ADVOCATING A MINIMUM ECONOMIC PROGRAMME

Introduction

The Conservatives are able to obtain electoral majorities because the voters accept that the imperatives of bourgeois political economy imply the necessity of an austerity policy. Unfortunately the Labour Party, including the Corbyn leadership, does not have an alternative to this deflationary perspective apart from the vague view that a caring society should be developed. This ambiguity should be ended with the development of a minimum economic programme that generates the possibility for the transition to socialism. Why not advocate socialism as an immediate objective? The answer is that people do not know what socialism is, and will not presently support its realisation. This point was made by John Strachey in his influential 'Programme for Progress', written in the late 1930's. He argued: “It has been found, not in theory, but as a matter of actual, practical experience, that in such communities as Britain and America, millions, not only of the middle class, but of the workers themselves also, will not give their support to the direct attempt to establish socialism itself, which seems to them too abstract and remote a purpose. But these millions will support a programme of immediate demands for raising their standard of life.”(1)

It is important to emphasise that this immediate programme will not represent an adaptation to capitalism, or a restrictive goal such as maintaining the welfare state, which represents an adaptation to the existing situation rather than the expression of a dynamism towards the long-term aim of socialism. Instead the possibility to successful achieve the immediate programme will be the basis to make advance towards socialism. Hence it will have a transitional content, and its character will be to promote the generation of a balance of class forces in favour of the aim of socialism. Hence the intention of the minimum programme is to develop the confidence that it is possible to establish a society without the domination of capital. This aspect is not established by the activity of a left-wing government alone, but instead is connected to the question of whether working people will become mobilised in order to realise the immediate programme and to therefore create the conditions for further progress. Thus the character of the immediate programme is the beginning of a potential revolutionary process, and this is how its success is defined. The demands of the immediate programme should have the ability to make the aim of socialism relevant to working people, and to enhance the understanding that this aim is no longer impractical or irrelevant.

In order to promote the dynamic of a revolutionary process, the immediate programme should address the most practical needs and requirements of working people. In this manner the immediate programme will seem to be an expression of the connection between immediate requirements and the long-term goal of socialism. There will not be a tension between the minimal and transitional programmes contrary to Trotsky's view, and instead the immediate programme becomes the basis of transition to socialism and the articulation of more ambitious revolutionary demands. (2) However this progressive dynamic, and prospect of movement towards socialism, cannot be established if we do not ideological tackle the most important reasons why the working class, however reluctantly, supports capitalism. In political terms, we can indicate the role of nationalism and the mythology of the nation, but in relation to economics, it is possible to outline the reasons why people reluctantly support austerity and believe that no alternative is possible. This reactionary viewpoint is also based on exploiting divisions within the working class: “To summarise: 1) there is a crisis within the system, but what is being offered as a remedy is its deepening and radicalisation, and this is most popular when it activates a language of social resentment; 2) the catalyst for the acceptance of this language is the practical experience of millions which, paradoxically, are in many respects the product of the failures of earlier waves of neo-liberalism, as well as the traditional failures of state bureaucracies; and 3) if we are to defend the welfare state in this context, we cannot simply adopt a defensive strategy. To conserve it, the whole ensemble of institutions we call the 'welfare state' would have to be sweepingly reformed and updated, to make it genuinely universalist and responsive to contemporary needs.”(3) However, this alternative possibility means not merely overcoming strategic limitations but also understanding the very reasons why the premises of bourgeois political economy cannot express the interests of the working class. This development should take a programmatic and policy form that is able to promote the mobilisation of the working class in favour of an immediate programme. The very undermining of bourgeois political economy will occur in both theory and practice.

THE IMMEDIATE PROGRAMME

Traditionally left-wing economics established that one of the most important contradictions of capitalist economic activity meant the prospect of profit-making was expressed by ensuring low wages for the working class, and so there was a corresponding limited consumption level. It seemed that the affluent society of the 1950's had resolved this issue. But the onset of the deflationary policies of the neo-liberal era has led to a contemporary period of low wages. It was only possible to maintain high consumption levels because of the access to cheap credit. Hence one of the features of the deflationary period since the beginning of the 2008 recession has been the contradiction between the over-production of consumption goods and the inability of people to purchase them because of the problem of low wages. We only have to consider the development of food banks for those that cannot afford to buy these items alongside the tremendous waste of unsold goods at supermarkets. Hence Strachey's point is still relevant today: “An expansionist programme is the only way by which the intensely difficult task of raising the standard of life of the population without the complete abolition of capitalism, and the organisation of socialist economic system, can be attempted with any hope of success.....They are circumstances in which the popular, democratic forces in the community are strong enough to take the lead and form an administration, but not strong or united enough to expropriate the capitalist class as a whole and build up a socialist economy.”(4)

