



Ten Years since the Financial Crash

What Price Education?

"Interest bearing capital has always been the mother of every insane form ..." (Karl Marx)^[1]

Graduates in England have the highest student debt in the developed world. So what?! The government line is that "A university degree boosts lifetime income by between £170,000 and £250,000". Tell that to the mounting number of graduates in the UK who are doing jobs that do not require a degree. (Estimates vary between 23% and 50%.) Just before the A level results came out Jo Johnson, Minister for universities, declared: "We have a student finance system that works". This was just after a report by the Institute of Fiscal Studies concluded that three-quarters of UK university leavers will never earn enough to pay off their student loans, even if they are still contributing in their 50s.

Ever since the post-war principle of free education was abandoned in 1998 by Blair's New Labour government, fees for higher education have risen steeply and expanded to include maintenance charges. In September new students, and many existing students, will be charged £9,250 for tuition. That's not the end of it. Anyone whose family cannot support them, or who wants some independence from their family, is obliged to take out a maintenance loan. Unsurprisingly, poorer students are running up bigger maintenance loans, and end up with above average total debts of up to £57,000. Meanwhile, by graduation day the 'average student' will have accrued £50,800 of debt, around £5,000 of it in interest. Yes, interest.

Student loan interest rates, originally very low, are now set at 3% plus the official rate of retail price inflation (RPI). From September students will face an interest charge of 6.1%, not a negligible rate. So it may be a surprise to learn from Andy Haldane, chief economist at the Bank of England, that interest rates are currently the lowest they've been for 5,000 years. Andy is currently getting out and about to meet up with 'the public' in a series of meetings from curry houses to schools and town halls. His aim is to "restore trust" in the Bank of England and in economists (he is an economics graduate from Sheffield University) – a trust he appreciates was lost during the international banking collapse that started a decade or so ago.

In Britain the public's loss of trust was signalled by the customer run on Northern Rock bank in September 2007 after the Bank of England had stepped in to keep it from collapsing. At the time the Bank assured the public that "the UK financial system remains highly resilient, with banks well capitalised and highly profitable."

No bank legislation can abolish crises themselves. [Marx]

A year later, after a series of bank collapses in the United States and the collapse of Iceland's three biggest banks, the UK government bailed out the big banks here to prevent the whole economy going down. Since then the onus has been on the rich world's central banks to "kick start" economic growth. So we have the jiggery pokery known as 'quantitative easing'

that central banks have resorted to over the last decade. Essentially this means they concoct new money to give to the banks in exchange for taking "non-performing loans" and other dodgy assets from their balance sheets. (The world's six largest central banks now own a nominal \$15 trillion worth of what should be hugely devalued assets.) The banks in turn pretend that they are simply buying and selling bonds but the money capital they are using is fictitious. The nominal values they represent only hold up so long as there is confidence in the currencies they are traded in and the central banks behind them. The give away is that the rate of interest that the banks are charging to lend to each other is 0 to 1 per cent! (The US Federal Reserve is trying to lead the way out of QE and over the past year has upped interest rates to 1%.) They are in a Catch 22 situation. Although 'monetary easing' has so far prevented the system's complete collapse, more companies than ever belong to what the OECD calls the group of "walking dead zombie firms". These are businesses whose profits hardly cover the interest due on money they've borrowed. (10.5% of companies in the world's thirteen most advanced economies are zombies, compared to 6% a decade ago.) Clearly such companies will go under if the central banks suddenly push up interest rates to more 'normal' levels. On the other hand, the longer they keep interest rates around zero, the more capital is ready to exist by borrowing and the more the debts pile up. This is the phantasmagoric financial world the Bank of England's chief economist inhabits, the world where interest rates have never been lower.

Anyone with a savings account can see it. But when it comes to personal loans in day-to-day life there is one law for banking/financial capital, and another for the rest of us. How many students, for example, can borrow money at 0 per cent interest!? In the decade since the financial crash tuition fees alone have gone up from £3,000 to more than £9,000. During the same period annual inflation has averaged around 3 per cent. If tuition loans had gone up "in line with inflation" they would now be around £4,000. This means the real cost of higher education has more than doubled, and that excludes maintenance and interest on the loans. No wonder many school-leavers are questioning whether it's all worth it.

