



AURORA

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NHS cuts, local government spending cuts, benefits cuts, pension cuts, lower wages, food prices up, fuel bills up, Council Tax up ...

Is the Worm Turning?

Throughout much of mainland Europe and in the USA, debt-laden states are axing jobs and services. Here, literally hundreds of campaigns, lobbies, rallies, involving thousands of people are underway at any one time. The campaigning is as wide-ranging as the cuts themselves. From swim-ins to e-petitions and rallies outside parliament to reverse an endless chain of individual cuts. From court battles to halt library closures to appeals against local councils' attempts to widen the council tax net.

With NHS budget cuts now well underway, the campaign and 25,000 strong protest to save Lewisham hospital is only one of many similar protests country-wide. Alongside all this activity, workers facing wage cuts and job losses are also remembering the strike weapon. Last November clerical and admin workers at Mid-Yorkshire NHS Trust were told of pay cuts and 74 redundancies. At the end of January they went on strike and burnt the

dismissal letters outside the Trust headquarters in Wakefield. It'll be interesting to hear what comes of this because it's difficult for a small group of workers to win in isolation and the unions are busy keeping a lid on things. While clerical workers were burning dismissal notices the unions were 'considering' a strike ballot of nurses in the same hospitals.

Popular anger is reaching powder keg proportions. Labour and the TUC are flagging up the risk of 'civil disturbance' "as large swathes of our communities, especially young men, face long periods of unemployment and increasingly little hope of decent work as the economy continues to falter". [From open letter of Newcastle, Liverpool and Sheffield (Labour) council leaders issued in a briefing by the Northern TUC 28 January.] The last thing the Labour Party wants is 'civil disturbance'. That might disturb the parliamentary game and Labour's chances of winning next time round. Sadly,

as we saw a couple of years ago, rioting is an expression of anger and indignation from those the system is permanently excluding but it is neither a challenge to the system's values nor a pointer to the way to fight back.

Meanwhile battles against the cuts remain fragmented and localised. Partly this is due to the government's calculated policy of pushing as much of the axe-swinging as possible onto local councils. This year the situation is worse than ever. With diminishing cash from central government, the official auditors reckon at least 12% of councils are "at an ongoing risk of being unable to balance their budgets". Not surprising then that so many battles begin as local ones. So far this is how most have remained: isolated, self-contained, only coming together for the TUC's highly regimented street processions. But with endless announcements of 'austerity' lasting for years to come the gravity of the situation is hitting home. The unions may have

honed their 'campaigning skills' and turned themselves into anti-cuts campaigners but everyone knows both Labour and the TUC accept the need for cuts. That's like fighting with one hand behind your back.

Within the localities people are starting to come together in the search for more effective ways of resisting. That means organising collectively from the ground up. There is some evidence that this is beginning to happen. In Stocksbridge, South Yorkshire for example, we hear "there have been two meetings from which a local assembly is emerging: Open to anyone, now independent of the Town Council, still bottom-up". Anyone else got more like this? It is heartening because it is only through experience of organising our own struggles that the basis for a higher form of democracy, workers' democracy based on mass assemblies with instantly re-callable delegates, can emerge to show there is an alternative to capitalist parliaments ... and capitalism itself!

Newcastle Leads for Penny-pinching

Newcastle city councillors aren't the first to target libraries or leisure facilities like the City Pool. However, they're leading the way on inspirational ideas for new ways to cut. With their proposal for a full stop to support for the arts, cultural landmarks like the Side Gallery and Tyneside Cinema are deemed 'no longer affordable'. In short, they are ready to see more and more people excluded from anything that might provide some sort of civilised let-up to the increasing bleakness of daily existence. One of the first acts of the Bolsheviks during the October Revolution was to make all libraries free to everyone. During the terrible early years of the civil war when the working class faced starvation and military intervention from fourteen capitalist powers, theatres were kept open and new ones were opened. Compare that to Newcastle Council's philistinism today. And there's no more need for let-up than

in the North East

The region tops the UK unemployment league at 9.1%.

