



THE CRISIS OF BRITISH CAPITAL

part 2 ~
consequences

Proletarian
Pamphlet
No:2



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Part 2: Consequences

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SCIENTIFIC SOCIALISM AND SCIENTIFIC METHOD

"It is the specific duty of the leaders to gain an ever clearer understanding of the theoretical problems, to free themselves from the influence of traditional phrases inherited from the old conception of the world, and constantly to keep in mind that Socialism, having become a science demands the same treatment as every other science - it must be studied."
(Engels: 'Preface' to 2nd edition of "The Peasant War In Germany")

COBI is the only organisation in Britain which is resolute in declaring its total allegiance to the principles of Scientific Socialism, and actively practising it.

Scientific Socialism - Marxism - like all sciences, is a process of active intervention in the world. Like other sciences, the knowledge that it produces in this intervention is relative, not absolute, specific not 'general'. Relativity and specificity of knowledge have two aspects: knowledge has to be remade as the object of a science changes/develops; and knowledge advances in its scope/effectivity, developing on the basis of success/failure.

Thus scientific statements always have a 'provisional' character. Science intervenes, without guarantees of success, on the basis of past achievements, and under the discipline of its practices plus the resistance of the concrete reality being studied.

So, in COBI literature and practice there is nothing final, absolute, closed -- no work can contain 'our very last word' on any subject -- only the latest. Neither do we 'adopt positions' on any subject until we have ourselves researched the area. Even then our findings are always provisional, subject to emendation or rejection in the light of experience. Examples of this come from such varied fields as the characterisation of 'What Is COBI' (compare Proletarian No.1 with our current Platform); our position on parliamentarism (compare the introductions to Pamphlet No.1 and Pamphlet No.3); or the first edition of 'The Crisis of British Capital' (Pamphlet No.2) should be contrasted with the second edition.

From theory to practice and back again to improved theory in a continuous spiral, this is the only dialectical, scientific method, and the only one COBI shall pursue.

"Marxists hold that man's social practice alone is the criterion of the truth of his knowledge of the external world. What actually happens is that man's knowledge is verified only when he achieves the anticipated results in the process of social practice (material production, class struggle or scientific experiment). If man wants to succeed in his work, that is, to achieve the anticipated results, he must bring his ideas into correspondence with the laws of the objective external world; if they do not correspond he will fail in practice. After he fails, he draws his lessons, corrects his ideas to make them correspond to the laws of the external world, and can thus turn failure into success."
(Mao: 'On Practice')

III. WHAT COMES NEXT?

In parts 1 & 2, we outlined the economic origins of the present crisis as the inevitable result of the working out of the laws of capitalist development, and, following on from that, what social forces this development had engendered. But this history has culminated in the present moment, a moment of crisis, a potential turning point in historical development. It has produced a situation that some see as revolutionary in its potential. How can the situation develop from here, what courses are open to Britain society? What courses are advocated by the different political tendencies?

Without an assessment of these possibilities it is impossible for revolutionaries to orientate themselves in the present situation. Firstly, is it or is it not potentially revolutionary? To this we must answer, not yet. Lenin defined a revolutionary situation as follows :-

"Only when the 'lower classes' do not want the old way and when the 'upper classes' cannot carry on in the old way - only then can revolution triumph. This truth may be expressed in other words : Revolution is impossible without a nationwide crisis (affecting both the exploited and the exploiters). It follows that for a revolution it is essential that, first, a majority of workers (or at least a majority of the class conscious, thinking, politically active workers) should fully understand the necessity for revolution and be ready to sacrifice their lives for it...." (Left Wing Communism, our emphasis)

In the light of this definition, a revolutionary situation cannot presently be said to exist in Britain. The upper classes may not be able to carry on in the same way, but the masses are not convinced of the necessity for revolution and do not want to go on in the same way as before. The working class is certainly struggling, but in the main it is struggling to maintain the position that it gained during Britain's imperial prosperity.

The crisis in society's economic base demands change, in fact its full resolution demands the end of capitalist commodity production. But this solution can only be practically realised under a workers' state. Until this is established events will continue to work themselves out within the framework of capitalism, and that does not mean stasis, but crisis. A workers' state of course, is the state power of the dictatorship of the proletariat, that sets out to build socialism.

