

Revisionist Thoughts, Reformist Conclusions

WHEN it was founded in 1919, the Communist (Third) International based its perspectives and policies on the assumption that capitalism was in terminal crisis. No further expansion of the productive forces was possible, the overall rate of profit was declining, any reforms and improvements the working class had won during the period of capitalist expansion were under threat, and no further reforms were possible. The working class was becoming increasingly revolutionary; it was only being held back from its final onslaught on capitalism by the treachery of the reformist leaders of the social democratic parties and unions. By exposing these leaders and organising the working class under its leadership, the International and its parties would accomplish the revolution. When it became evident that the Communist International had, under Stalinist control, abandoned this revolutionary perspective, the Trotskyist Left Opposition set up in 1938 the Fourth International (to which I belonged) to continue it. Its *Transitional Programme* was in fact subtitled *The Death Agony of Capitalism*. Anyone who questioned these basic assumptions was castigated as a “revisionist”. To hint that capitalism was not in terminal crisis or that reforms and improvements were possible this side of revolution was condemned as reformism.

Nearly 80 years after the founding of the Third International, and nearly 60 years after the founding of the Fourth, capitalism is still very much alive, and the prospects of the socialist revolution even dimmer than at any time. The hold of reformist and even bourgeois ideology on the working class is still marginalising revolutionary Marxism. If those who, like myself, based their political activities over the years on the Marxist-Leninist perspectives now reject them as falsified by history, what alternatives do we put in their place?

In *Reluctant Revolutionary* and various articles, I have attempted to understand why the revolutionary apocalyptic perspective was mistaken, and to sketch out alternative views. This has been part of a discussion proceeding within circles of the left over the last few years in the pages of *New Interventions* and other forums. I offer this

as a further contribution to this discussion.

Reformism is Still Alive

By reformism, I mean the push not only for improvements in the conditions of the working class in the form of higher real wages, shorter hours and better conditions of work, but also better health and public services, earlier retirement and better pensions, and protection of the environment. Many of these involve a restructuring of economic power relations, constraints on crude market forces, state intervention, limiting the powers of big business corporations, etc. In that sense they are not merely reforms, but involve a transformation of capitalism. And these structural reforms do not have to wait till after the revolution but can and must be fought for now. Ralph Miliband called this the advancement of reformist policies and struggles within the perspective of a fundamental transformation of the social order.

Reformism and improvements in conditions are still possible because, contrary to the previous assertions of Marxist economists, there is no in-built limit to the growth of the productive forces under capitalism, or to increases in productivity. Increases in surplus value and the mass of surplus use-values are still possible. I have already argued that even Marx’s model of capitalism does not, despite his well-known description of capitalism being “a fetter on the productive forces”, indicate an absolute ceiling on growth. Rather, Marx’s analysis of how and why cyclical fluctuations – booms and slumps – occur indicates that capitalism is in a constant state of seeking equilibrium, achieving it and then losing it again.

The function of slumps is to restore the disrupted equilibrium, and, in Marx’s own words, permit a renewal of the cycle “under expanded conditions of production, in an expanded market, and with increased productive forces”. Marx also showed how increased productivity enables the worker to get an improved standard of living despite the continuation (or even increase) of capitalist profit, saying in *Capital*, Volume 1: “It is, however, possible that owing to an increase of productiveness both the labourer and the capitalist

may simultaneously be able to appropriate a greater quantity of these necessities without any change in the price of labour power or in surplus value." And in *Capital*, Volume 3: "... the same amount of values represents a progressively increasing mass of use-values and enjoyments to the extent that the capitalist process of production carries with it a development of the productive power of social labour, a multiplication of the lines of production, and an increase of products." This is precisely what has happened. Even during periods of recession, side by side with the increasing misery due to unemployment, the real wages of those still in work – the majority of workers – have risen. This has happened not only since the 1970s, but also during the depression of the 1930s (at least in Britain, mainly due to prices falling faster than wages). It is also forgotten by many Marxists that the conditions of life of the working class are seldom uniform; there is a wide range of conditions, large numbers of more skilled workers are relatively comfortable, whilst others – unskilled, in casual employment and in declining industries – remain in dire poverty. There is seldom universal immiseration or universal improvement. This is said not to defend capitalism, but to explain, at least partially, why large number of workers still continued to vote for the Conservatives and Liberals both in the 1930s and 1980s.

