

socialist standard

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BITCOIN: GANGSTER CURRENCY?

also: Investors High on Pot
Major Global Problem
Spanish Fascism



socialist standard

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Introducing the Socialist Party

The Socialist Party is like no other political party in Britain. It is made up of people who have joined together because we want to get rid of the profit system and establish real socialism. Our aim is to persuade others to become socialist and act for themselves, organising democratically and without leaders, to bring about the kind of society that we are advocating in this journal. We are solely concerned with building a movement of socialists for socialism. We are not a reformist party with a programme of policies to patch up



capitalism.

We use every possible opportunity to make new socialists. We publish pamphlets and books, as well as CDs, DVDs and various other informative material. We also give talks and take part in debates; attend rallies, meetings and demos; run educational conferences; host internet discussion forums, make films presenting our ideas, and contest elections when practical. Socialist literature is available in Arabic, Bengali, Dutch, Esperanto, French, German, Italian, Polish, Spanish, Swedish and Turkish as well as English.

The more of you who join the Socialist Party the more we will be able to get our ideas across, the more experiences we will be able to draw on and greater will be the new ideas for building the movement which you will be able to bring us.

The Socialist Party is an organisation of equals. There is no leader and there are no followers. So, if you are going to join we want you to be sure that you agree fully with what we stand for and that we are satisfied that you understand the case for socialism.

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Who needs money?

TODAY OUR lives are dominated by money. Everyone has to obtain some to be able to buy what they need to live. For a privileged few this is not a problem as they own enough income-yielding assets to provide them with a free – and generous – monetary income. Most people, however, have to struggle to get money, with no choice other than begging, stealing or scamming but to sell their working abilities for a wage or a salary. To live, under capitalism, you have to get money by hook or by crook.

Politics boils down to politicians promising to put more money in people's pockets – even though they are unable to deliver on this, at least not permanently. Even many of those who realise that a more radical change is required see this in terms of some reform of the monetary system. Alongside long-standing monetary reform proposals such as Social Credit and a return to the Gold Standard, in recent years there have been more modest proposals such as LETS schemes, local currencies and, now, Bitcoin which we look at in this issue.

Given that money so dominates people's life it is understandable in a sense that a solution to the problems people

face is sought in monetary reform. But this is not a solution as these problems have another cause – the capitalist system of class ownership of the means of life and production for sale on a market with a view to profit. For this reason no monetary reform will improve things. In fact, since many such reforms are based on a lack of understanding how the monetary system works let alone how the capitalism system works, the chances are that, if tried, they would make things worse.

It is capitalism's minority class ownership and control of the means of production that forces the excluded majority to seek money to live by selling their working abilities to an employer. The price they get for this determines how much they get to live and in fact rations it. It can never rise above a certain level as otherwise it would encroach on profits, capitalism's lifeblood and what makes the system go round. This wages system is basic to capitalism.

The way out lies in substituting common ownership of the means of production for class ownership, and production solely to meet people's needs for production for sale and profit. On this basis, the principle of 'from each according to their abilities,

to each according to their needs' can be implemented. In other words, instead of people having to acquire money to have access to what they need to live, everyone will have open and free access to this. Money – and the rationing it involves for all but a privileged few – will be redundant.

The way out is not some new kind of money but the abolition of the whole wages-profits-money system that is capitalism.



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The New Home Help

“Hey Google! What was 2017’s must-have gadget?”

Answer, in bland but maternal voice: “Last year’s must-have gadget was me, the Google Assistant, or you could try the Amazon Alexa, or if you’re rich and really patient, the Apple Homepod, which hasn’t come out yet.”

“Hey Google! What can you actually do that I can’t do for myself?”

“I can tell you a joke.”

The concept of a digital home assistant has probably not invaded your world to any great degree yet, despite massive promotion by the above companies. If you’re out of the loop or behind the curve then don’t feel too bad, because Apple have also failed so far to bring their pricey Homepod to shops, meaning that it is definitely bringing up the rear in the dash for dominance over the smart home hub market.

People have been talking about the ‘internet of things’ for years. This is the idea that all your work and domestic appliances, tools and systems are chipped and wired so that you can control them remotely by phone or timer program. There is no doubt in the minds of manufacturers that ‘You Definitely Want This’, even if you might be entertaining some doubts about what happens to your house appliances when little Herbert the Hard-Core Hacker gets his cyber-mitts on their IP addresses. Here is capitalism operating at its most magnificent, creating a product line and then attempting to create a demand for it. You as the ideal consumer must be unable to resist the lure of a smart tin-opener you can operate from Arizona, and a fridge that knows you just used the last tomato and reorders it for you.

With so much smart around you, you are going to need a hub controller to coordinate it all, so that you can tell your house to turn down the lights, turn up the heating, draw the curtains, audit the fridge, switch on BBC iPlayer, start the laundry and run your bath. Imagine the bliss. It’s like having your own team of digital slaves. What worker doesn’t want to be waited on hand and foot like the lord of the manor and the king of the castle? You could almost forget that you’re a real wage slave, at least until the next time you go to work.

The problem at the moment though is that most of those smart things are still on capitalism’s drawing board, so the home hubs which have rushed to market don’t really do anything very useful. But that’s ok, because they’re fun anyway, right? Here’s what you can do with a starter

Home Mini, for the modest price of £50. You can ask it for recipes, in case you don’t have a recipe book. You can get it to compile a shopping list and send it to your phone, in case you can’t write. You can ask it a history or geography question, or get it to read the news headlines. You can listen to music, if you’ve got a paid Spotify account. You can text people and check



the weather without looking out of your window. And yes, it even tells jokes.

Of course, apart from the jokes, you can do all these things anyway, assuming you have an ordinary broadband computer. And the starter hub is only the start of a relentless upselling campaign in which you are offered add-ons, extras and upgrades that give you *even more functionality*, as if the sheer pointlessness of it all is an irresistible spur to further spending. Perhaps this stuff will be useful one day, like smart watches aren’t, but it doesn’t really matter. In capitalism things aren’t made and sold because they’re useful, but because people are made to think they want them. So much money, time, energy and resources so that you can talk to your curtains like a god of small things.

Here is a question you can ask: “Hey Google! How do you self-destruct?” Here is what it will answer: “Self-destructing in three... two... one... Only joking!”

Good thing we’ve all got a sense of humour.

It’s Wicked!

If you answer Wikipedia’s periodic cries for help by agreeing to donate £2 a month for something you might use six times a

day, you get an effusively grateful email from them every month telling you what a grand job you’re doing in keeping the flame alight.

An interesting and possibly unique thing about Wikipedia, and its related Wiki services, is that if there was a socialist revolution in 2018, it would make the transition into socialism completely unscathed and in exactly the same form. It’s hard to think of any other service, free or otherwise, that you could say that about. It doesn’t carry adverts and its contributors work for free, simply for the sake of the common good. Indeed it wouldn’t be a stretch to say that Wikipedia is a piece of virtual socialism, embedded right inside capitalism. When people say ‘Oh socialism wouldn’t work because people won’t work for nothing’, just point them at Wikipedia and say ‘Explain that then’. Before Wikipedia existed, nobody would have believed that a global free encyclopaedia was possible. Now we know it is possible, but in capitalism there are of course maintenance and server costs to take into account, hence the frequent call for donations. Unlike charities which aim to ameliorate the worst of capitalism instead of changing it, Wikipedia has established a radical precedent which socialists ought to celebrate, and perhaps assist if they can. As the internet aims to expand into an internet of things, socialism could be described as an expansion of the same idea, a Wikipedia of things, freely given according to ability, freely consumed according to need. It ought to be worth two quid of anybody’s money to stop this island of socialism from sinking beneath the commercial waves.

PJS



WIKIPEDIA
The Free Encyclopedia

Capitalism: a major global problem

Flint, Michigan, US – a town in the US where long term denial by the authorities caused large numbers of people to be poisoned by excessive amounts of lead in the water system leading to illnesses, malformations of fetuses and deaths. While this scandal was unfolding slowly other studies in other states revealed many more areas where water contamination from lead was even greater than that determined in Flint.

The 'Democratic Republic' of Congo – where living standards for most are critical. In 2012 the Gross National Income per capita was \$220 and the Human Development Index had them at the bottom of the list. Circumstances force many into deadly employment in small mining set ups mining coltan, tantalum, tin and gold for use in such products as cameras, laptops and mobile phones in what they describe as their only option to feed their families. This is a practice replicated in many other African countries where resources are mined for a pittance for the enrichment of the wealthy and the satisfaction of consumers abroad.

EU countries – Against popular will, citizens have just been handed over, courtesy of their governments' votes to extend for another five years Monsanto's contract to supply and use glyphosate This is against convincing evidence around the world of the dangers of this chemical for its effects on animal life, including human. The news was greeted with huge protests by citizens demanding their health be protected by those who supposedly represent them.

New York, US – News out this week. 75,000 people, including children, are now homeless and of these about 4,000 (1 in 20) are sleeping rough in New York. Rents are too high and work pay is insufficient. The government claims to have added x thousand jobs this year but there was another hike in homeless numbers apparently equivalent to the great depression in the early twentieth century. And this situation is replicated in 'developed' countries around the globe. For instance there are now 307,000 homeless in the UK, up 34 percent since 2010.

India – Latest figures reveal 300,000 farmer suicides in the previous ten years. The reason? Debt. Trade agreements favouring industrial agriculture leave small holder farmers indebted through lack of capital. The many links between pressure to buy big companies' seed, fertilisers, pesticides and herbicides and subsequent failed crops as a result of poor weather conditions have led to hangings and pesticide suicides on this massive scale, leaving whole families indebted.

Kenya, Ethiopia and other African and Asian countries – Hundreds of thousands have been forcibly removed from their small parcels of land which had fed them and provided an income, sometimes for generations, to give contracts to big companies, mostly from abroad, to grow flowers, beans and other cash crops in mega greenhouses or mono crops for animal feed or biofuels – seeking big bucks with the former occupants left with neither land, shelter nor employment.

Sao Paulo, Brazil – News out today following steep economic decline that homelessness is rapidly on the rise, squatter tent suburbs growing exponentially from 2, to 5, to 12,000 by the week and this is being replicated around the country. Another bust after an earlier boom.

What do these few random samples do if not reveal the many similarities in circumstances for populations all around the world? Whilst specific differences will most certainly be

relevant to and the consequences fully understood by each and every individual victim of their particular circumstances, what perhaps is more important is to recognise the necessity of grasping the threads that connect them all; what the causes are of so many seemingly diverse localised problems, tragedies, everyday living conditions, health care deficiencies, rampant hunger, and on and on.

Are the causes really different and disconnected or can we recognise that these problems are actually all our problems with perhaps different nuances? Our collective problems stem from the one source and that is the major global problem – capitalism.

Capitalism must be overturned

Capitalism affects every nook and cranny of each of our lives. Who can live a day without being negatively affected one way or another whether at home, at work or at leisure? Difficult circumstances oppress a global majority. We are tied to the system like it or not.

Why so much interest in elections in recent times? Brazil, Venezuela, Greece, Spain, United States, France, and also the UK. Media outlets, whether print or broadcast, serve their capitalist paymasters and endeavour to have us believe what they have to say but searching below the surface it's clear to see a different picture. Around the world a great mass of humanity is desperately concerned for the welfare of their families, their communities, their work situation and the state of the planet. How often do you hear individuals expounding about their wonderful conditions at work, the excellent value of their mortgage or rent deal, the cheapness of their monthly travel bill, the fantastic value of their weekly shop, their highly affordable electricity and gas payments, their ever-changing phone, TV and internet contract, their coming brilliant pension deal, and on and on in infinitum? Probably the vast majority are focussed on negative aspects most of the time - poverty, disease, unemployment, endless war, decaying infrastructure – bridges, railways, roads, factories, mines, dams, nuclear power stations.

The last decade with a number of dramatic protests around the world has spawned a new phrase – that of the 1 percent, or the 99 percent - of which most are familiar - and everyone knows to which category they belong. In fact it's not the 1 percent at all but something more like the 0.001 percent or even 0.0001 percent which puts the rest of us into an even bigger group, something like 99.99 percent or 99.999 percent.

The tiny group of money-wealthy individuals are in a position to do whatever they want to do whenever they want to do it. But the great mass has very little choice, few options – or so they believe because this is what they have been 'brainwashed' for so long into believing.

To match the privileged number at the top of the pyramid is another group of individuals, small in number but convinced of their vision that the reason the capitalist system, however warped in its one-sided distribution of 'money wealth', continues to function because that great mass in the middle has fallen for the deception long handed down to them and their ancestors.

This minority will continue its campaign to reveal the truth in every way possible, presenting the message that capitalism is the problem for the world's majority, strong in the conviction that there are many who will grasp the message, spread the message and speed the day.

