

# Britain: Political-Economic Perspectives 2014/15

Dave Stockton Mon, 08/12/2014 - 19:11

Dave Stockton

As Britain approaches its most unpredictable election in many decades, Dave Stockton surveys the state of the economy, the labour movement and the far left

Britain stands on the verge of an election campaign whose outcome is, as everyone accepts, uncertain. Yet instead of this exciting people by the prospect of a lively debate of contrasting policies, what most people fear and expect is the same old gangs, with scarcely a principled difference between them, trading demagoguery over immigration, Europe and the leaders' personalities. Meanwhile they have between them created a major crisis for the British state. The Scottish nationalists, eagerly supported by the 'far' left, are using the election to destroy Labour in Scotland and pursue the reactionary dream of an independent micro-imperialist state.

The Tories' only hope is that a Labour meltdown north of the border will more than balance out losses to Nigel Farage and the UK Independence Party (UKIP) in England. For this however, they have to bet on a continued 'economic recovery', albeit one nobody outside of the top 10 per cent can really feel.

## Cost of living crisis

According to Prime Minister David Cameron and Chancellor George Osborne, Britain is leading the world in recovery and only risks being brought down by 'red lights' in the Eurozone. Having blamed the (very real) recession of 2008-10 on Labour profligacy in borrowing and spending on welfare and other social goals, they are preparing to blame any collapse of their economic bubble on Europe.

Their best news was a fall in the unemployment rate to below two million (1.97 million between June and August 2014), at 6 per cent the lowest level since the collapse of Lehman Brothers six years ago. Cameron, trying to offset the trouncing he received in the Clacton by-election, where the Tories lost to UKIP defector Douglas Carswell, boasted:

'The biggest-ever fall in unemployment in history, taking it below 2m, is great news. Our plan is working, but there's still much more to do.'

But the stock exchanges blew an embarrassing raspberry with the FTSE 100 closing down 181 points or 2.8 per cent. Despite the rise in UK employment, pay increased at a miserable 0.7 per cent between June and August compared with a year earlier, another fall in real pay as CPI inflation was 1.5 per cent in August and the more reflective of actual cost of living RPI rate was 2.4 per cent. The Bank of England's chief economist, Andrew Haldane, has recently said:

'Growth in real wages has been negative for all but three of the past 74 months. The cumulative fall in real wages since their pre-recession peak is around 10 per cent. As best we can tell, the length and depth of this fall is unprecedented since at least the mid-1800s,' (The Guardian, 17 October 2014).

He is gloomier about Britain's prospects, despite the growth in employment, due to 'falling real-wage growth, flat-lining productivity and real interest rates around zero per cent'. These indicators clearly have an important bearing on macro-economic health: among workers, whose disposable incomes have fallen materially below their pre-crisis levels; among savers, the rates of return on whose assets have fallen materially below their pre-crisis levels and are near-zero in inflation-adjusted terms; and among companies, whose underlying efficiency has flat-lined since the crisis.

Capital Economics agrees, estimating in April 2014 that since the start of the financial crisis in 2008, real pay has fallen by 10 per cent, the biggest fall in any five-year period since the 1920s.

The British jobs recovery has important elements of accounting fraud within it, e.g. a continued move of claimants into the self-employed category 'with the total number having hit 4.46 million in the spring. Many have simply switched their claim over to Working Tax Credits. Under Iain Duncan Smith's welfare-to-work schemes, people have been actively encouraged to come off unemployment benefits and claim the lower rate of Working Tax Credits. Despite Government claims that official unemployment has fallen, the number of people with incomes around the level of out of work benefits is higher than ever. In May the number of zero-hours contracts reached 1.4 million.

The New Economics Foundation, which tries to break down the movements in incomes for different sectors of the population, believes the figures show a dramatic increase in inequality and explains how the government's policies have boosted the incomes of the top 10 per cent, squeezed the famous middle, and had a catastrophic effect on the poorest 10 per cent:

'Breaking the figures down further reveals some disturbing trends. While real incomes held up comparatively well in the two years following the crash, the years since 2010 have seen a marked turn for the worse. This downward pressure has not been applied evenly: in the last year for which we have data, 2012/13, the real incomes of the top 10 per cent actually increased by 3.9 per cent. Those in our 60-70 per cent band fell 1.8 per cent. But those in the very lowest group, the 0-10 per cent, saw their already meagre earnings drop an extraordinary 15 per cent in a single year - driven largely, it would seem, by welfare and benefits changes.'

