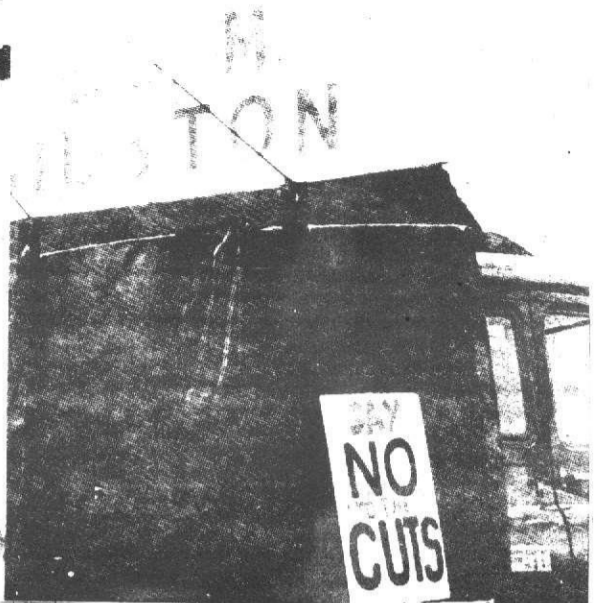


# THEIR CUTS OR OURS?



## «Left» reaction or Communist strategy - PROLETARIAN BROADSIDE No: 2

20p 10p

WITH THE PRESENT CUTS IN PUBLIC EXPENDITURE THE GOVERNMENT IS ATTEMPTING TO SHAKE UP AND REORGANISE THE PATTERN OF SOCIAL EXPENDITURE AND THE SOCIAL DIVISION OF LABOUR. It is reacting in a pragmatic way to the crisis of British capitalism and in doing so it is challenging assumptions which have been taken for granted during the postwar boom - in particular the assumption associated with Keynesianism, that a "full employment, high-wage economy" can be assured through the use of government expenditure to bridge the gap between the economy's capacity to supply and the demand arising from the expenditure of wage-earners and capitalist investment. This provides a good opportunity for revolutionaries to intervene - to explain the nature of the crisis and the capitalist limits to Keynesian economic policies, and to work out and publicise a position corresponding to the interests of the working class on the reorganisation of social labour.

We shall argue in this broadside that the Left has failed to take this opportunity. Rather the Left groups have appeared as the defenders of the status quo. They seem to have latched onto the Keynesian/Welfare State ideas just as they are being proved inadequate, picking up the cast-off ideologies of the ruling class. We shall come back to consider this response of the Left in more detail, but first we must look for the the real causes of the current crisis.

Each crisis is not just a "crisis of capitalism" but a crisis of capitalism as it exists in a particular society or social formation at a particular stage of its development. There are dangers in over-generalised accounts of what a "capitalist crisis" is, and scientific socialism demands that, in the light of our general Marxist theory of capitalism, we analyse the particular features of each crisis so as to be able to determine accurately (a) the room for manoeuvre on the part of the ruling class, and (b) what the working class and its allies can hope to achieve.

If we look at the history of capitalism in Britain we can see that during the last half-century there have been two significantly different kinds of crisis, namely the Depression of the '30s and the present crisis following the postwar boom. In fact we shall argue that the remedies and reforms which enabled capitalism to redevelop after the Depression are the very factors which have led to the present crisis.

Let us briefly examine the crisis of the '30s. Very roughly we can say that this crisis represented a conflict between the financial "superstructure" of British capitalism and its industrial "base". The financial system demanded that Sterling be a strong international currency with a high value fixed in terms of gold. Therefore the quantity of Sterling in circulation should be restricted so as to maintain its high value in international terms. Thus a government budget deficit (i.e. the government spending more Sterling than it received in the form of taxation) was ruled out. What ensued might be termed a crisis of "over-production". "Over-production", that is, not in relation to social need but in relation to the possibility of profitable sales. Capital always tries to restrict expenditure on wages and salaries to maintain high profits but this policy rebounds when the money-backed "demand" for the commodities produced is insufficient to enable the capitalists to sell them at profitable prices. So if the creation of more monetary demand by the state is ruled out a slump occurs. If they cannot achieve profitable sales, the capitalists slow down their rate of investment, the process of the accumulation slows down and mass unemployment occurs.

Other countries crises at same time seem to have been pure coincidental

Crisis seen in purely Brit terms

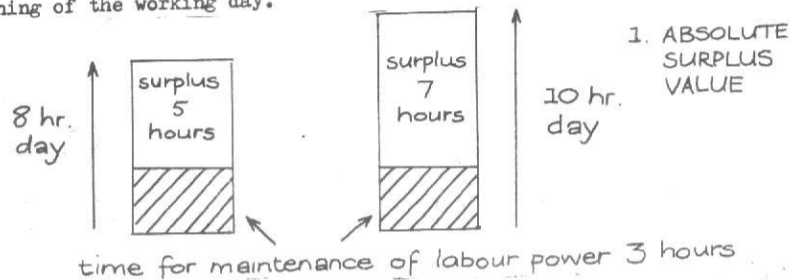
Now when Marxists use spatial, metaphorical terms like 'base' and 'superstructure' we must examine them to reveal their content, in terms of the class struggle. In this case we don't have far to look. The policy of maintaining the value of Sterling at all costs was in the interests of the City of London financiers with their extensive investments abroad from which they received dividends fixed in terms of Sterling. The higher the value of Sterling, the greater the proceeds of exploitation overseas which flowed into London. Thus the crisis of the '30s was primarily the result of the conflict of interest between domestic industrial capital and British capital tied up in overseas investment. It was resolved through a shift in the balance of power within the ruling class. Keynesian ideas, which justify the use of government budget deficit to maintain demand, represented the interests of industrial capital, and their acceptance marked the fall of the London financiers from their previous position of pre-eminence.

The present crisis is very different from this picture. We can put it this way: the Keynesian measures taken during World War II and after brought about the resumption of capital accumulation - which had been virtually suspended during the '30s - and hence brought about the development of the tendencies towards crisis classically associated with the accumulation of capital in Marxist theory. This is not the whole story, but if we are to grasp the whole story we must start with capitalist accumulation and its tendencies.

## The Falling Rate of Profit

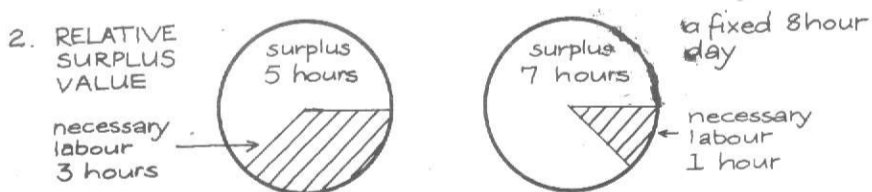
Capitalist profit derives from the exploitation of the working class. This term 'exploitation' is not a mere moral pejorative - it designates the basic economic fact that the worker works only part of the working day to reproduce his own means of subsistence and reproduction and beyond this part he produces values for the capitalist for which he receives no equivalent. What the worker sells to the capitalist is his capacity to work or "labour power", and he generally receives in the form of a wage the full value of this capacity, in terms of the goods and services necessary to reproduce it. But the value the worker produces during the working day is much greater than the value required to maintain his labour power. The "surplus labour" performed by the worker during the period of work in excess of that required to sustain his labour power (the "necessary labour") is the basis of capitalist profit, as well as the other forms of income of the ruling class such as rent and interest.

