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The Vanishing Recovery of Global Capitalism

In our last issue, we challenged the assertions of the major capitalist agencies like the IMF, OECD and various financial commentators who work for the major investment banks about the rosy scenario they painted for the growth of the international economy. They assured us that in 2015 recovery from the 2008 meltdown of the speculative bubble was already well underway. They are a lot less sure today.

2016 has opened with plunging stock markets (in China the sell-off was so great they have twice had to suspend trading), falling oil prices and declining manufacturing output in a number of the world’s leading economies. In fact global industrial production slowed to its lowest rate since 2009. The so-called BRICs, which were supposed to be the emerging markets into which to invest, are either not growing as fast or are in deep trouble. This is particularly the case for Brazil and Russia where government revenues have tumbled. In Brazil it has led to a political crisis as the welfare spending of the Workers Party government has unraveled and the government is mired in a corruption scandal over the state oil company. In Russia falling oil and gas prices have created so many problems that even Putin could not hide the facts. He told the German magazine Bild,

“*We are witnessing a decrease in gross domestic production by 3.8 percent, in industrial production by 3.3 percent and an increase in inflation, which has reached 12.7 percent.*”

As for the US, the investment bank Goldman Sachs informed us at the end of 2015 that

“This year’s growth disappointment is the thirteenth so far in the sixteen years since 2000. The cumulative impact of these forecast misses has been a 3.3pp (percentage points) downside miss on the level of real GDP since 2011 and a 14.9pp downside miss since 2000.” And as for 2016:

“*Both our own long-run potential growth estimate and the FOMC’s (the US Fed) are below consensus at 1.75% and 2%, respectively, and we suspect consensus estimates could fall further if growth continues to disappoint.*”

And nowhere has the weakness of all the predictions for growth been highlighted more than in the impact of the turmoil on the Chinese stock markets since the New Year. The Chinese stock market is virtually a closed shop to foreign investors and it plays little real role in the economy (it’s mainly a gambling outlet for the Chinese middle class). So why have investors in the West responded by pulling their own money out of the major stock markets? The reason is that there is no confidence in any of the predictions for growth and certainly not for Chinese growth on which the world economy has relied for so long. The attempts by Beijing to keep up profit and growth rates by promoting a building boom in response to the global recession have only created another speculative bubble. This has undermined the reputation China had for being a sure bet. The announcement of the floating of the renminbi was also intended to revive Chinese exports through a competitive devaluation but this has turned into a massive slide in its value and now the Chinese state is using up its massive sovereign wealth fund at a rate which will exhaust it in a few years.
The final straw is that whilst the Chinese government still talks of growth rates upward of 7% no-one really believes them any longer. For instance Nevsky Capital, a hedge fund for emerging markets, has just shut up shop and closed its fund. The fund’s founder and boss, Martin Taylor, wrote an open letter to explain his decision explaining that he did not trust any of the figures of the governments of these “emerging markets” – and certainly not China’s of which he said

“An ever growing share of the most important data they produce is simply not credible”.

In fact many investment firms are now making their own estimates of the real growth of China as somewhere closer to 2.4%.4

As we noted in our last issue, the real problem is that all the solutions that they have tried from quantitative easing to negative interest rates have only added to the burden of debt in an attempt to bail out the financial sector. They have done nothing for the “real economy”. This is because these policies only deal with the symptoms and not the real cause of the crisis which is located in the law of the tendency of the rate of profit to fall. This operates continually but may be partially arrested by many counter-tendencies but in the end the constant increase in the domination of dead labour (constant capital) over living labour which creates new wealth in the form of surplus value (or unpaid labour) means that the system periodically arrives at a point where opportunities for profitable investment are so few that there is a general slowdown in the placement of new capital investment.

Capitalism arrived at this point in the 1970s when the rate of profit was so low that it brought to an end the post-war boom. Capitalists have had two strategies to try to overcome this. The first one is usually described as Keynesian which involved greater state direction of the economy and state spending to create a virtuous circle in which the economy then grew on the back of state investment in such things as infrastructure. Wage rises were conceded but only through the mechanism of deficit financing (printing money). However this led to inflation and unbalanced budgets and when it failed to quell the class struggle the capitalists turned to Plan B. Monetarism or neo-liberalism was adopted in the 1980s and 1990s throughout the world (starting in the Anglo-Saxon countries). It brought in privatisation of key industries, the abandonment of any attempt to defend a basic manufacturing industry and deregulation of international finance. This led not only to globalisation and the shift of investment to places like China but also to an increasing financialisation (or debt fuelled expansion) of the capitalist economy. By the late 1990s it had been enthusiastically adopted by the entire capitalist political spectrum and it led directly to the speculative bubble which burst in 2007-8. The massive expansion of this fictitious capital in the period up to the crash seemed at times to defy economic logic. What surprised us was not that the crash came but the fact that it took so long to arrive. But the crash hasn’t led to a wholesale devaluation of productive capital and certainly not on the scale required to restart profitable accumulation. Instead state intervention has simply issued bonds or bought existing bonds with government created money and taken on the debts of the financial institutions in order to save the skins of the entire capitalist class.

And nothing they have done since has either dealt with the crisis of profitability or altered the
continued search for a speculative fast buck. Nowhere is this better illustrated than the rocky ride of global commodities like oil, copper etc. They too seemed to defy logic until the middle of 2014 as their prices soared yet no-one appeared to be using them. This was largely due to the fact that China was stockpiling raw materials and the speculators (i.e. financial hedge funds etc) were selling the line that this was now the only place where profits could really be made. What they did not say was that most of this was debt fuelled. When everyone noticed that oil reserves were building up and stockpiles of metals were not being used the prices began to fall. They are now in freefall because

The downturn is exacerbated by increased financialisation, which converted commodities into tradeable equivalents. Cash flows from future sales were monetised to raise large amounts of debt to finance expansion. The collateral value of commodities secured expansion in borrowing and trading. Derivatives allowed new participants, other than consumers and producers, to invest in and trade commodity price expectations.5

The same author then informs us that between 2004 and 2014 (and mainly after 2008) “emerging market corporate debt increased from $4tn to $18tn and most of this debt “especially in China, Russia, Brazil, Mexico and Chile” is related to commodities. And it is the fact that they need the cash to pay their debts that they keep on producing even when it is unprofitable. The same need to finance debt drives them to cut costs so, as was entirely predictable, there is a meltdown in employment in these industries. The layoffs in the oil industry from shale to conventional production is having a big impact in the US but the commodity price fallout is world wide, as the recent job losses in the oil industry in Aberdeen and in the cuts in steel production across the UK from Redcar to Port Talbot illustrate.

There are still some who say that despite all the problems things are improving. Janet Yellen, the head of the Fed made noises about “a sustainable recovery” in November when she finally announced a quarter per cent rise in US interest rates on the back of some dodgy employment and consumer spending data. After delaying the rise for over a year not to have raised interest rates in November would have been to admit the US and global economy was still sick. However it is even sicker now since the measly rise has added dramatically to the debt repayment problems of those same emerging markets which are already in trouble.

There also some who think we can go back to Keynesianism (some pretend it is “socialism”). These are the likes of Larry Summers (a repentant monetarist), Joseph Stiglitz (a repentant World Banker) or the British Labour Party under Jeremy Corbyn. They blame the crisis on increasing inequality. Fuelled by the likes of Piketty’s Capital6 they argue that spending on infrastructure, taxing corporations more and increasing consumption will solve the problem and bring back “growth”. This really is “back to the future stuff” and misses the point. Growing inequality is a consequence of the crisis not its cause. The real question that has to be solved is the issue of profitability and as we have to keep pointing out this can only mean a devaluation of capital. At the moment the only devaluation going on is via the cuts in our wages and living standards. But increasing absolute
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exploitation has a “natural” limit. And long before that limit is reached it has social consequences whether in the direct form of the struggles of wage workers against deepening exploitation or indirectly in terms of the blind rage of the unemployed and dispossessed who are as likely to line up behind reactionary causes (neo-fascism, racist groupings, salafism) as they are behind the working class as a whole and the struggle for a better world. Added to that the real elephant in the room for capitalism is that it really needs a wholesale devaluation of constant capital via the actual destruction of capital values. This need produced the two world wars of the Twentieth Century and in the longer term this poses the question of yet another global war.

This is not on the immediate agenda yet (the rulers of the planet still think they can escape this slump) but 2015 will go down in history as the year when the problems caused by the crisis of an increasingly stagnant economic system all started to run together. There is a causal chain which runs from the global financial meltdown in 2007-8, through the Arab Spring of 2011 to the Syrian Civil War. But it does not end there as the space that opened for Salafist jihadis after the US-led coalition’s demolition of the Baathist regime in Iraq is also linked to the “refugee crisis” and of course the IS/Daesh bombing campaigns from Baghdad to Belgium. The consequences of all these events and many others are still being worked out as the global economy staggers into 2016. We can expect things to get a whole lot worse before they get better but if they are going to get better it can only be through the world working class rejecting what they are imposing on us and what they are preparing for our future.

This defines the tasks of revolutionaries today. This is to provide the analysis of where capitalism is taking us, to take part in every struggle against increased exploitation and oppression, to increase the scope and confidence of the working class in its own ability to take on the system, to help to unify struggle and point to their common features and in the final analysis to contribute to the creation of world working class political party which is capable of coordinating our fight on a global scale.

Footnotes

1 Fabio Damen “On the Supposed International Economic Recovery” in Revolutionary Perspectives 06. It can also be found on our website.
3 Quoted in “Predictions for 2016” Michael Roberts in https://thenextrecession.wordpress.com/
4 See John Authers “A frail global economy caught in China’s tumble” Financial Times 9 January 2016
5 Satyajit Das “Financialisation has made the commodities sector more vulnerable” Financial Times 30 December 2015. For the origins of the oil price fall see our article http://www.leftcom.org/en/articles/2015-02-05/oil-and-the-shifting-sands-of-imperialism
6 For our review of this see “Piketty, Marx and Capitalism’s Dynamics” in Revolutionary Perspectives 06 (or see our website)
The December climate change conference in Paris, or Conference of the Parties (COP21) as it is called, was the 21st such conference since the United Nations Framework on Climate Change (UNFCC) was set up in 1992. All previous conferences have completely failed to prevent the acceleration, let alone reduction, of global emissions of Greenhouse Gases (GHGs) and the accompanying global warming. Consequently, despite all the pre-conference hype, there was little reason to expect this conference to be any different. In the event the agreement reached is almost worthless. The only thing which could be said for the final agreement was that it recognised that all countries have a responsibility for curbing GHG emissions, not only the developed countries\(^1\). However, having agreed this, which in itself is blindingly obvious, the conference made no commitments whatsoever to actually reduce emissions.

The form of the agreement was determined by the US and China in a separate deal in November 2014. This was a bilateral deal in which the US agreed to reduce emissions from their 2005 levels by a quarter by 2025, and China agreed to ensure its emissions peaked in 2030. This means that China’s emissions, which today amount to 27% of global emissions, will continue to rise to 2030. Both countries wanted this agreement to be voluntary, particularly the US, where the Congress and Senate are controlled by oil and coal interests and would veto any binding treaty, just as they vetoed the Kyoto protocol\(^2\). The result is we have an agreement, written in the most slippery language, in which any reductions in GHG emissions which any country might make are entirely voluntary!

The consequences of global warming, which are becoming more and more difficult to deny even for the oil companies themselves, may, in the longer term, make the planet uninhabitable for the majority of humanity. Already the effects are being felt in changing weather patterns and exhaustion of food and water supplies and unprecedented weather events such as flooding\(^3\) and droughts. These effects lead to social problems such as movements of people and war. It is not often admitted but the wars in the Sahel region of Africa, such as the Darfur war in western Sudan, have their origin in climate change. In Darfur pastoral people have been driving out settled agriculturalists as pastures are reduced through drought and grazing lands disappear. A life and death struggle for the remaining lands ensues. The Syrian civil war is another case in point. Between 2007 and 2010, according to a paper published by National Academy of Sciences of the US, drought pushed 1.5 million Syrians\(^4\) to abandon their farms and move to cities. Grim conditions in dysfunctional cities, together with the economic crisis which broke in 2008, helped provoke the uprising of 2011. This led to the civil war, which in turn has precipitated today’s flood of refugees into Europe. Yet disasters such as these are only a vicarage tea party compared with what is to come if climate change is unchecked.

It should also be noted that this conference only addressed global warming. Yet global warming, which is essentially human interference in nature’s carbon cycle, is only one of a host of degradations which capitalism is inflicting on the planet. Even if the conference had agreed to reduce carbon emissions, which it did not, the other threats to at least 15 processes in the
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biosphere, processes on which human life depends, were not even considered. According to Living Planet Survey by the World Wildlife Fund in 2014 we are annually using up 50% more of the Earth’s sustainable resources than can be restored in a year. As the director general states in the forward to the report:

“We are using nature’s gifts as if we had more than just one Earth at our disposal. By taking more from our ecosystems and natural processes than can be replenished, we are jeopardizing our very future.”

When natural cycles cannot regenerate the resources it uses, capitalism simply uses up the planet’s reserves thereby making the collapse, when these reserves are exhausted, absolutely catastrophic – an Easter Island scenario but on a global scale.

What was actually agreed in Paris

The only actually binding agreement is that the countries which ratify the treaty must publish a climate plan listing proposed emissions, which are now called Intended Nationally Determined Contributions (INDCs), and the plans and emissions must be monitored. This must happen every 5 years starting from 2020. There is, however, no stipulation that the plans must actually be carried out; the emissions are “intended” and remain voluntary. As usual, all the emission targets exclude emissions from aircraft and shipping. These emissions are not considered national responsibilities and therefore are ignored by all countries. The conference expressed the “aspiration” to keep the increase in global temperature rise this century “well below” 2°C. 188 countries submitted climate plans to the conference, including emissions targets, the famous INDCs. When these INDCs are added up climate scientists conclude that they will produce to an increase in global temperature of 2.7°C. So even with the present voluntary emissions targets the aspiration of restricting the temperature rise to 2°C cannot be achieved. The conference was quite aware of this but expressed the hope that greater reductions in emissions could be proposed in future climate plans. These again would be voluntary.

One of the key issues which the developing countries were demanding was for the rich countries to provide funds to assist poor countries reduce carbon emissions. The rich countries, however, were reluctant to agree in principle to anything which might commit them to provide finance to combat the effects of climate change. It is, of course, well known that combating these effects will amount to astronomical sums measured in tens of trillions of dollars. The sum of $100bn in finance provided annually to poor countries was actually agreed before the conference, but by the end it had become a goal to be achieved by 2025! It is not clear where this finance is to come from and there is no clear definition of what it should be spent on. The World Bank has offered a definition which could actually include sums spent on developing fossil fuels! This too appears to be a fudge with the provision of funds also voluntary.

The agreement will come into force when 55 countries representing 55% of global emissions have ratified it, a process which is to start next April and which could take several years.
What is essentially a toothless agreement which will have little effect, was hailed by our leaders as a giant step towards saving the planet. They congratulated themselves on a magnificent achievement before jetting off, in their private jets, to their respective countries to continue polluting as before.