The old Keynesian method of state control of the economy has become impossible. It was adequate for dealing with the old capitalist problem of underconsumption, but it was a treatment of symptoms rather than causes, and as a permanent remedy for the disease of falling profits it can produce only accelerating inflation. The continued development of production under capitalism demands an increase in profits that would enable new investments to take place in technically advanced plant and machinery. This can still occur within capitalism. In this section we present some of the measures open to the 'upper classes' to resolve the crisis in their own interests. In the next we present measures open to the proletariat to develop the situation in the interest of the 'lower classes'.

Broadly speaking there are two opposed capitalist solutions to the crisis. One is plainly reactionary, the other reformist. Neither is likely to be enacted in the 'pure' form, there will probably be some combination of the two. We present them as distinct strategies in order to show what remains to the bourgeoisie in the way of room to manoeuvre. The reactionary, or 'Right' course, would be to abandon Keynesianism for the strict monetarism presently advocated by sections of the Tory right wing, (though this creed is daily spreading). This would mean a balanced budget, or at least a much reduced budget deficit, restricted government expenditure, and a curb upon the expansion of credit. The government

* For full treatment of inflation, see 'Inflation, Class Struggle and Scientific Communism'; Proletarian No.2.

would abandon its attempt to manage capitalism and leave the free market to run itself. Theoretically this would curb inflation at the expense of high unemployment and economic stagnation. This alternative is reactionary even in capitalist terms, and self contradictory in practice. It represents a return to the pre-keynesian ideology, and would sacrifice both the standard of life of the masses and the development of production to the maintenance of an illusory monetary standard. It would precipitate an intensification of the class struggle, which would have to be met by a strengthening of the state power. The petty bourgeois would have to be mobilised to the defence of the established order, with the emergence of forces of citizens' volunteers to break strikes and factory occupations. Such a course, which overtly sacrifices the interests of the working class, throws millions onto the dole and millions more into chronic insecurity, would cause a serious rupture in the political superstructure. The current capitalist ideology which stresses class harmony and national unity, would be difficult to maintain. The ideological damage would be a long term threat to the capitalist class, undermining the political stability of which our ruling classes are so proud. 30 years since Keynes have taught the masses that unemployment is not some unavoidable natural calamity. Popular belief now blames government, not nature, and whilst this over estimates the power of capitalist governments, it certainly makes it no easier for the bourgeoisie to get unemployment accepted. There would have to be a shift from the present form of bourgeois rule, which relies to a large extent upon the consent of the ruled, to one which relies much more upon the coercion, and repression of the proletarian organisations accompanied by a barrage of patriotic and racialist propaganda to demoralise the working class. Under these conditions the bourgeoisie might be forced to withdraw from the EEC in order to cement the support of the more nationalist section of the petty bourgeoisie, and split the proletariat on a nationalist, populist basis. The policy is self contradictory, because it is presented by its ideologists as a means of allowing the economy to regulate itself, but in current conditions, far from stabilising the situation and diminishing the role of the state it would require a much more naked and coercive role for state power.

As it is so reactionary and contrary to even the short term interests of industrial capital (who would lose in the ensuing depression and benefit that they might gain from the reduced wage inflation), and because of the political damage that it would inflict upon the superstructure, it is unlikely that a majority of the bourgeoisie would support it. When the use of state coercion to hold down wages becomes unavoidable, the interests of industrial capital would be better served if this were done via a wages freeze and a comparatively low level of unemployment. From their view point the avoidance of open conflict between the working classes and the state power is desirable, but if it cannot be avoided, there is no reason why it be accompanied by an unnecessarily intensified recession.

The other main alternative, the one which at present would probably provide the best conditions for the perpetuation and reconstruction of British capitalism, is a reformist Labour government. This would carry out measures that are formally progressive, in the sense that they modify still further the free operation of the market in order to allow the further development of production under the hegemony of the existing ruling class. It necessitates a move towards a much more state capitalist economy, combined with measures aimed at the ideological incorporation of the proletariat within capitalism. This is the policy of the social contract as it is advocated by the more radical and imaginative Labour politicians like Benn.

Here, instead of the economic role of the state being restricted it is extended, with private capital no longer being able to provide the funds for the purposes of accumulation and investment, the state steps in. Since profits are declining, investment must be financed out of tax revenues. Government money would be converted into industrial capital by such organs as the National Enterprise Board,

which would take into state control an increasing sector of industry. The tax system, from being a mere source of government revenue and regulator of the overall level of economic activity graduates to become the paramount engine of capital accumulation. This would be the most striking testimony to the total bankruptcy and decadence of the capitalist mode of production, as it would indicate that it had become incapable of self reproduction, incapable of perpetuating itself as a system of exploitation. What distinguished capitalist exploitation from previous forms, was that it came about through the mechanism of free commodity exchange, and the surplus product assumed the form of surplus value, monetary profit. Now this mechanism of exploitation has failed, and the system must resort to such archaic and obsolete forms as taxation, and the depreciation of the monetary standard. In addition to this the state would have to assume increasing power to 'steer' or direct credit towards those sections of capital that will use it to finance productive investment, rather than using it for property speculation and gambling on the commodity futures market. This sort of operation, whilst very helpful and profitable to those concerned, in no way helps the bourgeoisie as a whole compete on the world market.

