Marxism and the trade unions Part 2

The Communist Party, the unions and the ruling class in Britain

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1 Leninist Practice and the CPGB

The formation of the Communist Party of Great Britain brought Leninist principles of trade union organisation to Britain – strengthening existing Marxist practice in face of a Labour movement strongly dominated by social-imperialist and reformist attitudes and leadership. The existing strengths were significant, some stemming directly – through Tom Mann, James Connolly and others - from interventions of Marx, Engels and Eleanor Marx. They were:

● Support for mass general and industrial unionism as against sectional craft unionism
● Prioritising organisation at workplace level
● Support for independent working class representation

These strengths were further enhanced during the First World War when a majority of the workforce became unionised, the shop stewards movement emerged as its dominant force and Trades Councils became key organising centres for the working class communities as a whole. The weakness of the British Left was its political fragmentation and its sectarian reluctance to work within ‘reactionary’ trade unions and within their political counterpart, the Labour Party. Lenin argued for a unified Communist Party that would work within all mass trade unions and within the Labour Party to expose reformist positions. The organisational ‘bolshevisation’ of the British party after 1922 involved:
Changes in organisational practice – from general propaganda to agitational and organisational activity

- Organising party members within workplaces – whether unionised or not
- Moving from general propaganda to agitational and organisational activity focused in specific workplaces and communities
- Forming broader alliances within trade unions and local Trades and Labour Parties setting out a strategic perspective for socialism (the Minority Movement)

This transformation enabled the party, still very small, to mobilise the movement behind the miners in the 1926 general strike – posing a major political and ideological challenge to the ruling class.

These organisational principles remained deeply embedded within the practice of the CPGB, surviving the sectarian class against class policies of the 1928 and 1932 period and becoming the basis for Popular Front mobilisations before and during the Second World War.

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1 This section is mainly based on volumes 1 and II of James Klugman’s History of the Communist Party of Great Britain

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2 The Left and the trade union movement over the past half century

Despite intermittent attempts to downgrade the workplace and trade union focus of party activity (in favour of an electoral constituency focus), the British party maintained a strong and consistent industrial role into the 1970s. This decade saw the peak effectiveness of the party’s industrial organisation – mobilising the movement to defeat the Heath government’s attempt to reverse the post-war settlement. This victory re-invigorated the mass base of class organisations in Britain and swung the Labour Party strongly to the Left.

Key factors in this success were:

- The inheritance of a relatively large party membership deeply embedded in industry and in working class communities and carrying forward a high level of practical experience and Marxist knowledge;
- Respect for the wider democracy of trade union organisations (and working class organisations such as tenants associations) as the basic organisations of the class, coupled with a refusal to countenance ultra-left frontism;
- Mobilisation of broad left alliances focussed on strategic objectives, such as the Liaison Committee for the Defence of Trade Unionism (LCDTU), together with opposition to ‘rank and filism’ which posed shop stewards against formal trade union structures;
- A style of party industrial organisation that focused on the development of collectives within each union and workplace and which gave priority to cadre education - enabling these collectives to work out their own tactics within a wider strategy;
- A broad strategic programme, embodied in the Alternative Economic and Political Strategy, which provided a campaigning perspective for the Left as a whole, and which linked immediate objectives (Trade Union freedom, equal pay, defence of jobs and
workplaces, national collective bargaining) to longer-term objectives: the radical extension of public ownership, democratic control of banking and investment policies, democratisation of media ownership.

3 This section draws particularly on Roger Seifert and Tom Sibley's biography of Bert Ramelson, *Revolutionary Communist at Work* (London 2011) and Kevin Halpin's autobiography, *Memoirs of Militant* (Glasgow 2012)

3 The ruling class response

The defeat inflicted on the Conservative Party, and the level of mass politicisation of the movement, brought a fundamental change of strategy by the ruling class. This was implemented through the 1980s and its key features were:

- The definitive ending of the post-war full employment settlement;
- A detailed strategy to defeat the most militant sections of the trade union movement, restrict trade union rights and re-establish right-wing dominance;
- The whole-scale privatisation of public sector industries and public corporations;
- The run-down of large-scale manufacturing industry and the use of oil revenues to boost sterling and develop a deregulated City of London, jointly with the US, as prime international finance centre;
- Social engineering to erode the basis of working class solidarity in communities. This offensive embraced the sale of council housing, the erosion of local government democracy and the systematic co-option of community organisations.

