to tie the movement behind Labour and the trade unions. The SWP insisted that 'only industrial action can defeat the Poll Tax', arguing at the National Action Conference against the Poll Tax in Newcastle in November 1988: 'In a city like Newcastle the 250 employees in the Finance Department are more powerful than the 250,000 people who have to pay the Poll Tax'. SWP leader Chris Harman expressed their underlying contempt for the poorest sections of the working class at the 1988 Socialist Conference, arguing for the campaign to focus on the council workers whose job it would be to implement the tax, stating that a community-based campaign could not succeed as: 'On council estates are drug peddlers, junkies and people claiming houses under false names. These people will complete the registration forms to avoid attention from the council.'

Militant Tendency (the forerunner of the Socialist Party of England and Wales) set itself up as the leadership of the movement, playing a central role in the All Britain Anti-Poll Tax Federation (ABAPTF), but at the same time it actively recruited to the Labour Party, telling people in the pamphlet *How to Fight the Poll Tax*: 'The most effective way that ordinary people can voice their opposition to the cowardly and subservient policies of the Labour leadership is not by turning their back on the Labour movement, or by standing on the sidelines, but by actually joining the Labour Party.'

A massive demonstration took place in London on 31 March 1990 called by the ABAPTF. As the second half of the march passed Downing Street on its way to Trafalgar Square, mounted police attacked the demonstrators. About 1,000 people staged a sit-down. Meanwhile police on foot blocked off the end of Whitehall so that demonstrators could not get into the square. Determined to get to the rally, protesters pushed through police lines and regrouped outside the South African Embassy, which itself was the target of angry anti-racist protest. The police attacked again. Protesters fought back and the protest spilled over into Covent Garden and the West End, with shops trashed. There were 300 arrests and dozens of injuries.

Politicians of all parties immediately condemned the violence – not of the



police, but of the demonstrators. Labour's Roy Hattersley said 'I hope that there have been substantial numbers of arrests and the sentencing is severe …exemplary'. And leaders of ABAPTF, such as Tommy Sheridan, betrayed the people they had mobilised and who had taken a principled stance against the Poll Tax and against police violence, claiming that 'the violence… was the work of 200-250 mindless people'.

In the weeks that followed, there were more arrests as the police mounted Operation Carnaby, obtaining court orders to seize photos and footage from journalists, publishing pictures of 'wanted' protesters in tabloid newspapers and staging dawn raids on the homes of suspects. The Trafalgar Square Defendants Campaign was set up to defend all those who were arrested and support people sent to prison, both for demonstrating and for non-payment.

Fight Racism! Fight Imperialism! supporters in England and Scotland were involved in the resistance to the Poll Tax from the start. We participated in the non-registration and non-payment campaigns, were part of local organisation for court hearings and against bailiffs, demonstrated at town halls, published a campaigning pamphlet called *Poll Tax: Paying to be poor*, joined all the demonstrations and were active in the campaign after the 31 March 1990 demonstration in support of the prisoners.

By 1991, 18 million people were refusing to pay the Poll Tax; Margaret Thatcher resigned as Prime Minister, and her successor John Major announced that the tax would be abolished. The Poll Tax was defeated, with no help from the Labour Party and trade unions, but in spite of them and their friends on the left, by mass direct action by hundreds of thousands of those affected by the tax.

Nicki Jameson



Appendix 4
Cuba's socialist alternative for surviving economic crisis

Between 1975 and 1983, Latin America's external debt quadrupled from $75bn to over $315bn. Repayments on foreign debt exceeded earnings and could not be met. Governments were forced to renegotiate and accept the imposition of neo-liberal policies. This meant deregulation, privatisation and massive cuts in spending on social welfare and infrastructure. The 1980s was Latin America's 'lost decade'. The impact was devastating as poverty, inequality and marginalisation increased. The onslaught continued into the 1990s during which $100bn of Latin American state assets were sold off to foreign corporations – a vast transfer of wealth into private hands. By 2000, GDP per capita growth had been very low at 0.45% a year over two decades.

In 1991 socialist Cuba also entered an economic crisis following the disintegration of the Soviet bloc – Cuba's principal trading partner. The causes of this crisis were different to those affecting Latin America but what is important to note is how the Cuban Revolution survived this 'Special Period' of



economic crisis. By 1993 Cuba's international trade and gross investment had fallen by 80% and GDP had plummeted by 35%. Cuba's crisis was exacerbated by punitive laws tightening the US blockade. The result was critical scarcities of hydrocarbon energy resources (eg oil and petrol), fertilisers, food imports, medicines, cement, equipment and resources in every sector. Caloric intake decreased by nearly 40%, industries closed, infrastructure worn down and unemployment rose.

To deal with the crisis, limited economic reforms were introduced which included small concessions to market forces and new trade partners were pursued, opening and adapting to the capitalist world market as never before. However, instead of privatising or deregulating industry or services, the Cuban state maintained free universal welfare provision, state planning, the predominance of state ownership and programmes of international solidarity. Investments in the biotechnology and pharmaceutical industries and in the healthcare and education sectors yielded socioeconomic benefits both domestically, offsetting inequalities introduced by earnings and monetary incomes, and in international trade. The Cuban Revolution demonstrated, to a continent wracked by neo-liberalism, that human development gains are achievable with scarce material resources and in a hostile international environment.

Remarkably, given the severity of the crisis throughout the 1990s, the share of Cuba's GDP spent on social programmes increased by 34%. Between 1990 and 2003, the number of Cuban

doctors increased by 76%, dentists by 46% and nurses by 16%. The number of maternity homes rose by 86%, day-care centres for older people by 107% and homes for people with disabilities by 47%. Infant mortality was reduced from 11.1 per thousand in 1989 to 6.4 in 1999 (in 2010 it fell to 4.5). Life expectancy rose. Education spending rose from 8.5% of GDP in 1990 (15.8% of government spending) to 11.7% in 1999 (16.5%) and 12.8% by 2007 (20.3%). This has been achieved despite the US blockade which obstructs Cuba's worldwide trade and is estimated to have cost the country $236bn.

Between 1992 and 1996, Cuba invested 15% of its gross national product in the biotechnology and pharmaceutical industries. The sector produces 80% of the medicines used by Cuba's 11 million people. The entire industry is state-owned, research programmes respond to the needs of the population and all surpluses are reinvested in the sector.

As material conditions improved, the revolutionary government began to roll back pro-market mechanisms. Cuba survived the Special Period without imposing the sort of neo-liberal austerity programme which led to Latin America's 'lost decade' and which the ConDem government pretends is necessary today in Britain. Maintaining its ideological commitments to state property, central planning, free, universal welfare provision and internationalism, Cuba has shown the socialist alternative.

Helen Yaffe



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