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Table 3.1.

Rent as a % of total surplus value.

Year	(1)	(2)
1960	27%	30%
1961	29	30
1962	31	31
1963	29	30
1964	29	31
1965	30	31
1966	33	33
1967	33	36
1968	36	40
1969	41	42
1970	48	48
1971	47	46
1972	48	52
1973	52	70
1974	77	1053

(1) is calculated according to the formula R/S where R is rent, and S surplus value calculated as the sum of profits of private companies trading surpluses of nationalised industries, plus rent, minus stock appreciation and depreciation.

(2) is calculated using the formula $R/(S-T)$ where T is trade deficit (visible). This gives rent as a fraction of domestic surplus value since it corrects for the latter brought about by a trade deficit. The absurd figure for '74 is a result of the total collapse of capitalist exploitation in Britain whilst landowners continued to derive revenue as a steady surcharge on the national income.

In the current situation, the diversion of surplus value into ground rents (see Table 3.1.) is a significant obstacle to the development of the productive forces. The form of ground rent that predominates is of course capitalist differential rent, largely derived from urban land. The landowners merge with the bourgeoisie, rather than constituting a distinct social class. But the high level of rent diverts surplus value away from profits, and into speculative building rather than industrial investment. Within the framework of capitalist production, this could be avoided by the nationalisation of land and the diversion of rents to public expenditure or the accumulation of state capital. In formal historical terms, the nationalisation of land is just a measure of radical capitalist democracy, part of the expropriation of the old landowning aristocracy. The class of large agrarian landowners have of course long since lost their economic and political significance, they no longer constitute an important fraction of the

ruling class. But in modern Britain there remain: big obstacles to the nationalisation of land, since capitalist ground rents compose such a large portion of bank and insurance reserves, that even rent controls threaten their solvency. All these measures of state capitalist nationalisation would be accompanied by much rhetoric about socialism from the Labourites and the anguished howls from sections of the establishment press about the deprivations of that red revolutionary commissar: the ex-Viscount Stansgate. In order to add to the socialist credentials of these measures, (many workers now being rightly sceptical of capitalist nationalisation), various bureaucratic schemes for workers participation would be introduced in the new nationalised industries, along with the sponsoring of a few tame workers co-operatives. Preferably the latter would be set up in bankrupt, technically obsolete companies, with full compensation paid to all shareholders and creditors.

The objectives would be to : i) 'revitalise' British industry with an injection of new capital. ii) to win workers support for the voluntary restriction of wages, or if this fails to provide the necessary ideological cover, for the state regulation of wages.

The Labour Left presents this reformism as "Socialist Policy". Quite apart from the imbecility of thinking that socialism can be a 'policy' that may be introduced by a government at will, this line has to be opposed. In purely formal economic terms there is no denying that the social contract policy is progressive for it allows the development of the productive forces and it accelerates the concentration of capital. But it is progress only within the limits of capitalist society. It is no more than the bare minimum of measures needed to enable capitalism to continue advancing. It certainly does not help the proletariat develop as an autonomous class in order that it may supplant the bourgeoisie as ruling class, and that alone is what revolutionary strategy is all about.

In the eyes of the Labourite: State Socialists, all social progress is to come about through the medium of the state. Their socialism is no more than a policy for the expansion of a state power that already constitutes a vast, unproductive, parasitic excrescence upon the body of society. It frees workers from the rule of the private capitalist, only to subordinate them to the tyranny of the government official. In the present period - that of state monopoly capitalism - the struggle for socialism is evermore a struggle against the state power. The seizure of state power has always been the objective of revolutionary classes, for only with the conquest of the centralised political power can the organised resistance of the old ruling classes be broken. But as Marx wrote of the first proletarian revolution, the Paris Commune:-

