

# GENERAL STRIKE NOW!

*This is the slogan of the day as workers around the world are driven into destitution by the fraud of inflation. Such a slogan will only gain muscle if it is driven by the membership of the trade unions. The majority of trade union leaders do not lead from the front, instead they are found at the rear restraining their members and tripping up their struggles.*

In Britain, in the face of inflation of over 10%, dozens of unions have pledged to hold strike ballots to protect their members' standards of living. Even the [financial press](#) has smelled something in the wind. *"Amid political upheaval, an economic crisis and the potential for mass industrial action, Britain faces a problematic, and possibly pivotal, summer."* The call for a general strike should never be taken lightly, it arises only under conditions of deep economic stresses and political instability, conditions now maturing in Britain.

This said, the British TUC remains a complaining Bernstein, not an organising body seeking to set up a national strike committee to bring these strikes together so as to amplify their force. Instead of being the tip of the spear, the TUC remains the tip of the cotton bud, as it has always been, there to soothe rather than inflame.

## **The emergence of left-reformism.**

And this has been going on for 150 years. Beatrice & Sidney Webb in Britain and Bernstein in Germany are the mid-wives of left reformism shaped by the emergence of the modern proletariat and the response to it by the capitalist class. Like all good political marketeers, to get a hearing, they dressed up their intentions in the dominant terminology, phraseology, and slogans of the time. But they did so to subvert these goals through draining their content, thereby turning them into dried out husks which they could proudly wear on their lapels like medals.

They promoted two ideas. The first being that an accommodation could be found with capitalism, what Bernstein called a '[real partnership](#)' *"The right to vote in a democracy makes its members virtually partners in the community, and this virtual partnership must in the end lead to real partnership."* And what a partnership that has been, enduring for 150 years. Capital and labour have been democratically married for over a century.

But partnerships depend on give and take. For Bernstein it was the workers who gave and the capitalists who took. This can be seen in his advice to workers to behave like good wage slaves by not demanding too much. *"It is certainly too great an exaggeration to say that the changes in the rates of wages and the hours of labour have no influence at all on prices. If the wages of workers in a certain industry rise, the value of the corresponding products rises in a corresponding ratio as against the value of the product of all industries which experience no such rise in wages, and if the class of employers concerned do not succeed in meeting this rise by an improvement of machinery, they must either raise the price of the product concerned or suffer a loss in the profit rate".* [And here](#) So if workers demanded too much in wages capitalists would retaliate by raising their prices to protect their profit rates, and so higher wages would be self-defeating. We will return to this erroneous and anti-working-class position which incidentally seeks to cement the wage relation rather than to abolish it.

Probably the more important, and second aspect, was his proposition: *“To me that which is generally called the ultimate aim of socialism is nothing, but the movement is everything.”* But if the movement is shorn from its goal it becomes an end in itself. But what did he mean by *“the movement”*? He meant the emerging democratic structures in the form of the working-class reformist parties and trade unions. They needed to be protected from the workers themselves and this could only be done if the movement disowned its goals, the abolition of the capitalist system through working class revolution. Otherwise the capitalist class would find this movement threatening and therefore illegitimate.

Here he was addressing himself to the emerging trade union bureaucracy and party leaders. Those who were being elevated above the general conditions of the working class through ascending these structures. In Bernstein the capitalist class saw the proffering of the olive branch, an antidote to the revolutionaries who still populated the movement.

A minority can only rule a majority through the agency of mis-leaders together with traitors drawn from the ranks of the majority themselves. Until and unless the minority can assemble such a caste of mis-leaders its oppressive structure remains incomplete, therefore unstable. To render this structure rigid requires a bracing strut and this was provided by the labour bureaucracy when it was incorporated into the establishment as Bernstein had intended. Now workers had not only to contend with the capitalist class but their own mis-leaders.

