

Advanced Capitalism and Backward Socialism

Bill Warren and Mike Prior

I

The attitude of the left in the British working class to the present difficulties of the British economy, in general, is that the poor performance of the economy is no concern of theirs and that they have no involvement in its causes. Poor economic performance is for governments and employers to sort out. The task of the working class is to assert its rights by means of industrial and political pressure - rights which it now regards as encompassing rising living standards better social services, job security and so on. If capitalist governments cannot operate the productive system efficiently enough to prove these rights then capitalism must give way to a socialism which will.

The economic analysis and political strategy of the organised left corresponds very closely to this essentially idealistic and moral approach. Broadly speaking, British capitalism is considered by the left to be in a state of continuing and increasing difficulty as a result of its low growth rate, slow growth in productivity, and general lack of dynamism as compared with its principal competitors and also in relation to the needs and aspirations of its working class. It is argued that whatever the reasons for this poor performance, the one thing that is irrelevant is working class militancy, since money wages rose in Britain at only about the same rate as in other countries, possibly at an even slower rate, whilst international comparisons of productivity and investment on the other hand, show a markedly slower growth rate for this country. Accordingly, incomes policies, whether statutory or voluntary, are also irrelevant to the achievement of a better performance of the British economy, at least in terms of higher growth rates, or are a fraud designed to make the rich richer at the expense of the workers. The answer is not an incomes policy but higher productivity derived from higher investment.

So far so good. This analysis provides the basis for a simple and straightforward political strategy for the achievement of socialism. Given the falsity or irrelevance of capitalist economic policies and the difficulties of the economic system, there is every hope that the working class will increasingly revolt against this cynical fraud because it is in their own immediate short-run interests to do so as well as in their long-run interest. Thus problems of merging short-term reformist struggles with a longer-term revolutionary perspective conveniently fade, if not to nothing, then at least to a process of education rather than action. In addition there is a strong emphasis on the moral outrage felt by the working class at the operation of the system. In this political context there will be both short and long-term advantages to be gained from opposing incomes policies; real wages will be forced up immediately and the longer-term achievement of a more rational socialist state will be hastened.

The organised left's strategy for advance follows naturally from this analysis and quite simply envisages that as the problems of British capitalism get worse, industrial struggles over living standards will escalate — with perhaps occasional pauses or temporary setbacks — to the point where an all-out clash with the capitalist state becomes inevitable. This clash will initiate a new, more political phase, the essence of which will be a conscious move towards socialism by the working class.

Despite small variations, this is the dominant and nearly unanimous view of the British left. Of course opinions differ as to how the clash with the state (generally assumed to have at its head a Conservative or extremely discredited Labour government) will develop into a struggle for a Socialist government and what are the best tactical steps to forward this strategy. The Communist Party, by specifying the election of a left Labour government and some form of Popular Unity movement, on the whole puts forward the most realistic strategy by at least providing a clear mechanism for transferring the industrial struggle into a political plane.

Other groups with less faith in the parliamentary process, prefer to rely on the radicalising experience of confrontation with the capitalist state plus the effects of socialist agitation and propaganda to build some extra-parliamentary mass movement which can seize power. This

concentration on the cumulative effects of militancy as such, provokes charges of economism or voluntarism which can be balanced against the charges of reformism levelled at the Communist Party. The important and seldom mentioned point is that these political strategies arise from the same basic analysis and share an essentially similar view of capitalist society.

As the Tory Party is regarded as much more reactionary than the Labour Party, these strategies are usually regarded as being not only anti-capitalist but also anti-Tory, since it is under a Tory government that a mounting industrial struggle and clash with the state is most likely to occur. Periods of Labour government are regarded rather ambiguously, as providing both opportunities to press for left-wing policies and short-term gains for the working class and also for social democracy to expose itself as a sham.

Several points must be made about this perspective. *First*, it is more or less the same as has been held by the organised left throughout the post-war period, and is not very different to that of the 1930's, despite the tremendous changes in the British economy and in the status and conditions of the working class over this period.

Second, the most favourable combination of circumstances, ever, for this strategy occurred during the term of the last Conservative government. Yet, in this period, despite an escalating industrial struggle, which came close at times to provoking an explicit confrontation with the state on certain issues, albeit circumscribed, the final result was that the left made some real gains in terms of consolidation within the trade union structure, but that the transcending of the economic struggle by the political failed almost completely. The scenario worked insofar as economic industrial struggle developed to the point where political confrontation began to emerge. The strategy then collapsed as the inherently economist nature of the organised left failed to provide anything more than a series of ever more strident calls for yet more economic action.

The calling of a General Election and the electoral defeat of Heath was neither the result of an expanding working class industrial struggle nor the triumph of a genuinely political strategy. The miners strike was a sectional dispute which broke out long after the peak of a general industrial struggle based upon the early phases of Conservative government had become subdued to the extent of a virtually universal acceptance of statutory wage restraint. It is quite specious for the left to claim that the election of a Labour government owed anything to a mounting political struggle.

Third, in practice this strategy subordinates¹ all working class political struggle to the parliamentary round of electing and re-electing Labour governments and ejecting or preventing the election of Conservative governments. This remains true whatever faith is placed in the ultimate relevance of elections to achieving socialism; a fact shown by the extraordinary congruence of the tactics of left groups at the last two elections, that is to stand candidates in a few selected places for essentially propagandist reasons and to call for support for the Labour Party in all other constituencies.

Fourth, the problems of British society are, as far as the left is concerned, dispatched for solution to an abstract future society called socialism. This is considered to be true equally for overall economic problems and for individual problems or, for example, sexism or racism. Consequently, the working class can never be a leading force now, in the sense of producing and enforcing solutions to any existing problem of society, except in terms of propaganda for what might be achieved under socialism. The working class is doomed always to defend, never lead or control.

It may appear that existing programmes put forward by the left cover a sufficiently wide range of economic and social policies as to constitute, in toto, an integrated approach to the problems of modern capitalism. However such an appearance is misleading since on closer inspection, it emerges that these demands amount to a populist programme calling for more of everything for everybody (or at least the working class). Moreover, the totality of these programmes are not based upon an economic analysis of the actual possibilities within a modern capitalist society nor upon any appreciation of the reorganisations necessary to achieve them. The result is either a utopianism which leaves the working class still incapable of developing the policies required to make it a leading class or alternatively it provides endless opportunity for populist social democrats to serve up half-hearted versions of such

programmes which ultimately do little more than disillusion the working class with socialism.

II

Throughout most of the post-war period, the left has argued that at any given moment, the working class was about to suffer mass unemployment; that it was the victim of vicious attacks on its living standards by the capitalist class, whatever government was in power; that its wages were constantly lagging behind prices; that profits were being raised to ever higher levels at the expense of wages and that arms expenditures were consistently being expanded at the expense of expenditure on social services.

The general picture is one in which the working class is, and has been, forever on the defensive against attacks by the capitalist class. It would be no exaggeration to say that this theme has permeated the whole outlook of the left in all its propaganda and agitation.

There have been of course all sorts of caveats and qualifications to this general picture and comparison with the mass unemployment of the pre-war period could not be avoided entirely. However, whenever post-war full employment has been analysed, it has been invariably considered in the light of purely temporary factors, with the ever-predicted slump and mass unemployment being the norm.

There has been occasions when such an approach has been justified. The organised left has usually intervened in a situation only when attacks were being made on particular standards in that situation or when they were lagging behind the general norm. And of course trade union militants have an almost ethical requirement to insist that the conditions and wages of their members are deteriorating.

However in the general sense which we are discussing (and which should be used by the left to derive its long-term perspectives) the picture is false from beginning to end. The general statistical basis for this is in the National Income Accounts but our main intention is not to argue from these figures but rather from the obvious developments in working class power which have taken place over the last 20 years.

The starting point has to be the change in unemployment levels from being the endemic condition of the working class to the levels of low and sometimes vanishing unemployment which have characterised post-war Britain and indeed the economies of most advanced capitalist countries.