The conclusions of climate science

According to the International Panel for Climate Change (IPCC), emitting 1000 billion tonnes of GHGs (measured as carbon) will create a temperature rise of 2°C from pre-industrial times – that is approximately mid-18th century. In the past 250 years we have emitted 515bn tonnes and the acceleration of emission rates is so large that we are on course to emit the remaining 485bn tonnes in the next 30 years. At present emissions are 9.81bn tonnes annually, (36bn tonnes measured as CO₂). If the rate of emissions follows the IPCC’s Representative Concentration Pathway leading to 8.5W/m² radiative forcing7 by 2100 (RPC8.5), emissions are expected to rise to 14.55bn tonnes by 2030 and 19.11bn tonnes by 2045. By 2045 the entire carbon budget will be blown and the temperature will have exceeded 2°C. This is the conclusion of the world’s scientists. How does this fit in with the climate plans submitted by the 188 countries in Paris?

If all the emissions proposed in the Paris climate plans are actually met, the global emissions in 2030 will be 15.46bn tonnes. They will have exceeded the emissions envisaged by the IPCC’s RCP8.5, which is 14.55bn tonnes by 2030, and we are heading for a temperature rise of above 2°C before the middle of this century.

If the rise of 2°C is to be achieved emissions must start falling by 2020 and must reach zero by 2060. This is not even proposed. As noted above China, for example, which accounts for 27% of global emissions, is planning to let its emissions rise until 2030! What is actually happening is likely to produce a temperature rise of 4°C by 2060.

The goals of the Paris agreement, even in the most optimistic assessment, are in flagrant contradiction with climate science and the recommendations of the IPCC, the very body which was set up to advise governments on what actions to take. That governments can ignore their advisors and the conclusions of science is, of course, because any real attempt to combat global warming would directly conflict with the demands of the capitalist system.

Capitalist response to the Agreement

At present 90% of the world’s energy is provided by fossil fuels and if the Paris agreement was serious about reducing CO₂ emissions there would have been some serious moves to reduce this figure and leave the fossil fuels in the ground. This would have directly threatened the large coal and oil corporations. However, they are completely unconcerned by the agreement. A senior representative of a European utility with coal interests summed up their reaction:

“We are not too worried to be honest, it does not change much right now.”
In fact the real concern of these corporations is certainly not reduction in CO$_2$ emissions, but rather the low prices for coal and oil, which reduce profits and cause mines, and marginal oil producers to close. The closure of Kellingley Colliery in Yorkshire$^{10}$, for example, is the consequence of the low price of coal not any concern over global warming. Overall the response of the bourgeoisie to low prices for oil and coal is simply to burn more and increase pollution. Fossil fuels provide about 68% of the global electricity supply. The World Resources Institute estimated that in 2012, 1199 new coal fired power stations with a capacity of 1,401 Giga Watts (GW) were planned! India, for example, has 554 proposed coal fired power stations which have received approval. This represents commissioning one station every week for the next 10 years. These new stations are set to discharge an extra 1bn tonnes of carbon into the atmosphere annually. Coal is, of course, the most polluting fuel available to capital. The most efficient modern coal power plants produce 750 grams of CO$_2$ per kilowatt hour (g/kwh) whereas wind generation produces between 10 and 20g/kWh$^{11}$. Between 1997 and 2014 global coal production increased from 4.5bn tonnes to 8bn tonnes. The International Energy Agency’s (IEA) report on the medium term coal market predicts a further expansion of the use of coal. Although the investment in renewable energy has been rising$^{12}$ and is expected to account for a third of electricity generated by 2040, the use of coal and investment in coal is set to rise absolutely. The IEA estimates that the global demand for electricity in 2040 will be 80% greater than it was in 2012. Renewables are not replacing coal, they are taking up only a part of the increase in demand. The IEA estimates that the CO$_2$ from the power sector will rise from 13.2Gt in 2012 to 15.4Gt in 2040, an increase of 16.6%.

A statement by leading climate scientists in a paper entitled “Unabated coal is not compatible with keeping global warming below 2°C” warns that the current trend in coal burning is leading to a temperature rise of 6°C by 2100. They state:

“The current global trend of coal use is consistent with an emissions pathway above the IEA’s 6°C scenario. That risks an outcome which is catastrophic beyond anything mankind has experienced during its entire existence on earth.”$^{13}$

The outlook for reducing oil consumption is similarly bleak. Oil production increased from 75bn barrels per day in 1997 to 93mb/d in 2014. BP in its Energy Outlook Report published in March 2015 predicts global energy consumption will grow by 37% and CO$_2$ emissions by 25% and the IEA’s aim of keeping atmospheric CO$_2$ concentration below 450 parts per million will be exceeded by 2035$^{14}$.

At the same time, carbon sinks are being reduced thereby ensuring the increased carbon emissions are not reduced by the natural process of carbon absorption. In pre-industrial times there were 5.9 billion hectares of forest worldwide while today this has been reduced to 4bn hectares. The UN Food and Agricultural Organisation reports that 13 million hectares of forest are being cut down each year. This means that in a decade we lose a further 3.25% of the planet’s forests.
All this is of little concern to capitalism. Instead of limiting carbon emissions it provides direct subsidies for fossil fuels at a rate of almost 6 times those provided for renewables. In 2014 fossil fuels were directly subsidised to the tune of $550bn whereas renewables received $101bn. This subsidy for renewables is approximately 8% of global military spending. The capitalist class is prepared to spend over 12 times more on killing people in order to protect capital values and imperialist interests than it is prepared to spend on halting its destruction of the planet.

The UK government’s feeble commitment to the reduction of greenhouse gases is shown by its reduction of subsidies for renewables, notably on solar and on-shore wind power and the scrapping of its £1bn grant for Carbon Capture and Storage (CCS) which it committed to only 6 months ago. Although it plans to phase out coal fired power stations by 2025, it plans to replace them, not with renewable energy sources, but with gas fired stations and introduce fracking to produce more gas. While it is true that the gas stations produce less carbon than coal, 440 grams per kilowatt hour (g/kWh) as against 960g/kWh, this is still massively more than solar or wind which produce in the range of 10 to 50 g/kWh.

The global accountancy firm PwC has been monitoring the carbon intensity of the global economy for the last 7 years. To achieve the 2°C rise in temperature this century they estimate carbon intensity must fall by 6.3% annually. In none of the last 7 years has that goal been achieved and they conclude we are on track to blow our carbon budget, mentioned above, before 2035, which is worse than the IPCC estimate. Leo Johnson, a PwC partner, summed up the present situation as follows:

“If you were to lie in bed thinking how do I maximise carbon emissions it would be something like the economic model of fossil fuels, mass production, transportation, consumption and built-in obsolescence that we have got.”

Why is it that humanity is acting in a way which is leading to its destruction?

The capitalism system demands profit and growth

The truth, which our rulers try to hide, is that capitalism only engages in production if it can make a profit and it only satisfies human needs if it is profitable to do so. It operates to produce short term profits and any catastrophe which is 30 or 40 years away is simply irrelevant. It has no concern for future generations. The capitalist class will continue polluting the air, poisoning the seas and cutting down the world’s forests until it is no longer profitable to do these things. Once this point has been reached, of course, it will be too late to do anything about it.

As mentioned above India is proposing to commission 554 new coal fired power stations, approximately one every week for the next 10 years. Arvind Subramanian, chief economic advisor to the Indian Government, writing in the Financial Times points out that the real issue is profitability:
“Prices of renewables are not competitive with coal today. It is wishful thinking to imagine that renewables can replace coal in the foreseeable future.”16

This is a clear statement of the logic of capitalism by someone who is actually controlling what happens. In plain language this means that combating global warming is wishful thinking because it is not profitable.

A further issue is capitalism’s demand for continual growth. As we have explained in other texts17, because of the internal workings of capitalism there is a tendency for the rate of profit to fall. This is a consequence of the increasing productivity of labour which, in turn, results in the exclusion of labour from the production process and its replacement by machinery. Since exploitation of living labour is the only source of capital’s profit excluding labour reduces the amount of profit produced relative to the capital employed18. The capitalist class tries to compensate for the decline in the rate of profit by increasing the mass of profit. It does this by increasing the scale of production and extending the market by any means possible. In the language of capitalism this equates to growth. Capitalism must grow or die. Martin Wolf, the chief economic commentator for the Financial Times, writing about the Paris Climate Conference states:

“But growth of the world economy has overwhelmed the fall in emissions per unit of output. If growth is not to be sacrificed (which humanity will not tolerate) this rate of decline must accelerate hugely.”19

In other words he sees the solution in increasing productivity which allows for growth without increase in carbon emissions. He cannot even contemplate a reduction in growth. He is forced to admit, however, that there has not been a fall in global emissions per capita. In fact, global emissions per capita have risen from about 4 tonnes of CO₂ in 2003 to 5 tonnes in 2014. The significant point which Martin Wolf emphasises is that growth cannot be sacrificed, come what may. The capitalist class, whose spokesman he is, cannot envisage any system of production other than capitalism and therefore sees the interests of capitalism as being the same as those of humanity. They conclude that since capitalism will not tolerate any reduction in growth nor will humanity. In fact the complete opposite is the case. Capitalism is leading humanity to catastrophe precisely through its demand for growth. If the world economy grows at 3% annually it will double in size every 25 years and this means CO₂ emissions will double and instead of needing 1.5 planet earths to be sustainable, capitalism will require 3. Infinite growth, which capitalism demands, is simply not feasible with a finite planet and a finite limit to atmospheric CO₂ pollution. In reality the truth is that humanity cannot tolerate growth under capitalist relations of production. It is a recipe for mass extinction.

The perilous situation in which humanity finds itself is a direct outcome of the capitalist system of production. It is not because our rulers are corrupt or stupid, which they often are, that they act against the long term interests of humanity, it is because the imperatives of capitalism are dictating their actions. The imperative of profit will always take precedence over everything else. Green capitalism will only be achieved if it is more profitable than carbon capitalism. Zero
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growth under capitalism, even green capitalism, is a total myth. It is clear that the environmental problem cannot be solved under capitalism since capitalism is its primary cause. How can this be solved?

A communist planet

Saving the planet is, even now, technically feasible it’s not happening because it’s just not profitable and the system demands infinite growth. Humanity could, for example, generate all its electrical energy from renewables. The potential of solar electricity, to give just one example, is illustrated by the statistic that the entire amount of electrical energy consumed globally in one year is less than the energy received by the world’s deserts in only 6 hours.20

The human interchange with nature needs to be determined by sustainability rather than capitalist profit and growth. Capitalist production because of its class divisions and class contradictions also undermines any common will to address the problems of global warming and ecological destruction.

Capitalist production is based on the system of wage labour, which in turn depends on the separation of workers from the means of production. The fact that workers have no property forces them to sell their labour power as a commodity to those owning or controlling the means of production. This results in a system in which labour takes the form of value and the aim of production is simply that of increasing value. The capitalist engages in production to generate profit or surplus value. The worker sells his/her labour power to the capitalist to survive, to get what he or she needs to keep the family alive and, of course, to get the strength to carry on working. There is an immediate conflict of interest between these two main classes in society. This makes cooperation in a common project such as saving the planet difficult if not impossible. On the one hand the capitalist sees ending pollution as reducing his profits which he cannot tolerate, on the other hand the worker sees cuts in his consumption of energy or commodities as the capitalist’s method of reducing the value of his labour power and his living standards.

As has been mentioned above capitalism requires continual growth. Technical innovations to increase productivity exclude labour from the production process. The process results in the expulsion of workers from production and the formation of a reserve army of labour while the active army of labour is subjected to increased productivity, speed-ups and longer working hours. The increased productivity of labour, which should benefit humanity, actually makes conditions worse. For workers it results in either unemployment or worse working conditions, while for the system as a whole it results in decreased rates of profit and crises. This illustrates the stupidity of capitalist production. As Marx wrote;

“Capital itself is the moving contradiction, in that it presses to reduce labour time to a minimum, while it posits labour time, on the other side, as sole measure and source of wealth.”21

To achieve a sustainable interchange with nature the capitalist production system needs to be
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replaced. Instead of production for profit we need to create a system of production for the needs of humanity and balance these needs with sustainability. Ending capitalist relations of production will also end the need for continual growth. The system of wage labour needs to be abolished together with capitalist private property. The factories, mines, farms, in short the productive forces of the planet need to be converted to social property, controlled by the vast majority of humanity and used to satisfy human needs. Once capitalist conflicts and contradictions are eliminated a serious attempt can be made at rolling back the dreadful damage which 250 years of capitalism have inflicted on the planet. This can succeed since the conflicts of interest which are inherent in capitalism will have been eliminated. Humanity will have a common purpose. The old communist slogan:

“From each according to their ability, to each according to their needs”

will become a reality, and the world will become a communist planet. That is a planet where the state, national frontiers and money have been abolished and power is exercised by the overwhelming majority of humanity in worldwide organisations such as workers councils.

Apart from being riven with contradictions and class conflict capitalism is an inherently wasteful system. Massive amounts of the work carried out under capitalism are completely useless. We mention only that carried out in commerce, in finance and in speculation. These things would no longer be necessary in a world where products are distributed freely according to need, and money is abolished. Some work carried out under capitalism is not just wasteful it is harmful in that it destroys products of labour, for example, military work and arms production. Once capitalism is abolished the unproductive and destructive labour which the system now demands can be channelled into useful work on a massive scale. While we do not claim to be expert on what precisely needs to be done to save the planet, programmes such as, renewable energy production on a global scale, energy storage, electrifying transport, organic farming, local food production, water efficiency and recycling, reestablishment of fisheries and coral reefs, reforestation, etc. would appear to be a priority. Energy could also be devoted to developing new techniques and inventions which permit industrial production to use less energy or, for example, the capture and storage of the carbon already in the atmosphere.