It would be wrong to imply that this caste has no class consciousness. This caste knows that while the capitalists class tolerates them, even flatters them when necessary, they know that an insurgent working class would not tolerate them even for a second. No revolutionary working class certain of its mission would accept the privileges of this class whose standard of living and conditions bears no resemblance to ordinary workers. Leave it to the right-wing to uncover the scale of their earnings. *“[Our research](#) reveals that 45 public sector trade union bosses receive more than £100,000 each year in salary and benefits. This places them comfortably within the top 5 per cent of earners in the UK. Moreover, it also places them in the category of ‘wealthy’ as defined by the Labour Party’s Shadow Chancellor, John McDonnell.”* More sources of data put the average trade union official salary at anywhere between a quarter to more than double the average wage depending on seniority. [Unite the Union](#) is currently advertising for middle ranking regional officers with salaries starting at £54,000 p.a.

The capitalist class has never given the union movement a free ride. One of the measures the capitalists have striven to maintain was to keep union funds in their cross hairs by reversing any immunities trade unions had won to protect their funds whilst striking. The British Unions first won legal immunity in the 1870s. The Unions then lost this immunity which not restored until the passing of the Trades Disputes Act of 1906. This victory was due to the growth of the general trade unions with their broader political outlook.

Why was the issue of immunity so important? The issue of immunity was the issue of control. Bankrupting unions would deprive them of the financial resources to go on strike. But there was a second and not so visible motive. By degrees the capitalist class had come to recognise that the privileges of the new bureaucracy depended on the income of the union and the reserves that were being accumulated. Now mark, most of the membership income was now paying for the machinery of the union whose biggest cost was the small army of paid officials, with the balance set aside as a reserve. Now mark again, these reserves were not treated as potential strike funds, but as a cushion for the privileges of the leaders guaranteeing their salaries and perks. The employing class knew that the trade union leadership would

not jeopardise this reserve, because they had come to see the unions not as an instrument of class struggle, but like Bernstein, as the preferred place for their own employment.

In 1927 in retaliation for the failed 1926 mass strike, the government introduced The Trade Disputes and Trade Union Act of 1927 which hobbled the union movement and put their funds at risk once more. After the Second World War, the fight over restrictions and immunities re-emerged. Even the Labour Party was to be drawn later into this conflict as industrial unrest grew. This occurred with the infamous programme of the Labour Party, *In Place of Strife*, which split the union movement and led to the loss of the 1970 election. It sought to regulate strike action and to introduce fines for trade unionists breaching these regulations. This was followed by the ill-fated Heath Conservative Party which introduced the Industrial Relations Act (1971) with its new regime of fines, but against the background of an unfavourable balance of class forces which meant the Tories had difficulty enforcing this Act..

The incoming Labour Government did not dare repeat *In Place of Strife* in the face of workers' militancy and instead repealed the Industrial Relations Act replacing it with the Trade Union & Labour Relations Acts of 1974 and 1976 which extended the scope of immunities. This set the stage once more for Margaret Thatcher's government to attack these immunities after her election victory when she was given a leg up by Callaghan's deliberately engineered '*winter of discontent*'. Her Employment Act of 1982 repealed the protection preventing action being taken by the courts against union funds, exposing the unions once more to large claims of damages during disputes. This was followed by the Trade Union Act of 1984 which increased the range of conditionalities under which claims for damages by the state and employers for breach could be instigated. (Here is the link to all the Acts in this [useful article](#).)

Thatcher neutered the trade union movement by making spontaneous strike action, effective picketing and solidarity actions not only illegal but by holding a knife to the throat of trade union funds she put the survival of the union at risk as well. She had the measure of the trade union hierarchy, in defence of their funds they would now police their membership on behalf of the employers. In this way she consolidated the defeat of the steel workers, the miners and the printers, in short the organised working class.

To preserve their funds and income in the face of dwindling memberships, union leaders would begin the process of merging smaller unions into larger unions so as to enhance their sources of income, aka their members subs.. Indeed so successful were some of them that they were able to justify even larger salaries. Bernstein's prophecy had come true, the unions were to be an end in themselves in a society considered by the bureaucracy to be permanently capitalist.