The pressures for change were more political than economic; that is Keynesian policies were not only the result of the desire to improve a situation which was inefficient and irrational from the point of view of the capitalist, but it also arose from a belief that the continuing existence of capitalism was in doubt if mass unemployment was to recur in the post-war period. The process of readjustment was complex; the important point for our discussion is that the change was conscious and was by-produced by a conscious change in the economic functioning of capitalism.

Whatever the reasons, the removal of mass unemployment as the normal and accepted constraint on the economic power of the working class has had vital economic, social and political implications. It means the abolition of the reserve army of the unemployed, which plays a crucial role in classical Marxism as the central controlling mechanism in regulating the wages of the working class. It means the virtual abolition of the deep-seated and demoralising insecurity which unemployment created for the employed as well as for the unemployed. It means in general the liberation of the working class from the situation in which the threat of redundancy was an ever-present curb to any kind of action.

The increased bargaining power of the working class has had two direct economic effects. First money wages have risen at an ever increasing rate and, despite the myth of wages forever chasing prices, real wages have consistently risen year by year. Second, the government of the day, whether Conservative or Labour, has had to devote an increasing volume of resources to the provision of social services either in the form of increased health, housing and education expenditure or in the form of increasing direct welfare payments. It is simply not true that arms expenditures have dominated government expenditures (though of course there was a considerable increase over pre-war levels).

As Table 1 shows arms expenditures have formed a steadily decreasing percentage of welfare expenditure and a steadily lower percentage of national income ever since the early 50's.

TABLE 1

	1951	1961	1966	1972
Composition of Personal Income				
i) Employment	71.5	71.9	70.8	70.0
ii) Self-Employment	12.1	9.3	8.3	9.0
iii) Rent, Dividends, Interest	10.4	11.4	12.1	10.0
iv) Income from Public Authorities	6.1	7.5	8.8	11.0
Public Expenditure as % of GNP				
i) Total	28.7	26.3	29.2	30.5
ii) Defence	6.9	4.7	4.8	3.9
iii) Social Services	8.2	9.5	11.6	13.3

Social Services are defined as social security, education, health.

Two important qualifications are needed. The fact that the trend towards increased social welfare expenditure has been steady throughout both Conservative and Labour governments, does not mean that there have not been attempts to change the emphasis and the scope and manner of distribution of these benefits. Such attempts have been correctly resisted; but the context remains one of advance and not one of steady erosion. Nor are we asserting that increases in wages are not won without struggle, sometimes bitter and protracted. Our emphasis is simply to note that the removal of mass unemployment has given rise to a situation in which the ability of the working class to win increased money and real wages has been substantially irresistible.

As far as the capitalist class is concerned, it should not need emphasising after the major study of Glyn and Sutcliffe, that the share of profit in the national income has declined steadily over the post-war period as has the actual rate of profit on invested capital.² The situation has been more complex than a simple shift of resources

from the share of profits to the working class; by and large the reduction in the share of profits has been taken up by increased state expenditure with the share of the national income going to wages remaining rather steady (Table 1). However as we have already argued, by far the most important cause of the rise in state expenditure has been the rise in welfare and social service benefits, so that in practical terms the share of national income going to the working class has increased.

British capital has been on the economic defensive, not only nationally, but also internationally, with Britain's share of world trade declining much more rapidly than that of any other country and with the British market being persistently threatened by large-scale imports of foreign manufactures which have been both more competitive and of better quality. In addition the attempts made until quite recently, to defend Britain's reserve currency role finally proved a failure, despite the sacrifices made to this end.

In 1972 and '73 there was some resurgence in the rate of profit, though in a period of rising inflation, the separation of real and paper profit becomes much more difficult. Certainly, present commentators are not optimistic that this rise will be maintained over the difficult period which lies ahead for the British economy. What is certain is that the fall in the rate of profit in British companies had become so severe by 1970/71 that there was a very real danger of there being virtually no new investment in the productive sectors of the British economy.³

The desperate commitment of the Heath government to the risk of all-out growth can only be understood in the context of this crisis of profitability, which was to be solved by holding back the rate of increase of money wages and by increasing capacity utilisation to near maximum levels. The risks of 'overheating', that is of localised bottlenecks in the supply of key goods or particular labour skills, with the consequent steep rise in imports, was accepted, in the belief that if the rate of investment could be raised out of even temporarily increased profits, then a permanently increased level could be sustained out of increased growth and an

export-led boom. This latter was to be helped by a bold decision to float the pound. The failure of this effort is now history. British home investment remained at a derisive level, with a steady diversion of funds into such entrepreneurial epics as the takeover of a substantial amounts of Europe's office blocks, whilst British firms maintained an obstinate refusal to be convinced by prospects of high growth rates. The fact remains however that the Heath government was following policies which were, by and large, consistent and rational, given the problem of British capital. The British left, which hovered between describing Heath as a pitiless monster and as an irrelevant simpleton, and viewed the failure of the Conservative strategy in an almost purely moralistic light, failed to grasp the problems which will confront *any* future British government; that is the necessity to raise investment by diverting resources away from consumption expenditure.

The overall picture of Britain's post-war economic development is thus complex. In terms of full employment and growth in living standards, it has been consistently successful, at least by historical if not international comparisons. However by virtue of expanded working class industrial power, which was at least partly responsible for bringing about these changes, and which has been enormously enhanced by them, the situation of British capital has been increasingly defensive, confronted by working class demands at home and decreased competitiveness abroad.

III

The developments we have discussed are so fundamental that they require a *general* formulation of the basic characteristics and contradictions of modern British capitalism. The analysis is specifically British, that is we are not attempting any convincing demonstration that there have been parallel changes in all advanced capitalist countries. Nevertheless we would maintain that much of what we are putting forward has an international significance. The changes are always mediated via very different institutions and with very different historical back-grounds but the same basic contradictions have emerged and the same problems are being grappled with. The justification of that statement would rest upon a much broader canvas that we can tackle, but we would not like to be accused of not being aware of the implications of our argument.

In the earlier post-war period — up to the middle or late 1950's — economic, social and political stability was brought about by high demand levels, absence of severe foreign competition and increasing intervention by the state to guide and improve the functioning of the economy. At the political level, stability was the result of the Labour Party's extending hegemony over the working class generally and, specifically, over most committed socialists. This partly derived from the result of the supervision by the Labour Party of the post-war reconstruction and renovation of British capitalism both socially and economically.

The Labour Party, in fact, performed a crucial function in introducing the more advanced phase of state intervention so that all future governments, Labour or Tory, could continue and develop it, but which might have proved ideologically and politically difficult for the Tories to initiate.

This post-war stability began to be replaced towards the end of the 50's and, more decisively, by the mid-60's, by an increasing economic instability coupled with a decline in social cohesion. The economic decline was the result of decreasing competitiveness in an increasingly economically interdependent world. Declining competitiveness was the result of a complex of factors including the relatively heavy burden of arms expenditure born by the British economy as compared with some of its competitors; the depressive effect on British manufacturing deriving from the British reserve currency role and the greater strength of the British trade unions in the early post-war period, again relative to those of its main competitors. The eventual result was a vicious circle of cumulative relative decline.

The increased uncertainty was not the result of the re-emergence of the traditional pre-war trade cycle or of massive secular unemployment. The general effect was that of buffeting of the economic and political structures with a resulting loss of control of the society by its directing institutions.

The basic problem of the process we have described is one of maintaining a high enough level of investment to maintain international competitiveness. This in turn implies the maintenance

of levels of profit sufficient to provide these investment funds — a situation which has been contradicted by the tendency we have already noted for the general rate of profit to decline in the face of increased demands by the working class and by the state.

Even where profits were adequate or where other sources of finance were available for investment, the policies of 'stop-go' produced by recurring inflationary and payments problems has serious effects in reducing the *incentive* to invest. The exact mechanisms of Britain's decline are still open to debate but the interaction of relatively strong trade unions and relatively slow productivity growth, in raising prices were the central dynamic of the process, in the sense that, together with growing international economic interdependence, they constituted the mechanism of *cumulative* relative decline. The strength and success of the trade-unions in pushing for money wages, were based on the Keynesian state policy solutions to the potentially destructive problems of mass unemployment and the trade cycle.