False Hope in Corbyn

It's also not surprising that Jeremy Corbyn's promise to abolish student loans has won him more support than anything else. But Corbyn cannot solve the crisis of the wider capitalist world.^[2] It is a world weighed down by debt as low profit rates limit the scope for productive investment and make financial wheeling and dealing more attractive. For the financiers making money out of money, as with trading in debts, is the same thing as creating real value. In reality, as one Karl Marx pointed out, "all these securities, actually represent nothing but accumulated claims, legal titles, to future production." So it is with student loans which are automatically paid back from wages, in effect by a higher rate of income tax for graduates. Rich pickings for the

finance capitalists who have already got their hands on part of the UK student loan book. But there is more to it than this.

The universities themselves have become part of the marketplace, competing with each other to attract more students on whose fees they increasingly depend. (Including lucrative high-paying foreign students whose fees are not capped.) This has fuelled the biggest expansion of universities since the 1960s. New lecture theatres, libraries, laboratories, halls of residence, whole new campuses, are being financed by student fees and the low interest, long-term credit those fees can secure. Perhaps this is what Jo Johnson means when he says the system is working? But, like the capitalist system as a whole, the universities' debts are mounting. As more of their income goes to servicing debt the more precarious their situation. Johnson is already prepared to accept that some smaller institutions will go under. "There may be some providers who do not rise to the challenge, and who therefore need or choose to close some or all of their courses, or to exit the market completely". But the dilemma is worse than this. The universities as a whole now owe so much money that their balance sheets can easily be tipped into the red: for example, if their income from student fees was reduced. Their own funding body, the HEFCE (Higher Education Funding Council for England), admits that the situation is "unsustainable in the long term".

Corbyn is trying to be a practical politician. He knows he cannot commit to writing off previous students' debt which now amount to over £100bn. Much of this is locked into UK universities' web of credit commitments which, if they were reneged on could spark a wider financial crash. As for entirely abolishing the

student loan system, at the very least this would pile the universities' debts and running costs back onto the state's balance sheet, putting an end to higher education expansion and leaving many more school leavers without paid employment. For would-be reformers of the existing system it highlights their tiny room for manoeuvre. Just look at how Syriza is implementing the austerity measures demanded by Greece's creditors. If the Corbynistas of the world seriously tried to take on finance capital and abolish the debts, then the whole system would come crashing down even quicker than it inevitably must. If they carry on 'printing money', put up corporation tax to finance the NHS, fund university education or embark on "people's quantitative easing", then the debt burden will massively increase. Financial capital will run a mile and the threat of Weimar-style inflation will be more likely.

Meanwhile growing numbers of university graduates, along with the rest of the working class, are being forced to pay in terms of low paid, precarious jobs and general deterioration in the quality of services and standard of life. There is no quick fix. The only realistic way to overcome the problems of capitalism is to organise and fight to get rid of it, not tinker about with its state mechanisms from within. We need a society without money, without a state and without frontiers where everyone gives according to their ability and each gets according to their need. That's what we are fighting for. Why not join us!

Notes

^[1] All quotations from Marx are from *Capital* Volume 3, Penguin classics edition, chapter 30: Money Capital and Real Capital.

^[2] For more on Corbyn and Labour see <http://www.leftcom.org/en/articles/2017-08-01/corbynism-%E2%80%93-leftists-illusions-about-labour>

What We Stand For

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We stand for a global society where production is for need and not profit (and is therefore sustainable), where the state, national frontiers and money have been abolished, where power is exercised through class-wide organisations like workers councils. It is a society which can only be created through the activity of millions of human beings. Only such a society can rid us of the capitalist offspring of poverty, hunger, oppression and war: We call it communism but it has nothing in common with Stalinist state capitalism of the old USSR.

