

socialist standard



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Journal of The Socialist Party of Great Britain - Companion Party of the World Socialist Movement

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Same as the old Boss

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THE SOCIALIST PARTY OF GREAT BRITAIN
The next meeting of the Executive Committee will be on **Saturday 17 January** at the address below. Correspondence should be sent to the General Secretary. All articles, letters and notices should be sent to the editorial committee at: The Socialist Party, 52 Clapham High street, London SW4 7UN.
tel: 020 7622 3811
e-mail: spgb@worldsocialism.org

Introducing The Socialist Party

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

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

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

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

Editorial Capitalism Must Go

We are now in the middle of the biggest economic and financial crisis since the 1930s. In a world that has the potential to produce enough food, clothes, housing and the other amenities of life for all, factories are closing down, workers are being laid off, unemployment is growing, houses are being repossessed and people are having to tighten their belts. There are in fact already 16 million officially recorded unemployed in the EU. Outside Europe the situation is worse and people are rioting because they can't afford even the basic necessities of life.

Capitalism in relative "good" times is bad enough, but capitalism in an economic crisis makes it plain for all to see that it is not a system geared to meeting people's needs. It's a system based on the pursuit of profits, where the harsh economic law of "no profit, no production" prevails. It's because the headlong pursuit of profits has led to a situation where they can't make profits at the same rate as before that those who own and control the places where wealth is produced have gone on strike – refusing to allow these workplaces to be used to produce what people need, some desperately. So, as in the 1930s, it's poverty in the midst of potential plenty again. Cutbacks in production alongside unmet needs. Why should we put up with this?

But that's the way capitalism works, and must work. The politicians in charge of governments don't really know what to do, not that they can do much to change the situation anyway.

They are just hoping that the panic measures they have taken will work. In Britain the Labour government is trying to spend its way out of the slump, but this has been tried before and has never worked. The slump will only end when conditions for profitable production have been recreated, and that requires real wages to fall and unprofitable firms to go out of business. So, there's no way that bankruptcies, cut-backs and lay-offs are going to be avoided, whatever governments do.

What can be done? Nothing within the profit system. It can't be mended, so it must be ended. But this is something we must do ourselves. The career politicians, with their empty promises and futile measures, can't do anything for us. We need to organise to bring in a new system where goods and services are produced to meet people's needs. But we can only produce what we need if we control the places where this is produced. So these must be taken out of the hands of the rich individuals, private companies and states that now control them and become the common heritage of all, under our democratic control. In short, socialism in its original sense (which has nothing to do with the failed state capitalism that used to exist in Russia or with what still exists in China and Cuba) as a society of common ownership, democratic control and production for use not profit, with goods and services available on the basis of "from each according to ability, to each according to needs".

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Ready, aim... Press Enter

You'll know by now whether the UK retail industry's fear of the worst Christmas profits for 30 years came true or not. Hopefully workers can draw some comfort from the thought of all those skinned fat cats and broke brokers, though it's little enough comfort when you're wondering which of your children to sell to pay the stupendous gas bill this winter.

Ever ready with expensive and impractical solutions most workers will never be able to afford unless they win the Lottery, *New Scientist* suggests we all go off the grid (5 December). Certainly, given suitable location and a few tens of thousands of pounds, you can install your own wind, water, solar and geothermal systems and forever laugh in the face of price increases and power outages. But when you can't even afford a bit of miserable lagging in your loft, such helpful suggestions don't cut much ice off the inside of your windows.

Still, for the rich among us who matter, there's another reason for turning your stately pile into a self-sufficient domestic fortress with solar-powered electric fences and heat-seeking laser turrets. If the current economic downturn keeps going down, and the unemployment figures keep going up, you'll be wanting to do more than keep the heat in. You'll be wanting to keep the poor out.

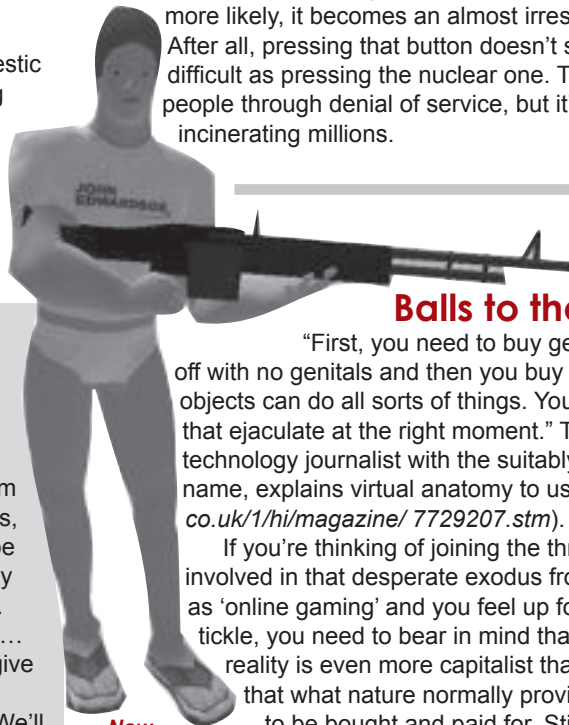
Could things get that bad? Well, quite possibly. The world is going through a process of technological



convergence which globalisation and the information revolution are making possible. In itself this might be a good thing, and would greatly assist in the establishment of global non-market socialism. But this is capitalism we're talking about, and one should never underestimate its ability to turn a triumph into a disaster.

The very fact of convergence means that not only are the world's financial systems vulnerable to cyber-attack, but so are its power systems. One concerted hack offensive could stop an entire country in its tracks and turn all its lighting and heating off. Needless to say, the rich man in his self-sufficient castle won't be bothered, but pity the poor man at his gate.

Yet surely nobody would commit such a monumental act of vandalism? Oh really? Guess again. China, it seems, have been sponsoring hacker groups for years, for the purposes of espionage and industrial sabotage against rivals, and are arguably in a position to paralyse the UK or USA (*Guardian*, 21 November). At a time when global trends are pointing to the decline of US unipolar dominance and the emergence of multipolar power factions, cyber-attack of this sort is not only more likely, it becomes an almost irresistible option. After all, pressing that button doesn't seem half so difficult as pressing the nuclear one. True, you may kill people through denial of service, but it's not as if you're incinerating millions.



Balls to the Gamers

"First, you need to buy genitals. You start off with no genitals and then you buy some. These objects can do all sorts of things. You can have ones that ejaculate at the right moment." Thus Adrian Mars, technology journalist with the suitably other-worldly name, explains virtual anatomy to us (<http://news.bbc.co.uk/1/hi/magazine/7729207.stm>).

If you're thinking of joining the throngs of people involved in that desperate exodus from reality known as 'online gaming' and you feel up for a bit of slap and tickle, you need to bear in mind that escapist virtual reality is even more capitalist than capitalism, and that what nature normally provides for free has to be bought and paid for. Still, at least you get to choose size, colour and special functions.

Now he won't need to over-compensate...

Be warned though, this kind of cyber hanky-panky has already resulted in one real-world divorce, as Mrs Avatar 'walked' in to find Mr Avatar on the sofa with Ms Streetwalker Avatar polishing his proud purchase. But then, the aforementioned couple met and married in the first place via an online chat-room, so perhaps there is a kind of internal symmetry going on after all. When you think online gamers can't get any sillier, they do. If only all that imagination could be turned back towards the physical world, where the real balls-ups are taking place.



Note Imperfect

Strange but true, a binman on his rounds found two bins stuffed with £10,000 in £10 and £20 notes, the bizarre catch being that they were all cut up into one-inch pieces (*BBC Online Magazine*, 5 December). What was needed, explained a self-styled puzzle expert, was a scientific system

to reassemble the notes, which the binman will be allowed to keep, as they have not been claimed. "When I read the story ... I was very tempted to give him a call and offer my help", said the expert. We'll just bet he was.

Apparently note destruction is not unusual, and every year the Bank of England receives returned notes to the value of £40 million, which have been burned, water-damaged, defaced, ripped, cut, chewed or eaten. Is there some campaign of money vandalism going on that we don't know about? Be that as it may, our scientific advice to workers would be slightly different from the puzzle expert's. Why not start the New Year by cutting up all the other notes too, and not bothering to stick them together?



Taxing Problem

Dear Editors

In "My Cupboard is Bare" (Letters, *Socialist Standard*, November) the letter writer states many inaccuracies - "he doubled the income-tax burden on the poorest earners in society." - "The working-poor, whose income-tax he doubled, do not bother to vote, (as he knows) for we, the low-paid, realise that there is no-one worth voting for." - "Middle-England, on middle incomes, voted Labour into power, and for that voting-base income-tax was reduced in an attempt to retain support for the Labour." - "If the British government makes yet another "mistake" of having ordinary hard-working British citizens bail-out British banks and the greedy millionaires who helped cause the problem...". This might be worthy of comment.

GLASGOW BRANCH

Reply:

We published the letter as an expression of opinion by a discontented worker. We agree that it is inaccurate to imply that income tax is a burden on the working class and that it is workers who are bailing out the banks.

Workers are exploited at the point of production but are paid more or less the value of the working skills they sell, i.e., enough to buy what they need to reproduce and replace them. If the government imposes a tax on wages, this will eventually, after a struggle, be passed on to employers as the cost of reproducing the workers' skills will have gone up.

In any event, in Britain, most workers don't even personally pay income tax as they do other taxes by going to the post office or writing a cheque as this is deducted at source by the employer and paid by them to the government. In this case what

is important is take-home pay. This said, when the government does change income tax the take-home pay of some individual workers can go up or down for a time, and did go down in the case the letter writer mentioned.

Although the money to bail out the banks will have ultimately come out of the surplus value extracted from the working class, it has not done so directly - the capitalist employer extracts the surplus value, part of which is paid to the government as taxes, some of which was used to bail out the banks - *Editors.*

Socialist Standard

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In place of Capitalism

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

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

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

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

things are organised today and tomorrow will be more or less the same. But it doesn't *have* to be.

Socialists urge that it is futile to try to reform capitalism - the whole system needs to be scraped and replaced by something better. As we explain in our pamphlet *Socialism as a Practical Alternative*, this means being as constructive as possible, not destructive. For example, such bodies as the World Health Organisation and the Universal Postal Union can be adapted for socialist purposes.

We have as our object the establishment of socialism. In a sense this is true, but we also talk about a socialist *movement* in the here and now. Every month we say in this journal 'we are solely concerned with building a movement of socialists for socialism.' We distribute paper and electronic publications, give talks, take part in debates, run educational events, make films, and much more.