We have considered some of the problems arising for Britain within the general sphere of the world capitalist market, that is the problems confronting British manufacturers in a world-wide era of rapidly advancing technology and increasing competition. However parallel problems have arisen within the sphere of capital-labour relations.

Keynesian policies operate both domestically and internationally; domestically they are concerned with maintaining high demand levels and business confidence, internationally with reducing barriers to trade and financial flows, with elaborating rules to limit the spread of stresses arising from balance of payments deficits and with policies to prevent permanent deficits. The maintenance of high demand levels (which implies the removal of mass unemployment) has strengthened trade unions to the point where money wages have been consistently raised faster than productivity, a situation which must inevitably either lower profit margins or cause price rises. Certain short-term measures, which relate essentially to the raising of productivity without investment expenditure, by working existing plant closer to its limits and improving the organisation of production permit some flexibility to employers but in the absence of mass unemployment, price increases have emerged as the principal defence against increased money wage demands. Thus in general, inflation has emerged as the main economic result of the capital-labour contradiction in the post-war period.

This explanation of inflationary forces is the only one which can be considered satisfactory to Marxists, though clearly, at specific moments other, more limited factors may also play a part. 4 Indeed the role they play may be crucial in determining the pace and the moment at which inflationary crises become raised to a more acute level. The great increase in primary commodity prices in 1973 was just such a factor, giving a ratchet-like twist to the level of inflation. What we are asserting is that the pressure for increased wage demands put forward by a working class freed from the constraint of endemic mass unemployment is the only consistent explanation for the emergence of *persistent* inflation as the major economic problem of modern capitalism. Here we are generalising from the British experience, which we have described, to a more international context which we have not considered.

We do not intend to argue this more general case except to say that observation suggests a considerable degree of congruence between advanced capitalist countries in the inflationary strains resulting from an enhanced power of the working class. It is clear that any explanation of the *relative* rates of international inflation would have to consider a complicated equation involving money wage increases, productivity and investment levels, the proportions of imported and exported goods in the particular countries' economies, balance of payments situations and so on. Yet the emergence of international inflation remains rooted in the capital-labour relation. We would totally reject the thesis which suggests that inflation has its roots in international capital competition either in the form of imposed balance of payments deficits or instability in the international money markets. The same problem exists with monetarist theories on the international scale as on the national, that is a failure to specify any clear and adequate mechanism whereby changes in the money supply, international credit or whatever, (which must of course *accompany* any inflation) can be shown as causal mechanisms operating to produce the observed price rises. The great temptation is that theories which would be considered absurd on a national scale are considered acceptable on the

international, partly because the technicalities of such as the Euro-dollar market are very arcane, and partly because international orientated explanations appeal to the Marxist frame of reference. In short it is easy to mystify.

The political point is that Marxists have, by and large, adopted theories of inflation which can only be sustained by removing the main elements of class struggle from consideration. The working class is involved only insofar as it is forced to struggle to maintain its living standards in the face of inflationary pressures derived from outside itself. These explanations derive unmistakably and directly from the positions of exactly those militant social democratic trade union leaders who are attacked for their ideological stranglehold over the labour movement. Pyramids of obscurantism about international monetary flows or narrowing bases of industry or straightforward tactical polemics on the effects of increased interest rates on house mortgages and the like cannot hide the fact that the dominant theme is left economism. In the short term it is an ideal recipe for maintaining the working class in a position of heightened militancy with a minimum danger that they will advance politically except under the safe banner of social democracy.

Working class strength is a major factor in preventing a solution to the competitive problem of British industry. The argument that Britain's slow productivity growth relative to other countries is the decisive variable, since money wages rise at about the same rate here as in other countries, fails to take account both of the critical importance of the increased militancy of the British trade unions and fails to appreciate the causes of that slow productivity rise.

The basic theme of our argument is thus very simple, though of course the working out of this theme in political practice is very complex. By a policy of massive state intervention, specifically the use of Keynesian economic policies, post-war capitalism has managed to assert a conscious economic control to rectify a situation which had threatened to destroy society in the pre-war depression. A necessary part of this change was the elimination of mass unemployment as a normal feature of capitalism. The result was, and is, that a large amount of control over money wages was won by the working class. Following from this, inflation emerged in all advanced capitalist countries the main economic problem and as the major social consequence of the class war within capitalism. It is in this context that the strategy of the working class must be evolved, a fact so far avoided by the left with potentially disastrous consequences.

IV

Full employment creates new ideological and cultural problems for the market economy. So also does inflation, itself the product of full employment. Inflation dramatises exploitation. This is so *irrespective of the rate of the rise of real wages* since money wages rise at discrete intervals whilst price rises tend to occur continuously, so that even if, *over a period*, the overall rate of rise of real wages is faster than prices, during most of that period real wages will be declining. Thus in between relatively infrequent wage rises, continuous price rises produce a feeling of perpetual lowering of living standards thus dramatising exploitation.

This is not the end of the matter however. Inflation, *by itself*, raises the question of relativities, including those between traditional working class groups on the one hand and the salaried or fee-earning professionals on the other, many of whom are more or less directly associated with the ruling class.

Further, insofar as inflation inevitably produces state policies to control, consciously and by agreement, the rate of wage rises, this cannot but lead to questions of price and profit control being posed, which raises, as a social issue, the whole basis of profits and indeed the whole ratio of the system. These trends have become increasingly obvious in recent years — till all major parties are forced to deal with problems of income distribution and to emphasise the lower income groups. Every wage claim becomes involved in the profits made in the industry under attack and in the salaries paid to managerial staff, not simply as a measure of ability to pay but as a matter of justice.

We have already mentioned that the full employment of resources tends to raise the problem of the allocation of those resources. Inflation strengthens and adds to this as it focuses competitive problems and forces capitalist states to attempt not only the regulation of money wages but also more elaborate, consistent and continuous efforts to raise productivity in the

economy, especially via regional investment incentives, industrial research policies and so on. These are not new but the scale and continuity with which they are now pursued mark a new development.

It goes without saying, that again the allocation of resources by conscious control, as compared with the market mechanism, becomes a major feature of modern capitalism, albeit within an economy where market forces remain important and where public control remains fundamentally bourgeois democratic control.

The point here is that the central mechanism of society remains the accumulation of capital with exchange values used for the purpose of expanding surplus value and employing the market to allocate resources, but with the process being increasingly modified by the need to maintain order in the productive mechanism and in society as a whole. This means that the productive mechanism can operate with decreasing effectiveness by market means in a situation of having to satisfy working class demands and to deal with the increasingly large scale of productive units which subvert the effectiveness of the price mechanism in promoting competition.

In the nineteenth century, market anarchy and capital-labour struggles at the point of production produced the typical economic crises of regular booms and slumps. In the inter-war years, the increased scale of production and the resultant oligopolistic industrial structure (with its tendency for variations in economic activity to take the form of variations in employment and production, as opposed to price changes), together with the great increase in global integration of the capitalist economies, seemed to be producing a crisis of permanent mass unemployment. This outcome of the contradictions of production forced the introduction of Keynesian measures to control the market under the threat of the social break-up of capitalist society. The result was not to remove the economic contradictions but to raise them to a higher level and for them to appear in a new form — inflation.

The abolition of the reserve army of the unemployed, at first sight, creates the possibility that the accumulation process will be halted by wages eating into profits, but full employment policies also allow prices to be raised to offset the rise in money wages, so that the condition of continued accumulation is perpetual inflation. However for the economy whose productivity growth lags behind the general international level and where investment and innovation are generally less dynamic, inflation is relatively greater, since regular productivity rises do not offset wage rises to the same extent as elsewhere. The same effect results from countries having more combative or better organised trade unions than others, so that money wages rise relatively faster than productivity. Thus certain countries suffer problems of international competitiveness and balance of payments difficulties such that accumulation in such countries is held back. This in turn leads to further balance of payments problems which in turn aggravates the difficulties of maintaining an adequate rate of accumulation.