Now the process of capitalist competition means that each capital is forced to exploit the workers it employs to the utmost extent, in order to survive. Capital must expand to survive, for it is only by increasing the scale of production and using more productive machinery that the capitalist can keep his products and their prices competitive on the market. And the only way to do this is to gain a high rate of profit for re-investment. There are basically two ways in which exploitation and hence profits can be increased. If the time required to produce the goods necessary for the maintenance of the worker's labour power is fixed, then exploitation may be increased by a lengthening of the working day.



The extension of the working day has here extended the period of surplus labour from 5 hours to 7 hours - with a fixed time of 3 hours for the reproduction of labour power. But this method of increasing exploitation, which is called "absolute surplus value", has its limits. It is not in the interests of capital to work the labour force so hard into the ground that the process of social reproduction is threatened. As Marx pointed out, despite the hysterical forecasts of doom from the economists of the ruling class, the Ten Hours bill of 1847, which limited the working day in Britain, was in the basic interests of the capitalist class. It saved them from destroying the workers who formed the foundation of their ruling position.

The alternative method of increasing exploitation is by reducing the time during which the workers have to work to reproduce their labour power. In this case exploitation can be increased with a working day of a fixed length.



In this illustration the length of the working day remains 8 hours but if the time of necessary labour is reduced from 3 hours to 1 hour then the time set free for surplus labour and the production of profit increases from 5 hours to 7 hours. How can this be done? The general way in which the period of necessary labour is reduced is through an increase in the productivity of labour, so that the worker can produce the same wage-goods in a shorter time.

This drive to increase the productivity of labour in order to augment exploitation - which we term "relative surplus value" - is basic to advanced capitalism. Now in order to increase the productivity of labour the capitalist generally has to increase the amount of machinery worked by each worker, and a consequence of increased productivity is that the amount of raw materials worked up by each worker increases. The combination of these factors means that the pattern of capital investment must change. More capital has to be laid out on means of production and raw materials in relation to that laid out on the labour power of workers.

There are scientific terms which provide a precise shorthand for these two parts of capital investment. Capital laid out on tools, machinery, raw materials, factory buildings, etc. is called "constant capital". It has a constant value which is transferred to the product through the labour of the workers - all at once in the case of raw materials, or slowly and piecemeal in the case of tools and machinery. The capital laid out on living labour power on the other hand is called "variable capital". This is because of the variation in value between what the capitalist pays out (wages - the value of labour power) and what he pockets by virtue of his ownership of the means of production - the product of the whole working day. The ratio of constant to variable capital in any given investment we call the "organic composition of capital". Thus the argument is that the development of the productivity of labour under capitalism leads to an increasing organic composition of capital.

This tendency is a result of the pursuit of the highest possible profits by each individual capitalist, but what benefits each capital in the short run may have less obvious consequences for capital as a whole in the long run. Let us see how the increasing organic composition of capital will affect the overall rate of profit in the long run. If C stands for constant capital, V for variable capital, and S for surplus value then the rate of profit can be represented as:  $S/(C+V)$  i.e. the surplus value divided by the total capital invested. What we want to consider is  $S/(C+V)$  as C increases relative to V. As it is labour power and not machinery which produces new values, an increase in C relative to V will tend to mean that the same surplus is measured over a bigger capital investment, and so the rate of profit will tend to fall. Of course there is a counteracting tendency - the increase in exploitation means that a greater amount of surplus is extracted from the workers. All this is important, but as yet very abstract. In order to gauge whether this effect of the drive for relative surplus value - the increasing organic composition of capital leading to the tendency for the rate of profit to fall - will remain as one tendency counteracted by others, or will express itself in actual fall in the rate of profit in the capitalists' account books we must be more historically specific. We must introduce into the discussion the nature of the working class and the reserve army of unemployed.

## The Latent Reserve

In fact there is a long period of capitalist development during which the tendency for the rate of profit to fall remains in the background. Capitalism depends upon a pool of "free" workers. By "free" here we mean (a) owning no means of production (free of property) (b) legally free to sell their labour power to capital i.e. not bound by direct ties of slavery or serfdom. Now the conversion of a population of peasants and artisans into "free" workers in this sense does not happen all at once. In Western Europe the process began with large-scale violent expropriations (eg. the enclosures of Common land), but it was continued by more "peaceful" means through the working of the "market". The capitalists with their concentrated production under the discipline of overseers and foremen could increase the productivity of labour, hence reducing the price of the commodities they produced. Independent producers, owning their own small-scale means of production, could not compete with the capitalist factories and they were gradually priced out of the market and forced into the work force for capital. This process developed unevenly and even now it is not completed in the whole of Europe (although it has been effectively completed since around the turn of the century in Britain, the first home of industrial capitalism.) So during the whole period of the expropriation of workers engaged in pre-capitalist forms of production the working class exploitable by capital was constantly being topped up by the conscription of new recruits. Marx termed this reserve of potential recruits engaged in pre-capitalist forms of production the "latent reserve army", and its existence has important effects on the character of capitalist development.

Earlier we assumed that the worker gets paid the full value of his labour power. This was basically in order to show that even when this is the case the process of capitalist exploitation still occurs. Exploitation is not essentially a matter of trickery in the market. We showed that the capitalists can extract more surplus value by increasing the productivity of labour, without reducing the workers' standard of living (relative surplus value). But the constant influx of new elements into the working class from the latent reserve means that the economic organisations of the working class are weakened and the capitalists can get away with increasing exploitation by the simple expedient of cutting the workers' standard of living. So long as the workers are not on absolute starvation wages, it is possible under these circumstances to cut wages below the value of labour power - to increase exploitation with no tendency for the general rate of profit to fall. Also with an expanding proletariat the capitalists can reinvest their augmented capital without increasing the proportion of constant to variable capital - they can successfully expand the scale of production using the same technology, without altering the ratio of men to machines.

Things change when the latent reserve army is used up, as in Britain. The workers economic organisations become stronger and more able to resist the capitalists' attempts to cut wages. And with the levelling off of the birth rate the proletariat ceases to expand. Capital investment must take the form either of constant capital or variable capital. We have already analysed the effect of increasing constant capital - it tends to result in a falling rate of profit. And now if it takes the form of variable capital this can only mean higher wages for each worker since the reserve of new workers is used up. Now the counteracting tendency to the tendency for the rate of profit to fall mentioned earlier - the increasing exploitation of the workers through the production of relative surplus value - is subject to decreasing returns. Each reduction of the time required to maintain and reproduce the worker's labour power becomes more costly in terms of means of production. The combination of these factors means that the tendency for the rate of profit to fall is transformed from one tendency among others into a law which the capitalists begin to appreciate to their cost. It appears as a paradox, but it is rooted in the nature of capitalist production: the pursuit of the highest possible profits by each individual capitalist results in a falling general rate of profit.

