

## THE AFFLUENT SOCIETY IS A MYTH FOR WORKING CLASS PEOPLE.

Deprivation and exploitation are the day to day lot of working class people in the developed countries of the West. Radicals in these countries swallow the myth of working class affluence and concentrate exclusively on environmentalism or solidarity with the poor of the developing nations. They fail to understand that only the struggle of exploited people in *all* nations can create a better world.

Jacob Pugh examines the post-war experience of working class people from an illuminating and original perspective, taking the British experience as his example. He shows how new needs have developed for working class people because of the massive changes in living conditions that have occurred over the capitalist period. The incomes of working class people are not high enough to meet all these needs and affluence is continually postponed for them. Pugh rejects the popular view that these new needs are the product of manipulation by advertisers or notions to do with 'relative poverty' and shows how they are created by the development of urbanisation and suburbanisation and ultimately by the productive process itself.

Pugh demonstrates how exploitation by an upper and middle class elite keeps the majority of the population in this state of permanent deprivation despite the appearance of rising incomes and rising consumer spending.

'Working Class First!' ends with a program for the combination of working class struggle in the developed world with struggles in the developing world and the environmental struggle.

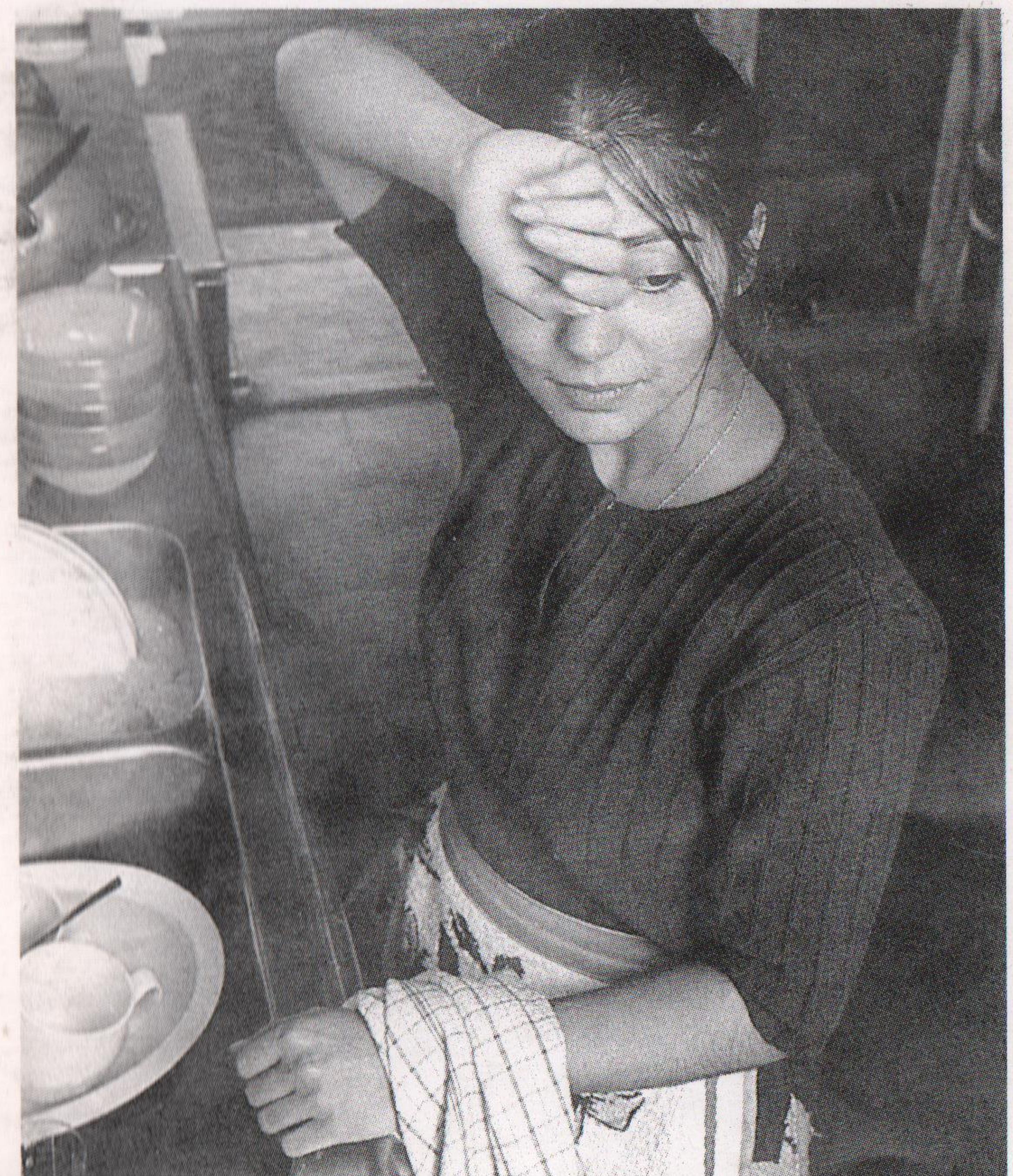
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# WORKING CLASS FIRST!

## THE WORKING CLASS AND ANTI-CAPITALISM.

Jacob Pugh





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## Introduction.

How can it be after two and a half centuries of industrial advance, rising incomes and social legislation that we can still talk of an exploited working class in the developed world? Still less how can we talk of the need for a working class political movement that will make the material advancement of the working class its central aim. Surely it is capitalism itself that brings material advancement for the working class. Year after year living standards go up. The average worker has a car, a video, a microwave oven and a mobile phone. Soon most workers will probably have a personal computer and internet access. Of course there is a minority of poor who have not seen their material position improve very significantly in the past twenty years. The left tend to concentrate their criticisms of Britain on the condition of this minority and argue for higher social security benefits, job creation schemes and improvements in the education system in order to improve their income and status. However the working class as a whole seems to have dropped out of the equation. There seems no real motive force or even need for the historical programme of Marxists and class struggle anarchists-the seizure of industry from the capitalists by the working class and the equal distribution of the wealth it creates. The modern radical may fight for the environment or for the poor of the developing world but fewer and fewer are interested in fighting for the workers of the developed world. In many 'radical' circles it is even unfashionable to talk about the working class at all.

Yet the working class has not vanished. Neither is it true to say that the modern worker is somehow 'corrupted' by their affluence with a vested interest in maintaining the existing state of affairs. The life of most working class people is a daily struggle to meet the financial commitments that life in an advanced technological society makes essential. The enormous potential of science and industry to make our lives more comfortable and stimulating coexists with constant financial insecurity and stress for the majority of the population.

This reality is continually denied by our political leaders and the media. The myth has been created that working class people have experienced a massive rise in living standards since the war. This affluence supposedly means that class politics are a thing of the past. In the 1950s Harold Macmillan told the British public that they 'had never had it so good.' In the 1980s the British 'Sun' newspaper told its readers 'We are all middle class now' citing as evidence the spread of home ownership and the ownership of televisions, video recorders and cars. Tony Blair has built his political career on the principle that the

Labour Party should no longer represent the interests of labour but those of the middle class who have to be referred to as 'middle England' now that we live in a classless society. Before being elected he wrote:

'The changes in social composition, the break-up of the old class structure, mean that to form a new electoral majority the left has to reach out from its traditional base (Blair 1996)

The abandonment of the workers by the Labour Party has been reciprocated by the abandonment of the Labour Party by the workers who increasingly are refusing to vote for anyone. This process has led to some confusion among journalists. George Walden in *The Standard* (9.5.00), writing on the recent electoral backlash against Labour complained that 'However well off are the vast majority of voters, they always whinge about the government-of whatever party.' The left argues that disenchantment with the government is due to its failure to put more money into public services such as health and education. What none of them realise is that the underlying cause of discontent among ordinary people is their material impoverishment. The general disillusionment with politicians is not due to perversity or the failure of the government to deliver in a few policy areas. The problem is that whatever government is in power the majority of us never really feel any better off.

It is striking how removed the post war radical movement has been from the everyday experience of working class people. The assumption that working class people in the developed world have become affluent led many radicals to abandon class politics and cast around desperately for other focuses for their adolescent rebellion. Those student radicals who rebelled against their own privileges in the 1960s and 1970s believed that only the third world peasantry could be really revolutionary. Few of them seemed to want to find out about the people with real problems and real grievances that lived only a few hundred yards from their university campuses preferring their romantic involvement in struggles taking place thousands of miles away.

Many of them believed that the working class of the developed world was part of the problem rather than part of the solution. The guru of the '60's 'New Left' Herbert Marcuse complained that in the post-war affluent societies

'...the people, previously the ferment of social change have "moved up" to become the ferment of social cohesion.' (Marcuse 1968)



Working class people were conservative, conformist and racist. Working class affluence meant that middle class radicals did not have to feel guilty about their social advantages. They could afford to affect an attitude of moral superiority to working class people with their supposed materialism and lack of interest in radical causes such as opposition to the Vietnam war.

The issues may have changed today with middle class radicals campaigning over the environment or for debt reduction for the third world however their attitude to the working class often remains the same. Prominent middle class environmentalist George Monbiot recently wrote an article entitled 'Car workers are rightly doomed.' (Guardian 27.4.00). This article opposed any attempt to save a car plant in the West Midlands where thousands of workers were facing redundancy on the grounds that their work harmed the environment. Greens like Monbiot stupidly believe that workers in industries that produce pollution are as guilty of damaging the environment as their bosses. They do not seem to realise that it is the bosses who determine what is to be produced in their industries and choose to use production processes that pollute the environment.