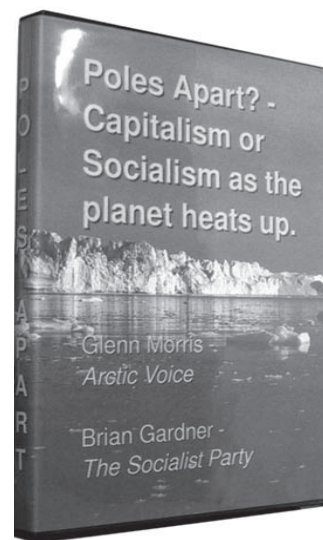
With more members - and particularly active members - we could do things and on a scale we are prevented from doing for lack of human and other resources. For example, we could set up socialist publishing houses producing, promoting and distributing paper and electronic literature. We could organise socialist educational networks at different levels: schools, colleges, universities, distance learning - for potential socialist citizenship, not capitalist employment. Other activities will no doubt be suggested, tried out and perhaps become widespread - who knows?

The point is that more of us will come to realise that we *all* live in the real world, not with submission to endure it but with imagination to revolutionise it.

STAN PARKER

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Congo – The mobile phone war

Although the peace accord of 2003 ended five years of war in other parts of the Democratic Republic of the Congo, fighting has continued intermittently in the eastern Kivu region. The latest bout began on October 25, when the rebel forces of Laurent Nkunda resumed their offensive, accompanied by the usual atrocities against civilians, burning villages, and floods of starving refugees.

What is this war about?

Spillover from Rwanda?

At first sight, it looks like spillover from the Hutu-Tutsi conflict in neighbouring Rwanda. General Nkunda, a Congolese Tutsi and Christian fundamentalist, says he is protecting his people from the Interahamwe, the Hutu militia that perpetrated the Rwandan genocide of 1994 and later fled over the border. He is backed by troops of the current Tutsi government of Rwanda, which the Interahamwe seeks to overthrow.

This version is a smokescreen. Nkunda has shown much less interest in pursuing the Interahamwe than in seizing control of Kivu's rich mineral resources – partly on behalf of Rwandan business interests, partly perhaps for his own enrichment. He exploits the memory of genocide to mobilize the Tutsis in his support and win foreign sympathy, much as Israel exploits the memory of the Holocaust for its purposes. Control over resources is also the main concern of the Congo government in Kinshasa and its armed forces.

The most valuable minerals in the Kivu region are two metallic ores called cassiterite and coltan. These contain substances whose special properties are ideally suited to various high-tech applications. Niobium alloys are used in jet and rocket engines because they remain stable at very high temperatures, while tantalum and tin oxide are used in making electronic circuitry for devices ranging from computers to DVD players and MRI scanners. In particular, the rapidly rising demand for mobile phones has pushed up the price of coltan, fuelling the fight to control and mine its deposits. So we could call the war in eastern Congo “the mobile phone war.”

On both sides, part of the proceeds from selling resources (through chains of middlemen) on the world market goes to finance military operations, which in turn secure access to the resources. This is an example of the “war as business” model (Material World, November 2008), which arises in this case from the weakness of state institutions in Central Africa.

A helpless giant

In the Congo it is especially difficult for the government to exercise sovereignty over “its” territory, which is roughly the area of Western Europe (2.34 million km²). The transportation and communications infrastructure is extremely underdeveloped; no road or rail link traverses the whole country from east to west. Under these conditions, it is quite impossible to defend borders with nine neighbours that stretch over 10,744 km.

Neighbouring states can therefore invade Congo

territory whenever they like. No fewer than seven foreign armies fought in the “civil” war that began in 1998. In the background, the old colonial powers – France, Belgium and Britain – and two players newer to the region, the United States and China, jockey for position, assiduously promoting the interests of their corporations while carefully concealing how these corporations hire private armies and fuel the conflict. All these governments, armies and corporations are after the same things, the vast resources that lie on – and especially under – Congolese soil: various metals, diamonds, uranium, potash, timber, wildlife, oil and gas, etc.

Then there are the “peacekeeping” forces of the United Nations, even though there is no peace to keep. The

real reason for their deployment is, in fact, to protect the interests of French and other foreign capital. It is this that explains the apparently odd fact that most of the “peacekeepers” are kept well away from the areas affected by the current fighting. Those who do enter the combat zone make no effort to assist relief work or protect civilians, who vent their anger by yelling and throwing stones at the UN vehicles.

Torn apart by rival predators, there is a striking parallel between today's Congo and another “helpless giant” – China in the second half of the 19th and first half of the 20th century.



Congolese Tutsi and Christian fundamentalist General Nkunda

A curse not a blessing

In a different system of society, many resources in central Africa could be utilized for the purpose of ecologically sustainable development for the benefit of local communities. The natural products of the rainforest could be preserved and harvested for dietary and medicinal use. There is a vast potential for hydroelectricity and, of course, solar power.

But in a capitalist world Congo's resources have been a curse not a blessing for the overwhelming majority of its people, bringing them invasion, enslavement, starvation, war and upheaval. European capital first descended on the country in 1885 in the horrific form of the Congo Free State, a corporate state controlled personally by King Leopold II of Belgium, who made money from it by exporting rubber collected under compulsion by the indigenous people. Those who failed to meet their quotas were mutilated; those who refused to work for the conquerors were killed.

This reign of terror, which would have done the Nazis proud, led to a population loss of some ten million (see Adam Hochschild's *King Leopold's Ghost*). How many people must have wished that their country had no rubber!

In 1908 the Congo Free State gave way to the Belgian Congo, which gained formal independence in 1960. Mobutu's kleptocracy followed in 1971 and lasted until 1997, when the recent period of upheaval began. Regimes come and go, but the ravenous extraction of resources by foreign corporations never stops.

STEFAN

IRE OF THE IRATE ITINERANT

IS THIS THE MUCH HERALDED FINAL CRISIS OF CAPITALISM?...

NEWS
- LATEST FIRMS TO GO BUST...

WELL, IT COULD HAVE BEEN. AND LEFT TO THE CAPITALISTS THEMSELVES, IT WOULD. BUT, THE 'NANNY STATE', MUCH REVILED BY RIGHT WINGERS, COMES TO THE RESCUE AND BAILS OUT THE FAT CAT BANKERS.

AH, THE DELICIOUS IRONY!! 'BIG GOVERNMENT'... THAT INSTITUTION THAT IDEALISTIC FREE MARKETEERS DESPISE, COMES ALONG AND SAVES GLOBAL CAPITALISM WITH THOSE ENDLESS BILLIONS OF TAXPAYER'S MONEY.

THESE 'FREE MARKET UTOPIANS' HAVE LONG ENVISAGED A WORLD OF BIG BUSINESS OPERATING TOTALLY FREE OF THE STATE, WITH ALL ITS NASTY RULES AND REGULATIONS, RED TAPE, TAXES... THE STATE HOLDS BUSINESS BACK... WITHOUT IT'S DEAD HAND, THE POTENTIAL OF THE FREE MARKET IS LIMITLESS. SO THE THEORY GOES.

BUT, NOW WE KNOW IT SIMPLY DOESN'T WORK, AND COULDN'T WORK. YOU NEED THE STATE TO BE THERE TO UNDERWRITE YOU, BAIL YOU OUT, ACT AS THE FINAL GUARANTOR, BE THE BOTTOM LINE. THOSE BANKERS REMIND ME OF TEENAGERS, WHO HAVING LEFT HOME AND DECLARED THEIR INDEPENDENCE, RUN UP HUGE CREDIT CARD BILLS AND HAVE TO GO CRAWLING BACK TO MUM AND DAD, CAP IN HAND.

AND THE WHOLE IDEA OF FREE MARKET CAPITALISM BEING SOME SORT OF ULTRA EFFICIENT, SELF CORRECTING MECHANISM HAS BEEN SHOWN TO BE UTTERLY UNTRUE BY THE EVENTS OF THE LAST YEAR. NOT THAT WE EVER SWALLOWED THAT PONY. BUT MILLIONS DID!

TIMES ARE CHANGING! THOSE REDNECK REPUBLICANS WHO TRIED TO SLUR BARACK OBAMA AS A 'SOCIALIST' (IF ONLY!) JUST SHOWED HOW DESPERATE THE RIGHT HAS BECOME. THEY KNOW TIMES RUNNING OUT FOR THAT WHOLE POST-KEYNSIAN FREE MARKET ERA. EVEN THE LABOUR PARTY INCREASE TAX ON THE RICH!

AND SO, MILLIONS OF ORDINARY PEOPLE LOOK AT CORRUPT, INCOMPETENT BANKERS, LOOK AT THE CASINO-CUM-BETTING SHOP CULTURE OF THE STOCK MARKETS, AND WONDER, SHOULD WE LET THESE GUYS DECIDE OUR FUTURE?

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ANOTHER "EXPERT" RECANTS

"Alistair Darling will be forced to admit tomorrow that the credit crunch has plunged Britain into a deep recession, and the economy will contract for a full year in 2009, for the first time since the early Nineties. As the credit crisis ravaged the world's financial markets earlier this year, the Chancellor insisted repeatedly that Britain's 'economic fundamentals' were sound. In the budget six months ago, he pencilled in a strong recovery for 2009." (*Observer*, 23 November)

ANOTHER EXPERT SPEAKS

"This week Citigroup's already depressed shares have lost half their value, and shares of Bank of America and JPMorgan Chase are down 30 percent. Those declines have come despite reassuring comments from Treasury Secretary Henry M. Paulson Jr., who told National Public Radio a week ago that people were no longer worried about the possibility of a major bank failure. 'I've got to tell you,' he said. "I think our major institutions have been stabilized. I believe that very strongly." The Standard & Poor's index of 500 stocks fell by more than 6 percent on two consecutive days, Wednesday and Thursday, something that had not happened since July 20 and 21, 1933, in the midst of the Great Depression, when panic was brought on by collapsing commodity prices. Such prices have fallen rapidly this week as well, as evidence mounted of a world recession." (*New York Times*, 20 November)

WORLD HUNGER GROWS

"It is the new face of hunger. A perfect storm of food scarcity, global warming, rocketing oil prices and the world population explosion is plunging humanity into the biggest crisis of the 21st century by pushing up food prices and spreading hunger and poverty from rural areas into cities. Millions more of the world's most vulnerable people are facing starvation as food shortages loom and crop prices spiral ever upwards. And for the first time in history, say experts, the impact is spreading from the developing to the developed world. More than 73 million people in 78 countries that depend on food handouts from the United Nations World Food Programme (WFP) are facing reduced rations this year. The increasing scarcity of food is the biggest crisis looming for the world", according to WFP officials." (*Sunday Herald*, 30 November)

GOOD BUSINESS PRACTICE

"The European Union accused drug companies on Friday of adding billions of dollars to health care costs by delaying or blocking the sale of less expensive generic medicines. One common tactic, said Neelie Kroes, the European competition commissioner, was for drug companies to amass patents to protect active ingredients in the medicines — in one case, 1,300 patents for a single drug. Another tactic, she said, was for pharmaceutical companies to sue the makers of generic drugs for ostensible patent violations, which tended to delay the availability of the lower-cost products for years. Ms. Kroes made her comments Friday while presenting the preliminary findings of a broad investigation into accusations of anticompetitive practices in the drug sector. She also turned her sights on the generics companies, which she said had received \$200 million from pharmaceutical companies over seven years in exchange for holding their products off the market." (*New York Times*, 28 November)

Contact Details

UK BRANCHES & CONTACTS

LONDON

Central London branch. 2nd Weds. 6.30pm. 2nd Wednesday 6.30pm. Sekforde Arms, London. EC1 (Nearest Underground: Farringdon).

