

# Britain: Re-Arming the Left - Founding Statement of Socialist Resistance

Wednesday 15 July 2009, by [Socialist Resistance \(Britain\)](#) (Date first published: 4 July 2009).

**This resolution was adopted by the Socialist Resistance conference on July 4 2009.**

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The current political crisis takes place against the background of the worst economic crisis for at least 80 years, maybe longer. For half a century Marxists debated whether another 1930s type crash and slump was possible. Some thought we might be there in 1987, some with the crash in Russia and East Asia and 1997 and some with the dot.com crash in 2000-1.

## Economic Catastrophe

Now we know the answer to the question. It's not only possible, but we are in it. Or rather, we have lived through the crash and are now just entering the slump. Even if there are occasional glimpses of recovery, the fundamental factor in the situation is that we have entered a long wave with an undertone of recession. This will have profound social implications: outside of spectacular political developments and major struggles, it will result in a huge social crisis in Britain, the consequences of which on the political front cannot yet be foreseen.

The economic crash has thrown into crisis two things simultaneously. First, the neoliberal regime of accumulation, devised under Thatcher and Reagan, has gone into major crisis and cannot be revived, at least in its old form. What started out in the early 1980s as monetarism evolved into the domination of finance capital, symbolised by the deregulation of the City in 1986. This was topped off by economic globalisation as finance capital demanded of industry higher and higher short-term profits. This in turn resulted in the neoliberal work regime and the international low wage economy, as production was outsourced, nationally and internationally, to lower labour costs. It was on the basis of the international low wage economy that the debt mountain based on the massive overpricing of assets (mainly housing and real estate) needed to sustain consumption and production was built.

As profits declined in the late 1960s and early 1970s the international bourgeoisie looked for

another way of regulating the economy and society to replace the post-war mixed economy, welfare state, consensus. After several false starts, neoliberalism was the outcome. Now the debt mountain that sustained it has collapsed. No one can predict exactly how capitalism will evolve. What we do know is that the crisis of the old form of neoliberalism will lead to very nasty consequences for working class and the oppressed, as well as broad sectors of the middle layers, in Britain and internationally.

## **New Labour's Collapse**

Second is the collapse of the New Labour Project. It is almost certain now that Labour will be heavily defeated and the Tories elected on a right-wing economic and social programme; however the dangers of a Tory government will bring a lot of abstentionists in the European elections back out to vote. Brown or his successor will get more than 15%, but not enough to win. The only thing that could prevent a big Tory victory would be the introduction of proportional representation, which Brownite New Labour will never agree to.

New Labour was always centred on continuing the Thatcherite revolution, being City friendly, offering a business friendly fiscal regime, ignoring tax havens and moderate degrees of corruption, and most of all giving strenuous support to the low wage economy and the new harsh labour regime. It is therefore no surprise that the economic crash has resulted in the exhaustion of the New Labour project, and the exposure of the ideological and political bankruptcy at its core.

What we are seeing in Britain and throughout Europe is the last death throes of historical social democracy that emerged from the split in the world workers movement after the Russian revolution. This does not of course mean that we shall see the early demise of the parties that originated in social democracy, but the project – in the early phase socialism via successive reforms and then pro-working class reforms within the framework of capitalism – is all but dead, and in any case nowhere the majority or the leadership of parties like the French SP or the SPD in Germany.

New Labour did have an idea of 'fixing' the decrepit public services and ending child poverty. But the way it was done undermined real improvements. The New Labour plan, with which Gordon Brown was particularly associated as Chancellor, was this. The City would let rip and Britain would become along with the United States the centre of finance capital. Huge tax revenue would then accrue that could be invested in public services and in tax credits for the poorest families. This plan was indeed put into operation but failed to achieve the desired results. And now, with the government being indebted to the tune of hundreds of billions of pounds, this flawed mechanism cannot be repeated for generations – for it will take 20 or 30 years for the government to pay back what it borrowed to save the banks from collapse.

New Labour's tax and spend plan didn't work because of the way it was done. It's core was 'public-private partnerships'; in other words projects like building new hospitals had to be done in concert with private companies, who were given vast sums to bring in projects that would have cost much less if done by local or national government. These 14 years have been the era of the 'consultant' and the 'advisor' – the myriad teams of middle class professionals paying themselves mountainous salaries to be the go-betweens among companies and public agencies. And – here is the beauty of it – much of that tax income taken from the financial sector was recycled back to them as major investors in the private side of public-private partnerships.