The continued expansion of the productive forces and productivity does not, of course, *guarantee* improved conditions for the working class and petit-bourgeoisie, it only makes these improvements *possible*. They still have to be fought for – but they are *achievable*. That is why higher wages and shorter hours can still be won by trade union action. And why it is still possible for governments to increase funding for health services, pensions and benefits. Socialists should not therefore decry attempts to force these improvements on reluctant employers and governments as unachievable. Nor should the left dismiss the attempts of currents within the Labour Party or European socialist and Green parties to push such programmes as mere "reformism" which should only be supported for tactical reasons, to expose their limitations as a means of developing revolutionary consciousness. Reformism is still an option, not only because it is still objectively possible, but also because working-class people will not abandon attempts to win improvements within the capitalist framework and opt for the revolutionary alternative until they become convinced that, firstly, the reformist road is closed, and secondly, the revolutionary alternative is both desirable and feasible. I have shown why the first condition is unfulfilled. I now turn to the second condition. Even if reformist politics should fail to win improvements, people will need to be convinced

that the revolutionary Marxist alternative is feasible and desirable. On both counts, this is unlikely in the near or foreseeable future.

The negative features of "existing socialism" in the former Soviet bloc and its ignominious collapse have discredited the very idea of socialism in the eyes of millions. At the moment, no significant parties or movements exist which stand for a socialist alternative, and are seen as capable of replacing existing governments. The communist parties have collapsed, and the social democratic parties, including the British Labour Party, have accepted there is no alternative to the capitalist market.

In these circumstances, it is likely that most protests and conflicts will remain within the bounds of seeking changes within the framework of capitalism – whether it be a 35-hour week, better public services, improved pensions, etc. They will either try to force existing governments, such as the Labour government in Britain and the Socialist government in France, along these lines, or look for alternative parties. The failure to achieve these measures, or, if achieved, their failure to satisfy popular aspirations, will not necessarily engender more socialist consciousness. They may, but they may also lead to apathy and cynicism, or a growth for racist and right-wing movements. The outcome depends, to a certain extent, on the intervention of political activists.

Much of Blair's success in the Labour Party was due to the perception of party activists that the old policies, which they perceived as vote losers, had to be replaced by a new realist pragmatism. But they did believe that Blair & Co were genuinely going to reform the worst features of society. As it becomes clear that Blair is not even a reformist, the first signs are appearing within the Labour Party of an opposition demanding genuine reformist policies such as more government intervention in the economy, abandonment of the Tory spending limits, progressive redistributive taxation, stronger environmental policies, etc. As a result of New Labour's abandonment of even reformist policies, there are indications that a new reformist opposition is arising, such as the revolt in the Parliamentary Labour Party, the Coates-Kerr threat to stand as independents in the European elections. Before discussing what our attitude should be to these currents, let us say more about the possible development of capitalism in the foreseeable future.

The Future of Capitalism

The fact that capitalism is not in terminal crisis does not mean that it faces an unproblematic future. Though the continued growth of the productive forces and new technologies make possible dramatic improvements in the standard of life, there are also other possibilities. The chaotic and unplanned growth of these forces, driven