Enfield and Haringey branch.

Thurs 8th and 22nd. 8pm. Angel Community Centre, Raynham Rd, N18. Corres: 17 Dorset Road, N22 7SL. email: julianvein@blueyonder.co.uk

South London branch.

1st Tues. 7.00pm. Head Office. 52 Clapham High St, SW4 7UN. Tel: 020 7622 3811

West London branch.

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Cooking the Books 1

D-words

D is for Depression. And for Deflation. Two words economists and journalists tried to banish. The first they replaced by the more innocuous-sounding "recession" while the second was confined to history books. But now they are having to use them again.

The Penguin *Dictionary of Economics* defines "depression" as "a business cycle in which there is unemployment" and then adds:

"Only the period 1929-33 in the United Kingdom is usually referred to as a depression (see Recession)".

Well, it looks as if they may have to add "and the period 2008- ", especially as even the Bank of England has raised the spectre of "deflation", by which they mean a period of falling money prices.

The Bank of England's remit is to keep the rate of the rise in the general price level (popularly called the rate of inflation, misleadingly since the rise in the general price level is an effect of inflation properly so called) down to 2 percent a year. The main cause of its non-stop rise since 1940 has been the overissue, or "inflation", of the currency, which has gone on incessantly since then, and which will have increased with the government's recent bail-out of the banks and attempt to spend its way out of the coming depression.

When, however, in November the Bank dramatically slashed the bank rate from 4.5 percent to 3 percent it justified this, in terms of its remit, on the ground that the members of its Monetary Policy Committee felt (actually, took a gamble or guessed) that a rise in the general price level as a result of the inflation of the currency would be outweighed by a fall in it as a result of the depression, so that it still wouldn't increase by more than 2 percent.

If there is no inflation of the currency then, in a depression, the general price level will tend to fall because paying demand falls (due to bad business conditions and to less income from employment) relative to supply (saturated markets following overproduction). This is what happened throughout the 19th century at the time that Marx was writing and, again, in the depression of the 1930s. In fact, one of the proposals that brought down the 1929 Labour government in 1931 was to cut the salaries of civil servants as well as the dole in line with falling prices. But this was not deflation in the proper sense since this is a cut-back in the issue of the currency, such as was done in 1920 when £66 million worth of currency notes were taken out of circulation and the general price level fell by 30 per cent.

Keynes in his *The General Theory of Employment, Interest and Money* that came out in 1936 offering an explanation for the depression, devoted a whole chapter to "Changes in Money-Wages". While rejecting the view of other capitalist economists that pushing wages down was the way-out of a slump, he accepted that in a slump real wages (what they can buy) would go down but argued that it was better to do this by keeping money-wages stable while allowing the general price level to rise (through inflating the currency). As he put it:

"A movement by employers to revise money-wage bargaining downward will be much more strongly resisted than a gradual and automatic lowering of real wages as a result of rising prices".

If there really is a fall in the general price level that outweighs the effects of inflation, then wages, as a price (that of workers' ability to work, or labour-power), will tend to fall too. If they didn't fall, or not as much as prices, then workers in employment would be better off since they could buy more with their money than before. Some commentators have mentioned falling money-wages as a possibility, but have not dwelt on this too long.

If it does happen, then workers will have to struggle to limit the damage, which as Keynes pointed out, they will do "more strongly" than otherwise. A time of intensified class struggle can be expected.

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Obama – No real change

The hope many have in Obama to implement policies that will benefit the class that matters is misplaced.

Judging by the ubiquitous media-generated euphoria that greeted the Barak Obama victory in the US presidential election, you could be forgiven for thinking that the class struggle had ended in the USA. Across the globe, the world's media intimated that this was the dawn of a new age and hundreds of millions of workers breathed a sigh of relief, convinced President Obama will now undo all the wrongdoing carried out by President Bush and generally

improve the quality of their lives and the safety of the planet.

The first thing to note, however, is that this had been the most expensive American election so far. The pooled cost of the Republican and Democratic campaigns was a cool \$1 billion. The McCain camp raised \$340 million whereas the Obama team secured \$640 million. While Obama's team boasted that most of their money came from small \$100 and \$200 donors, in truth the great bulk of his financial

support came from Wall Street and the US corporate elite and was way in advance of that given to John McCain, suggesting the US capitalism plc feels its profits are best protected via Obama. The US power elite bankrolled the Obama campaign and for no other reason than that they know he will have to repay their loyalty.

An estimated 64 percent of the US electorate turned out to vote – a record by all accounts – 62.3 million votes. The majority of the

“The signs, however, that Obama was more of a wolf in sheep’s clothing were already there, not least in the Senate where he sanctioned every increase in funding for the Iraq war that George Bush requested.”

extra voters were Blacks and Latino, not only drawn to the ballot box by the longing to oust a reactionary Republican regime, or by Obama’s promise of ‘change’ but, moreover, because Obama was non-white. Socialists could only watch on and comment that this election was not a race issue, but a class issue and lament their selective amnesia. One time Secretary of State Colin Powell rose through the ranks covering up the My Lai massacre and famously presented false evidence to the UN in furtherance of the US justification for the invasion of Iraq. Consider too his successor Condoleezza Rice, the zealous maid-servant to Bush’s imperialist strategy.

To be sure, Obama was not breaking any mould, despite his hope-fused rhetoric. The vast majority of voters, indeed workers the world over, were heartily fed up with Bush’s wars, his imperialist conquests, the US disregard for international law and the increasing pariah status this had earned America and sincerely wanted to see the back of it. The signs, however, that Obama was more of a wolf in sheep’s clothing were already there, not least in the Senate where he sanctioned every increase in funding for the Iraq war that George Bush requested.

Furthermore, like Bush, Obama is a supporter of the death penalty. He is pro-pollutant nuclear and coal industries and, whilst the *Guardian* could optimistically run a headline “Obama will move to veto Bush laws” (10 November), has not mentioned eradicating repressive legislation such as the Patriot Act, homeland security, the Military Commissions Act, internet control, and wiretapping and spying on the US populace.

It certainly looks like the Bush administration’s imperial ambitions will continue under Obama. He has already spoken about building up

US military power by 20,000 troops and has declared his intention to cut troop numbers in Iraq and transfer them to a surge in Afghanistan and indeed spread war to nuclear armed Pakistan. All of this will be, as under Bush, carried out to further the interests of a profit-hungry corporate elite and veiled in pompous patriotic oratory about spreading democracy and American values and fighting the “war on terror.” Undoubtedly, Obama will soon be using the hackneyed theme of social unity to wage the class war internally and abroad on behalf of a small power elite.

He also undertaken, to “isolate Hamas”, elected in democratic elections that were verified by an international team of observers and, picking up the baton from Bush, used his first press conference as president-elect to likewise cock a snook at the US National Intelligence Estimate and evidence presented by the IAEA on Iran’s nuclear intentions, and accused Iran of the “development of a nuclear weapon” and vowed “to prevent that from happening.”

If Obama apologists think the President Obama will put a halt to the blood letting they are going to be sorely disappointed. Make no mistake; whilst the left are fond of castigating Republicans as the masters of war, the truth is that historically the Democrats have started far more wars than the GOP. More recently, under the last Democrat to hold office, President Clinton, one million Iraqis are said to have died under US enforced sanctions, 500,000 of them children. Sorties over Iraq were flown every single day Clinton was in power. Yugoslavia was mercilessly bombed and a much needed pharmaceutical plant in Sudan was bombed on the pretext that it was manufacturing Chemical weapons, and villages in Afghanistan were

flattened because Bin-Laden was presumed to be living there. And who could forget the US invasion of Somalia, with troops storming the beaches live on prime time TV!

Who will make up the Obama administration is at the time of writing speculation, though we do know his Chief of Staff is Israeli army veteran Rahm Emanuel, popularly viewed as Likudist hawk and that his National Security Adviser will be architect of the Mujahedeen Zbigniew Brzezinski.

Not only is Obama incapable of ushering in significant change, bar a few miserly reforms, but neither is there anyone he can bring to his administration capable of bringing the change that was so promised in his election campaign for no other reason that changers do not get confirmed by the Senate. There exist quite influential interest groups – the AIPAC, the military security complex, Wall Street etc to hinder the advancement of such undesirables

The hope many have in Obama to implement policies that will benefit the class that matters is misplaced. His political rawness means he will be manipulated by more experienced advisers, little different from the neo-cons, maybe even key figures from the Bush administration, and pressured by a corporate elite who funded his victory to execute policies that fit in with their own agenda.

The outcome of US elections carries one truth: namely that whichever candidate becomes president, he has but one remit once in office – to further the interests of the US corporate elite. It’s just not a feasible option for any newly elected president to entertain any idea other than guaranteeing a safe playing field for the domestic profit machine and doing what’s needed to try to ensure the US maintains its global hegemonic status.

JOHN BISSETT

An urban myth is circulating on the internet that banks have been creating money out of thin air.