JANET SURMAN

What's wrong with dreaming?

WHY OPPOSE dreaming? Who opposes dreaming? Those who are supporters of the status quo.

The enemy of the dreamer of better times is the ideologist of the present, out to defend the existing miseries with the claim that the prevailing relationships of oppression are immutable.

'You wouldn't abandon a ship in a storm just because you couldn't control the winds.' – Thomas More (1478 -1535), *Utopia*, published in 1516 in Latin.

'One man with an idea in his head is in danger to be considered a mad man; two men with the same idea in common may be foolish, but can hardly be mad; ten men sharing an idea begin to act; a hundred draw attention as fanatics, a thousand and society begins to tremble, a hundred thousand and there is war abroad,

and the cause has victories tangible and real; and why a hundred thousand? Why not a hundred million and peace upon earth? You and I who agree together, it is we who have to answer the question.'

– William Morris (1834-1896), 'Art Under Plutocracy' 1883, marxists.org/archive/morris/works/1883/pluto.htm).

Oscar Wilde (1854-1900) once remarked, 'We are all in the gutter but some of us are looking at the stars.' Also that: 'The map of the world which does not include Utopia is not worth glaring at, for it leaves out the one country at which Humanity is always landing.' (Plays, Prose Writings and Poems, p. 270).

'Be realistic – Demand the Impossible' was the slogan of the active dreamers who gave the 'realists' a good shock in the Paris of May 1968. A couple of years later John Lennon (1940 -1980) composed one of the finest modern contributions to utopian literature: the words of Imagine urged the millions who sent the song to Number One in the record charts to share the vision of a world without possessions, commerce, countries or religion. 'You may say I'm a dreamer', sang Lennon, 'but I'm not the only one: I hope some day you'll

join us , and the world will live as one.'

William Morris (who had little time for music) would have had a lot of time for those words. In another lecture he said:

'It is not we who can build up the new social order; the past ages have done the most of that work for us; but we can clear our eyes to the signs of the times, and we shall then see that the attainment of a good condition of life is being made possible for us, and that it is now our business to stretch our hands to take it' (How We Live and How We Might Live).

In Marx's words, 'Men make their own history, but they do not make it just as they please: they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past. The tradition of all the dead generations weighs like a nightmare on the brain of the living.' (The Eighteenth Brumaire of Louis Bonaparte).

BINAY SARKAR



Whom to tax?

'Economists used to think that it doesn't matter whom you tax, but it does' was the title of the LSE's Europp blog (18 November). Written by two 'behavioural economists', Matthias Weber and Arthur Schram, to publicise their research, it began:

'In most countries, employers and employees both contribute to the taxes (or social security contributions) levied on labour. Employers pay taxes on top of the wage they transfer to employees and employees pay income taxes on the money they receive from employers. For many decades, economists thought that it should not matter who pays. Employers were thought to care only about total labour costs (gross wage paid plus employer taxes). Employees were thought to care only about their net wage (what's left of the gross wage after income tax). The gross wage itself should be of interest to neither of them, so it should not matter who pays the taxes.'

According to Marxian economics, taxation is not a burden on wage and salary workers as a class. This is not to say that workers don't pay taxes but that, if a tax is levied on wages,

this will ultimately be passed on to employers in the form of higher wages. The increase in wages would not come about automatically, but through the class struggle and the play of supply and demand.

This was the view of the classical economists Adam Smith and David Ricardo, inherited by Marx. It is based on wages having to be enough to cover the cost to workers of reproducing their working skills. If workers have to pay taxes, this reduces the money they have to maintain their skills to below what is needed ; if employers are to continue buying the same quality of working skills they have to compensate for this by increasing wages.

The bloggers wrote that their research showed that who pays the tax in the first instance does have an effect even if it doesn't affect the amount of money workers end up with – it affects workers' perception of what is happening and so their behaviour. They found that, if employers paid all the tax, workers would favour more government spending, and vice versa:

'This suggests that employees believe that their own contribution to public spending is lower when taxes are levied on employers even if there is de facto no difference in the amount of money that ends up in their pockets.'

In other words, we can add, if workers do pay tax in the first instance they

consider this is a part of their money that is taken from them. This opens the way for politicians and defenders of capitalism to con them into believing that they are part of a national community of taxpayers with a common interest in getting 'value for money' from how the government spends tax money.

The fact is, though, that if taxes on wages were to be reduced, workers would not be better off as their gross wage would fall correspondingly. As Marx pointed out:

'If all taxes which bear on the working class were abolished root and branch, the necessary consequence would be the reduction of wages by the whole amount of taxes which today goes into them. Either the employers' *profit* would rise as a direct consequence by the same quantity, or else no more than an alteration in the *form* of tax-collecting would have taken place. Instead of the present system, whereby the capitalists also advances, as part of the wage, what the worker has to pay, he [the capitalist] would no longer pay them in this roundabout way, but directly to the state' (*Moralising Criticism and Critical Morality*, 1847).

Whatever the form of tax-collecting 'there is de facto no difference in the amount of money that ends up in their pockets'. As long as the wages system exists, workers should indeed 'care only about their *net* wage'.

Liberate Technology. Liberate Ourselves.

Technology has evolved to the point where there is no reason why food, clothes, housing, medical care, education, transportation, computers, books, cell phones, digital connections, cannot be freely available to all human beings on the planet. We have the technology to liberate our lives, yet we find ourselves working more rather than less for the privilege of a few. Our amazing technology is rapidly developing into the future, yet our social organization based on working people and employers, buying and selling, money, and nation-states, belongs to the past yet is still around today.

There is no technological reason we cannot have all the food and clothes and other important things we require to live absolutely for free – if the whole community owned the farms, food plants, clothing factories, and all other workplaces where wealth is produced. The only reason money exists is so that the owners of these places of work can generate profit to live off, the value above our wages and all other production costs from the revenue obtained from sale.

It would therefore be true to say that money itself prevents us from having what we need.

Although our culture likes to think of itself as possessing many classes (eg the middle class, the lower upper class or the upper lower class), that is really a lot of nonsense. There is only the class of people living off rent, interest and profit, and the class (most of us) which lives by working for wages or salaries. While there are always failing businesses whose owners fall into the working class, the capital class tends to make the most money, while the working class tends to make the least. That is always how it is going to be, as long as money exists. No politician can do a thing about that. Even in the countries our media incorrectly call 'socialist' or 'communist' like the old USSR, or the UK under the Labour government, or China or Cuba today, the laws of monetary value and capital accumulation still apply. Most people in those countries are working people who are paid wages that they must budget all their living expenses out of, while a small clique lives in abundance.

The truth is that real socialism or communism has never existed. It means a society in which the means of producing wealth is owned 'socially' or 'in common.' Obviously if the state owns the railroad that does not mean all the people do, unless they get to ride it for nothing. The government owns the Post Office in the United States but you still have to pay for stamps, don't you? Government ownership in countries such as ours merely means that the capital class decided that there were industries that they could all benefit from or share the expenses for as a class, like the Post Office, most roads, state hospitals or

the military. But in countries like China where the government owns most of the industries, there is a whole class of bureaucrats who lives off the hog of the land, just like here.

The time is ripe for us as a species to finally own the means of producing wealth collectively. In such a society we would no longer need money. Everything really would be free, but that obviously doesn't mean it would work if we were all hoarding ten times more than we needed. But we believe that hoarding behaviour is more likely to occur in an economy of scarcity rather than one of abundance. For example, in today's American economy, most of us can afford basic foodstuffs like bread, so we don't store 600 loafs at a time in our freezer. That is because we know we can always get more in the supermarket. Real socialism or communism will be like that. Knowing that we can get what we need for nothing, we will likely store much less (if anything at all) than we do even now in our cluttered homes, where today we keep every

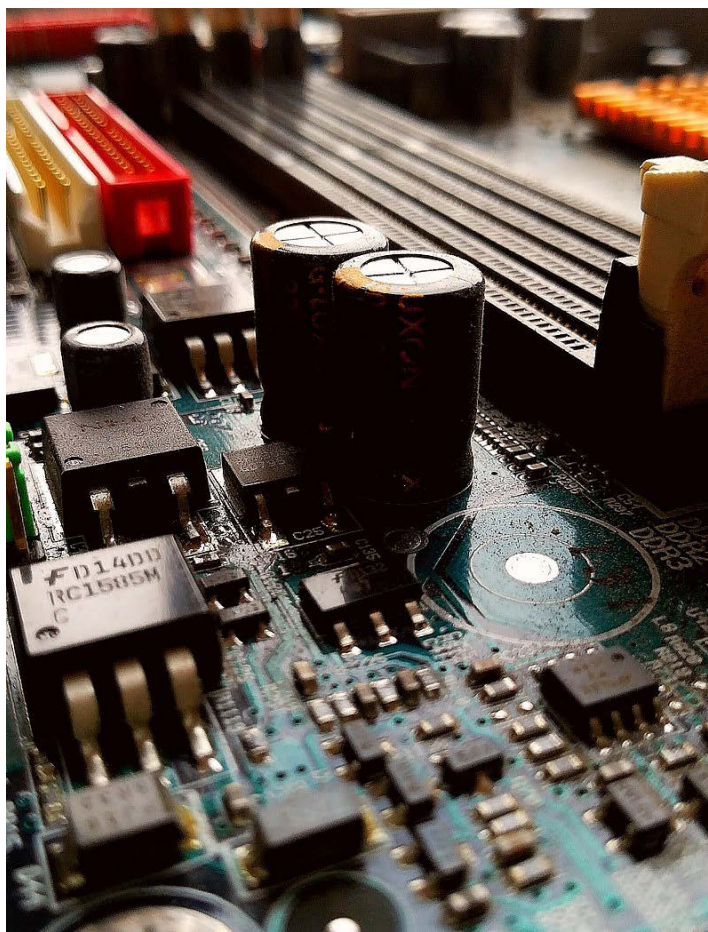
piece of rubbish just in case we need it again and would have to pay dear money for it a second time.

A society based on private or state property is also divided into nations. It causes war, terrorism, starvation, child labour, ecological devastation, racism, sexism, inferior quality goods, and totally useless industries that squander our planet's resources while not producing anything, such as those that revolve around advertising, selling, buying, ticketing, investing, taxing, brokering, insuring, militarizing, policing, managing. Think of the millions of wasted buildings, or the vast supply of wasted energy, resources and human lives that go into operating these useless occupations (useless from the point of view of producing wealth, of course the market system requires them, and that is one reason they are so wasteful). When we own the means of producing

wealth as a community, we won't need those industries anymore because goods and services will be free. So we will require far less resources and energy than we do now to produce much, much, more. We will probably only need to work about a day or two at most per week to produce a lot more wealth and get everything we need. But since we are not a lazy species (except when forced to work or to do anything else), we will probably choose to work more. We will probably want to spend the remaining five days of the week in athletic, creative, intellectual, social, sexual, scientific or other pursuits, depending on our talents and interests.

It is time for such a change. And we are urging our fellow humans to organize to bring about this new world, which is no pipe dream, but a logical outcome of our technological progress as well as our desire to live a fuller, freer, life.

(from a World Socialist Party of the US leaflet)



UK BRANCHES & CONTACTS

LONDON

North London branch. Meets 3rd Thurs. 8pm at Torriano Meeting House, 99 Torriano Ave, NW5 2RX. Contact: Chris Dufton 020 7609 0983 nlb.spgb@gmail.com

South London branch. Meets last Saturday in month, 2.30pm. Head Office, 52 Clapham High St, SW4 7UN. Contact: 020 7622 3811.

West London branch. Meets 1st & 3rd Tues. 8pm. Chiswick Town Hall, Heathfield Terrace (corner Sutton Court Rd), W4. Corres: 51 Gayford Road, London W12 9BY. Contact: 020 8740 6677. tenner@abelgratis.com

MIDLANDS

West Midlands regional branch. Meets last Sun. 3pm (check before attending). Contact: Stephen Shapton. 01543 821180. Email: stephenshapton@yahoo.co.uk

NORTH

North East Regional branch. Contact: P. Kilgallon, 29 Nicholson Terrace, Newcastle, NE12 9DP

Lancaster branch. Meets 2nd Sun (Jan 3rd Sun), 3pm, Friends Meeting House, Meeting House Lane. Ring to confirm: P. Shannon, 07510 412 261, spgb.lancaster@worldsocialism.org.

Manchester branch. Contact: Paul Bennett, 6 Burleigh Mews, Hardy Lane, M21 7LB. 0161 860 7189.

Southeast Manchester. Contact: Blanche Preston, 68 Fountains Road, M32 9PH.

Bolton. Contact: H. McLaughlin. 01204 844589.