"This state power forms in fact the creation of the middle class, first as a means to break down feudalism, then as a means to crush the emancipatory aspirations of the producers, the working class. All reactions and revolutions had only served to transfer that organised power - that organised form of the slavery of labour - from one hand to the other, from one fraction of the ruling classes to another. It had served the ruling classes as a means of subjugation and of pelf. It had sucked new forces from every new change. It had served as an instrument of breaking down every popular rise and served to crush the working classes after they had fought and been ordered to secure its transfer from one part of the oppressors to the others. This was, therefore, not a revolution against this or that, legitimate constitutional, republican or Imperialist form of State Power, it was a revolution against the State itself, of this supernaturalist abortion of society, a resumption by the people for the people of its own social life. It was not a revolution to transfer it from one fraction of the ruling classes to the other, but a Revolution to break down this horrid machinery of class domination itself. (First draft Civil War in France)

Now in the stage of monopoly capital, when the very productive forces are in revolt against the alien domination of capital, the state power becomes the last support of the capitalist economy itself. The state is no longer just a machine of class rule, but thanks to its taxes and tributes which support an army of

functionaries, sinecurists, bureaucrats and ideologues, has become the main social support for the established order. It is this juggernaut that the left labourites with their gaggle of trotskyst 'infiltrators' present to the working class as liberator.

Of course nothing else is to be expected of a 'Labour' party that has itself become a department of state. But how do the independent left, the Trotskyite groups like the IS and the IMG respond to the situation? Do they present this expanding state power as the principal enemy of the workers, or as a possible instrument in their liberation?

Steeped as they are in the pragmatist tradition of the British ruling class, the left concentrate on 'practical struggles' and leave such continental fads as Marxist economic theory to their academics. Theory, it seems, is OK for window dressing, so long as it is restricted to academic journals such as the New Left Review. Politics, however is something else, a practical matter to be determined by practical considerations. It comes therefore as no surprise, that they present the working class with no coherent Marxist analysis upon which they can claim their tactics to be based. It is therefore at times difficult to tell whether they actually have any strategy, or just an eclectic agglomerate of opportunist tactics. As far as can be made out, apart from their nationalistic shibboleth of opposing the EEC, the IS and the IMG have two main strands to their economic strategy, (for their political/electoral "strategies" see Proletarian Pamphlet No. 3)

- i) To smash the social con trick by advocating increased trades union militancy in an attempt to increase real wages.
- ii) To demand that the state, for its part, honours the social contract, by extending nationalisations and raising social services expenditure.

The first of these gives workers advice just where they at present least require it: on the subject of trades union militancy for wage demands. With its long trades union tradition, the British working class will engage in wages struggles as a reflex response to the crisis of British capitalism. They are quite capable of doing that without the advice of revolutionists. It is the duty of such to offer more. Revolutionary Marxists should have an overview of the economic and social dynamics of the crisis, which would make possible a conscious rather than reflex proletarian response.

It is a fact that British capitalism is going bankrupt, the rate of profit has been declining for decades. British industry has only been kept going over the past few years by foreign loans on an unprecedented scale. Real wages have only been maintained by the huge import deficit that these have made possible. Foreign loans during 1974 amounted to a subsidy of £3.55 per week on the wage of every employee in Britain. Meanwhile as a cause and effect of the low rate of profit productivity stagnates.

It is also a fact that the capitalist world is immersed in the worst period of recession since WW2, and that would tend to produce a worsening of the already enormous trade deficit of the UK. Consequently the foreign loans that are keeping British capital solvent, may at any time be withdrawn. The conclusion that follows is that there is no possibility of a general and sustained increase in real wages and salaries for at least the next two years (see table 3.2. overleaf).

If the deposits of the oil states are withdrawn a fall in real wages will become inevitable, in addition to that which is already taking place and which will continue for another couple of years, rather than there being any possibility of a rise in real disposable income. Contrary to populist demagogy, this is dictated not by the evil machinations of the 'gnomes of Zurich', the City of London or the IMF, but by the objective requirements for continued capital accumulation in Britain. Capital can only accumulate if its share in the national income rises, and this means its diversion from a) working class private consumption; b) working class and salaried social consumption - hence 'public spending' cuts; c) rentier capital, if industrial capital is to be forthcoming in the massive doses required. Thus the Left's expansionist Shibboleths are totally obsolete. Britain's contemporary disease is not underconsumption like in the '30s, but underproduction relative to its present consumption.