Classic cases are the privatisation of the railways and the London tube. Real improvements have been made of course, there's no doubt about that. But in both cases the price is some of the most exorbitant fares anywhere in the world, major grants to the companies concerned to stay afloat and

huge profits and salaries for top personnel, all coming from the public purse.

While the people at the top enjoyed lavish lifestyles when Labour reduced tax rates for the best off, those at the bottom foundered. But many sections of the middle class and regularly employed workers, felt they weren't doing too bad. Most people had to work longer and harder, but real spending power seemed to hold up. This, celebrated by Tony Blair as 'Mondeo Man', was the real social basis of New Labour – permanent employment, a house, a car, children and foreign holidays, not to mention cheap Chinese-made electronic goods, could be supported on the basis of the income of two adults. Of course Mondeo family was an average that millions did not achieve, but millions did – except it was all an illusion.

The illusion was based on inflated house values against which millions of British workers borrowed large amounts on credit cards. The depressed level of income that the international low-wage economy had imposed on even employed British workers, did not justify the lifestyles enjoyed on it. Debt was rolled over in most families because it seemed that it always could be, a fatal illusion.

Now that house values have slumped and credit is tight, spending has also slumped. The results are well-known: unemployment once again becomes a social catastrophe, all-round consumption is cut back to pay off debt, foreign holidays are ditched for the wonders of the British seaside or no holiday at all. Worse, everyone knows that after the 2010 general election the new government will sharply raise taxes to service its new astronomic levels of debt. The vicious circle of deflation is deepened: in terms of unemployment and consumption, the worst is still a long way ahead for the British working class.

Gordon Brown finds himself politically defenceless against the Tory accusations of having presided over the accumulation of the debt mountain and the run-down of British industry. New Labour should be able to say – look it was Margaret Thatcher who deregulated the City of London, Margaret Thatcher who smashed up manufacturing in the early 1980s with her 'lame ducks' philosophy and Tory ideologues who hatched the plan for Britain to become a European 'Hong Kong' based on finance and service industries. But of course they can't – because it was these central tenets of Thatcherism that Blair and Brown picked up, lovingly polished and promoted with religious zeal. David Cameron's charges against Brown and New Labour on these issues are hypocritical, but undeniable.

Labour's limpet-like adherence to the low wage, flexible labour, economy has worsened social inequality, and while benefitting the wealthy and sections of the middle class, has punished the poorest section of society. The bottom 20% of the working class, especially in places in the North and the Midlands where traditional industry collapsed, never benefitted from the increased consumption of the debt mountain years. The bottom 10% of wage earners are worse off absolutely than they were five years ago; millions have never broken out of the syndrome of unemployment, the sink estates, health and life expectancy disaster and hopelessness – all too often topped off by social problems like high rates of drug addiction and teenage pregnancy – that started in the 1980s after Thatcher crashed manufacturing industry. This, the most economically and culturally deprived sector of society, rightly feels betrayed by New Labour, and is the most vulnerable to the appeal of right wing populism and the fascist BNP. Regrettably elements of this demoralised syndrome have seeped into former mining areas where dozens of pit villages have never recovered from the closure of the mining industry and the defeat of the NUM.

What we should never forget is the responsibility in the process of the fiasco of New Labour is the responsibility of the trade union bureaucracy. Messrs Simpson, Woodley and Prentis have been the almost uncritical flank guards of New Labour. The TUC has been reduced to little more than an education and advice centre. If this passivity continues under the Tories, reaction will have a field

day.

## **Rebellion against corruption: beware the democratic counter-revolution**

In this dire economic and social situation Labour MPs are caught up in the parliamentary expenses row. How could it happen? Of course corruption is everywhere in capitalist societies. But New Labour has been particularly prone to it because of its ideological and practical enthusiasm for the rich and powerful. Wealthy business people are the natural social milieu for Labour Ministers. They compare themselves – very important people you understand – with people getting giant salaries in the private sector. It's galling as a government minister on only £140,000 a year to be regularly dealing with people earning multiples of that. In an ideology-lite party with few central beliefs except business and management efficiency, politics becomes simply a matter of prestige, career and personal gain – hopefully topped off with a period as a minister, and then hopefully some nice juicy directorships in private companies, especially those you helped while a minister.