Cumbria. Contact: Brendan Cummings, 19 Queen St, Millom, Cumbria LA18 4BG.

Yorkshire regional branch. Contact: Richard Rainferd, richardrainferd@gmail.com

SOUTH/SOUTHEAST/SOUTHWEST

Kent and Sussex regional branch. Meets 2nd Sun. 2pm at The Muggleton Inn, High Street, Maidstone ME14 1HJ. Contact: spgb.ksrb@worldsocialism.org 07973 142701.

Canterbury. Contact: Rob Cox, 4 Stanhope Road, Deal, Kent, CT14 6AB.

Luton. Contact: Nick White, 59 Heywood Drive, LU2 7LP.

Redruth. Contact: Harry Sowden, 5 Clarence Villas, Redruth, Cornwall, TR15 1PB. 01209 219293.

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Newtownabbey. Contact: Nigel McCullough. 028 90852062.

SCOTLAND

Edinburgh branch. Meets 1st Thurs. 7-9pm.

The Quaker Hall, Victoria Terrace (above Victoria Street), Edinburgh. Contact: J. Moir. 0131 440 0995. jimmyjmoir73@gmail.com Branch website: <http://geocities.com/edinburgh-branch/>

Glasgow branch. Meets 3rd Weds. at 7pm in Community Central Halls, 304 Maryhill Road, Glasgow. Contact: Peter Hendrie, 75 Lairhills Road, East Kilbride, Glasgow G75 0LH. 01355 903105. peter.anna.hendrie@blueyonder.co.uk.

Dundee. Contact: Ian Ratcliffe, 12 Finlow Terrace, Dundee, DD4 9NA. 01382 698297.

Ayrshire. Contact: Paul Edwards 01563 541138. rainbow3@btopenworld.com.

Lothian Socialist Discussion @Autonomous Centre Edinburgh, ACE, 17 West Montgomery Place, Edinburgh EH7 5HA. Meets 4th Weds. 7-9pm. Contact: F. Anderson 07724 082753.

WALES

South Wales Branch (Swansea)

Meets 2nd Mon, 7.30pm (except January, April, July and October), Unitarian Church, High Street, SA1 1NZ. Contact: Geoffrey Williams, 19 Baptist Well Street, Waun Wen, Swansea SA1 6FB. 01792 643624.

South Wales Branch (Cardiff)

Meets 2nd Saturday 12 noon (January, April, July and October). 29 Park Place, Cardiff, CF10 3BA.

Contact: Richard Botterill, 21 Pen-Y-Bryn Rd, Gabalfa, Cardiff, CF14 3LG. 02920-615826. botterillr@gmail.com

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INVESTORS HIGH ON POT

'Dope will get you through times of no money better than money will get you through times of no dope'— Freewheelin' Franklin.

ON 1 JANUARY, recreational use of marijuana became legal in California. The most populous state in the USA became the largest legal market for marijuana in the world. California adults over 21 can possess up to an ounce and grow up to six plants at home. They will be prohibited from consuming the drug in public places, within 1,000 feet of a school or while driving. Legalisation brings regulation and no crop will be more monitored and controlled than Californian marijuana. According to estimates, more than 400 businesses are licensed yet much of the state is still blocked from recreational sales because of the scarcity of licenses.

Massachusetts will begin selling retail marijuana on 1 July. Maine has approved it, but there is no set date to begin sales. Other states that allow the sale of recreational marijuana are Colorado, Washington, Oregon, Alaska, and Nevada. Despite this, the federal government still regards marijuana as illegal and California was the first to legalise marijuana for medical purposes. Now many states have followed that example. The pollsters Gallup found that 64 percent of all US adults back legalisation. There is good reason to believe support will keep rising. The Pew Research Center found that support has steadily grown among all generations, especially among younger groups, who will over time become a greater share of the voting population. The legal cannabis sector is expected to generate \$40 billion and more than 400,000 jobs by 2021 in the United States, according to one study. It is expected that \$4 billion in taxes will be generated within

three years. It is also expected to lead to the creation of nearly 100,000 cannabis industry jobs in California by 2021, about a third of the nationwide figure of 446,000 jobs overall. Another forecast suggests \$50 billion by 2026. Pot is no longer the world of Cheech and Chong and the Furry Freak Brothers. The 'straights in suits' now prevail.

Marijuana stocks skyrocketed on the Exchange-Traded Fund (ETF). Companies

laws means banks are hesitant in doing business with marijuana growers and retailers as the bank is essentially taking part in an illegal drug industry so it is cash only, no credit cards. Major stock exchanges won't accept listings for businesses that are still technically deemed illegal. Nor are marijuana businesses eligible for a number of deductions that businesses are normally entitled to under the tax code so pushing their effective income tax rates as high as 70 percent. And there is a suspicion that some pot users might stick with the black market as buyers are subject to state, sales and municipal taxes that raise the price of your smoke.

There are also international ramifications to the legalisation - the Single Convention on Narcotic Drugs of 1961, the Convention on Psychotropic Drugs of 1971, and the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988. The treaties are absolutely clear that illicit drugs aren't to be allowed for recreational use. But ignoring its treaty obligations is something America does.

Politicians have come to understand that the State lost the 'war on drugs'. It was saying no to drugs yet a vast number of its citizens were saying yes. If prohibition didn't work, then an alternative strategy had to be found – making it legal. Capitalism belatedly recognises

all those missed business opportunities, while the government discovers the uncollected tax revenue. Marijuana is just another commodity, another profit-source for investment capital in its endless task of making more capital. Mexican migrant workers who once picked tomatoes will now be toiling in the marijuana fields.

ALJO



in the cannabis industry have added nearly \$2 billion in value since New Year's Day. This is a multibillion-dollar industry that will seek to expand and grow, just as any other market does. While the other states who legalised are relatively small economies and, therefore, relatively small marijuana industries, California is huge. It is home to more than 39 million people and has a GDP of \$2.5 trillion, more than twice as populous and wealthy as all the previous legal pot states combined. This may well be the game-changer.

Marijuana is still illegal under federal law. This conflict in state and federal



Bitcoin was set up in 2009 in accordance with a design drawn up by a person, or more probably a group of persons, calling themselves 'Satoshi Nakamoto'. In a paper 'Bitcoin: A Peer-to-Peer Electronic Cash System' (bitcoin.org/en/bitcoin-paper), he/they stated that:

'A purely peer-to-peer version of electronic cash would allow payments to be sent directly from one party to another without going through a financial institution.'

Libertarian money

What, you might wonder, is the advantage of such a system over the electronic payments systems such as Paypal and Visa that already exist? None as far as most people are concerned. However, those who set it up had been influenced by 'libertarianism' in its American sense, such as anarcho-capitalists, 'minarchists' and other advocates of an unregulated market economy. They wanted a 'cash system' that was independent of the state and, also, didn't want to involve a 'financial institution', in particular not banks, which, like the state, were accused of issuing unsound money by creating too much.

The basis of the system is a network of computers without a central server, all the computers being in direct contact with all the others. Hence peer-to-peer. The problem with such a decentralised, or, rather, non-centralised, system is how to verify that the person making the payment has not already spent the 'electronic cash' attributed to them. The innovation here was to apply 'blockchain' technology, as explained in the Pathfinders column of the December *Socialist Standard*:

'When you make a Bitcoin transaction, the details are distributed across the entire network. To be sure the transaction is unique (i.e., not a 'double spend') it must be validated. To do this, the system triggers a competition in which freelance 'miners', acting somewhat like accountants, race to validate the transaction in return for a diminishing new-issue Bitcoin payment, which also helps to grow the currency at a controlled rate. Once validated, the transaction is then written into an encrypted public ledger as a permanent record or 'block'. This block is linked to previous blocks and in turn becomes the anchor or link to the next created block, forming an unbroken chain.'

The decision to call the validators 'miners' was another reflection of the 'libertarian' ideology behind the project. It was explicitly chosen to be like gold mining. As Nakamoto wrote:

'The steady addition of a constant amount of new coins is analogous to gold miners expending resources to add gold

to circulation. In our case it is CPU [computer] time and electricity that is expended.'

In this respect Bitcoin's aim was to create the digital equivalent of a gold currency, to realise on the internet Ron Paul's dream of a return to the gold standard.

It is not clear whether Bitcoin's originators really intended their electronic cash to replace state fiat money or even just to compete with it. They seemed more concerned just to show that their 'electronic cash' could be created and that their system could work. If so, they proved their point; they did manage to transfer Bitcoins from one member of the network to another. A few cafés and other establishments agreed to accept payment in Bitcoins but more to appear trendy than for business reasons. At first Bitcoin was little more than a toy for computer whizz-kids.

Bitcoins didn't have a price until 2010 when it was made convertible into fiat money at the rate of 1 Bitcoin = 0.003 US cents. The first recorded purchase using Bitcoins is said to have taken place in May that year when a computer whizz-kid paid 100,000 of them for two pizzas. By the following year, however, it had achieved parity with the US dollar.

The money changers come back

Bitcoins have never been independent of state fiat money or prices expressed in it. The businesses that accept payments in Bitcoins price their goods or services by converting their fiat money prices into Bitcoin ones; when someone pays for an item in Bitcoins the business doesn't keep them. In fact, normally they don't even receive them (what use would they be to them?) as the Bitcoins go to a Bitcoin dealer who converts them into fiat money and pays that to the business. Not that, with the price of Bitcoins as it is, many will be using it to buy anything.

From 2010 people who were not part of the peer-to-peer network began to buy Bitcoins. But why? There was a feature of the system – disguising payers and payees – that was attractive to those who prefer to be paid in cash rather than by cheques. Not plumbers and other handymen but bigger fry such as drugs barons, arms dealers, money launderers and others wanting to avoid financial regulations. This is why Blackrock CEO Larry Fink recently described the Bitcoin price as 'an index of money laundering'. At the moment North Korea is being accused of hoarding Bitcoins to use them to get round the latest sanctions. Secrecy didn't have to be part of the system but was incorporated into it by the designers, either because they were ideologically opposed to the authorities knowing or because they wanted to replicate on the internet

the equivalent of payments in cash.

Despite the original intention of Bitcoin being a system of payment 'without going through a financial institution', that is precisely what you have to do to buy or sell Bitcoins. Bitcoin exchanges have grown up where you can buy Bitcoins with state fiat money and where you can convert Bitcoins that someone has paid you into fiat money. For a fee of course.

And the speculators too

Technically a Bitcoin is a token enabling you to access Bitcoin's money transfer service. Bitcoins only exist as strings of computer code, and are intrinsically worthless. But so are fiat money's notes and coins, only behind them is the state guaranteeing their face-value. There is nothing behind Bitcoins. Yet last year the price of a single Bitcoin overtook the price of an ounce of gold and reached \$19,000 in December from less than \$1,000 at the beginning of the year. No wonder people are comparing the current Bitcoin bubble to the Tulipmania that swept through Holland in 1636-7. At the moment Bitcoins are being bought purely for speculative purposes to make a gain out of their rising price. Sooner or later the bubble is going to burst and some suckers are going to lose their money and could end up holding something worth less than a tulip bulb.

It is this aspect – as an object of speculation – that has led some commentators to describe Bitcoins as a 'crypto-asset' rather than a 'crypto-currency', something people can invest in that will hold or increase its monetary value over time. In any event a fluctuating price conflicts with Bitcoin's original aim of being a payments system. There is an irony in this. Its creators wanted to create an electronic version of gold. They seem to have succeeded in that gold, having been demonetised, is now an asset subject to price fluctuation due to speculation. Real gold would of course be a safer investment as it will always be worth more than a tulip bulb because of the considerable labour time spent finding and fashioning it.

Ironically too, governments and banks have become interested in the blockchain technology behind Bitcoins as it offers a cheaper way of registering transactions (and not just financial ones) and transferring money. To get in on the act could be a more rational capitalist reason for buying and holding Bitcoins as, at some point, the system or a part of it might be sold as has happened to other inventions by computer whizz-kids.

Bitcoins are not the only tokens to access electronic services provided by a network of computers using blockchain technology. There are over a thousand other so-called 'cryptocurrencies'. Many are offshoots of Bitcoin and the exchanges that deal in Bitcoins deal in other such tokens as Litecoin, Dash, Ripple and the appropriately named Ether.

What a waste

From the point of view of satisfying human needs, all the human ingenuity that went into developing the Bitcoin system and all the computer time and resources involved in operating it have been so much waste. In a socialist society, based on the common ownership of the means of production and access to the products according to need, there would be no need for an electronic payments system, in fact no need for any sort of payments system since buying and selling will have been replaced by giving and taking, and so need for money at all. There would, however, still be a need for computing skills and computer technology. In socialism the skills and enthusiasm of the type of people who first developed Bitcoin could be put to much better – and more satisfying – use.