The key point is that only with the establishment of communist production relations will there be the common will and the energy to devise such programmes and to undertake them. All the above leads to the question of how a communist world can be achieved. This, of course, cannot be answered in a discussion on climate change. All we will say here is that a communist world can only be achieved if the majority of the world’s working class see it as necessary and are prepared to fight to bring it into being. To create a communist planet requires a political assault on capitalism which is the fountainhead of all that is wrong in the world. Capitalism needs to be fought now and a fighting organisation, a global party of the working class, needs to be created to assist that fight.
Notes

1 The Kyoto Protocol, which was adopted in 1997 and is the only binding treaty to have come out of the COP meetings, obliged only the developed countries to curb emissions. China, which was not obliged to decrease emissions, is now the largest emitter of GHGs emitting 27% of the global total.
2 The US Republican Party is already manoeuvring to block the agreement. They have threatened to block $3bn of climate finance the US administration offered ahead of the Paris agreement if the administration passes the accord by executive agreement. See FT 14/12/15
3 Increase in temperature allows the air to hold more water vapour. In Britain temperatures in December 2015 were 5°C above normal. For each 1°C rise the air can hold 7% more water vapour. This led to devastating floods as one storm after another swept into northern England and Scotland from the Atlantic.
4 See Financial Times 25/11/15
6 According to the IPCC these amounted to 4% of the total GHG emissions in 2012.
7 This is the process whereby GHGs reflect radiation from the earth back to earth. This radiation, which should normally leave the earth, and is the mechanism for cooling the planet, is unable to escape and results in heating. Radiative forcing has increased from approximately 0.65W/m² in 1950 to 1.4 in 1980 to 2.4w/m² in 2010. IPCC considers 8.5W/m² in 2100 is likely. See IPCC report AR5.
8 See http://www.wri.org/blog/2013/09/world%E2%80%99s-carbon-budget-be-spent-three-decades
9 See Financial Times 14/12/15
10 Kellingley was the last deep coal mine in Britain
11 Average figure for coal plants is 940g/kWh. The figure for wind generation is a whole life figure including manufacturing and construction carbon generation. See www.europeanclimate.org/documents/nocool2c.pdf
12 $270bn was invested in renewables in 2015. Biggest investor was China $83.3bn, followed by US $38.3bn and Japan $35.7bn.
13 See www.europeanclimate.org/documents/nocool2c.pdf
14 See Financial Times 4/03/15
15 Quoted in Financial Times 28/11/15
16 Quoted in Financial Times 27/11/15
18 This illustrates the absurdity of the capitalist system. Increased productivity of labour which should benefit humanity actually threatens it. At the same time as enormous social wealth is produced at one pole, enormous social deprivation, unemployment, a reserve army of labour struggling to survive on the fringes of society is produced at the other pole.
19 See Financial Times 19/12/15
20 Quoted in Jonathon Porritt The World We Made.
21 K Marx Grundrisse p.706
22 Karl Marx Critique of the Gotha Programme.
23 This has no relation to the state capitalist societies which were created in Russia, China and elsewhere. Communism has never been established on earth.
Theses on the Role of Communists in the Economic Struggle of the Working Class

1. The history of all previous class societies has been driven by class struggle. But whereas all earlier rising classes in history obtained their economic and political domination through defending a certain form of property rights the working class, the proletariat, has no such property to defend. Our struggles therefore take on a different character from all previous contending classes. The working class by virtue of its labour produces all the wealth of the capitalist system. But the bulk of this wealth is daily expropriated from it by the capitalist class. This is achieved by capitalists paying workers only for their ability to work, or labour power, while appropriating output of their labour itself. This results in workers producing their wages in part of the working day and working unpaid for capital for the rest of the day. The capitalist constantly attempts to reduce the price of this labour power to the minimum it can get away with whilst the workers fight to defend the value of the only commodity they can offer up – their labour power. This exploitation of working class’ labour and the constant attempt of the capitalists to reduce the value of the workers’ labour power is the motor force of the class struggle under capitalism. Now hidden, now open, the daily class struggle between capitalist and labourer is the central feature of the capitalist system. But as workers own no property they cannot ultimately win the class war “unconsciously” simply by engaging in a “guerrilla fight” (Marx) for their immediate and basic needs. The working class can only be ultimately victorious in this class war once it recognises itself as a class “for itself” and that its real needs can only be satisfied by the conscious adoption of a new mode of production. This requires the self-activity of the class and the recognition that it has to unite against all the forces which world capitalism has at its disposal. In the final analysis this also requires a programme and an anti-capitalist political organisation.

2. From the beginning of the capitalist mode of production workers have combined together to use their collective strength by withdrawing their labour to fight against attacks on their livelihoods. This led to the formation of unions in various trades, unions which were immediately deemed illegal by states where the capitalist mode of production was in the ascendant. At this point striking workers risked more than the loss of livelihood but also the loss of the little liberty they enjoyed: transportation and even the death penalty for organising amongst themselves. The class war was at its most naked at this time and unions were small and often short-lived. Money that was saved up for a strike would be used to fight and if the struggle failed so often did the union (e.g. the Durham Miners had no union between 1844 and 1871 after the failure of the 1844 strike).

3. In this period (the first half of the nineteenth century) there was no separation between the economic and political struggle of the working class, a fact most clearly emphasised by the rise of the Chartist movement. It was this which impressed Karl Marx in his early observations of the class war in capitalist society. Throughout his life
his aim was to link the “union of the workers” (by which he meant more than a mere trade union) with the political movement for emancipation of the working class. He understood that unions were “defensive” organisations of the workers and their role would always be to negotiate the sale of workers’ labour power but he also hoped that unions would go beyond the economic and take on the political fight not just for the immediate but for the long-term future of the class.

4. However by the time of the formation of the First International (1864) the growing acceptance of unions by the capitalists (they were finally legalised in France in the same year the International was founded and in Britain 7 years later) the union movement was dominated by “new model unions” amongst the skilled trades. These were more like friendly societies and were generally opposed to strikes. Marx hoped that by bringing their leaders into the International they would get an education and therefore that the unions would become more political.

If the trades’ unions are required for the guerrilla fights between capital and labour, they are still more important as organised agencies for superseding the very system of wages labour and capitalist rule ...Too exclusively bent upon the local and immediate struggles with capital, the trades’ unions have not yet fully understood their power of acting against the system of wage slavery itself. They therefore kept too much aloof from general social and political movements ... Apart from their original purposes, they must now learn to act deliberately as organising centres of the working class in the broad interest of its complete emancipation. [Wages, Prices and Profit 1865]

5. The experience of the Paris Commune however was another seminal event in the long march of the revolutionary working class. It convinced Marx that the only route to emancipation lay not in the gradual conquest of power within the capitalist state (“winning the battle for democracy”) but had to begin with its revolutionary overthrow. The proletariat “cannot simply lay hold of the ready-made state machinery and wield it for its own purposes.” [1872 preface to the German edition of the Communist Manifesto] It has to smash the state apparatus and reconstitute society anew in its own image. The Commune, despite its short life, showed that the working class itself had the capacity to do this. But whilst the members of the International had played a role in the Commune and it did fine work in promoting class organisation, including unions, it could not survive the divisions within it. Its collapse led in many ways to a step backwards with the foundation of national parties in each country who would eventually enter the much looser association of the Second International. The Second International was dominated from the outset by reformists and those who believed that the evolutionary path to socialism was entirely compatible with their own privileged position within the movement. Despite Marx and Engels frequent private criticisms the class collaborationist tendency in the Second International grew stronger. The unions that developed under the Social Democracy of the Second International were largely dominated by craft unions despite the fact this was the period which saw the growth of huge capitalist enterprises and the unionisation of hitherto non-union unskilled labour. The unions which had started off as workers self-defence organisations were becoming larger and more remote from their members
and more intent on negotiating with the capitalists than using the strike weapon to fight them.

6. In response to the abject inadequacy of the social democratic parties and unions came an entirely understandable revolutionary syndicalist or anarcho-syndicalist reaction. Starting off in the lesser capitalistically developed states (Spain and Italy) syndicalism also spread in a major way to France, Britain and the USA. Observing the class collaborationism of “parliamentary cretinism” (Marx) of the Social Democratic and Labour parties they concluded that the way forward was direct action. Their instrument was to be the general strike to bring about the transfer of ownership of the factories, mines etc to the workers who worked in them so that they could become the self-managed production units of a stateless society. They had an enormous influence in the period just before the First World War (even influencing traditional unions like the MFGB and Transport Workers and created serious concern amongst the ranks of the ruling class.

7. But syndicalism failed the political test of the First World War. Capitalism’s slide into imperialist war revealed its total bankruptcy. A struggle to overthrow it should have been the response of the working class everywhere but on all sides from the vast majority of Social Democrats to syndicalists (like the French CGT) the big labour battalions all found excuses to stand by “their” capitalist state. This is a watershed in the history of the class war. On the one hand those who argued along with Lenin that the “imperialist war” should be turned into a “civil” or class war were to be found amongst the Internationalists who would support the October Revolution and the establishment of a Third (Communist) International whilst the old Social Democratic workers movement would make its peace with capital. Although after a split in 1924 the Industrial Workers of the World (IWW) virtually collapsed in the USA syndicalism still had some echoes in Europe after the First World War. However it suffered a massive defeat when the Spanish CNT entered the bourgeois Republican government in the Spanish Civil War. This was a devastating blow to syndicalism and demonstrated that its supposed strength was its greatest weakness. “Revolutionary Industrial Unionism” had morphed into just looking at new ways to run the workplace. Circumventing the state by trying to build a new mode of production inside it does not work. There is nothing “revolutionary” about this. The notion of self-management by workers of their own productive units simply did not face up to the need to smash the bourgeois state first in order to create the foundations of a non-exploitative mode of production in which workers’ control over production would then have some sense.

8. Social Democracy’s peace with capital took the form of union no-strike agreements for the duration of the war and increasing Government control of all aspects of the economy bringing in the unions to the planning apparatus. Opposed to this though was much of the unions’ rank and file led by their shop stewards. In such bodies as the Clyde Workers Committee (which was copied across the country) resistance to the Defence of the Realm Act and the Munitions Act increased as the war became more murderous. This resistance actually demonstrated the anger of the class against both state and unions but the process of the integration of the unions into the state
planning apparatus had begun. This did not proceed in straight line everywhere. It was most striking in Germany where, after the Social Democrats (SPD) aligned with the Army to murder Communists (including Liebknecht and Luxemburg) in 1919, they shaped the new capitalist framework of Germany. The SPD in power the Weimar Republic began to organise cooperation between business and their union formations. The Weimar Constitution (1919), supposedly the acme of capitalist democracy called for “Workers and employees ... to collaborate with entrepreneurs on an equal basis in the regulation of working conditions and wages as well as the entire development of the productive forces”. This Social Democratic-inspired document was no isolated phenomena. The ex-social democrat Mussolini recognised its corporate sentiments. “We have incorporated all the forces of production in the state. Labour and capital have equal rights and duties”. The new state capitalism that was developing whether in Stalinist, Fascist or democratic guise was responding to the actual needs of capital in the age of imperialism. In Britain the story was more complex but after the aberration of the 1926 General Strike which the TUC ensured would fail, the TUC purged unions of all “troublemakers” (syndicalists and communists) and entered into talks with employers on how to avoid strikes (the Mond-Turner talks of 1928). This went even further when the leader of the TGWU Ernest Bevin was made Minister of Labour in Churchill’s wartime Cabinet. In the post-war boom the state increasingly saw itself as defending the “commanding heights” of each national economy even to the point of taking them over when they were no longer profitable. In this period the unions played a major role in pacifying workers and assisting in the process of rationalisation of industry which saw thousands of jobs lost. During the post-war boom the shortage of labour stimulated workers to fight for better wages so the unions’ role in the myriads of strike that took place then, contrary to popular myth at the time, was to try to contain these struggles.

9. The process of integration of unions into the state especially in the leading capitalist countries in the epoch of imperialism means that unions can no longer be seen as independent class organisations despite the fact that they encompass millions of workers. The concept of the unions as training grounds for socialism or as transmission belts for revolutionary politics which was at the heart of the Third International’s strategy has never really functioned. Unions have never been revolutionary and their development has been one of acquiescing in the system of exploitation. Today we cannot turn the clock back and try to revive institutions which function to maintain the system as it is. However, this does not establish a principle that communists must boycott being members of unions (however reactionary as bodies). The only principle is that communists are with the working class. Union membership may be necessary to be in touch with other workers when a struggle breaks out even though our aim is always to put forward an anti-capitalist and therefore anti-union line. This is a question of tactical evaluation and does not comprise “working in the unions” by trying to gain elective office in them or joining the process of climbing the greasy pole of the union hierarchy. This is why our members refuse the frequent requests by fellow workers to become stewards or take on any representative function based in unions.
10. The Stalinist-Trotskyist myth that the unions can be transformed by having the “right leaders” is disproved by the entire history of their evolution. In practice radical sounding leaders are chosen by workers then tamed by the role they are forced to perform inside the system. It means too that they have to control and discipline their members to retain their position in the system. In fact they become part of the capitalist institutional framework. This is not simply a question of individual weakness but stems from the fact that any permanent economic organisation of the class has, even with the best intentions, sooner or later to enter into negotiations with the capitalists and their system. This is why “rank and file” (or base) unionism has yielded such disappointing results since in the long term their permanent existence means they also have to begin to operate like the unions they originally split away from. Nowhere is this clearer than in Italy where rank and file unionism has fragmented into myriad “base unions” since the 1970s. However despite starting off with promising intentions and acting like struggle organisations, in every case these COBAS have ended up aping the practices of the unions that they were set up to undermine. This means they increasingly comply with the law, use the same methods of only letting the union representatives have a voice and enter into negotiations without the involvement of the mass of the members.

11. Today the economic struggle is immensely more complex than it was at the dawn of capitalism but Communists cannot shy away from it or sit with folded hands to await a better time. It makes no sense for an organisation defining itself as communist to regard action among the workers as an activity to be carried out only in certain historical periods or a future circumstance of greater numerical strength. Being involved in the daily struggle of the working class is an integral part of revolutionary work. As Onorato Damen insisted: “To put forward revolutionary demands on the ground, however small, in the current insecure and feeble conditions of workers’ struggle, to engage in an active political militancy not just restricted to a typewriter and theorising which is an individual activity that is always debatable in intention as well as results.” Today it is not the union which is the school of socialism but the class struggle itself.

12. In global terms, for revolutionaries the “union problem” has not gone away despite the fact that unions have declined with the onset of the capitalist crisis. After 30 years of retreat there are signs that class resistance to the attacks of capital is on the increase. In these circumstances the left wing of capital are once again asserting that “we need unions” or advocate that we put our trust in them. To workers who have suffered declining real wages for decades this is a plausible option but it is a myth. The strength or weakness of the unions in fact only reflects the ups and downs of the class in the capitalist economic cycle. When labour is short and workers are militant the unions act as if they are defending the class and recruit members. In fact they are recuperating the struggle on to ground that is entirely compatible with capital. When there is a deeper crisis of capitalist profitability leading to unemployment the unions negotiate the management of redundancies. Indeed in many industries in the advanced capitalist countries they appear as just one more layer of management. They even produce their own blacklists of militants (which have included our own members)
alongside those of the bosses. On the global level we also need to recognise that not all unions, or attempts to form them, are integrated into the capitalist state. In parts of Asia and Latin America the situation looks like a more murderous repeat of the early days of capital where the workers try to band together to defend themselves from the most brutal forms of exploitation. In these situations their leaders or organisers are not just outside the protection of the law but are prey to the para-military forces of the state in the form of death squads. At the other end of the scale we also find unions which take their sectionalism to the limit as their main reason for existence is to keep most workers out of their privileged trade. These can also be seen throughout Latin America (and to some extent North America) as well as parts of Asia where a virtual mafia exists in many countries like Argentina where the unions are linked to the Peronist party. We need to be aware that the use of the blanket term “union” can mean different things at different times in their development. What can begin as authentic struggle organisations will inevitably evolve over time. Either they will be destroyed by the capitalist reaction, or the very fact of their permanent existence demands their integration in to the state’s procedures, and the acceptance of their permanent role as negotiators of wage labour (a process which always favours the capitalists in the long term). In these circumstances they will become “unions” in both word and function just like all the other unions under modern capitalist domination.