Banks, money and thin air

Those who have seen the cult film *Zeitgeist* and its sequel *Zeitgeist Addendum*, popular amongst conspiracy theorists and others suspicious of governments and banks, will have heard recounted the argument that banks can somehow create money out of thin air by the stroke of a pen or, these days, by the touch of a computer keyboard.

In *Zeitgeist Addendum* this argument is based on what is stated in an educational booklet published by the Federal Reserve Bank of Chicago. Entitled *Modern Money Mechanics* it first came out in 1975 and has gone through several editions.

Zeitgeist Addendum begins by describing how it thinks the Federal Reserve Bank (the “Fed”) creates money. If, it says, the government wants more money then, through the Treasury, it creates Treasury bonds which it exchanges with the Fed for currency notes of the same face value; as the government has to

pay interest on the bonds this adds to the National Debt and so is “debt money”. Both the Treasury bonds and the currency notes have been created out of thin air.

This is one way of putting it but it is misleading. It is rather the other way round in that the initiative to create more currency comes from the Federal Reserve Bank. Once it has decided that more notes are needed it asks the Treasury to print them (for which the Treasury charges). The normal way these get into circulation is by the commercial banks converting into currency some of the reserves they are obliged to lodge with the Fed. *Modern Money Mechanics* explains:

“Currency held in bank vaults may be counted as legal reserves as well as deposits (reserve balances) in the Federal Reserve Banks. Both are equally acceptable in satisfaction of reserve requirements. A bank can always obtain reserve balances by sending currency to its Reserve Bank

and can obtain currency by drawing on its reserve balance” (p. 4).

In any event, both the Treasury and the Federal Reserve are part of government so we are talking about internal state accounting arrangements. It is, however, true that the new currency has been created out of nothing. Since it is not backed by gold and convertible on demand into a pre-fixed amount of gold, it is what in the US is called “fiat money”, that is, money created by a mere act of State.

Modern Money Mechanics does not in fact have much to say about currency creation but concentrates on what it calls “money creation”. It draws a distinction between “currency” and “money”. This is explained clearly enough on the first page of the booklet where money is defined as currency plus bank accounts with a cheque or debit card; which is M1 in the jargon (“In the remainder of this booklet, ‘money’ means M1”).



Congressman Ron Paul, from Texas, a critic of “fractional reserve banking” and advocate of a return to a gold-backed currency, has an even wider definition of “money”:

“M3 is the best description of how quickly the Fed is creating new money and credit. Common sense tells us that a government central bank creating new money out of thin air depreciates the value of each dollar in circulation.” (27 April 2006, see <http://www.lewrockwell.com/paul/paul319.html>).

M3 includes other types of bank deposits and liabilities not included in M1. In claiming that all new money created by the Fed depreciates the dollar he is overstating his case. All the US currency (but, as we shall see, not bank deposits) is created “out of thin air” but an increase won’t lead to a depreciation of the dollar as long as it corresponds to an increase in the amount required by the economy for its various transactions (paying for goods and services, settling debts, paying taxes, etc). It is only currency issued in excess of this that will cause a decline in its value and so a rise in the general price level.

Everybody accepts that cash (currency, notes and coin) is money. Some might be prepared to include cash deposited in banks as well. But *Modern Money Mechanics* definition of bank deposits is wider than this. It doesn’t mean just deposits by people of the money they already possess but any account for which the holder has a cheque or debit card, i.e. including credit lines granted to those who banks have lent money to (so enabling *Zeitgeist* to go on talking about “debt money”):

“Checkable liabilities of banks are money. These liabilities are customers’ accounts. They increase when customers deposit currency and checks and when the proceeds of loans made by banks are credited to borrowers’ accounts” (p. 3, emphasis added).

So, when it talks about “money creation” it is not talking about currency creation but mainly about “bank deposit” (in the above sense) creation.

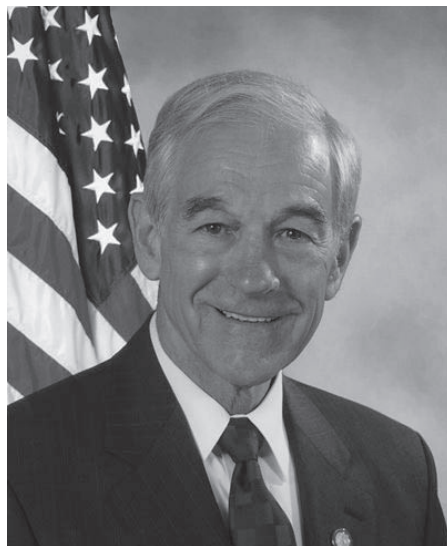
The Federal Reserve booklet goes on to explain what “fractional reserve banking” involves and how it can lead to the creation of more “money” in the sense of more bank deposits. Banks, it explains, have learned that when cash has been deposited with them they only need to keep a part (a “fraction”) of it as cash as a “reserve” to deal with likely cash withdrawals; the rest they can lend

out. What this fraction is depends on the circumstances, but historically it has been around 10 percent.

On the booklet’s definition, in making a loan a bank is “creating money” as their loans will take the form of creating a new bank deposit as a credit line which the borrower can draw on as if they had made a deposit of their own money (except they will be paying interest on it). The



Above: the Federal Reserve Bank of Chicago. Below: Ron Paul, a critic of “fractional reserve banking”



booklet then asks “What Limits the Amount of Money Banks Can Create” and answers that this depends on the cash reserves it has decided to hold or is required by law to keep.

It is here that *Modern Money Mechanics*, by suddenly shifting from what an individual bank can do to what all banks together (“the banking system”) can, opens the way to the misinterpretation of people like Ron Paul and the makers of the *Zeitgeist* films that banks too can create “money” out of thin air. The booklet

explains that US banks are required by law to keep a “fraction” of deposits as “reserves” in its vaults and/or a balance with the Fed, and says:

“For example, if reserves of 20 percent were required, deposits could expand only until they were five times as large as reserves. Reserves of \$10 million could support deposits of \$50 million” (p. 4).

This is a very misleading way of putting as it could suggest that if banks receive total new deposits of \$10 million they can immediately proceed to make loans of four times this. This is not so, and not really what the booklet meant to suggest. What it means is that the banks can immediately lend out only four-fifths of \$10 million, or \$8 million, and that this circulates throughout the banking system leading in theory to new loans totalling in the end \$40 million, bringing total “bank deposits” up to \$50 million.

Confusingly, the numerical examples the booklet goes on to give to illustrate this are based not on a 20 percent reserve fraction but on a 10 percent one (which is more or less what the law in the US requires for the kind of bank deposits in question). So, to take its example, if \$10,000 is deposited in the banking system, initially say in one bank, that bank can make loans (create credit line bank deposits) of \$9000. When it is spent this \$9000 will be re-deposited in other banks which can then lend out 90 percent of this, or \$8100; which in turn will be re-deposited in banks, allowing a further \$7290 to be lent out, and so on, until in the end and over the period, a total of \$90,000 new loans will have been made.

This shows how the Fed can practise “fractional reserve banking” to control the amount of “money” (currency plus bank deposits) in the economy. This is done via “open market operations” as explained in a section headed “Bank Deposits – How They Expand or Contract”:

“Let us assume that expansion in the money stock is desired by the Federal Reserve to achieve its policy objectives . . . [T]he Federal Reserve System, through its trading desk at the Federal Reserve Bank of New York, buys \$10,000 of Treasury bills from a dealer in US government securities. In today’s world of computerized financial transactions, the Federal Reserve Bank pays for the securities with an ‘electronic’ check drawn on itself . . . The Federal Reserve System has added \$10,000 of securities to its assets, which it has paid for, in effect, by creating a

liability on itself in the form of bank reserve balances” (p. 6).

The bank from which the Treasury bills were purchased now has reserves above the 10 percent limit and so can turn the \$10,000 into loans, which starts the process described above rolling, leading to an extra \$90,000 bank lending.

In theory the Fed could contract bank lending in the same way, but this has never happened. So M1 has gone up and up each year. But what about the currency in all this? It too has gone up but passively and almost automatically. With increased banking activity more currency notes are required, which banks get by converting their reserves into this and which, if it hasn't enough notes, the Fed just asks the Treasury to print more. But this has consequences – the depreciation of the dollar and the rise in the general price level Congressman Paul doesn't like.

But has the banking system really created more “money”? Only if you regard “bank deposits” as money. If you don't, all that has been shown is that currency has circulated in that the whole process depends

on the initial deposit or injection of cash being recycled as further deposits by depositors (as opposed to by banks creating a credit line). So, neither an individual bank nor the whole banking system can lend more than has been deposited with it. By the end of the process, in the example given, the first loan (out of the first deposit of \$10,000) of \$9000 has been used and used again for genuine deposits totalling \$90,000. But all this assumes an expanding economy, since where is the money to repay the loans and the interest on them to come from without being assured of which the banks would not lend the money in the first place?

So the banking system does not create money to lend out of thin air but can only lend money deposited with it and then only when economic conditions permit it.

Today, bank deposits are not the only source of what the banks lend. They also borrow on the money market (as has been highlighted by the present banking crisis). This means that their reserves are an even smaller percentage of their total loans, only about 3 percent in fact. This figure is mentioned in *Zeitgeist*

Addendum as if this was now the “fractional reserve” and that therefore banks, or the banking system, can “create” loans of up to 33 times an initial deposit. Another silly mistake.

If currency cranks such as the makers of the *Zeitgeist* films have got the wrong end of the stick about “fractional reserve banking” and imagine that it means banks, whether singly or all together, can create money or credit out of thin air this is partly the fault of the way that booklets like the one produced by the Federal Reserve Bank of Chicago try to explain it. Of course the Fed does not believe the “thin air” claim, but to refute the currency cranks it would have not only to re-iterate that no single bank receiving an additional deposit of \$10,000 can forthwith loan out \$90,000, but also spell out that the expansion of credit line bank deposits still depends on people making real deposits of their own, unborrowed money (whether in cash or by cheque or by bank transfer). Which would restore a sense of reality and explode the myth that banks can create loans out of thin air.

ADAM BUICK



Cooking the Books 2

Fictitious capital

The present crisis has led journalists to look for quotes from Marx. Here's another example, this time from John Plender of the *Financial Times* (18 October):

“Karl Marx was wrong about many things, but in 1893 he provided as good an account of today's financial implosion as any living commentator. “To the

possessor of money capital, the process of production appears merely as an unavoidable intermediate link, as a necessary evil for the sake of money-making. All nations with a capitalist mode of production are therefore seized periodically by a feverish attempt to make money without the intervention of the process of production.”