The Depression of the '30s was a crisis of stagnation, brought on by insufficient investment. It could therefore be resolved by the state financing more investment - Keynesianism. But the present crisis is the natural outcome of a prolonged period of reinvestment of profit (accumulation of capital) in a society in which the capitalist system of production has long since cleared out the old pre-capitalist forms, and hence used up the latent reserve army of labour. That is why we say that 'progressive' Keynesian-type reforms are no longer an option.

1. We are simplifying here, but we shall come back to explain what is lacking in this formulation.
2. Thus the "value of labour power" is not reducible to a hypothetical "biological subsistence minimum". It is set historically and culturally. The relation between wages and the value of labour power is historically relative - if the bourgeoisie imposes a wage cut over a limited period we can say that wages have been driven below the value of labour power, but if the wage cut is general and long-term we may say that the value of labour power has been reduced.

We said earlier that the classic tendency for the rate of profit to fall was not the whole story of the present crisis in Britain. We shall now try to fill in a gap which is important for an understanding of the government's present strategy. We have considered the question of the size of the population of wage-earners, in relation to the latent reserve army, but within the population of wage-earners there is an important distinction between "productive" and "unproductive" labour. We must now examine this point.

## Productive and Unproductive Labour

In the current economic crisis the spokesmen of the ruling class have just rediscovered an idea which for the best part of 150 years they have been trying to forget. That idea is that workers can be divided into two categories, productive and unproductive. It does not take any genius to discover why such an idea should prove embarrassing to a class most of whose members never do a day's productive work in their lives. The remarkable thing is not that they should want to keep quiet about such a matter, but that they could ever bring themselves to speak of it at all.

The first of them to raise the issue in any clear way was the great economist Adam Smith: the 18th century founder of capitalist economic theory. According to him productive work could be defined as work which produced a profit for an employer. As he said "A man grows rich by employing a multitude of manufacturers: he grows poor, by maintaining a multitude of menial servants". In other words, only by employing workers who would produce goods that could be sold at a profit could a man (read capitalist) grow rich. If he dissipated his wealth employing personal servants he would only impoverish himself.

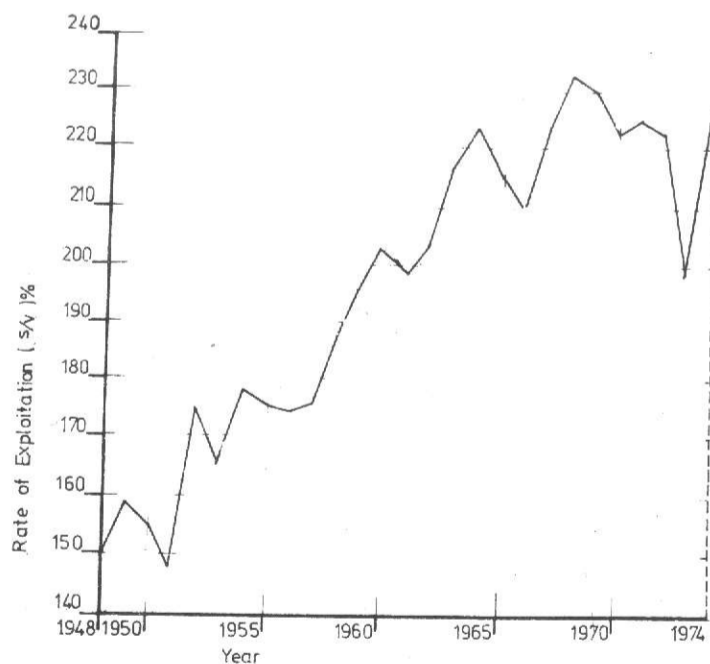
It is obvious that Smith was defining productive work from the standpoint of the capitalist manufacturer. When he said that a worker was productive, it was not a question of whether or not that worker produced anything useful - a servant like a cook can produce meals which are obviously of use to his employer - but whether or not he produced a profit. For the manufacturer out to make profits this was the key question. At the time when Smith was writing the capitalists were not yet the ruling class, for at that stage this was made up mainly of landlords. It was precisely these landlords who squandered their money employing hoards of retainers, that Smith was attacking. According to him the country would grow richer, and the capitalists would make bigger profits, if these unproductive workers were re-employed productively.

Once the landlords had fallen from eminence, during the period 1832 - 46 in Britain, the capitalists and their spokesmen, realising that the epithet "unproductive" could equally well be hurled at them by the productive workers, decided to discreetly forget the issue. The orthodoxy among economists became the view that everyone from tax-collector to company director was productive.

But why, you may well ask, should they suddenly pluck up courage now in the 1970s to drag this old skeleton from its cupboard? Now it seems that they can't get the question off their minds. Scarcely a week goes by without some prominent public figure blaming the country's problems on the excessive number of unproductive workers that "we" are supposed to support.

To gain some insight into the reasons for this unexpected candour on the part of our betters we need look no further than these displays showing the progress of exploitation, and how the proceeds of that exploitation have been divided in Britain since the war.

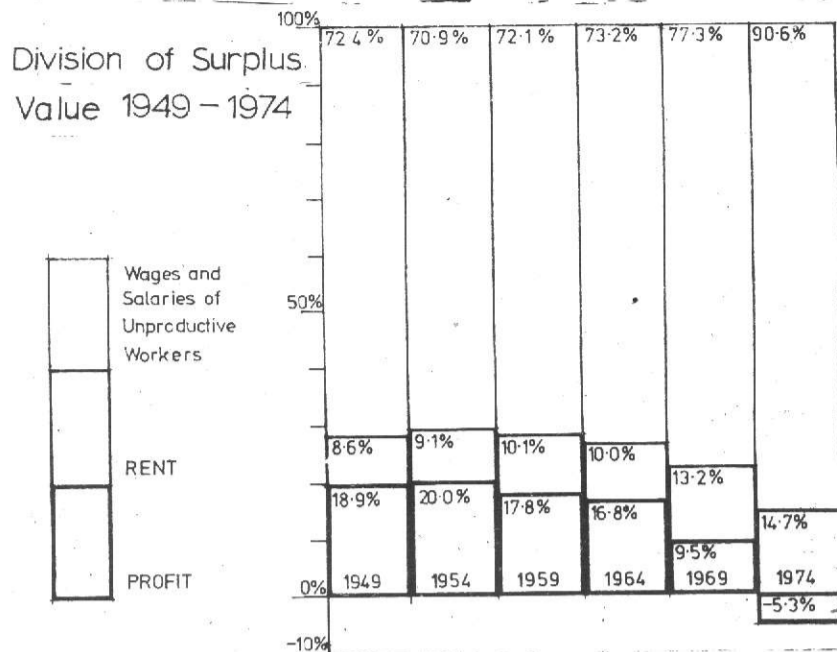
### Postwar Rate of Exploitation



The rate of exploitation shows a "healthy upward tendency" (no prizes for guessing whose health this is good for). With that going for them you'd think that the men of enterprise, as they like to be called, would have little cause for complaint. After all there can be no sweeter music to a capitalist's ear than that of the cash registers ringing up more profit per worker per week. And that's what the graph shows. In 1948 the British worker produced a value of £1 10s over and above that needed to pay each £1 of his wages. By 1974 this had grown to £2.25p.

