The Tory election victory has brought anger and despair in equal portion to many. There is no doubt that for all the hypocractic talk about being “the party of working people” a new round of attacks on workers is on the cards. From making it almost impossible to legally strike, to selling off social housing, the agenda is clear.

Osborne wants a further £12bn of welfare cuts which will even more undermine the lives of those already suffering the most. (The newspapers are already speculating on where the axe will fall: tax credit, housing benefit, disability, incapacity pension, credit, income support? The bets are on).

And yet would things have been any different if Labour had won? Labour accepted the capitalist argument that we have to “balance the books”. So they promised us “austerity lite”. In other words the same cuts but just spread out over time. This is a policy now supported by top capitalist bodies like the OECD and the IMF. The Financial Times “the voice of business”, has also come out against what they see as the dangers of “cutting too fast”. They fear that pushing us too hard could cause “social unrest”!

The most important fact, unrecognised by Labour or the TUC, is that there is no recovery and there is no capitalist solution to the crisis. This Crisis is not Going Away

Even the most optimistic reports of capitalism’s supposed recovery from the 2007/8 financial crash sound hollow. The so-called credit crunch signalled the bursting of a speculative financial bubble. But this was no accident or simply a failure to control ‘greedy financiers’. The fact that financial speculation is now so key reveals that capitalism has reached a deeper stage in the crisis of declining profit rates which has dogged the world economy for decades. In 1970 only 10% of financial flows went into speculation, the rest into investing in the real economy. Today 99% of these flows are pure speculation and nothing to do with the real economy. In this climate some niche firms (Apple etc) make massive profits (which they then cannot reinvest profitably in their business). At the same time the banking system won’t lend to small businesses because the rate of profit is too low. They prefer to speculate on … anything you care to name. Currencies, commodities, obscure financial instruments etc are where they look. And what does it all tell us about their faith in the future that they are buying up government bonds or putting money in banks at negative rates of return? It means they think things are going to worsen further down the line.

Basically we live in a time of over-accumulation of capital. To escape the current stagnation capital needs to be divested on a global scale. That would mean a major world war and they are not [yet] ready for it. The only alternative now for the capitalist class is to devalue the one bit of capital they can attack – variable capital or working class living standards. Hence they do not just for austerity but all the dodgy employment practices which are now becoming the norm.

Worsening Our Working Conditions

From the word go industrial capital was all about increasing labour productivity – how much is produced per hour – in order to increase profits. It was the driving force of mechanisation and mass production which gave birth to the modern working class, the “grave diggers of capitalism” [Marx] and which, after two world wars and a slump has once again led to the smirring world crisis we have today. One of the problems created by getting fewer workers to produce more with advanced technology is in the present phase of capitalism is that a growing number of people are unemployed. Last year the International Labour Organisation (ILO) reported that in 2013 the number of jobless in the world had risen by nearly 5 million to a record 201.8 million people. The largest part of the group are the 74.5 million people aged 15–24. Moreover, as we know, many people are obliged to take whatever job they can get. As this article is being written a Gallup poll has just come out which finds that,

“Of the 7 billion people in the world, there are 5 billion adults aged 15 and older. Of these 5 billion, 3 billion tell Gallup they desire a full-time job”

With an eye to publicity, the Gallup chairman provocatively concludes that since “Only 2.3 billion actually have a good job, (this) means that the real unemployment rate in the world is over 50%”.

Which brings us to the situation where Chancellor George Osborne is now boasting that, since 73.5% of people of working age in the UK now have a job, this is “the highest employment rate in our history”. What he doesn’t say is that most people are being ‘rewarded’ with low-pay, insecure, part-time, under-employment on short hour contracts of less than 19 hours per week (so employers don’t have to pay national insurance) where pay is usually even worse than zero hour contracts. According to a TUC report in April, there are 820,000 UK employees underemployed on between 0 and 19 hours a week. This is on top of 700,000 workers on zero-hours contracts.