While the battles against these policies brought a degree of additional but localised politicisation, the overall impact of the attack has been compounded by the liquidation of the CPGB and the serious weakening of the industrial base carried forward by the CPB, the dismantling of the USSR and the world socialist system and the victory of right-wing social imperialist forces within the Labour Party.

4 The trade union movement today

The trade union movement is very different in composition - and undeniably objectively weaker - as a consequence of the long ruling class offensive:

- Membership has declined from 13m in 1979 to 6.5m today
- Density has fallen from 32 per cent in 1995 to 25 per cent in 2013.
- Density in the public sector is 55 per cent; in the private sector 14 per cent (20 per cent in manufacturing; much lower in most services).

Proportionately there are more women in the trade union movement, more BME workers, and more people in professional occupations. 4 The number of trade union workplace reps has fallen from approximately 300,000 in the 1980s to around 150,000 in 2011:
95,000 in public sector; 42,000 in private services; 15,000 manufacturing. 5

These changes in the size and density of the movement have been compounded by four other more qualitative factors

- The loss of the generation that was politicised in the 1970s: the great majority are now out of the workforce.

- The geographical shift of the new economy away from the areas which were the focus of industrial struggles of the 1970s and 80s.

- The very sharp decline in TU membership among young people: membership is highest among those aged over 50; it is less than 5 per cent among those aged below 25.

- The trend toward depoliticisation: most members are much less strongly aligned to the Labour Party without any significant organised move to the Left combined with a drift to nationalists and UKIP.

More positively, trade union organisation remains strong in essential services, most public sector employment, transport and some sections of manufacturing. Membership is also more concentrated in fewer, much bigger unions - which are mainly, in terms of conference policy at least, more left-wing than at any time since the 1970s. In addition, union tactics, possibly more in words than deeds so far, have also moved away from passive response to active organising, community linkages and strategic attacks on supply chains and leverage points.

On balance, the trade union movement might be seen to be at a potential turning point. It could begin to grow again – but in a new, more political and activist form. Or it could, given its structural weaknesses and the changing character of the labour market, be at a point where, with further government intervention, cumulative decline takes over.

5 British monopoly capitalism today

Prior to the 2008 banking crisis British monopoly capitalism was marked by:

- A disproportionately large banking sector

- The highest concentration of US capital outside the US (mainly in banking)

- World-class companies in petrochemicals, mining, aerospace, pharmaceuticals and retail but also the smallest manufacturing/production sector among G7 countries, the lowest level of R&D and somewhat lower productivity. 5

Since 2010 The formal banking sector has become proportionately bigger and more concentrated. Its assets are now equivalent to 450 percent of GDP, the biggest in all G7
nations. This compares with figures of 200 per cent in Germany, 100 per cent in Japan and 70 per cent in the US.7

• The unregulated shadow banking/investment fund sector has increased dramatically: UK assets 375 per cent of GDP against 190 per cent in the euro area and 180 in US.8

• The 2008-09 bank bail-out, together with resulting fall in GDP, has increased government debt to 110 per cent GDP; third highest in G7.9

• The production sector, including manufacturing, is 14 per cent smaller than in 2007 while the service sector has expanded to over 80 per cent of GDP.10

• Productivity growth has halted – gap between UK and US, Germany and France increased dramatically from 10 per cent to 30 per cent.11

• Balance of payments deficit for 2014 was at a historic high of 5.5 per cent of GDP.12

The labour force has also continued to change:

• It has increased in size to 30 million, become more female with a higher percentage born outside Britain (4.5m). Within the total labour force the number of self-employed has increased to 4.6 million. The percentage employed in the public sector fell from 22 per cent in 2009 to 18 per cent in 2013.13