The attacks on the social and economic gains of workers over the past five years have marked a second wave of the neoliberal revolution aimed at fragmenting, marketising and privatising the welfare state. Between 2010 and 2013, 631,000 public sector jobs have been axed; the Government's own target is for 1.1 million out of the 6 million or so to have gone by 2017-18.

Andrew Lansley's Health and Social Care Act (2012) unleashed market competition into the health service, replacing national NHS planning by increased numbers of overpaid managers at hospital level and the control of GPs, all tending to fragment service provision. This has inevitably - and totally in line with the Tories' unspoken plan - encouraged private companies, like Virgin Care, Serco and even Sainsbury's, to cherry pick the most profitable treatments and services.

In just three years £7 billion of new NHS contracts have been handed over to the private health care market - a figure set to rise to £20 billion in the next few years. The £20 billion of 'efficiency savings', the waiting queues in the A&Es, the reportage of serious lapses in individual hospitals are, with the aid of the Tory tabloids, undermining confidence in the NHS. As with British Rail 20 years earlier and British Telecom 30 years ago, the plan is to run the NHS down, then parcel it up and sell it off cheap.

The failure of the union bureaucracy, especially Unison, the largest health service union, to mount a political campaign to defend the NHS against Lansley's 'reforms' was an enormous betrayal and setback

for the whole anti-austerity movement.

On Scotland, Labour and Gordon Brown came to the Tories' defence and saved Cameron from a political disaster, but of course they got no gratitude - no lasting display of national unity - from Cameron, who immediately tried to turn the 'vow' into a way of shafting Labour at Westminster, even if they won the next UK election.

The Smith Commission, set up in the wake of the Scottish referendum, has recommended devolution of the right to set tax rates and bands, though not allowances, to the Scottish Parliament at Holyrood. It also wants to devolve a number of benefits to Scotland, including disability and carers' allowances and the bedroom tax, though not 'withdrawn at the last minute' the full benefits system.

Miliband rushed to commit Labour to implementing the report in full, but the effect will be to whip up a reactionary storm for 'English devolution', a move already started with Osborne's plans for a 'northern powerhouse', complete with the imposition of a Greater Manchester Mayor, which the electorate rejected in a referendum a mere two years ago. What Osborne and the Tories really plan is to forever take out of the hands of a future Labour government the right to exercise UK-wide taxation and spending powers, whatever its majority in Westminster.

Incompetence, cowardice and treachery

The trade unions - especially the giant unions, Unite (1.5 million), Unison (1.3 million) and the GMB (615,000) - have also failed dismally to halt the government's attacks on the education system and pensions. They have mounted neither coordinated industrial action nor mass political mobilisation against privatisation. Most disgracefully the unions have quietly parked their own campaign on the over-arching issue of repealing the laws that render most effective trade union action unlawful and have not once defied the courts when they have been invoked by employers.

Instead they have restricted themselves to three or four large scale marches, empty rhetoric about coordinated action (which they rapidly uncoordinated) and toothless TUC resolutions to investigate the possibility of a general strike.

Another indictment of the union leaders is their failure to rebuild the movement in the new industries and sectors, or to campaign for young and precarious workers to join a union with the prospect of a struggle. That task has been left largely to rank and file militants. Individual workplaces and small sectors have struck and won (Sparks, Hovis, Ritzy cinema workers, etc.). But their victories have not been built upon; their struggles have been isolated.

The 'coordinated' sell out of the 13-14 October strikes represented the last hurrah of the union bureaucracy before the election campaign really begins. The 'left' executive of the NUT fled the battlefield before other forces had even begun to mobilise. Then Unison, Unite and the GMB called off their one-day local government strikes. Not to be outdone the RMT called off its 48-hour tube strike. Finally the UCU suspended their strike when a judge invalidated their ballot on yet another technicality. All that remained was a four-hour NHS strike and the PCS walkout on 15 October.