13. For communists, involvement in the day-to-day life of the class also means to immerse ourselves in reality, not just to make propaganda for communism but also to gain understanding and experience. In recent decades – but not only then – the most significant moments of struggle have been directly carried out by workers and not the unions. The union machinery has then intervened, with the aim of controlling them and in the end has succeeded in calming the situation. There have been several examples of combat-based organisations and agitation committees. France in May ‘68; assemblies took place in Italy during the Autumn of 1969, where unions were often bypassed; assemblies in Poland in August of 1980, capable of organising mass strikes, without the trade unions (Solidarity, heavily dominated by a Catholic Church financed by the US then killed the struggle and opened a space for state intervention, before morphing into an organism which was completely bourgeois in every respect), and the bitter struggle of the British miners in the ‘80s, the dockers’ strike in Denmark and Belgium, the assemblies and committees of struggle during the uprising in Argentina (piqueteros’ committees), the protest against the CPE law in France in 2006, likewise recent protests against French pension reform, were animated not by unions but by the rank and file in assemblies and agitation committees. And more; the “wildcat strikes” of the transport workers in Italy (2003-2004), the struggle of workers at Fiat Melfi (2004: also in this case, the FIOM was dragged in by the workers and performed its usual task of moderator of struggle), picketing workers at Pomigliano held daily assemblies outside the factory (2008), the struggles fought in China in recent years, etc. etc. etc. The situations may be different, but what they all increasingly share is a process tending towards greater self-organisation of struggle. One of our tasks is to support and advocate any measure and any organisational form which extends this
capacity for self-organisation and the confidence which comes from it.

14. It is sometimes asserted that in the post-Fordist world of fragmented and smaller factories, in an era where there no longer is the prospect of a job for life, where subcontracting and individual contracts such as zero-hour contracts are increasingly to be found, that there can no longer be a collective class response and that therefore workplace struggle is no longer the only place for class resistance. Some go further to insist that the class has disappeared. In the first place this picture of a precariat is not universal. The lives of less than 5% of workers in advanced capitalist countries are governed by such contracts. This is not to deny that the impact of such employment conditions has a negative effect on the whole workforce. Those who still have a halfway decent wage in a factory where there is still a promise of a pension are themselves disciplined by the thought of descending into the precariat. But again this is not entirely new in capitalist history. Marx wrote *Capital* when the majority of workers still worked in relatively small units (not too different from today) and many were forced to return to the countryside or went into domestic service (i.e. virtual slavery) to survive at bad times. As for sub-contracted labour French workers in May 1848 stormed the Paris town hall demanding an end to subcontracting. Moreover the notion that workers in sub-contracted jobs are too fragmented in their workplace and its practices to fight back was knocked on the head by the 2015 Spanish telecoms workers strike – a strike in which the official unions pulled out all the stops to defeat but did not succeed. In the second place with the increasing proletarianisation of many occupations which were previously considered “professions”, such as doctors, the notion of the working class has also changed. The original Marxist observation that the development of capitalism more and more divides society into two great camps of property owners and propertyless is still valid today. The reality is that the working class across the world faces a variety of forms of exploitation but increasingly the only way to fight that exploitation is not via permanent economic organisations which negotiate with the system but with ad hoc rank and file movements which spring up and die down with every struggle. These are in themselves only a beginning and their action has to spread not just from one sector to another but also to the streets and communities in order to return to the kind of unity of economic, social and political aims that characterised the early workers’ movement.

15. For this reason communists must have serious reservations about those who insist (like the operaisti) that the daily economic struggle today is more important than the political struggle for the future. They do however at least have a perspective for the future. Organisations like the IWW, the IWA or Angry Workers of the World might do good work in giving confidence to workers who have been ignored by the mainstream unions but steps like that of the IWW to be recognised as a legal union or the IWA’s reduction of their appeal to just dealing with “trouble at work” demonstrate that the quest to build a permanent economic organisation today means downplaying the longer term political fight for communism. Similarly the notion that the workplace is everything and the rest of society nothing excludes from the movement the social and political forces which are developing in resistance to the attacks of the system.
16. However at least the organisations mentioned above still recognise the central role of the working class in the overthrow of capitalism. They have not been seduced by post-modernist capitalist propaganda that the working class has disappeared and we need to look elsewhere for an agent of historical change. The working class may have been in retreat for decades. It may have been so heavily restructured that it is no longer recognisable as the same class that was previously organised in massive production units, but as we pointed out above, it still is the one class that produces the wealth on which the system relies. It has no special moral kudos but it is the material antagonist of capital. And yet there are many who now try to deny this. Latest amongst these defeatists are the communisateurs. In place of the class struggle they tell us there will be an automatic socialisation of capitalism into communism without the working class actually fighting for it. How this is supposed to come about remains a mystery hidden behind a wall of verbiage about “new modes of production” appearing inside the capitalist system. It is simply a new form of idealism born of despair. According to the supporters of communisation neither political organisation nor class consciousness appear to be necessary but as Pannekoek pointed out these are the weapons the working class needs to forge its own emancipation.

17. It is a historically proven fact from the dawn of capitalism that the class creates its own organs to fight for its demands, even without the presence of the revolutionaries. However the same historical experience also shows the dominant ideological forms which might emerge from such spontaneous movements can be recuperated by capitalism. This explains why communists must be inside the struggle to give out propaganda, proposals, be an active part in the organs of self-organised struggle: the workers’ assemblies, agitation and strike committees and on the picket line. In doing so they must always try to provide a communist political framework at the same time as supporting every initiative which tends to the development of the self-activity of those involved. There is no magical formula in the demand struggles of the working class that can open the way to greater class consciousness as the Trotskyists for example claim. It is not the task of communists to raise demands but to support those demands that extend the struggle and criticise those that don’t. Every opportunity, starting from the concrete for intervention must be used to stimulate the workers towards greater consciousness, to increase their understanding of the nature of capitalism, and demonstrating the need to overthrow the system. In the short term a fight can be won or lost but real progress lies in the development of the anti-capitalist class movement, particularly among the more conscious elements.

18. Communists are not only militants at political meetings, protests, demonstrations etc. Wherever practicable in their own workplace they will make efforts to form internationalist groups, both factory (or workplace in general,) and territorial groups. These – unlike the organisations of struggle, which the class sets up itself – are offshoots of the communist organisation and a tool of political organisation in the wider working class. These groups are thus composed of militants and sympathisers of the organisation in a geographical location/place/area of work. Starting from the specifics of the work or community situation they consciously seek opportunities for
communist agitation and propaganda. In these communists must hold an anti-state, anti-capitalist and anti-union line in favour of the self-organisation of the proletariat.

19. There can be no pretence that any of this will be easy. The world working class has suffered twice over from the failure of the Russian Revolution. The first was that it led to the long counter-revolution which led to the Stalinist state capitalist monstrosity being identified with “communism”. The second was when this monstrosity finally collapsed giving the capitalist class of the West the propaganda victory that would have us believe that whatever its faults capitalism is the only alternative. Many in the workers’ movement first identified with the USSR as “socialism” and thus abandoned the class terrain and many more took the social democratic road to accommodation with capitalism and demanded only that exploitation became “fair” (whatever that can mean). But capitalist contradictions never go away (as the collapse of the speculative bubble in 2007-8 showed). And neither does the working class which remains historically the same class of gravediggers of capitalism brought into being by the system itself. And just as the working class cannot disappear, neither can its struggle. Communist consciousness is the inevitable reflection of the class struggle of the working class. It does not arise directly from that struggle but is based on the reflections of a minority of the class on the lessons of that struggle. It therefore has an historical dimension. At certain points in capitalist history this has given rise to a revolutionary organisation or party which expresses the long term goal of the working class in the form of a communist programme. The communist programme contains nothing less than all the acquisitions of the revolutionary working class in its history such as mandated delegation rather than representative democracy, the need to smash the state and workers’ councils as the solution to the problem of mass participation. Revolutionaries have fought, and are fighting and will fight for this programme within the wider working class and its struggles as long as capitalism exists. And when that struggle becomes more general, more international communists have to be ready to act on it. Today, whatever the situation, our task is to prepare by acting within the class struggle at all levels as a political reference point for workers questioning the system.
Imperialist Interests and Ideology in the Struggle for the Middle East

The judicial murder on 1 January of the leading Shia cleric, Nimr al-Nimr, by the Saudi monarchy has been roundly condemned by the UN, EU and US as “provocative” and “exacerbating sectarian tensions”. The response in Tehran was, of course, stronger, with attacks on the Saudi embassy and consulates by Shia religious hardliners. At the same time the Ayatollah Khamenei stoked up the tension by calling down “divine vengeance” on the Saudi regime. Since then the world’s media have been filled with numerous items about the “religious” war between Shia Iran and Sunni Saudi Arabia which has now taken on a more dangerous form.

There is a thread of truth to the religious rivalry question (which we will return to below) but it only scratches at the surface of what is really going on. In the intricate imperialist entanglements of the Middle East there are also far more material forces than religion at work. First and foremost is the continuing and deepening global capitalist economic crisis (see editorial article in this issue). When Saudi Arabia, the world’s leading oil exporter was initially quite sanguine about the fall in the oil price in the middle of 2014 it did not expect that the price would dip to around $30 a barrel from its height of $115. They also did not expect the price fall to last so long possibly believing the propaganda emanating from leading financial organisations at the time that “the recession is over”. The signs are that it will last a whole lot longer yet.

At first the Saudi position was, from their point of view, a sensible economic decision. After all, the Saudis had cut production in the past to raise prices only for another producer (often a non-OPEC member like Russia) to simply increase their production and steal market share. In the middle of 2014 the speculation on shale oil in the US was (wrongly) blamed for the majority of the glut in production. With its high production costs, and inelastic processes which cannot easily be shut down like wells, the shale producers were vulnerable once the price dipped below $80 a barrel. But so too was every other producer and the continuing fall in price has brought economic ruin to Brazil, Venezuela and Russia (which just cut its budget by 10% and forecasted another year of decline). For the Saudis though it will not have gone unnoticed that at the end of 2014 sanctions-restricted Iran was worse off than any of the countries just mentioned. It needed a price of $131 a barrel to balance its budget. This was a further incentive to sit back and let things take their course. Indeed the Saudi oil minister, Ali Al-Naimi said that Saudi Arabia was prepared to tolerate even $20 a barrel. In production terms this make sense as it costs only $10 to produce a barrel of oil in the Kingdom. However that does not mean there are not strains on the regime. Globally the price collapse has not led to production cuts. Indeed the opposite has happened as producers have tried to make up for the fall in price by increasing their output. It is a crude (forgive the pun) illustration of how the tendency for profit rates to fall only increases the overproduction of commodities. Saudi Arabia itself has found it is not immune to problems.

And of course Saudi Arabia’s own budget spending is dependent on the previous high oil price which means it needs $104 a barrel to break even on its current account. The continuing
precipitous fall in the oil price over the last eighteen months has now bitten sharply into its massive sovereign wealth reserves to cover the deficit. This in turn has brought new anxieties to the Saud family who have ruled the peninsula since 1935.

**A Tale of Two Threats**

As an autocratic monarchy ruling with an iron fist holding the largest conventional oil reserves in the world it is often assumed that the regime does not have to worry too much about internal social conflict. Add to that the alliance with the US since 1945 which has made it one of the two pillars of US imperialism in the Middle East (the other, of course, being Israel) and it is generally assumed that the regime is impregnable. But history never stands still and even the most permanent-looking features of any epoch are under strain. Saudi Arabia is no exception and the Saudi family are not unaware of it. The two greatest internal threats perceived by the regime are the Shia minority (about 15% at most of the population) and the jihadist movements which have grown in significance since 1979.

The executions at the start of 2016 were aimed at both of these groups. Of the 47 executed 43 were jihadist followers of Al-Qaeda who had carried out terrorist attacks and the others were Nimr al-Nimr (whose only attacks were verbal) and some other Shia opponents of the regime. They were the first mass execution of political opponents by the regime since 63 “religious extremists” were executed for seizing the Grand Mosque in Mecca in 1979. It is a sign of something akin to panic albeit with an element of calculation. Last year an IS/Daesh suicide bomber killed 22 Shia at a mosque in Qatif. The response then was for the Saudi security boss Mohammed bin Nayef to visit the town and declare that “The security services will crack down on those who oppose (the state) whoever they are”. Now the execution of these Shia opponents just looks like a sop to the Sunni majority to “balance out” the execution of the Salafist terrorists.

Under the reign of the last King, Abdullah, and his predecessors the regime sought to buy off dissent and discontent with subsidies, sinecures and other social benefits. For example when the “Arab Spring” engulfed the Middle East in 2011 he showered his subjects with a welfare spending programme worth $130 billion. However the expectation that the collapse in the oil price is long-term makes further largesse on this scale impossible. Total oil revenues fell by 15% at the end of the last fiscal year and are expected to fall by 23% this. Furthermore “Unemployment among citizens in Saudi Arabia is about 12 percent, and a youth boom means millions of new jobs will be needed to keep that from growing. The country also needs to revitalize the private sector beyond the big construction firms that dominate it today and are dependent on oil-fueled government revenues.”

Desperate times demand desperate measures. It is no accident that after 80 years the regime is now proposing to privatise at least parts of Aramco, the huge state oil producer. It is valued at anywhere between 3 and 30 times the value of the next largest oil company in the world so its listing would have to be in a major financial centre like London or New York. At the same time as subsidies for petrol for private vehicles are being cut, the Saudi stock exchange is being opened...
up to foreigners as is the retail sector. Finally

“In a rare move, the government in December said it was setting up a $48.7 billion stimulus package to support projects designated as national priorities because of “excess” volatility in crude oil prices.”

By doing this King Salman and his immediate advisors hope to diversify the economy away from oil and the construction industry dependent on oil but most observers don’t think it will go far enough or fast enough to deal with the rising unemployment amongst youth – which already provides a fruitful recruiting ground for the jihadists. The most immediate way that the state tries to deal with this is to finance alternative jihadist groups to IS/Daesh and Al Nusra in Syria (and allow the youth to join them). Without such an outlet they know there will be many more problems on the domestic front.

Middle Eastern Imperialist Rivalry

But it is on the international front that we find another of the shifting factors which may have influenced the Saudi decision to execute al-Nimr. This was the signing of the nuclear deal between Iran and (primarily) the US. When we wrote about the oil issue at the beginning of last year we wrote that:

“The US Congress don’t want to do a nuclear deal with Iran any more than the Iranian hardliners want one”.

But a deal has been done because other interests have over-ridden the opposition in both states. As a result both Congress and the Revolutionary Guards (Pasdaran) have been sidelined by the respective Presidents of Obama and Rohani. The nuclear deal is, in a sense, not the real issue. Obama wants to extricate the US from the appalling situation it got into in Iraq under the Bush regime as well as sort out the Syrian issue before its ramifications spread further (watch Libya and Turkish Kurdistan here). Rohani wants to get the sanctions lifted to carry out economic reforms which are desperately needed to revitalise the moribund Iranian economy. Iran claims that its production costs are no higher than Saudi Arabia’s ($10 a barrel) and therefore the big problem is getting the sanctions lifted and getting more oil on to the world market. The Pasdaran, many of the mullahs and their people actually benefit from the sanctions by controlling the smuggling revenue. The end of sanctions would be a major setback for them. These are the supporters of the Ayatollah Khomeini who engineered the break with the West in 1979 when the US embassy in Tehran was stormed and diplomatic relations were broken off. They also thought they could export their “Islamic Republic” to other areas including Saudi Arabia with its Shia minority. The mullahs did not realise that the Saudi Shia had little interest in their political game or ideology. Their grievances with the Saudi monarchy were more to do with their lack of political and economic freedom. The venomous attacks the Iranian mullahs made on the Saudis were though never forgotten. A year later the CIA incited Iraq’s Saddam Hussein to attack Iran in the hope that this would bring the Islamic Republic down. During the eight years of war that followed Saudi Arabia gave discreet support to Iraq and only turned against it when Saddam
Imperialism

seized Kuwait (which he mistakenly thought he had been encouraged to take by the US as a reward for his engagement with Iran).