The North East heads the personal debt table with 34p of debt for every pound earned.

According to coroners' reports for 2011 the region had a suicide rate of 12.9 in every 100,000 people, the highest in England. (The suicide rate for men is far higher — 21.5 per 100,000 — by far the highest in the UK.)

The mainly Labour councils in the region are implementing the cuts and blaming the Tory central government for "deliberately targeting Labour-run councils in the North East". This quote is from Paul Watson, leader of Sunderland Council 15 January. It's the typical Labour Party and union alibi that gives them no compunction in admitting "We will be concentrating on doing the things we have to do by law. ... Other things will suffer, free services that we don't have to, by law, supply." (*Sunderland Echo*, 'Sunderland Council Cuts Top £100 million', 15.1.13)

No better example of how they're all in it together. Even if some local councillors don't agree with the cuts, they have no alternative but to impose them. Councils are the local administrators of the State and they have to follow the agenda of the ruling class.



What April Has in Store



The government is cutting funding for council tax benefit (CTB) by 10% while local authorities will now be responsible for paying it out. Research by No Clear Benefit shows that three-quarters of local councils will demand increased payments from the 3.2 million poorest working-age households who so far pay no council tax or a reduced charge. Many of the 2.5 million without a job will be charged between £96 and £255 a year. There are also 700,000 people in work who receive CTB. Their bills will be much higher. The Resolution Foundation says the worst affected families will be single parents who work part time and depend on childcare.

Yet another example of passing the buck for the crisis onto the worst off. Increasingly our class faces a stark choice, a retreat into pauperised, blinkered acceptance of a spiral of deepening misery, or taking over the wheel and running society for our needs.

Working-age benefits including jobseeker's allowance, employment and support allowance and income support will officially 'rise' by 1% in each of the next three years.

Even the official inflation rate is above 2% so this doesn't fool anybody. It's another cut in

benefits.

Despite all the hype about well-off middle class families losing child benefit, the fact is that child benefit will be frozen until April 2014. After that it will be under the 1% cap, officially until 2015. Families with two children will be over £1,000 worse off by the end of 2015 as a result, according to a report published by the TUC.

The bedroom tax will target so-called 'under-occupiers'. Anyone with a spare bedroom who rents from a local council or a housing association will face a cut in housing benefit of 14% for one spare bedroom and 25% for two or more bedrooms. Some families don't even realise they are "under-occupying". Same-sex children between one and ten years old only count as half, and so the family will still be penalised if they don't have a child over ten occupying a room.

Most people stand to lose an average of £14 a week, with housing association tenants losing on average £16 a week. In all some 660,000 people will be affected. About 95,000 tenants in England could be pushed into arrears as a result.

This is not about re-allocating housing space to where it is needed most. For a start there isn't a surplus of smaller

properties to redistribute! Like so many of the 'all in it together' cuts, the bedroom tax is aimed at people on the lowest wages and the unemployed who must rely on benefits. As the economic crisis has deepened, as unemployment and under-employment have grown, so has the viciousness of the attacks on those who find themselves at the bottom of the heap. Behind this latest attack on tenants is also the drive to lower wage rates. At the bottom end wages are now so low that 60% of people who get benefits are also working. Under the banner of the need to balance the budget and pay off its debts, all factions of the British state agree that the 'cushion' of benefits becomes a thing of the past. The bank of England has conjured trillions of pounds out of the air to prop up the banks and the financial system but the poorest and lowest paid are being made to pay through their teeth.

Far from a fundamental human right, universal welfare has proved to be a temporary sop to the working class, limited to those long gone post-war years of plenty.

Ongoing:

On top of direct cuts, the State is privatising as many services as possible. Private companies make easy profits out of tax revenues and ruthlessly limit payouts as much as possible. Forget about the state protecting the welfare

of its citizens. Now it's clear what the state is really about: serving the interests of the capitalists it represents.