That, as the saying goes, is the good news (for shareholders, cabinet ministers, and company directors). Now for the bad. As the next digram shows, the share received by capitalists out of all this surplus value extracted from the productive workers has been going steadily down since the mid '50s. The increased surplus value has all gone in rent to landlords or as the wages of unproductive (unprofitable) workers.

The British capitalist may be a bit slow on the uptake, but he is no idiot. He has after all got the combined brains of the treasury and a few hundred academic economists to call on. So now, twenty years on from the point at which the share of surplus value going in profits started to fall, he has realised that this may have something to do with the shift from productive to unproductive work.



The spokesmen of the ruling class express their intention of cutting back on the number of "unproductive workers". Just what do they mean by "unproductive"?

For capital, the only productive workers are those who produce a profit - they are workers who can be exploited to produce a profit. Since capitalists can make no profits out of state employees, civil servants, nurses etc., these are all considered unproductive. Workers in industry, from whom capital can make a profit, are considered productive, just as are transport workers. These, therefore, are the first to be counted in our table showing productive and unproductive workers from the viewpoint of capitalism.

Table PRODUCTIVE AND UNPRODUCTIVE WORKERS FROM THE CAPITALIST STANDPOINT October 1975

	PRODUCTIVE I,000s	UNPRODUCTIVE I,000s
Industry	9,234	Public Administration 1,648
Transport and communication	1,498	Insurance, banking, & business services 1,075
Agriculture	388	Distributive trade 2,625
Catering & Hotels etc.	796	Professional services 3,510
		Miscellaneous services 2,117
	11,916	10,975
Of which:		
Manual workers	8,584	
Administrative, Clerical, Technical	3,332	

## Productive for Capital or Labour?

As we can see, however, the public administration workers make up only a small proportion of the unproductive workers. Many more are employed in banking, retailing etc. Why then all the fuss about the state sector?

The answer is obvious. Although banking and retailing are unproductive, being mainly a matter of book-keeping and transferring property between owners, they enable a whole group of capitalist middlemen to make profits. Workers in the banks do not produce any surplus value, but they do enable bankers to get hold of profits produced elsewhere. The capitalist class has a vested interest in keeping quiet about those unproductive workers that it rather than the state employs. The attack on unproductive labour must be carefully steered away from the more wasteful aspects of the capitalist division of labour.

The working class, however, need have no such reticence on the question. Unlike the bourgeois class the proletariat can deal with the question of productive and unproductive labour with a clear conscience. We know that it is not only the army of state bureaucrats who produce no profits, but also the whole host of company bureaucrats, salesmen, accountants, and bank clerks, who are a burden on the productive workers. All of these serve no socially useful function, and are paid out of the surplus value extorted from the working class. So long as the labour of the producers has to support this ever growing army of non-producers there can be no hope that the labour-saving inventions of modern technology will benefit the working class.

The manual workers of this country still have to work on average almost 44 hours a week. The enormous advances in the productivity of labour since the war have resulted in only the most desirous of reductions in the working week. We have a token 40 hour week - token because you can't get a living wage on 40 hours. While the amount they produce rises from year to year, the share that the producers get back in wages falls, and an ever larger part of the growing surplus they produce goes to maintain the unproductive. "The more productive capitalist industry has become - that is to say, the greater the mass of surplus value it extracts from the productive population - the greater has become the mass of capital seeking its shares in this surplus. And the greater the mass of capital, the greater the mass of unproductive activities which serve only the diversion of this surplus and its distribution among various capitals." (Harry Braverman: Labor and Monopoly Capital, MRP 1974.)

Let us now work out how much unproductive work the capitalist division of labour foists upon present-day society. We will calculate labour that is unproductive for capital using the fact that manual workers work on average 43.6 hours a week and non-manual workers 38.0 hours.

We find that from the capitalist standpoint there are 374 million hours of productive manual work done per week. On the other side there are 385 million hours of work done each week in unproductive sectors of the economy. We are left with the non-manual work done in industry, all 126 million hours of it. We cannot say definitely whether this is productive or unproductive. Some of it will be unproductive work like book-keeping - work which keeps track of rather than produces value. Also included will be the work of managers and supervisors who are employed by the capitalist class to make sure that the workers are hard at work producing profits for them. This too is strictly speaking unproductive labour. On the other hand it will include the work of designers and engineers, who are productive. Let's make the generous assumption that half of this work is really productive. That gives us 437 million hours of productive work per week. From the capitalist standpoint the remaining 448 million hours are an unproductive overhead and a dead loss. The great bulk of these unproductive workers are, however, engaged on tasks which capitalism makes inevitable. The very increase in the productivity of labour that enables the same amount of productive work to produce more commodities necessitates under capitalism a continual increase in the proportion of society's labour devoted to accounting and sales effort.

The working class approach to productive and unproductive labour is quite different. For us labour is productive if it produces some socially useful result, irrespective of whether or not it is profitable. For us unproductive labour is that which produces no socially useful result for the working class, no matter how necessary or useful it may be to the capitalists. It is this sort of unproductive labour that the workers' state will reduce to a bare minimum as it sets about the emancipation of labour.

In the light of this discussion we can see that our previous definition of the rate of profit ( $S/(C+V)$  i.e. total surplus value divided by total capital invested) is rather abstract. Total surplus value includes not just profit but also interest, rent, and the wages of unproductive workers. So the figure we gave will not appear in any capitalist's account books. The rate of profit in which the capitalists are interested depends not only on the amount of surplus value extracted from the productive workers but also on the proportion of the total surplus value which is available in the form of profit.

We can now see the sense (from the bourgeois point of view) in the government's present strategy. The attack on "unproductive workers" represents an attempt to halt and reverse the process of the reduction of the exploitable work force. An increase in the number of workers producing surplus value will mean that more surplus value is produced, and that less of the total surplus value is dissipated on the wages of unproductive workers. Also the unemployment resulting from the ejection of unproductive workers from their previously secure positions will have something of the same effect as the latent reserve army. It will be easier to limit wage increases below increases in productivity so that not only will more workers be exploited but there is the possibility of increasing the exploitation of each worker.

Keynesian policies have come to the end of the road, but that doesn't mean that we are witnessing the "last crisis of capitalism", with socialism just round the corner. It seems that the government's strategy may meet with success. But this success can only be temporary. If the measures outlined above lead to a recovery in the rate of profit and the accumulation of capital is revived in a new boom, then once again there will be full employment and accumulation will run up against the limits of the exploitable work force. The government may be able to restart the process of accumulation, but it cannot abolish the laws governing that process.