What does this expansionist programme mean in the present circumstances? We are starting from a situation of the low level of political consciousness of the working class, but its morale could immediately be enhanced if the government suggested that wages should be raised by 25%. The employers will argue that they cannot afford this prospect, and that profits will be reduced. We should argue that increased wages will result in higher spending on consumer goods and so profits will not be undermined. However, if prices are increased, the government should introduce legislation to limit the level of increases. The point we are making is that increased working class consuming power will overcome the situation of recession and end the deflationary policy. The left wing government should support any workers who mobilise in order to realise the 25% wage increase. In this manner we will have established how the working class can resolve the crisis of capitalism, and simultaneously enhanced their social power. The successful attainment of the 25% wage increase will overcome the present defensive mentality within the working class, and promoted its ability to strive to realise their economic demands. Whilst the employers will be faced with a dilemma, they can either oppose the wage increases and so generate the prospect of strikes, or else accept the increases in order to realise industrial peace. In either situation the balance of forces will become more favourable to the working class. However, the employers may be mollified with the fact that increased working class consumer spending has resolved the crisis and so created the conditions for boom and increased profits.

The government should accompany its wages policy with re-distributionist measures that increase progressive taxation in order to fund the increased improvement of the NHS and education. The same point can be made about benefits. The minimum wage should be increased to 12 pounds per hour, and zero hour contracts replaced with new contracts that provide for conditions that favour the workers. Trade union membership would be made compulsory, but with the right of people to opt out for reasons of belief and conscience. Industrial democracy would be extended with the right of the workers to elect managers and supervisors, and they should be consulted about the plans of the company. Legislation could be introduced to make it more difficult for companies to close factories because of reasons that expenses undermine profits. Any loss making company would have the option to become a workers' co-operative. Increasingly the character of the economy would express an emphasis on social welfare and the interests of employees. However, the perspective of the government is not to advance the formation of a socialist economy in the short-term. Thus plans for the nationalisation of the economy will not be an immediate objective. Instead what is being proposed is a strategy for the mobilisation of the people in favour of the struggle for socialism: “Finally, what are the chances of success for the type of economic policy which has been proposed? Nothing could be more ridiculous than to claim that an expansionist policy is an infallible, patented scheme, which has only to be applied to give guaranteed success. What we are proposing is no cut-and-dried, inflexible scheme or panacea, to be applied in the same form in all circumstances. It is, on the contrary, a method of struggle. It is a particular strategy and tactic by which the ever-continuing struggle of the people for a better life can be best conducted at the present juncture of events.”(5)

The question of struggle is vital for the success of this policy. Without the development of mass enthusiasm, the attempt to promote an immediate programme will be a failure. Only if a left-wing government can succeed in encouraging the development of a mass movement will it be possible to realise these demands. If, instead people fail to act because of the continued influence of bourgeois political economy, the result will be defeat and the government will have to accommodate the forces of neo-liberalism and reaction. But if the Labour Party and the various left wing forces begin to agitate for the immediate programme, it is possible that it can achieve popularity, and the result is electoral success on this basis. The alternative of a caring capitalism is a more vague perspective that implies we can change society in a principled manner without the necessity of making progress towards socialism. Indeed, caring capitalism is often considered as an alternative to the out-dated aim of socialism. In contrast, the immediate programme we are advocating represents transition to socialism. We cannot directly achieve socialism because nobody knows in detail what socialism would be like. Instead the very struggle to realise the immediate programme will enhance our ability to define and conceive the character of socialism. In this process support for socialism will be developed. Thus: “Socialism involves the taking of the means of production from the capitalist class from the capitalist class......But all this cannot be achieved in one step. The immensely complex and arduous struggle of the working class.... to abolish capitalism and establish socialism cannot possibly be fought out all at once. (6)

In this context, nationalisation is premature because this development, if it is not to mean bureaucratic control of industries and services by the government, requires the generation of the ability and capacity of workers to be able to administer workplaces. This possibility can only be achieved in relation to the culmination of the revolutionary process, or with the realisation of transition to socialism. The development of workers control will generate the possibility of public ownership on the basis of industrial democracy under a genuine socialist regime. The point is the realisation of workers control, in connection to implementing the immediate programme, would educate the working class to be able to realise the democratic planning connected to socialism. Trotsky makes this point in the Transitional Programme when he outlines how workers' control is the preliminary condition for the generation of the planned economy of socialism. (7) However, it will also be necessary to nationalise the major banks if the immediate programme is to be realised. This control of the financial sector by the government will represent the ability to control vast amount of funds in order to promote the realisation of the aims of the immediate programme. Strachey considers this one of the most important policies of any immediate programme because of the ability to finance the purposes of the community and government. (8) This would be an immediately popular measure given the discrediting of the banks because of their role in creating the 2008 recession. The ability to fund the welfare state would be enhanced, and the control of vast funds would mean the question of the so-called national debt would be shown to be insignificant. What would have been created is a type of state capitalism that was able to act in terms of the interests of working people. But this would be a temporary situation because the only stable position would be advance towards socialism, or regression and the re-establishment of the domination of private capitalism.