Ordinary people expect Labour to be something better than that. They also notice that while MPs can explain they made 'mistakes' in their claims, mere mortals get sent to jail for fraud. This is leading to a general feeling that all the main parties are 'in it for themselves' and not to be trusted. However rebellion against 'all politicians' and the discrediting of all the main parties can lead to some nasty results, depending on who leads the rebellion and with what objectives. The most striking examples in Italy, where the vacuum opened up by the collapse of the Christian Democracy and the old PCI, was eventually filled by Berlusconi and his alliance of Northern League xenophobia, nation-wide racism, the fascist National Alliance, and the most corrupt business-dominated government in Europe. Outside the populist mood with its bizarre dimensions – for example Esther Rantzen's determination to become an MP in Luton and the emergence of a 'non-political' Jury Team party – the beneficiaries of this crisis will be the Tories and other right-wing parties (bizarrely in the case of the UKIP which has claimed millions in expenses for its MEPs). Overwhelmingly the expenses scandal has rebounded against Brown and New Labour.

## **The coming economic and social crisis**

The hundreds of billions spent on bailing out the banks have torpedoed state expenditure for a generation. This year alone the government needs to borrow £175 billion. As the borrowing starts to be paid back, the present level of government spending is unsustainable. The net result will be massive cutbacks in every part of the public sector. Tory shadow health minister Andrew Lansley let slip that Cameron's Tories plan to cut public expenditure by 10%. Cameron claims he will ring-fence health and education. Given the Tories will certainly try to avoid cuts in defence and the police, that promise is worthless. Even if it were true, it would still mean swingeing cuts of social services, civil servants and council workers. Already a campaign on the 'inefficiency' of the public sector is underway in the right-wing press.

"Tory cuts versus Labour spending" is a joke. Any capitalist government would be compelled to do exactly what Cameron proposes. Ten per cent is of course a working hypothesis, not an upper limit. It depends on what happens in the economy. But the general pattern is clear:-

\* Tens of thousands of public sector workers will be fired. This will not mainly take the form of national edicts but of NHS Trusts, schools and colleges and local councils running out of money. National government will downsize most of its departments.

\* At a time of rising unemployment increased benefit payouts will put immense pressure on national finances. Probably the present level of unemployment and social security payments cannot be sustained. The result is bound to be a much more intensive application of means testing measures and maybe, eventually, a freeze or even cuts in absolute levels of payments. The same is true of pensions.

\* The NHS will become effectively a two tier service as spending by the free NHS proper gets downsized by cuts and a radical reduction in the provision of drugs. More complex procedures will eventually follow in the path of dentistry – ‘there is no NHS solution’, you must go private.

\* The poor, the sick, the elderly and the growing legions of the unemployed will bear the brunt of this crisis as more and more services are withdrawn. Probably services that have to be paid for – like home help visits for the elderly – will have their prices ratcheted up.

\* Income tax and national insurance payments will rise sharply, and especially VAT and duties will also sharply rise.

It goes without saying that such a huge (and inevitable) assault on the public sector will lead to massive struggles, which together with the fight against redundancies more broadly, are the core challenge that will be faced by the unions. Paradoxically this provides a framework for the labour movement to move once again centre-stage in the social life of the country, if the union leaders can be made to fight.

The youth will also be hard hit by the crisis. This year 40,000 university graduates will not find jobs. Next year there will be 30,000 fewer university places. Most school leavers face a difficult task in finding a job; while this will be partly ameliorated by the raising of the school leaving age to 18, in the end it is doubtful whether the government’s 14-19 agenda is fundable. A Tory government might scrap it. Either way, hundreds of thousands of young people are going to be added to the unemployment rolls.

As real levels of unemployment climb to 4 million by the end of this year and upwards from then on, crime and other forms of anti-social activity are also likely to rise sharply. The \$64,000-dollar question is whether this social desperation will lead to a real radicalisation, a real social and political rebellion.

### **Beware the social counter-revolution**

Cameron has always positioned himself as being the rejection of Thatcherism, moving more towards the political centre and being the ‘soft’ and ‘caring’ (as well as green) face of Toryism. But in the new economic and social situation his discourse of ‘broken Britain’ has an ominous and repressive flavour about it. In a biography of Cameron he is quoted as saying “I’m going to be as radical a social reformer as Mrs Thatcher was an economic reformer, and radical social reform is what this country needs right now. Margaret Thatcher in her time realised that the big challenge was reviving Britain’s economy, and we should recognise that the challenge for the modern Conservatives is reviving our society. It’s dealing with the issues of family breakdown, welfare dependency, failing schools, crime, and the problems that we see in too many of our communities.”