We have seen the bourgeois rationale for the cuts. How are they likely to affect the working class? Let us make no facile assumptions, and start with the frank and fundamental question: Are the cuts really against the interests of the working class? The revolutionary conception of the interests of the working class - as the class that is capable of bringing about the emancipation of labour - is rather different from the straightforward trade unionist conception. In determining the interests of the workers in a particular situation we measure the material possibilities of that situation against the long-term strategic aims of the revolutionary workers i.e. the organisation of the proletariat as a class (not divided into crafts and trades) capable of taking the initiative in the class struggle, breaking up the parasitic state of the bourgeoisie, and wresting control over the means of production from the bourgeoisie so as to subordinate social production to the needs of the associated producers, as elaborated in a social plan. Wage increases and even full employment are certainly not ends in themselves for communists, and where the short-term struggle for these gains jeopardises the strategic struggle, it is the strategic aims which must predominate.

How does this relate to the current situation? Well, despite all the anti-Labour Party rhetoric the Left groups in Britain seem to be taking

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at face value the ideology of the Welfare State. They take as their starting point the short-term defence of employment and the social services, and talk as if the state were a benevolent institution created to serve the working class. Hence they lose sight of the aspects of the capitalist state so much emphasized by Marx and Lenin on the basis of the experience of the revolutionary workers: the state as parasitic and unproductive, appearing to stand above social classes but in reality regulating the class conflict to the advantage of the ruling class, and maintaining its ruling position. The state as subordinated to the accumulation of capital, and incapable of planning production except towards this narrow end. In the light of these well-proven conceptions it seems unlikely that a simple call to resist the cuts which the bourgeoisie is being forced to make in its own machinery of state can conform to the longterm interests of the working class. However let us look at the matter more closely.

There are two aspects of the question of the cuts which are particularly important in determining the interests of the working class in the current situation:

- 1) The jobs being cut out: we know they are unproductive for capital. Are they productive or unproductive from the standpoint of labour?
- (2) The workers being displaced: they are wage-earners to be sure, but what exactly is their class position? Are they all really members of the working class? In other words, how will the cuts and the resulting reorganisation of labour affect the class structure?

If we frame the question in this way we can easily pick out counter-examples to show that not all of the cuts are against the interests of the workers. In the context of education, what interest can the workers have in shoring up the system of higher education and guaranteeing no redundancies among eg. lecturers in English literature or professors of sociology? By the nature of the social system the working class is largely denied access to higher education, and anyway the real function of the universities is more the elaboration and inculcation of the dominant ideology - bourgeois ideology - and the training of the young bourgeois for his or her place in the ruling class than the "development of human knowledge for the benefit of society".

Similarly, why should the workers attempt to guarantee the jobs of civil service bureaucrats? They may be salary-earners, but they are not workers and as was shown so clearly in the Paris Commune (see Marx, The Civil War in France) - their specialised "labour" of administration could be abolished with the self-administration of the workers. If "workers" such as these are driven from their privileged positions into the ranks of the working class, all to the good. This will mean an expansion of the exploited working class, as opposed to the salaried, and numerical strength is not unimportant in the class struggle.

On the other hand, of course, there are some cuts which will hit the workers and reduce their capacity for strong and effective organisation. Cuts in primary education and nursery facilities tie women to the home and their children, thus accentuating the division of the sexes within the working class and perpetuating the family straitjacket. Cuts in health expenditure threaten to reduce the standard of fitness among the workers. The list could go on, but the point is not simply to counterpose against the blanket "stop the cuts" mentality of the Left a balance sheet of desirable and undesirable cuts. The point is to elaborate a working class alternative.

There must be two thrusts to this alternative. First we can draw up a rough estimate of productive and unproductive labour from the working class standpoint and demonstrate how much more radical working class "cuts" would be. This is important as propaganda, but by itself it is insufficient since the means for achieving working class control over the allocation of social labour are not at hand. The second aspect is therefore the development of an aim which the working class has the power to achieve, but which leads on towards the strategic objectives of the revolutionary workers. The second part of this broadside is concerned with these tasks.

## Strategy

We have seen why the capitalist state is trying to cut public expenditure and what it hopes to achieve by doing so. But what could a socialist state do; in other words, what could the workers do if they came to power?

First we must realise that a workers state is something very different from a capitalist one. A capitalist state exists to preserve the status quo, a workers state would exist to destroy it. Unlike the social democrats, we do not deny that the capitalist state has long since become a vast and parasitic excrescence upon the body of society, that it gives rise to an army of unproductive officials and functionaries, a dead weight that the workers must support.

The socialist revolution will be far more radical in its cuts than any capitalist government could ever afford to be. Speaking of the first workers state - the Paris Commune of 1871 - Marx said:

"It begins the emancipation of labour - its great goal - by doing away with the unproductive and mischievous work of the state parasites, by cutting away the springs which sacrifice an immense portion of the national produce to the feeding of the state monster on one side, by doing, on the other, the real work of administration, local and national, for working men's wages. It begins therefore with an immense saving, with economical reform as well as with political transformation." The socialist revolution aims to smash the existing state apparatus and replace it with a system of workers' councils in which the real work of administration would be carried out by those who actually do the work in society.

## Money or Labour?

A bourgeois government does its national accounting in terms of money; to them, nothing is more natural, since capitalism is about making money. But labour is the real source of all value; so a workers state aiming at the emancipation of labour, would calculate in terms of labour not money. Its first objective would be to free the workers of the burden of unnecessary labour, and reduce to a minimum the working day. By setting free the great creative energies of the working class and making full use of the potential of modern technology, a vast improvement in productivity could soon be achieved. But even without this, huge savings could be made by cutting out the waste of labour imposed by capitalism. The following table gives some idea of just how big the saving could be; for instance, we estimate that THE WORKING MAN COULD EASILY BE REDUCED TO 30 HOURS WITH NO FALL IN WORKERS LIVING STANDARDS.

Amazing!!

Table 2: WORKERS SET FREE UNDER SOCIALISM

	1,000s
$\frac{1}{2}$ of non-manual in productive industry	1,616
Banking, Insurance etc.	1,101
Accountancy	81
Legal Services	106
Religious Services	30
$\frac{1}{2}$ of present education	400
$\frac{2}{3}$ of public administration	1,000
$\frac{1}{4}$ public transport and communications	100
$\frac{2}{3}$ of defence forces	230
TOTAL	<u>4,664</u>

Our estimate of the number of workers who could be set free under socialism, are obviously fairly rough. We make some rather arbitrary assumptions about the numbers set free from public administration and education, etc., but we have some justification. At present less than 600,000 out of 1.6 million employed in the education sector are actually involved in teaching. That means that there are a million non teachers employed in education. Some of them will be necessary, for preparing school meals for instance, but that still leaves an ever growing administrative bureaucracy and as any teacher can tell you, the further a job gets from the classroom, the greater its pay and perks. In this light, a reduction by one quarter is far from excessive. Similarly if public transport were free it is easy to imagine the savings in ticket collectors, bus conductors, etc. The reduction of public administration and defence by  $\frac{2}{3}$  is a conservative estimate of what could be gained by smashing the state and dissolving the standing army.