It is unlikely that British Imperialism would have survived two world wars, innumerable colonial conflicts, a general strike, a depression, a financial crisis without the support of its loyal labour bureaucracy. Again Bernstein had laid the patriotic trap when in the articles cited he made the distinction between internationalism and defending the democratic stake workers had carved in their own country. As a stake holder, he argued, workers had a common interest in defending their nation against the foreign enemy.

Closer in time, we need look no further than the general election of 2017. There are more and more leaks coming out about how Corbyn's popularity and that of the manifesto was putting the fear of god into the establishment because god forbid it was raising the aspirations of the British working class and their political horizons. Here the labour bureaucracy, both in the Labour Party (MPs, local council bureaucrats and officers) together with the leadership of most trade unions, proved decisive. They briefed against Corbyn, they deflected funds away from local campaigns which most needed it, and were generally

obstructive. So confident were they that their efforts had sunk Corbyn, they even locked Corbyn and MacDonald out of the Labour headquarters on polling day thinking they were electoral history, when in fact the Labour vote jumped to 40% leading to a hung parliament.

These creatures preferred a Tory victory to a Labour victory because they feared their increasingly mobilised memberships. They really should move the House of Lords to Wembley Stadium to make enough room for all the lordships these damn bureaucrats have earned rescuing capitalism..

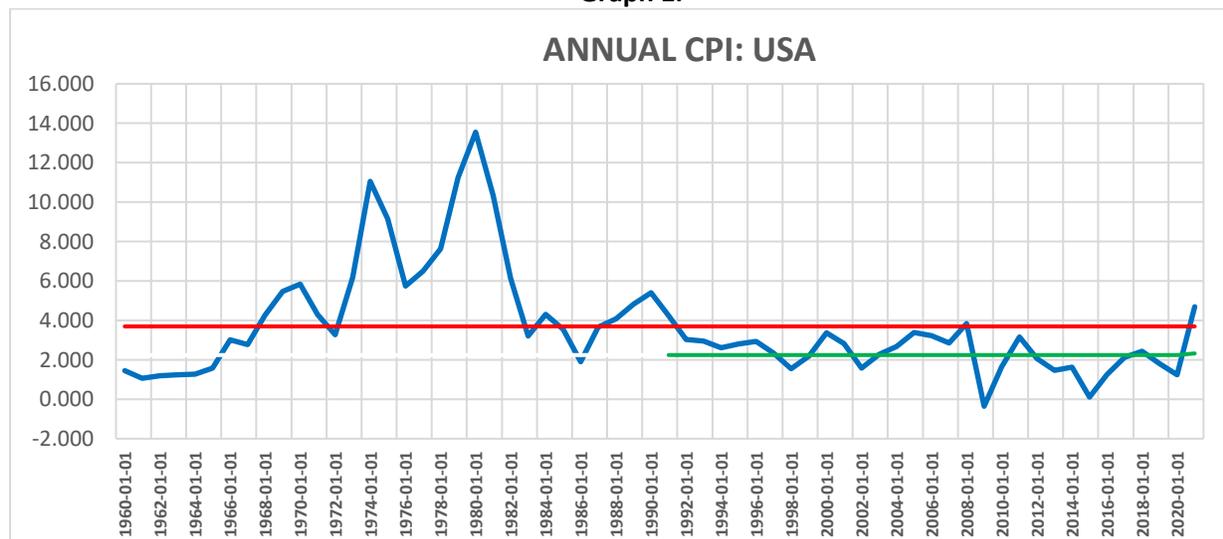
### Turning back to inflation.

Bernstein revised Marx's position on wages and prices by cautioning workers that pay rises were self-defeating as they would be negated by higher prices. He was not alone. This became the national anthem for most of the bureaucracy. Fair wages and fair profits made for a fair-weather economy. In reality of course, as we will see, higher wages lead to lower profits not higher prices and anyone who says the opposite is an ignorant political scoundrel.