In order to get there we are working to create a world proletarian political organisation: a 'party' for want of a better word: Not a government in waiting but a guide in the struggle for a new world. We by no means claim to be that party but only one of the elements which will need to come together in its formation. As the working class is more and more faced with the consequences of a crumbling capitalist system it will have to unite and confront capitalist power.

We are not in competition with other genuinely working class organisations but seek to unite on a clearly agreed political programme to prepare the way for the majority of the world's population, the exploited of the earth, to overthrow the capitalist system and its bloody imperialist appetites.

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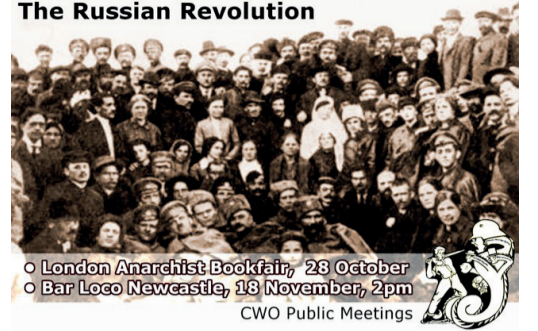
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The Significance of the Russian Revolution for Today

From Workers' Inspiration to Proletarian Tragedy
The Russian Revolution



Our rulers want us to think there is little good that can be said of the Russian Revolution. After all it ended up in a monstrous tyranny under Stalin in which millions were murdered or died in the gulags (labour camp) in the 1930s and after.

But the horrors of Stalinism cannot wipe out the fact that in 1917, for the first and only time, the working class in a major imperialist power rose up to overthrow the ruling class. That is why it remains an inspiration a century later.

The Establishment of Soviet Power

In February 1917 the Russian working class, led by striking women workers, took to the streets of Petersburg demanding the end of the Tsarist regime, the war and starvation. Hundreds died, but the courage of the workers won over the Army sent to suppress them. Within days the strikes and demonstrations became an armed insurrection.

Our ruling class histories try to tell us that this was a "democratic revolution" which was later undermined by a Bolshevik "coup" in October. This is a complete lie. The workers were still fighting on the streets when members of the Tsarist Duma announced that they had formed a Provisional Government. Their counter-revolutionary aim was to snatch the workers' victory from them.

Workers already had an alternative. This was the "soviet" which had been crushed by the Tsar in 1905. The soviet, or council, was the working class alternative to a capitalist parliament. It was based on direct democracy where delegates could be recalled if they did not follow the wishes of those who voted for them. But in March 1917, whilst the most revolutionary workers were still on the streets, this first soviet was dominated by Mensheviks and Socialist Revolutionaries (SRs). They wanted to let the capitalists and landowners continue to rule. The soviet held real power but these parties allowed the Provisional Government to steal the revolution.

The Provisional Government was never accepted by the working class. As the war dragged on (because the capitalists and their supporters wanted "victory") the conditions of the workers got worse. More and more they turned to the most organised party which expressed their wishes in the slogans "All Power to the Soviets" and "Bread, Peace and Land". This was the Bolsheviks. It was already based inside the working class in towns across Russia but thanks to repression and imprisonment had no more than 8000 members at the start of 1917. By the autumn of 1917 this had risen to over 300,000 and the Bolsheviks had now achieved majorities in many soviets

across Russia. That the Bolsheviks would be the spearhead of the next insurrection was openly discussed in the press. There was no secret plot. Everyone knew that the Provisional Government's game was up.

As tension mounted Kerensky, the Provisional Government's last Prime Minister, tried to shut down the Bolshevik press and close the bridges from the working class areas to the city centre. It was the workers themselves who stopped his troops doing this and this was the signal for the Petrograd Soviet's Military Revolutionary Committee to act. They seized the key buildings in the city with virtually no resistance and almost no casualties. The following day the Second All-Russian Congress of Soviets overwhelmingly voted to approve the overthrow of the Provisional Government and the setting up of Soviet power. The vote was supported not only by the Bolsheviks delegates but also by some anarchists, Left SRs and those delegates who were in no organisation.

Early Achievements

Revolutionaries knew that, without a world revolution, workers power in Russia could not survive, let alone build socialism. Nevertheless they took some steps towards it.