purely by the search for profit maximisation, can also lead to wild cyclical fluctuations, increased conflict, environmental disasters and social regression. In an interesting article in an early issue of *New Interventions*, Paul Hoggett took up the theme of Kondratiev cycles, of long waves of capitalist development separated by crises. Politics determined how capitalism was restructured after each crisis. If the crisis was resolved decisively in favour of labour, it would lead to a revolutionary transformation in the mode of production itself leading to a qualitatively new mode. By this, I assume Hoggett meant a socialist mode. If the crisis was resolved on the terms of capital, but the forces of labour were strong enough to insert some of their requirements into the restructuring process, a new form of capitalism would emerge which contained an uneasy tension between capital and labour, but would still be workable. I would assume this could be a sort of mixed economy with welfare state provisions – in fact, a good description of the period between 1945 and the 1970s. A third alternative would be a resolution of the crisis and restructuring of capitalism overwhelmingly in the interests of capital. Fourthly, a stalemate could occur between capital and labour, or an overwhelming victory for capital could lead it to become complacent or corrupt, leading to a gradual or rapid descent into a dark age (as after the decline of the Roman Empire). Hoggett, rather pessimistically, thought these last variants most likely. I very much agree with Hoggett that the future is not determined mechanically purely by developments in the economic “base”, but also by events in the “superstructure” – which include the activities of people, both as collectives and individuals, amongst which are the activities of socialists.

One development of twentieth-century capitalism which intensifies the influence of politics on economics, a development which in my opinion has been rather ignored, is the advent of fiduciary money and credit divorced from its gold base. When currencies were linked to gold or silver, the amount of money in circulation was limited by the physical availability of these metals which required the expenditure of labour for their production. Now that the link has been broken, governments and banks can increase the amount of money and credit almost at will by political decisions. Orthodox economists argue that they are constrained by the risk of inflation, quoting the well-known formula that the amount of money multiplied by its speed of circulation and divided by the mass of commodities on the market determine the general price level. This is only partly true. The creation of new money and/or credit can stimulate the production of commodities (provided there is idle productive capacity, or productive capacity can be increased), thus limiting the inflationary impact. This provides

governments and central banks with a powerful tool for pump-priming the economy, countering cyclical tendencies and stimulating production, as well as financing public works and reducing unemployment without relying exclusively on taxation.

However, the globalisation of capital, its ability to flow freely from one country to another, limits the ability of nation-states to use these methods, as witness the failure of the Mitterrand administration's efforts to go it alone in France in the 1980s. This Keynesian strategy can work better on a multi-national scale. This, incidentally, is why we must be in favour of European economic integration and a single currency.

There is a further negative aspect to the globalisation and deregulation of the financial markets coupled with the divorce of money from its gold base. The financial sector has become parasitic on industry, which alone creates real wealth. It amplifies the already existing instability in the world economy. Witness the recent panic on the world's stock exchanges and currency markets. In certain circumstances, these often irrational stock-market and financial gyrations can trigger recessions in the global economy. These crises need not be terminal. Whether capitalism survives and in what form depends on a whole combination of factors; amongst which, as Hoggett emphasises, are political ones, including whether socialists can insert reforming and transformatory features.

The growing gap between the richer industrial nations and those of the Third World is another source of conflict and destabilisation which reacts back on the developed capitalist states. As Dave Spencer has reminded us, this gap has doubled over the last 30 years. At least 100 of the developing countries are suffering either economic decline or stagnation, about 70 of these are poorer than they were in 1980, and 43 are poorer than they were in 1970. In 1990-93, average incomes fell by 20 per cent or more in 21 countries, mainly in Eastern Europe and the former Soviet Union. International banks are faced with the option of writing off massive bad debts or further ruining already destitute countries. These economic world-scale imbalances are compounded by conflicts over the control of natural resources, such as oil and water, of which the Gulf War and renewed tension in the Middle East are symptoms.

Nationalist, religious and ethnic conflicts, such as the Israeli-Arab conflict, the conflicts in former Yugoslavia and in the former Soviet Union, and incipient tensions in South-East Asia combine with and exacerbate the economic factors to create further threats of instability and social breakdown.