• Since 2008 there has been the longest sustained fall in real wages since the nineteenth century (more so than any other G7 nation) – although the wage share in the economy has risen (probably as a result of the sharp increase in the size of the labour force without any increase in productivity – see diagrams appended at the end).14

6 Jonathan White, Building An Economy for the People, Manifesto Press, 2012 provides an overview
8 IMF, Global Financial Stability Report, October 2014, Chapter 2, Figure 2.1 p. 66; Bank of International Settlements, 84th Annual Report, June 2014 notes that Asset Management Sector trebling in size since 2002 and the top 25 firms increasing their share of assets from 10 per cent to 28 per cent (Graph VI b)
9 BIS 84th Report describes the UK public debt as having ‘deteriorated dramatically’ from 50 to 102 per cent of GDP
10 UK Treasury, National Accounts 2014, Figure 1.8
11 http://www.ons.gov.uk/ons/dcp171778_380091.pdf published 17 October 2014; there has been no increase since 2008 – putting Britain 17 per cent below the trend line established before then.
13 ONS, Labour Market Statistics, March 2014
The current strategy and tactics of British finance capital

The settled policy of British finance capital for the past generation has been that of alliance with the US – to sustain the City of London as prime international financial centre and to protect the international interests of British multinationals in petrochemicals, mining and arms production. This policy depends on providing the US with a trading platform for its banks within the EU and politically defending its interests in the EU – which in turn depends on the financial viability of Britain’s banking sector, the support of the British state (and the viability of its currency) and Britain political ability to sustain alliances within the EU.

This policy has become difficult to sustain because it

- Is increasingly incompatible with the strategy of Germany: stabilising the euro by uniting the EU as a federal currency bloc – which involves greater control of finance and credit

- Has undermined the long-term industrial viability of the British economy and hence of sterling.  

- Has created an increasingly ungovernable financial sector – with speculative funds switching since 2009 to alternative investment vehicles (London now has biggest concentration in the world and is seen by BIS and IMF as a prime potential source of instability internationally) and with a significant element within the alternative investment sector wanting rid of increasingly restrictive EU regulation. 

- Has eroded the political base of the Conservative Party

- Has led some finance capital advisers to question the long-term weakening of Britain’s industrial base and the loss of credibility in the EU. 

A key question about the Conservative governments has been their extremism. This is so both in terms of the cuts already imposed and its stated objective of achieving a £23B budget surplus in 2020 - cutting public spending by a further 20 per cent and shedding one million public sector jobs. This policy has already had severely adverse effects on economic growth. It also appears to be posing some political dangers - with a significant shift in mass attitudes to big business and the state.

### Table 1 British Social Attitudes Surveys: Left-Right Scale

<table>
<thead>
<tr>
<th>Agreeing or strongly agreeing to the following questions</th>
<th>2010</th>
<th>2013</th>
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<tr>
<td>Big business benefits owners at the expense of workers</td>
<td>48.6</td>
<td>55.0</td>
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<tr>
<td>One law for the rich and one for the poor</td>
<td>56.7</td>
<td>59.9</td>
</tr>
<tr>
<td>Ordinary working people do not get a fair share of the nation’s wealth</td>
<td>57.0</td>
<td>60.1</td>
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So why, entering the general election in 2015, did the Conservatives maintain these policy priorities?

It could be that this is simply ideological – to complete Thatcher’s work. But, given the potential dangers to Conservative’s political base, this would not seem to be a sufficient explanation. It would appear more likely that the rationale for the massive cut in public expenditure is two-fold. First, to address the concerns of the IMF and the BIS: the very high level of government debt in face of the disproportionate size and risk posed by Britain’s shadow banking sector. Second, to use the unprecedented cull in public sector employment to destroy the remaining base the trade union movement and dispose long-term of the potential challenge of a politically mobilised workforce. This would reduce the trade union movement to US levels, reverse the recent rise in the ‘labour share’ by increasing the rate of exploitation (esp. longer hours) and thereby create profit conditions for the further expansion of a low cost service economy. This, in turn, could have the additional benefit of maintaining small business support for the Conservative Party.