1979 also saw the Soviet invasion of Afghanistan and with Iran out in the cold the Saudis could indulge in a little imperialist adventuring on their own account. They began by financing the Mujihadeen against the Soviet invaders but at the same time they also exported their own branch of Islam (Wahabbism) by setting up madrassas amongst Afghan refugees with the blessing of the Pakistani dictator Zia Ul-Haq. The students (talib) who emerged from these madrassas became the Taliban and after the withdrawal of the Red Army they eventually took over the country.

Saudi support for this “Salafism of the Sheikh” (Saudis don’t like you referring to “Wahabbism” and may even deny it exists) soon spread to Chechenya, Bosnia and almost anywhere there was a Muslim minority. Saudi money stoked the fires of salafism which brought a new intolerance, not only of “infidels” but of other Muslims, into more and more conflicts. It is the 18th century ideology of a preacher, Muhammad ibn-Abd-al Wahhab, who called on Muslims to kill male non-believers and heretics (especially Shia) and rape their wives and daughters. If this sound uncannily familiar in the practice of the modern day IS/Daesh then it is because they have largely taken it up. And after the fall of Saddam Hussein and the destruction of the Ba’athist state the subsequent Sunni insurgency in Iraq against the Shia dominated regime of Al Maliki was supported by the Saudi regime. Already the visceral hatred for Shia Iran was behind the policy.

"According to a well-placed Arab figure, a senior Saudi official told John Kerry, US secretary of state, while he was talking to Sunni Arab leaders this summer about a coalition against the jihadists: “Isis is our [Sunni] response to your support for the Da’wa” – the Tehran-aligned Shia Islamist ruling party of Iraq.”

However once it was clear that IS/Daesh had wider ambitions than opposing the Shia in Iraq the Saudis realised that they had unleashed a monster. The proclamation of a Caliphate to once again reunite Muslims was a direct threat to their own domination of the Arab world. Now the race was on to find other Sunni jihadists to support, not just against Assad, but also against IS.

But here we get into the intricate imperialist entanglements of the modern Middle East. Iran, the US and Saudi Arabia now have a common enemy in IS. The possibilities for cooperation should therefore be greater but it is not so simple. For Saudi the whole affair is fraught with danger as Iran is brought in from the cold and playing a key role in Syria and Iraq where it is now in a position to influence events. This could include the survival of the hated Assad regime in Damascus and it could give Iran a bigger platform from which to extend its influence in places like Yemen and Lebanon. And Iran's hopes of increasing oil exports (No Western oil firm is currently involved in Iran but negotiations are reputed to have begun to expand Iranian production) after sanctions are ended are equally worrying for Saudi interests.

Thus the execution of al-Nimr was also a deliberate provocation. The Saudis, seeing the divisions in the Iranian ruling class, hoped that it would lead to do something which might once again isolate it from its new-found grudging ally in the US. And Tehran nearly obliged. When the
Saudi Embassy was attacked it must have immediately triggered off a reminder of the attack on the US Embassy in 1979 and the long hostage saga that followed. Iranian hardliners (backed by the Revolutionary Guard) who were behind these attacks were equally ready to undermine the new relationship with the West sought by the Rohani government. Saudi Arabia was not slow to play upon this and just as quick in getting its Sunni allies to not only condemn the attack but to cut off diplomatic relations. However it did not quite have the impact they hoped for. Rohani quickly condemned the attacks on the Saudi embassy and said that the perpetrators would be caught and punished. If the Shia religious fanatics thought they would get the hero treatment of 1979 they must have been sorely disappointed. The Iranian ruling class remains divided but, for now at least, Rohani and his supporters can point to tangible gains both economically and militarily if the Pasdaran and their allies can be restrained. And they have been quick to reassure the Americans that their new alliance is still on course. The value of this was underlined when a boatload of US marines strayed into Iranian territorial waters on January 12. The marines were picked up by the Pasdaran but within 48 hours they were on their way back to the US and John Kerry was boasting about the triumph of the new diplomacy.

None of this can have been music to Saudi ears and it is perhaps not surprising that they have sought to create their own Sunni Arab coalition consisting mainly of states like Bahrain and Egypt who are financially dependent on Riyadh but has also extended to former rival Arab powers like Qatar which had opposed Saudi policies in Libya and Egypt. Gaining the support of Qatar (after the abdication of its ruler in favour of his son) is a minor consolation for the Saudis. So too perhaps are the states that have stood behind Riyadh whilst it has waged a pitiless bombing campaign in the Yemen to bring a halt to the Houthi rebellion there. But even having to fight a war in Yemen, a Saudi client state for all of its modern existence is just one more sign of the current weakness of the regime. It is also a case of a self-fulfilling prophecy. The Houthi rebels are Shia (of a different branch of Shi’ism to the Iranians) but there was little evidence of Iranian material support for the Houthi (who basically looted weapons from the existing Yemeni army). The Saudi attack has simply led to the Houthi setting up tenuous links with Tehran by air (when their air space is completely controlled by the Saudi airforce). This in turn has fed into the Saudi narrative of possible encirclement by a rising Iranian imperialism.

And the Saudis are right to be worried about Iran since the US needs Iranian support in Iraq and (whisper it quietly) Syria since it cannot defeat IS/Daesh or bring the Syrian conflict to an end without such support. The US could turn a blind eye (and even give logistical support) when Saudi salafism was helping to defeat the evil empire of the Soviet Union but as we stated above this has morphed into a generalised anti-western movement amongst the Sunni with affiliates from Indonesia to Mali. And it is as much a threat to the Saudi monarchy as it is to the regimes which rely on the West. As this salafism also distinguishes itself by murdering any it considers to be apostates to their narrow brand of Islam then an alliance between the West and Shia Iran makes sense. The Saudi monarchy is caught between a rock and a hard place but playing on fears of Iran is one way of trying to keep the loyalty of its Sunni base. In the middle of a global
recession the consequences for them and for the rest of the world are likely to be traced in greater bloodshed.

All of which feeds into a wider picture of a global imperialist “order” in advanced decay. Since the end of the Cold War proxy wars have not ended. But the conflicts which have broken out have also had no resolution. “Peace processes” go nowhere and one war piles up on another. Indeed it is difficult to remember or even hear of them all. Who for example knows of the war in Papua New Guinea between the local indigenous movement and Indonesia? It is just one of many forgotten conflicts which rage across the planet. Behind it all lies the economic crisis of global capitalism which drives the fight for control of the planet’s resources. These local conflicts have not joined up into a third world war largely because the major powers still hope to play them for what they are worth to their own immediate advantage. They are also less desperate to go to war because they are not under so much pressure from the working class at home. As long as the working class is quiet and accepts the various cuts and austerity programmes currently in force then the governing class of the various powers still feels it has some room for manoeuvre.

What is currently more dangerous is not the simmering confrontation between China and the US in the Pacific but the problems faced by lesser but important states like Saudi Arabia. The weaker they become economically the more threatened they feel militarily and the more aggressive their response. The US and Saudi forged an alliance that lasted for decades on the basis of mutual guarantees – regular supply of oil for military and diplomatic protection. In a global economic crisis such certainties no longer prevail and we should expect more barbaric conflicts and the humanitarian disasters that flow from them in 2016.

Jock

Footnotes

1 For a detailed examination of how the oil price started to collapse see “Oil and the Shifting Sands of Imperialism” in Revolutionary Perspectives 05 (Winter-Spring 2015) or http://www.leftcom.org/en/articles/2015-02-05/oil-and-the-shifting-sands-of-imperialism

2 In 2015 Saudi Arabia executed 152 people and Iran close to 1000, many of these executions taking place in public in both states. Per capita Iran executes more people than any other state in the world and certainly more for simply being political opponents of the regime. The seizure of the Grand Mosque by salafists who called for a return to the “purity” of the past and declared their leader to be the “Mahdi” [chosen one] was a precursor of the shape of things to come. Not only did they reject the Saudi monarchy and its religious right to rule but also denounced the increasing influence of the West. They held the Grand Mosque for two weeks before it was stormed by Saudi troops, an attack which killed their “Mahdi”, Mohammed Abdullah al-Qahtani. His 63 surviving followers were publicly beheaded. King Khaled announced that what Saudi Arabia needed was stricter religious control which meant more power to the religious police and further discrimination against women.

3 See Simeon Kerr “The strong man in a power struggle” Financial Times 9 January 2016
6 Quoted by David Gardner in “Saudi Arabia, plunging oil prices are a political weapon” Financial Times (Dec 9 2014)
7 For the war in Yemen see http://www.leftcom.org/en/articles/2015-04-04/yemen%E2%80%99s-proxy-war-from-failing-state-to-a-failing-system. Both sides have been guilty of humanitarian atrocities to match those of Assad in Syria.
8 Although to illustrate the serious split in the Iranian ruling class the propaganda game was played out differently by both factions. Whilst Iranian TV showed the US troops initially handcuffed behind their backs and the Revolutionary Guards were allowed to state that the US had apologised (for which there is no evidence) before releasing them, on Al Jazeera President Rohani’s faction presented images of the troops as honoured guests at a meal before their release. The fact that it came a couple of days before Iranian compliance on part of the nuclear deal was due for verification strengthened the hand of the President here.
9 See article above in footnote 7
10 The Taliban and other organisations in Pakistan for years targeted Christians, Hindus and Shia mosques (particularly in the Quetta area) but have now moved on to other minority branches of Islam like Sufism. Pakistan had almost 25% non-Muslims at its independence in 1947. Today that has fallen to 3%. In Bangla Desh secular bloggers have been butchered in the streets by salafists whilst as we go to press Jakarta and Istanbul have just been bombed.

The English translation of

Bordiga - Beyond the Myth

by Onorato Damen

with an introduction for English readers of the debate between Bordiga and Damen and its significance for revolutionary politics today. The work is divide into two halves, the first dealing with the exchanges between Bordiga and Damen and the second focussing on a critique of what Bordigism later became in the hands of Bordiga’s ‘epigones’ or followers.

Over 170 pages with 114 footnotes and four appendices it also contains the first full translation into English of Bordiga’s letter to Karl Korsch.

It is now print ready and will come out in February 2016. Cover price £9. Those with a supporters sub to Revolutionary Perspectives can receive it for £5 (post included).
The Internationalist Communist Party (PCInt) was founded in 1943 as the only party which unequivocally came out against all sides as imperialist in the Second World War. The PCInt did not come from nowhere. It was created by former members of the Communist Party of Italy who had helped to found the party in 1921 and had led it in its early years. However they were revolutionaries and as the counter-revolution gripped the USSR and the Communist International they were removed from its leadership even though they had a majority support. With many of them imprisoned by Fascism the Comintern-imposed leadership of Gramsci and Togliatti were able to impose their own discipline and the “Communist Left” were gradually expelled from the party.

Some like Onorato Damen spent most of the Fascist era either in gaol or in internal exile whilst others escaped to France and Belgium in the 1920s and, as the Italian Fraction of the Communist Left, continued to publish their debates and comments on events in journals like *Bilan* and *Octobre*. Despite being under tight surveillance Damen was able to keep in touch with the likes of Giacomo or Luciano Stefanini (known by his pen-name of Mauro) and Giovanni Bottaioli or “Butta”. Stefanini came to visit Damen in his place of exile in Cantu (Como) and by 1942 plans to re-establish an internationalist organisation were already underway.

However it was not until 1943 that the new party could begin to operate seriously. Many of its militants came out of the great wave of workers strikes which swept through Northern Italy in September 1943. This had allowed many of them to participate in a real class movement once
Mussolini had been overthrown in the 43 days of the Badoglio Government so Damen was released and the Party, though confined only to Northern Italy, now began to operate in clandestinity under a restored Mussolini’s “social” Republic of Saló. Damen was joined in this by Mario Acquaviva (1900-1945), Fausto Atti (1900-1945), Bruno Maffi (1909-2003), Giacomo Stefanini (1903-1970), Guido Torricelli (1899-1947), Vittorio Faggioni (1918-2005), and Rosolino Ferragni (1896-1973).

This was the most brutal period of the Second World War in Italy with the Allies having taken the southern part of the country and Mussolini’s Nazi puppet regime hanging on in the North. It led to a partisan war which saw 300,000 Italians killed often in reprisals by the Nazis for the deaths of German soldiers at the hands of “partisans” who supported the Allies. The PCInt’s internationalist policy was clear. No support for any of the contending powers and no support for the restoration of capitalism in Italy. They also opposed the partisan war and called upon workers who had joined it to put class war before national war.

The document reproduced here is a new translation drawn from the Italian version on our website. It comes from the Discussion Bulletin which was set up by the PCInt and its supporters in France and Belgium to bring all the revolutionary elements both in Italy and abroad together. The document was distributed in both French and Italian (the latter we believe as a wall poster). It is significant not only for its call to put class war before imperialist war or even its recognition that all sides in the war were equally imperialist but also for its clarity that exploitation also existed in the USSR and that a real revolution was needed there too. This clarity was to be muddied after 1945 when the followers of Bordiga joined the Party and ultimately the failure of Bordiga to recognise the capitalist nature of the USSR was one of the reasons for the split of 1951-2.² Bordiga also wanted to take the Party back to the positions of the 1920s and ignore the work of clarification which the “Italian Left” had contributed to in his long absence from the political scene. That work of clarification did not end with the foundation of the Internationalist Communist Party, which not only survived the Bordigist exodus, but kept on developing a political framework which is the bedrock of the Internationalist Communist Tendency today.

Manifesto of the Communist Left to the European Proletariat

For almost five years now the imperialist war has raged across Europe bringing misery, devastation and massacres in its wake. On the Russian, French, Italian fronts tens of millions of workers and peasants are being slaughtered exclusively for the interests of a sordid and bloody capitalism which only obeys its own laws: profit and accumulation. In the course of five years of war for the ultimate goal – liberation for all peoples – many fraudulent programmes and numerous illusions have disappeared, letting fall the mask which hides the ugly head of international capitalism.
In each country you have been mobilised behind different ideologies, but with the same aim, with the same result: you have been thrown into the carnage, one against the other, miserable brothers against miserable brothers, workers against workers.

Fascism, national-socialism, demands living space for its exploited masses, which is nothing more than a disguise for their urgent need to extricate themselves from the deep crisis which is undermining the base.

Apparently the Anglo-Russian-American bloc wants to liberate you from fascism in order to return you your freedom and give you your rights. But these promises were simply bribes to get you to participate in the war to eliminate the biggest imperialist rival, fascism (after giving birth to it in the first place) and which is now ruined as capitalism’s method of rule and way of life.

The Atlantic Charter\(^3\), the plan for the new Europe, is nothing more than a veil to hide the real significance of the conflict: a war of banditry, including vicious slaughter and destruction, the terrible consequences of which are suffered by the working class.

Proletarians, they are making out that this war is unlike any other. They are deceiving you. So long as there are exploiters and exploited capitalism means war, and war is capitalism.

The revolution in Russia in 1917 was a proletarian revolution. It was clear proof of the political capacity of the proletariat to rise up to become the dominant class and lead the way towards the organisation of communist society. It was the response of the working masses to the imperialist war of 1914-18.