Nearly a third (29 per cent) of underemployed short-hour workers are employed in supermarkets, shops, warehouses and garages – nearly 250,000 people. Education (16 per cent), accommodation and food services (14 per cent) and health and social care (12 per cent) also account for large shares.

The average hourly wage for a short-hours worker on fewer than 20 hours a week is £8.40 an hour, compared to £13.20 an hour for all employees.

This, coupled with a rapid rise in nominal self-employment (1 in 11 working age people are now running or setting up a business but less than 40% generate enough turnover to even have to pay VAT) accounts for the UK’s highest employment rate in history. It is hardly something to boast about. Indeed Osborne is really crowing over is that he thinks the working class has been subdued by a mixture of dire need and formidable benefit cuts and sanctions aimed at forcing people to accept jobs with below survival level wage rates. How do they survive? Well, sometimes they don’t; sometimes they join the growing ranks of the homeless (something else not to boast about). Most low paid workers still rely on some sort of benefits. Apart from 9 million pensioner households in the UK, 20 million families receive benefit. The majority of them are working for a wage so low they wouldn’t be able to survive without being subsidised by the state. A modern version of the early nineteenth century Speenhamland system where local parishes protected farmers by topping up agricultural workers’ earnings.

What Next?

With nothing more to offer than a predominantly low wage, low skilled economy coupled with further dismantling of the welfare state there are certainly going to be uncertain times ahead for the capitalist class. Workers everywhere are beginning to reject the ‘all in it together’ myth and are beginning to fight on their own account.

In the UK there are other powerful myths which could stymie a real working class response. The first – even now – is “Kick the Tories Out!” If the Tories are out, then Labour is in. Can anyone seriously believe that a revamped Labour Party would act on behalf of workers’ interests? The whole history of the Labour Party from Ramsey Macdonald on is about saving capitalism. And yet we still have many on the Left yelling at what’s left of grassroots Labour the possibility that this can be reversed if only the “right” leader is elected. This is more utopian than calling on people to man the barricades tomorrow. Many now know this but then put their trust in the TUC,
"There’s class warfare, all right but it’s my class, the rich class, that’s making war, and we’re winning.”

For decades the capitalists have done their best to boost profits by extracting more from the working class. In the 1970s workers massively resisted the first cuts in living standards. However the capitalists responded by dramatically increasing production to low wage economies. We now know this as globalisation. Add to this the microprocessor revolution from the 1970s onwards and you have a destruction of the old industrial working class bastions. Whereas in the 1960s a single (usually male) wage could keep a family, today two wages can hardly do the same job (or, as in the UK, they cannot and low wages have to be subsidised by working tax credits).

The working class around the world has been in such a retreat that rumours of its disappearance have been widely circulated. These rumours can now be firmly rejected. The collapse of the speculative bubble in 2007-8 was a turning point. Even in the capitalist media this gave rise to the notice that “there was no” recovery. Moreover, it significantly led to the Occupy and indignados movements. These were not working class movements per se (the 99% also included students and unemployed etc) but they did have a working class element to which we could relate. Above all they questioned the sanctity of the contract and the ideological base of “anti-capitalism” was previously only the preserve of the endangered species known as communist revolutionaries. Now no-one thinks you are mad for using the word. At the same time and in similar vein we got the Arab Spring which has not only lived up to the hopes of its inspirers. Again it was an all-class movement which lacked a real focus. After 800 people had died in Egypt Mubarak remained in office. It was only when textile workers again went on strike (as they had done in 2007, inspiring the young bloggers of the Arab Spring) that the Army saw the real threat and removed the old dictator.

Nothing else has changed much in Egypt but it illustrates the fact that, despite the need for struggle, the workers, they only gain real force when they are linked to workers strikers in the place we can hit capitalism where it most hurts, the point of production. Since 2011 the resistance to capitalism has only been growing slowly but the signs are that this is beginning to change.

