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 £17,000 and £250,000.” Tell that to the mounting number of UK university leavers who 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 changes. 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.

By the time they are 50, the ‘average student’ will have accrued £50,800 of student 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 economics (as 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 signalling by the customer run on Northern Rock bank in September 2007 after the Bank of England 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 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 the 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 grow. This is the phantasmagorical 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 there 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.22 It is a world weighed down by debt as 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.

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 borders where everyone gives according to their ability and each gets according to their need. Only such a society can rid us of the capitalist mechanism for producing and distributing. Aurora is invaluable. If you would like a bundle through the post the quickest way to contact us is via email (see below).

We stand for a global society where production is for need and not profit (and is therefore sustainable), where the state, national borders 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 a better world: Not a government in waiting but a guide in the struggle for a new world. We by no means claims 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.  

Notes


[2] For more on Corbyn and Labour see http://www.leftcom.org/en-articles/2017-08-01/corbynisms-
%2E%2B%2D%2B93-leftfios-illusions-about-labour

What We Stand For

Aurora is published by the Communist Workers’ Organisation (CWO). It is free because we want as many people as possible to read it. Financial donations towards our costs of production are always welcome and we’d like to thank everyone who has supported us over the years. Even more, any help with distributing. Aurora is invaluable. If you would like a bundle through the post the quickest way to contact us is via email (see below).

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The Significance of the Russian Revolution for Today

Our rulers want us to think that there is little good that can be said of the Russian Revolution. After all it ended in a monstrous war, and 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 failure of the workers to overthrow the old regime. 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 mass demonstrations became an armed insurrection.

Our ruling class tried 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 established 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 created by the Tsar in 1905. The soviet, or council, was the working class alternative to a capitalist parliament. It was based on direct democracy. Delegates to a soviet 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, the soviet was usurped by Menshevik 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 mass organisations 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 the weakness of the Provisional Government their counter-revolutionary aim was to snatch the workers’ victory from them.

Early Achievements

Revolutionaries knew that, without a world revolution, workers power in Russia could not be sustained without domination. Nevertheless they took some steps towards it.

The new government announced Russia’s “退出” from the war. In this way they were showing that the land seizes and workers’ control in the factories. Officials were paid only the average wage of a skilled industrial worker.

Laws brought in to 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 organisations 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 implemented 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 “…The task 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 came 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 is 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 soviet. 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.

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 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

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 General Strike we are done for. 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 experiencing a General Strike of 1.5 million, 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 used arbitrarily by the new political police who had become a law unto themselves.

Worse still millions either deserted the cities in search of food or enrolled in a 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

A 21st Century Tragedy Exposes the Same Old Class Divide

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.

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 offices in a tower block instead.

* 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 lease’ 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 the systemic failures that led to the tragedy. It will consider simple 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 the cause of the fire. The block is set to be re-clad.

* It is widely known that Grenfell residents were told by the council the fire that killed them was caused by an electrical fault. This is not true. Grenfell residents have been offered a place in a tower block.

* Despite promising 200 a year. It struck deals with private developers so that they could dodge paying surges in the block) and chose the cheapest option to clad the tower, now believed to be the cause of the fire. The block is set to be re-clad.

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