But then the leaders of the Russian state abandoned the principles of this revolution. They have transformed your communist parties into nationalist parties, dissolved the Communist International, helped international capitalism to plunge you into the slaughter. If Russia had remained true to the programme of the Revolution and to internationalism, if they had constantly called on the proletarian masses to unify their struggles against capitalism, if they hadn’t joined the masquerade of the League of Nations, it would have been impossible for imperialism to unleash the war. By participating in the imperialist war alongside a group of capitalist powers, the Russian state has betrayed the Russian workers and the international proletariat.

Proletarians of Germany, your bourgeoisie is counting on you, on your acquiescence, on your productive drive, so that it can assume the imperialist role of dominating Europe’s industrial and agricultural basin. After turning Germany into a barracks, after making you work for four years at breakneck speed to prepare the war machine, you have been thrown into all the countries of Europe in order to bring about disintegration and ruin, as in every imperialist conflict.

The plan of your imperialism has been undermined by the development of international capitalism which, since 1900, has exhausted every possibility of expanding the imperialist form of domination and, even more, of any nationalist expression.
The deep crisis which is undermining the world, particularly Europe, is the insoluble, mortal crisis of capitalist society. Only the proletariat, through its communist revolution, can eliminate the causes of this distress, of the misery of the mass of working men and women.

Workers and soldiers, imperialist rivalry is now sealing the fate of your bourgeoisie. Yet international capitalism cannot stop the war because this is its only possible way of surviving. Your revolutionary traditions are deeply rooted in the class struggles of the past. In 1918, with your leaders Karl Liebknecht and Rosa Luxemburg; in 1923, despite signs of opportunism already shown by the Communist International, you made your mark on history with your revolutionary zeal and determination.

Hitler’s national-socialism and the opportunism of the 3rd International led you to believe that your destiny was connected to the struggle against the Treaty of Versailles. This false struggle could only bind you to the programme of your ‘own’ capitalism, with its resultant spirit of revenge and preparation for the present war. Your interests as proletarians are uniquely connected to the interests of all the exploited in Europe and throughout the world. You occupy a prime position to force an end to the hideous carnage. Following the example of the Italian proletariat, you must join in the struggle against war production, you must refuse to fight against your brother workers. Your revolt must be seen as part of the class struggle. You must come out on strike and join in mass agitation. As in 1918, the destiny of the proletarian revolution depends on your ability to break the chains which bind you to the monstrous machine of German imperialism.

Workers, labourers in Germany, you were deported in order to build weapons of destruction. For each worker who arrives, a German worker sets off for the front.

Whatever your nationality, you are amongst the exploited. Your only enemy is German and international capitalism, your comrades are the workers of Germany and of the entire world. You bring with you the traditions and experiences of the class struggle in your country and of the whole world. You are not “foreigners”. Your demands, your interests, are identical with those of your German comrades. By participating in the class struggle in the factories, in the workplaces, you will contribute effectively to undermine the course of the imperialist war.

French workers, during the strikes of 1936, all the parties conspired to transform your just and legitimate demands as a class into support for the war that was being prepared. “The era of prosperity” which the demagogues of the Popular Front held up for you as if it were just round the corner, in reality was only the severe crisis of French capitalism.

The ephemeral improvements to your working and living conditions weren’t the product of an economic revival, they were due to the necessity to get the industrial war machine moving.

The invasion of France has been exploited by all those responsible for the conflict, both left and right, to instil into you a will for revenge and hatred against German and Italian proletarians.
who, like you, bear no responsibility for the outbreak of war and who, like you, are suffering the terrible consequences of a slaughterhouse sought after and prepared by all the capitalist states.

The Petain-Laval government speaks to you about the National Revolution. It is an outright lie. The most reactionary way of getting you to willingly submit to the weight of the military defeat for the exclusive advantage of capitalism.

The Committee of Algiers offers you the sparkling return of abundance, of pre-war prosperity. Whatever the form or composition of tomorrow’s government, the working masses of France and the other European countries are going to have to pay a heavy war tribute to the Anglo-Russian-American imperialists, over and above the destruction and ruin caused by the contending armies.

French proletarians, too many of you are inclined to believe, to hope for a well-being brought by the armed forces, whether English, American or Russian.

The intrigues and disagreements which are already apparent within this “trinity” of thieves regarding future re-division of the spoils, presage that the conditions that will be imposed on the proletariat will be hard unless you grasp the nettle of class struggle.

Too many of you have become auxiliaries of capitalism, joining in the partisan war, a symptom of the most blatant nationalism. Your enemy is not the German soldier, nor the English or American soldier, but their capitalism which pushed them into the war, into the carnage, to death. Your enemy is your capitalism, whether represented by Laval or De Gaulle. Your freedom depends neither on the destiny nor the traditions of your ruling class, but on your independence as a proletarian class.

You are the sons and daughters of the Paris Commune and only if you are inspired by it and its principles will you be able to break the bonds of slavery that bind you to the outdated system of capitalist domination: the traditions of 1789 and the laws of the bourgeois Revolution.

Proletarians of Russia, in 1917, with your Bolshevik party and Lenin, you overthrew the capitalist regime in order to set up the first Soviet Republic. Your magnificent class gesture opened the historical period of decisive struggle between the two antagonistic societies: the old, bourgeois society, destined to disappear under the weight of its own contradictions; the new, the proletariat which rises to become the ruling class in order to lead the way towards a society without classes, communism.

At that time too imperialist war was in full sway. Millions of workers were being cut down on capitalism’s battlefields. Following the example of your resolute struggle, there was an upsurge of resolve amongst the working masses to do away with the useless massacre. Having thrown the war off course, your revolution became the programme, the banner of struggle for all the world’s exploited. Capitalism, ruined by the economic crisis, distressed by the war, trembled in
the face of the proletarian movement which arose throughout Europe.

Encircled by the White armies and the military forces of international capitalism who wanted to see you starve, you succeeded in liberating yourselves from the hold of the counter-revolution with the heroic support of the European and international proletariat, who took up the class struggle and held back the combined bourgeoisie from acting against the proletarian revolution.

The lesson was decisive. Henceforward the class struggle would move forward on the international level, the proletariat would form its own Communist Parties and its international programme would reaffirm your Communist Revolution. The bourgeoisie would focus on the repression of the workers’ movement and on undermining your revolution and your strength.

The present imperialist war finds you not with the proletariat, but against it. Your allies are no longer the workers, but the bourgeoisie. You are no longer defending the soviet constitution of 1917 but the socialist fatherland. You no longer have comrades such as Lenin and the others who were close to him, but marshals booted and decorated as in all capitalist countries, a symbol of bloody militarism, the executioners of the proletariat.

They say that for you there is no capitalism, but your exploitation is like that of all proletarians, and your labour power disappears into the abyss of war and into the coffers of international capitalism. Your freedom is to get you to kill to help imperialism to survive. Your class party has disappeared, your soviets have been wiped out, your unions are barracks, your links with the international proletariat have been severed.

Comrades and workers in Russia, for you, as everywhere capitalism has spread misery and ruin. The proletarian masses of Europe, like you in 1917, await the favourable moment to rise up against the appalling living conditions imposed by the war. Like you, they are aimed against all those responsible for this terrible carnage, whether fascists, democrats or Russians. Like you, they will seek to overthrow the bloody regime of oppression which is capitalism. Their flag will be your flag of 1917. Their programme will be your programme, the one that your current leaders have ripped up: the flag of Communist Revolution. Your State is in coalition with the forces of capitalist counterrevolution. You will stay solid, fraternise with your comrades in struggle, your brothers; you will struggle with them to restore the conditions for the victory of the World Communist Revolution in Russia and every other country.

English and American soldiers, your imperialism develops its plan of colonisation and enslavement of all peoples to try to save themselves from the deep crisis that envelops the whole society. Even before the war, despite colonial domination and the enrichment of your bourgeoisie, you suffered unemployment and poverty, with millions out of work.

Against strikes for legitimate demands, your bourgeoisie did not hesitate to employ the most barbarous means of repression: gas. The workers of Germany, France, Italy and Spain have scores to settle with their own bourgeoisie who are responsible on the same basis as yours for
the filthy massacre. They will want you to play the role of gendarmes, throwing you against the proletarian masses when they rise up. Refuse to shoot, fraternise with the soldiers and workers of Europe. These struggles are the struggles of your class.

**Proletarians of Europe**, you are surrounded by a world of enemies. All the parties, all the programmes are mired in the war; they all rejoice in your sufferings, united as they are in saving the collapse of capitalist society.

The whole gang of criminals in the service of high finance, from Hitler to Churchill, from Laval to Petain, from Stalin to Roosevelt, from Mussolini to Bonomi, works with the bourgeois State to preach order, work, discipline, fatherland which results in the perpetuation of your servitude.

Despite the betrayal by the leaders of the Russian state, the methods, the theses, the predictions of Marx and Lenin are resoundingly confirmed by the high treason of the current situation. Never has class division between exploited and exploiters been so clear and so deep. Never has the need to put an end to a regime of blood and suffering been so urgent. After the slaughter on the fronts, after the carnage of the air strikes, after five years of rationing, famine makes its appearance. The war rages across the continent, capitalism does not know how to, nor can, put an end to this war.

It is not by helping one or other group of the two forms of capitalist domination that you will shorten the conflict. This time it is the Italian proletariat who points you to the path of struggle, the revolt against war. As with Lenin in 1917, there is no other alternative, no other way forward than the transformation of the imperialist war into a civil war. As long as the capitalist system exists there will be no bread, no peace, no freedom for the proletariat.

**Communist proletarians**, there are many parties, too many parties. But all, including the small Trotskyist groups, have sunk into the counterrevolution. Only one party is missing: the political party of the working class.

Only the Communist Left has remained with the proletariat, loyal to the Marxist programme, to the Communist revolution. Only from this programme will it be possible to give back to the proletariat its organisations and the right weapons to lead the struggle to victory. These weapons are the new Communist party and the new International.

Against all opportunism, against all compromise in the class struggle, the Fraction appeals to you to combine your efforts to help the working class free itself from the grip of capitalism. The invincible power of the working class must rise against the combined forces of capitalism.

**Workers and soldiers of all countries!**

Only you can stop the terrible massacre which is unprecedented in history.

Workers, in each country block the production destined to kill your brothers, your women, your children.
Soldiers, cease-fire, drop your weapons! Fraternise beyond capitalism’s artificial borders.

Unite together in an international class front.

Long live the fraternisation of all the exploited! Down with the imperialist war! Long live the World Communist Revolution!

From International Discussion Bulletin No. 6, June 1944. The manifesto was distributed jointly by the Italian, French and Belgian fractions.

Footnotes

1 A fuller explanation can be found in the introduction to our pamphlet “Platform of the Committee of Intesa” (see inside back cover)
2 It is the main subject of the 5 letters between Bordiga and Damen which can be found in the book “Bordiga – Beyond the Myth” which will appear in February 2016 in English.
3 Originally signed by Churchill and Roosevelt in August 1941 it set out the demands of the Allies for a peace without annexations or border changes and became the war aims of the USSR, USA and Britain (although they all interpreted the document differently). It did not however mention that the Axis powers would have to surrender unconditionally a fact which prolonged the war and cost millions more lives.
4 This was the French Committee of National Liberation (the so-called “Free French”) headed by De Gaulle and Giraud which moved to Algiers in June 1943 in the wake of the Allied victory there.
5 This is a reference to the British Army’s experimental use of tear gas against striking Italian workers.
Post-capitalism via the Internet
– Dream or Reality?

Introduction

The book “Postcapitalism – A Guide to our Future” by Paul Mason (PM) is creating a lot of interest amongst the political left in general and in particular amongst the anarchist and left-communist milieu. The book tries to identify the forces which have shaped capitalist society in the past and which at present are determining its future. It argues that Internet Technology (IT) is a route to a society beyond capitalism. This central claim is a provocative challenge to Marxism which he condemns as having failed the test of history. The book contains a lot of interesting historical details and facts about the contemporary world together with discussions of ideas of economic and political thinkers. It is written in an accessible journalistic style and so is it easy to read.

Paul Mason’s central thesis can be outlined as follows. Industrial capitalism has evolved, since its inception in the late 18th century, in a series of long term cycles, called Kondratieff cycles¹ or waves, each lasting approximately 50 years. There have been 4 such cycles and we are now entering the 5th cycle. However because neo-liberalism has been so successful in shattering the resistance of the working class, the 4th cycle has been extended beyond the 50 year period. In addition because neo-liberalism has broken the resistance of the working class, the capitalist class cannot develop a new paradigm of exploitation as occurred at the start of the previous cycles. The 5th cycle cannot, therefore, take off and we are in a period of stagnation. Capitalism has reached the limit of its capacity to adapt. In addition capitalism has invented a technology, in the internet and Information Technology (IT), which it cannot control and which is undermining capitalist relations. IT is, PM claims, undermining the working of the capitalist market, leading to social production and so opening the way to a post-capitalist society. We are therefore at the start of a transition period to post-capitalism; a transition in which post-capitalism coexists with capitalism as a parallel system of production; a transition which could take centuries. However, because of a number of existential threats, such as climate change, demographic change in global population and sovereign debt, humanity does not have the time to let this transition run its course. Therefore, although post-capitalism is happening anyway, we need to mobilise the state to speed up the transition.

PM is an ex-Marxist and although he now rejects the central tenets of Marxism, such as class struggle being the motor force of history, the role of the working class in overthrowing capitalism and the Marxist theory of crisis, he still tries to find support for his central thesis in Marx’s writings. In particular he thinks the “Fragment on machines” in the Grundrisse can be used to support his thesis. He also uses Marx’s Labour Theory of Value (LOV) and the Falling Rate of Profit (FROP) to support various elements of his thesis, though his understanding of both is questionable.
He sees the working class as integrated into capitalism and hence no longer a political or social force. The principal division in society is now between “networked individuals” and “hierarchies.” IT has turned the whole world into a factory in which all are exploited by a tiny minority. This fits in with the simple notion of the 99% being exploited by the 1% popularised by the occupy movement. These ideas are not, of course, entirely new. The Italian autonomist school proposed the idea of the global factory and members of the Frankfurt school, for example Marcuse and Adorno, claimed the working class was integrated into capitalism and the revolutionary impulse to change society must be located elsewhere. The odyssey of those, such as PM, who despair of the working class ever rising to the historical tasks which Marxism has attributed to it, leads inevitably to the search for other sectors of society which can take on this task. PM thinks he has found such a section of society in his “networked individuals.”

The book represents a serious attempt to undermine Marxism despite his eclectic use of elements of Marx’s work to give his conclusions some sort of theoretical legitimacy. The question is whether PM thesis is correct. Before dealing with this we need to present his ideas in more detail.