Government contracts handed to the private sector now amount to £20.4bn. Tens of thousands of health, defence, security and IT workers now work for the likes of Babcock, G4S, Serco, Capita, Mitie and Carillion. [Official Journal of the European Union database.]

About 40% of the 220 foster care organisations in the UK are run by the private sector. Some of the world's biggest private equity houses are active in the 'industry', including Graphite Capital, which bought the National Fostering Agency for £130m last year, and August Equity, which has just bought Compass Services for Children. ... 'fostering is a growth market. More than 50,000 children were placed in care in 2012, up 3.7 per cent in 2011, according to official figures. The number is widely expected to grow as benefit cuts pile the pressure on struggling families and children with severe disabilities are given life prolonging medical treatment.' [Financial Times, 20 & 31st January]

Claimants, the sick and disabled, kids in need of care — even as capitalism hacks back their support, capital makes profit from their distress.

The Problem is the Global Capitalist Crisis ...

These days it doesn't take a bunch of Marxists to alert workers that world capitalism is in deep crisis.

There's a mounting chorus from all the pundits that the world economy is facing the biggest crisis since the 1930s. What they don't tell us, or mostly don't realise, is that the financial meltdown in 2007-8 was only the latest stage in a global crisis that capitalism has been trying to overcome for decades. The first big sign of the return of this inbuilt cyclical crisis was way back in 1971 when the US devalued the dollar. Marx explained that the dynamic of capitalist expansion creates a tendency for the average rate of profit to fall. Since capitalism can't survive without profits, a falling 'rate of return' on capital is the basic cause of capitalist economic crisis. The only way the bosses can offset these falls is to increase the rate of exploitation of the working class. They call it 'increasing productivity'. Way back in the 1970s and 1980s and on into the 1990s, wage workers found themselves fighting rearguard actions against being displaced by more advanced machinery. The new electronic technology threw millions onto the scrapheap — bringing permanent high levels of unemployment. In the UK and USA for example, the unemployment rate has never gone back to 1960 levels.

For a time the new machinery helped to revive manufacturing and industrial profit rates, especially when it was transferred to countries like Mexico or China where labour was exceptionally cheap. By the 1990s globalisation was in full swing, including globalisation of the financial markets, aided and abetted by the new lightning communication systems which allowed transactions to span continents at the click of a button. As profits in the real economy faltered again more and more firms turned to making easy money through increasingly fanciful ways of financial speculation. A large part of the unimaginable sums gambled were simply based on fictitious capital many times removed from the original collateral. (Such as housing mortgages.)

That bubble has burst but a colossal mountain of debt remains.

Just about every government in the western world is preaching to workers about having to pay well into the future — through lower wages and reduced services — for this profligate past in which everyone supposedly shared. But the 'all in it together' propaganda doesn't hold water. The present economic crisis did not spring from the debt mountain (although there were plenty of greedy bankers). The debt mountain stems from the longer-term crisis in capitalist production which today is more serious than ever. Somehow or other capital has to find a way of wiping out its debts, reviving the rate of profit and starting again with a new round of accumulation. What the pundits don't tell us is that the crisis of the 1930s was only eventually 'solved' by the destruction of world war.

This possibility may seem far-fetched. But think about how the world is shaping. Imperialist competition is becoming more naked than ever. The race between China and the West to secure raw materials and farm land in Africa, for instance, is nothing less than a repeat of the pre-first world war scramble for that continent. Although most of the world's leaders would prefer to avoid the competitive currency devaluations and trade wars that preceded the last world war, this is just what is happening again today. This is partly due to the billions of dollars, pounds and euros that have been slid onto the balance sheets of the biggest banks, partly due to international currency speculation, but also a result of the sharpening rivalry between states for their exports to 'remain competitive'. It's only because just about every country is engaged in this race to the bottom that massive inflation hasn't already been felt. Even so, all the world's major currencies are being constantly devalued. Unlike the false reassurance given by Harold Wilson, Labour prime minister in 1967, when sterling was devalued, it **does**

mean that the pound here in Britain, in your pocket or purse or in your bank, is being constantly devalued. In other words we get less for every pound we spend and any savings are worth less from one year to the next.