The far left - especially the Socialist Workers Party (SWP) and the Socialist Party (SP) - encouraged the union leaders and bigged up these strikes and the 18 October national demonstration, but hardly uttered a serious word of criticism when the leaders retreated or ducked out. Almost alone Workers Power warned that 'coordinated industrial action' was a fatally flawed strategy because it allowed each union's bureaucrats to settle or call off action, each for their own sectional reasons.

Over the life of the Coalition government, the declining size of the TUC's demonstrations ? from the 500,000 in March 2011 down to a fifth of that number in October 2014 ? indicates a growing scepticism about the annual demos (more like 18-monthly), the single ?days of action with no tomorrows?, strategy that always gets uncoordinated and demobilised at the last moment. This is the best evidence of the crisis of leadership, but one that most of the far left refuse to see, preferring to blame a ?lack of confidence? or fighting spirit in the union members.

In fact the decline in the response to these annual events is in large measure due to the fact that there was and is no political left with the guts to give a lead to a rebellion against the inept or treacherous leaders. It is not that there is no continuing resistance to cuts, but it has shrunk back into largely local fights.

Nevertheless the roughly 100,000 turnout on 18 October showed that the hard core of union activists is still up for struggle and that the unions can turn them out if need be, but without a rank and file movement ? which the SP has never attempted to build, preferring to forge cosy relationships with selected officials, and the SWP has abandoned in favour of its ?hybrid? organisation, Unite the Resistance, which is in reality a similar beast to the SP's National Shop Stewards' Network ? union militants and new recruits alike will be misled time and again.

### The Labour Party in crisis

Labour's annual conference was both a depressed and depressing affair and not just because of Miliband's poor showing ? on the platform and in the polls. The days of lively and contested debate by delegates over resolutions from the constituencies or the unions are long over. Blair-style stage-management still reigns supreme. Even the union leaders are now compelled to keep their thoughts to themselves or reserve them for the TUC Conference or rallies in Hyde Park.

Miliband continues to criticise every single strike and avoid any connection with workers' struggles ? even in his own Doncaster constituency, despite Care UK strikers being out for 90 days. The ?Red Ed? tag with which the Mail and Express still taunt him looks ever more like a strangely sick joke.

Of course this has not bought him the support of the press ? nor even its tolerance. Since the Labour conference, the Tory and liberal press have mocked and denigrated him, trying to foment a rebellion among party MPs. Instead of clearly stating to the millionaire media and the gutted ?independent? BBC that it is not up to them to pose as ?the public? or to choose the leader of the Labour Party, Miliband cowers before the press, thereby encouraging both them and the public to view him as spineless.

Despite discovering in the Scottish referendum and through the rise of UKIP a widespread disillusion with politicians along the lines of ?there is no difference between them?, the media continue to try to ensure that this is so by attacking even the mildest lightening of austerity as madness.

Ed Miliband's best line at Conference was to promise a £2.5 billion NHS drive to recruit nurses, midwives and doctors and his promise to repeal Andrew Lansley's Act:

?We built the NHS. We saved the NHS. We will repeal their Health and Social Care Bill and we will transform the NHS for the future.?

But to balance this safest of spending pledges, on housing he promised to double the number of people buying their first homes, proclaiming in best Thatcher-style his commitment to property ownership as ?that most British of dreams?, rather than talking about building enough council homes to end the housing crisis.

Meanwhile Labour's other leader, shadow chancellor Ed Balls, promised to preserve the Tory cuts and

continue to freeze wages in the public sector if Labour wins in 2015. Balls promised to legally lock himself into a spending and borrowing straightjacket:

?We will legislate for these tough fiscal rules in the first year after the election and they will be independently monitored by the Office for Budget Responsibility. So in our manifesto there will be no proposals for any new spending paid for by additional borrowing.?

The Guardian commented that ?business liked what it heard from Ed Balls in his speech to Labour?s conference? and that ?what was unusual about the address was that it contained nothing new to wow the party faithful?. Instead what they got was ?fiscal responsibility in the national interest?. And the CBI director, John Cridland, knew just whose interest that was and purred approvingly on behalf of his fat cats.