This article examines the issue of wages, prices, and profit from a novel angle. The rise in inequality is blindingly obvious. Less obvious has been its effect on inflation. To begin we need to break the economy into its three great Departments of Production. Department 1 which produces means of production comprising, machinery, equipment, non-residential structures, materials, power, components etc, Department 2A which produces articles of consumption for workers, and finally, Department 2B which produces articles of consumption destined for the capitalist class. Turning specifically to Departments 2A & 2B it is clear that changes to wages and profits would re-arrange demand for articles between the two Departments. A rise in profits could temporarily raise prices in Department 2B by increasing demand there but this would be accompanied by a fall in demand for the articles produced in 2A. Thus these disturbances in demand would still leave the general level of prices largely unaffected.

We will therefore take the general price level as our anchor. In Graph 1 below, annual changes to the Consumer Price Index is plotted. Given the rise in inflation in the 1970s and early 1980s the average rate of inflation over these 60 years was just under 4% (red line). Over the last twenty years, excluding the price anomalies created by the pandemic, it has average two and a quarter percent (green line).

Graph 1.



Two and a quarter percent is close to the 2% target set by the FED. Why 2%? It is always interesting when the capitalist class rise above competition by adopting a national perspective only to find the skyline filled by their working class. 2% is not an arbitrary figure, it was the long-term average rise in labour productivity at the time. Thus any wage increases less than 2% bequeathed some or most of the productivity gains to the capitalist class. Clever banksters.

More times than not the FED struggled to hit its annual target of 2%. In fact over the last 20 years, inflation fell below 2% half of the time. What helped the FED come closer to its target was the inflation generated by luxury goods, not the mass-produced goods destined for workers. It means that the inflation found in Department 2A was miniscule to non-existent and far lower than that found in Department 2B.

This is the novel aspect of this article. Here we will examine how the much higher rates of inflation generated by inequality was responsible for the general rise in prices. Of course no mention has been made that obscene profits and speculative gains leads to inflation. Oh no, the focus is always on wages.

So how much higher was inflation for luxury goods over the last 20 years. *UBS analysts estimate that top brands such as Louis Vuitton, which is owned by industry leader LVMH, have raised their prices two-and-a-half times higher than the inflation rate over the past 20 years.* Generally the figure is around [two times higher](#) even when [less expensive goods](#) are added in.. Private school fees are a killer! This has continued during the pandemic and even accelerated because of a specific phenomenon. Due to supply side disruptions, production of high-end goods has increased at the expense of low-end goods in the car industry, housing etc. This has raised the median price for goods sold in that industry. Strictly speaking this change in the mix of products is not inflation because high end goods cost more to produce. But it needs to be factored in as it forms part of the overall CPI.

This can be seen in the car industry and the housing industry. In the car industry the share of luxury cars sold jumped by a third between 2019 and 2021 *“[Strong luxury share](#) – at 17.3% of sales – helps push industry average price higher. Luxury share in May 2021 was 15.9% and even lower pre-pandemic, at 13.1% in May 2019. Average rise in price in May was 13.5%”* or more than 50% higher than the rise in the CPI during this time. Actually this data understates the rise in the share of top end vehicles because even those brands not classed as luxury saw their most expensive models sell faster as dealers focused on these models loaded with extras under the pretext of chip shortages.

The same applies to housing. In 2019 32% of [new homes sales](#) were above \$400,000, but by Q1 2022 that share had shot up to 57%. Thus much of the so-called inflation in house prices is caused by more expensive homes being sold while sales of less expensive homes have collapsed. In 2019 26% of homes were bought for less than \$250,000, in 2022 only 10%.