The UK currently imports more than it exports. Bad news for the bosses in the international competition game. Bad news, too for the working class facing dearer goods in the shops, wage freezes, higher utility bills, devalued savings, general service and benefit cuts ... not to mention the rising cost of two weeks abroad in the summer. Who said we are all in this together? It is in no interest of workers to join in the capitalist undercutting of each other's costs, the prime target for which is wages!

This capitalist horror story does not end here. The most dynamic system of production in history, one that has interlinked the world's population so that we can truly envisage a global community, is also bringing the planet closer to environmental disaster. The famous 'profit motive' is a dismally inadequate starting point for tackling carbon emissions and limiting climate change. Here the full extent of capitalism's interlinked crises and contradictions come together. China, for instance, heads the world in renewable energy spending yet it is the world's heaviest polluter. There is currently enough food in the world to feed everyone yet millions of people are starving largely because they cannot afford to buy staples. When the financial bubble burst speculators turned to buying and selling food commodities, making the situation worse and directly encouraging the Arab Spring. Now that global weather patterns are increasingly erratic there is the real possibility of serious food shortages: don't expect the speculators to back off nor imperialist competition to turn into peaceful cooperation between human beings. The fact is that all these crises are a spin-off from capitalism's insatiable drive for profit a motive force that is increasingly proving a threat to civilised life on earth.

World Unemployment Rising Fast

The UN's International Labour Organisation (ILO) says the number of jobless people in the world rose by 4 million in 2012 to 197 million and is rising. The worst affected were youth: nearly 13% of the under 24s were unemployed. Global unemployment is set to rise to 5.1 million this year and by a further 3 million in 2014.

The report - Global Employment Trends 2013 - said that 6% of the world's workforce were without a job in 2012. It revealed that long-term unemployment was also growing, pointing out that a third of Europe's jobless had been without work for more than a year. Many were giving up, with the report estimating that 39 million people had withdrawn from the labour market.

This is borne out in the US. Over the past four years Exim Bank, the US export credit guarantee agency, has seen an export boom. 'But while that might seem good news for the American economy, there is a crucial catch: so far in 2012, the number of jobs backing those Exim-supported exports has fallen by 12 per cent. ... In 2012 Exim-supported companies have been selling more widgets (such as planes) and services (such as engineering advice), helping them to post profits, and the economy to grow. But fewer workers were needed to produce these sales, even - or especially - in sectors which are booming (such as engineering design).' [That last quote is from the Financial Times 13 December 2012]

Capitalist crisis is no abstract theory; it translates directly into the daily reality of exploitation, poverty and more unemployment. Instead of new technology bringing a more comfortable life and shorter working day with every one who can contribute to producing what's needed, it throws people into poverty and destitution, either on the scrapheap or doing menial low paid jobs.

Unprecedented Social Devastation

Some countries are experiencing levels of desperation never previously seen. In Mexico, the home of Carlos Slim, reputedly the richest man in history, 28 million people, a quarter of the population, suffer hunger. The official figures from the National Council of Social Policy (Coneval), show that during the presidency of Felipe Calderón, who ruled until Dec 2012, the number of Mexicans in poverty grew to 52 million, the highest figure in history.

However, for capital Mexico is a success story, having bounced back after the bursting of the financial bubble. According to Octavio Gutierrez, chief economist at BBVA bank in Mexico City "Mexico continues to offer cheap labor and has an infrastructure for some 'durable goods' such as automobiles, computers, and home appliances. This enables it to quickly expand production for exports to the all-important US market and explains the relocation of industrial plants to Mexico as 'one of the pillars' of the country's development. The difference between Mexico and Brazil has to do with costs. Mexico has increased unit labor costs much less than Brazil has."