We have posed this as a general statement about advanced capitalism though we have only followed through the working out of the process for Britain. One of us has already followed through the stages of economic development of advanced capitalism on an international scale (NLR 40); to avoid repetition we can only refer to this and acknowledge the lack of a satisfactory international analysis in this article.

In the British case, the result of the weak position of British capitalism internationally has meant that the society has increasingly lost control over its operations as desperate adjustments to problems raised by the much more dynamic rival economies. Moreover the economy becomes increasingly unable to satisfy the expectations of the working class for a steadily increasing standard of life.

Although certain countries may be affected less than Britain, all Western economies are subject to increasing uncertainties in this respect as working class militancy changes and as trade fortunes vary between countries (including the increased power of the underdeveloped countries relative to advanced capitalist countries). However in *all* Western societies, the growing incompatibility between the market allocation of resources and the social needs developed by capitalism itself, are reaching a point of irreversible tension. Thus the working class faces two related but distinct problems — how to raise the rate of accumulation and how

to enforce the appropriate allocation of investment.

Inflation therefore focuses the economic contradictions of modern capitalism and reflects the advanced level of the productive forces, the greatly increased weight of the working class in society and the increased level of social control in the economy which the bourgeoisie has been forced to introduce to modify the failures of the market mechanism.

Economic contradictions acquire a semi-political character, corresponding to the decreasing sphere of the market mechanism and the increasing integration of the state structures with economic structure. These economic contradictions are, at the same time, both cause and effect of the central political crises of postwar capitalism — wage control, income distribution and the social control of resources. Simultaneously an ideological problem is created centred around the declining function of the market which provided the central rationale of bourgeois ideology.

The stability of bourgeois political and democratic structures, and institutions based upon these ideological supports, has been increasingly shaken by the contradictions developing from the policies and circumstances which initially produced or re-asserted their stability. The contradiction between increasing socialisation of production — and with it all human activity — and private appropriation with a market allocation of resources takes on a new, more advanced dimension, as the removal of mass unemployment and the growth of persistent inflation focuses attention on the distribution of resources rather than the waste of human resources.

Community actions, the women's liberation movement, anti-pollution campaigns and so on, are all expressions of this more advanced stage of capitalist development, though it hardly needs emphasising that each has its specific roots.

V

The widespread militancy of the British working class over the past few years, at least on industrial issues, can be paralleled by periods of the past - say the years before and after the 1st World War. One of the characteristics of the present situation which is unique is not only that this militancy has spread to sections of the working class never before affected but that other areas of struggle have opened up over issues that until recently were considered as being worth little more than formal gestures and involving groups within society that previously were not involved in any significant way in the protest movement.

Instancing only some of the obvious movements: the whole field of education has become the scene of persistent dissent and questioning by both students and teachers. Community politics, welfare issues, the whole gamut of environmental campaigns have been opened up, not simply as matters for policy decisions at a rarefied political level but as struggles which have involved large numbers of people, who have been prepared to commit themselves to open defiance of authority. Perhaps most significant of all, the women's movement has raised new dimensions of social and personal oppressions which will ultimately cause fundamental redefinitions of the very meaning of socialism and socialist revolution, insofar as these terms relate to a reality created by human beings from their existing historically developed circumstances and are not conceived of as philosophical abstractions.

To these movements must be added the whole diffuse, often anarchic, and usually self-defeating 'life-style' rebellion, pop-culture, drugs, mysticism and all. It is customary for the organised left to deride these areas as bourgeois individualism and certainly that is, in part, correct. However, it must be accepted that it has played a bigger part in imparting a crude ethos of dissent and rebellion to working class youth than has the traditional left.

It is not possible for us to examine these developments in any detail. We can only observe that all the examples we have quoted can be accused of containing backward looking, romantic or anarchic elements as well as the progressive. It would be surprising if movements, so diffuse and novel as well as, it must be said, so ill-served by traditional left leadership, did not contain this contradiction. The point is that these diverse struggles stem from the same roots as the increasing level of working class industrial militancy, that is changes in the mode of production of capitalism, and that all of them point to a common strategy and perspective. This is in contrast with the present position of the organised left which tends to regard any social struggle as a convenient recruiting ground for new cadres and an additional field for

opportunistic intervention. The failure to take a common view of all the social as well as the industrial struggles of recent years, based upon an analysis of the changes in the overall political economy of capitalist societies, is, in our view, one of the reasons why the left has proved unable to establish a mass base in Britain, at a time when more people than ever before have been caught up in protest, albeit often unorganised and ephemeral.

To develop this view, it is necessary to consider the social effects of the change in economic functioning of modern capitalism in a rather wider perspective than, up to now, we have used. Two central points have already been made; the greater consciousness of the nature of economic processes and the increased power of the working class to impose their material demands. These derive very specifically from a change in the economic basis of society but a number of other important changes have also emerged in the non-economic spheres of British society.

We have characterised the changed mode of production as being a marked and progressive increase in the degree of conscious control over the anarchy of competitive production. A direct consequence of this is that the allocation of resources has become an increasingly public matter. The relationship between industrial growth and environmental pollution; the effect of particular methods of industrial production on the workforce operating the machines; the wide variety of planning decisions about the urban environment - great mass concern is aroused over these — and other — issues, not because increased prosperity has awakened people to needs that previously had less social and individual priority, but because all these areas have now entered into public control in a way that was scarcely even considered two or three decades ago.

The same pressures which have drawn into the arena of public debate the distribution and allocation of economic resources, have also had vital effects on those areas of social life previously considered private or autonomous from the sphere of economic relationships. It is not enough to refer to the cliché that, "in the final analysis" all affairs of human life are determined by economic forces and the mode of production. What has changed is that the very mechanism which acts to regulate and order production is increasingly derived from conscious social control; mass unemployment was not removed by any unseen economic hand, it was eliminated by conscious political and economic policy decisions. State intervention and the use of at least primitive planning to allocate, partially, the sectoral distribution of investment, developed because men ordered it thus, as a result of their understanding of society. Such understanding may be partial, it may be used to preserve the interests of a class but it cannot be ignored, neither by the class in whose interests it was developed nor by the class it seeks to dominate.

The process by which the development of social control of the economy begins to affect all spheres of life in society is highly complex. Some have considered the process as being defined by a manipulation of consumption to fit the production package desired and planned by industry; the politics of consumerism and the manipulation of the mass of people by all the pressures of mass advertising and marketing. There are areas of perception in this analysis but it is only partial. One of the major responses of recent years has been that, by and large, society has become, not a mass of manipulated zombies as was feared and predicted, but has produced its own varied, and often powerful, responses to these manipulating pressures.

One channel along which the primary change in social control has flowed is the steady incorporation of previously semi-autonomous areas into an intertwined social-economic nexus. Education is a vital area; seldom can any social institution of such fundamental importance have been so quickly turned into an area of contestation within society. A decade ago, political demands about higher education were confined to reformist and low-key efforts to expand its scope and size; now the college produces its own political struggle over the issues of who should control the institution and over the function and content of the education offered. The change is not only in the fundamentally deeper nature of the issues involved but also in who is involved in the struggle. The completeness of the transition should not obscure the fact that until very recently, students were the last people to be concerned or consulted about education itself. A similar situation has developed in secondary education, although here the emphasis is on the teachers becoming aware of education as their political concern as

well as their profession.

Attempts to explain this change purely in terms of numbers or changing class composition of students, or by considering the situation as one defined by entirely economic parameters such as grant or salary levels, are unable to explain either the complexity or indeed the violence of the change. Nor can they explain the simultaneous, though subtler and less public, changes which have occurred in all those spheres inhabited by the 'professional' worker — the lawyer, doctor, health service and social worker, planner, scientist and so on.