Labour?s response to their close shave with UKIP in Greater Manchester was to a promise to toughen up on immigration. Miliband even apologised for Labour immigration policy a decade ago, i.e. he accepts the UKIP/right wing Tory line that too many people are being ?let into? into Britain. Labour?s problem is that they cannot say how, given the EU commitment to the free movement of labour - which they do not dare challenge - they would alter this.

The widespread fears on immigration are not only stoked up by the daily scare stories of the yellow press (the Express and Mail in particular are using UKIP as a stick with which to beat Cameron), but also consolidated as ?common (non)sense? by the failure of any convincing counter-narrative from Labour. At best there is a little talk about raising the minimum wage to prevent undercutting by cheap labour. The UKIP-Tory right wing press meanwhile hammer away at East European workers ?stealing our jobs?, despite the figures, despite the exploding of their ?facts?.

A more basic reason is that without a party armed with a programme that holds out hope of a society based on social solidarity, a living wage, really necessary and fulfilling jobs, people are left to their individual fears and private despair.

Labour simply does not dare to advance a plan to eradicate unemployment and insecure under-employment. This could only be done with a programme of major public works to build, equip and staff more houses, schools and hospitals, to turn the paltry minimum wage into a living wage, to unshackle the unions so they can strike to force up pay, to prepare defences against the effects of climate change.

Despite widespread public support they dare not pledge to renationalise the rail companies or the Royal Mail. Despite promising to repeal Lansley?s Health and Social Care Act, they do not dare proclaim that they will end PFI and cancel all the PFI debts ? with no compensation to the parasites profiting from them.

They dare to neither borrow nor tax to spend beyond a few marginal areas (the mansion tax, and a tax on the tobacco companies). In short, in a time of depression that is coming to resemble the 1930s, Labour dare not even turn to a neo-Keynesian state spending programme. Why? Because only the fear of revolution or inter-imperialist war compelled the capitalist class to do this 60 years ago, and again in the 1940-50s when the rise in profit rates allowed them to do it.

Neither applies as yet, so the neo-Keynesians remain an academic fringe that only the TUC listens to. Labour, who would have to try and implement such a policy, knows well that the markets would wreak a savage revenge on them. What happens can be seen across the channel where François Hollande came in promising change and an end to austerity and has ended up trying to impose a demolition of the French social model, based on Gerhard Schröder?s Agenda 2010.

Under pressure from UKIP, Cameron knows too that he can drive Labour to the right, with no danger that

this will win them any votes but rather the likelihood that it will demoralise and dishearten Labour activists. Miliband's jerky 'puppet on a string' style reflects the fact that he is indeed being pulled by forces outside himself and his Blue Labour advisors – and indeed outside the Labour Party itself. That is why he looks 'weak' – he is weak. This is not, however, a personal characteristic, but a political and a social one.

## Union link

The union leaders are as supine as ever. Dave Prentis, referring to the summer policy meeting, enthused: 'Conference, our party is returning. It turned a corner at Milton Keynes. Genuine commitments were made to support the Living Wage, to end the abuse of zero-hours contracts, to respect pay review body awards, to repeal the Health Act committing Labour to Nye Bevan's NHS, real progress.'

Labour, for all the snubs and humiliations it visits on the union's leaders, is totally dependent on them. Figures for 2012-13 show this and no doubt the figures for 2014-15 will be even greater because of the election year. This despite the special conference decision to reduce their affiliation to supporter status – no say in leadership elections or candidate selection, no voice on policy or manifesto decisions – and thus what is left of union participation in the party.

Union affiliation fees in 2012 came to £8 million, two-thirds of the total. More than £1.5 million came from Unite in the six months up to September 2013, £3.16 million pounds over 12 months. Usdaw paid £1.03 million pounds to the party in the first nine months of 2013, Unison more than £1.2 million pounds in the 12 months to September 2013, the GMB £1.1 million and the CWU £509,000.

These payments remain the very material organic link of Labour to the organisations after which it is named. It cannot realistically do without them just as the unions cannot realistically do without the prospect of a friend in government or MPs to represent their interests as individual unions. It is no easy matter to sever these links – either from the Blairite side or from the left.

Labour's vulnerability is that it is locked inside a media and opinion poll induced consensus – called public opinion, but whose views do not in fact originate from the public, i.e. workers and the middle classes, but from a section of the capitalist elite that hides behind the Westminster politicians. In the Tories' case this is only partly true as they have so many millionaires in their party upper echelons. The perception by masses of voters – that whatever the parties say in the hick hack of 'party politics', their policies in government are remarkably similar – is essentially correct.