In the absence of the economic means to ‘fix’ these problems, this can only mean an upping of a reactionary discourse around the family, the importance of ‘self reliance’, of taking ‘economic responsibility’ and of not being ‘dependent’ on the state. It is almost certain too that this reactionary discourse will be used to target ‘irresponsible’ single mothers and make their situation even more

impossible, and we can fully expect a new right-wing onslaught on abortion and reproduction rights. There will also be attempts to target financing of organisations like the Terrance Higgins Trust, and other organisations that provide sexual health and/or reproductive health advice. These however will be explosive questions which would probably even split sections of even the Tory ranks. Social advances for women, for example equal pay in many public services and in some companies, as well as abortion rights are deeply ingrained in wide sectors of the population. Any attempt to challenge them and to impose the Daily Mail's social agenda, would lead to a massive and bitter struggle.

## **Racism in Britain and the emergence of the extreme right**

The outcome of the European elections and the relative success of the UKIP and BNP will lead to a big debate on the left, especially on the themes of why there was this big vote and how it can be turned around. It should be said this vote is just a snapshot, and UKIP's Euro election vote never repeats in general elections. Nonetheless this is a very worrying trend. In order to understand it we have to separate out different issues.

\* The use of cheap labour from abroad, eastern Europe in particular, to undermine the conditions of workers across a wide range of industries is wide open to demagogic and racist interpretations - "British jobs for British workers". The left has to oppose the use of casual labour from wherever to do this. The answer is trade unionisation and trade union negotiated rates of pay, not racism and xenophobia.

\* Islamic fundamentalist terrorism has been a gift to racists and xenophobes of every kind.

\* In every social crisis of the 20<sup>th</sup> century - particularly the 1930s (Mosley), the late 1960s (Enoch Powell), the 1970s (National Front) and now - the extreme right wing and racism have come to the fore. In each case it took a big effort by the left and the labour movement to throw them back. In the 1930s the start of the war and in the 1970s the election of the Thatcher government were also key factors in marginalising the racists and fascists.

\* The emergence of anti-immigrant racism bases itself on deep-seated wells of racism in Britain inside the bourgeoisie and the petty-bourgeoisie, but also in the working class. The social roots of this racism is the history of British imperialism and the experience of that especially among older people - particularly people who have been in the forces. This is a fundamental factor in dividing the working class and promoting social and political conservatism that has never gone away. Put it another way: large numbers of white working class people are racist.

\* UKIP and the BNP have always had a petty bourgeois social base, especially in white suburbs on the borders of multi-cultural areas, example the Essex-London and Hertfordshire-London borders, where the East End diaspora has made good as small business people of affluent workers (9 BNP councillors in Cheshunt for example).

\* Socially however the experience of multiculturalism has ameliorated the situation. One in ten couples is now multiracial. There is a big social divide in the experience of the working class between, for example, multiracial boroughs in London and areas where the population is either all-white or divided between white and just one minority ethnic population. Multiracialism will not in itself prevent the rise of racism and the BNP without being articulated at a political level. The example of ex-Yugoslavia where many Serb, Croat and Bosnian families were inter-married shows that inter-racial couples can be marginalised, victimised and split up in a storm of ethnic hatred..

Finally however the explanation, while noting the above factors, is overall much simpler. In a



situation where important sections of the working class feel abandoned by New Labour and are pushed to anger and even desperation, and where the solidarity and egalitarian traditions of the labour movement has been pushed back by defeats, the extreme right can appeal to racist and xenophobic sentiments of more backwards workers and the petty bourgeoisie – especially in the absence of a coherent, untied and dynamic left alternative. This is facilitated by the existence of a viciously racist and reactionary news media, especially in the popular press, but also increasingly in some of the broadcast media.

For this situation to be overcome requires that a) the labour movement seizes the leadership of the struggle against the effects of the crisis b) a united and campaigning left is built at an electoral level and in all the social struggles and c) the left now relaunches a massive campaign of the Anti-Nazi League type, mobilising prominent people from all walks of life, to take a stand against racism and the BNP – we should raise this directly with the SWP and other left forces.

Let us note here that this process of pushing back the extreme right is not impossible – it has been done, at least for a period, in France. Le Pen is in the doldrums because of the social revolt against neoliberalism and because the non-mainstream political star is Olivier B. and the NPA. Rebuilding social struggle, building a united left and anti-fascist/anti-racist activity is all part of the same process.