The socialisation of production and the decline of the functions of the market have made increasingly clear the ways in which every individual's action has its social effect, so that the necessity of freedom through conscious, democratic social action becomes increasingly obvious. This is made particularly clear to the youngest and most junior members of the professions.

One is either part of the solution or part of the problem in ways which are harsher than ever before; in fact they are on a higher level, transcended beyond the situation of previous eras where responsibility could be assigned via enough intermediaries to conceal the consequences from all save the most sensitive. A lecturer on higher algebraic functions is accused of racism and cannot laugh — as twenty or even ten years ago he would have done — because the links are there and, wish as he might, they cannot be snapped. The same applies to every person, who could previously act out the role of the independent man, the autonomous man. Of course this has always been just a pose. But the gulf between reality and consciousness is wide. The myth of the objective, liberal custodian of intellectual tradition and professional decision has always been an important part of the ideological control exerted by capitalism. Now that bastion crumbles from internal knowledge and social awareness.

The changes in economic functioning have also steadily invaded and diminished those areas of individual human life which can be called 'private' in favour of the public and social. This again has been called manipulation but it goes well beyond that, into the beginnings of a distinct change in the ways in which individuals relate to each other sexually and socially.

Such areas are treacherous to sum up in a few words, but we would suggest that the present period begins to offer far more solutions than problems and that it is the sight of those solutions which arouses dissent and struggle. Women have been oppressed for centuries, throughout capitalism and beyond, but it is probable that only within the last decade has it been possible for women to even conceive of their liberation in other than Utopian or individualistic terms. That is, the possibilities which began to exist for the proletariat as a class to liberate themselves (at least from one exploitation) as soon as capitalism developed at least to the point of competitive maturity, have developed for women only when the social situation of capitalism moved to its present point; though of course the possibility of liberation is distant from its achievement. We are simply stating what should be self-evident, that the requirements for an abstract idea to move to the stage of actual mass conceptualisation, require certain social changes within society and that for women's liberation, that is for the overthrow of the most deep-rooted and privatised of oppressions, those changes have only occurred within capitalism in the past few years.

Other currents within society of greater or lesser mass significance, the struggle against racism, gay liberation, movements against sexual orthodoxy of all kinds, economic parameters such as grant or salary levels, are unable to explain either the complexity or indeed the violence of the change. Nor can they explain the simultaneous, though subtler and less public, changes which have occurred in all those spheres inhabited by the 'professional' worker — the lawyer, doctor, health service and social worker, planner, scientist and so on.

The socialisation of production and the decline of the functions of the market have made increasingly clear the ways in which every individual's action has its social effect, so that the necessity of freedom through conscious, democratic social action becomes increasingly obvious. This is made particularly clear to the youngest and most junior members of the professions.

One is either part of the solution or part of the problem in ways which are harsher than ever before; in fact they are on a higher level, transcended beyond the situation of previous eras where responsibility could be assigned via enough intermediaries to conceal the consequences

from all save the most sensitive. A lecturer on higher algebraic functions is accused of racism and cannot laugh — as twenty or even ten years ago he would have done — because the links are there and, wish as he might, they cannot be snapped. The same applies to every person, who could previously act out the role of the independent man, the autonomous man. Of course this has always been just a pose. But the gulf between reality and consciousness is wide. The myth of the objective, liberal custodian of intellectual tradition and professional decision has always been an important part of the ideological control exerted by capitalism. Now that bastion crumbles from internal knowledge and social awareness.

The changes in economic functioning have also steadily invaded and diminished those areas of individual human life which can be called 'private' in favour of the public and social. This again has been called manipulation but it goes well beyond that, into the beginnings of a distinct change in the ways in which individuals relate to each other sexually and socially.

Such areas are treacherous to sum up in a few words, but we would suggest that the present period begins to offer far more solutions than problems and that it is the sight of those solutions which arouses dissent and struggle. Women have been oppressed for centuries, throughout capitalism and beyond, but it is probable that only within the last decade has it been possible for women to even conceive of their liberation in other than Utopian or individualistic terms. That is, the possibilities which began to exist for the proletariat as a class to liberate themselves (at least from one exploitation) as soon as capitalism developed at least to the point of competitive maturity, have developed for women only when the social situation of capitalism moved to its present point; though of course the possibility of liberation is distant from its achievement. We are simply stating what should be self-evident, that the requirements for an abstract idea to move to the stage of actual mass conceptualisation, require certain social changes within society and that for women's liberation, that is for the overthrow of the most deep-rooted and privatised of oppressions, those changes have only occurred within capitalism in the past few years.

Other currents within society of greater or lesser mass significance, the struggle against racism, gay liberation, movements against sexual orthodoxy of all kinds, can also be regarded within this framework, rather than regarding them all as parallel movements which have nearly simultaneously arisen because of an imitative courage between oppressed minorities. Rather they have developed as a direct response to common causes resulting from changed social circumstances. And at the most fundamental level of all, the changes in modern capitalism have brought about a degree of self-knowledge which can only be explained in terms of a society which, more than any in history, has become aware of itself; which understands the reasons for its prosperities and is aware of its oppressions with less of a veil of intervening ideology than ever before. For some that can mean knowledge of the way out; for others a terrifying vision of loneliness and despair. The flavour of the socialist movement is a compound of both; unresolved and conflicting.

VI

There are four main strands to the mass struggles which have occurred in the past few years. First, the main working class economic struggle centring around industrial action for wage demands but expanding into other areas such as resistance to closures. Second, the struggles within the wider areas of resource allocation, concerned for example with housing or with the environment. Third, those which have derived from a concern by intellectuals and professional workers with the use and functioning of their own field of work. Fourth, with struggles mounted primarily from within areas of life previously regarded as private or personal. The division is crude and, of course, overlapping but useful in examining the broad sources and connections between these movements.

The strands have produced a huge variety of movements, campaigns, protests and so on. Indeed one of the defining characteristics of the present-day left is precisely this diversity of various arenas of struggle, operating at all levels from the professedly reformist action campaigns to explicitly revolutionary groups and movements. However, despite this enormous diversity, it is possible to draw out certain features which have emerged as the concern of all, but the most specifically reformist or abstractly revolutionary groupings.

The first major concern is about the need for popular control at all levels of authority and over

all areas of social life. We have stated that much social protest can be traced back to an increased social understanding of the processes of control within society. These may be felt to be useful or oppressive (usually according to who holds the control and in whose interest) but universally such controls have become a major target of movements calling for their democratic control. The principal contradiction which exists within these struggles is the disparity between the real power achieved over wage bargaining by the working class and the lack of control which they exert or even attempt to exert over other factors which affect social and productive life. This has meant that concern about 'control' has spread into the mass movement rather from the areas of social struggle which we have discussed than from the areas of struggle within the industrial sphere. Yet within these social movements, the issue of control is of decisive importance.

The second common feature is a problem of organisation, of how struggles are to be carried out and how leaders are to respond to the wishes of the rank and file. In a certain sense it is the complementary factor to the one described above, in this aspect a concern for the *internal* democracy of struggle. There are of course many aspects to this; the semi-libertarianism of the women's perspective to the relationship between shop stewards and union officials. Nevertheless, the common strand does exist and it arises ultimately from changes in social consciousness, which arise as we have described from the changing social relationships of production.

It is not the old liberationism versus authoritarianism conflict in a new guise, though it is often presented as such by various protagonists. Rather, it is the response by individuals to the organisations to which they are in some way committed, when, what they require from that organisation is not simply the achievement of certain material demands but is also control by these individuals of all aspects of their lives.

From a slightly different perspective, we may elaborate the point by stating that once the productive forces have developed to a level where social cooperation increasingly becomes an ineluctable necessity and the market method of resource allocation increasingly obsolete, then the objective necessity for a strategy of democratic control implies that any elitist approach to the achievement of socialism becomes irrelevant.