Of course not all Greens are as crass as Monbiot. Many Greens have been trying to link up with working class people in an effort to create a single 'Anti-capitalist' movement. Efforts in this direction have often been initiated by class struggle anarchists and have led to some very positive developments. Many people who had previously only been involved in environmental and animal rights struggles throw themselves wholeheartedly into supporting the dockers in Britain during the strike of 1996-1997. This movement has snowballed in the last year or so and in November 1999 thousands of trade unionists, Greens and anarchists protested in Seattle against the World Trade Organisation. Despite the sincerity of these attempts to link up with working class people Green groups often do not seem to address the problems of those they are trying to form alliances with. Reclaim the Streets (RTS), for instance, has done some marvellous work involving workers and trade unionists in its demonstrations but its propaganda generally does not deal with the issue that is of most importance for most working class people-the endless struggle to earn a decent income. When RTS released one of their recent manifestos (the spoof newspaper 'Maybe') they complained that ordinary people are 'spectators' not 'participators', 'passive consumers' who spend their lives watching T.V. Their stickers preach that 'You can't buy happiness.' or complain that all people do in capitalist societies is 'work, consume and die'.

The hidden assumption of many in this new 'anti-capitalist' movement is that the working class have quite enough money and goods

as it is. Indeed it would be better for them and the environment if they consumed a lot less. Given the supposed pointlessness of working class struggle for higher wages the anti-capitalists concentrate on other aspects of working class life-the long hours, the oppressiveness of management hierarchy and so on. Nor is it to deny that they have identified issues of genuine importance to ordinary people-working hours are far too long and modern capitalist enterprises are run like mini totalitarian states. However the issue of the workers material well-being must be addressed before these other issues can be discussed. For most people the struggle for a decent standard of living comes first, increased leisure time and the exuberant pursuit of freedom from oppressive authority comes later.

No one can deny that the environment and third world poverty are issues of vital importance. However we should beware of thinking that there is a contradiction between these struggles and the working class struggle. Increased working class consumption need not be environmentally damaging. There is no reason why economic growth cannot continue indefinitely if renewable energy sources are utilised. Of course patterns of consumption must change-we must for instance have more public transport and less use of the private motor car. Neither is an increase in the working class standard of living bought at the expense of third world workers. Third world workers are impoverished by a world financial system that has recolonised the third world and blocked its potential for industrial and social development. When the IMF orders a third world nation to cut food subsidies and health care in order to repay debt it is not workers in Berlin or London that benefit but the financial institutions and their shareholders. The struggle of third world workers, the struggle of first world workers and the environmental struggle is one struggle because it has a common enemy-capitalism and the middle classes that administer capitalism. This struggle can only succeed if all workers of all countries participate in it.

As we have seen it has become fashionable in some quarters to deny that the working class still exists. It is therefore necessary to provide some definition of the working class. It is important to understand that this is not just an academic exercise in classification for its own sake. Class really would not matter if we all had a roughly equal chance of living a dignified, fulfilling life. Class would not matter if the child of a bus driver had the same educational opportunities as the child of the managing director of a large corporation. It would not matter if a building labourer had the same life expectancy as a lawyer. It would not matter if the shopfloor worker was shown the same respect by their manager as they are expected to show to their manager. Yet none of these things are true in modern Britain and they are not true because class *does* matter.



Most definitions of the working class revolve around people's occupations. If class is to be defined by occupation it seems sensible to define those who are not classed as professionals or managers as being working class. This definition of working class would include most of those who whose work directly produces a product or service. It excludes those who spend most of their time organising the work of others. It also excludes privileged workers-professionals-who earn more than most workers and who traditionally have been seen as middle class. On this definition 74% of men and 75% of women are working class according to figures in the 1996 Living in Britain government publication. There is no huge disparity between these figures and how people see themselves. In 1991, a survey showed that 68% of people regarded themselves as working class (Reid 1998).

Simply dividing people into occupational categories does not capture the real dynamic of class, however. The real class divide is between those who have a stake in maintaining the current system and those who have a stake in changing it. Neither do occupational categories give us a real definition of the term 'working class'. Though there are a small number of the genuinely idle rich who live off inheritances and investments most of the privileged are actually doing some kind of work. Top corporate executives and business people do actually turn up at the office every day and do something. They work but they are not working class.

The working class are the working class because their main income derives from their wages. They typically produce some product or service for an employer. They are paid a wage that is less than the value they create for their employer. For instance a supermarket worker may be paid £4.00 per hour, yet in an hour they produce £3.00 in profits for the shareholders of their supermarket chain. Hence the existence of the profit system reduces their income by £3.00 an hour and we can say that they are exploited. A working class person may have some investments, probably in the form of a pension fund. As we shall see what they receive back from the profit system from these investments is dwarfed by what they lose by being exploited by the profit system. The working class are denied the benefits of the affluence that their labour creates for others. A substantial minority of working class people cannot afford a lifestyle which meets basic standards of decency and are in poverty.

The upper class are the principal exploiters of the working class. These are the top managers and the top business people. Though they may be paid a salary, their principal wealth comes from the value of their investments. These take the form of share options in the

companies they run and the very substantial pensions they will receive when they retire. In addition they will tend to invest their wealth in personal portfolios of shares and in investment funds.

In between these two classes we have the middle class. The middle class person earns enough to enjoy fully the benefits of the affluent society. Their comfortable lifestyles give them a stake in maintaining the existing distribution of income and wealth. Some would argue that they are still 'exploited' by the profit system. While this is true they are likely to have a fairly large amount invested in pension schemes and other investment vehicles like PEPs and ISAs. It can be hard to define precisely who is and is not middle class. Fifty years ago we could say for certain that a teacher was middle class. However cuts in public spending has meant that their income relative to other occupations has declined fairly substantially. A train driver in London is likely to get more than most teachers in London, for instance. Most of those defined as managers and professionals are likely to be middle class however.

The working class are the working class because their work produces the wealth that the upper class lives off. The work that the upper class does tends to revolve around organising the exploitation of the working class. The middle class are in one sense part of the working class as their income derives mainly from their salaries. However most of the middle class are managers of some kind, even those defined as professionals rather than managers. For instance a doctor will manage a medical team as well as simply practising medicine. A senior lawyer will have some role in managing legal executives and admin staff in their office. Moreover their comfortable position typically makes them allies of the upper class rather than the working class.



# 1. The Myth of Affluence.

The idea that the working class are yet to enjoy affluence may seem like an incredible paradox. Surely most of us are getting richer every year. Gross National product (the total value of all goods and services) increased by seven and a half times per head from 1801 to 1981 (Benson 1994). Between 1979 and 1997 real incomes (the rise in income minus inflation) rose by an average of 42%. Now of course the incomes of the rich tend to expand more quickly than those of the poor, especially with the advent of Thatcherism in recent times. However even since 1979, all income groups above the bottom 20% have seen very significant rises in real income. The history of capitalism seems to be a history of continually increasing consumption and well-being.

In the words of one writer on the consumer society :

'When real incomes rose, the first priority was to obtain enough food to eat and adequate accommodation in which to live. But once these basic needs had been met, priorities began to alter. The better off wished...to eat a more varied diet and wear more fashionable clothes; they planned to live in a more comfortable home and better furnished home; and they expected to enjoy some at least of the new forms of leisure that were becoming available to those with the money to pay for them.' (Benson 1989)

In another book the same author writes:

'...the desire to increase consumption resulted from an innate and therefore persistent desire to enjoy a higher standard of living.' (Benson 1994)

According to this way of thinking as real incomes rose working class people were able to provide themselves with the basic necessities and after this they could spend the whole of their income on luxuries such as nice furniture, televisions and all the rest of it. If real income per head has increased by more than seven and a half times since 1801 then this implies that poverty and financial pressures of any kind are a thing of the past. In 1801 working people were poor but most at least had the means to provide themselves with a basic diet, shelter and warmth. Life expectancy was certainly lower than today but the majority of the population did not exist in a state of permanent starvation and homelessness. Given the huge expansion in income since then it would be reasonable to suppose that the majority of us would be able to fulfil our basic needs very easily and have a very large amount

of money to spend on luxuries. In addition long hours of toil at work should be a thing of the past. The average worker should be quite able to survive and supply themselves with a few comforts and luxuries solely on the earnings from a part-time job. Yet this is not the case. If a working class family is to sustain itself at least one of the adult members, and in many cases both, must be in full time work. The average full time worker has to work a 44 hour week in an increasingly stressful, pressurised working environment just so their family can keep its head above water.

We can describe this as the 'crudely progressive' view of rising income. It assumes that there are a set group of basic needs common to all people. Once these needs are met every increase in real income just expands the money working class people have to spend on luxuries and entertainments. It ignores how the environment working class people exist in changes and how these changes create new needs. It is a view this pamphlet will challenge as it explores the new burdens that have been placed on working class budgets during the post-war era, an era that has supposedly heralded the dawn of the affluent society.

The fallacy of the crudely progressive view is demonstrated by the fact that whatever the views of many academics and the media the working class certainly does not feel affluent. This was shown by a 1996 Mori survey.

Income per week, after tax thought necessary to keep household like their own out of poverty (percentages).

	Social Class				All
	AB (Managerial/ Professional)	C1 (Skilled non-manual)	C2 (Skilled manual)	DE (semi/unskilled)	
Up to £144	17	16	19	29	22
£145-£221	39	42	40	48	43
£222-£298	13	14	19	13	15
£299 or more	30	27	21	10	21
Mean(£)	236	235	216	177	211



How far above the income necessary to keep family out of poverty household believes it earns (percentages).

	AB	C1	C2	DE	All
A lot above	40	16	12	5	16
A little above	38	33	38	17	30
About the same	10	20	25	23	20
A little below	5	18	16	25	18
A lot below	6	11	10	30	16

(Quoted in Reid 1998)

Half or more of those in classes C1, C2 and DE believe they are either earning only the income that is necessary to keep them out of poverty or that they are actually in poverty. 34% of all those questioned believed they were actually in poverty.