ADAM BUICK

Bitcoin: what would Marx think?

We have heard all kind of things about Bitcoin. There is even someone who has dared to say that Bitcoin was an alternative to the current economic-political structure and that for this reason Marx would have liked it ('Bitcoin and Marx's Theory of History', Kenny Spotz, *Bitcoin Magazine* 26, July 2014). Oh dear!

Let us see whether Marx would have liked Bitcoin or not. Bitcoin is a 'cryptocurrency', i.e., a digital encrypted means of payment, safe, until hacked of course. According to Marx, the only alternative to capitalism is a society based upon common ownership of the means of production and products, a society with no profit and no money, not even crypto or funny ones.

Marx analysed extensively the nature and function of money in the capitalist system. This can be found in the first section of the first volume of *Capital*. Let us brush up on a few concepts from it.

Anything that is able to satisfy a need has a *use-value*, which is a utility, a particular *quality*. But when we look at the exchange of two things and their qualities, for example two chairs and 0.3 ounces of gold, their various use-values are not the driver for the exchange; what matters is some measurable common *quantity*. In the exchange, these two things become commodities and their values become *exchange-value*. As for the example, the 2 and 0.3 are the exchange-values. Yet, if we were to look at it from the utility point of view, the two chairs should be more useful than the 0.3 ounces of gold (let's say a golden ring).

But who or what decides that two chairs are worth only 0.3 ounces of gold, rather than 20 ounces, or 0.1 ounce? It is because the average amount of human labour in a society needed to produce two chairs and to extract 0.3 ounces of gold is the same. Thus, two chairs as well as 0.3 ounces of gold can be exchanged with each other, as with 8,000 apples, or 4 pairs of shoes. Every commodity therefore has equivalents, reflecting the average labour time spent on producing them from start to finish. By convention, historically, the *universal equivalent form* was attributed to a precious metal, gold or silver, as money-commodity, as the currency, which in itself embodied a standard of labour time in the same way and allowed all other commodities to be measured against it.

Marx sums this up in a clear example:

'Could commodities themselves speak, they would say: Our use value may be a thing that interests men. It is no part of us as objects. What, however, does belong to us as objects is our [exchange] value.'

'Gold [meaning here as money] ... serves as a universal measure of [exchange] value.'

In origin, money was a commodity, the precious metals gold or silver, for their property of lasting through time and their divisibility; their exchange-value was determined by their weight. At some point in order to allow smaller scale exchanges, other metals such as copper were used as tokens, substitutes for gold or silver coins. Even gold and silver coins were subject to wear and tear, thus their value became more and more conventional and less and less connected to their weight. This paved the way for a purely conventional currency as paper notes. Paper by itself is of little exchange-value, but conventionally notes are worth £20, £50, £100, etc. In Marx's time Bank of England notes were redeemable in gold. The Bank, to which the state had given a concession to print paper notes, had to have in its safe the same amount of value in gold.



As Marx said, 'Coining, like the establishment of a standard of prices, is the business of the State.' Furthermore,

'Only in so far as paper money represents gold, which like all other commodities has value, is it a symbol of value.'

One by one, governments around the world decided to stop their currency's convertibility to gold, making them fiat currencies. Fiat stands for *let it be*. That is to say, money with no gold convertibility obligations. So today, a central bank, that can print banknotes under the state's concession, can create money out of thin air, increasing the chances of inflation. Let us go back to the cryptocurrency, though, and how Marx would see it.

It is quite possible to create a 'cryptocurrency' out of thin air; it is all a question of convention. To become a real currency, the state would have to recognize it. In most of the world's countries, but not all, bitcoins are legally recognized but only as a private currency. Importantly, the inventors of Bitcoin set a limit on the number of bitcoins (21 million) and this scarcity, combined with other advantages, gave it some attraction. The major other advantage is that Bitcoin guarantees anonymity, ideal for those interested in tax evasion, gambling and money laundering. Moreover, purchases are not taxed. Bitcoin does not require so many intermediaries and therefore should have lower transaction fees. Businesses can even raise money, by means of Bitcoin, with no formal stock exchange listing. Yet, these advantages do not explain the steep increase in its price.

Chicago Mercantile Exchange, the world's largest derivatives exchange operator, is planning to start offering Bitcoins trading. This has helped make the speculative Bitcoin bubble bigger than the dot-com one of the late 90s. At the time of writing, in December, bitcoins were worth about \$15,500, already on a descending phase, from a peak of about \$18,000. What was it going to be worth the next day, \$10,000, \$500, \$1? Investors were buying bitcoins because they expected somebody else to buy them, and so on. They hope for a 'greater fool' to buy from them, as the *Economist* (1 November) put it. Clearly, despite what the Bitcoin community say, this is not a currency adequate for buying everyday goods, but it has proved ideal for a huge speculative bubble, surely not a step towards the future of human evolution.

Marx would not think that Bitcoin was a good currency, because it is not a stable form of universal equivalent. Marx would equally think that neither the dollar nor any other fiat money was a good form of universal equivalent, since fiat money is fictitiously sustained by the state and when issued in excess leads to inflation. Marx would not think that a currency, invisible because digital and encrypted, was intrinsically a step

forward or could change the social order. Capitalism can be surpassed only by a system where the means of production and products have become the common property of the whole society, and access to them completely free. A society where gold would not be the universal form of equivalent, nor any other type of money.

CESCO



I regularly drive along the A348 – a meandering secondary road that cuts through a long valley – the Alpujarras – sandwiched between the Sierra Nevada and Contraviesa mountain ranges in Southern Spain. Just off that road, between the towns of Orgiva and Lanjaron, there lies what some historians reckon is possibly the largest mass grave in Spain dating from the Civil War (1936-39). El Carrizal is a barren ravine, desiccated by a recent bushfire, which may contain the remains of up to 4000 individuals, including children, brutally executed by the fascists in that horrendous war.



Burying the Past

The story of El Carrizal is recounted in Juan Gonzalez Blasco's *Orgiva: Hitos de su Historia* (2002). Night after night truckloads of prisoners were brought to the spot and summarily executed. They came from all over Granada province and beyond. El Carrizal was not the only site of execution – there are reputedly 25 mass graves locally – though it was the largest. Throughout the Alpujarras Franco's forces rounded up suspected Republican sympathisers and had them shot. Little 'pueblos' like Torviscon, not far from me, lost a sizeable chunk of their population to the Terror.

The physical reminders of those years still remain – the monuments to the dead, the occasional lookout post and the trenches hewn into the craggy mountainside from which anarchist snipers sought to resist Franco's advancing army. Then there are the psychological scars. The valley retains the memory of those years as a sponge does water; squeeze it and the bitterness soon oozes back. Even today some people are reluctant to talk about the subject. In a merciless war that pitted neighbour against neighbour and relative against relative, with atrocities being committed by both sides (though far more died at the hands of the 'White Terror' than the 'Red Terror'), that is perhaps not all that surprising.

Spain, post-Franco, never really had anything akin to South Africa's post-apartheid Truth and Reconciliation Commission, a model of its kind. As David Smith writing in the *Guardian*, noted:

'Spanish judges' hands are doubly tied when it comes to investigating the thugs who served General Francisco Franco's right wing dictatorship. Abuses not covered by the statute of limitation are protected by an amnesty law passed two years after Franco's death. Politicians anxious not to place Spain's fragile new democracy under stress, tacitly agreed to sweep the past under the carpet in what became known as the 'pact of forgetting' (24 June, 2014).

A belated attempt to change this situation came in 2007, when the PSOE government of Zapatero passed its Law of Historical Memory, which effectively condemned the Franco regime and cleared the way for the victims' relatives to seek some redress. However, resistance to investigating the crimes of the Franco era is deeply embedded within the Spanish judiciary and when one leading magistrate, Baltasar Garçon,

sought to do just that, he was stymied in his efforts and eventually expelled from the judiciary in 2012, albeit on another matter.

It's not just the judiciary that put up resistance, it came also from the official opposition to the Zapatero government at the time, the Partido Popular. The PP under Mariona Rajoy, now the governing party of Spain, had its origins in the Alianza Popular (AP), founded by one of Franco's former ministers, Manuel Fraga. Fraga was on the

reformist wing of fascism and sought to steer his party more towards the centre ground. This he succeeded in doing by joining forces with moderate conservatives. An organisational metamorphosis then followed, going through a succession of coalitions, culminating in the formation of the PP in 1989.

Spanish nationalism

We tend to associate fascism with extreme nationalism. However, the odd thing about Spain before Franco was the comparative weakness of nationalist sentiment there. True, the war of independence against Napoleon in the early 19th century had fostered some nationalist fervour. But this was the nationalism of a liberal elite. It chafed against, and was effectively blunted by, the institutional hegemony of the Catholic Church which constituted itself almost as a rival to the state in the enormous influence it wielded over Spanish society.

Nationalism and the nation-state are essentially the products of capitalist development but in Spain, this occurred comparatively late in the day. Significantly, it was focused initially on just a few pockets – like Catalonia, the Basque country and around Madrid. Though agriculture began to be organised on a more capitalistic footing from the mid-19th century onwards, the largely backward rural hinterland provided poor soil in which nationalist sentiments could take root. Indeed, according to Jared Spears: 'In the rugged isolation of Spain's poor mountain villages, early anarchist adherents pioneered the organisational forms that later shaped the Civil War-era trade unions and peasant assemblies.' (*Jacobin magazine*, May 2017). In a sense, geography aided the remarkable spread of anarchism in Spain and its emphasis on decentralisation and local autonomy. However, anarchist influence declined sharply in the course of the Civil War, ground down on the one hand by the rising power of the Stalinists on the Republican side and, on the other, by military defeat at the hands of Franco's nationalist forces.

Thus, to the extent that nationalism existed in Spain at the beginning of the 20th century it was relatively muted and, furthermore, tended to take an 'inverted' form – a nationalism of the regions rather than an all-embracing Spanish nationalism. In fact, this is what marks Spain off as somewhat different from other European countries. For it was precisely in some of these regions that industrial development was most advanced. Sharp inequalities in the spatial economy of the country, reinforced by a pattern of cultural and linguistic differentiation, meant that the project of 'nation-building' in Spain could not be fully completed.

The Rise of Fascism

It was against this somewhat inauspicious background that fascist ideas began to circulate within Spain – essentially as a foreign import, to begin with. Mussolini's Italy was the primary source of inspiration (Stanley Payne in his 1996 book, *A History of Fascism, 1914-1945* charts in detail the growth of Spanish fascism).

The first openly fascist group operating in Spain was the short-lived (1931-33) Juntas de Ofensiva Nacional-Sindicalista (JONS) led by Ramiro Ledesma Ramos. However, JONS proved spectacularly unsuccessful in making any kind of impression. It was succeeded by another grouping, the Falange Española ('Spanish Phalanx'), led by José Antonio Primo de Rivera, son of the dictator who ruled Spain from 1923 to 1930. José Antonio, Payne points out, 'had become interested in something rather like fascism (Italian-style) as the vehicle for giving form and ideological content to the national authoritarian regime attempted so uncertainly and unsuccessfully by his father'. Falangism was anti-monarchist and populist in orientation, attacking what it called 'capitalism', as many radical rightists are prone to do, in a language that sometimes sounded distinctly leftist. Up until the Civil War the Falangists, like JONS, made little headway in attracting support, though.

The ascent of Hitler's Nazis to power in Germany in 1933 engendered more interest in fascism – and funding too. Although Spanish fascism exhibited many of the core attributes of generic fascism – its hyper-nationalism and rigid authoritarianism – it also differed from other fascisms in ideological content – most notably in its accommodation of Catholic traditionalism. There was even a certain reluctance to clearly identify itself as fascist or to employ the usual street tactics of fascists elsewhere. Unlike with the Nazis, little emphasis was placed on notions of racial purity (not surprising, perhaps, given Spain's Moorish past, particularly in Andalucía)

It was the army rebellion led by Franco against the Republic in 1936 that changed the fortunes of the Falangists whose numbers swelled to several hundred thousand in the course of the Civil War. While Falangism was deployed as an ideological battering ram to infuse nationalist sentiments into the populace, the movement itself was effectively contained and subordinated to the military. In 1937, Franco unilaterally imposed a unification plan, bringing together the Falangists, pro-monarchists (Carlists) and a number of small right-wing parties within a new organisation called the '*Falange Española Tradicionalista*' with the Generalissimo himself at the helm.