Table 3.2. The fall in real domestic income

	(1) (£ millions)	(2)	(3) (as per cent of base date)	(4)	(5)
1972	12,875	12,875	100	100	100
	13,564	13,578	100.1	98.2	98.2
	14,020	13,936	99.4	96.5	93.7
	14,710	14,122	96.0	94.6	89.8
1973	15,324	14,407	94.0	92.3	89.0
	15,973	14,405	90.4	89.5	88.4
	16,445	14,028	85.3	88.2	82.8
	16,992	13,815	81.3	85.3	81.6
1974	17,626	13,184	74.8	81.8	82.6
	18,341	13,407	73.1	77.2	83.0
	19,325	14,64	76.4	75.4	82.6

Note to the above table 3.2

All figures given quarterly

1. Total domestic income at current prices.
2. Real " " calculated by deflating (1) by the terms of trade.
3. Terms of trade, i.e., ratio of import to export prices.
4. Domestic purchasing power of the pound.
5. External purchasing power of the pound.

The left has been advising workers to fight the cuts, smash the social contrick and press militant wage demands. It does not go into the source of the revenue that is to provide the higher wages for productive and unproductive workers alike. Up to early '75 the capitalists' response had been simple: in order to finance the ever growing numbers of unproductive workers that it employed, the state had been running a growing budget deficit financed by expanding the money supply. In the years of Tory government the money supply was rising as much as 30 per cent a year. The easy credit that this provided allowed firms to borrow the money necessary for wage increases at interest rates at or below the rate of inflation. It also allowed an upsurge of investment in speculative property development which directed capital away from the productive sector of the economy. But all this leads to ever accelerating inflation as a growing unproductive sector is supported on a narrowing productive base. The inflation and taxation necessary to finance the growth of state expenditure squeezed real wages of industrial workers. To the extent that they were able to increase their money wages whilst the strict Tory price and dividend control measures held down profits, the main burden of the increased unproductive sector was borne by private capital and the balance of trade. As a result the begining of '75 saw negative profit rates and an unprecedented trade deficit.

Under laissez faire capitalism, intense accumulation brings in its train wage increases and consequent profit decreases which in turn precipitate recession and unemployment. Keynesianism initially seems to avoid this dilemma, but as dialectics tells us, the solution of one contradiction is the cause of the next. Yesterday's Keynesian solutions to underconsumption, become the cause of today's problem of underproduction. The demands of leftists are a hangover from the spontaneous consciousness of the Keynesian epoch, but with that epoch passing they become unrealisable and irrelevant utopias as a bourgeoisie whose consciousness is developing beyond keynesianism begins to explore methods for resolving the new crisis and thus prepares once more to outflank the working class. Militant trades unionism, of which leftism is the theoretical expression, does no more than exploit the opportunities that the labour market and state fiscal policy offer by ensuring that labour power sells for the maximum price. Faced with structural crisis whose resolutions may range from the hegemony of state capital to the abolition of the free labour market, it is powerless. Spontaneism now faces a law of diminishing returns.

Whether the capitalist system survives, or is replaced by socialist economic organisation, a free market in labour power has become incompatible with economic growth. The defence of free collective bargaining, has now in historical terms become reactionary. All attempts to defend it i.e. the existing wages system, are destined to fail. So long as the left do this, rather than struggling directly for the abolition of the wages system, they provide no assistance to the working class.

On the other hand, like the covert reformists they are, the left deny this and maintain that it will be possible to gain wage increases and maintain full employment. The IMG in its 'Programme for the Crisis' issued during the October 1974 election campaign said;

" Capitalism claims that unemployment is caused by high wages. This explanation is absurd. There were no high wages in the 1930's. It is the system of production for profit, not high wages, that throws people on the dole. The working class must accept no responsibility for the problems caused by the capitalist system. Until the economy has been taken out of capitalism's hands it must be the employers and their state that take responsibility for unemployment. Only a class wide offensive can ensure this and also the right to work. We fight for:

*The right to work. *Reduction of the working week in all industries to 35 hours with no loss of pay. *Work sharing with no loss of pay where redundancies are threatened. *All factory closures and redundancies to be met with occupation strikes. *Nationalisation without compensation under workers control of all firms creating redundancies. *Immediate nationalisation of the building and motor industries."