(http://www.ft.com/cms/s/0/b63025ca-9cad-11dd-a42e-000077b07658.html?nclink_check=1)

Plender was wrong about many things. First, Marx died in 1883 so he could not have written anything in 1893. This was the date that Engels published the second German edition of Volume II of *Capital*. Second, it is not even an accurate quote. The first six words are not part of the quote, but something the person Plender was quoting from added in square brackets to introduce the context. Third, the last sentence about “all nations” was added by Engels, as he explained in a footnote (in section 4 of chapter 1).

This said, the passage brings out well that the aim of production under capitalism is not really to make things – that is only incidental – but to make money, more money than those with or controlling money-capital set out with. The source of the added money is the unpaid labour of those who actually produce wealth, the class of wage and salary workers, but this is obscured in financial dealings.

Marx dealt with the illusion that money can give rise to more

money without production in Volume III of *Capital*. Here (chapter 29) he introduced the concept of “fictitious capital”. There is nothing dodgy about such capital. It's something insurance companies have been doing for years. As Marx explained:

“The formation of a fictitious capital is called capitalization. Every periodic income is capitalized by calculating it on the basis of the average rate of interest, as an income which would be realized by a capital loaned at this rate of interest. For example, if the annual income is £100 and the rate of interest 5%, then the £100 would represent the annual interest on £2,000, and the £2,000 is regarded as the capital-value of the legal title of ownership on the £100 annually. For the person who buys this title of ownership, the annual income of £100 represents indeed the interest on his capital invested at 5%. All connection with the actual expansion process of capital is thus completely lost, and the conception of capital as something with automatic self-expansion properties is thereby strengthened.”

Examples of this are government bonds, the price of land, and stocks and shares. Marx called these “fictitious” capital because the capital sum did not really exist, only the estimated future income stream did and that depended in the end on future production. In the case of shares, the real capital is in the fixed assets (factories, equipment, machines) and working capital (to buy materials, pay for energy, the wages fund) of the capitalist firm; this capital does not exist a second time in the prices of the shares.

One thing that banks had been doing in recent years was to increase the amount of such fictitious capital by turning mortgage repayments into bonds, “securitising” them in the jargon. If, however, the future income stream is threatened or fails to materialise – as has happened – the fictitious capital so created is depreciated or ceases to exist. But this does not mean that the real capital to which it corresponds has ceased to exist, only that its paper duplicate has gone to money heaven. A reminder that “the conception of capital as something with automatic self-expansion properties” is an illusion.

Education, politics and language

Today's education system is presented as preparation for a 'career' ignoring the political conditioning it also involves.



the education system is seen as preparation for a 'career' rather than political conditioning is evidence of the subversion of the very language used to describe the world. In an effort to present the current social structure the language used presents it as the only possible world and any alternative as either naïve or dangerous fantasy. Why else would it be considered reasonable to debate the existence of a supernatural entity that created the universe (God) but ridiculous to explore the possibility of a stateless and moneyless rational society?

Speaking of money – a great way to start an analysis of the subversion of language

Our species is unique in terms of the length of our childhood. Most believe this to be so because of the advantages of learning which can be passed on culturally. In the natural environment as opposed to the cultural human one, we would not progress very far if we had to learn through personal experience how to create the technological world in which we live.

Vital in this process is an efficient way in which to communicate the lessons of the past – language. As a child grows it exhibits a skill for language that still amazes those who study and analyse the process. Capitalism depends on an authoritarian social structure that seeks to justify and protect the minority who currently have social power. It is not surprising to socialists, then, that these values are also communicated within the process of the 'education' of the young. Together with the more obvious forms of coercion: continual testing to destroy communal feelings by presenting others as competition; enforcement of uniformity in appearance to suppress individuality; living by the clock to impose the illusion of the normality of life as a wage slave; the presentation of 'careers' such as in the military or banking as being acceptable rather than lives celebrating murder or the exploitation of their fellow man – there is also a far more powerful and subversive use of language that this article will seek to illustrate.

Before continuing this analysis we must mention the other type of education that exists within capitalist societies – what, in this country are called public schools. They possess, unsurprisingly, a very different ethos than that described above. For the children of the elite who are not taught at home these institutions exist to prepare their pupils for university where they learn the techniques needed for the City, Westminster, Inns of Court or any of the other institutions dedicated to the suppression and exploitation of the majority class. That this is self-evident to socialists but is seen as an expression of envy and class 'hatred' by the Establishment and even by many members of the working class itself is testament to the power of education and its social values (on both sides).

To the powerful, of course, a socialist education is political manipulation based on propaganda. That to many


in this society. How many times have we heard that money can give us 'independence' and 'choice'? For instance it is said that it gives us the ability to travel. Apparently we don't need the labour and talent that produces cars, boats, trains and planes. What need do we have of shoes, food, clothes and maps to get to our destination? The idea that money can create these things is one of the great illusions implicit within our language.

All the coloured paper and shiny coins in the world will not get you across water unless someone builds you a boat – and not just someone but hundreds and even thousands are involved in producing the possibility of travel. Money represents an involuntary contract that involves an interdependence of, sometimes, global labour – the complete opposite of 'independence'. And how many times have you heard it said that King Henry built this castle and Lord Muck built that stately home? No designers, masons, architects or carpenters were apparently involved. For many it is money that creates our world and not the interdependent labour of us all. What is this if not a political subversion of language?

Perhaps the ultimate triumph of this kind of linguistic perversion is the contemporary view of what constitutes 'politics' itself. We are told that we live in a 'democracy' in which we are free to choose what kind of society we live in. But the most important of all political decisions – what the community produces – is never subjected to any kind of democratic process. Instead the city brokers merely decide which commodities will deliver the greatest or most reliable profits. In other words these decisions are made by a tiny elite minority in the interests of an even smaller minority. In capitalist society the only 'choice' voters have is who will decide how taxes are distributed to create and maintain the state infrastructure – armies, police, road, rail, law, health and social security system and, of course, the education system.

Even this choice is only 'given' to the people once every five years between two political parties with no important differences in ideology. And this is political democracy? Apart from its obvious farcical and unjust nature it makes politics so boring. It's not just cynicism that turns people off from this 'media politics' it is that it's been sucked dry of meaning and now only represents platitudes and repetitious

"The ruling class seek to own the language as they own everything else..."



clichés. But this is the way our rulers like it. Their media continues to produce meaningless garbage about political celebrities (leaders) and evil foreigners or unions, knowing that while their readers are obsessed with such trivia nothing will ever change. This is the primary aim of our education system – the inculcation of language without political meaning.

For over one hundred years the task of the socialist party has been to counter the propaganda of the status quo. Not just in ideological terms but in trying to restore meaning to political language. Even our opponents have to admit that the meaning they give to words like socialism, democracy, human nature, economics, history and politics itself is very different from ours.

Although socialists grow weary of redefining the very language of politics for every individual

new to our perspective it is quite possible that when we find we do not have to do so, then change is close. For although the ruling class seek to own the language as they own everything else, the needs of a highly technical means of production necessitate a higher and more flexible education system. Their wealth may give them power but it cannot give them intelligence or talent – for that they need us.

It may be that the days of a narrow education to fit the needs of a narrow division of labour are past. More of us are not able to tolerate the public school, university ‘experts’ pontificating on politics any more. They must take responsibility for the dire state of the world. The majority are taking possession of knowledge and do not need politicians, priests, doctors, scientists, prime ministers or any other type of ‘leader’ to make political decisions on our behalf.

WEZ

Make a Decision

“Who controls the past controls the future; who controls the present controls the past”

This was the slogan of the dreaded Thought Police in George Orwell’s book *1984*.

It is today’s rulers’ slogan too, for the ruling class want to perpetuate their dominance. This is why their ideologues and media have redefined “socialism”; to maintain a class-divided society; this is why there are many career politicians claiming “socialism” to gain power. It is a pity that many follow them who have a genuine sympathy with suffering and seek to remedy the disease of capitalism. But, as Oscar Wilde said, “the remedies do not cure the disease: they merely prolong it. Indeed, their remedies are part of the disease” (*Soul of Man under Socialism*).

Technology, science and human goodwill can solve the problems confronting humanity but only after removing the restrictions of the absurd market system.

The minority capitalist class promote the market system as it maintains private property, by which they gain ownership of wealth produced by the working class who actually run industry from top to bottom. The ownership of this monopoly must be taken from the capitalist class. How? We suggest that the socialist majority of society impose the democratically-expressed will for common ownership on the minority capitalist

class. Then, with common ownership established, the whole edifice of the market, private property, wage labour, money, rent, capital, interest, for they are all interdependent, is abolished. It is replaced by a rational, classless, society with free access for all to the common wealth of society; and real human progress begins.

Conscious democratic control and application of shared available knowledge will allow the opportunity of real true freedom. The evidence that everyone has equal power and an equal vote in every decision taken will be obvious within this future, stateless society by the removal of hunger – used as a subtle form of control under capitalism. Within this society of freely associating equal individuals, every woman, man and child will take what goods they need from a communal store. This free access, this freedom, is what will maintain real democracy and it will be possible because money will be non-existent and unnecessary. Our common sense will tell us not to waste what could be shared with others; this is what the early socialists expected.

As socialists we want to participate in a progression of the global community to free humankind’s real human potential. “Give us our world,” you will say. It will not be given; you must make it. Socialists are equal but are each different. We don’t accept leaders, Thought Police or career politicians, which is why we invite you to ignore leaders and Thought Police too. Begin to free yourself, be confident, be disobedient; think for yourself, ask questions and inquire after the case we suggest. We have nothing to lose but our chains. We have a world to win.

CB

Five more benefits of not having money

We continue describing how things could be like in a socialist society, where there would be no need for money.

1. Environment

Bear in mind the aim here is an excursion into the benefits of money totally disappearing from our lives; for all to have access to the necessities of life and in return to contribute their effort for the common good. Havoc has been wreaked on the environment by corporations and others with the full consent of successive governments around the world – for the acquisition of necessary resources but using unnecessarily harmful methods. Peak oil and climate change are terms on everyone's lips and the general consensus from Joe Public is that *something* needs to be done – and fast.