But it is really [luxury watches](#) that reveals all. In 2021 China exported 427.9 million units of watches while Switzerland only exported 15.7 million, but whereas Swiss watches accounted for over 50% of the total value of watch exports, that of China only amounted to under 6% in terms of value. That was because the average export price of a Swiss watch was \$1475 compared to a Chinese watch at \$5. (Remember to translate the export price into the final selling price by multiplying by three.) More to the point, in 2021 only the sales of Swiss watches costing above 3000 Swiss Francs grew both in value and volume, and in sufficient numbers so as to more than compensate for the fall in the value and volume of lower priced watches. Bravo Rolex. Total Swiss watch price increases measured in Francs between 2019 and 2021 came

to 27.3% and [going back to 2016](#) it amounted to 88%. Between 2019 and 2021 the export price of a Chinese watch increased by \$1 while that of a Swiss watch increased by \$477.

This increase in luxury good consumption continued into the first quarter of 2022 though it now appears to be faltering due to losses in speculative assets. *[LVMH Moët Hennessy Louis Vuitton](#), the world's leading high-quality products group, recorded revenue of 18 billion euros in the first quarter of 2022, up 29% compared to the same period in 2021. Organic revenue growth was 23%. The United States and Europe also achieved double-digit revenue growth.*

There is another side to this shift in luxury good consumption. Department 2B is 'labour intensive' and big. If we look at the [BLS data provided here](#) we find growth in the areas associated with Department 2B. Construction employment has increased mainly housebuilding, so has financial, professional and business, and health care. And then there has been the surge in imports of goods. The top 10% consume as much as the bottom 80% of US society even after government assistance to the poorer sections of society is taken into account.

Importantly, being labour intensive, luxury goods production does not lend itself to productivity increases. The rich are willing to pay top dollar only because the goods are hand-crafted by skilled workers. These are not commodities; they are status symbols. The average retail cost of a new stainless-steel Rolex is between \$7,000 and \$12,000 though to be sure it does not keep time better than a \$20 quartz watch. No punter would pay that kind of money if the Rolex was being produced on an assembly line by Robots in China. To think otherwise would be to live in cloud-cuckoo land which in this case happens not to be in Switzerland.

Thus the capitalist lament, that without an increase in productivity no cap on inflation is possible nor no rise in prosperity, fails to understand that they are to blame for this state of affairs not workers, that the rise in inequality from which they benefit is the enemy of productivity, because their posh consumer habits does not lend itself to mass production and thus to the dance of productivity.

We can therefore see that even after the shift to luxury production due to the increased personal consumption of the capitalist class, there has been no rampant general inflation over the last twenty years. Of course, there were no newspaper headlines screaming out that higher profits, dividends and bonuses will lead to price rises and stagnant productivity. Similarly there were no headlines saying that lower profits, dividends and bonuses would be good for businesses because the resulting increase in demand by workers will expand those industries where productivity shines. None of this, just a stream of anti-working class lies designed to preserve and expand profits.

There is an allied point. The price of luxury goods, even if demand was unchanged, would appear to rise should there be a change to the general level of productivity. If outside luxury production, in capital intensive industries, productivity is rising as it is, there would be a cheapening of production. This being so, even if luxury goods were not being made more expensive, they would appear to be so relatively, because everything else is being cheapened. Strictly speaking this is a monetary phenomenon.

A final point. The argument that reducing real wages and government spending would lead to under-consumptionism has not been borne out. Over the last 20 years consumer expenditures have grown powering the economy measured by GDP despite stagnant to falling wages. Of course this is an unhealthy state of affairs, but the under-consumptionists would have predicted the opposite, that as workers could

not buy back what they had produced, personal consumption would have been a drag on the economy which it has not been.

In summation higher wages do not lead to higher prices overall, higher profits do not lead to higher prices overall, but higher wages lead to lower profits. Higher wages lead to higher cost prices not higher selling prices thereby squeezing profit margins. In a period of inflation, the more the employing class can hold down wages, the less they have to rely on interest rates to curb demand. Recently the British government boasted they had given public sector workers a five percent pay rise, no they did not, they gave these workers a five percent pay cut because inflation is above 10%.

There is another capitalist concern. Pay deals extend out to at least a year. If workers win a pay deal matching inflation, in this case 10%, this sets a floor for the following pay deal next year. The elevation in wages becomes permanent. This is what concerns the capitalist class not the view that it will add to demand. How can a wage rise which matches a rise in prices possibly add to demand, it cannot.