In quantitative terms our figures may be rough and ready, but in qualitative terms they give an accurate indication of the radical change that a revolution would bring.

After these deductions, we are left with 8,569,000 manual and 9,070,000 nonmanual workers who can be considered productive from the working class viewpoint. At the current working weeks for manual and nonmanual work, this gives a maximum of 720 million productive hours per week. If we include the unemployed, the available workforce in Britain is about 24 million. IF ALL THE 720 MILLION HOURS OF NECESSARY WORK WAS DIVIDED EQUALLY AMONG THEM, EACH WOULD ONLY HAVE TO DO 30 A WEEK.

## 30 hrs

In the present economic situation, a 30 hour week with no loss in real income seems like an impossible dream; for capitalism it is, but for socialism it would be a modest first step. For proletarian socialism that is, not of course the state 'socialism' of the civil service salariat. It speaks volumes for the British reformist tradition, that the special pleading of the state employees is accepted without demur as the true socialist gospel. But of course this is not new, or even restricted to Britain. Describing the state socialism of Italy in 1904 Arturo Labriola wrote:

"Leagues of employees of the most varied character were established, which all, more or less placed themselves under the protection of reformist socialism, and recognised in Filippo Turati the official protector of their interests. At first these were the post office and telegraphic employees, from the lowest to the highest; and teachers of primary and secondary education, then the employees of the judicial class. And all in the name of democracy, civilisation, and socialism, demanded an increase of jobs, and a diminution of work (in connection with the work of the "employees", M. Giolitti, himself an official, had to declare to the chamber, that, if the employees of the state worked like private employees, a fourth of the present numbers would suffice); the producers, that is the working class, must pinch and sacrifice to render easier and more comfortable the lives of these official gentlemen, who work so hard, you know.

"The ignorance of the Italian socialists is so dense that no one asked if it were compatible with the programme and interests of socialism to uphold the interests of bureaucratic parasitism under the specious pretence that bureaucrats also work, they admitted right away that the Party must defend all their claims. This policy of demagogery and electoral hucksterism is defended by Turati as the ne plus ultra of up to date socialism." (see A. Labriola, 'Italian Socialism', in New Edinburgh Review No.27).

Our left, to the extent that it thinks about such foreign matters, imagines that Mussolini concocted the idea of the corporate state out of his evil head. In fact he neither had nor needed that much originality. He merely institutionalised the condition of Italy as he found it, organised, then as now, into a myriad corporate interest groups all clamouring for separate and preferential treatment from a state thus confirmed as standing sovereign 'above' society. Thus, whoever could capture that state directly controlled society. Mussolini got it on a plate - his 'kampf' was like something out of Italian Operetta if the scale of the opposition (or rather organised lack of it) is considered. But it should be remembered that 'till 1914 Benito was the most militant of socialists and editor of the party newspaper Avanti!

## Defence

Our Left is so imbued with a defensive mentality, seeing 'capitalist offensives' lurking in every shadow, hearing the whisper of fascist plots in the rustle of the leaves, that it never seems to question the wisdom of using a purely reflex slogan like 'fight the cuts' as a mobilisation platform for the working class. That there might be some connection between taking the initiative, going onto the offensive, and being the ruling class, does not seem to occur to them. In consequence, defensiveness and ad-hocery become the order of the day; under the pressure of day to day opportunism, socialism and communism, as ultimate goals of the workers' movement, become empty catch-phrases devoid of concrete meaning. Since neither is apparently an immediate

option, they are relegated to the indefinite future to be realised when providence - whoops - historical necessity wills it; strategy flies out the window, and tactics rule the roost. But for scientific socialism, such an attitude, combining fatalism with a willingness to be carried hither and thither by the pressure of passing events, is absolutely impermissible.

Yes, socialism can only be the product of material circumstance not wishful thinking. But the political struggle, and every real class struggle is a political one, is waged with conscious strategy. Only to the extent that the strategy takes into account real circumstances, with their opportunities and limits, can it reasonably hope to succeed.

Scientific socialism can't limit itself to pointing out what socialism might achieve, and then, having offered the future its consolation, get down to the nitty gritty of traditional defensist tacticising. It must have a strategic orientation; one which in each immediate situation enables it to advance a tactical line, a mobilisation programme, that takes full advantage of the opportunities offered to shift the force of circumstances in favour of the workers movement and its ultimate goals.

If from this pamphlet, you expected just such a programme, hygienically wrapped, pre-packaged, and ready for instant use; we shall despite mutterings about the Trades Descriptions Act be forced to disappoint you.

COBI is not a communist party. It is a relatively small collective, lacking both the organisational strength and programmatic clarity demanded of such a party. Neither we nor any other organisation in this country, can honestly lay claim to a comprehensive scientific socialist programme, based upon a sound understanding of past and future history, and capable of guiding the working class struggle through the doubtless difficult path between here and socialism.

What we can offer is the beginnings of an alternative to the sterile moralisms with which the left insult the working class. We can point in the direction that a scientific socialist policy for the workers' movement might lead. Whilst we may be free in the use of our fingers, we don't harbour the illusion that the world waits with baited breath for our latest pronouncements. The weight that we can throw into the scales of the political struggle is, in immediate terms less than insignificant. But if the social movement passes on its way with sublime indifference, we can at least prepare the ground for an organisation able to divert it with a scientific programme.

## Offence!

In this pamphlet and others, we have characterised, perhaps even caricatured, the tradition of the Left here as being defensist and reformist. We instead advocate an offensive strategy.

This does not mean that we think revolution is on the cards, or that the fight for socialism here and now, is on the agenda.

"What distinguishes communists is not that, in every situation and every episode of the class struggle, they call for an immediate mobilisation of all proletarian forces for a general insurrection, but that they maintain that the phase of insurrection is an inevitable outcome of the struggle and that they prepare the proletariat to face it, in conditions favourable to the success and further development of the revolution."

(Communist Abstentionist Theses, Proletarian 3)

Only those who think that socialism can be a peaceful conquest can glibly speak of it as an immediate objective. We leave such demagoguery to the Labourites and their ilk ( e.g. the CPGB).

Despite this, an offensive is needed. While it remains on the defensive the working class lacks the initiative; initiative is inseparable from superiority in capacity to wage war, and passivity inseparable from inferiority. While we seek superiority and initiative, so does the enemy; viewed from this angle, war, including class war, is a contest in subjective ability between commanders of opposing armies in their struggle for superiority on the basis of material conditions.

But at this stage in the contest, the working class can't hope for absolute initiative, it lacks the political organisation and economic resources necessary to achieve such a goal. It is natural that the strategic initiative can be better maintained and exercised through an offensive, but to maintain the initiative always and everywhere, that is, to have absolute initiative, is possible only where absolute superiority confronts absolute inferiority.