If we remove the agents for profit (corporations and governments of the capitalist system) and engage in honest democracy of the people,

by the people and for the people decisions can be made to halt damaging practices and implement methods of farming, fishing, mining, extraction, energy production, manufacturing etc. that do no harm to either man or environment. Safe working practices will be the norm. Resources can be protected and used carefully when incentive for their rape and pillage is gone. Energy usage can be reduced drastically in 1001 ways using alternative energies, building using integral insulation and energy conservation techniques, vastly reducing transport as work and societal practices change, stopping air freight of "luxury" and unnecessary goods, producing and manufacturing locally wherever feasible, etc.

Local communities could have the final say on resources in their area with the possibility that sometimes the resource will be deemed off-limits and so remain untouched, and if no one is prepared to work mining or tunnelling to extract a particular resource then an alternative will need to be found. With a system of no money there can be no forced labour or unacceptable working practices. Resources will be valued for what they are, not what price they can be sold for, and protection of the environment can be put firmly on the agenda as demanded by the world's majority.

2. War and Conflict

Envisaging this newly emerging moneyless world, it is apparent that cooperation rather than competition will be the



driving force to its development and the glue that will bind communities. Having removed the profit incentive and made access to resources free, production will be for use only. There are no losers in this scenario, all are to benefit from the new world order. It's just that a tiny minority might have difficulty in coming round to see it that way. As a consequence of this totally different emphasis – freedom of access and no monetary element – it isn't difficult to accept that military forces will become redundant.

Wars have always been about control of territory for resources and are usually promoted in the name of democracy, expansion abroad or protection of the domestic population from threat of real or manufactured enemies but which always utilise armies recruited from the mass of the population and sacrifice workers in the service of the capitalist cause. Internal conflicts involving government backed forces against "insurgents"/"freedom fighters", breakaway independence groups/terrorists – when looked at rationally are (a) about lack of rights for certain sections of the community, groups deprived of their own self-determination; tensions deliberately fostered between sections of society so the elites can keep control (divide and rule) and (b) only temporarily dealt with (if at all) through force. If the causes aren't dealt with the effects are sure to reappear. Dealing with the causes, injustices, lack of access, etc. needs the pawns in the game to recognise that that is what they are and to join forces against those controlling them, putting the



power of decision making into the hands of the majority and ending the reasons for future conflict.

No need for ownership or use of war material will render a massive service to the environment, saving resources on a huge scale and stopping pollution of the planet from the harmful waste created in both their production and deployment besides avoiding millions of deaths. Saving lives could become the new unarmed forces *raison d'être*. Bodies of fit, well-trained, well-resourced, motivated men and women available to deal with the effects of natural disasters and unexpected calamities would be one of a number of ways to deploy the willing volunteers, a civil action force for true humanitarian intervention.

3. Media and Advertising

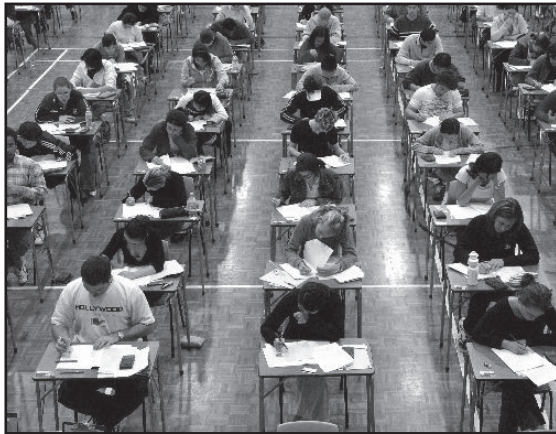
Media without money? In today's system we buy newspapers and magazines, a licence to watch television plus payments to a provider for umpteen other channels and subscribe to internet providers for access to the world wide web. If something arrives at your house for free, it has been paid for by advertising and advertising gets its money from services provided to businesses, and businesses get their money from customers buying the products and services.

Without the profit motive it would be possible to watch a film or interesting documentary uninterrupted by advertisements that always intrude at a higher level of decibels. Junk mail would be redundant; another positive for the environment. Ugly advertising hoardings crowding town spaces and roadsides would give way to more thoughtful and aesthetically pleasing additions to our visual surroundings. Many talented artists would be freed up to turn their expertise in more socially acceptable and useful directions. Media, in general, could become what the people want, not what they're told they want. Real choice, real variety, true information and not warped by an individual proprietor's view. This could be such an exciting area with much more community involvement from

planning to production. Released from wage slavery and with the intellect free from worry about unemployment, housing, health care etc. etc. the capacity for individual personal development will expand considerably.

4. Education

In its broadest sense education is just that – individual personal development. The most fulfilled individuals are those who can reach the end of their lives knowing they have spent their time exploring to the limits the areas that most interest and motivate them. These individuals are not satisfied by or limited to an eight-hour day, they continue willingly for extended hours because they enjoy and are motivated by what it is they are doing. Conversely, of the various officially recognised systems of education available in the world today none come close to encouraging youngsters to pursue their own individually chosen path in life. Institutional education is about fitting young children to become



compliant teenage students who can then be steered in one of the very limited directions on offer. This is called choice. The best time to learn anything is when the individual is motivated to do so at whatever age. The best way to learn is usually by doing – a combination of observation and practice. Sitting at a desk in a room with 20, 30, 50 or so others for several hours a day is not conducive to good learning and not conducive to producing free thinking adults, but it is a good preconditioning for adult life in a money-oriented world which requires both a compliant workforce and passive unemployed.

To hear a nine-year old's response when asked what he would like to do when he leaves school, "Well, I'll go and get my Giro" is a shocking indictment of a system which by its very nature excludes many people. Whether in the examination system or later in the work situation, a certain percentage every year must be expected to fail. How humiliating and degrading is that? But that is

how this system works; there is only room for so many to achieve.

When the work situation changes so that all are contributing regularly to the common good by the work they perform and all are freely taking their daily needs from the common store youngsters will experience a totally different example from today's. Education will be embraced as offering ongoing opportunities for all to succeed in their chosen areas in societies which value all members regardless of their so-called IQ.

5. Quality of Life

In a world of money "quality" is equated with cost. A quality item costs more than a shoddy or mass produced one, e.g. Rolls Royce v a standard Ford. "Quality" chocolate costs the consumer more but doesn't give more to the grower. Quality is a term used to convey superiority and status, something better than the rest, better than the others. Unfortunately when coupled with time most families have little of it and the cost can be great. Quality of life is talked about as something desirable, to be aspired to and implies a certain level of income but, in fact, everyone has a quality of life, a comparative quality which could be measured against many different yardsticks. Most people would admit they are looking for ways to improve their own.

In order to achieve the positive changes to be gained by the disappearance of money, power has to be taken away from the elites and placed firmly in the hands of the people. None of the proposals posed above could become reality without the will of the majority – but what is the will of the majority, the popular perception of the "system" today? Active consent for the system is generally lacking and people have allowed themselves to become resigned to it instead of opposing it, believing that there is no alternative. Surely it is within the capacity of this miracle of evolution to reason its way back from the headlong rush to condemn billions of its own to degradation and misery, whilst destroying its own habitat with the philosophy that money can solve all problems? With money gone the generally accepted meaning of "quality of life" can become a reality for all to contemplate and world citizens will be free to aspire to achieving goals worthy of humankind.

JANET SURMAN

A booming industry

even in a recession



RPG sales are rocketting

A recent issue of the magazine *Time* (14 October) highlighted the immense profits to be made in capitalism even in a trade recession. “Need to start a war? No problem. While stock markets grate and financial institutions (and even whole countries, like Iceland) teeter on bankruptcy, one global industry is still drawing plenty of high-end trades and profits: weapons.”

The article reported the case in a Paris courtroom where 42 officials went on trial for taking millions in kickbacks and organising huge arms commissions from the Angolan government during the mid-1990s. This group, which included a former French Interior minister and the son of the late French President Mitterrand, were charged with having supplied almost \$800 million worth of arms to Angola, including 12 helicopters, 6 naval vessels, 150,000 shells and 170,000 mines.

The Angolan President Jose Eduardo Dos Santos used this huge stockpile to crush the US-backed Unita rebels during Angola’s devastating civil war. It is worth noting that Dos Santos is reckoned to have made millions of dollars from the transaction and that he is still in power with no prospect of a fraud trial for him.

The source of this arms hardware was the huge stockpiles of Soviet weapons left behind when the Soviet Union collapsed. The French businessman Pierre Falcone allegedly plied



Angolan officials with tens of millions of dollars – some of it stuffed in suitcases – and deposited other sums in offshore accounts.

You might imagine that these shady dealings having been brought to light could no longer occur, but you would be dreadfully wrong. “Researchers say arms trading has boomed in the decade since the Angolagate scandal was uncovered. That’s partly due to heightened supply. As ex-Soviet republics emerged as economic actors in their own right, several countries developed national arms industries, refitting weapons from their stocks and manufacturing new weapons of their own. These industries have taken off in recent years. Ukraine has about 6 million light weapons from Soviet stockpiles, and has modernised tanks, anti-aircraft missiles and other weaponry, says Hugh Griffiths, an expert on illicit weapons at the Stockholm International Peace Research Institute.”

“It is very difficult to stop arms trafficking, because there is no control,” says Griffiths, who has researched Ukraine’s arsenal for the US government. Although NATO funds Ukraine to destroy its stockpiles, “the Ukrainians realize how much money they can make by selling surplus weapons,” he says. In an action that broke no laws, the Ukrainians shipped about 40,000 Kalashnikov rifles to Kenya last year during the tense standoff following the country’s disputed presidential election.”

As the struggle for oil and minerals intensifies inside capitalism we have rebel conflict in Chad, Sudan, Congo and elsewhere. This conflict needs weapons and so the arms trade legitimate or otherwise flourishes. In Africa and all over the world capitalism reigns supreme. The basis of capitalism is production for profit, so in its remorseless drive for profit it leads to conflict, and eventually armed conflict. It is the nature of the beast to maim and kill and all attempts to civilise it by such grandiose titled groups like the Stockholm International Peace Research Institute are doomed to failure. As the expert Hugh Griffiths himself admits – “there are plenty of arms out there - so long as you have the money to pay for it.”

RD



AK-47: Must-Have accessory. Price in Africa, around \$200

Socialist Party Merchandise

Teeshirts:

Blue with polar bear and 'If you were a polar bear, you'd be a socialist' plus party website address.

Yellow, with blue and green globe 'The world is a treasury for all' plus party web site address on.

Sizes: Small, Medium, Large, Extra Large.

Mugs:

One style: 'Duet' - Red and white with 'Only sheep need leaders' (pictured) and

website on, with "Famine?