This is not just whinging. The perception that we are poor or nearly so motivates our behaviour. A poll was carried out, in 1995, by NOP for a World in Action Documentary programme on long hours- 'All Work and no Play'. It found out that 46% of workers were working longer hours than they had in the past. When asked why they were working longer hours 54% said that one of the important reasons was 'Needing to earn more money in order to survive.' 76% of skilled manual workers working longer hours gave this as an important reason with 50% saying it was a 'very important' reason. 80% of the semi and unskilled workers working longer hours gave this as an important reason with 60% saying it was a 'very' important reason. (NOP 1995)

Professor Bradshaw (Bradshaw 1993) attempted to devise a 'Modest but Adequate' (MBA) budget standard for households. This was a budget that would allow a family to live above the requirements of survival and decency but below the level of luxury. He devised this budget standard through examining surveys of items which consumers identified as necessities. He also looked at recommended standards, for example the standard set by the Advisory Committee on Nutritional Information. It has been calculated (Parker 1998) that only 40% of couples with two children earn more than the MBA standard, 40% of them actually earn *below this standard*. Only 10% of lone parents earn above this standard and 75% earn below it. This standard may be defined as adequate but it allows for little apart from expenditure on necessities. The MBA standard only allows for

13.7% of the two parent families income to be spent on leisure goods, leisure services and alcohol. This includes a budget for large infrequent expenditures on leisure goods such as expenditures on televisions, videos and holidays. The other 86.3% of the budget is for expenditures such as housing costs, travel to work and food.

Affluence is a worthwhile goal because it enables people to realise their desires rather than just their needs. Affluence enables people to express their personalities within their environment. It means the objects we surround ourselves with, the pleasures and entertainments we choose are the product of our own free choice about how we wish to live our life

The denial of affluence to the working class is really the denial of freedom. When people's incomes are only a little way above the level of poverty their lives are dominated by necessity. Spending patterns are determined by the need to avoid poverty. Life is a long round of financial pressures and insecurities. The principal concern of life becomes the struggle to provide a tolerable standard of living for ourselves and our families. Compared to how life could be it is more of an existence than a life.

Perhaps a third of working class people are poor, their incomes come nowhere near what is necessary to meet the needs that modern society creates. Their experience will be dealt with later in the pamphlet. It is fair to say that all working class people are deprived however. Usually poverty and deprivation are regarded as different words for the same thing. However it is possible to make a distinction between the two terms. Poverty is a general inability to meet one's needs. A poor person will have an inadequate diet, inadequate heating for their house, they will not be able to afford a holiday or very many toys for their children and so on.

A deprived person is someone who can afford to meet many of their needs but not all. Deprivation is about people lacking a margin of comfort above the poverty level of income to guarantee security and provide themselves with some of the good things in life. A couple may desperately need a night out and some time away from the children to sustain their relationship but the family budget will not run to the costs of a childminder, the costs of the nights entertainment, taxis and so on. A worker may be able to provide fairly well for their children but not be able to pay enough into a pension to provide themselves with a comfortable retirement. A family may be able to meet all its day to day expenses but be unable to afford a regular holiday. Parents may know that a home computer is necessary for their child if they are to do well at school but be unable to afford one. Commonly working class parents



find themselves having to spend so much of their income on providing for their children's clothes, toys and educational expenses that they have little left over to pursue their own interests, enthusiasms and desires. Neither does this end when the children reach eighteen. If they go into higher education more and more of the cost of this has to be met by the parents rather than by the state.

The deprivation endemic in working class life is the hidden issue in Britain and the rest of the developed world. It is a hidden issue because when the media and the political system are dominated by the middle class, it does not get talked about. It is time the Left did begin to address it.

## 2. Why Do We Need More and More?

Most on the Left talk as if the need for a better standard of living is not a genuine need. Typically the Left regard the desire of working class people for consumer items as the result of indoctrination by advertisers and the media. These are not 'real' needs but manipulated needs. People would not desire these items, at least to such an extent as is currently the case, if they were not brainwashed into doing so.

The clearest expression of this view comes in the works of the economist J.K. Galbraith which provided much of the ideological underpinning for the American liberal left. Galbraith wrote of the post-war affluent society that

'So great has been the change that many of the desires of the individual are no longer evident to him. They have become so only as they are synthesised, elaborated and nurtured by advertising and salesmanship... Few people at the beginning of the nineteenth century needed an adman to tell them what they wanted.' (Galbraith 1987)

and

'...persuasion helps to accord serious importance to frivolous wants... It makes the shade of a sheet seem significant and thus the new detergent that accompanies it. It gives similar meaning to other meaningless products. Thus it helps to conceal the tendency, with increasing production to increasing unimportance.' (Galbraith 1973)

The view Galbraith expresses is that modern economies require a vast exercise in manipulation in order to function. Continued advances in technology mean that more and more goods can be produced by industry. However once our basic needs for food, housing are met and we have acquired a few luxury items all human needs are met. All the system can now provide are a lot of goods and services which fulfil no authentic needs or desires and which, left to our own devices we would not wish to buy. Business executives, hungry for the growth of their corporate empires can only sell these goods by convincing us through advertising that buying a new car will make us more attractive to the opposite sex, that real men drink Miller beer, or that our clothes will smell of B.O. if we don't buy Persil washing powder. Most people's perceptions of deprivation are therefore the result of not having enough money to buy objects that they do not really need anyway. Only



minority groups such as the homeless or the long-term unemployed have any 'real' need to increase their consumption.

Many others in the post-war period have shared this view. The American social critic Vance Packard wrote of the 'Hidden Persuaders' who used methods derived from psychology and sociology to persuade us to buy luxuries we did not really want. The Situationists developed ideas about the manipulation of consumers from a 'New Left' Marxist perspective with their all embracing view of 'The Spectacle' that induces working class docility through promoting the values of consumption. We can see how these ideas are echoed in the ideology of modern environmentalists such as Reclaim the Streets.

These views simply do not hold water. They assume that throughout their adult lives people make enormous sacrifices of their time to earn money to pay for goods that have no intrinsic value for them. It is also a very condescending view. It assumes that people know their own mind so little that a billboard showing a pretty woman draped over a car is enough to make them part with thousands of pounds.

Such a way of thinking completely ignores the role of history in creating new needs. Galbraith and the other advocates of this 'manipulation' thesis ignore how people's living environments have changed over the past hundred years and the effect this has had on people's needs. For instance the worker at the start of the century tended to live nearby to both their relatives and their workplace. It is the fact that modern workers tend to live far away from their relatives and their workplace that has created the need for mass transportation, whether public or private.

Those who advocate this 'manipulation' theory of consumerism tend to argue in their defence that the billions corporations spend on advertising is proof in itself of their thesis. After all corporations would not spend all this money if advertising did not persuade people to buy goods. This is certainly true but it does not follow from this that advertisers are always persuading consumers to buy goods that they do not need. As well as being persuasive advertising is also informational. It tells consumers what is available and at what price. Advertising's persuasive element is not necessarily geared towards getting people to buy what they would not otherwise have spent money on. Much advertising is an attempt to get people to buy one brand rather than another, to publicise the lower price or better quality of one brand over its rival brands. Of course advertisers are sometimes promoting the virtues of a product that, packaging aside is indistinguishable from all the other brands of the same product. In such cases advertising can

be wasteful of economic resources. It can also be intrusive, babyish and irritating. It is not, however, the kind of grand mind control conspiracy that many on the Left seem to believe it is.

But could working class people's perceptions of their needs not be the result of somewhat subtler forces? Some have argued it is not crude manipulation but a kind of broader social conditioning that leads to the working class person with a video and car to believe they are one step away from the bread line. This is the concept of relative poverty. The writer on social issues Peter Townsend gave this definition of relative poverty:

'Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities which are customary, or at least widely encouraged or approved, in the societies to which they belong.'  
(Townsend 1979, p.31)

According to this theory the poor are those who cannot keep up with the high spending patterns most people have in the rich, developed world. As the real incomes of the population go up therefore so does the income necessary to keep us out of poverty. If it is 'customary' to have a car in the year 2000 then a family that could not afford one would be poor now whereas a family that could not afford a car in the 1920s would not necessarily be poor as they were the luxury of the well-off at that time.

For instance one social historian wrote:  
'It may be true that many of the poor...now possess a TV...and that in many respects they seem better provided for than the poor of a generation ago. But such relativity is of no consequence; what matters is the contrast between their own lives and aspirations and the immediate world around them. Such contrasts can only confirm their deprived condition.' (Walvin 1978, p.15)

This idea has been re-named 'social exclusion' in recent times and has become the fashionable term for poverty among governments and social commentators. The implication of these theories is that there is something shaming about not being able to spend as much as the majority of the population and this stigma excludes people on low incomes from normal society. The problem with this theory is that it only explains one aspect of poverty. For instance Townsend rightly points out that the clothing budget regarded as adequate for a working class person by the Rowntree poverty survey at the turn of the century would certainly not be regarded as adequate now. A working class person who only owned one set of second hand outer clothing, which



was all the Rowntree survey claimed they needed, certainly would find themselves 'socially excluded'! One could argue that in this case the socially necessary expenditure has increased and someone who could genuinely not afford better clothing than this could be regarded as poor. We can say the same about some other items of consumer expenditure. A modern family that was only able to furnish and decorate its house up to the standard of the house of a Victorian labourer's dwelling would be likely to feel a certain amount of embarrassment and perhaps shame.

However in what sense does not having a video socially exclude us or for that matter not having a microwave oven or a dishwasher? It is increasingly becoming customary to own these items but on the whole there is no social shame involved in not having them. People can easily argue that an active social life or the pursuit of high culture leaves no time for watching videos, that they do not like the taste of microwaved food and that having to do the dishes gets the children off their backsides. There are some consumer items like cars that can be status symbols. But there is no real intense social shame attached to not driving an expensive, flash car. In Britain, at least, conspicuous consumption tends to be rather frowned on. This is not to say that snobbery is not rife in Britain but it tends to revolve around accents, manners and postcode.