We would not wish to present the problem in terms of a simple progression from a present bureaucracy in some future of individual freedom. The pressure for individual liberation brings with it problems of organisation and discipline which remain the backbone of working class power. Our concern is not to argue for a dissolution of all the controls which have been built up historically around the belief and fact that 'solidarity is strength' but to point out that the lessons of recent struggles are that solidarity must be rooted more profoundly in conscious understanding than ever before.

Even in actions concerned with direct economic gains, the question of democracy has increasingly come to the fore. At the same time, the crumbling of the market and its associated bourgeois ideology has lent social struggles an undertone of defiance and restlessness which are major reasons why bourgeois politicians have moved increasingly towards policies of participation, of various (usually fraudulent) sorts.

This situation implies however, that the individuals taking part in these actions are less inclined to part with their direct control over the course of such struggles; it becomes for example, harder to persuade workers to accept offers negotiated by their union officials, without specific ratification and demonstration that they represent the best obtainable compromise.

The women's movement has tended to resolve this tension between the mass and the leadership in an extreme form, determined by the fact that the demand that women as individuals should be liberated from male oppression, has, from the beginning of the movement taken equal place with more material demands, for example, for more nurseries, for free contraception and for abortion on demand. Thus those concerned to organise women to achieve this liberation have been highly concerned that no element or reflection of this oppression should enter into their own struggle and in particular their own organisation. The extremity of the position should not obscure however the connections it has in other organisations.

VII

At this point, it is useful to summarise our argument before presenting certain conclusions for a working class strategy.

The economic functioning of capitalism reached a sufficient state of crisis in the '30s to threaten seriously its future, particularly having regard for the social and political upheavals consequent on the war. The accretion of economic power to the state, which had been occurring throughout the previous two or three decades, together with the opportunity provided by the war to put into practice, with some success, wide-spread Keynesian controls, enabled certain basic changes to be made in the economic functioning of society. In brief summary these amounted to a conscious acceptance of the vital role of the state in managing the economy, and the removal of mass unemployment as a persistent feature of capitalist society. This latter was both a social concession necessary to maintain control over the working class and an economic measure necessary to ensure full utilisation of capital resources and high demand levels. It implied a massive shift in the social and economic power to the working class, reflected in the decades after the war, by an increasing share of wages and welfare benefits in the national income; the former deriving from increased workplace bargaining power and the latter from the increased political power resulting from knowledge that parties would, and could, increase benefits as a price for working class votes.

The success of these measures is reflected in the high growth rates of capitalist societies and their relative freedom from cyclical booms and slumps — a situation which persists, comparative to pre-war, right to the present day. However, other contradictions developed as a result of these changes and these contributed to the massive upsurge of working class militancy from the middle of the 60's. These changes were, we believe, quite general throughout all advanced capitalist states, though the manner in which particular institutions mediated the changes and the historical position of the labour movements, were, of course, rather different. We have in our argument particularly concentrated on the British case.

The most important of the contradictions was the growth of inflation as the principal economic contradiction, caused, primarily, by the increased power of the working class and the inability of employers to defend their profit levels against money wage demands by other than raising their prices.

Socially, the changes led to a vast widening of the sphere of public dissent and protest, and a heightened consciousness of the process of exploitation in capitalist society, in all aspects of life, both public and private. The movements which developed were not concerned just with material gains, which were to a degree accommodated within bourgeois society, but with wider areas of control of life in all its aspects. It is the growth and, in particular, the linking of these movements which poses problems for the organised left at the moment; problems which so far it has been unable to solve or even to define.

VIII

Working class strategy inevitably centres around the principal contradictions of whatever society the working class is in. Accordingly, its strategy must be concerned to take into account the prospects of increasing struggles around the issue of inflation. We have asserted that the fundamental cause of persistent and rising inflation is the ability of the working-class to obtain money wage increases in excess of productivity rises and so put pressure on profit margins, which can ultimately only be defended by price rises.

This view is energetically resisted by the organised left and, at least in public statements, by most militant trade union leaders. The background to the theories of inflation proposed by the left is usually more interesting than the theories themselves which are seldom more than mystified self-delusions, for this reveals the strategic cul-de-sac into which the left has been drawn.

Every revolutionary group (and to avoid problems of definition let the label be self-applied) exists in a situation where its working influence, such as it is, is in large part derived from enthusiasm and a talent for short-term organisation. In the context of a particular struggle, the group or representative of the group, which can demonstrate the maximum short-term usefulness, wins the members. The ability of any group to exert *autonomous* political influence

on the working class is very limited, with the possible exception of the Communist Party, though in this case it is difficult to separate reformist influences from the left of the Labour Party influencing the Communist Party rather than the reverse situation of a reformist Communist Party influencing the Labour Party.

It is almost always true that the short-term tactics of any particular strike, as well as the ideology of left economism, are best served by denying that a consequence of the money wage demands of that strike might be a contribution to inflation; the former because many workers remain affected, sometimes profoundly so, by suggestions that they are harming the 'national interest' whilst populist reformism wishes to deny all contradictions between the various interests of social classes and between the long and short-term interests of the working class. And of course consideration of any specific situation will always produce some factor that can be used to deny a link between wages and prices. In particular, as we discussed above, the discrete nature of wage increases and the continuous nature of price rises, will mean that the workers, *in that specific struggle*, are likely to see their living standards being eroded over the immediate past.

The result is that the left has trapped itself in a situation whereby preservation of its small but psychologically essential working class support appears to depend upon it pandering to the lowest common denominator of economistic agitational politics. And this prevents the growth of any real working class confidence in any revolutionary group, as such confidence ultimately depends upon a correct appreciation of the society of which the working class is part.

Now we must emphasise that the view put forward by various shades of bourgeois politician, that the working class should accept an incomes policy per se, restraining the growth of money wages and thereby improving competitiveness and expanding accumulation, must be emphatically rejected. The result of this policy might in fact be to improve the British economic situation and to raise British living standards — at least in some aggregate sense - but it would be achieved at the expense of tying the working class to capitalism. It is this strategic objection to a bourgeois incomes policy which is paramount, the general rationality of its short-term aims can hardly be disputed save in details. Denial of the short-term possibilities is futile; what matters is precisely that it retards the attainment of working class power just at the moment when the development of the productive forces under capitalism has made this possibility more than ever relevant.

The economic contradictions of modern capitalism would be contained by such an incomes policy whilst its political contradictions would be blunted if the working class found its area of autonomous class action — expanded since the war to include a vital part of the economic process in the division between wages and profits — reduced to bureaucratic negotiations between the TUC, the CBI and the government.

This danger is, if anything, sharpened by the fact that social democracy may be able to arrange such a deal under the guise of a "social contract" and some kind of voluntary agreement.

A principal problem is that the left tends to underestimate this possibility precisely because it has denied the extent to which working class action can influence the economy. It may continue to believe its own propaganda, just at a time when the leaders of social democracy — who understood the situation and its dangers, years ago — conclude a deal based precisely upon this fact of influence. All the conflicts of advanced capitalism could be crammed into a stifling and socially retrogressive bureaucratism (however packaged with a ribbon of immediate social reform) and once again capitalism, with the active and decisive support of social democracy, would have turned the trick against a developing revolutionary militancy.

In this context it should be pointed out that the differences between a voluntary and a compulsory incomes policy are almost entirely illusory. That one depends upon the active connivance of trade union functionaries only serves to emphasise the common lack of real democracy and choice in the *present* mode of incomes restraint.

The apparent contradiction between recognising that wages negotiated under 'free collective bargaining' in Britain have had the ultimate effect of helping to retard the rate of growth and thus of ultimately slowing the growth of living standards, and the potentially retrogressive

effects of accepting an incomes policy per se, is only resolved if the working class begins to exert its own direct and conscious control over the economy. That is, if in return for the working class adopting its *own* incomes policy with associated wage restraint, it insists on having the right of making decisions over an ever wider area of social and economic life. More specifically the quid pro quo, for agreement of the working class to limit money wage rises is that it has a decisive say in the allocation of the investment resources so released.