China: Workers’ Strikes Rising

China became the engine of world economic growth founded on international capital (initially) and a workforce ready to escape the unrelenting drudgery of the feudal, for the paid drudgery of Foxconn etc, making stuff for Apple, Samsung and all the other giants of the consumer economy. Indeed cheaper Chinese products have enabled capitalists in the richer countries to lower wages in the old capitalist centres. However this workforce, once ready to accept being crammed in barracks without civil rights or decent wages, have increased exponentially. For some years resistance has been growing as the following table from the Financial Times shows.

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Industrials division on the rise (Labour strikes (Currency))

Now the Chinese state has stepped in and is spending enormous resources threatening them with 5 years in gaol. The number of strikes involving hundreds of thousands of workers in massive industrial increases so they have set up courts to settle workers’ grievances (the unions are widely disregarded as they are part of the state).

Still, the modern Chinese proletariat is only one generation old and has to deal with the confusing history of being in a supposed “communist” country (which it has never been). Besides, no section of the working class, however numerous, can be left to fight alone.

Fighting modern capitalism is not easy. Aside from the shipping of jobs to Asia etc, workers in the capitalist rich-countries also face ruthless job practices. These include zero hour contracts, agency work, agency shift work, “call centre employment” etc. The aim is simple: Reduce each worker to a mere individual against the firm. This massive and coordinated collective resistance almost impossible to organise — or so they thought. However, after years of being forced to accept these conditions, workers are beginning to find ways to fight back. A classic example is in Spain.

Telefonica Strikes in Spain

After the Spanish state sold off it telecoms giant in 1996 the workforce lived under the threat that workers were told to become self-employed. One worker tells us what this meant.

“What is a pseudo-self-employed worker? It is a worker who is mainly staff on a contract and when the firm needs them, they can be allowed out of the work place because there was no work, but they came up with the brilliant idea of telling the worker he/she invested their able money plus a small settlement but not one that was fair, and bought tools, he or she could continue working as their own boss, taking orders as the staff did, and paying them, whereas the leaving obligations, i.e. zero cost and high profit. The perfect business, labour at zero cost and below the minimum you need in order to survive.

Many will recognise this description amongst the myriad ways bosses are attempting to cut costs, either price down the contracts of workers by closing different plants (leading to a concentration of labour), or she could continue working as their own boss, taking orders as the staff did, and paying them, whereas the leaving obligations, i.e. zero cost and high profit. The perfect business, labour at zero cost and below the minimum you need in order to survive.

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What’s different about these strikes is that they are serious. They are not one day or half day or three hour strikes organised by unions as part of their traditional bargaining plays. These are episodes of class war.

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Still, the modern Chinese proletariat

Class War on the Homes Front

New Housing Minister, Brandon Lewis wants the demolition of London’s housing estates and their replacement with owner occupied ‘city villages’. It’s a scheme the Tories have long fascinated. Earlier this month London Boroughs met property developers and speculators at an exclusive trade fair in Mayfair to make deals on giving the City of London Corporation’s low-cost housing estates and build homes for sale or private rent. Tenants, of course’ are explicitly kept out of all meetings. Cash strapped councils are eagerly looking for ways of saving money. By persuading them to sell their estates and land, the Tories are giving them a solution that will be extremely costly for the rest of us.

By destroying council housing the Tories are ‘socially cleansing’ working class people out of the capital. Most can’t afford to buy, especially not at record high (over £500,000 for an average home). The result will be even greater pressure on the private rented sector. It will mean higher rents and more street homelessness (which has risen 55% in the past four years). At the same time Housing Associations will be forced to sell their estates to private property developers.

The Tories promised schemes such as this would result in affordable housing. But they either turn a blind eye to developers who are ripe to sell urban areas, or rules and refusal to build reasonably priced homes, or they’ve changed the rules to suit the developers and help them maximise their profits. Since December, for example, the Government has exempted anyone who turns an empty building into private property from paying for further affordable units. One of the first super rich companies to benefit by millions of pounds worth of red tape is the developer of London’s Blackburn estate, bought by Abu Dhabi’s investment fund.

But some tenants are saying no. Groups like the Focus E15 Mothers and the New Era Estate residents are campaigning against social cleansing. Both have won victories against property developers, but this fight will be a long one as the stakes are high.

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