**PM’s Thesis**

The key idea behind the book is that capitalism, through its invention of the internet and IT, has produced a technology which is undermining the system itself. IT is undermining capitalism by such things as “open source” or “free” software or collaborative projects such as Wikipedia. These are socially produced information products and therefore socially consumed for free. They therefore undermine the capitalist market. To support this he claims that Wikipedia deprives capitalism of $3bn a year in advertising revenue which Wikipedia could have had if it had been a capitalist concern. Also it prevents a capitalist encyclopaedia concern entering this field as a competitor. He claims the free software is reducing the marginal cost of software towards zero. As software costs approach zero costs of machinery of which this software forms a part also will approach zero. We are moving towards an era of the free machine. If the machine has zero value it passes on zero value to its products, hence the value of consumption goods also tend to zero. This undermines the value of wages and the relationship between wages and work. The whole value system which underlies capitalism is consequently being undermined and becoming irrelevant. The law of value is being eroded and we are approaching “post-capitalism”. The agents who are undermining capitalism are the “networked individuals” engaged in social production and producing cooperative products. They are opposed by the “hierarchy” who want to put fences around their intellectual property to make it function as capital. This is the new axis of conflict around which the struggles in present day society turn. PM sees the attempts to preserve intellectual property as capital are bound to fail in the longer term and the value system will continue to be undermined. He argues that these networked individuals have put the freedoms, which Marx imagined could only be attained in communist society, within reach although capitalist relations of production remain in place. It is significant that PM does not call his new society communism but the more vague “post-capitalism” since it coexists with capitalism in a process of symbiotic change. Whereas Marx clearly understood the communist
society required revolution, in other words, a complete break with capitalist production relations, before it could be implemented.

PM is really trying to make sense of the post WW2 period, which in his scheme represent the 4th Kondratieff cycle. His use of Kondratieff cycles provides a framework on which to base his analysis, but it is actually peripheral to his main argument since the 4th cycle does not conform to the pattern he presents for the previous 3 cycles. The general pattern of the cycle he presents is as follows. Before starting the upturn there is a build-up of capital in the financial sector triggering new inventions, new technologies and new business models. During the upswing labour is replaced by machinery leading to a falling profit rate counterbalanced by expanded scale of production. Production stalls due to overinvestment causing a break point leading to the downturn. There is then an attack on wages and benefits. Attempts to adapt to new conditions fail, as in 1830s, 1870's and 1920's, and capital retreats from production into the financial sector. Prices fall followed by depression. Working class resistance at this point is an important factor in stimulating the bourgeoisie to develop a new paradigm of exploitation. The 4th cycle starts with Marshall Aid and proceeds under US control. A set of new inventions and technology such as synthetic materials, the transistor, nuclear energy, automation, and a stable currency regime enshrined in the Bretton Woods system, consumer goods and high wages trigger the start of the cycle. The downturn was triggered by the 1973 oil price rise. Now, however, the pattern of the previous waves breaks down. The failure of workers to resist the attack on their wages in the 80s enabled globalisation and a rebalancing of the global economy in favour of capital. Instead of the expected Kondratieff downturn we have two decades (1989 – 2008) of spectacular growth and profits. This, he explains, has been brought about by the use of fiat money, doubling the global workforce and cheap labour. But still we have the shift of capital from production to finance. PM claims the cycles are driven by the falling rate of profit. During the upswing the counter tendencies are strong enough to keep accumulation going but during the downswing the counter tendencies prove ineffective. He does not, however, try to demonstrate this which is surprising in view of his claim that the 5th cycle is stalled. It is even more bewildering in view of his claim that neo-liberalism has solved the problem of profitability though it appears it has not really been solved as he admits that profit rates fell in the period before 2008. If the problem of profitability is solved one wonders why there is any need for a 5th cycle at all. However, let’s follow his argument.

The present fifth cycle which we are now entering should be driven by IT and global markets and a new paradigm of exploitation, but cannot get underway. The two main reasons for this are, firstly because IT is actually undermining capitalism and secondly neo-liberalism has broken the resistance of the working class and the bourgeoisie do not need to develop a new paradigm of exploitation as they did at the start of the previous 4 cycles. Presumably this is because profit rates are high though this is not stated. Hence we are in a period of stagnation with stalled investment despite the problem of profitability having been solved by neo-liberalism. In this situation a post-capitalist economy is being created by IT.

Islands of post-capitalism therefore, co-exist with capitalism but also undermine it. He compares
this to the introduction of the money economy to feudalism in the 14\textsuperscript{th} century. The increasing use of money payment for labour, rather than corvée labour of serfs and bondsmen, corroded the links which held feudalism together producing a transition which eventually shattered the system. This took centuries and we are at present in an analogous transition period which will also take centuries to complete. However, as mentioned above, we face existential threats from climate change, an ageing population and the problems of capitalism itself such as sovereign debt.

Under these circumstances the present situation is critical and this transition must be speeded up. To do this he invokes what he calls "revolutionary reformism" and the force which will implement this is the state. The state should, he tells us, act like the editorial staff of Wikipedia forcing the bourgeoisie to solve the problems of climate change, demography and debt. Once he starts listing the actions which the state must carry out, which he calls "Project Zero", revolutionary reformism, turns out to be the old social democratic programme of state capitalism, which, of course, has been destroyed by neo-liberalism. PM demands the state do such things as, reversing privatisation and globalisation, nationalising energy production, outlawing monopolies, banning profit from rent, nationalising central banks, bringing finance onshore, fostering green capitalism, peer to peer lending and cooperatives etc. while at the same time encouraging non-profit production and the development of post-capitalism through tax incentives! All this is supposed to happen while capitalism remains in place!

A number of important themes arise from this story which we deal with below. These are:

- materialist view of history, and the situation of the world working class,
- the labour theory of value and Marx’ theory of crisis
- the internet and the supposed undermining of capitalism
- The use of the state for "project zero" the transition period

\textbf{The materialist view of history and the working class}

Marx notes in the \textit{Preface to a Critique of Political Economy} that the guiding thread of his studies was that:

"\textit{The anatomy of civil society is to be sought in political economy. ... In the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of the development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation on which rises a legal and political superstructure and to which correspond definite forms of social consciousness.}"\textsuperscript{5}

This remains one of the fundamental tenets of Marxism, and in class society the relations of
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production are such that the ruling class extracts its wealth from the subject class. The ruling and
the subject class have therefore directly conflicting material interests which results in a struggle
between them – a class struggle. From this Marx concludes in the words of the Communist
Manifesto that:

“The history of all existing society is the history of class struggles.”

The history of capitalist society is therefore the history of the struggle between the two main
classes, the bourgeoisie and the working class. Only if this struggle is won by the working class
can humanity progress to a higher order of social production, namely communism. It is this
which PM is denying. He tells us:

“The main contradiction in modern capitalism is ... pervaded by a fight between network and
hierarchy.”

The main contradiction in capitalism is therefore no longer the conflict between capital and
labour and the force for creating socialism is no longer the working class. History is therefore
not the history of class struggle. PM claims repeatedly that Marx was wrong about the working
class and merely reduced it to a philosophical category. Although the working class, he admits,
is larger than ever before and numbers some 3 billion men and women, although it is today a
more global class than ever before with more weight than other classes making the peasantry
much less important than in 1917, it is, we are told, riven with ethnic and religious divisions
and solidarity has gone AWOL. In the 200 years of its existence the working class has shown it is
preoccupied with living under capitalism not overthrowing it. PM concludes that the first half of
the 20th century was the ultimate test bed for the Marxist theory of the working class and it was
disproven. These assertions are actually an important link in the analysis he makes because his
“networked individuals” who are supposed to be the bearers of a new society are not a class.
They are an amorphous mass of individuals. Hence it is necessary to show that class struggle is
not the motor force of history and that the smart phone and tablet brigade could accomplish the
task of creating a new society. He tells us:

“They are wrong ... who cling to the belief that the proletariat is the only force that can push
society beyond capitalism.”

The gravediggers of capitalism, he argues, are now the networked individuals. Yet his dismissal
of Marxism rests on a few empirical observations without any theoretical analysis.

If PM were to mount a serious challenge to Marxism he would need to produce an analysis
which started from the relations of production. This is where the heart of the capitalist system
is located and it is from here that it’s principal contradictions spring. PM does not do this. What
analysis there is starts and finishes in the relations of distribution. Classes are, however, defined
by their relation to the forces of production and this is a material relationship which no amount
of ideology can disguise. Marx argues the working class is revolutionary as a result of its material
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position in the production process. Similarly it is materially bound to oppose capital because of this relationship. This is what PM needs to disprove if his thesis is to stand up. To argue, as he does, that the working class is preoccupied with living despite capitalism is somewhat ridiculous. All subject classes, throughout history, have tried to live in their position of exploitation until this becomes intolerable, then they become revolutionary.

PM claims the working class are now integrated into capitalism and are therefore no longer a revolutionary force. Again he offers no theoretical support for this view. However, if we look at the relations of production we can see that this is impossible. The working class owns no property and is exploited through the sale of its labour power at the point of production. Again the material interests of the working class are directly conflicting with those of the capitalist class. If the working really were integrated it would mean class society had been superseded which is certainly not the case. The class struggle is an integral part of class society and must necessarily be so. Empirical evidence shows that globally the working class is far from integrated. Although levels of struggle have been low in Europe and the US there have been massive strikes by workers in China, Bangladesh, Brazil, South Africa and elsewhere; precisely in those countries where the massive new numbers of proletarians are arising.

What is actually happening is that the structure of the working class is changing. In the advanced capitalist countries we are seeing the proletarianisation of many who were previously considered middle class or professional as the junior doctors’ strikes currently illustrate. Previous methods of struggle have not become obsolete but the lesson of the last century is that they are not enough. Strikes have to be accompanied by political actions and political actions on their own need the class who are the real wealth producers to use their power to withdraw their labour. Mason is really lamenting the death of social democracy and its mass trade unions but these are no loss. It was social democracy which saved capitalism (and did more to integrate the working class into the state than anything else) between 1918 and the end of the post-war boom in the 1970s. They were, and are, agents of capital, sabotaging class struggle by taking it onto ground which capitalism could recuperate and represented a significant obstacle in the path of an effective fight-back. It is true that the working class has been on the back foot for decades now but after all the restructuring that has taken place this is not surprising. It is however not as broken and divided as PM makes out. We point to modern struggles like that of the recent telecoms strike in Spain where divisions between many self-employed groups, different skill groups and company employed workers were overcome for a long strike. This strike points to the embryo of future struggle. The economic crisis is forcing capital to attack the conditions of the working class pushing it into ever greater destitution which cannot continue indefinitely.

Labour Theory of Value and Marx’s theory of crisis

The Labour Theory of Value (LOV) is the basis of Marx’s theory of crisis so a rejection of the theory of crisis implies a rejection of LOV. Although, as mentioned above, PM uses sections of Marxist theory eclectically, in particular LOV and the Falling Rate of Profit (FROP), he rejects Marx’s theory of crisis. He tells us:
“As a theory of crisis Marxism is flawed”\textsuperscript{13}.

As mentioned above PM begins his analysis in the sphere of the market not the sphere of production. This allows him to imagine that surplus value is created in circulation which leads to the view that monopolies and finance create profit. Marx, he tells us,

“Could not take into account the major phenomena of the 20\textsuperscript{th} century – state capitalism, monopolies, complex financial markets and globalisation.” \textsuperscript{14}

The view that surplus value is created in circulation leads to a superficial and fundamentally wrong view of contemporary capitalism. He thinks consumption and debt create profit. We read, for example:

“A single mum on benefits, forced into the world of payday loans and buying household goods on credit, can be generating a much higher profit rate for capital than an auto industry worker with a steady job”\textsuperscript{15}

In contrast Marx’s analysis, which is in no way superseded by state capitalism, monopolies and finance, shows that surplus value is created in the sphere of production by exploiting wage labour. The financial sector only redistributes surplus value created in the productive sphere, which is largely the industrial sphere. Similarly monopolies only appropriate surplus value generated in the sector in which they operate. It is simply a myth that these institutions generate additional profit. The entire financial and also the commercial sectors of capitalism only appropriate surplus generated elsewhere. In fact PM thinks the problem of capitalism is in the market and also states that this is the conclusion of Marx’s analysis. He claims, completely incorrectly, that the FROP is derived from problems in the market\textsuperscript{16}. In reality the FROP is derived from problems in the sphere of production which lead to a shortage of surplus value relative to the invested capital. However, his view that the market is the problem for capitalism leads him to an admiration for both Keynes and Rosa Luxemburg’s economics. He agrees with Rosa that capitalism cannot exist without interaction with an outside world which is not capitalist. However he then proceeds to criticise her for not understanding that capitalism was creating markets for such things as cars and gramophones, even while she was writing her book\textsuperscript{17}, in other words capitalism was creating capitalist markets. He thereby shows he has completely misunderstood her also since the whole point of her book was to prove capitalism’s need for non-capitalist markets.

All this confusion indicates a superficial and flawed understanding of both LOV and the FROP and calls into question all the conclusions he draws from these concepts. In fact a lot of the conclusions are not drawn from these concepts despite his declared acceptance of them. He tells us that the upswing after WW2, for example, is attributed to a new paradigm of exploitation, namely increases in workers’ pay which solved the problem of demand\textsuperscript{18}. This is despite maintaining the Kondratieff cycle is controlled by the FROP. When he does return to the FROP he suggests that the tendency was offset by increased productivity. This, of course, the complete opposite of Marxist theory which shows increased productivity of labour leads to a falling rate of profit.
Marx argues that the principal ways in which the tendency of the FROP can be countered are by devaluation of constant capital or increasing the exploitation of the working class. Although PM declares support for the FROP he does not consider capital devaluation at all. This is an outstanding omission. The 20th century saw two devastating world wars which had an enormous economic impact. Their effect was to devalue or physically destroy constant capital on a global scale not experienced by capitalism before. The devaluation of constant capital in WW2 was, we maintain, the basis for the upswing with followed the war. All the manoeuvres in the sphere of circulation, on which PM places such store, only appeared to be working because the rate of profit had been increased by this devaluation. If the manoeuvres in the sphere of circulation were the cause of the upswing why, one could demand, did they prove ineffective in the 70s.

**The Internet and the undermining of capitalist production relations**

IT, PM claims, is dissolving capitalism. It is;

> "Corroding market mechanisms, eroding property rights and destroying the old relationship between wages, work and profit….The old factors of production – land, labour and capital have become secondary to information."¹⁹

> "IT will ultimately erode the link between labour and value altogether."²⁰

IT is, therefore, undermining capitalism and the LOV. But does the famous knowledge economy really undermine capitalist market relations as claimed?

PM argues that capitalism is becoming qualitatively different and the relationship between physical work and information has changed. For this to be true it would be necessary to prove that IT is qualitatively different from other technologies capitalism has produced. An example PM gives to support this is that of jet engines and aircraft design. Designs can now be done on computers and millions of virtual tests carried out without building a prototype. However, let us compare how such work was done previously. In the past engineers would have used textbooks on aerodynamics, thermodynamics, strength of materials etc. to carry out their design. Past knowledge would be available for free in these books as it is on the internet. Virtual tests would be carried out by calculation on paper before a physical test. Both processes of design are carried out under capitalist relations of production. The difference is that the former is much more efficient and quicker. But this means only that the productivity of labour has been enormously increased by computers and IT. There is a quantitative difference but there is not a qualitative difference between the two processes. A quantitative difference cannot erode capitalist relations in the way suggested.