It is difficult to see that British finance capital itself has any viable alternative strategy.

- A full break with the EU might enable sections of the shadow banking sector to evade regulation and heighten profits but would not be backed by core UK banks and multinationals as it would not have the support of the US (currently only neo-Cons around Cheney and the Heritage Foundation favour this position).19

- Full EU integration is backed only by a small minority in finance capital and the Conservative Party with the objective of ‘rebalancing the economy’ in favour of industry. This strategy would face obstacles both inside and outside the EU. It would not have US support if it involved realignment toward Germany and it would fall foul of the EU if it involved interventionist policies for industrial regeneration.

However, Osborne’s policy can only guarantee medium term viability and is likely to be accompanied by a further rise in shadow banking. It also takes place in a period of increasing international volatility:

- Economic growth across the main imperialist centres is low: minimal to negative in Japan and the EU and moderate only in the US

- The radical expansion of money supply has failed to re-ignite any significant industrial investment in any of the imperialist counties and is instead creating speculative asset bubbles

- The decline in yield, and the regulation of deposit banks, has diverted cash into secondary banking and high risk markets – commodities and emerging economies

- The US has embarked on a policy of economic, political and potentially military confrontation with the BRICS alliance – and most specifically Russia and China

This all heightens risk for the City. The next financial bust is likely to make it very difficult for the City and sterling to survive as viable vehicles for the US in Europe – and by then Britain’s base economy will have been seriously degraded.

16 Financial Times 17 November 2014 analysed the respective leaderships of Business for Britain (favouring EU exit and led by Sir Michael Hintze) and Business for New Europe (continuing in EU led by the CEOs of BAE,
WPP and BT). The feature notes the scale of support for BfB from smaller, boutique hedge funds. Lord Lawson, who holds a number of directorships with alternative investment firms, also backs exit. Harriet Agnew’s Financial Times 9 February 2015 feature gave further detail on this cleavage. She cites Citibank and Goldman Sachs as typical of the investment banks who oppose leaving the EU and whose markets are principally within the EU (controlling 50 per cent of all the investment banking in the EU). On the other hand, most of the money handled by hedge funds comes from outside the EU and leading figures such as Crispin Odey (Odey Asset Management) and Paul Marshall (Marshall Wace) oppose EU membership (85 per cent of all hedge fund activity in the EU takes place in London)

17 Martin Wolf and Aidan Turner would be examples.
18 British Social Attitudes Survey http://www.britsocat.com/Contents
19 Financial Times 10 and 11 January 2013: After David Cameron raised the possibility of Britain leaving the EU, Assistant Secretary of State (Europe) Robert Gordon took the unprecedented step of calling a press conference at US Embassy in London to warn UK government that its ‘special relationship’ with the US would be weakened if Britain no longer held a central position in the EU. The following day the paper carried an interview with Charles Kupchan, former director of European Affairs at the National Security Council. ‘The US and UK have similar interests on many EU issues, with both governments keen to see continued market liberalisation and enlargement to include central and eastern Europe.’ He notes ‘a big shift in the attitude of US defence and intelligence’ which now see the WEU as a critical and essential adjunct of NATO. Britain leaving could lead to a ‘broader fracturing of the EU’.

7 Concluding points

Marx did not see trade unions as an end in themselves. They provided the potential social base and motive force for the creation of a new socialist order. Such a development required a ‘party’ working in and as part of the working class movement – both strengthening its immediate effectiveness and also its political ability to challenge the capitalist order itself. Such a challenge ultimately required mass revolutionary mobilisation sustained by wider alliances in which the working class was the leading force.

This poses questions about

● The character of such a party today and what is required for effective intervention
● The changing composition of the working class: what are the key sectors for strategic intervention and mobilisation and how is this to be done
● The nature of the alliances, and matching strategic demands, that can best exploit the contradictions in the political base of British finance capital.