This opens the way for an assault on them from 'outside' – either the man in the suburban saloon bar (UKIP) or the provincial radicals (the SNP, the Greens, Plaid etc.). The ideology used is populism and its methodology is demagoguery. The most dangerous attacks on Labour over the next five months will come not only from the Tories, but from outside the camp of the 'professional politicians', the Westminster elite etc. Their big aim is to destroy the parties of class. For this reason, revolutionaries should not imagine that they can overcome reformism by playing the populist game.

## The Left in crisis

After the failure of the student revolt of November-December 2010, the far left descended into a particularly dire condition, rent by scandals and splits. Workers Power was not immune though 'fortunately' the split was a political one, i.e. in the end it clarified more than rows over party regime and personal accusations. The SWP's crisis, which erupted in late 2012 and early 2013, created first the organisation that became the International Socialist Network (ISN) and later in the year Revolutionary Socialism in the 21st Century (rs21). Neither has proved to be capable of a left wing critique of the SWP's centrism – both

contributing to the anti-party, anti-Leninist culture.

In Britain today the far left is loud in its denunciations of Labour without advancing any tactic for fighting it beyond standing a few candidates (Trade Union and Socialist Coalition, Left Unity), though fully aware that the first-past-the-post system dooms them to lost deposits and irrelevance in the eyes of most working class voters who want an alternative party of government as a defensive bulwark to the Tories, Lib-Dems and UKIP. At the same time as dismissing the very idea of voting alongside millions of Labour supporters, it keeps silent on the cowardice and chronic sabotage of the union bureaucracy in the fight against austerity.

In addition there is by now a widespread, not to say hegemonic narrative of 'the failure of the (far) left' itself, accompanied by a host of excuses for their own marginalisation. Most popular is some form of blaming it on the working class 'its supposed lack of confidence, its weak level of workplace organisation, or even lack of socialist consciousness.

Nor have any of the splits of the past two years led to clarification or a move to the left, even by a tiny minority. All the splits from the SWP, starting with Counterfire, then the ISN, and rs21, and those from our own ranks (Permanent Revolution, Anticapitalist Initiative) have contributed to a widespread rejection of democratic centralism (as ever aided by the grizzled veterans of revisionism, Socialist Resistance).

Instead we get a fetishisation of 'broad parties', "networks" and the ideology of 'socialism from below'. The latest enthusiasm for Podemos follows crushes on Syriza, Die Linke, the Nouveau Parti Anticapitaliste (NPA), Front de Gauche and extends way back to Rifondazione Comunista. With Podemos, this fits in with a pattern of infatuation with Latin American populism (Hugo Chavez, Evo Morales etc.) 'on the basis of a cross-class or multi-class reformism.

If transported to Europe wholesale, this would in effect dissolve the labour movement and wreck the remaining elements of organisational class independence represented by the left, socialist, social democratic and communist parties in exchange for a programme of a few second-hand never-to-be-realised reforms. This is a process already underway in Scotland. In the context of imperialist Western Europe, Latin American-style populism would be far more of a reactionary utopia.

The formation of Left Unity was based on some sort of imitation of the European Left Parties or a rebirth of 1945 Labour. Above all, despite the name Left Unity, what none of its instigators wanted was to unify the existing far left organisations, especially the SWP and SP. It therefore rapidly became a gathering of former members of various left groups, with a sprinkling of Labour lefts, united by a powerful ethos of hostility to the SWP and SP.

Though Left Unity has recorded 2,000 paper members, its national conferences have drawn progressively lower numbers '700, 400, 200' and it has yet to develop any really distinct political physiognomy. It remains, however, the most developed of any of the attempts to build a left alternative to Labour, most significantly because it has party-like structures. This means that the members of the different far left groups and currents are able to propose, discuss and decide on policy, in front of workers and youth, a fact that helps break down sectarian practice and establish real dialogue.