Though Franco's forces had received decisive military support from Germany and Italy during the Civil War, Spain was unable to reciprocate upon the outbreak of World War Two, with so much of the economy in ruin. This, plus the failure to secure a deal with Hitler on a post-war carve up of the world that would grant Spain its territorial claims in North Africa, meant that Franco had little option but to declare Spanish neutrality. That was just as well for neutrality ensured the survival of a fascist regime long after the Allied Powers had triumphed in their 'war against fascism'. The differences between Spanish fascism (or 'semi-fascism') and other, no-longer-extant, fascisms subsequently become more accentuated. An opportunist at heart, Franco increasingly began to lean towards monarchism and the traditional authoritarianism of the conservative Right in a bid to distance himself from Falangism. He also set about liberalising the economy which would have been anathema to a die-hard Falangist. His rabid anti-communism led to a rapprochement of sorts with the West as the Cold War got underway. America extended its Marshall Aid plan of economic assistance to Spain

and in 1953 entered into military pact with it. The economic boom of the 1960s cemented Franco's reputation as a popular leader among some sections of the population but, for many other Spaniards, he remained a reviled figure and his death in 1975 was regarded as a cause for great rejoicing.

The post-Franco years and Catalonia

Franco's legacy was, thus, one of a bitterly polarised society. The strong association between nationalism and fascism provided a powerful subtext, shaping the contours of a post-Franco settlement. Compromise was considered essential. One example was the Amnesty Law of 1977 already referred to. Another was the decision to divide Spain into 17 'autonomous regions' each exerting decisive control of such key services as social welfare, education and health. However, and crucially, the central government retained control over finance. It was empowered to levy and collect taxes from the autonomous regions – apart from the Basque country and Navarre which exercised tax autonomy – and to redistribute the proceeds back to the regions in a manner that ensured 'fiscal equalisation'. In effect, poorer regions paid less taxes and got more revenue while conversely, richer regions paid more and got less.



However, this has become a major bone of contention between Madrid and, above all, Catalonia – one of the richest regions of Spain – fuelling the 'independentista' movement there in its bid to secede from Spain. While Catalonia accounts for 20 percent of Spain's taxes it receives back only 14 percent of the revenue. The 2008 economic crisis made matters worse with the highest level of budget cuts falling on Catalonia.

For its part, the central government is in no mood to accede to the separatists' wishes. Catalonia has 16 percent of the Spanish population but accounts for 19 percent of the GDP and 25 percent of Spain's exports, quite apart from paying a disproportionately large share into the state's coffers. The loss of Catalonia would be a serious blow to the Spanish economy and the Rajoy government has moved decisively to prevent this happening, obstructing the independence referendum held in October 2017, organised by the Catalanian parliament, with a bungled police crackdown and then declaring the vote that delivered a thumping 92 percent in favour of independence (on a turnout of 43 percent) as legally null and void. It also invoked article 155 of the constitution, suspending Catalonia's autonomous status and imprisoning some of the leading independentistas.

Though independence would adversely affect Spain the likely impact on Catalonia would probably be even more severe. Two thirds of Catalonia's exports go the EU but the EU has pointedly declined to recognise Catalonia's right to secede, fearful that it might spark off secessionist movements in some other European countries. Since the October referendum more than 3000 businesses, including some major banks, have moved their headquarters out of Catalonia.

How do socialists view these developments? The unifying

choice between Catalan nationalism and Spanish nationalism is one that we point-blank refuse to make. The political theorist, Tom Nairn, once declared that the '*theory of nationalism represents Marxism's great historical failure*' ('The Modern Janus', *New Left Review*, Nov/Dec 1975). If so, it is failure of influence, not of analysis.

Nationalism is predicated on the myth of a common interest uniting the citizens of a given country. This has been cynically and opportunistically promoted by the Catalan nationalists particularly in relation to the tax issue. However, taxes are ultimately a burden on the capitalist class, not the working class, though the accounting ploy of routing some taxes via the workers' payslips might very well prompt some to embrace the concept of a "stakeholder society" so central to nationalist mythology. At the end of the day, the real wages workers receive boils down to a question of economic circumstances – whether, for instance, the capitalist trade cycle is in its boom or recessionary phase – as well as what Marx described as the 'respective powers of the combatants' in the class struggle (*Value Price and Profit*, 1865). You don't enhance the power of workers in their economic struggles against the capitalists by taking the same side as those sitting opposite you at the negotiating table and fraternally regarding them as your 'fellow citizens'.

Nevertheless, in a manner that has become depressingly predictable, large swathes of the Left have opted for a course of action that effectively submerges and obliterates working class identity in favour of national identity in the current constitutional crisis in Catalonia. It is the perceived threat of an emergent fascism that drives such class collaborationism. As the philosopher Anna Hennessey put it in an article in *Counterpunch* (29 September): 'Franco was victorious and did not lose his war, as Hitler and Mussolini lost theirs, but this must not mean that we should let the dictator's toxic ideological infrastructure persist any further into the twenty-first century. Supporting Catalonia is a necessary step in putting an end to fascism in Europe'.

Nothing could be further from the truth. If anything was calculated to encourage the growth of fascism it is Hennessey's recklessly naive endorsement of Catalan nationalism. We should not be beguiled by the anti-monarchist and superficially 'progressive' character of this nationalism. Boris Kagarlitsky characterises it as a self-indulgent and greedy 'revolt of the rich against the poor' in sharp contrast to the Civil War years, when 'Red Barcelona' was the throbbing heart of a Spain-wide republicanism: 'More developed regions with a high standard of living do not want to give up their resources to support less prosperous and backward provinces. "We don't want to feed Andalusia anymore", they say in Barcelona' (*Counterpunch*, 11 September). He talks of the Catalan-language press being 'full of racist delirium about dirty and lazy Spaniards trying to live at the expense of hard-working Catalonia'. That is surely a grotesque exaggeration but there is unquestionably some tension between incomers and natives. While Franco banned all languages except Castilian Spanish, the Catalan authorities have recently pursued a policy of displacing the Spanish language with Catalan – for instance, making it a requirement for government jobs – to the detriment of many non-Catalan speakers.

There is a Fascist presence in Spain but the movement is small, fragmented and backward-looking in its nostalgia for the Franco era. Whatever populist appeal it might have



Mariano Rajoy

has been effectively contained by the rise of the Leftist anti-corruption party, Podemos. Fascists may brawl and sieg-heil on the streets of Catalonia but their high visibility in the media is nowhere near matched by electoral success. Furthermore, for all their fanatical opposition to any kind of break-up of Spain as a centralised unitary state, they have also been comprehensively outflanked and side-lined on that issue as well by mainstream parties like the Centre Right and vehemently anti-independence, Ciudadanos ('Citizens') Party, which after the December 2017 elections, emerged as the single largest Party in the Catalan Parliament.

As for Rajoy, he clearly misjudged the situation, hoping to benefit politically by calling for these elections. Not only did the PP lose seats but Rajoy himself has been hoisted by his own petard. Having denounced the October referendum as illegal he sought to decisively stop the juggernaut of Catalan nationalism in its tracks by legal means. As it happens, the pro-independence parties emerged victorious as a result, having between them, won a majority of the seats – something that is likely now to prolong and aggravate the Catalanian crisis.

However, while the Far Right might currently be marginalised it would be rash to rule out a renaissance. There are suggestions that it might adopt the approach so successfully used by Le Pen in France in tapping anti-immigrant sentiment. What has been most striking about the Catalan crisis is the surge in Spanish nationalism it has provoked. In other words, Catalan nationalism has awakened Spanish nationalism, not just in Catalonia but throughout Spain. This nationalist groundswell may, indeed, bode well for the Far Right – a point those left-wing supporters of Catalanian independence would do well to heed.

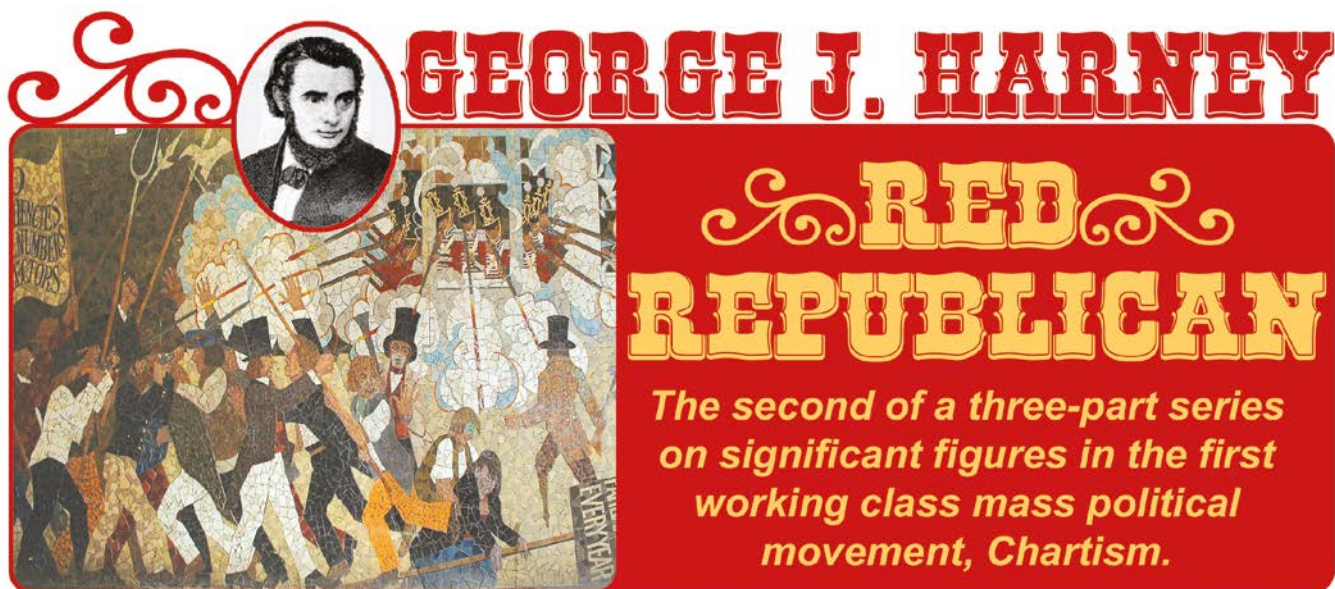
Democracy

The relationship between nationalism and democracy is more complicated and vexed than liberals like Hennessey would have us believe. While Catalan nationalists invoke 'democracy' in defence of their cause, an independent Catalan state, like any other, would be operating within the framework of a capitalist society that, by its very nature, can never really be democratic. How could it be when the means of wealth production are monopolised by a tiny minority to the exclusion of the great majority who produce that wealth? That aside, and disturbingly, this escalation of nationalist hostility we are witnessing on all sides is likely to further erode what limited bourgeois democratic rights there are. In 2015, for instance, the government introduced its Orwellian-sounding 'Citizens Security Act', popularly known as the 'gag law', among other things banning unauthorised gatherings and making acts such as desecrating the Spanish flag punishable with a fine of up to 30,000 euros – possibly with Catalan and other separatists in mind.

Back in the Alpujarras, a young man of my acquaintance, normally quite left wing in his opinions, was holding forth in a bar. Venting his anger towards Catalan nationalists, he intermittently blurted out 'Viva Espana!' in a loud voice, whilst jokingly (or perhaps only half-jokingly) making fascist salutes. I remonstrated with him for his tactlessness, pointing out that, conceivably, there were individuals in that very bar whose relatives had perished at the hands of the fascists back in the 1930s. To me such behaviour was symptomatic of the times we are living through, an ominous portent of what might come.

Truly it might be said that nationalism is fascism's Trojan horse.

ROBIN COX



'It is not any amelioration of the conditions of the most miserable that will satisfy us: it is justice to all that we demand. It is not the mere improvement of the social life of our class that we seek, but the abolition of classes and the destruction of those wicked distinctions which have divided the human race into princes and paupers, landlords and labourers, masters and slaves. It is not any patching and cobbling up of the present system we aspire to accomplish, but the annihilation of the system and the substitution, in its stead, of an order of things in which all shall labour and all enjoy, and the happiness of each guarantee the welfare of the entire community' George Julian Harney, 1850, *Red Republican* (quoted in 'Yes Utopia' by Ron Cook).

George Julian Harney, the son of a seaman, was born in the squalor and misery of Deptford on 17 February, 1817 and died in Richmond, Surrey on 9 December, 1897.

Harney's political journey began as secretary of the London Democratic Association which attracted thousands of workers. Harney dismissed the idea of appealing to the morality of the ruling class and rebuffed any alliances with the 'liberals':

'You see now through the delusions of your enemies. Nearly nine years of 'liberal' government have taught you the blessings of middle class sway, blessings exemplified in 'bastilles' and 'water gruel,' in 'separation' and 'starvation'; in the cells of silent horror and the chains of transportation, in the universal misery of yourselves and the universal profligacy of your oppressors' (*London Democrat*, April 20, 1839), referring to the effects of the New Poor Law Act on the conditions in the workhouses.