But what is the real effect of the internet and IT? It is indeed turning the world into one great factory and thereby increasing productivity of labour massively. Home working, flexible working, and reduction in labour costs are the order of the day. It is using programmable logic controllers
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to automate processes worldwide. It is using this technology to increase profits in the short term. At the same time, however, it is driving labour out of production consequently reducing profits in the long term. The technology which could enhance human life threatens human life by creating leisure time for self-development is actually creating unemployment and precarious existence for countless millions of wage slaves. What we are seeing with the internet, is an accelerated version of the conflict between the forces of production and the relations of production. It is precisely because the LOV is not being undermined, as PM would have us believe, that this conflict is striking with a vengeance. PM tells us that 40% of all jobs are to vanish through automation in the near future, yet if capitalism is to remain in place this will produce a further 40% of the working class added to the reserve army of labour. This is only sustainable if capitalist relations of production no longer exist.

PM tries to find intellectual support for his thesis that the knowledge economy is undermining capitalism from Marx’s fragment on machines which forms part of the Grundrisse. This is a brief unpublished note Marx made for himself in 1858, a decade before he published Capital Volume 1. PM claims Marx abandoned the views in this note because capitalism stabilised itself after 1858 and they do not reappear in any later work but this is not true. In the note Marx considers the development of productivity through more advanced machinery and sees this as conflicting with the “theft of labour time” on which present wealth is based. He notes that capitalism is a moving contradiction as it tries to reduce labour time while positing it as the source and measure of wealth. He points out that the enormous increases in productivity which machinery produces should enable the free development of individuals. It should lead to disposable labour time for artistic, scientific etc. development of the individual instead of what occurs under capitalism, namely, production of surplus labour time appropriated by the bourgeoisie. Marx further notes that the contradiction between the forces of production which could enable disposable labour time to exist, and the relations of production which prevent its existence, will blow the foundation of capitalism “sky high.”

Capital Volume 1 does, in fact, contains a clearer statement of these themes but makes clear that disposable labour time can only come into existence is a society of associated production, a society where capitalist production relations have been abolished. PM claims, without supporting textual references, that this note shows that Marx saw the main contradiction in capitalism as between technology and the market, that he saw a knowledge as an independent source of profit, and saw a knowledge based route out of capitalism. There is no justification for these conclusions.

What Marx actually says is that:

“The power of the agencies set in motion during labour time depends ... on the general state of science and the progress of technology or the application of this science to production.”

This is not only obviously true but clearly applies to IT and its application to production. Marx goes on to say:
"The development of fixed capital indicates to what degree general social knowledge has become a direct force of production, and to what degree, hence, the conditions of the progress of social life itself have come under the control of the general intellect and been transformed in accordance with it."\textsuperscript{23}

It is clear Marx saw the general intellect as manifesting itself in constant capital and this applies to IT. Though knowledge is a force which enables constant capital to be continually improved, and the productivity of labour to be increased, the source of profit is exploitation of living labour not knowledge. To maintain knowledge itself is a source of profit is simply to reject the labour theory of value, which, of course, PM says he supports. Knowledge itself is not the driving force of capitalism. The driving force is profit. The advances of IT are only applied if it is profitable to do so and they certainly do not open the path to a post capitalist society. What they do is to enhance the conflict between the forces of production and the relations of production. The route out of capitalism, as Marx makes clear in subsequent texts, such as the \textit{Critique of the Gotha Programme}, is socialist production. PM, however, tells us that this route is available through IT while capitalist relations remain in place.

IT we are told:

"... Adds information content to physical goods sucking them into the same zero price vortex as pure information goods."\textsuperscript{24}

The claim that the marginal cost of physical commodities which contain IT is declining to zero\textsuperscript{25}, which would represent abolition of the LOV, is simply untrue. The LOV applies to mental production and therefore to the IT. In fact all human labour has a mental element involved in it. Hence software has a value even if this is low, and this value goes into the value of constant capital of which it is part. To produce use values, which humans need to survive, such as food, clothing, shelter and energy conventional machines producing physical forces are required. Software only operates to control and instruct these machines. Such machines necessarily wear out and so pass their value on to the product. IT is only one element of constant capital and the total value of new constant capital provided for an industrial process, even with the cheaper IT element, is generally of greater value than what it replaces. Car production lines, with ever increasing automation and control, are an example of this.

A further development which PM makes much of is the development of “Open Source” or free software and collaborative productions like Wikipedia which have come into existence through the internet.

What these developments represent is a revolt of programmers and software workers against the relations of production which ensure their work is owned by the capital which exploits them. It cannot be said that it represents a new means of production since those who produce it do not survive by this work. It is estimated that 40% of developers in open source software are paid to participate in it\textsuperscript{26}. The work needs to be coordinated and coordinators often work for IT
firms. It is a lot less revolutionary than PM imagines. While it shows people are cooperative and social, it does not show capitalism is breaking down. Although it is gifted to everyone for free, it still exists within capitalist relations and, as might have been predicted, capitalists immediately appropriate it. On the one hand they use the free software themselves, as for example, IBM use Linux instead of paying to use Microsoft, or Google and Samsung use Android, on the other hand the big capitalist concerns are delighted to have the most talented and brilliant workers worldwide continually improving the software they use for free. This is certainly not a threat to capitalist production. Its effect is to lower the cost of constant capital and enhance profits.

The production of free software, Wikipedia, peer to peer lending, cooperatives etc. are not an alternative means of production to capitalism, any more than the Salvation Army or the friendly societies are. Those who produce free software or Wikipedia are linked to the capitalist system in other ways and through these links derive their means of survival. The utopian socialist communities of the early 19th century are a true example of the attempt to establish an alternative system of production within capitalism. What they found was that the law of value operated on a global scale and the capitalist value system reasserted itself through any trade they carried out with the capitalist world. This led to their collapse. Similarly, for the same reason, Marxists argue that it is impossible to create socialism in a single country and the ultimate fate of the Russian Revolution bears this out.

PM, however, maintains that islands of post-capitalism can coexist with capitalism and will reduce capitalism to a few niches in the economy.

The state and Project Zero & Transition

PM chides Preobrazhensky, the Russian revolutionary, for saying that the socialist system cannot be built up molecularly within the world of capitalism and claims:

“It is entirely possible to build elements of the new system molecularly within the old.”

This is repeating the dream of the utopian socialists of the early 19th century. At present the free sector survives because it is peripheral to capitalism and the workers in this sector sell their labour power in the capitalist sector in addition to their voluntary work in the free sector. For products to exchange in any economy they must, as Marx shows, have a common element which is commensurable. Under capitalism this is “abstract labour time.” However, in a system of production where some production was free this common element would be lacking. The collaborative products could not be exchanged with those of the capitalist sector. The capitalist sector, however, would appropriate them for free. Workers in the collaborative or free sector of the economy would have to sell their labour power in the capitalist sector to get what they needed to survive, for example food or fuel. However, those in the capitalist sector could simply take what they needed from the free sector. The result would be the collapse of the collaborative sector. This would be because the LOV was still acting. The only way such a mixed system of production could work would be through state control. And only a state controlled by the non-capitalist sector could do this. How could this be brought about? Only through a seizure of
power by the free producers and destruction of the LOV, but this is something PM claims is quite unnecessary.

PM considers a transitional economy supervised by a transitional state which acts to create post-capitalism is perfectly possible. This is where “revolutionary reformism” turns to dreaming. PM is proposing a type of absolutist state which acts against the capitalist class while capitalism still exists as the dominant mode of production, and undermines capitalism by fostering free production and distribution. Here we have a hierarchy but this time it is acting in the interests of the networked individuals. We still have capitalism, the market and finance but the state is to nurture the anti-capitalist islands outlaw monopolies etc.

The state represents the interests of the dominant class which in this scheme would be the capitalist class. Why would the bourgeois state act against the interests of the bourgeoisie? Why the bourgeoisie should use the state to abolish capitalist social relations is a mystery PM does not even attempt to answer. This simply illustrates the contradictions in any scheme which imagines capitalism and socialism coexisting. It illustrates not that Preobrazhensky was wrong but that he was dead right! This absolutist state implementing the transition which PM proposes is merely wishful thinking.

Conclusion

The central thesis of the book, that the internet and IT are undermining capitalism, is simply incorrect. The internet provides glimpses of a social structure based on the ending of the LOV but it is an illusion to imagine that open source software, or voluntary collaborative projects like Wikipedia can lead to a radical social change if capitalist production relations remain in place. The internet does not cancel the divide between capital and labour. This is a technology for increasing the productivity of the working class and reducing the value of constant capital. In short, it is a technology for increasing the rate of profit. Post-capitalist production cannot come about without resolving the conflict between the forces of production and the relations of production which in turn cannot be done while capitalism remains the dominant system of production.

The idea that the working class is no longer the subject of history is also incorrect. The working class is not integrated into capitalism and despite the change in its structure is in a materially stronger position than ever before in history. It remains the subject of history and hence the grave digger of capitalism. Its struggles against capitalist exploitation and its attempts to find ways around all the restrictions and divisions which capital imposes on it, as illustrated in the Spanish telecoms strike and the strikes by workers in the peripheral economies, show this is as true as ever. The transition to a socialist form of society where products are distributed for free in accordance to need cannot be made gradually or molecularly as PM advocates. Instead it requires the working class to smash the capitalist state everywhere and institute a dictatorship of the proletariat to carry out the transition to communist society.

CP
Review article

Footnotes

1 Kondratieff was a Russian economist who was the Minister of Agriculture in the Provisional Government in 1917. He was not a Marxist and developed his long cycle theory in the 1920s. After 8 years of imprisonment Stalin had him shot in 1938.

2 The long wave cycle theory was taken up by the bourgeois economist Schumpeter of the Austrian school who saw the development of technology as a driver of the upturn of the cycles. The first cycle starting in 1790 was driven by steam power, the factory system and canals, the second starting 1848 by railways, telegraph, ocean steamers and stable currency, the third in the 1890s by electricity, telephone, mass production and Taylorism.

3 See “Postcapitalism” p.48 (The oil price quadrupled)

4 See “Postcapitalism” p.71 “Michel Husson argues correctly that neo-liberalism solves the problem of profitability both for individual firms and the system as a whole.”

5 K Marx Preface to A critique of political economy.

6 See “Postcapitalism” p.144

7 See “Postcapitalism” p.185

8 He quotes the study by Richard Freeman of Harvard “The global labour market” Focus Volume 26

9 See “Postcapitalism” p.197

10 See “Postcapitalism” p.178

11 See “Postcapitalism” p.212


13 See “Postcapitalism” p.49

14 See “Postcapitalism” p.54

15 See “Postcapitalism” p.20

16 See “Postcapitalism” p.159

17 Rosa Luxemburg “The Accumulation of Capital”

18 This is the theory of the French Regulation School.

19 See “Postcapitalism” p.112. This is a quote from P Drucker of the Austrian School a pupil of Schumpeter. PM endorses this on p.217.

20 See “Postcapitalism” p.179

21 See “Postcapitalism” p.137

22 Grundrisse p.705

23 Grundrisse p.706

24 See “Postcapitalism” p.142

25 See “Postcapitalism” p.26

26 See G. Carchedi “Old Wine New Bottles”

27 Preobrazhensky was initially a left communist but later supported the Trotskyist Left Opposition during the NEP period by demanding that Russia industrialise rapidly. When the Five Year Plans began in 1928 he considered Stalin had adopted the programme of the Left Opposition. This, of course, did not prevent him being shot by Stalin in 1937.

28 See “Postcapitalism” p.244
About Us

The Communist Workers’ Organisation is affiliated to the Internationalist Communist Tendency headed by the Internationalist Communist Party (Battaglia Comunista). This was founded during the Second World War (1943) condemning both sides as imperialist. Its roots are in the Italian Communist Left, which from 1920 fought the degeneration of the Communist International and Stalinisation imposed on all the parties that belonged to it. Today there are ICT affiliates in several countries.

We are internationalists. We believe that the interests of the exploited are the same all over the world, and that communism cannot be achieved in one country, a myth peddled by Stalinism. Stalinism was never communism but a particular form of capitalism, state capitalism. After 1917 the economic blockade of the Soviet Union and the failure of the world revolution in the West meant that the revolution was transformed into its opposite, eventually becoming an imperialist bloc that would collapse after only seventy years. We are opposed to all (Trotskyists, Maoists) claims that state capitalism in whatever form is socialism.

We see ourselves as a political reference point for the working class, first of all to those sections who are tired of the unions, all unions: this does not mean the fight to defend our immediate interests (wages, hours, workrates, etc.) is over. On the contrary! But the union is no longer the form through which workers can (effectively) organise and carry out these struggles in any way. The unions are now openly a tool to control the class struggle and manage the labour force on behalf of capital, whilst rank and file unions, despite the intentions of their militants, are a blunt instrument for workers, because they put forward radical economic demands without questioning the legal and economic framework imposed by the bourgeois state. The activity of rank and file unions has been further shown up by the crisis, which has severely restricted the opportunity for their reformist political practice.

For us the real alternative to unions is the ‘self-organisation of the struggle’, which has to start spontaneously from the working class, outside of and against the unions, to choose for themselves the most effective forms of mobilisation, which of necessity go beyond compatibility with the system. The struggle for immediate interests must not, however, ever forget that the general interests of the class lies in the overthrow of capitalism, and this must be constantly linked to it.

We are anti-parliamentarian: the idea of pushing these institutions in a proletarian direction “from inside”, means mistakenly seeing them as a neutral entity, when in fact they are the structures which the bourgeoisie gives itself in order to impose its rule. The participation in bourgeois parliaments and legislatures of the various communist parties, is the result of renouncing - for ever - the revolutionary perspective and means acceptance of democratic peace (which ultimately rests, let’s remember, on bourgeois guns).

The overthrow of capitalism is only possible through a revolution, i.e. the conquest of political power by the proletariat, against all bourgeois pseudo-democratic channels (elections, reforms, etc ...) which are specially designed to avoid any radical change in society. The forum of our “democracy”, the bodies of power of the revolution, will instead be the workers’ councils, mass meetings in which delegates will be entrusted with specific mandates and will be recallable at any time. But these organisations will never become real bodies of proletarian power, without a clear programme aimed at the abolition of exploitation and, therefore, the elimination of classes, for a society of “freely associated producers” who work for the human needs. This programme does not fall from the sky, but is articulated by that section of the working class which tries to grasp the lessons of past struggles, regrouping themselves at an international level to form a party that fights within the workers’ councils against capitalism for socialism. This is not a party of government that would replace the class, but a party of agitation and political leadership on the basis of that programme. Only if the most advanced sectors of the proletariat recognise themselves in the political leadership of the party will we be on the road to the revolutionary socialist transformation.

We are for the party, but we are not that party or its only embryo. Our task is to participate in its construction, intervening in all the struggles of the class, trying to link its immediate demands to the historical programme; communism.

Join us! Support the Internationalist Communist Tendency
The Internationalist Communist Tendency

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Il Partito Comunista Internazionalista
which produces Battaglia Comunista (a monthly paper) and Prometeo (a quarterly theoretical journal)
CP 1753, 20101, Milano, Italy

Canada
Groupe Internationaliste Ouvrier / Internationalist Workers’ Group
which produces Notes Internationalistes/Internationalist Notes (quarterly)
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USA
Write to: us@leftcom.org

Germany
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which produces Socialismus oder Barbarei (to appear quarterly)
GIS, c/o Rotes Antiquariat, Rungestrasse 20, 10179 Berlin, Germany

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