### **Ecology in a time of crisis**

As John Bellamy Foster has pointed out, the basic trend in a time of crisis is for the capitalists to lessen investment in expenditure ameliorating workers health and protecting the environment. These effects are likely to dwarf the marginal short-term effects of a reduction in overall production, which will reduce the amount of greenhouse gases etc pumped into the atmosphere. The overall problem is the trend for concern with the environment to decrease as ‘more pressing’ economic and social matters come to the fore.

For socialists the key point is this: how can we put forward a sustainable model of economy that breaks with irrational capitalist production and consumption, without it being posed as austerity. Let us remember the unfortunate example of Enrico Berlinguer who in the late 1970s said that the onset of the austerity crisis was the opportunity for a ‘new model of consumption’, ie a reduction in wages so you can buy less. The issue of a conversion in the model of everyday life however has to be an integral part of an overall plan from the left to resolve the crisis in the interests of the working class.

### **Anti-capitalism**

The Westminster expenses scandal, the European elections and the strikes over low-wage foreign workers have diverted attention to the crucial aspect of this crisis – the role of the bankers, the greed of finance capitalists and the leaders of the cash-rich corporations that became virtual banks, their responsibility for this dreadful crash and developing slump. Much though MPs corruption needed to be exposed, the Tory right and the further right have succeeded in diverting attention from the central responsibility of capitalism and the capitalists for the dire situation of the British and world economy and for the precipitous collapse in living standards that is about to take place.

The left needs to debate an action programme – we should draft one – that raises centrally the issue of making the rich pay:

- 100% taxation on all income over £100,000; no to redundancies

- nationalise bankrupt firms; stop the bonuses and payouts to bankers
- public works and state funded work and training projects
- a living wage for all workers, unemployed, carers, the disabled and pensioners
- blame the bosses not foreign workers
- defend public services
- stop wasting millions on foreign wars
- action now to stop climate change
- reject Tory or Labour cuts
- defeat the fascist and racist BNP, who's to blame? - capitalism!

### **A framework for left renewal**

Socialist Resistance is too small and too weak to lead any significant section of the left in action on a national scale – although we may be able to sometimes in a few localities. This is not just a question of absolute numbers, but a question of age profile and the attendant matters of health, activism, family and work responsibilities etc. We need to renew and remobilise our membership in order to develop our activist profile and make an ideological and political contribution in a credible way.

Recent developments in the left create some very complex tactical issues. The framework around which we have to address them integrates the following:

**A)** In the next 4-5 years there will be a massive attack on working class living standards, more severe in Britain than any other advanced country. While this is likely to generate a swathe of community campaigns, the centre of resistance has to be the unions. This will include a long and bitter struggle against a do-nothing and minimalist union bureaucracy adept at presenting the tiniest concessions from management as victories (Gate Gourmet and Visteon show Unite's leadership are masters of this) [1]. The experience of the Poll Tax, which some of us got wrong by insisting it had to be based on union action or fail, shows that we are likely to see the emergence of new forms of struggle, certainly ones that go outside the control of the union bureaucracy and probably out with the control of the unions altogether. The regrowth of struggle, albeit on a desperately defensive terrain at first, is vital to create the basis for stopping an historical defeat of the working class and the oppressed, as well as throwing back the right.

**B)** Conflict over the effects of the crisis is likely to deepen, rather than undermine, anti-capitalist and environmentalist protests. This is crucial for linking up with the youth and providing a channel for youth radicalisation.

**C)** Anti-racism and anti-fascism activity has to be deepened and probably inevitably will be in the next period. Mass mobilisation against the BNP and racism will find a ready audience in the youth.

**D)** It is vital that an alliance of the socialist left can appear at an electoral level. This is just one aspect of the overall problem of building a broad socialist party, of which the NPA is a positive example. This can no longer be posed as simply building Respect, which no longer organises forces broad enough to be the major vehicle for this process. Passive 'discussions' are not enough in this



process; people can talk to each other forever. We urgently need a new left alliance, well known in advance and broadly supported, before the next election – as a step towards a new broad socialist party.

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**P.S.**

\* Socialist Resistance is a periodical founded in 2002 by British Marxists who supported the recomposition reflected by the Scottish Socialist Party, the Socialist Alliance and the Respect party. In July 2009 its supporters refounded it as the British section of the Fourth International.