As Chartism took root, Harney gravitated towards the more militant wing understanding that the workers' franchise needed to lead to much more:

'Unless the People's Charter is followed by a measure [to] equalise the condition of all, the producing classes will still be oppressed.'

While most Chartists sought peaceful change, Harney was committed to an insurrectionary overthrow of the system and the establishment. In a speech at Derby, 28 January, 1839, Harney declared:

'We demand Universal Suffrage, because we believe the universal suffrage will bring universal happiness. Time was when every Englishman had a musket in his cottage, and along with it hung a flitch of bacon; now there was no flitch of bacon

for there was no musket; let the musket be restored and the flitch of bacon would soon follow. You will get nothing from your tyrants but what you can take, and you can take nothing unless you are properly prepared to do so. In the words of a good man, then, I say 'Arm for peace, arm for liberty, arm for justice, arm for the rights of all, and the tyrants will no longer laugh at your petitions'. Remember that.'

Harney pointed out that the general strike, the Grand National Holiday as it was called, being advocated as a peaceful method of bringing about the Charter, would, if carried through, only end in an inevitable civil war, and for this preparation was necessary. In the *London Democrat*, for 4 May, 1839, Harney showed how impossible it was for the workers, on their low wages, to provide themselves with food to carry them through the strike, and described how they would be faced with starvation after the first few days, and so be driven to take food from the rich. This would bring them into conflict with the military and, he asked, 'What would this be but insurrection and civil war?'

He continued:

'I should not object to this plan, but that those who have been its loudest advocates have at the same time denounced the arming of the people. Suppose such a conflict, such as I have imagined, to take place in some petty district, the people, being unarmed, would suffer a murderous defeat. The news of the slaughter of the people in this one district would fly like wildfire throughout the country; the effect would be that the rest of the people (dispirited with hunger and but too conscious that they too were unarmed) would be compelled to return to their taskmasters soliciting again to be enslaved...'

Harney's efforts to swing Chartism behind physical force and immediate preparations to take power failed, nevertheless he reflected the mood of many workers who expressed revolutionary sentiments. In Birmingham, the workers carried on street fighting for nearly a week with both police and military, only being disarmed in the end by the moderate leaders of Chartism. In Kent, farm labourers revolted and, arming themselves, attacked Canterbury. The Newport Rising showed that certain workers were ready for rebellion. In 1842, the 'Plug Plot' took place. The strike, which originated in Ashton and Hyde against a reduction in wages, spread to other parts of the country, to Wales and Scotland. Manchester and other towns were in a state of siege; shops were shut, factories invaded, to bring workers out on strike. In Preston and Blackburn soldiers fired upon crowds, killing six. Hungry

strikers marched in various towns, carrying such banners as 'They that perish by the sword are better than they that perish by hunger.' Harney's analysis was vindicated. Armed insurrection as proposed by Harney is, now, no longer an option but the Chartist 'folded arms' theory still periodically reappears as a means of emancipation. The workers' industrial muscle in a general strike against the capitalist class is insufficient and it is political power that must prevail.

In 1844, Harney became involved with the Fraternal Democrats, a society of Chartists and European political exiles which issued a manifesto that proclaimed:

'All men are brethren. We denounce all political and hereditary inequalities and distinctions of castes We believe the earth, with all its natural productions, to be the common property of all We believe that the present state of society, which permits its idlers and schemers to monopolise the fruits of the earth and, the production of industry, and compels the working class to labour for inadequate rewards, and even condemns them to social slavery, destitution, and degradation, to be essentially unjust.'

In one address to the Fraternal Democrats Harney declared: 'Whatever national differences divide Poles, Russians, Prussians, Hungarians, and Italians, these national differences have not prevented the Russian, Austrian, and Prussian despots uniting together to maintain their tyranny; why, then, cannot countries unite for obtainment of their liberty? The cause of the people in all countries is the same – the cause of Labour, enslaved, and plundered... In each country the tyranny of the few and the slavery of the many are variously developed, but the principle in all is the same. In all countries the men who grow the wheat live on potatoes. The men who rear the cattle do not taste flesh-food. The men who cultivate the vine have only the dregs of its noble juice. The men who make clothing are in rags. The men who build the houses live in hovels. The men who create every necessary comfort and

luxury are steeped in misery. Working men of all nations, are not your grievances, your wrongs, the same? Is not your good cause, then the same also? We may differ as to the means, or different circumstances may render different means necessary but the great end – the veritable emancipation of the human race – must be the one end and aim of all.'

At the time, Marx and Engels were also involved in the process of setting up an international association and were invited to preparatory meetings which sought to bring various associations together and as a result Marx met George Julian Harney, now editor of the radical journal *The Northern Star*. Although the Fraternal Democrats had a distinctly pro-worker make up, it was primarily an organisation that aimed to build a broadly-based campaign to promote democratic reforms at an international level. Such an orientation meant that Marx and Engels could not hope to win the Fraternal Democrats over to an openly communist platform. However, the contacts made through the Fraternal Democrats no doubt influenced Marx and Engels towards the idea of establishing an international communist organisation along similar lines, through which they could spread their ideas within the working class movement, and go beyond the German intellectual circles which had dominated their political activity.

Harney started his own journal, *The Red Republican*, and attempted to use it to educate his working class readers about socialism. The July 1850 issue explained:

'As regards the working men swamping all other classes the answer is simple – other classes have no right to exist. To prepare the way for the absolute supremacy of the working class preparatory to the abolition of the system of classes, is the mission of The Red Republican.'

In 1850, *The Red Republican* published the first English translation of the *Communist Manifesto* and called it 'The most revolutionary document ever given to the world'.

ALJO



Zombie capitalists

In November the Bank of England increased the bank rate from the 0.25 percent that it had been since March 2009 to 0.5 percent, still very low by historical standards. As the rate that banks are charged when they borrow from the Bank it sets the minimum for a number of other rates.

The media commented mainly on the effect the rise would have on workers and retired workers. Those buying a house via a mortgage will have to pay more but those with savings will get more from them. But this is not why the Bank changes the bank rate; that's just a side-effect. The main reason is to try to influence the level of economic activity. Since the initiative for this rests in the hands of profit-seeking capitalist enterprises, bank rate changes are aimed at influencing their investment decisions.

As Oliver Kamm pointed out in the

Times (8 January):

'The global economy is still operating in the shadow of the financial crisis of 2007 to 2009. All the advanced industrial economies, in differing degrees, have been struggling to boost growth ever since. All have resorted to the same approach of aggressively easy monetary policy, with near-zero interest rates and big asset-purchase programmes by central banks.'

The theory is that if capitalist firms don't have to pay so much interest out of their profits they can build up their reserves and so have more money to invest. But capitalist firms' investment decisions are influenced by the rate of profit rather than the rate of interest. If the profit prospects are not good enough they won't invest however low the interest rate. You can bring a horse to water but you can't make it drink if it's not thirsty.

Very low interest rates have had one side-effect but not a desirable one from a capitalist point of view. It has prevented firms that would otherwise go bankrupt from doing so. '100,000 zombie firms suck life out of economy' was how the *Times* (7 December) headlined an article reporting on a survey by the Organisation for Economic Cooperation and Development (OECD), an intergovernmental think-tank set up by the developed capitalist countries.

The OECD defined zombie companies

as firms more than ten years old 'having persistent problems meeting their interest payments' and went on to deplore their effect on the capitalist economy:

'Zombie firms represent a drag on productivity growth as they congest markets and divert credit, investment and skills from flowing to more productive and successful firms and contribute to slowing down the diffusion of best practices and new technologies across our economies.'

It said that 'Britain would be growing more quickly if it encouraged a clearout' of the 100,000 'zombie companies kept on life support by the banks.' This could well be the case as inefficient firms going to the wall and their assets passing cheaply to more efficient firms is one way in which during a slump the rate of profit is restored, itself a prerequisite for recovery and moving on to the next phase of the boom/slump cycle.

Ironically, then, instead of low interest rates encouraging a recovery they may have retarded it. Another example of how governments can't control the way capitalism operates.

THE RUSSIAN 'PLANNED ECONOMY'

THE RUSSIAN 'PLANNED ECONOMY' - WHAT WAS IT?



How can we define in Marxian terms the system of 'planned' or 'administrative' economy that emerged in Russia at the end of the 1920s?

One approach to this question is to examine relevant works written by Bolshevik theorists during the first decade after the Revolution, when freedom of debate within certain limits still existed in Russia. Two of these works are available in English translation:

(1) Nikolai Bukharin, *The Politics and Economics of the Transition Period* (published in Russia in 1920, in the UK by Routledge & Kegan Paul in 1979 – on internet at thecharnelhouse.org);

(2) E. Preobrazhensky, *The New Economics* (published in Russia in 1926, in the UK by Oxford University Press and Clarendon Press in 1965 – on internet at libcom.org).

These theorists took it for granted that since November 1917 the country had been embarking upon a more or less prolonged transition to socialism. (In 1936 Stalin declared that the transition was complete.) They acknowledged, however, that what was being built in Russia did not correspond to 'our old familiar ideas about socialism' (Preobrazhensky's phrase).

Logically there were two possible methods of dealing with such discrepancies. One method – the one that was adopted – was to change the meaning of 'socialism' to conform with the emerging Russian reality. The other method would have been to retain the original meaning of 'socialism' and choose another descriptive term for Russian society. But this was politically unacceptable, even in the 'liberal' 1920s, as it would have undermined the legitimacy of the Bolshevik regime.

A substitute for capitalism

The key discrepancy concerns the place occupied by 'socialism' in the Marxian schema of historical evolution.

According to 'the old familiar ideas', it is the function of capitalism to accumulate technologically advanced productive capacities that socialist society then uses to satisfy human needs. Thus capitalist development must precede the establishment of socialism.

In the new Bolshevik conception, by contrast, 'socialism' performs the same function as capitalism – the accumulation of productive capacities. 'Socialism' is now not so much the successor to capitalism as a *substitute* for it.

Accumulation was required in Bolshevik Russia not just because capitalist development had still been at quite an early stage in 1913 but also in order to restore the huge losses in productive capacity during World War One and the Civil War. Bukharin regarded such losses as inevitable even in the advanced countries, on the grounds that imperialist war causes capitalism to collapse and proletarian revolution leads

to further civil and interstate wars. Thus the new society has to cope with a 'regression of the productive forces'.

Russia was the first country in which 'socialism' served as a substitute for capitalism but by no means the last. Almost all the other countries that later borrowed the Stalinist model, including China, North Korea and North Vietnam, were underdeveloped and ravaged by war.

Primitive accumulation

Capitalism in its mature form extracts the surplus it needs for accumulation in the course of production for market exchange. In its initial phase, however, capitalism jump-started the accumulation process by forcibly plundering resources from the peasantry at home and from colonial populations abroad. Marx calls this phase 'primitive accumulation' (Chapters 26-28 of Volume 1 of *Capital*).

Bolshevik theorists disagreed over whether their regime would have to engage in primitive accumulation. Bukharin argued that accumulation could and should be achieved on the basis of market exchange with the peasantry under the New Economic Policy, even though it would be a slow process ('riding into socialism on a peasant nag'). Preobrazhensky and others demanded a faster pace and considered primitive accumulation unavoidable. Stalin finally implemented the second strategy by means of collectivisation, which enabled the state forcibly to procure resources for rapid industrialisation from agriculture.

In an attempt to distance Russian practice from capitalism, the theorists stressed a distinction between 'primitive capitalist accumulation' and 'primitive socialist accumulation'. Clearly, however, there is no real distinction here. The whole debate bears witness to the close parallelism between Stalinist development and its classical capitalist prototype.

Extending the concept of 'capitalism'

If we deny that the Russian 'planned economy' was socialism, what can we call it? Can we call it 'capitalism' – or, more specifically, a form of state capitalism?

The 'planned economy' did not function in exactly the same way as the capitalism that Marx had analysed in *Capital* and other works.

In particular, the Russian economy did not contain major units that operated as separate capitals, competing with one another to sell their products in the market. Enterprises of any size or significance were subordinate to industrial ministries and 'planning' agencies, all of which constituted a single bureaucratic apparatus. Who was to supply how much of what to whom was specified in advance by the state plan, so in most spheres of activity there could be no competition for customers.

The cycles of boom and slump so characteristic of 'classical' capitalism had no direct equivalent in the Russian economy.

Nevertheless, there is a strong case for calling the Russian 'planned economy' a form of capitalism despite these differences, even if this can be seen as extending the concept of 'capitalism'. The justification for such an extension is the role that the Russian system played as an alternative regime of accumulation that substituted for capitalism under certain conditions and occupied the same place as capitalism in the schema of historical evolution.