Unsustainable Growth and the Environment
Another feature of capitalism is not the non-existent endogenous ceiling on growth posited by

“orthodox” Marxists, but its opposite – unrestrained growth which threatens environmental catastrophe. In order to maintain its equilibrium, capitalism needs to expand exponentially. Capitalism is like a man riding downhill on a bike with faulty brakes. He is constantly losing his equilibrium and restoring it. If he stops, he will fall off. But the hill is getting ever steeper, his speed ever-increasing, and the road is full of pot-holes. If the pot-holes (political overturns) don’t unseat him, he will eventually run out of road. And here is the greatest danger. Unrestrained capitalist growth will eventually exhaust the environment’s ability to sustain it.

If environmental catastrophe is to be avoided, the chaos of unplanned profit-maximising growth must be replaced by global planning. It has been accepted wisdom amongst socialists that only replacement of the capitalist by the socialist mode of production can ensure this. But if, as unfortunately seems to be the case, world socialism is unlikely in the immediate or medium-term future, will capitalism be able to reform itself sufficiently and in time to avoid environmental catastrophe?

Some of the instruments and tools required for global planning are already in existence – at least in embryo form. These are the supra-national quasi-state organisations that have been set up since 1945, the International Monetary Fund (IMF), the World Bank and the various agencies of the United Nations. The function of the IMF and the World Bank has been to ensure the continued viability of the world capitalist market economy. So far their “rescues” of collapsing national economies and currencies have followed strictly orthodox monetarist guide lines which have exacerbated economic inequalities both between nations and within them, and restructured economies mainly to the benefit of the rich. The intervention of United Nation forces and agencies in conflicts such as the Yugoslav war, in Somalia, in the Middle East and elsewhere have been driven more by the conflicting interests of the powerful nation-states than the needs of humanity.

But given the political will, under different control and with different policies, these institutions *could* become instruments for global planning. They could do this by directing the flow of funds of international capital to necessary and environmentally-friendly projects, and cutting off the flow of capital to undesirable and damaging projects. But before this can happen, political power in the nation-states that are represented in these international bodies has to be won by political currents committed to these policies.

Reform from Above and Pressure from Below
The state in a class-divided society has a dual role. Insofar as it endeavours to ensure the smooth

running of the existing class system, it acts as the instrument of the dominant class. However, it has a certain autonomy, not only because it has to reconcile the conflicting interests of different sections of the dominant class, but also because it has on occasions to act against the wishes and immediate interests of the dominant class in order to ensure the continuance of the system itself. An example was the New Deal imposed by Roosevelt, against the hostility of large sections of American business (who considered him at least a “pinko”, if not a dangerous red). The New Deal saved American capitalism. In wartime, the British state imposed drastic controls and planning – controls which big business would have opposed as “socialist” in peace time, but which they accepted in order to win the war against Germany and Japan.

Is it not, theoretically, possible that once it becomes clear that curbs and controls have to be imposed on business activity in order to preserve the ozone layer, reduce greenhouse gasses, preserve the rain forests, etc, even pro-capitalist governments and the supra-national institutions mentioned above will enforce these, and industry will (reluctantly) accept these encroachments on their powers as they eventually did with the New Deal and in wartime? Witnessing the Clinton administration’s retreat in the face of the fossil fuel industries and car manufacturers’ lobbies, and the disappointing outcome of the Kyoto World Climate Conference, we cannot be too hopeful. But neither, let me repeat, can one be optimistic about the early advent of international socialism.

We may cautiously hope that a combination of pressure from below and reform from above may bring results. In fact, there are historical precedents. There have always been far-sighted people within the establishment who have realised that unrestrained exploitation of the working class and of natural resources can lead to disaster which will rebound on the privileged themselves. In Victorian Britain, these upper-class reformers and philanthropists were concerned about the conditions in the new factories and industrial slums, and their effects on the lives and health of the working class. Their concerns were ignored by the bulk of the mill owners and industrialists – until it was found that cholera and typhus epidemics did not respect geographic or class boundaries; they spread to the wealthier districts, and infected their inhabitants too. It was also realised that the unrestrained exploitation of women and children for 12 to 16 hours a day threatened the continued supply of labour. Sickly and ignorant workers were not as productive as healthy and skilled ones. There followed Factory Acts limiting the hours of work of children and women, the Public Health Acts of 1848, 1872 and 1875, the Sanitation Act of 1866, the Artisans’ Dwelling Act of 1875, the Housing of the Working