The simple logical errors in their demagogy are obvious. The fact that high wages are not the main cause of unemployment during the 1930's, does not prove that wage increases are never one of the causes producing unemployment, it certainly does not prove that wage increases now will not cause unemployment. The 1930's were a deflationary period, when the main problem facing capitalism was under-consumption. The 70's are an inflationary period when the main problem facing capitalism is the low rate of profit. In the 30's wage rises would have helped to solve the problem of under-consumption, and so resulted in lower unemployment. Now, wage rises reduce the rate of profit and tend to produce more unemployment. It is totally dishonest of the IMG to claim that we could have the best of both worlds - steadily rising wages and full employment. Equally dishonest is their moralistic play on the meaning of the word "responsibility". Nobody is morally responsible for unemployment; economics is not a question of morality, but a matter of facts and of social laws. Responsibility can have no material meaning unless those responsible for something are capable of preventing its occurrence. The capitalist state is now unable to prevent unemployment - unless it is able to control wages through the social contract, the militarisation of labour, or whatever. The capitalist class is incapable of assuming responsibility for ensuring full employment, unless it can impose its will on the proletariat. Only working class control of the economy, leading to the abolition of capitalism can ensure full employment and the steady advance of productivity required for higher living standards. The only policy by which the proletariat can defend its interests, is by struggling to wrest economic control (and this responsibility) from the hands of the capitalist class. The proletariat cannot wait until, as the IMG put it, "the economy can be taken out of capitalism's hands"; it must start forthwith to seize the economy and thus relieve the capitalists of their 'onerous responsibility'.

The only practical measure that the IMG advocate is to pressurise the capitalist state into nationalising 'without compensation under workers' control' those companies creating redundancies. On this they are joined by IS. This once again shows that whatever their 'theoretical differences', when it comes to the politics urged on the working class, all the major 'revolutionary' organisations advocate the same thing - militant social-democracy; ie left-labourism. How then can they not give 'critical' support to the Labour Party and Government ?

In the October IS national committee policy statement we read:

"Our platform (Where We Stand) contains the item 'For nationalization without compensation under worker's control'.

"In some circumstances this can be an important agitational or propaganda slogan. For example, in the case of closures or in relation to nationalization proposals put forward by the Labour Party (shipbuilding, aircraft, etc.)

"The no compensation demand is particularly relevant in both cases. The stress needs to be put upon the fact that the industries are either bankrupt or heavily dependent upon state subsidies, that compensation is a free gift to the owners. From this point our propaganda can generalise about property rights in the means of production in general (who creates wealth, etc).

"Nationalization measures are state capitalist measures not socialist ones. This will always be true so long as the nationalising state is a capitalist state. In many cases (e.g. coal, railways) they are in the economic interests of the capitalist class as a whole. However, there is often a conflict between economic and political interests (not to mention the sectional interests of particular groups of capitalists). At present virtually the whole capitalist class is strongly opposed to the government's nationalization measures because it fears that they may encourage workers to demand much more especially when closures are threatened, and so seriously hamper rationalization and interfere with redundancies.

"In this situation we support nationalization measures critically (raising the issue of compensation and control) but unconditionally. That is, our support is not altered when our full demands are not met. At the same time we oppose all schemes for hiving off sections of existing nationalised industries or denationalization."

To demand "Nationalization without compensation under worker's control", sounds very revolutionary. But as Marx said: "whomsoever one seeks to persuade one acknowledges to be master of the situation." (Eighteenth Brumaire of Louis Bonaparte). The IS and IMG are presenting nothing other than a more militant version of the Labourite state socialism. The working class is once more cast in the role of relying upon an all-powerful state. The strategy contrives once more to present the state as a means, rather than an obstacle, to the liberation of the proletariat. The state is once more seen as an ally rather than an enemy. The IS, famed opponents of state capitalism, end up giving unconditional (but of course 'critical'!) support to the state capitalist solution to the crisis. The ever so critical remarks about worker's control turn out in practice to be just so much face saving window dressing. With genuinely bankrupt firms, there is anyway no question of compensation even in terms of bourgeois right, as the case of Rolls-Royce shows. On the other hand in the case of non-bankrupt firms, it is hopelessly utopian to demand that the state - the very embodiment of capitalist legality - should abrogate capitalist property rights. State capitalist nationalization and genuine worker's control are of course incompatible. It would either turn out to be a means by which workers would manage their own exploitation, 'in the interests of the nation' of course. Alternatively, it would be no more than defensive opposition to the policies of the state management, a mere extension of trade unionism. This, it turns out is what the IS means by workers' control:

"The fight for workers' control is fundamental but must not be confused with workers' self-management. Workers' control implies the existence of a capitalist (or state capitalist) management. It is control over the activities of such managements that can be achieved in varying degrees before the establishment of a workers' state. The struggle for workers' control is a struggle to encroach upon managerial rights. That struggle