But so what, the division between wages and profits beneath the level of appearance is simply the division of the labour expended by workers into its paid part and its unpaid part. Wages represents the paid part and profit the unpaid part. The argument about wages profits and prices thus boils down to the argument over the sharing out of the labour of the working class. To force workers to work unpaid amounts to theft, and it is, profit represents the legalised and enforced theft of part of the labour of the working class. And if profit is theft then inflation is fraud aimed at protecting and expanding those profits.

Until such time as we abolish the wages system itself by abolishing unpaid labour, this argument about wages profits and prices will drag on. A general strike on the other hand, by its dynamic challenges the wages system.

### **The general strike.**

Although the 1926 general strike has been called this it did not involve the entire working class. It was centred on the miners the transport workers and the dockers. What is instructive about the strike is two things. The role played by the TUC and the Union leaders, as well as the emergence of higher forms of struggle and organisation at the margins which did not develop as the strike was cancelled after 9 days.

The newly formed TUC and the trade union leaders, some of whom would become MPs in the first Labour Government had shown their loyalty previously by mobilising workers to fight in the Great War. In the run-up to the strike they were more concerned with side-lining and red baiting the militants and revolutionaries in their ranks while sowing illusions in the state (exemplified by their confidence in the Royal Commission looking into the coal industry), than they were with organising and preparing their members for battle. In fact as the [following article](#) shows they deliberately played into the hands of the capitalist class.

When the strike broke out, Churchill the 'British hero' who was Chancellor of the Exchequer (without the golden touch) and editor of the anti-strike *British Gazette*, proposed using the army to break the strike. Baldwin the prime minister overruled him saying this was unnecessary as he had a better card to play, he proposed using their allies on the other side, namely the TUC to break the strike peacefully. These honourable and fine Labour gentlemen were then invited to Downing Street where Baldwin acknowledged they were the power in the country now and asked them what they were intending to do with it. They replied: to hand the power back to you. They called off the strike after just 9 days, at a time

when more workers were joining the strike than on its first day. What is the warning to workers that reverberates all the way from 1926: when facing off against your enemy - the capitalist class and their state - make sure to guard your back against the misleaders and traitors in our ranks.

A general strike cannot be conjured up. This has well been discussed and debated by Lenin, Luxemburg and Trotsky. We are obliged to study their analyses and observations. Like all great ideas its time has to come, which it has in Britain. Extreme economic and political stressors buffet the country. The most recent attack on workers originates from 2010, half a generation ago, and it has become more acute. Workers are facing the most savage attack on their standards of living in 55 years. What makes a general strike contemplable, is not an episodic attack on wages and conditions but an enduring one which has made life intolerable, which convinces workers that they cannot continue to live this way any longer. And it must have eroded the lives of broad layers of workers, in the case of Britain, tens of millions of workers.

That time is now, and it has. The standard of existence has replaced the standard of living for many. Workers are reduced to living on the basics and often not even that. Hungry children are crying themselves to sleep. Families fret about how they are going to keep warm this winter. Britain once a nation of shopkeepers is now a nation of foodbanks increasingly unable to cope with the demands on them.

The most recent 'almost' general strike occurred during the Heath government in the early 1970s which Heath sought to defuse. The potential catalyst was the *Pentonville 5*, dockers who had chosen prison rather than pay fines for so called unlawful striking and picketing. There are a number of lessons to be learnt about this period if we are to update the experiences of 1926. It was not that workers were more militant, nor that the government was less prepared for a strike (Heath was preparing for a mass strike and had invoked the Civil Contingencies Act), but that the working class was bigger and more concentrated in larger urban localities and the Tories knew this.