Classes Acts of 1890 and 1900; all introduced by Conservative or Liberal governments. Despite these measures, the still poor physical condition of army recruits in the Boer War shocked the military establishment. They wanted cannon fodder for their imperial adventures, but they wanted them capable of long marches and hard fighting, and this led to further educational and sanitary reforms.

Thus a combination of the pressure of philanthropists and the recognition of their longer-term interests by the ruling class, plus the struggles of the working class and the fear in the minds of the ruling class of these struggles leading to revolution, ensured a restructuring of capital with benefits to the working class.

Also, no less important is the fact that since the winning of universal suffrage and parliamentary democracy, even pro-capitalist politicians have to get elected, and must therefore respond (or seem to respond), however reluctantly, to the concerns of an electorate which, in the industrialised countries, is composed overwhelmingly of the working class. Bourgeois parliamentary democracy is in the long run a cheaper and safer way of maintaining the rule of capital than fascism or military dictatorship. To ensure this and maintain the acquiescence of the working class, a price has to be paid, however reluctantly, in terms of concessions.

All this makes it possible for propaganda, pressure and agitation from below by the organisations of the working class, by green movements, environmental and reforming pressure groups to have an impact and influence on governmental decisions, and to force reforms and restructuring of the institutions of capitalist society.

Reformist Policies Within a Perspective of Social Transformation

It is impossible to predict which of the possible resolutions of capitalism's crises outlined by Paul Hoggett will emerge. The actions and policies of the organisations of the working class, the trade unions, the parties, and also the environmental groups will be important in influencing the outcome. What then should be the politics of those of us who still wish to influence the outcome?

I have outlined some of the ingredients of such policies in previous articles. They include a drive for social (not just workers', but workers' and community) control of industry, macro planning of the economy by public (social) control of major investment through a publicly accountable banking system, market relations between individual socially-managed enterprises within the overall plan, progressive taxation to fund welfare and health, and democratisation of the existing state machine.

These or similar policies will be fought for by

a combination of parliamentary politics and extra-parliamentary pressure, propaganda and education. We must reject the notion of "all or nothing", the idea that nothing is possible this side of "the revolution", that capitalism can be overthrown by one mass onslaught, by the root and branch destruction of the existing state machine. Instead, we must adopt a strategy of step-by-step, partial advances, a strategy of using the gains already made, universal suffrage, democratic rights, parliament, to press for feasible reforms which are also steps in the eventual transformation of society in a socialist direction. This also involves a rejection of sectarianism, and requires a willingness genuinely to work with and support those who only want to go part of the way with us (whether they are working within the corridors of power or outside), whilst still pressing for more fundamental changes.

To repeat Ralph Miliband's phrase, we must pursue the advancement of reformist policies within the perspective of a fundamental transformation of the social order. This will best be achieved by a combination of pressure and organisation from below, that is, outside the corridors of power, encouraging a sea-change in popular conceptions, and occupation of positions of influence within existing power structures by proponents of transformatory policies; each complementing each other, as it did in Victorian Britain and may do again.

What Sort of Party?

What sort of party is required for the advancement of these policies? Many on the left who, like me, have rejected the need for a Leninist-Bolshevik type of party, have swung to an exaggerated expectation of the benefits of spontaneity, and, by implication, a minimisation of the need for an organised party. In my opinion, this is mistaken. It assumes that the working class will almost naturally and spontaneously develop the required political consciousness. Nothing could be further from the truth. Some workers do develop such a political understanding from their own experiences and struggles. The majority do not. As we know all too well, and to our dismay, workers are equally liable to draw racist, nationalist or chauvinist conclusions. History is not only a history of class struggle, of slave against slave owner, peasant against feudal lord, or worker against capitalist, but also of nation-state against nation-state each supported by their working class, of Catholic worker against Protestant worker in Ulster, of Serbian Orthodox worker against Bosnian Muslim worker, and of both against Croatian Catholic worker in Yugoslavia. Racist movements in France, Britain and other countries draw support from sections of the working class.