It is fairly easy to prove that large numbers of people do feel deprived in modern Britain and that these tend to be concentrated in the lower income groups as the surveys quoted in the introduction show. What the theorists of relative poverty fail to do is prove that these feelings of deprivation are only the result of feeling stigmatised by not being able to consume as much as the well-off. They assume that people's perceptions of their needs (beyond basic needs for food, shelter, warmth etc.) are the result of social conditioning. They do not prove their theory and as we have seen it is not self-evident that their theory applies beyond a few specific examples.

Just because needs are not the result of social conditioning it is not to say that they are not socially determined at all as the 'crudely progressive' view would have it. For instance life on the income of a factory worker of 1900 was not pleasant but millions managed it. A factory owner of today could not exist on such an income, not just because we are used to a more comfortable way of life (though of course we are) but because our social environment has changed in such a way that such life on such an income would be almost impossible, it would not fulfil the new needs that exist today. It can be shown that if we leave aside the idea that all new needs are the result of social conditioning, we can discover significant social forces that have made increased consumer expenditure necessary and which renders those

unable to achieve such a level of expenditure poor. We shall see that such an analysis has revolutionary implications.



### 3. Commodification or Why We Have to Buy What Once Was Free.

As real income rises new needs also emerge. The very process of industrialisation which leads to rising real incomes also leads to new financial necessities which eat away at the expanding family incomes. We can compare the situation to a world class athlete sprinting a hundred metres with a thick elastic band tied to their leg. If one just measured the energy the athlete expended one might get the impression that the athlete was sprinting very quickly. However it is only when the force that the elastic band exerts in the opposite direction is taken into account that we can really assess the speed at which the athlete is travelling.

It is the same when we assess how much people's living standards have increased over the capitalist era. Real income like the energy expended by the athlete appears to increase very impressively. The rise in income over the last two hundred years has been driven by industrialisation. For industrialisation to take place people had to be concentrated in large towns and cities, close to the new factories in the urban centre. On the whole, they could no longer grow their own food, keep animals, gather firewood or build their own homes. All of this had to be paid for out of their incomes. This process is commodification-the process by which cash payments have to be made to fulfill needs that could once be met for free. We can describe the move to the cities in the eighteenth and nineteenth centuries as the first commodification of life. The second commodification of life happened in the twentieth century with suburbanisation.

As we can see from the first commodification it is changes in the productive process that give rise to commodification. Changes in agricultural production and industrialisation lead to the move of workers to the cities. It is this that leads to the commodification of needs.

**Deprivation and poverty emerge, therefore, because the real incomes of working class people do not rise as fast as the costs of the new needs the environment creates.**

This is not a 'primitivist' argument that industrialisation has made people worse off and should therefore be reversed. The industrial era has seen very large increases in life expectancy, declines in infant mortality and declines in overall death rates. However the lives of working class people remain, for the most part lives of struggle. The majority of the working class can provide themselves with a decent diet,

warmth and shelter. However this is by no means easy for them as a hundred other necessary expenses now have to be met. For a minority of the poorest this struggle becomes impossible and they are unable to afford a diet that meets adequate nutritional standards or adequate heating for their homes.

It is important to grasp that commodification does not take place because people prefer to meet their needs in commodified ways once they can afford to do so. This would be the usual assumption of economists. They believe that the production of new products and services is led by the desires of individual consumers for new goods and services which industry then responds to. However the evidence is that major changes in consumption patterns of the capitalist period have not been the product of simple desire rather they have been the product of *necessity*, necessity created by changes in the environment caused by the development of the productive processes. People may indeed have an innate desire to consume more and more goods and services. The fact is that, on the whole, what they actually *have consumed* in the post-war era they consumed out of necessity.

For instance it was unlikely that it was the desire of former country dwellers for the new commodified lifestyle in the towns that led to urbanisation. This is shown by the fact that life in the towns did not bring an improved quality of life for those who moved from the country. Studies of figures on life expectancy (see Lawton and Lees 1989) show that in all the inner areas of British cities, where the working class were concentrated, levels of mortality exceeded birth rates until the mid-nineteenth century. Though urban life became somewhat healthier after this period cities still provided a poorer environment than the towns. Burnett (1986) notes that from 1906-1910 death rates in towns were 16 per 100 compared to 12.5 per 1000 in rural areas. Infant mortality was 127 per 1000 in towns and 98 per 1000 in rural areas. It hardly seems likely that the standard of life in the towns was a magnet for nineteenth century people. The explanation is more likely to be the enclosure of common land by the landlords and the denial of work opportunities to rural labourers caused by the use of labour saving machinery agriculture after the agrarian revolution. Agricultural workers were forced to move to the towns and pay the cost of a more commodified lifestyle. (Of course most agricultural workers were not subsistence farmers by the time of the industrial revolution but paid agricultural labourers. However they still had more opportunity to grow their own food, keep animals and-in many areas-gather firewood than their counterparts in the industrial towns.)



The first stage of commodification gave rise not only to the need to buy food, housing and fuel but also a very pressing need that could not be met for most workers until the twentieth century. This was the need for space. The population of London grew from 2,235,000 in 1841 to 6,581,000 in 1901 (Burnett 1986). Urban population in Britain as a whole grew on average 19.73% every decade between 1861 and 1911. Workers had to live reasonably close to commercial centres during this period due to the undeveloped public transport system. This led to massive overcrowding. For instance in 1842 in Leeds Boot and Shoe yard it was found that 32 houses contained 340 people, twice as much when itinerant workers came to town (Burnett 1986). A survey of working class life in an area of South London at the start of the twentieth century found that a family of eight would typically have three rooms to live in and two beds to sleep in. They reported that

'When a child has a sore throat or rash it sleeps with the others as usual. By the time a medical authority has pronounced the illness to be diphtheria or scarlet fever and the child is taken away perhaps another child is infected.' (Pember Reeves 1979)

Given the vast rise in urban populations, suburbanisation was a necessity. People would have to move away from their places of work in the urban centres. Six and a half million Londoners could not live in a packed cluster of slums around the city of London and the docks.

Improvements in transport enabled the process of suburbanisation to take place. Throughout the nineteenth century there was a steady development of the omnibus and railways. The development of tramlines in the 1880s provided a big boost to suburbanisation. More important still, in London, was the development of the London underground from the end of the nineteenth century. The 1883 Cheap Trains Act reduced the cost of commuting for working class people and allowed better off working class people to join the lower middle classes in the flight to the suburbs. By 1928 bus services reached every London suburb. (Burnett 1986) The number of bus journeys increased by 5,000 million between 1913 and 1933 (Bagwell 1974). In 1905 13,000 families a year were leaving for the suburbs and 820,000 workers were making extensive journeys to work every day. From 1921-1937 1,400,000 moved to outer London (Burnett 1986).

It might seem that suburbanisation provided the answer to all the problems of the working class. Those who moved to the suburbs had far more spacious accommodation in a healthy environment. After the war at least, there was a car outside every suburban house and a television in every suburban living room. Those who remained behind in the inner cities were to some extent disadvantaged but the exodus of

their former neighbours meant that far more space was available for them. The old slums could be bulldozed and replaced with council housing which though inadequate could scarcely be said to be as bad as the housing that workers had been forced to endure before the Second World war. However the process of suburbanisation threw up many new problems.

## **The Second Commodification-the Destruction of Working Class Communities.**

Social solidarity within communities has been radically eroded in Britain since the war. Ties between the members of extended families have also weakened. Lives that were previously dominated by the values and expectations of our community and family are now dominated by the obsessive quest for personal 'space' and individual fulfilment. In perhaps fifty years a whole dimension of human experience, its collective, social dimension with its security, mutual support and commonly held values has all but disappeared.

Many will argue that community life still exists in some working class areas, especially in the inner city and among some ethnic minorities. However it must be clear that whatever remains there has been a general decline in community life in the period we are discussing.

It is beyond the scope of this pamphlet to evaluate this process and state whether it has been a force for good or bad. Many will argue that life in close knit communities creates strong pressures for conformity and restricted individual freedom. However the task here is simply to draw out the consequences of this process for the living standards of the working class, to show how this massive shift in the pattern of life has created new needs for the working class.

In the old working class communities the bulk of people's stimulation came from their social interaction with their families and others in the community. Of course their were places of commodified entertainment such as the music hall and later the cinema. Most working class families could only afford to visit such places once a week at most. But most of people's pleasure and enjoyment came from their social interaction with others-members of their extended family or friends and acquaintances in the community. People tended to live nearby to their extended family and visiting was far more frequent. People would routinely chat with other members of the local community in the street or in the pub. In the modern world such a way of life is largely gone. People live some distance away from most of their



relatives. People find it harder to meet those in their own communities and need to seek friends and acquaintances elsewhere. Of course this gives rise to the need for the telephone. It also means people derive their entertainment and leisure from home entertainment, especially the television and video in the absence of the continual social life of the old communities. People's need to have some way of occupying their leisure hours has therefore been commodified by the need to purchase such items.

The other new need that has emerged is that of travel. Before the war people usually lived near to their place of work. Even if it was not within walking distance it was likely to be a short bus ride away. The move to the suburbs away from the central industrial areas where job opportunities were concentrated meant that far more had to be spent on transport by working class people.

We can see therefore that the second commodification was about distance and communication. Before suburbanisation the concentration of families and workplaces created an environment where the need to overcome distance or communicate was far smaller than it is today. The financial burdens created by these needs were also far smaller. The break-up of communities expanded these needs greatly and created the second commodification.

Again it is the productive process that was responsible for this commodification. The continuing development of industrialisation led to ever increasing urbanisation and this led to the necessity for suburbanisation. Suburbanisation led to new needs for the commodified provision of goods and services.

A powerful illustration of this process is provided by the experiences of working class people from London's East End who moved to London suburbs in the 1950's. The sociologists Young and Willmott compared the community life of the East End community of Bethnal Green with 'Greenleigh', the name they gave to a housing estate on the outskirts of London where many former residents of Bethnal Green went to live.

Bethnal Green in the 1950's was a solidly working class community. The inhabitants tended to live in council accommodation or private rented accommodation of low quality. Most of the residents did manual jobs in local industries such as furniture, clothing, transport, docks and engineering. Historically Bethnal Green had been one of the poorer areas of London.