War? Pollution? Capitalism is the Problem. World Socialism s the Solution" and party tel. number on.



Pens:

Blue and white, with blue ink 'Only sheep need leaders' and a sheep plus party website

Red and white, with blue ink 'Workers of the world unite' plus party website Black with black ink. 'Only sheep need leaders!' and a sheep plus party website

Baseball caps:

navy blue, with embroidered "World Socialist Movement" on.

Balloons:

different colours, with "World Socialist Movement" on.

Prices:

Tee shirts £7.00 each (**state size when ordering**). Mugs £5.00 each. Pens £0.50 each. Baseball caps £5.00 each. Balloons 15p each.

Postage and packaging

£2.50 for the first £10 and then £1.50 for subsequent £10 worths or part thereof. Please send cheque or postal order (no cash) made payable to SPGB SW Regional Branch, c/o Veronica Clanchy, FAO: South West Regional Branch, 42 Winifred Road, Poole, Dorset. BH15 3PU. Any queries, please phone 01202 569826. Please include own phone number or other contact details.

Book Reviews

A Basic Mistake

Basic Kropotkin – Kropotkin and the History of Anarchism. Brian Morris. Anarchist Communist Editions, 2008. 32 pages. £2



Russian émigré prince Kropotkin, pioneering advocate of "anarchist-communism", is probably best known for his work *Mutual Aid: A Factor of Evolution*. This

short pamphlet takes us on a fleeting tour through the many strands of Anarchism as related to his theories.

Firstly we are presented with a sketch of the "libertarian impulse" throughout human history; Lao Tzu, classical Greek philosopher Zeno of Citium, the Diggers and even an Islamic sect, the Najadatam all possessed an "anarchist sensibility" and were forerunners of Anarchism proper, it is claimed. For Kropotkin it is William Godwin who first stated the basic principles of Anarchism in his 1793 "Enquiry Concerning Political Justice" though he did not use the term – it was first used by Pierre-Joseph Proudhon.

In the next chapter we meet Bakunin whom, rather confusingly, we are told "was at heart a communist" even though he defended a form of private property where the products of labour are traded between individual – and therefore competing – labour associations or "free communes".

Finally we come to Kropotkin's dispute with the mutualists, most notably Proudhon, Warren and Tucker. Kropotkin applauded their "vigorous defence of the rights of the individual" but in defending private property they opened up the way "for reconstituting under the heading of 'defence' all the functions of the state."

The main flaw of the pamphlet is in Morris's failure to see the distinction between Marx's thought and the Leninist concept of the vanguard party. Marx is falsely lumped together with the Blanquists of which Engels commented "Blanqui's assumption, that any revolution may be made by the outbreak of a small revolutionary minority, follows of itself the necessity of a dictatorship after

the success of the venture. This is, of course, a dictatorship, not of the entire revolutionary class, the proletariat, but of the small minority that has made the revolution... These conceptions of the march of revolutionary events have long become obsolete." (*The Program of the Blanquist Fugitives from the Paris Commune*).

For Marx and Engels the 'dictatorship of the proletariat' meant a politically organised and conscious working class democratically controlling the transformation of the state; not the totalitarian rule of the vanguard party, as Lenin, the Anarchists and others have claimed. However, circumstances have changed since Marx and Engles put forward this concept, it is not a term the Socialist Party would use today.

By still claiming that the theories of Marx are akin to those of Lenin and other vanguardists the Anarchists are doing a disservice to the truth.

DP

Post-modern guru

Goodbye Mr Socialism. Radical Politics in the 21st Century. Antonio Negri with Raf Scelsi. Serpents Tail Press, London, 2008



The Italian intellectual, Toni Negri, who was once sentenced to jail in Italy for giving a theoretical defence of urban terrorism, is highly regarded in some circles.

The blurb on the back of this book describes him as "one of the world's leading experts on Marxism" and as "a guru of the post-modern Left". He may well be the latter but is certainly not the former.

The opening chapter is a surprisingly indulgent justification of some of the things that happened in Stalin's Russia, even if this is part of the "Mr Socialism" to which he is saying good bye in this transcript of a question and answer session with another Italian intellectual. The other part is the whole idea of the factory proletariat, organised in trade unions and left wing political parties, as the agent of social change:

“the epoch of wages is finished and that the struggle has moved from the level of a fight between capital and labour regarding the wage, to a fight between the multitude and the State around the income of citizenship.”

The “income of citizenship” is a clumsy translation of what is more usually called a “Basic Income” or, by the Green Party, a “Citizen’s Income”, defined in a lexicon at the end of the book as:

“a monetary payment distributed at regular intervals to all those who enjoy citizenship and residency for a certain period of time, which allows a minimum dignity of life . . . It is paid to those of working age, for the period that goes from the end of obligatory schooling to pension age or death.”

Negri supports this as he sees the demand for it as “a refusal of work and of the wage relationship”. If introduced other than as some tinkering with the tax and benefits system it would indeed undermine the economic compulsion to go out and work for an employer; which of course (apart from its cost) is why it is never going to happen under capitalism. In any event, as a goal, it is a poor substitute for “from each according to their ability, to each according to their needs”.

Negri does, however, have a point when he criticises those who look only to the factory proletariat as the agent of social change. This is only a section of the working class properly so-called and, in the developed capitalist parts of the world, is now less than 50 percent of the workforce. But, in placing his hopes in those with knowledge skills involved in non-material work (the “cognitariat” as he calls them) he would seem to be making the same mistake of wanting to rely on a section only of the working class.

Surely the point is that social change has to be up to the class of wage and salary workers as a whole, not just one section. Or perhaps this is what Negri means by the “multitude”, which, if it is, comes across in English as a rather derogatory term to describe all those forced by economic necessity to sell their mental and physical energies for a wage or salary.

ALB



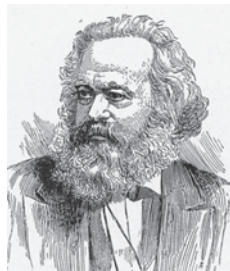
socialist standard
Marketing the Mind

- in depth
- in touch
- insight

www.worldsocialism.org

Money

Marx’s Theory of the Genesis of Money. Samezō Kuruma, translated with an introduction by E. Michael Schauerte, Outskirts Press, 2008



Money can function as a means of exchange, a measure of value, a general equivalent, a standard of price, a store of value.

Samezō Kuruma takes a close look at some of the key theoretical issues related to Marx’s concept of money. Kuruma (1893-1982) was a Japanese Marxist economist and the text here is translated by a member of our American companion party. He also provides an introduction which seeks to outline the answers to how, why and through what is a commodity money. Kuruma’s text, however, is purely analytical in its approach and is devoid of historical context, a common failing amongst many Japanese writers on Marxian economics.

LEW

New Pamphlet *An Inconvenient Question: Socialism and the Environment*



see order form on page 9 for details

Meetings

London

Public Meeting followed by Social.
Saturday **10 January**, 6pm
DID YOU ENJOY YOUR CHRISTMAS?
Speaker: Jim Lawrie.
Socialist Party Head Office, 52 Clapham High St, London SW4
(nearest tube: Clapham North)
Saturday **31 January**, 6pm
Film: ZEITGEIST ADDENDUM
Socialist Party Head Office, 52 Clapham High St, London SW4

West London

Tuesday **20 January**, 8pm
WHAT HAPPENING IN THAILAND?
Socialists who were there answer questions.
Chiswick Town Hall, Heathfield Terrace, W4.
(nearest tube: Chiswick Park)

Glasgow

Wednesday **21 January**, 8.30pm
BANKS, BOOM AND BURST.
Speaker: Vic Vanni.
Community Central Halls, 304 Maryhill Road.

Saturday **24 January**, 3pm to 5pm.
PUBLIC DEBATE: DID TROTSKY POINT THE WAY TO SOCIALISM?
Yes: Hillel Ticktin, editor of Critique.
No: Adam Buick, Socialist Party.
Hillhead Public Library, Byres Road.

East Anglia

Saturday **24 January**, 12 noon to 4pm
12pm informal chat
1pm meal
2pm to 4pm Discussion
The Conservatory, back room of Rosary Tavern, Rosary Road, Norwich.

Manchester

Monday **26 January**, 8.30pm
‘Is a World of Abundance Possible?’
Unicorn, Church Street, City Centre

Stressed?
Depressed?
Exploited?

Shoulda gone to
The Socialist Party

www.worldsocialism.org

Memorable happenings in 1958



The falling off of production and decline of sales have hit privately owned textiles just as hard as the State-owned railways and mines, and the textile industry presents us with a harsh example of another illusion that ran parallel with the nationalisation campaign and was held by the same people. This was the illusion, prominent after World War II, that things were not going to be as they had been in the depressed 'thirties. No more would there be unemployment and the dole queue; for those "in the know" had learned how to plan for full employment.

(...)

Unemployment for all industries is now on the way to 600,000, a figure that does not take account of the many who have lost their jobs but do not register as unemployed,

and though the government professes to be sure that things will get better "in the Spring" they have yet to explain the whys and wherefores of what has already happened. What has happened to their supposed control of the employment situation and their readiness to step in at short notice to head off depression?

The Labour Party and the Tory Party, the latter with its belief in managing "full employment" and the former believing as well in nationalisation, can look back at 1958 as a year in which their theories were demonstrated to be unsound and useless to the workers. The S.P.G.B. alone can justifiably claim that it predicted both failures.

(from editorial, *Socialist Standard*, January 1959)

2007 SOCIALIST STANDARD INDEX

An index of articles to 2007 can be obtained by sending two first-class stamps to Socialist Standard, 52 Clapham High Street, London SW4 7UN

Labour, Lib-Dem, Tory

The Socialist Standard examines their case

Capitalism? Kids' Stuff

'Capitalism and Other Kids' Stuff' is a new DVD from The Socialist Party which asks us to take a fresh look at the world we live in and to question some of the most basic assumptions about life in capitalism.

"All I can say is: Oh my god. I just can't believe how good this is!"
BILL HUSTON, BINGHAMPTON INDYMEDIA, NEW YORK

"I've been teaching for 30 years, and I find this to be one of the best short films I have ever used."
DOUG BROWN, PROFESSOR OF ECONOMICS, NORTH ARIZONA UNIVERSITY

£5.50 (including P & P) from the Socialist Party, 52 Clapham High Street, London SW4 7UN. Cheques payable to 'The Socialist Party of Great Britain'

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Declaration of Principles

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

Object

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

Declaration of Principles

The Socialist Party of Great Britain holds

1. That society as at present constituted is based upon the ownership of the means of living (i.e., land, factories, railways, etc.)

by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.