Lenin was partly right when he argued that

the working class could spontaneously only develop a trade union, that is, bourgeois ideology. He was wrong in drawing the conclusion that *only* the “educated representatives of the propertied classes” – the intelligentsia – could bring a socialist consciousness from the outside, and in his eventual elevation of the party as the only interpreter of working class interests, even in opposition to the working class, and ruling by terror. But Marx was wrong, too, when he famously argued in the *Holy Family* that the working class would *irrevocably and inevitably* develop a socialist consciousness. The truth is that there is nothing inevitable or completely spontaneous about it. At first, only a minority of the class draws socialist conclusions from its experiences. This minority cannot and should not then sit back and wait for the rest “spontaneously” to join them. It is the task of this minority of conscious socialist workers, together with socialists from other classes and intellectuals, to organise themselves as a vanguard, to fight and agitate to win the battle of ideologies, and win the majority.

In order to do so, they must organise as a party, if only for the purpose of propaganda and education, and to combat the proponents of other ideologies. Parties and organisations are needed for other reasons, too. Neither a class, nor any people, can win battles, win power and change society except through organisation, whether in parties, trade unions, campaign groups, etc. In any large organisation, involving large numbers of people, there has to be delegation of powers to smaller bodies, district committees, national committees, etc. This inevitably brings with it the dangers of bureaucracy, of abuse of position, of conflicts between the rank and file and the leadership. I don’t see how this can be avoided. The dangers can only be minimised by raising the level of education, awareness and participation of the rank and file, democratic safeguards against abuse of power, safeguarding the rights of minorities and critics, frequent elections, etc.

So we need parties with a democratic internal life and organisation, parties whose aim is to win the rational support of the working class and of all those from other classes who wish to see a transformation of society, and parties which will encourage people to participate fully in political life and in the control of their own work places

and communities. So we need neither exclusive reliance on spontaneity nor Leninist-type parties, but parties with a democratic internal regime and oriented towards a living, mutually interacting relationship with their popular base.

Whether these parties can arise from the transformation of existing parties such as the Labour Party in Britain and socialist parties in other countries, or whether they have to be built in opposition to them is not a matter of rigid principle, but depends on the concrete situation at any time and any country. At the time of writing (January 1998), the revolt within New Labour over the cuts in single parent benefit, disablement grants, and the declared intention of Euro-MPs Ken Coates, Hugh Kerr and others to stand as independents in the next European elections could presage either the development of a new opposition within the Labour Party and the socialist group in the European Parliament, or even a split and regroupment of socialists and Greens outside in new parties both in Britain and Europe, or a combination of both. Whichever direction these movements take, they are to be welcomed.

My speculation about the possibilities of reform from above, or from within the existing power structures, may seem over-optimistic, idealist and even naive, especially from someone who was committed for so many years to a Marxist analysis of society with its emphasis on class conflict. My Marxist comrades will no doubt remind me that dominant classes always defend their own class interests, and will resist to the death any threat to their powers and profits.

To this I would reply: yes, this is true. But is it really in the long-term interests of the rich and powerful to allow their society and environment to self-destruct? For they, despite their wealth, could not escape their effects. When the *Titanic* sunk, the first-class passengers also had to take to the lifeboats.

I grant that the chances of the voluntary and peaceful self-reform of capitalism are slim. But so are the chances of world revolution according to the Leninist or Trotskyist scenarios. In my opinion, the policies outlined above of reforms within the perspective of a fundamental social transformation offer the best option. They do not entail merely passive waiting and hoping for enlightened policies from above, but active intervention from below as well.