Nothing could be plainer. In the rivalry for 'increased competitiveness' between states there are fewer and fewer legal, humanitarian or moral barriers to the race to the bottom in wage rates. And if you think UK wage rates are in a different league, think about what it means when politicians talk about the need for the 'UK' to remain competitive.

All In It Together?

Despite the reality of globalisation, capital still uses all sorts of national interest arguments. Politicians and Trade Unionists all sing from this nationalist hymn sheet but the reality is that far from being bound by common national interests, capitalism only produces ever-more divided societies of rich and poor. The USA, the world's most powerful economy is a good illustration. The richest 1% of Americans now hold 25% of the country's wealth. Nobel Prize winning US economist Joseph Stiglitz, speaking in Davos, said this was a result of the top 1% seeing their wealth double since 1980. By contrast, he said that the median income level in the US had not changed since the early 1990s. The UK picture is similar. Over the last decade, the poorest tenth of the population have, on average, seen a fall in their incomes after deducting housing costs. ...The richest tenth of the population have seen much bigger proportional rises in their incomes than any other group. (<http://www.poverty.org.uk>)

Unfortunately, the communist message that capitalism has nothing but more inequality on its menu won't win any Nobel Prizes but that's the truth of the matter.

Aurora is published by the Communist Workers Organisation (CWO) The CWO is the British affiliate of the Internationalist Communist Tendency (formerly the IBRP) which now has groups of affiliates and sympathisers in several countries round the world.

We stand for a global society in which production is for need and not profit, where the state, national frontiers and money have been abolished, where power is exercised through class-wide organisations like workers councils. Such a society can only be created through the activity of millions of human beings. We call it communism but it has nothing in common with the Stalinist state capitalism of the old USSR.

The Answer is to Join Together and Fight for a Better World

A new world IS possible but the way forward is not to ape the defeats of the 70s and 80s, so beloved of those who want to return to "Old Labour". Nor should we be fooled by nationalist sentiment fostered by the media and played on by the ruling class to hide the fact we live in an increasingly class-divided society. On the one hand capitalist propaganda pits worker against worker: "skivers v strivers", public sector v private sector, and so on. On the other, we are all invited to party for the Royal jubilee, the royal pregnancy, become a Union Jack waving part of "Team GB" as we compete against other 'nations'. It's an insidious way of undermining the reality that workers everywhere share the same material interests, above all to stand together as they face the onslaught of the capitalist crisis. As our comrades in Germany and Greece put it in a common leaflet they distributed in both

countries recently:

Workers in Germany and elsewhere are being force-fed the lie that the living standard of the Greek population is responsible for the crisis. Vice-versa, people in Greece will be spun a tale of the German population profiting from their misery. It is obvious — the ruling classes of our two countries are trying to divide us. They are trying to play us off against each other. ... The idea of the "nation" is their most important weapon in their game. It hides the class character of the capitalist system and gives the impression that existing circumstances are an expression of the common interest of the "people". But we must not let ourselves be split! An attack on one is an attack on all of us!

Capitalism has nothing more to offer us but even more exploitation, misery and war. The only solution is a society in which money, exploitation and profit have been overthrown and production is in harmony with humanity and the environment. A society in which the means of production are socialised

and no longer in the hands of state or private capitalists. It is a question of a new society, an "association of free producers", in which production is for the satisfaction of human needs and not for profit, a society without nations, states, borders and wars. In short, we mean communism!

From leaflet:

Class Struggle Recognises No Borders: We Win Internationally or We Lose Patriotically

Athens/Berlin, 10th November 2012
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(<http://engymo.wordpress.com/>)

Gruppe Internationaler SozialistInnen
(Germany) (<http://gis.blogspot.de/>)

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