The acceptance of a *working class* incomes policy linked with increasing working class control over the economy combines a realistic approach to raising living standards (as distinct from the present unrealistic approach of unrestrained collective bargaining) with the political advance of the working class which must now centre around the control of the national, regional and local economies. In doing so the working class will follow a strategy which will simultaneously raise its political understanding and will begin to make it the hegemonic class within society.

Advocating any kind of incomes policy will no doubt appear shocking to most on the left. However, the possibility for making revolutionary advance always consists of making the correct appraisal of reformist demands, and of providing them with a content which addresses itself both to the immediate interests of the working class and which also opens up some further long-term perspective. Present left policy fails to do this by opening a gap between a short-term economic militancy and long-term exhortation confined to propaganda and rhetoric.

The problem of an incomes policy does not lie with the danger of class collaboration, or at least, only insofar as such dangers were opened up when the first compromise agreement was made on a wages demand. The problems lie with the manner in which such a policy is organised and decided, and the demands which are made as part of the price for agreement. In particular, the manner in which linkages are made with already voiced demands would be decisive.

The working class is faced at the moment with a choice between accepting a vague 'squeeze the rich' and 'social contract' incomes policy of the Labour Party and an alternative 'revolutionary' policy of pursuing increasingly unrealistic wage demands. Such a choice is hardly a problem as social democracy has such a dominance that by default the working class remains loyal, preferring at least the limited realism of a cynical Labour leadership to the Utopian revolutionary left.

The alternative is this; that the working class, without relinquishing its hold over the wage bargaining process in real terms, should press more and more to extend its influence and ultimately its control over those areas of economic and social life at present closed to it, that is into the area of resource allocation and investment decision. This is the area of demands which will advance the cause of socialism because it is here that the heartland of capitalism resides, and it is this which controls precisely those factors which affect the realisation of working class aspirations and needs.

Of course demands to control investment have already entered the scene, in particular in relation to the fights against closures. It is indeed this fact which points the way forward. The brilliant UCS struggle was of crucial importance in that by opening up this field of demands and by using the weapon most suited to those demands, it showed just how radically the mood of the working class had changed and how powerful a position it now held.

Rather petty denigration of the UCS struggle, which complain that it was only a partial victory and that the work-in was, in part, only formal, miss the point. The potency of UCS was that it opened up areas of struggle hardly considered by the working class movement in previous years, and found an instantaneous and massive vein of support and enthusiasm. It won respectable if not total concessions, which by and large should be an objective of all campaigns for reforms, and it also showed the underlying revolutionary character of even partial and negative demands about investment. (Negative in the sense of being fought about negative investment or closure.) From negative influence on industrial decisions, it is necessary to move forward to positive control.

The left has always tended to deny the importance of workers' control, particularly as the reformist attitudes latent within any set of demands, have often become the most vocal, by

advancing proposals, for example for worker directors, which could be quite clearly seen as containing and diversionary. Certainly it is true that no set of demands will ever be free from the problems set by the intrusions of social democratic leaders and ideology; this is as true of demands for workers' control as it is for wage demands. The left has come to believe that it can pre-empt social democrats in the field of wage demands by simply putting forward higher money wage targets. In the field of workers' control a much more complex differentiation is required based upon a clear and realistic analysis of the economic and social processes of society. Lacking this the left can only fall back on empty slogans and avoid the issue.

The basis of a revolutionary demand is to choose those demands which are simultaneously within the scope of capitalism to grant and which will raise most clearly the issues of exploitation within capitalism and the necessity of socialism. The problem of the present left strategy, to agitate for ever higher wages and the smashing of incomes policies, is precisely that it fails to meet these requirements, and that the failure is determined not by any lack of militancy or consciousness in the working class, but because the objective base of capitalism has changed to the extent that the strategy is not revolutionary but Utopian.

It is for example as Utopian as the demands in the nineteenth century that workers should smash machines to prevent the growth of mechanised industry or that the working class should refuse to accept commodity production and should, in some way, remove themselves to islands of cooperative production.

The intentions were understandable but the ultimate effect was to confuse the working class by raising visions which were unworkable and unattainable, but which were yet, in some abstract sense, desirable. And of course the end result was a decisive turning towards the 'realism' of reformism. This has to be combated by the 'realism' of revolution, not the fantasies of left romantics or economist militants, however embedded within the labour movement such fantasies are.

The extension of demands at the point of production to include more and more those decisions which determine the actual process of production and of investment, is only one facet of a much broader spectrum of demands that are now accessible to the working class. We have already touched upon the wide range of issues which have emerged over recent years; all of which are rooted in the conditions of the working class, *whatever the present class nature of the groups contesting these issues*. It is working class women who still suffer the attentions of back-street abortionists. It is working class children who breathe the dust from lead smelters. It is working class communities which are broken up and banished to tower blocks on the far peripheries of their cities.

The fact that it is by and large middle-class radicals who have taken up these issues is irrelevant, provided that an active left movement is attempting to organise them on a wider basis. But the tendency is for the organised left to believe that the working class man or woman is able to comprehend only simple material demands; the 'complex' issues are considered to be the preserve of the educated middle class. Such an attitude simultaneously insults the working class and partially neuters a vast area of socialist agitation.

The increasing tendency of capitalism is, as we have discussed, to gather together all aspects of human life together into one knot. The left must respond by tying together all the issues on which it fights, with the working class leading these issues, not — as is the present tendency — to parcel out the various issues, that for middle-class intellectuals, that for women and students, that for the working class and so on, and then to lump them all into a populist hodge-podge.

The strategy must be integrated; that is it must stem from a central analysis of the present situation of the working class within capitalism. It must spread out from a central theme which accepts the limitation of money wage demands in return for a growing working class responsibility for control within the workplace and the community. To achieve this the strategy must operate at all levels of life and, essentially, must be democratic. That involves new problems which we wish to discuss.

IX

We have discussed the area and structure of the demands which a working revolutionary movement should be proposing. Associated with this is the organisational form which the

movement should take. We have also noted the fact that the nature of democracy and control have become as much of an issue within the working class movement in relation to itself as to society at large.

It is of course an old idea within the Marxist tradition to place emphasis upon the role of workers' organisations within a capitalist state, broadening and developing their control, to prepare for a workers' revolution in which these organisations would play a crucial role in mobilisation and leadership. The writings of Gramsci are of particular importance. Since that period however, the adherence of European revolutionary groups, in particular the dominant Communist Parties, to the idea of separate workers' organisations, acting, not simply to fight for reforms, but to exert a working class hegemony over wider and widening areas, has experienced a marked decline both in theory and practice.

This has been illustrated in the past few years by the treatment offered to resurgent ideas of workers' control of industry. This has often been ridiculed as Utopian or condemned as diversionary. The result is that workers' control has been driven into an intellectual isolation which negates its value and prevents its use as a very potent and essentially revolutionary demand.

One of the keys to this opposition has been the problem of organisation, for one crucial difference between a reformist and a revolutionary approach to workers' control is the question of the organisational autonomy of the working class. Every successful — and indeed unsuccessful — socialist revolution has developed independent organs of working class power, independent from and providing an alternative to, the organs of the bourgeois state. The precise role of such organs has varied, particularly in terms of their immediate aspirations within the bourgeois state. In less developed capitalist systems they have undertaken the task of asserting the very right for workers to organise together to achieve simple bourgeois democratic rights or the most elementary of bargaining powers. The essential difference in the present epoch is that such independent organs must undertake the expansion of democratic rights into areas which are commensurate with the expanded power of the working class, that is they must undertake, at the level of individual factories and communities the kind of demand which we have described above.

Unless alternative workers' organisations are built to struggle for workers' control at all levels, but in particular on the factory floor, then workers' control is only too likely to lead to the reformist absorption which is so often criticised by the left.

To say this is not necessarily to imply the creation of totally new institutions; it may involve the democratic and functional transformation of existing bodies such as shop stewards committees or trades councils. Only struggle will tell.