The new government announced Russia's withdrawal from the war. It legalised peasant land seizures and workers' control in the factories. Officials were paid only the average wage of a skilled industrial worker.

Laws brought in equal pay for women, divorce at the request of either partner, abortion and equal status for children of unmarried parents. Homosexuality was decriminalised. Church and State were separated and freedom of religion was established (thus ending the legal oppression of Jews). Other social achievements were the introduction of free education (alongside a mass literacy campaign), free maternity homes and nurseries. And "Soviet Russia was the first nation in history to witness the birth across its land of thousands of communal organizations spontaneously engaging in collective life" (R. Stites Revolutionary Dreams).

Most of this took place in the first six months of the revolution. During this time the soviet principle was extended. 400 more soviets were established across Russia, the principle of immediate recall of delegates was established and Congresses of Soviets were taking place every three months.

At this point the Bolsheviks (soon to take the name Communists) understood that the party

can lead but it cannot make a revolution. This is the task of the working class itself. Or as Lenin told the Third Soviet Congress "... socialism cannot be implemented by a minority, by the Party. It can be implemented only by tens of millions when they have learned to do it for themselves".

A Workers' Tragedy

However, this was not to last. The October revolutionaries had inherited a dire economic situation after 3 years of war. This coincided with a failed 1917 harvest to produce a situation which one historian has described as akin to the Black Death. By March Lenin was writing that "without a German revolution we are doomed". This was the central fact. The failure of the next step in the world revolution to arrive explains why the revolution in Russia could not succeed.

However this does not explain the manner of the failure in Russia and this is where we have to look to the errors of the Bolsheviks. The first error was to set up a government the Council of People's Commissars (Sovnarkom) which was not directly elected but subject to the approval of the Executive Committee of the Soviets. After June 1918 both were dominated by a single party. This potentially set Russia on a path to party dictatorship. The Bolsheviks were not all to blame here as those parties who abandoned the soviet all contributed to the equation of soviet power with the Bolsheviks. The civil war and invasion of Russia by 14 foreign armies assisting the reactionaries or Whites worsened this tendency. Instead of the workers' militia, a Red Army was formed and instead of soviet revolutionary tribunals the Cheka was set up. The death penalty which had been abolished was restored and was soon to be administered arbitrarily by the secret police who had become a law unto themselves.

Worse still millions either deserted the cities in search of food or enrolled in the Red Army in the Civil War. This robbed the Bolsheviks of some of their working class base. That foundation diminished even further when many workers as party members entered government service. With its working class base undermined and facing a dire economic collapse the regime abandoned its early enthusiasm for workers' self-activity. It

re-introduced bourgeois managers (spetsy) and Taylorism to try to build up industry which had fallen to less than 10% of its 1913 output.

The civil war was finally won by December 1920 but at enormous cost (millions died, mainly from disease). The final signals that the road to counter-revolution was open came in March 1921. At home the brutal suppression of the Kronstadt Revolt, the banning of factions, and the introduction of a New Economic Policy which favoured the peasant majority over workers signalled the triumph of the party-state. This went on to develop a new shape of state capitalism which in the 1930s took on the monstrous forms of Stalinism. The failure of the March Action in Germany only underlined the isolation of the Russian workers. Soon after this the Comintern ceased to promote world revolution in favour of Russian foreign policy aims. Treaties were signed with Sweden, Britain and Germany in 1921-2. By 1934 Russia had even entered the "robbers" (Lenin) League of Nations.

Despite this, the Russian experience between 1917 and 1918 shows what a revolutionary working class is capable of. We now know the size of the task that confronts us. Although a revolutionary party will be formed to unite workers in the assault on the capitalist state this cannot be a government in waiting. The task of the party remains international. It attempts to spread world revolution whilst the task of administering the new society is that of the class as a whole through its class wide bodies like the soviets. By studying the remnants of this defeat the working class can find the promise of our future victory. This will bring about a society of "freely associated producers" governed by the principle "from each according to their ability, to each according to their need". The future everywhere belongs to soviet power.