In Bethnal Green people's time outside work was taken up with an endless social round with their relatives, friends and acquaintances. This took place in the street, the market and the pub. This was all made possible by their physical closeness to people they knew. Visits to relatives were easy to make and frequent. Young and Willmott found that two out of three married people had parents within two or three miles of them. A survey showed that over half of married women had seen their mothers within the previous twenty four hours of being questioned by the researchers. Of all the married couples studied each had an average of thirteen relatives living in the same borough.

It was this family life that promoted the areas intense community life. Young and Willmott write:

'When a person has relatives in the borough, as most people do, each of these relatives is a go-between with other people in the district. His brother's friends are his acquaintances, if not his friends; his grandmother's neighbours so well known as almost to be his own, The kindred are, if we understand their function aright, a bridge between the individual and the community.' (Young and Willmott 1962, p.104)

This means that:

'Bethnal Greeners are not lonely people: whenever they go for a walk in the street, for a drink in the pub, or for a row on the lake in Victoria Park, they know the faces in the crowd.' (ibid.,p.116)

The sociability that existed in Bethnal Green was a general phenomenon in working class communities. For instance the Morning Chronicle in 1849 described the sense of community in a Northern mill town in the following way:

'In most cases the doors of the houses stand hospitably open, and younger children cluster over the thresholds and swarm out upon the pavement...Every evening after mill hours these streets...present a scene of considerable quiet enjoyment. The people all appear to be on the best of terms with each other, and laugh and gossip from window to window, and door to door. The women in particular, are fond of sitting in groups upon their thresholds, sewing and knitting; the children sprawl about beside them, and there is the general amount of sweethearting going forward which is naturally to be looked for under such circumstances.' (Quoted in Benson 1989, p.122)

Of course in such communities there could be malicious gossip and rivalries and a lack of privacy. However community life also



created the opportunity for people to find pleasure in each others company.

In the suburbs this was not the case. Life in the suburb of Greenleigh was very different:

'Instead of the sociable squash of people and houses, workshops and lorries, there are the drawn-out roads and spacious open ground of the usual low density estate,' (Young and Willmott 1962, p.122)

People who moved to Greenleigh from Bethnal Green had far less contact with their relatives as the researchers survey showed. It showed how people's contacts with their relatives declined appreciably after they first moved to Greenleigh and declined still further after they had lived their two years.

Average number of contacts per week with own and spouse's siblings.

	Before leaving	At Greenleigh	
Greenleigh	Bethnal Green	1953	1955
Husbands	15.0	3.8	3.3
Wives	17.2	3.0	2.4

People who moved to Greenleigh left most of their relatives in Bethnal Green. The distance to travel and the cost of travelling made their old pattern of very frequent visiting impossible.

People also had far less contact with neighbours in Greenleigh than in Bethnal Green. One reason for this was the absence of places to meet neighbours. Shops in Bethnal Green were scattered in converted houses throughout the streets people lived. People tended to do their daily shopping in their own street. Shops in the suburbs in which Greenleigh was situated were grouped in specialised centres and most people lived some distance from them. Women in Bethnal Green had typically socialised with their neighbours when they bumped into them doing their daily or even twice daily shopping in their own street. The shops in Greenleigh were used by people from all over the estate and women were less likely to meet someone they knew while doing their

shopping. In addition their distance made such regular shopping impractical.

The social gathering point for men was the pub. In Bethnal Green there was always a pub within walking distance where residents of the same street (the male residents on the whole) would meet on a more or less nightly basis. In Greenleigh the lower population density would have made it uneconomical for there to be a pub on every street. Given that pubs could not be the centre of community life pub going was far less frequent among the residents of Greenleigh than it was for the residents of Bethnal Green. Given that the nearest cinema was several miles away it is no surprise that the residents of Greenleigh hardly went out in the evenings at all.

This lack of focal points for community life was common in all suburbs. For instance on a council estate built on the outskirts of Bristol there was one church, one cinema and one pub for 12,000 residents. In 1932 the huge working class suburb of Dagenham, outside London, had five pubs and no corner shops at all (Benson 1989).

Studies of other suburbs show similar results to the findings of Willmott and Young. Suburban studies in Britain showed a decline in family contacts was noted in all cases where comparative data of the population before and after the move to the suburbs from inner city working-class areas was available (see Thorns 1972).

In 1956 a study was made of two working class communities in Oxford (Mogey 1956) One was St. Ebbes an area of terraced dwellings in central Oxford. The other was Barton a housing estate on the outskirts of Oxford. The study found that women in St. Ebbes had many places where they could meet and chat with others in their community such as the corner shop, the fish parlour or the cafe. Men tended to be members of informal social groups in pubs and clubs. In Barton the majority of people tended to have few informal social contacts except with next door neighbours.

Yet though Young and Willmott ascribe the decline of community mainly to the lower density housing and lack of community meeting points in the suburbs it is likely that deeper forces were at work. Community ties in working class communities were cemented not just by proximity but by the fact that people did the same kind of jobs, in the same area and often in the same workplace. In the days before married women went out to work in large numbers the social or class identity of a family tended to derive from the occupation of the male breadwinner. The fact that the breadwinner of each family in an area had the same kind of job as all the other breadwinners would have meant that families



shared something in common beyond just living in the same place. Families shared similar trades and occupations and hence similar significant life experiences and values.

This would have been most obvious in industrial towns where there was only one major employer such as a large factory, a steel works or a shipyard. But it would also be true of somewhere like Bethnal Green, where other than the dock workers people tended to work in small factories and workshops. The men in Bethnal Green tended to do unskilled manual jobs. They tended to be paid on an hourly rate. Other than with the dockers there was a fair amount of crossover between the different industries such as clothing or furniture making with people working in one or the other industry at different times of their life or with some members of a family working in one industry and some in another. The working experiences of each member of the community would tend to be familiar to the other members.

In the suburbs this was completely different. In many suburbs working class people were moving into communities that had originally been lower middle class and were therefore mixing with people with a different outlook to their own. Even in suburbs that were mainly working class it was no longer the case that everyone did the same kind of job in the same area. People were now living at a distance from their workplace. Residents of the same street would be doing all sorts of different jobs, in different areas. They were unlikely to be able to meet their workmates on the street or in the pub. Willmott and Young noted how time and time again those who had moved to Greenleigh from Bethnal Green complained that everyone was 'snobbish' or 'toffee-nosed' in Greenleigh. Of 41 couples questioned 23 said other people were unfriendly in Greenleigh, 8 were undecided and only 10 said they were friendly. It should be noted that Greenleigh was a wholly working class estate. The authors wrote:

'No doubt if they all came from Bethnal Green they would all get on much better than they do: many of them would have known each other before and, anyway, at least have a background in common. As it is, they arrive from all over London.'

The authors suggest that this was due to a fear and suspicion by Bethnal Greeners of those who had not been born in their own communities. Of course there is much in this. It should be noted however that working class communities such as Bethnal Green had not existed for the whole of history. They were originally composed of former agricultural workers who had come from many different rural

communities. They were however able to form a new community with a set of common values and practices once they had moved to the city. But then these workers did not just simply live together they met together in the same workplaces and had the same kinds of trade.

Even without the low density of housing and the general poor town planning it is unlikely that the solidarity of the old working class communities could have been recreated in the suburbs.

We can also see that the loss of common work experiences eroded community life among those left in the inner cities. Here it was the move of the productive process away from manufacturing and towards service industries that destroyed community life. Those who remained in the inner cities tended to be the less well-off unskilled workers. As the post-war period went on their traditional sources of employment were destroyed. The steep decline in employment in the docks created mass unemployment in areas like inner city Liverpool and East London. Employment opportunities in Glasgow and Newcastle were decimated by the decline of the ship-building industry. The collapse of manufacturing employment during the Thatcher period virtually destroyed the potential of the unskilled and semi-skilled to find employment on a living wage. All that remains for this section of the working class is employment on or near the minimum wage in service industries such as care work, security work and retail. Frankly speaking, if they need full time work to support a family most of them are better off on the dole.

Unemployment brought with it an explosion of drug use and crime among the urban poor. The impossibility of living on current meagre benefit levels has criminalised millions of British people as they seek to supplement their income with benefit fraud, working on the black economy and petty crime. This is not to say that no community life exists at all in the inner city. Indeed one is far more likely to find it here than in the better-off suburbs as a visit to Brixton or the Turkish and Kurdish areas of North London will soon demonstrate. However it is a community life that is constantly under threat from the mutual fear and suspicion engendered by the social breakdown created by twenty years of Thatcherite economic and social policies under both the Tories and 'New Labour'.

### **The Television-Symbol of Affluence?**

In the new suburbs television rapidly filled the vacuum left by the demise of the solidarity and mutual support that had existed in the old communities. The television and home entertainment in general plays a key role in our understanding of the true nature of our



supposedly affluent societies. The widespread use by working class people of home entertainment, particularly the television has been the focus of both the critics and the advocates of modern consumerism. The Situationist Guy Debord asked what was the point of working class people buying themselves labour saving devices such as washing machines and vacuum cleaners when all it meant was that they spent four hours a day watching television. (Presumably working class people should have been spending their new found leisure time trying to decipher one of his impenetrable books or studying Hegelian philosophy or whatever). The title of a song by a popular radical singer of the 1970s was 'The Revolution Will Not be Televised'. On the other side of the political fence the Thatcherite politician Peter Lilley said sarcastically when challenged in The House of Commons about a Rowntree report into poverty:

'The hon Gentleman said that the Rowntree report spelt out an 'austere low cost budget'-a budget that allows the poorest only a video recorder, a camera and a television set.' (Quoted in Bradshaw 1993, p.239)

In other words the working class cannot really be badly off if they have money to spend on such luxuries. Surely someone in 'real poverty'-who cannot afford a decent diet or adequate heating would not be so foolish as to spend their money on a television and a video.