Although Heath opted under pressure for an early election to gain a new mandate with the help of the anti-union UK media, the fall-back position always was to deploy the Labour Party to do capital's dirty work for it, which it did when it formed the next government. Although it repealed Heath's anti-union legislation, it more than redeemed itself in the eyes of the capitalist class during the 1976 Sterling Crisis. This crisis was not only manufactured by the Bank of England, but it and Whitehall provided the IMF with the policies that formed the bail out. In short, hiding behind and blaming the IMF, the Labour Party dutifully introduced the cuts, cuts Callaghan agreed with, which began the process of dismantling the post-war social democratic state. Adding to this later, Callaghan set out to provoke workers and demonise strikers. In this way the Labour Party wore down the unions preparing the grounds for the next Tory government. For all these reasons, the Labour Party is to be seen as an interim government between the Tory governments at either end of the 1970s, the decade in which the fallen rate of profit required they act in concert to end the post war regime of concessions to workers which was now unaffordable.

Returning to the present, the material weight of the working class continues to be a material factor in any future conflict. It cannot be ruled out that the government will provide more than the current \$35 billion to head off unrest. On the negative side, the capitalist class has made a strategic error. In their desperation to unseat Corbyn they have ended up with a Starmer led government which has little popular connection to workers. Starmer is no Wilson. In the event of having to contain the rising anger of workers, the Labour Party will be found wanting. The establishment paid a high price using Johnson as the rod to beat the Corbynites, but even this could pale against the need to have a credible Labour Party to mislead the working class when the crisis comes to a head.

Finally, a political crisis is brewing as well. It is often said that the Tory Party has a powerful majority in parliament. This is less important to how the government is viewed. The legitimacy of government and not only the current one, is likely to be at the lowest point since 1945. Legitimacy is all important and central to the rule by consent. Much is made of the out of touch 'Westminster Bubble'. This is newspeak for a deeper crisis, the issue of legitimacy.

This became clear in the ITV debate of the Tory frontrunners in the leadership debate held last Sunday evening. Here the viewer was treated to blue-on-blue candidates spearing each other with tax cuts and Brexit and deregulations and all the nonsense that will make Britain Great again. And yet when Julie Etchingham, who hosted the debate, asked a single question: whether they supported pay rises for workers, they put away the barbs, linked arms, and chorused NO. Thus when it came to workers. they showed their true anti-working-class colours, and this at a time when the fabric of society is tearing.

Liz Truss is likely to be the next Prime Minister. She is the worst of the candidates. It is probable given the early election results that an attempt was made by MPs to ensure she was not shortlisted. She makes chloroform look like a stimulant. Like a parrot she echoes what the membership wants to hear, which is why Sunak has styled himself as the straight-talking honest candidate, saying what is, and not promising what cannot be delivered in contrast to Truss.

As history speeds up it is unlikely that Truss will contain the herniating political process for any length of time. To expose Johnson took months, with Truss it will take weeks.

### **Conclusion.**

A general strike emerges only under acute and extreme conditions which workers find intolerable. It expresses the need to act. A general strike terrifies the capitalist class and their Labour allies. When it takes place it demonstrates to workers their collective power and by bringing society to a standstill it also reveals that it is the working class not the capitalist class who are the producers and providers, that nothing moves without them. Should it endure it forces strikers to begin to re-organise society in order to ensure the distribution of the essentials of life.

This is why the General Strike can act as the detonator for insurrection. On the other hand its defeat disarms this detonator. It is therefore a decisive historical act one which can lead towards revolution or counter-revolution depending on its outcome.

It is likely that the slogan for a general strike will become more and more popular as increasing numbers of workers come out on strike. But it will be bitterly opposed by the TUC and the Labour Party who will deride it as an out-of-date gimmick. It will only come about when rank and file members in all the unions come together and demand it be organised, which implies they are both willing to stand up to their leaders and to disrespect all the trade union laws. In the end 'might is right', a general strike will trample this legislation under foot once and for all.

For all of this to happen we need to join up and build a new rank and file movement across the unions with regional strike committees set up. We cannot leave it in the hands of the hibernating TUC.

Brian Green, 23<sup>rd</sup> July 2022.