THE OBJECTIONS TO THIS PROGRAMME

One of the major objections would be that financing the immediate programme implies the generation of inflationary pressures, via the increase of wages, and the increased public expenditure. This situation would also imply the growth of the national debt and the end of fiscal responsibility. Hence it would also be suggested that the large increase in wages would undermine profits, and so prices would have to be increased. This inflationary spiral means that more consumer goods are not sold because they are more expensive. Those on lower incomes would suffer most from this situation. These arguments represent the deflationary logic of orthodox bourgeois economics. The point is that apart from exceptional periods in the USA we have not experienced capitalist economies based on the aim of improving the standard of living. Hence the supporters of bourgeois economics do not know what could be the effect of the conscious attempt to considerably raise wages. We would argue that it is entirely possible to raise wages in order to create a situation in which more goods are sold. The increased value of consumer expenditure would mean that profits could also improve rather than decrease in this situation of expansionism. The overall effect of more money in the economy is that more goods are sold, profits improve, and the conditions are created to increase production in order to realise the requirements of greater consumer demand. If the supermarkets still have goods that are not sold by the sell by date, it would be possible for people to obtain these goods for free. In this manner, the increase in wages does not result in a waste of resources, and instead the problem of over-production is resolved because of greater demand within the economy. Keynes defined this situation in terms of the role of the multiplier, but it has rarely been possible to apply this economic principle because of the deflationary effects of concern with profits.

Higher wages also mean increased tax revenue, and so it may be possible to promote generous levels of public expenditure without the necessity of austerity and cuts. The result should be the provision of services without government and local authority cuts in expenditure, and it should still be possible to cautiously decrease the national debt. However, this latter policy should not be at the expense of developing the welfare state. The point is that it is irrational for rich advanced economies to be cutting expenditure on realising basic needs. Instead we need to spend more on mental health services and tackling the continued inability of poor working class children to make educational advances. Furthermore, we need to spend more on sports facilities in order to tackle the obesity problem, and encourage greater use of local parks and libraries. In this manner, consumerism will increasingly be adapted to the development of the human personality, and the problem of alienation will begin to be overcome. In this context, higher wages and better workplace conditions will encourage people to be more creative, and the exploitative dynamics of capitalism will be undermined by the development of industrial democracy. Increased public expenditure will enable us to establish priorities in relation to ecological concerns, such as the provision of more cheap public transport instead of the daily car journey. Car transport will increasingly be restricted to leisure purposes.

The success of the immediate programme will meant that questions will be asked about the continued validity of capitalism. This is because it will be the private ownership of the means of production will become understood to be anachronistic and restrictive in relation to the possibilities to continue to improve the welfare state and in connection to the potential of industrial democracy. It is to be hoped that finally people will recognise the advantages of democratic planning instead of private enterprise. The point is that the situation created by the application of the immediate programme will be unstable. It will not be possible to remain at the level of the transitional situation. This is because the situation of effective dual power will pose the question of movement towards socialism or regression towards the domination of capital and the possible re-introduction of austerity and deflationary policies. Marxists will do their utmost to campaign for the realisation of socialism. But, ultimately only the popular will of the people can decide which historical option is established. The transitional state can only be a temporary condition.

However the question of the possibility for transition to socialism cannot be decided by the primary role of a left wing government however well intentioned. This government can to some extent change the economic priorities of society in terms of an emphasis upon increasing production for use instead of profit, but this development can still have only limited effects. The primary aspect for the possibility of social transformation is the development of class struggle. If a mass movement does not develop then the changes promoted by a left wing government will only be of a temporary nature. The result of this effective failure will be the return to orthodox capitalism and the probable electoral defeat of the left wing government. However if the actions of the left wing government inspire mass struggle the result could be the generation of the struggle for workers control. This process has been described by Michael Barratt Brown: “The demand for workers control both looks forward and prepares for the day of self-management and arises out of the defensive struggle of trade unions. It involves an encroachment on the prerogatives of management, an extension of control in the German sense of checks and vetoes over the arbitrary and centralised decisions of the managers of capital. From control over the pay for the job and hours of work, it moves forward to control over manning the job, over hiring and firing, over redundancies and work sharing, to raise questions about what is produced and where and when investment should take place.”(9) This process of the development of industrial democracy poses the issue of transition to socialism, or workers self-management of the economy; but if this does not happen then the immediate programme of the left wing government will not properly be implemented, and instead defeat is likely to occur. Only the dynamism of the working class can ensure that the immediate programme becomes the basis of transition to socialism.

It will be suggested that the development described above cannot occur because of the opposition of international organisations like the IMF and the EU. Indeed their opposition will represent a formidable problem. But the working class should also appeal for support of the international working class for the immediate programme, and therefore reject any suggestion of compromise or dilution of its standpoint. Ultimately, the issue of working class support, both national and international, will decide whether the immediate programme can become the basis for advance towards socialism.

FOOTNOTES:

(1)John Strachey: A Programme for Progress, New Left Book Club, London, 1940 p163

(2)Leon Trotsky: The Transitional Programme, Pathfinder Press, New York, 1974 p114-115

(3)Richard Seymour: Against Austerity, Pluto Press, London 2014 p141

(4)Strachey op cit p156

(5) ibid p161-162

(6) ibid p164

(7)Trotsky op cit p121

(8)Strachey op cit p131-139

(9)Michael Barratt Brown: From Labourism to Socialism, Spekesmean Books, Nottingham 1972 p230