Yet in practice it is the problem of organisation which the left refuses to face, preferring to turn to straightforward economism or empty phrases about collaborationism. A major example of this, both cause and effect, is the hostility shown by many trade union leaders to rank-and-file organisations, which they regard as usurping and transcending their functions. But at a more theoretical level, many Marxist groups have been strongly dominated by a mechanistic view of the Leninist conception of the role of the vanguard party — which as such is not in dispute — that they have ignored the equally important Leninist concept of the crucial importance to the socialist revolution of building "Soviets", understood as alternative organs of working class power.

We are not suggesting that any historical model of Soviets or workers' councils is adequate to describe the present situation. We have pointed out the ways in which this era is fundamentally different to that in which the 'classical' Marxists worked and we are not suggesting an automatic transference of their ideas. Indeed we have suggested that a considerable expansion of the scope of workers' organisations is required. Our conclusion is simply that the sum effect of the changes we have outlined must be to throw a greater rather than a lesser weight upon the role of the autonomous workers' organisations.

This may seem too simple but, in practice, it is the exact reverse of the present strategy of the organised left which, almost obsessively, sees the building of the revolutionary party as the key issue.

We are of course leaving a lot unsaid. In particular we are leaving to one side the problem of

whether the practical coexistence of autonomous working class organisations and a dominant Leninist party is in the long term possible. The one historical model that exists showed only that the path of coexistence was not smooth before the events of the 1918 Civil War reduced the Russian Soviets to no more than organs for asserting the will of the Communist Party. Whether this would have been their fate in other circumstances remains an unanswered question.

The role of autonomous working class organs is heightened rather than lessened by the increasing complexity of modern capitalism, for it is only through such bodies that the democratic functioning of society is possible, the role of elected legislative bodies being increasingly less important in regulating the real functioning of the state. In such matters as fighting the massive and nationwide closures of the British Steel Corporation, the steel workers can only effectively fight back by devising their own strategies for the future of the British steel industry and by uniting on a national scale to force the acceptance of such a strategy.

As another example, the East End communities in London can only prevent the development of the massive dockland areas as bourgeois playgrounds by devising alternative plans and uniting to argue for these and to block any other scheme. Such a movement can only come from within the community as the alternative strategies for the steel industry can only come from within the steel workers. And this means the organisation of working class bodies which set themselves the targets of first planning the running of their industry or community, then of intervening in the normal management or planning process and fighting for those plans. Finally they must accept the possibility of at least assisting with the implementation of those plans. The process is gradual but inevitable though we have only begun to see the working out of the first phase let alone entered the last. The key is that the working class is moving from making defensive stands against cuts in their standards or simple demands for higher benefits irrespective of where these are to come from into making choices about the allocation of resources. It is the necessary result of the changed position of the working class we have discussed above.

Of course the speed and purpose with which this process is worked out depends crucially upon the actions of the conscious vanguard of the working class, that is upon the organised left movement. These organisations can and do exert an influence in speeding up, retarding or diverting the path of mass movements. A disturbing feature of the past few years has been for embryo working class organisations to appear around certain issues; only to be used for purely opportunistic purposes by the left, or to be ignored and to drift into passive reformism or semi-anarchism. The massive numbers of people who have taken part in such movements compared with the puny numbers gathered into the fold by the organised left is not just chance; it illustrates very vividly the failure by the left to come to terms with these new forms of organisation around new issues.

In conclusion, it is desirable to draw together the strands of a necessarily wide-ranging discussion in the form of a concise listing of the points we have made.

- 1) The most general contradiction of capitalism remains that between the growing social character of production and the private appropriation of the product through the market.
- 2) In the period following the 2nd World War, this contradiction has developed in a number of different spheres, each marked by the increasing encroachment of conscious public control over the decreasingly effective market mechanism.
- 3) In the area of human life, this process of increasing public control has been able to achieve definite social and economic progress, but in each such area, the problem of the increasing incompatibility of the market mechanism with the social and economic needs created by the continuing development of the productive forces, has caused new and intractable crises to develop. These crises are insoluble because each new encroachment on the sphere of the market leaves less and less room for manoeuvre in maintaining what is left of the market economy.
- 4) In the economic sphere, Keynesian control of the economy has managed to sustain full employment levels, but the resulting high demand levels and increased working class strength, has made inflation a permanent feature of modern capitalism. Inflation focuses the

social tensions arising from the capital-labour struggle at the point of production, and links the internal contradictions with international capitalist contradictions in such a way as to intensify both.

5) Also in the economic sphere the scale of production becomes so large, that the market becomes increasingly unable to perform its functions as an allocator of resources. Whole industries of fundamental importance to modern life, can exist only by virtue of state finance and guaranteed markets. Moreover the social needs created by advanced capitalism and the growing ability of the working class to make those needs felt politically, further requires state direction of economic resources and further diminution of the role of the market.

6) Each new achievement in bending the market economy to conform with social needs does not relieve the social tensions however — at least not for long; since the expansion of conscious control serves only to highlight the instability of the uneasy equilibrium between the market and planning and to develop yet further social needs which demand yet further encroachment on the market. Thus the never ending crises of the ever expanding social services, the development of community action groups, of environmental groups, of workers' take-overs and so on.

7) The inchoate movement towards conscious democratic control of economic and social life is the clearest indication that capitalism has fully set the stage for socialism; what is awaited is the director.

8) As the class integral to the socialised productive process of capitalism, this role is historically assigned to the working class. In the circumstances of fully developed capitalism, the only condition for the fulfilment of that role is that the working class should, as Gramsci argued, develop its own political and cultural hegemony over society, prior to achievement of state power.

9) In the context of post-war Britain, to pose the problem in terms of working class political and cultural hegemony, immediately brings to the forefront the profound disparity between the immense actual social and economic power of the working class and its defensive and primitive economistic psychology and politics — essentially those of a subordinate class.

10) This contradiction can be resolved only by a conscious understanding by the working class of the actual economic realities of its role in British capitalism and by the development of a corresponding political position which can realistically advance the economic interests of the working class and, at the same time, permit its economic and social weight to exercise an increasingly hegemonic role within society.

11) Traditional left policies of incessant escalation of industrial struggle orientated to the increase of money wages, gathered under the title of free collective bargaining, leaves untouched — and indeed has a negative effect on — the most important variables affecting *real* wages, at least outside the very short term, whilst such policies are totally incapable of advancing the working class politically - that is of creating the conditions to enable the working class to break out of the ghetto of merciless economism.

12) The only long-term strategy which is based upon a realistic analysis of the actual mechanism of the post-war British economy and of the role of the working class within it, and which consequently deals with the really crucial variables within it, is a policy which relates to working class control over investment decisions and increasing democratic control over society by the working class. This implies realistically modifying the already decaying market economy in a positive direction towards the democratic satisfying of social needs. And this requires a policy of workers' control combined with a working class incomes policy.

FOOTNOTES

1. We emphasise "subordinate" because we are not arguing against electoral struggle as such.
2. A. Glyn & R.B. Sutcliffe, *British Capitalism, Workers and the Profit Squeeze*, Penguin, 1972.
3. The jibe that most British companies could earn higher profits by putting their money in the Halifax Building Society came very close to the truth when GEC, ever a company on the lookout for a short term profit, produced a balance sheet showing £180 million in liquid assets, all earning a safe 12% in Treasury bills and a level of investment barely sufficient to replace worn out machines.
4. For an analysis of inflation along these lines which goes rather more fully into the economies,

see P. Devine in *Marxism Today*, February, 1974.

5. This may be disputed, but the personal experience of one of the authors, only a few years ago, in the massive AEI closures following the takeover by GEC, bears out that the major concern of union leaders and most union members, when faced with redundancies, was to negotiate the best redundancy money. The idea of opposing the closure decision itself received little more than propagandists attention. It was accepted as a management decision.

6. It is perhaps worth noting that 'diversionary' seems to be a stock word for characterising movements which the organised left both fails to understand and is a little frightened of.