Television played a central role in the lives of most of those who had moved from Bethnal Green to Greenleigh. In 1955 there were 65 television sets per 100 households in Greenleigh compared to only 32 television sets per 100 households in Bethnal Green

More people had televisions in Greenleigh than in Bethnal Green because the *need* for them there was greater. This need was created by the loneliness of life in Greenleigh. One man who was interviewed said:

'You can't get away from it, they're not so friendly down here. It's not "Hello, Joe.", "Hello, mate." They pass you with a side glance as though they don't know you.' (Young and Willmott 1962, p.147)

This lack of neighbourliness was particularly hard on women who did not go out to work. One of the new female arrivals said that the loneliness would in time 'send people off their heads' and said of Greenleigh 'It's like being in a box to die out here.' Another said:

'When we first came I'd just had the baby and it was all a misery, not knowing anyone. I sat on the stairs and cried my eyes out. For the first two years we were swaying whether to go back. I wanted to and my husband didn't.' (Young and Willmott 1963, p.150)

The researchers noted that:

'The growth of television compensates for the absence of amenities outside the home and serves to support the family in its isolation.' (ibid. p.143)

As one male resident of Greenleigh said 'The tellie is a bit of a friend round here.'

Before moving to the suburbs the residents of Bethnal Green had provided each other with social stimulation. After the move to Greenleigh this was no longer available and stimulation had to be paid for through the television set. Of course residents in Bethnal Green did not only spend their leisure time chatting, they had the radio, the cinema, magazines, newspapers etc. But it is clear that the move to Greenleigh created a much increased need for commodified entertainment. A need that those they left behind in Bethnal Green did not seem to share to the same extent.

### **New Financial Pressures.**

As well as the cost of the new televisions there were a whole cluster of new expenses that needed to be paid. As we have noted suburban dwellers usually had to pay a lot more to travel to work. In addition many suburban families were getting telephones installed so they could keep in contact with the relatives they had left behind. Ownership of telephones was seven times higher in Greenleigh than in Bethnal Green.

The greater distances that needed to be travelled in the suburbs gave rise to other expenses. As we have seen the distance of the shops from most people's homes made daily and twice daily shopping trips too much of a burden. Now that shopping was done weekly or twice weekly families needed a refrigerator to stop their food from spoiling.

It might be thought that this was because those who moved to the suburbs were more affluent than those that had been left behind in the inner cities and this is why they tended to own items such as telephones and televisions which those in the inner cities tended to own rather less at this time. In Greenleigh this was found not to be the case. In interview after interview the researcher's discovered that those in Greenleigh were actually on tighter budgets than those in Bethnal Green. One woman complained that 'Women on this estate count themselves lucky if they have £1 left on Monday.' (Payday was usually Friday).



In general working class people had trouble keeping up with the new needs that were rapidly emerging. In 1963 only 30% of households had a fridge, this at a time when suburbanisation was very far advanced. Even by 1973 only 45% of households had telephones installed. Spending on housing has expanded rapidly over the time we are discussing. In 1953 the average household devoted 8.8% of their income on housing, in 1983 it was 16.8%. Though many suburban council housing estates were built the only route out of the inner cities for the majority was to buy a house in the suburbs. Home ownership gradually increased over the post war period until the majority of people were owner occupiers. Clearly this has led to a great many new costs for working class people, particularly those who previously lived on council estates and had their rents subsidised. For many, if not most, the deprivations they had endured in the old working class communities vanished only to be replaced by new, less obvious deprivations.

We can see therefore understand that when politicians complain that the poor cannot really be poor if they have television sets and other supposedly non-essential goods they are really talking nonsense. A family, can as we shall see, be poorly nourished and lacking in the money to pay for other basic expenses and still own a television, a video and a telephone. It may seem that possession of these items makes them much 'better off' than the poor of the 1930's. Indeed, in terms of physical health, the poor of today are better off than the poor of the 1930's, although the diets of the poor of today are still nutritionally inadequate. However things are not clear cut. A poor person of the 1930's could spend the great bulk of their money on basic necessities and still be able to gain some kind of stimulation from the social and community life around them. A poor, workless family of today could choose to do without their television, video and telephone and have a few extra pounds a week to spend on food and fuel. But their circumstances would still be straightened and moreover they would very likely have little to do with their time apart from stare at four walls in their house. The psychological consequences of being deprived of stimulation and contact with others would outweigh the limited improvements to their living conditions from the few extra pounds for food and fuel.

### **The Rise of the Motorcar.**

If the television and home entertainment dominates our leisure hours the motorcar dominates the whole of our life itself. Nothing symbolises the insanity and short sightedness of modern consumerism

for the environmentalist more than the motor car, and rightly so. Motor cars do not just pollute the atmosphere and give our children asthma, they have destroyed our family life. Young children can no longer play in the street or be allowed to walk to school because of the quantity of traffic and the danger of them being knocked down. The lives of many children is like permanent imprisonment, only being allowed out when their parents take them somewhere in the car. The rest of the time is spent watching television or playing computer games-creating another claim on the family budget of course.

Car culture creates a wedge between the middle class environmentalist and the working class. Like the middle class, most working class people want to own cars and these days most working class households have a car. They do not seem to be the natural allies of the radical environmentalist who wants to end private car ownership altogether. To the environmentalist advertising and consumer culture has mesmerised ordinary people into desiring something that is slowly destroying the earth, wrecking communities and wrecking the lives of their children.

Again though this 'manipulation' theory only provides a partial explanation. Of course some people see cars as a status symbol but for most people they are mainly just a way of getting from A to B. The key reason why people have bought cars is again because they have become a necessity. The primary reason for this was government policy.

Throughout the post war period the government promoted the building of roads and the use of cars while failing to invest anything like adequately in railways and bus services. The clearest example of this process was the massive cuts in railway services that occurred as the result of the 1963 Beeching report. Dr Beeching was appointed by the Conservative government to restructure Britain's loss-making state owned railways. Beeching proposed that over 5,000 route miles and 2,363 stations out of 7,000 would be closed to passenger traffic. Most of these closures had been implemented by 1967 (Bagwell 1974). Beeching's reasoning for his proposals was that increased use of the motor car was making a large railway network unprofitable. However while the railways were unprofitable in 1963 there was not a declining need for rail services. The level of passenger travel in 1962 was actually slightly greater than it had been in 1938 despite the fact that car ownership had increased over this period. It should also be noted that only about 30% of households had access to a car in the early 1960s (Social Trends 1999). Most of the unprofitable lines Beeching closed down had always been unprofitable and the rise in car ownership had made little difference (Bagwell 1974). Beeching's proposals did not make Britain's railways profitable anyway and they still rely on a large



public subsidy to this day. Rather than a response to increased car ownership we can say that they were really an effort to increase car ownership by making an alternative form of transport less available.

Beeching was only part of a wider trend of government disinvestment in public transport that saw cuts in subsidies, rising fares, decline in services and increasing car use. The privatisation and deregulation of bus services in the 1980's signalled the final death knell of attempts to preserve Britain's public transport system as a genuine alternative to car use. The basic problem was this-the government was prepared to subsidise the motor car massively through the road building program. But when it came to subsidising public transport 'free market economics' and the need of publicly owned transport services to 'stand on their own two feet' was repeatedly invoked. Nothing could show more clearly the blatant deception inherent in all Thatcherite and laissez-faire propaganda.

Given the failure to invest in public transport suburban life, in particular was very difficult without a car. Those who moved to the suburbs soon realised that a car was going to be a necessity when they realised that their shop's were a mile away, their work six miles away and their relatives twenty miles away. They would find that their public transport links were often scarcely within walking distance and unreliable and expensive in any case.

Though the need for the car emerged during the 1950s and 1960s most people during this period were unable to afford one and had to struggle to make do with the declining public transport service that was available. Even by 1971 48% of households still had no regular use of a car (Social Trends 29). The emergence of mass car ownership was seen as a symbol of affluence by social commentators in post-war decades, what few considered was the deprivation that the need for car use also created.

### **The Commodification of Domestic Labour.**

Commodification is an ongoing, dynamic process. The costs of adjustment to suburban life were not met simply by making the purchases we have described. The environment around us develops constantly and so does the new needs that it throws up. The break-up of the hypocritical morality of the 1950s that put the oppression of women at its centre is to be welcomed. But its costs should not be underestimated either. The increased financial independence of women

and the rise of the two earner family are leading to a further commodification of life. Broadly speaking this involves the unpaid housework of women being reduced by labour saving devices so that women can use the time saved to do paid labour. In an equal society, where workers receive the full fruits of their labour this commodification could be seen as unequivocally good. In modern society it has, however, created new financial burdens along with its undoubted benefits.

We saw how life in the suburbs created social isolation, particularly among women. We also saw how the move to the suburbs created new financial burdens for working class families. These factors contributed strongly to the movement for married women to take jobs. Work provided women with an opportunity to get out of their soulless new communities and interact with other people. It also brought much needed income into the family.

The movement of women with children into the workplace is a continuing trend. Although the majority of women with dependent children, who work, work part-time, an increasing number are in full-time employment. In 1973 30% of women with dependent children worked part-time in 1996 this figure was 39%. In 1996 17% of women with dependent children worked full-time, in 1996 this figure was 22% (Office for National Statistics 1996).

Off course the housework still has to be done and it was and is still the woman who takes the main responsibility for this. It would be impossible for women to go out to work and perform housework in the same manner as it was done before the Second World War. A woman can no longer spend an entire day washing the families clothes by hand, they must have a washing machine. They cannot spend hours on cooking and washing up everyday. They need a microwave oven and a dishwasher. Increasingly it is difficult for women to cook at all given the pressures on time created by work. 9% of all consumer expenditure in 1998 was on takeaways and meals out (ONS 1998).

The growth of the two earner family also restricts the amount of time couples have to spend together. Now that 9-5 work is becoming less common couples find themselves working different shifts and no longer necessarily having evenings or weekends to spend with each other.