Grenfell:

A 21st Century Tragedy Exposes the Same Old Class Divide

- * We still don't know exactly how many died in the Grenfell Tower fire, but it's at least 80.
- * So far only 24 out of 158 households made homeless by the blaze have been permanently re-housed. Hundreds still remain in emergency accommodation in 49 hotels across London. Some families are in overcrowded rooms that lack basic amenities (e.g. no windows).
- * Other survivors have been too scared to accept new accommodation because they've been told that after one year's rent-free grace period, their rents will be triple what they paid in Grenfell. Others have been offered a place in a tower block!
- * Tenants who have been rehoused have faced opposition from well-heeled neighbours. Some residents in Kensington Row, a luxury block of apartments, protested when they discovered Grenfell survivors would be offered homes in two purpose built blocks next to theirs.
- * Over 1,857 properties are empty near Grenfell Tower, many owned by rich offshore speculators as 'buy to leave' investments. Over one-third have been empty for more than two years.
- * The public inquiry into the tragedy is already controversial. It won't consider broader questions around social housing, and will concentrate only on more technical questions.
- * The Royal Borough of Kensington and Chelsea ignored residents' concerns about fire safety (including power surges in the block) and chose the cheapest option to clad the tower, now believed to be responsible for the fire spreading so quickly and widely. The council is one of the wealthiest in the country (with £274 millions in usable reserves). However, it has built only 336 new 'affordable' housing units since 2011 (despite promising 200 a year). It struck deals with private developers so that they could dodge building social housing in return for paying the council a fee. (In the year through to September 2016 the council reached deals for £33.4 millions in such fees.) It's still dismantling public institutions in a 'managed decline' of allowing public spaces to fall into disrepair then creating a case for "redeveloping" them into luxury or commercial properties.
- * Charity donations to victims reached £18.9m, but two months after the fire less than 15% had been given to survivors. Community workers say many people are too traumatised to apply for the grants.
- * The government's immigration amnesty has led to a very low number of undocumented immigrants coming forward for help. Many people are afraid to access health care, fearing deportation after the 12-month limit.
- * So far more than 200 victims of the disaster have been referred to the NHS for treatment for post-traumatic stress disorder, with many still waiting for help. Even so, residents in homes near Grenfell have struggled to get counselling. At least 20 people have tried to take their own lives in north Kensington since the tragedy.

Working Class Fight-back: A False Dawn or a New Beginning?

From bin workers in Birmingham to nurses, railway workers, Argos store workers, Macdonald's restaurant staff in Cambridge and Crayford, the working class is beginning to say enough is enough. Strikes in Britain are no longer a thing of the past. This is not only about the 1% pay cap which public sector workers have endured for years. Just about everyone is finding that their wages are not keeping up with price rises. Beyond this though, we sense a deeper anger and indignation at the way people are being maltreated and dehumanised at work as the bosses set no limit to how they "maximise" their profits. On top of years of "austerity", where massive state spending cuts, have pared down health, education, welfare, cultural, services to the bone. And then there is Grenfell, the tragic icon of class-divided Britain, which has revealed to many just how un-reformable this capitalist world is.

A decade on from the financial crash the stock markets are booming, a few high-tech companies are thriving and the financial wheelers and dealers are laughing even if everyone knows it's only a matter of time before the next crash. It is no exaggeration to say that the world we live in is on a knife edge. Capitalism is bankrupt in more ways than one. If humanity is going to have a civilised future then a new way of organising the fundamentals of life so that we all have a say in what is produced and how daily life is organised will have to come about. The working class, on whose labour-power the world depends, holds the key. Out of our struggles in the workplace against pay cuts and increased workloads; in our neighbourhoods against rotten housing and social exclusion, against hospital and many other public service cuts, there has to come a deeper and wider struggle for a new world. So of course we support any workers' resistance to capital's attacks. At the same time, though, we are obliged to alert our readers that the road towards "the revolutionary re-constitution of society" is not via those pillars of the existing order: the trade unions and the Labour Party, with or without Momentum.