2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle between those who possess but do not produce and those who produce but do not possess.

3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into the common property of society of the means of production and distribution, and their democratic control by the whole people.

4. That as in the order of social evolution the working class is the last class to achieve its freedom,

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

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

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

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

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



Post Offices – open or shut?

“By all of capitalism’s standards of logic the Post Office must be under threat of disappearing”

Postman Pat, delighting children by zooming around Greendale with his observant cat Jess, became a TV success by cashing in on the romance which lingered around the workers who, in all weathers and at all places, delivered the mail. How would Pat survive now, with Greendales’s post brought by a tee-shirted trolley-pusher jiggling along to loud calypso music from his radio, who is liable to stuff as much junk advertising material through the letter box as proper mail? It was not always like this; well within living memory postmen (they were always male) wore thick, dark uniforms topped by a hard helmet resembling the *pickelhauber* of the German Army at the start of the 1914/18 war (the peaked caps, just as obligatory, came later). No trolleys then; postmen had to carry the mail in a large, rough sack slung across their shoulder held by coarse string. And they came several times a day; before the age of the telephone it was common for people to tell their family or friends that they would visit them on the following day by writing them a *post card* - relying on the post to get the message there on time. No wonder the posties had so exhaustive a knowledge of their round – who lived where and with whom, how well, or how sick, they were, who had a birthday when. It was this sense of human contact that brought many postmen to be addicted to the job. Like Postman Pat.

Closure

Along with your friendly neighbourhood postman, as part of the same deal, is – or in some cases was - the local post office – also friendly, in fact at times so much so that it resembled a kind of minor, casual branch of the Samaritans. Because it was here that local people came, not just to buy their stamps and postal orders or draw their pension but to unload their anxieties or celebrate their successes. They were more small shops than post offices, selling newspapers, food and the like. It is a general assumption that they existed only in rural areas, in small sleepy villages but in fact they survive, supplying their locality, in many a town and city. One example was given by Keith Hill, the MP for Streatham, in a House of Commons adjournment debate on 13 March 2008. He described the Abbeville Road post office in Clapham, a part of London where roses do not grow sweetly around the doors of quaint cottages and no ploughman homeward plods his weary way. This post office was under threat of closure, (it has now closed); in its defence Hill praised the services on offer there, making it “a focal point in the community” and “a lifeline of human contact for its many elderly customers”; a petition with over 2000 signatures testifies to this.

Loss

In that same debate Pat McFadden, the Minister for Employment Returns, after the customary emollients about what a brilliantly eloquent speaker and industrious MP Hill is, gently reminded him of the real facts of capitalism’s life, the sense of which is that it is all very

well talking about how valued a service may be but what counts is whether it makes a profit or a loss. And by those standards the Post Office network does not show up well; according to McFadden last year it lost £174m, with the cost of some operations high enough to make any accountant with an eye to a balance sheet choke. The postal system as we know it, including pre-payment through adhesive stamps (the famous Penny Black), arose from the demands of 19th century industry and commerce. In the same way, many of the Post Office’s present problems are due to it falling behind changes in technology, which have led, for example, to eight out of 10 pensions being paid electronically into a bank instead of being drawn over the Post office counter, after a chat with the staff about their family. Car tax can now be paid online, which is quicker and easier than queuing up with people wanting a book of stamps. While people may get some relief, enjoyment even, in being able to drop into their local branch but that is not how commodity society operates. By all of capitalism’s standards of logic the Post Office must be under threat of disappearing as an unvarying, ubiquitous feature of social life.



Relieve

Chosen to make this happen was Adam Crozier, a man who, even before he got to work on shredding the Post Office network, might have been described as controversial. For example after closing some 4600 offices, cutting the work force by 45,000, in 2007 he collected a 26 per cent increase in his basic pay; with his bonus and pension his total came to £1.250.000. However perhaps he will not be so busy in future. In November the government, anxious to placate back benchers being lobbied by irate Post Office customers and to persuade the electorate that they have the recession under control, decided that the Post Office would keep the contract to run the Card Account, which had seemed about to be passed to a private company. This surprising move is expected to prevent some 3000 closures. When it came to explaining so abrupt and emphatic a change of policy the government were able to call on Minister of Work and Pensions James Purnell, who has shown himself well capable of shamelessly defending any policy – or change of it. Taking time off from harassing the sick and unemployed he told MPs that the Post Office “...is seen as safe, secure and reliable as a provider of financial services. I believe that now cannot be the time for the government to do anything that would put that network at risk” and on BBC Radio that the Post Office is “...a social service which people look forward to visiting. It is often at the heart of local communities”. We should not be surprised at this hi-jacking of the case put by the government’s opponents for it is just another example of the blatant smoke-screening of the reality of capitalism’s chaotic nature. There is no need to watch this space because we can all guess what will happen next...

IVAN



Voice from the Back

The Futility Of Reformism

"One result of Ethiopia's dreadful famine in 1984, when at least 1m starved to death, was the invention of celebrity activism on behalf of the world's most miserable. Band Aid, then Live Aid, then even more sophisticated networking and the airing of starving children on television helped persuade rich countries' governments to double aid to Africa as part of a wider set of promises to meet the UN's eight Millennium Development Goals laid out in 2000, the first of which is to 'eradicate extreme poverty and hunger' by 2018. Despite progress in setting up early-warning systems, better procurement methods and the rapid delivery of nutrition in the form of foil packets of plumpy nuts, the Horn of Africa has remained a hunger zone. The UN's World Food Programme (WFP) says the present drought is the worst there since 1984. The International Committee of the Red Cross, which is usually slow to press the panic button, says it may be the tragedy of the decade. At least 17.5m people, the agencies reckon, may face starvation." (*Economist*, 30 October) This is typical of the futility of a policy of reformism, many well-intentioned people spend an enormous amount of energy and time in trying to patch up capitalism only to find that instead of a million starving to death they now have over 17 million threatened with the same fate. The only way to solve this awful problem is to abolish the system that produces it and bring about world socialism.



illusion. The US must compete in the world-wide struggle for markets and raw materials and to do so they need an immense military budget. How immense was recently revealed. "As President-elect Obama plans for his first budget early next year, the Pentagon is asking for a record amount, according to a senior Pentagon official. The official said the Pentagon's baseline request being sent to the White House will be \$524 billion for fiscal 2010, \$9 billion more than last year's \$515 billion baseline request." (*CNN.com*, 19 November)

The Cost Of War (2)

When governments count the cost of war they use dollars and pounds and figure what strategic gains or losses have been made, but workers have a much more brutal and realistic way of accounting. Here it is. "As of Monday, Nov. 17, 2008, at least 4,200 members of the U.S. military have died in the Iraq war since it began in March 2003, according to an Associated Press count. The figure

includes eight military civilians killed in action. At least 3,392 military personnel died as a result of hostile action, according to the military's numbers. The AP count is the same as the Defense

Department's tally, last updated Monday at 10 a.m. EDT. The British military has reported 176 deaths; Italy, 33; Ukraine, 18; Poland, 21; Bulgaria, 13; Spain, 11; Denmark, seven; El Salvador, five; Slovakia, four; Latvia and Georgia, three each; Estonia, Netherlands, Thailand and Romania, two each; and Australia, Hungary, Kazakhstan and South Korea, one death each." (*Associated Press*, 17 November)

Dole Queue Dictionary

Everyday you can read about the mounting figures of unemployment. This used to be called "getting the sack", "getting the bullet" or in Scotland getting "your jotters", but we live in more sophisticated times so they sugarcoat it with terms like "being surplus to requirements" or some such business-speak. We think that Nokia must take the prize though. "Is your firm experiencing a 'synergy-related headcount restructuring'? This, probably the most ghastly euphemism yet encountered for mass sacking, has been invented by Nokia. Indeed, so proud of it are they that they repeat it, or different versions of it, nine times in a comparatively short announcement." (*Times*, 22 November) As a worker I have been sacked, screwed and sent down the road but "headcount restructuring" sounds even more painful.

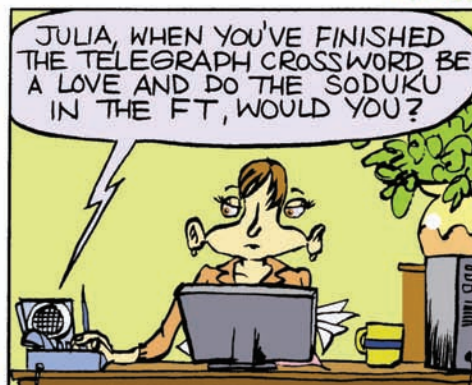
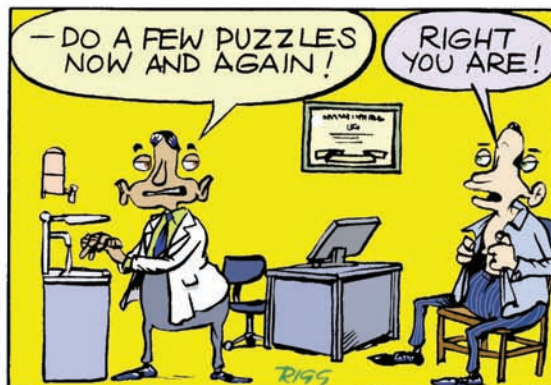
A Dog's Life

Two recent news items illustrate how distorted human values have become inside capitalism. "A wealthy female surgeon has commissioned a £1.4 million kennel for her two Great Danes, next to her second home on the exclusive Lower Mill Estate, near Cirencester. The kennel has a Jacuzzi, a plasma screen TV, thermostatically controlled beds, a £150,000 music system and a security gate with retinal scanner." (*Times*, 26 November) "Fears are being raised there could be a jump in the winter death toll. An Age Concern poll of 2,300 people found many over 60s were worried about being able to heat their homes because of soaring energy prices. And with a one of the coldest winters for some years predicted, the charity said the death toll could rise. It comes after figures for England and Wales suggested there was a 7% jump in extra deaths last year despite a relatively mild winter." (*BBC News*, 27 November) A pampered life for dogs but no thermostatically controlled beds for shivering old workers, that is how capitalism operates.

The Cost Of War (1)

Many workers in the USA believe that with the election of a new president all their troubles are over, but the realities of capitalism will soon shatter that

Free Lunch



by Rigg