This new trend also gives rise to the need for those other symbols of modern affluence, the mobile phone and e-mail. As Melanie Howard of the Future Foundation said when discussing these new forms of communication:



'There are lots of forces driving families apart. But there are other trends helping us to be more cohesive-and communications technologies are part of that. Families are getting busier and more geographically dispersed, and this is how we stay in touch.' (Quoted in Observer 7.11.99)

Increased pressures on family life from the imposition of 'flexible working' will no doubt lead to greater and greater needs and financial burdens on household budgets. Mass unemployment since 1979 has weakened the ability of workers to resist pressure from bosses to work long and unsocial hours. Family life itself is becoming more and more unpopular with the number of single people increasing and people having children later and later in life. People who come home exhausted from work every day can derive little pleasure from the company of their partner and child-rearing. Having a family just becomes another source of financial and emotional strain. As people find they can no longer derive so much fulfilment from their family relationships they will be forced to find it in more and more individualised and commodified manner.

We can see therefore that commodification is not driven by consumer demand but by the development of the productive forces. As we saw the development of manufacturing created urbanisation and the completed the commodification of our basic needs for food, shelter and fuel. The continuing development of industry and urbanisation created the move to the suburbs and the commodification of our needs for leisure activities, communication and transport. The break up of working class communities in the inner cities due to the flight to the suburbs and later de-industrialisation created similar needs here. This process in turn led to an increase in the number of married women working and the continuing commodification of the needs that had been met by domestic labour. Now we can see how the mass unemployment of the last twenty years, itself a product of deindustrialisation is leading to the development of new working practices and further new needs as a consequence.

Just as those families who moved to the suburbs found their budgets squeezed by the emerging new needs so does the modern family. We can understand now why modern families feel that their incomes are close to a poverty income or why so many cannot afford a budget defined as 'modest but adequate'. The modern worker is bombarded with an ever greater number of bills and expenses. On the one hand there is the ever-rising cost of housing and transport. On the other hand there are the repayments to be made for the myriad of consumer

durables necessary to sustain the modern family. Affluence remains as distant a prospect for the worker as it has ever been.

The total level of exploitation is not easy to measure. This is because the level of exploitation is not only a product of the extent to which profits are extracted from the working class but also of the extent to which the working class is able to resist the pressure of the capitalist class. The total level of exploitation is not only a product of the extent to which profits are extracted from the working class but also of the extent to which the working class is able to resist the pressure of the capitalist class. The total level of exploitation is not only a product of the extent to which profits are extracted from the working class but also of the extent to which the working class is able to resist the pressure of the capitalist class.

Year	Percentage of working class income taken away from the working class to be consumed by a minority	Percentage of working class income taken away from the working class to be consumed by a minority
1996	6.6	
1997	62.5	37.5



## 4. Why Property is Still Theft.

### Poverty Amid Affluence.

While the upper and middle class may be able to satisfy their developing needs with plenty left over for luxuries, the majority of the working class are not in such a happy position. Just as their real incomes seem to be rising sufficiently for them to meet their needs so new needs emerge. Under the present system the working class can never achieve affluence.

This inequality is caused by the private ownership of the means of production. It is important to understand how this differs from popular notions of the causes of inequality. It is often said that equality is impossible because people are not equal. What is meant by this is that social equality (i.e. equal consumption by all of goods and services) is impossible because people are not biologically equal (some are more intelligent or stronger than others). Yet the real cause of inequality in capitalist society bears no relation to biological differences between people.

Capitalism is a system in which the ownership of wealth enables one class of people to invest in the means of production in order that they can make more money. The investor is not rewarded, in the final analysis, for their innate intelligence or other personal qualities. They are simply rewarded for having surplus cash to invest.

Their reward does not come from nowhere. Investment is not a means whereby money creates more money. The return on investment, the profit, is a portion of the revenue that a capitalist enterprise makes. The revenue an enterprise makes is the value of the goods and services that its workers have produced. Profit is that part of the revenue the workers have created but that is not paid to the workers in their wages despite the fact that it is their labour that has created it. Workers are therefore exploited.

*We can see therefore why the needs of the working class expand faster than their incomes.* Workers create the whole of the social product, a product large enough to meet the needs of all adequately. Yet a portion of this is taken away from the working class to be consumed by a minority.

### THEFT ON A MASSIVE SCALE.

The total level of exploitation is not easy to measure. This is because the level of exploitation is not only a product of the extent to which profits are extracted. The capitalist system also creates large inequalities in income which redistribute the workers product away from them to middle class people who do not contribute to production itself but rather to the perpetuation of the system of exploitation. The beneficiaries of this are the line managers, middle managers, corporate executives etc. The middle class tends to receive most of their income in the form of a salary although, like profit, it is siphoned off from the product produced by the worker. Yet not all middle class work can be described as purely parasitical. Doctors and teachers for instance have skills and knowledge that would be important in any society. Even the management role is not completely parasitical. Any economic system will require management in some sense. In an anarchist society many management functions will still exist but they will be devolved to the workers and carried out in a democratic manner. However it should be noted that perhaps two-thirds of the managers job is surveillance of the workforce. This includes the surveillance by one manager of the supervisory work of the manager below them who in turn manages the supervisory work of another manager and so on. This leads to endless form-filling and paperwork. Think of the bureaucracy involved in sickness monitoring or formal supervision meetings or staff appraisals. Once the workers are their own managers much of this will become redundant.

Measuring the rate of exploitation is never going to be an exact science therefore. It is interesting, however, to give ourselves some idea of just how much is stolen from working class people. We can do this by comparing the percentage of national income that goes to labour with the percentage that goes in profits to the owners of capital. Recent figures are as follows:

Year	%age of national income received by labour	%age of national income received by capital
1995	62.2	37.8
1996	61.6	38.4
1997	62.5	37.5



(Derived from figures for gross added value, included in GDP by category of income figures, ONS 1998)

These figures indicate that, on average nearly 40% of income goes to labour not capital. Take a worker on £20,000 a year. If they only getting 60% of the value in revenue terms of the product they make or service they provide then £16,000 is going to the owners of capital. It looks like most of us are due a pretty hefty pay rise.

### We are all Capitalists Now?

On the face of it the class struggle looks as relevant as ever. The working class has the same interest it has always had in taking over the means of production and making sure the wealth they produce benefits them rather than going into the pocket of the capitalist.

'Not so!' we are told by a new generation of bourgeois thinkers. Well what is it this time we're inclined to ask. When the welfare state was created we were told the class struggle was over, when workers bought their own council homes we were told this too, when the Labour Party, that had never given a damn about the working class anyway, lost four elections in a row, we heard exactly the same thing. Well what it is this time is the fifty odd quid a month we pay into our pension funds.

How so? Writers on business and economics have noticed that an increasing proportion of shares in America and Britain, at least, are held by institutions. They pay particular importance to the fairly large proportion that are held by pension funds. They then point out that it makes no sense to say that workers 'are exploited' by the profit system if the profits the working class are producing are simply being paid into pension funds that accrue to working class people when they retire. When corporate executives are challenged in the media about the large profits their companies are making they tend to declare that this money is going into people's pension funds as if this settles everything.

Some have even argued that the ownership of industry by pension funds in Britain and America has created the kind of socialism that Marx and Lenin dreamed of creating! The management guru Peter Drucker writes:

'...a larger sector of the American economy is owned today by the American worker through his investment agent, the pension fund, than Allende in Chile had brought under government ownership to make

Chile a "socialist country", than Castro's Cuba has actually nationalised or that had been nationalised in Hungary or Poland at the height of Stalinism.' (Drucker 1974)

So there we have it-not a utopia of Liberty, Equality and Fraternity or even of Peace, Bread and Land but of annuities, lump sum payments and final salary guarantees.

Well if all this was true then we would indeed have much to thank capitalism for. Retirement would bring us all our share in the vast wealth that accrues to the owners of capital. Well not quite. A recent survey for the NatWest found that the average British worker is only paying into their pension fund about third of what will be necessary for a 'financially comfortable' retirement. The average worker is estimated to pay £14 a week into their pension when they should be paying in £44 a week.

It is true that more than half the shares in Britain are owned by occupational pension funds and insurance companies (insurance companies are important providers of personal pensions and other investment vehicles as well as providing insurance). We should not assume that more than half of all shares are somehow owned by the British working class. As we have seen the British worker has little in the way of disposable income to invest in pensions, life assurance or any other kind of financial product. Though a small proportion of shares may be owned by the working class through their pension funds, the greater proportion are owned by the middle and upper classes who are the principal holders of wealth whether this comes from savings from income or inheritance.

One of the main reasons why so many shares are owned by pension funds in Britain is that British pension law makes investment in pension funds far more tax effective than owning a personal portfolio of shares. The middle class are the biggest beneficiaries of this. High earners will typically have their occupational pension scheme, Additional Voluntary Contributions (AVCs) paid into this scheme, a private pension scheme and shares held in unit trusts or in tax free PEPs or ISAs as well. The working class person will only make their basic contribution to an occupational pension scheme, and then only if they are in full-time work.

The ability of the well off to save a greater proportion of their income or inheritance than the working class enables the well off to grab for themselves the greater part of the profit that the worker produces. **This is because the average worker produces far**



more profit for the capitalist system over their working life than they can hope to receive back from their pension schemes. The bulk of the profit they produce will go to those who can save a greater proportion of their income on the stock market whether through pension schemes or other financial products.

A quick example will make this clear. Take a worker who retires on a final salary of £20000. Let us assume their occupational pension is half average earnings. This is a fair enough assumption to make given we have seen that the typical British worker is unable to save enough for a comfortable retirement. If the worker lives twenty years after retirement they will receive a total of £20000 from their pension fund. This seems a substantial sum but how much profit have they produced for the capitalist system over their working lives? Let us say their average wage over a 45 year working life from age 20 to 65 was £17500 (We are assuming their earnings increased as they got older and their final wage was higher than their average wage.) Now let us assume that 40% of the revenue they produced for the capitalist was taken by the capitalists in profit. On average therefore they produced £14000 a year profit for the capitalists.