Left falls for Scottish nationalism

The Scottish National Party's Yes campaign stimulated a surge of reactionary nationalism on both sides of the border, made worse by the fact that a large section of the far left bought into the nationalist narrative a long while ago (the end of the 1990s) and criminally split the Scottish 'revolutionary movement' from that

in England and Wales. This was done originally on the basis of pure electoral opportunism (proportional representation making seats in Holyrood and social reforms more viable in the short term). It led of course in the end to real full-blooded nationalism.

The far left's role in giving left cover to the SNP played an important role in the development of pro-independence sentiment from a minority to near majority status. Already Tommy Sheridan has been joined by that veteran and inveterate opportunist Tariq Ali in calling for a vote for the SNP in the 2015 Westminster elections so that a majority of Scottish MPs there and MSPs in Holyrood can declare independence, despite being clearly defeated in the referendum.

The SNP is threatening to roll up Labour's support in Scotland, taking all the Glasgow constituencies for a Yes vote. SNP membership has doubled since the referendum. Before the party had 25,642 members, today it has over 75,000, possibly close to 100,000. Labour's membership has shrunk to 13,000.

The Radical Independence Campaign's conference on 22 November was also huge: 3,000 in attendance. The conference held back from forming a new party, as had been expected by some on the left, and instead endorsed the 'People's Vow'. A mixture of populism and outright nationalism, the People's Vow claims to be made 'on behalf of the disappointed, the disaffected, the impoverished and the frightened' and claims it 'is eternal, and will be honoured for so long as we, and the generation which follows us, and the generations which follow them, have breath in our lungs to do so'.

The RIC wilfully conflates the Yes vote with a vote for radical change (it dare not say socialism), saying: '45 per cent of the people of Scotland are alive, engaged and hungry for ideas on how to transform this country' and claims that 'independence from Westminster is the best way in which Scotland can protect its most vulnerable citizens, can enable working people to control their own economy' as if Scotland's bosses could ever join in pursuit of such an aim.

After the fiery rhetoric, however, the People's Vow ends with a few vague reformist goals: for 'higher wages and deeper investment', 'green energy', 'land reform', equal representation for women in public life, no to Trident and no to the TTIP, though in its text there are references to abolishing the monarchy and so on.

Sadly, this is in fact a step backwards from social democratic reformism in that it fails to recognise class divisions and instead peddles myths about the 'people'. Despite its pledge to internationalism, this is made not in terms of a united struggle against global capitalism, but in the belief that they 'can inspire fellow workers across the British Isles, Europe and the world to take up a struggle against their own masters'.

The decision to drop the idea of forming a new Radical Independence Party now leaves the door open for the movement's followers (and leaders) to vote for the SNP - which, if the SWP, SP, Socialist Resistance and Socialist Appeal follow Tommy Sheridan and Alan McGee and do so, would mark a qualitative degeneration for these so-called revolutionary socialists.

Presumably the RIC's offer for workers from the rest of the UK and Europe to be 'inspired' by the Yes campaign can only mean fighting for devolution everywhere else. This would be disastrous.

We have to argue that devomax and greater regional autonomy in England and Wales are all in fact a diversion from a struggle against austerity, inequality, low wages, precarity, the anti-union laws, immigration restrictions, new wars etc. across the entire UK (and indeed the EU). A diversion because they seem to offer a line of least resistance in terms of struggle or a soft option to keep the welfare state (for

?us? in Scotland or for that matter in Wales or Yorkshire etc. and hang the rest of you). For the far left who have indulged in these reformist fantasies, this confirms the non-actuality of revolution for them and the unwillingness/inability to fight the reformist and bureaucratic leaders within the labour movement.

But the project of creating little social democratic havens by reformist means (via proportional representation, parliaments or assemblies) rather than fighting for the ownership and control of the vast resources needed even to restore the welfare state is a reactionary utopia. We need to tax, confiscate and expropriate the wealth and property of the bankers, the super-rich, the industrialists, in short capitalism.

Workers Power members will fight for such aims and for policies, tactics and slogans that further them, whether that be in the unions and community-based campaigns, where we are active, in support for Left Unity electoral candidates, where we can influence the manifesto and propaganda that they stand on, or alongside the working class in their determination to kick out the Tories and demand a Labour government takes measures in support of the class on which it stands.

---

**Source URL:** <https://fifthinternational.org/content/britain-political-economic-perspectives-201415>