STEFAN



On The House

'When we live in a house, we're just passing through. People have occupied it before us and others will take our place when we leave.'

The interesting documentary series *A House Through Time* (BBC2) tracks the history of a single town house in Liverpool from when it was built in the 1840s onwards. Presenter David Olusoga pieces together the lives of 62 Falkner Street's past residents from clues in legal documents, newspapers, the census and Gore's business directory. A property in Liverpool was chosen because, as Olusoga explains, 'more than any other British city, Liverpool's ride on the rollercoaster of national fortune has been a bumpy one. No other city has been more buffeted by the cycles of boom and bust and, perhaps unsurprisingly, the place that once proudly saw itself as the 'second city of empire' suffered more than any other when that empire suddenly evaporated' (*Guardian*, 31 December). In the middle of the 19th Century, Liverpool's economy and population were expanding due to the increases in trade centred around its docks. Ironically, although much of the city's wealth came through the port, those living in the area were among the city's poorest. The houses on Falkner Street were built for the developing merchant sector who wanted to live away from the dock's cramped squalor. So, when it was built, 62 Falkner Street would have been something similar to the well-kept, expensive town house it remains today.

The address' first resident – Richard Glenton – was a 'louche bachelor' who worked in the Customs department at the docks and supplemented his income by taking in lodgers. A few years later, James and Ann Orr moved in after achieving the rare feat of leaving domestic

servitude. James became a manager at a Gentleman's Club (the sort where businessmen went to read newspapers) and died leaving £16,000 (£1.5million in today's money) to his widow. Olusoga says that the house's early residents were 'strivers', who benefitted financially from the increases in trade as capitalism expanded. Like Glenton, many of the house's residents worked in businesses which centred around the docks, such as cotton trader Wilfred Steele and his wife Eliza who moved there in 1853. By then, a quarter of a million tons of cotton passed through Liverpool each year, most of it coming from slave-labour plantations in the American south before being transported on to the textile mills of Manchester and Lancashire. As Olusoga notes, the cotton trade was 'steeped in blood and exploitation and evil' because of its reliance on slave labour. The trade boomed until an economic crisis in America which had a knock-on effect in Britain. Steele went bust and was sent to a debtor's prison, later leaving his family to travel to America, where he returned to the cotton trade and also fought in the Civil War. Olusoga is surprised that he fought on the Union side, whereas his links to the slave trade would have perhaps made him more likely to fight



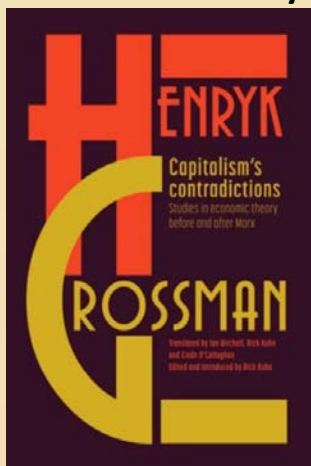
for the Southern states. Other residents' livelihoods were also shaped by wider events. Edward Lubin sold space for cargo on ships until his trade was hit by the Long Depression of the 1870s; by 1875 he was declared bankrupt. And one of the lodgers during the 1890s – Nathan Hart – sold tickets for the cramped bunks in which emigrants would spend weeks during their voyage to America, until a cholera outbreak limited travel and he changed jobs to become a 'financial agent and picture dealer'.

The lives uncovered by Olusoga's research would otherwise have remained forgotten in dusty old archive rooms. He says 'the version of history I was taught at school was largely one of great men and great deeds, a history that took place in palaces and battlefields. It was silent about our shared, inner and domestic histories, the stories of the rest of us, the ungreat, who live quietly and privately in anonymous terraced houses'. (*Guardian*, 31 December). The 'great man' view of history is still prevalent, including on TV. Every week on BBC4, there seems to be another documentary about the monarchy, usually an excuse to film in telegenic stately homes or for presenters like Lucy Worsley to dress up as Elizabeth I. And of course this perspective has its place, to describe the effect which people in authority had. But it's still the history of the ruling class, told in a way which downplays the economic forces changing society. Exploring the past through the lives of people without much status has only really been a strong tendency among historians for around fifty years. This approach - social history - tells us a lot about societal changes by the impact they had on the majority. As historian G M Trevelyan wrote, 'without social history, economic history is barren and political history unintelligible' (*English Social History: A Survey of Six Centuries from Chaucer to Queen Victoria*). The characters in *A House Through Time* were shaped by major events such as economic downturns, cholera outbreaks, wars. Past events come to life when they can be related to the people who lived through them. For Olusoga, empathy is an important part of his research: 'it is all too easy to start caring about figures from the past if you find yourself reading the documents that record their lives while sitting in what was once their kitchen. Or having just walked up a staircase, holding the wooden banister that

their hands once gripped' (*Guardian*, 31 December). Studying history - or doing it vicariously through programmes like *A House Through Time* - reminds us that we're all part of a longer story, and subject to wider economic trends whether we like it or not.

MIKE FOSTER

Breakdown theory



Capitalism's Contradictions. Studies in economic theory before and after Marx. By Henryk Grossman. Haymarket Paperbacks. Chicago.

For a long while it was only by reputation that Grossman was known in the English-speaking world as a collapse of capitalism theorist, as his 1929 book *The Law of Accumulation and Breakdown of the Capitalist System* was not available in English translation until 1992, though Paul Mattick had publicised his theory in the 1930s. Grossman was an admirer of state capitalist Russia even under Stalin and died in 1950 in East Germany.

This collection of articles lives up to its subtitle, with a useful article on some of those before Marx who put forward the view that societies differed depending on their particular system of production and changed when this changed, and another on post-Marx bourgeois economists and their theories of marginal utility arguing that left free of government interference capitalism tended towards full-employment equilibrium. Strangely there is no mention of Keynes.

Grossman took it as axiomatic that Marx held a breakdown theory of capitalism, writing in a contribution on Marxism for an encyclopaedia, reprinted here, in a matter of fact way about 'the fundamental idea of *Capital* of an absolute limit to the development of the capitalist mode of production' and of 'Marx's theory of the final breakdown of the capitalist system of production.' In fact he was only promoting his own theory of this since no such theory can be found in Marx.

As exposed here at the end of this contribution, 'it holds that once a nation's capital exceeds a definite scale, its accumulation finds no further profitable opportunities for investment and consequently either lies idle or has to be exported.' Grossman based his theory not so much on the falling rate of profit but on the mass of surplus

value in relation to the total social capital becoming insufficient to continue capital accumulation:

'...at high levels of accumulation the part of surplus value required for additional accumulation [as constant capital] will be so large that it finally absorbs almost all the surplus value.'

He seems to have thought that this stage had nearly been reached in the developed capitalist countries.

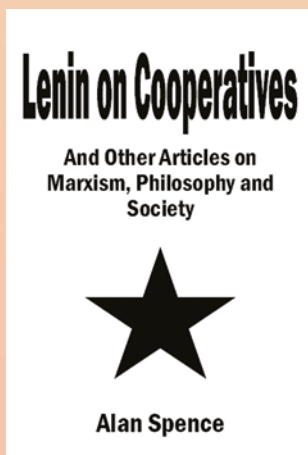
One reason why he (and Rosa Luxemburg too, though her breakdown theory was different) believed that a breakdown theory was essential was that, without it, the case for socialism would be weakened and just become a matter of moral choice, a view associated with the revisionists and reformists within the German and Austrian Social Democratic movement. One such reformist was Rudolf Hilferding, the author of *Finance Capital*, who after the war became German Finance Minister on a couple of occasions. Grossman writes of him:

'After the war (1927) Hilferding declared that he had always "repudiated every theory of economic breakdown". Marx had also considered them to be false. The overthrow of the capitalist system would "not happen because of internal laws of this system" but had to be the conscious will of the working class''

Despite his reformism, Hilferding was right here. But it wasn't just reformists who held this view. Anton Pannekoek, whose anti-reformist credentials are impeccable, wrote a pamphlet in 1934 refuting breakdown theories in general and Grossman's in detail, expressing a similar point of view (marxists.org/archive/pannekoek/1934/collapse.htm). It is also the view expressed in our 1932 pamphlet *Why Capitalism Will Not Collapse* and in our articles on this subject ever since.

ALB

Lenin's capitalism



Lenin on Cooperatives. And Other Articles on Marxism, Philosophy and Society. By Alan Spence. New Intervention Publications. 150 pages.

This is a collection of articles published in the Trotskyoid journal *New Interventions* between 1991 and 2008 by a former Communist Party industrial militant who became a 'Labour & Co-op' reformist. The subjects range from Lenin's 1921 'New Economic Policy', through 'proletarian philosophy', the NHS, the land question in Hong Kong, to Aristotle and Ancient Athens.

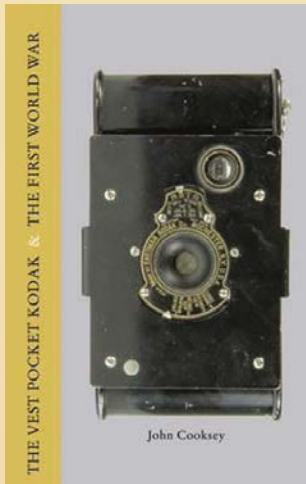
As predicted by those who had understood Marx's theory of social development, once the Bolsheviks had stabilised their rule they were faced with the problem of how to feed the urban population, which, in circumstance of an isolated and economically backward Russia with an 80 percent peasant population, could only be done by allowing and encouraging capitalism to develop in the countryside. During the civil war period the Bolshevik government had simply requisitioned – taken by force – food from the peasantry. Lenin realised that this could not be a permanent policy and in 1921, with the civil war over, introduced the 'new economic policy' of encouraging peasants to move away from subsistence farming to producing a surplus for sale in the towns; at the same time the state industrial enterprises were encouraged to produce farm equipment to sell to the peasants.

Lenin openly described this policy as 'state capitalism', or the development of capitalism under the auspices of the state. It meant that the Bolshevik government was in the same position as other 'Labour' governments, except that it had come to power through a coup d'état and was determined to hold on to power come what may. Spence well describes this policy and the reasoning behind it, with which he thoroughly agrees, criticising Stalin for abandoning it in favour of forcibly expropriating the peasantry.

Spence, however, is not an uncritical admirer of Lenin. In the articles on philosophy he defends Joseph Dietzgen's view that ideas are equally a part of the real world as what is tangible, as opposed to Lenin's view that 'to say that thought is material is to make a false step, a step towards confusing materialism and idealism.' Lenin's condemnation was enough for the Communist Party to wage a campaign against Dietzgen's view as set out by Fred Casey, of the old National Council of Labour Colleges, in his book *Thinking*. In regretting this Spence has a point.

ALB

War Exposures



The Vest Pocket Kodak & the First World War. By Jon Cooksey. Ammonite £7.99.

The first war photograph dates from 1846, and there were further photos of the Crimean War and the American Civil War. But the technology was cumbersome, and the scenes often had to be staged. Then in 1912 Kodak produced a smaller portable camera, the Vest Pocket Kodak or VPK ('vest' being American for 'waistcoat'). This became extremely popular, including among those in the armed forces in the First World War. Never one to miss a marketing trick, the company advertised it as 'The Soldier's Kodak'.

Soldiers photographed scenes from the trenches and of actual fighting with their VPKs, but of course it was never going to be an uncontroversial or straightforward activity. The first action shot published, in November 1914, was doctored with a bursting shell added to increase the apparent danger to soldiers who were under shrapnel fire. In June 1915, a private from the Liverpool Scottish Regiment photographed soldiers advancing on a captured German trench near Ypres. When it was published the following month, an image of a German soldier (lying apparently dead) replaced that of a dead or wounded British soldier.

The Christmas Day truce of 1914 was depicted in some blurred photos of soldiers from both sides chatting and exchanging cigarettes. This did not go down well with the powers that be, as it made the Germans look human, and a limited ban on cameras was extended in March 1915 to cover all operational theatres, though it was not enforced as strictly as it might have been.

Cooksey also includes a photo (of unknown date and location) of 'what appears to be the summary execution of a suspected spy by two British army officers with service revolvers.'

PB



Political and satirical cartoons have been around since at least the second half of the eighteenth century. An exhibition 'Savage Ink: the Cartoon & the Caricature', on at the People's History Museum in Manchester until the middle of May, provides many examples from the work of William Hogarth down to contemporary comic books and graphic novels. A quote from former Tory minister Kenneth Baker makes the point that for a politician to be caricatured shows that they have arrived on the political scene.