At the moment, if the working class is to strive for initiative its immediate objective must be to preserve and augment its own forces: in doing so, it must make full use of the material conditions provided by capitalist development.

The meteoric decline of British Imperialism since the war, from super power to third rater, is eloquent testimony to the way that the capitalist class has progressively been losing the capacity to take the initiative. In the last year of Heath and the first of Wilson, it could be said to have passed from their hands. Never before had profits sunk so low, or the pound been so weak. Never before in peacetime had the working class gained such large percentage wage increases. But the initiative slipping from the grasp of the ruling class was squandered by the Labour movement. Our mess of pottage was a Labour government.

## Openings

What circumstances allowed the initiative to pass, even if briefly, from our rulers' hands?

1. The numerical strength of the working class.
2. Our improved weight in the economic struggle over wages, resulting from a long period of full employment and rapid economic growth.
3. The decline in the mass of the surplus product that the bourgeoisie could effectively command.
4. A widening of the tactics and objectives of labour struggles.

The list is not exhaustive, but will do for now. We lost the initiative again, when in accordance with, though not because of, the expert guidance of our 'Marxist' left, all energy went into electing a Labour government, nationalistic diversions like opposing EEC entry, and the run of the mill trades unionist struggles with which the Labour movement feels most at home. But most importantly, Capital (in the form of the Labour government) formed a new initiative, the one explained at the beginning of this pamphlet, whilst the working class had none.

dead right  
cwo can

## General Principles

Three general principles follow; 1) the working class should not allow its attention to be diverted into constitutional side issues like devolution, opposing the EEC, or electing a Labour government; 2) it should seek to preserve the material conditions that lend it strength; 3) the working class needs an overall policy concerning the economic and social development of capitalist society, even if socialism is not immediately on the order of the day, or rather, even more because of this.

Contrary to the view of most of the Left we believe that the interests of the working class would be served by a reduction in the number of unproductive workers, and the resumption of capital accumulation;— but only on certain terms!

These ideas are starkly unconventional among the left and like all unconventional ideas are not taken on trust but must be argued for.

The first reason for our advocating a reduction in unproductive labour, is that this is the precondition for an increase in the size of the industrial working class. Clearly, an increase in the numerical strength of the industrial proletariat, improves the strategic position of the working class in society. The industrial proletariat is the best organised section of the working class, carries the greatest economic weight in any class struggle, and is the seat of such class consciousness as exists.

Secondly, as we argued earlier, any substantial reduction in the working week would require a reduction in the number of unproductive workers; or rather a big reduction in the working week without a proportionate fall in earnings can only be won if the amount of unproductive work is reduced.

But, you say, won't a reduction in the number of unproductive workers lead to unemployment, which is obviously against the workers' interest. The objection is real, and we will have to answer it. But first we must go onto the other point: capital accumulation.

## Accumulation

Capital accumulation is the proper name for what is more usually called investment. It is the process whereby a share of the surplus product that capital has gained from the unpaid labour of the working class is converted back into capital, to become once more a means of employing productive workers and compelling them to perform surplus labour. It sounds a nasty business altogether. But according to Marx, the ability of the workers to gain wage rises, their bargaining position in the economic struggle, depends upon capital accumulation.

He called it the General Law of Capitalist Accumulation. In his words:

"It is these absolute movements of the accumulation of capital which are reflected as relative movements of the mass of exploitable labour power, and therefore seem produced by the latter's own independent movement. To put it mathematically; the rate of accumulation is the independent, not the dependent, variable; the rate of wages, the dependent, not the independent variable. ...

"The correlation between the accumulation of capital and rate of wages is nothing else than the correlation between the unpaid labour transformed into capital, and the additional paid labour necessary for the setting in motion of this additional capital. It is therefore in no way a relation between two magnitudes independent one of the other; on the one hand, the magnitude of capital; on the other the number of the labouring population; it is rather, at bottom, only the relation between unpaid labour and paid labour of the same labouring population. If the quantity of unpaid labour supplied by the working class, and accumulated by the capitalist class, increases so rapidly that its conversion into capital requires an extraordinary addition of paid labour, then wages rise, and, all other circumstances remaining equal, the unpaid labour diminishes in proportion. But as soon as this diminution touches the point at which the surplus labour that normally nourishes capital is no longer supplied in normal quantity, a reaction sets in; a smaller part of revenue is capitalised, accumulation lags, and the movement of rise in wages receives a check. The rise in wages is therefore confined in limits that not only leave intact the foundations of the capitalistic system, but also secure its reproduction on a progressive scale." (Capital, v. I, p620)

## Paradox

This is the fatal paradox of the system of private capitalism. Full employment provides the best opportunity for the economic struggle over wages and conditions of work. Unemployment undermines the workers' organised strength and forces down real wages. But full employment demands the accumulation of capital as its motor and the fuel of this motor is exploitation.

Only more exploitation seems to provide a chance to beat back exploitation!

This is the deal which successive governments have offered us. Allow an increase in exploitation (through a wage freeze), this will give the 'incentive' required for investment, bring full employment, and then as a result higher wages. The fine print on the other side is not mentioned; if wages do rise, as a result of full employment, investment falters, unemployment rises once more and we are back where we started.

Talk about an offer that you can't refuse!

But why does the workers' movement accept it? (And don't go telling us that its only the sellout leaders who do).

Well, it doesn't always, (for verification see B. Heath Esq, c/o, Palace of Westminster); during periods of rapid accumulation and/or low unemployment, pay policies can't be enforced; but when accumulation stops and unemployment soars as was it the spirit of '75, the mass of workers see no option but to sign the (social) contract. Hence the bourgeois initiative. It does help, after all, to have the basic law of capitalism working for you.

## Working Day

The only response we can make, is to use the superior understanding of those laws given us by the Marxian doctrine to outflank the bourgeoisie. What has been the classical Marxist response to this infernal rhythm of capitalist accumulation, to what did Marx devote one of the longest chapters of his Capital?

The working day; of the three ways the working class can fight against exploitation, the fight against the mechanisation and intensification of labour, the fight for higher wages, and the struggle for a shorter working day, the last is the most effective and in the long term most revolutionary. It brings the following advantages:

- 1) It reduces exploitation most effectively, since exploitation is nothing other than the compulsion to perform unpaid labour, to support capital and its state. Reduce the working day, and surplus labour is cut off at source.
- 2) It polarises society, and nakedly exposes class interests; on the one hand those who perform surplus labour; on the other, those who live off it.
- 3) As the International Working Men's Association said over 100 years ago when proposing an international struggle for the 8 hour day (still not achieved here): 'It is needed to restore the health and physical energies of the working class, that is, of the great body of every nation, as well as to secure them the possibility of intellectual development, sociable intercourse, social and political action'. The salutary effect of a reduction in working hours on the politicisation and self confidence of the working class cannot be over-estimated.
- 4) It is the only effective means in the workers' hands to combat unemployment.
- 5) It offers an opportunity of raising the labour struggle from the squalid level of demarcation disputes, and craft conservatism, to which it all too often sinks, to the dignity of class struggle, from the parochialism of the factory, to a struggle by the whole proletarian class against the whole bourgeois class.
- 6) It opens an avenue for the development of the international unity of the working class as for instance in the struggle for a 35 hour week throughout Europe.
- 7) It directly opposes the economics of the proletarian class to that of the bourgeoisie. Against the system of production for the sake of profit (ultimately production for the sake of production) with its eternal rhythm of work, and a rest that is no more than a preparation for more work, it raises the slogan of the emancipation of labour, the vision of a society in which work is no longer an externally imposed necessity to which the producers must submit for mere survival, but becomes instead, the free activity of free individuals.
- 8) Prior to the revolution, the working class can at most win compromises in its struggle with capital, the crucial thing is who dictates the terms of the compromise. The limitation of the working day could shift the terms of the compromise, win us ground from which to fight, from which we can dictate rather than just accept what is offered. Give the working class ground to stand on, and it can move the earth.

## Initiative

If the working class could thus gain the initiative, then and only then, would it be in a position to negotiate from strength, to impose terms on rather than petition the bourgeoisie.

To return to the famous cuts. Where the bourgeoisie actually does cut down on the parasite state, a reduction in the working week, by reducing unemployment, would provide the chance for former state employees to find work. But things need not stop here, the more radical the reduction in the working week, the lower the mass of surplus value available to support the unproductive portion of the private sector. As the axe is laid to the tap root of surplus value, capital will find that it can no longer afford its cohorts of salesmen, accountants, bank clerks and celebrated middle-managers. Such 'small men', the humble salarieds, are, say the Tories, the salt of the earth. Even now, apparently, they are bent under the heavy yoke of socialism, imposed by those notorious Bolsheviks: Wilson, Callaghan and brooding Healey; but if the salt of the earth shall lose its savour, if sales becomes proles, if they are forced down into the working class, who shall be your saviour then gentlemen, who indeed?

There are of course still some groups of workers who are productive for labour but not for capital. Among such are health workers and local authority manual workers. Their employment must be defended. But only an offensive working class, one that has taken the initiative, can do it. Unless the initiative is taken, then you can forget any prospects of the working class imposing its economic policy on the bourgeoisie; without it there can be no hope of a workers economic plan, no hope of investments directed to social use not private profit, no chance of full employment this side of the eighties, no option but to accept Healey's humiliating terms.

To launch such an offensive, later to be deepened and broadened, the key link in the strategic chain must be grasped. That link is not 'fighting the cuts', nor the demanding of mythical 'rights to work', it is the reduction of the working day.

One link is not yet a programme, nor yet a strategy, but it is at least one of those measures which, as the Manifesto says 'appear economically insufficient and untenable, but which, in the course of the movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionising the mode of production.' Can the same be said of 'fighting the cuts' ?!

## Our Cut? Or Theirs?

# What is COBI ?

- 1) COBI is a Marxist-Leninist Collective, formed on 1st January, 1974. Its purpose is to integrate Marxist-Leninist theory with the concrete conditions prevailing in the British Isles, and guided by this concrete development of Marxism-Leninism, to promote the development of communist politics among the working class. It aims, through its activities to help bring about political and ideological conditions in which the formation of a new communist party will be a meaningful step in the dissemination of communist politics as a link in the chain of proletarian internationalism.
- 2) The history of the struggle to build such a party in the British Isles has been largely one of failure. The conspicuous exception to this was the Socialist Labour Party of Great Britain, whose emblem we have adopted, and whose valuable experience we intend to assimilate.
- 3) A major reason for general failure has been the inability of revolutionaries in the British Isles to make a complete break with capitalist ideology; their failure to break with the pragmatist outlook of the British capitalist class has led them to underestimate the importance of Marxist-Leninist theory for scientific socialism. Without the guidance of this theory there can be no communist politics.
- 4) We take the natural economic unit of the British Isles as the area of our organisation and oppose any attempts by bourgeois or populist nationalism to fragment working class organisation and solidarity within the above socio-economic unit. We resolutely base ourselves on the proletariat of the whole British Isles without exception, and will strive to strengthen their consciousness of belonging to an international class. Hence as a European state develops we shall extend ourselves accordingly.
- 5) In terms of the development and strength of its economic organisation, the working class of Britain has long ago pioneered and achieved adequate organisations of economic defence; ie Trades Unions. So far, however, the working class has failed to get from the defensive to the offensive developmental forms of organisation that industrial unions represent; and accordingly to get beyond the political expression of trades unionism - the Labour Party - to the class party of communists, although both were foreshadowed by the Socialist Labour Party.
- 6) Thus COBI has as its immediate task the launching of a Mobilisation Programme for the proletariat in Britain, designed to constitute the proletariat as a political class under capitalism, for its overthrow. This Programme will not be the Transitional Programme of Trotskyite hallucination, under which an amalgam of social-democratic reforms and impossibilist demands addressed to the sovereign state (thus confirmed as such) is supposed to make the existence and functioning of the bourgeois state impossible and so propel the masses willy-nilly into socialism. Instead, and directly opposed to the constitutional passivism of the revisionists, our Programme shall develop proletarian assertiveness and initiative vital for ruling. We openly proclaim the dictatorship of the proletariat as our goal. We commence the movement for building proletarian organs of power (soviets) by advocating abstention from the legitimating process of bourgeois power (elections).

In parallel we pursue research to thoroughly analyse the capitalist mode of production at national and international levels, under these main heads:

- I. Communist Organisation: its nature and relationship to the class, and to other organisations and parties.
- II. Capitalist Production: in general and on a world scale.
- III. British Society: its modes of production, class structure, state and political superstructures.
- IV. Proletarian Dictatorship: its political form, social and economic tasks.

These are the areas that must be scientifically understood before a party programme can be formulated, and in its turn this programme is the objective condition for the existence of a real communist party; ie one that continuously functions to provide strategic leadership for the class. Hence the struggle to create the Party Programme is simultaneously the struggle whereby the Communist Party itself comes into existence. None other is dialectical development.

7) COBI demands the maximum ideological unity among its members. All members, in addition to engaging in practical work, must continuously improve their understanding of scientific socialism and contribute to the ideological struggle. Nobody will be admitted to full membership of the organisation unless they have demonstrated their commitment to the class struggle and their understanding of scientific socialism.

8) To supplement the efforts of its full membership, COBI encourages a wider group of Associate members to work in cooperation with it.

We call upon all those who consider themselves Marxist-Leninists to work with us and to join the Communist Organisation, if they agree with what we have said above.

We call upon all those who regard themselves as revolutionary socialists, whether organised or not, to work with us as associates.

For full elucidation of these points, see:

THE PRESENT PLATFORM OF THE COMMUNIST ORGANISATION IN THE BRITISH ISLES  
from : 3/8 May Court, Edinburgh EH4 4SD.