A variety of cartoons are shown from over the years, from Hogarth's attacks on electoral corruption to Steve Bell's criticisms of Thatcher in his 'Maggie's Farm' series. Many cartoons have involved opposition to the political and economic establishment: a particularly powerful example from 1830 shows a wealthy absentee landlord haunted by the ghosts of his Irish tenants who had starved to death. In 1805 James Gillray depicted Pitt the Younger and Napoleon carving up the globe between them (a much-copied illustration), and in 1830 George Cruikshank showed Great Britain as a beehive, with Victoria as Queen Bee at the top and having nothing in common with the worker bees at the bottom.

But Cruikshank also had some very unpleasant views. He attacked Robert Owen, and the title of an 1819 cartoon needs no commentary: 'Universal Suffrage or the Scum Uppermost!!!'. In another example of nastiness, in 1924 the anarchist Emma Goldman visited Britain, and one cartoon shows her having been beaten up, possibly by Ramsay MacDonald, who is shown in the background.

An anonymous cartoon from 1812 is a vicious sexist depiction of women reformers at a public meeting, where a member of the crowd says, 'Come home and get dinner ready, you old baggage.' There is no reason to think that this is criticising those who opposed women's involvement in reform movements, but sometimes a cartoon can be, at best, ambiguous. For instance, a New Yorker cover from 2008 showed Obama dressed as a muslim and his wife as a fighter with a gun: did this satirise the scare tactics used against him (as its author claimed) or just reinforce prejudices?

An interesting exhibition with a range of cartoons, mostly focusing on individuals but sometimes addressing more general issues.

PB

People's History Museum, Manchester



50 Years Ago

Black Power in the United States

THE AMERICAN black power movement is a child of frustration. Thousands of civil rights supporters, having long since absorbed the few sops that capitalism can afford to give them, are running squarely into a sociological brick-wall—a wall they have termed the “white power structure.” Their response, the concept of black power, indicates that they have learned many lessons.

They have learned, for example, that “integration” as such is an empty issue when the integrated population still remains without any basic economic control over their own lives. They have learned that white liberals can do almost nothing for them. And they have learned that the Federal Government is not their friend; in the last analysis, it can never be anything but their implacable enemy. Anti-poverty and civil rights legislation masked for a time the nature of government, but last summer

the mask was dropped. The spectacle of thousands of American troops, tanks, trucks, and jeeps being called out to crush rebellions on the part of other Americans, finally and fully revealed what governments exist for: to maintain the power of the ruling class by violent force. And they can never, of their own free will, enact any reform that will interfere with this function.(...)

It is difficult for the Marxian socialist to explain his position to a black nationalist. The socialist rejects capitalist, imperialist, and colonialist ideology, and sympathizes deeply with all of capitalism’s victims. It is his outrage at being victimised, in most cases, that originally led him to become a socialist. He recognises, too, that certain sections of the working class take more punishment than other sections, and at the present time the black worker in America generally suffers more than his white counterpart. This is an obvious fact to anyone who has lived in the U.S. with his eyes open. Yet the socialist, because of what he knows about capitalism, must reject the black power concept as a hopelessly inadequate solution.

(from *Socialist Standard*, February 1968)

In place of capitalism

RECENTLY THE word ‘capitalism’ seems to be on everyone’s lips. The main reason for this is probably that capitalism – also known as ‘the economy’ or ‘the market system’ – has been going through a bad patch. Gordon Brown’s claim to have ended the cycle of boom and bust has proved disastrously wrong. The last boom, during which food, energy, house and stock market prices rose at unsustainably high rates, gave way to bust.

As usual, workers have been the main victims. Many of us lost our jobs, can’t get new ones or can’t enter the labour force for the first time. We have seen our outgoings soar, our incomes squeezed, even our homes repossessed. Even if we have so far personally avoided the worst of these fates, the worry that we may not continue to do so can be very stressful.

Who or what is to blame for this sorry state of affairs? More constructively, how can it be put right? Only the pitifully small socialist media insist that we need to replace capitalism with socialism. All the other media, which shout so much louder than we can, say things like “We’ve got the wrong kind of capitalism” or “Some people (bankers) have been too greedy.”

There is a widespread and heavily promoted belief that ‘capitalism is the only game in town.’ Anyone who disputes this, for example by advocating that all goods and services should be available on the basis of need, not ability to pay, is dismissed as idealistic or Utopian. It is a classic case of self-fulfilling prophecy:

support (or at least acquiesce in) the way things are organised today and tomorrow will be more or less the same. But it doesn’t *have* to be.

Socialists urge that it is futile to try to reform capitalism – the whole system needs to be scrapped and replaced by something better.

The world could be run on different lines which could get it out of the mess it is in. People could organise their affairs so that everyone has free access to the things they need to lead

are long past. The Labourites have long abandoned any pretence to ‘reforming capitalism’ in favour of simply managing it; after the end of ‘Communism’ the Leninists have been reduced to mini-sects which replicate within their own structures the regimes of the old Stalinist States in a homage to Marx’s dictum, “first as tragedy, now as farce”.

Their aspirations have shrunk with their horizons, whilst they grandly imagine storming the winter palace and fantasise about bloody revolutions, in reality they have little or no belief in the working class ever rallying to their ‘proletarian leadership’, and even less in the ability of the working class to emancipate itself.

They hide themselves in front campaigns for partial reforms, and embrace and promote a succession of ‘Saviours from high’ who they are sure will deliver us, until the inevitable betrayal, when they move on to the next.

All previous revolutions have been the overthrow of one minority ruling class and the victory of a new one. Such revolutions have needed abstract slogans and ideals (Liberté, Fraternité, Egalité; Peace, Land, Bread,) in order to enlist the support of the masses. They have needed heroes and demagogues to inspire the majority to give their lives for the victory of new masters.

The socialist revolution can only take place when the majority of the working class not only understand that it is possible, but also desirable. It needs no abstract ideals to mask it’s true purpose, no demagogues to beguile the masses. It needs no heroes.



OCCUPY YOUR MIND.
THE REVOLUTION BEGINS WITHIN

a decent and satisfying life.

This is the alternative society that socialists advocate. For over a hundred years the cause of socialism has been dominated by the machinations of two statist creeds, Social Democracy and Leninism. These have fed off the discontent and aspirations of the working class to become alternative managers of capitalism. Their heydays

Meetings

For full details of all our meetings and events see our **Meetup** site: <http://www.meetup.com/The-Socialist-Party-of-Great-Britain/>

FEBRUARY 2018

LONDON

Sunday 18 February, 6.00 p.m.

Film Evening

The Ballad of Joe Hill

Socialist Party's Premises
52 Clapham High Street
London
SW4 7UN

Tuesday 20 February, 8.00 p.m.

All-day Brexit

Venue: Chiswick Town Hall
Heathfield Terrace
London
W4 4JN

DONCASTER

Saturday 24 February, 1.00 p.m. – 5.00 p.m.

The Environment: Is Capitalism Killing the World?

Speakers: Glenn Morris and Paddy Shannon
Venue: Doncaster Brewery
Young Street
Doncaster
DN1 3EL

MARCH 2018

LONDON

Sunday 18 March, 6.00 p.m.

Film Evening

The Square

Socialist Party's Premises
52 Clapham High Street
London
SW4 7UN

Saturday 24 March, 2.00 p.m. – 4.00 p.m.

Bitcoins: tulips from Cyberspace

Speaker: Adam Buick
Quaker Meeting House, 20 Nigel Playfair Avenue, Hammersmith, W6 9JY (at end of road beside Town Hall, nearest tube Ravenscourt Park, 5 minutes walk from Hammersmith tube)

Executive Committee Meeting Saturday 3 March, 2018

Clapham High Street,
London SW4 7UN.

Correspondence should be sent to the General Secretary. All articles, letters and notices should be sent to the Editorial Committee.

Declaration of Principles

This declaration is the basis of our organisation and, because it is also an important historical document dating from the formation of the party in 1904, its original language has been retained.

Object

The establishment of a system of society based upon the common ownership and democratic control of the means and instruments for producing and distributing wealth by and in the interest of the whole community.

Declaration of Principles

The Socialist Party of Great Britain holds

1. That society as at present constituted is based upon the ownership of the means of living (i.e. land, factories, railways, etc.) by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.
2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle between those who possess but do not produce and those who produce but do not possess.
3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into the common property of society of the means of production and distribution, and their democratic control by the whole people.
4. That as in the order of social evolution the working class is the last class to achieve its freedom, the emancipation

of the working class will involve the emancipation of all mankind, without distinction of race or sex.

5. That this emancipation must be the work of the working class itself.

6. That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organize consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.

7. That as all political parties are but the expression of class interests, and as the interest of the working class is diametrically opposed to the interests of all sections of the master class, the party seeking working class emancipation must be hostile to every other party.

8. The Socialist Party of Great Britain, therefore, enters the field of political action determined to wage war against all other political parties, whether alleged labour or avowedly capitalist, and calls upon the members of the working class of this country to muster under its banner to the end that a speedy termination may be wrought to the system which deprives them of the fruits of their labour, and that poverty may give place to comfort, privilege to equality, and slavery to freedom.



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Is it Nestlé that is the enemy?

Listverse.com (3 January) detail '10 Outrageous Nestlé Scandals'. Before the list even starts, Nestlé's use of child labour is mentioned along with a plea not to turn a blind eye and 'continue poking for Nestlé to be better'. Anyone reading about Nestlé's nefarious activities for the first time will likely be shocked, but socialists not so much. We have long known breast is best, but for Nestlé, like any other company, profit comes first. 'During a campaign that has stretched over several decades' it is alleged that the world's largest food company bribed medical practitioners to provide mothers in hospitals with formula milk which, with their natural lactation declining as a result, left them reliant on Nestlé's products.

Water, water, everywhere

In many areas of the world, from America to Zimbabwe, our class lack access to safe water, something which can be fatal, particularly for infants being nursed with reconstituted formula milk. And that safe water is quite possibly owned by Nestlé. At the World Water Forum in 2000, the then Nestlé CEO Peter Brabeck-Letmathe was quoted as saying, 'access to water should not be a public right.' There was some consequent clarification about this remark, but not the ethical progress reformist groups are always clamouring for.

Nestlé Newspeak

In October 2008 Nestlé stated 'bottled water is the most environmentally responsible consumer product in the world' That very month Taiwan banned the importation of milk products, including Nestlé's, from China as a result of them being contaminated. Was this an industrial accident or deliberate? 'Melamine can easily be mistaken for protein. Thus, Chinese dairy manufacturers illegally claimed higher levels of protein in their products through the use of cheaper melamine. In baby formulas, where protein amounts are so important, this led to severe deficiencies.'

Modern day slavery

Nestlé's tentacles reach out for our babies and cats. Yes, feeding Tibbles Purina 'may

have also helped to support Nestlé's use of slave labor in Thailand... Usually, the workers are immigrants, brought in from Thailand's even poorer neighbors Myanmar (Burma) and Cambodia. For the privilege of a Thai job, they are charged an illegal fee and trapped into working within the fishing industry to pay off heavy debt. A Burmese worker describes their working conditions: "Sometimes, the net is too heavy and workers get pulled into the water and just disappear. When someone dies, he gets thrown into the water."'



The sickly sweet smell of profit

Nestlé also profits from our class labouring in the chocolate industry -- 'an ugly affair, littered with allegations of malfeasance.' We are told that the deforestation crisis in Ghana and the Ivory Coast continues and that cocoa beans are grown illegally

in protected forests. Numbers of chimpanzees and elephants have also decreased dramatically. Both countries plan to stop all new deforestation after theguardian.com report (8 November, 2017) found that the cocoa industry was responsible.

A world without Nestlé

Reformists cannot see the wood for the trees. Nestlé ignoring European Union and American sanctions against Zimbabwe by buying milk from an expropriated farm given to Grace Mugabe, mislabelling the source of bottled water as Poland Spring, apparently being part of the price fixing of chocolate, and chasing the Ethiopian regime for losses of around \$6 million during one of the region's unnecessary famines, all these are of great interest to reformists who champion all sorts of quack cures, temporary measures and moral crusades for such issues yet only serve to delay meaningful change. Anti-slavery traders ignore wage slavery, fair trade & free trade advocates fail to envision a world without trade, and arms controllers want peace in a capitalist world where war is endemic. The list goes on and on.

A practical wants list

A socialist world of production for use and allocation according to self-defined need will end, reduce or eliminate many of today's 'problems'. Agriculture feeds everyone with far less environmental impact than seen today. War ends in a world without states competing over areas of domination, resources and trade routes. Slums and homelessness are eliminated when housing is built to meet need. Many diseases have cures but not all sufferers constitute a market - only a world of free access ends this 'problem'. Education for life replaces schooling. Work and play are likely to be indistinguishable with monotony and unnecessary risk reduced. Crime and punishment, economics, harmful cultural practices, lack of access to clean water, religion and even the Socialist Party are subjects of historical curiosity.