Now  $45 \text{ (their years of working life)} \times £14000 = £630000$ .

We can subtract the income they have received from the stock exchange with the income capitalists have received from them.

$630000 - 200000 = 430000$

This gives the worker on an annual salary of £17500 a net loss to the capitalists of £9555 per year. In other words, if the worker received the full value they produce (the total revenue that their product makes, including that part that currently is paid as profits to the owners of capital) their wage would be 54% higher, in this example

There is no way capitalism can ever be turned into a non-exploitative system by the provision of pensions, ISAs or 'popular share ownership'. All systems in which economic inequality exist are exploitative. Exploitation will only end when inequality has ended, otherwise it simply appears in new forms such as 'pension fund socialism'.

## 5. The Consequences of Inequality.

The experience of most working class people is one of struggle. A struggle to pay the mortgage, keep the car on the road and to provide a decent life for the children. What of those that lose the struggle however? What is life like for those in poverty.

Conditions for unemployed families on benefits are wretched. For example a lone parent with a child over eleven currently (May 2000) has only £94.70 a week to live on after paying rent and council tax benefit. A couple with two children over eleven has £149.40 to live on. Conditions for many of these families are so bad that they cannot afford adequate diets. The United Nations found that in 1994 1.5 million British families could not afford a nutritionally adequate diet (United Nations Development Programme 1998). Nor is Britain alone in the developed world in having such a problem. 30 million Americans live in families that cannot afford adequate diets, 13 million children under 12 live in these families (ibid).

A study of food poverty in Britain published in 1996 (Leather 1996) gives some indication of what it is like to endure food poverty in Britain. The study quotes a mother of two as saying:

'I'd say in a good week we'd have about £30 for food, in a very good week. In a bad week we'd have £20 and that's for the four of us. On a particularly tough fortnight we would eat one meal a day so that the kids could eat.'

A mother of two children on an estate with a high percentage of benefit recipient said:

'Two days before pay day (the day benefit payments are made), you see people walking around the estate knocking on friends doors, asking if they've got a tin of beans or some Weetabix they can give the kids.'

Diet related diseases are more prevalent in low income families than in other households. The Department of Health's Low Income Project Team made a survey of the available medical evidence in 1996 (see Department of Health 1996). They found that

- Pregnant women in low income households have lower energy and nutrient intakes, lower weight gains on pregnancy and higher percentages of anaemia. This gives rise to low birth weight infants and stillbirth.



- Toddlers in low income households have higher intakes of saturated fatty acids and lower intakes of dietary fibre and most vitamins and minerals. Their growth is slower than children in higher income families as a result.
- School children aged 10-15 in low income households have lower intakes of most vitamins and minerals, including iron and calcium with consequent lower levels of bone mass and more anaemia.

Poor families rely more heavily on white bread, whole milk, sugar, eggs and margarine. They consume less reduced fat milk, poultry, fresh vegetables (except potatoes), fresh fruit and wholemeal bread.

The authors note that families on low incomes with poor nutrition intake will lack nutritional protection from conditions such as stroke, osteoporosis, some forms of cancer and heart disease. The authors note that higher rates of heart disease in social class 5 (the lowest income group) persist even when possible contributing factors such as higher rates of smoking, alcohol consumption and lack of exercise among people in social class 5 are taken into account.

Given such evidence it is no surprise that the annual mortality rate of social class five is nearly three times higher than the mortality rate for social class 1 (see Acheson 1998).

It is not any good for commentators to blame poor nutrition on poor people choosing unhealthy foods out of ignorance. Nor for New Labour to offer poor people cooking classes. The reason poor people do not eat enough fresh vegetables is not that they are too stupid to know that they are good for them or that they do not know how to boil a saucepan of carrots. The reason why they eat unhealthy food is that healthy food is more expensive. The Food Magazine in June 1995 compared the prices of a healthy basket of food with an unhealthy basket of food. The more healthy basket of food contained items such as cottage cheese, polyunsaturated margarine, whole meal bread and low fat sausages. The less healthy basket contained items such as cheese spread, soft margarine and white bread. The survey found that the healthy shopping basket cost 41% more than the unhealthy basket.

Poor families tend to buy cheap, filling food that alleviates hunger in the short-term but does little for long-term health. They do this out of financial necessity. This means that the poor family in a developed country may not have the emaciated look of their Third World counterpart, some may indeed be overweight but their diets are still inadequate.

It is true that New Labour has increased benefit levels for families with children in real terms but their efforts in this direction can best be described as tinkering at the edges. Real terms increases in benefits occurred in April 1999 and April 2000 but did not occur in 1997 or 1998. Families with children on benefits have not gained equally. In 1999 a lone parent with a child over eleven would have actually seen a slight reduction in their real income. Taking the year 2000 as a whole (a small benefit rise is planned for October), the real terms increase is only about 3% for the lone parent. A couple with two children over eleven saw their real income go up 1.9% in 1999 and it will go up 4% in 2000. From Labour taking power in 1997 to October 2000 the real terms increase for the single parent family with one child will therefore be less than five pounds a week, the real terms increase for the two parent family with two children will be less than ten pounds a week. Admittedly those with children under eleven have done slightly better. However given these figures the governments promise to end child poverty cannot be taken terribly seriously.

The poor are stigmatised by the newspapers as stupid, feckless, and workshy because their existence in the developed nations is the ultimate indictment of capitalist society. This indictment is that after two hundred and fifty years of capitalism we in Britain are still unable to ensure a decent, dignified existence for the poorest of our population.



## 6. There's Always Someone Worse off Than You.-Third World and First World.

The idealistic radical, the type who campaigns against the World Bank, the World Trade Organisation and so on may feel rather aggrieved by the ideas that have been expressed in this pamphlet. 'OK they might say 'workers in Britain have a lot of stress, they have to work out how to pay their instalments on their cars, pay their mortgage, pay their TV licence and all the rest of it. And maybe a few of them are genuinely poor. Well their are people in the Third World who are starving and dying. Why should we be fighting alongside the British worker when we can be fighting for people with real problems?'

The answer is quite simple. The only answer to the predicament of workers both in the First World and the Third World is an international revolution that will overthrow capitalism. There is no point in assisting third world revolutionary movements while doing nothing to promote revolution in one's own country. Let us say revolutionary struggles were successful solely in Brazil and Mexico? What benefit would it bring the people's of these countries. If they wanted to develop economically very little. The capitalist nations of the developed world would soon strangle the revolutions through trade embargoes and the denial of international loans and foreign investment. No Third World revolution can succeed unless some of the developing countries experience revolutions at around the same time and can offer them assistance.

The 'Third Worldist' Radical often shares much of the liberal agenda on third world poverty. This is the idea that third world poverty can only be relieved by increasing the aid budgets of governments in the First World at the expense of the taxpayers. (This was the recommendation of the famous Brandt report on world poverty in the 1970s.) This of course provides the cue for much middle class guilt and handwringing as it is scarcely likely that Western taxpayers will take a big cut in income in order to pay out more in aid to the third world. For radical and liberal alike the problem then becomes one of greedy first world populations who do not want to give up any of their 'affluence' to help those in the Third World.

But there is no earthly reason why they should have to. Why are the third world workers poor? Is it because they don't receive enough aid? Or is the problem a little bit more complex. Billions of dollars is leant to third world countries every year by the commercial banks and

the World Bank. These loans are meant to be for economic development *just like aid is meant to be for economic development* but to a large extent they are spent on anything but this.

For instance in 1982 Zaire had accumulated a foreign debt of \$5 billion. It's President had a personal fortune of at least \$4 billion that had been plundered from the money lent by Western banks (Caufield 1996). Between 1984 and 1986 the World Bank loaned Mobutu's government another \$375 million, in 1987 Mobutu received IMF approval for \$370 million in new loans (George 1988). In 1986 it was found that at least 15% of the Philippines \$26 billion debt had been stolen by its ex-President Ferdinand Marcos.

It is not just the leaders of Third World countries who steal money that is supposedly for economic development. In most Third World countries there is a whole social elite of business people and bureaucrats who live off the proceeds of corruption. Writing in the New Republic magazine in 1986 James Henry described the

'importers who get permits to purchase foreign exchange for imports that either never get bought or are wildly over-invoiced; developers who get public loans for projects that don't exist; local 'consultants' who are paid by US suppliers in New York dollar accounts'

The evidence from the 1980's shows that money lent to Latin America by the developed world was far more likely to end up in American and European bank accounts rather than being invested in development. The Morgan Guaranty Trust Company discovered that 70% of borrowing by the big 10 Latin American debtor countries between 1983 and 1985 financed capital flight. The World Bank estimated that capital flight from Latin America between 1976 and 1984 equalled the increase of the regions debt over this period.

As the 1990s continued so did the corruption. The Yacyreta Dam on the border of Brazil and Paraguay was first proposed in 1973. It was meant to provide 2,700 megawatts of electric power at a cost of \$1.5 billion. The World Bank lent \$210 million in 1979. In 1983 the dam had cost \$1 billion though construction had scarcely begun. In 1992 the World Bank lent another \$300 million for the project. In 1993 the dam was 60% finished but had cost \$3 billion. Most of the money provided for the dam is either resting in overseas bank accounts or has been diverted to the government military budget (Caufield 1996).

The new name for corruption in Latin America is 'privatisation'. The Latin American upper and middle classes are doing their best to catch up with their opposite numbers in Russia who have proved



themselves world leaders in stealing assets and resources from their people. Banks privatised by the Mexican President Raul Salinas lent vast amounts of money to company's run by the President's brother Carlos. Friends of the Mexican ruling party-The Institutional Revolutionary Party made billions out of the privatisation of Mexican television. Like good free marketers the Mexican government encouraged private investors to build a series of six lane toll highways. They never made any money out of these but then most of them did not actually go anywhere in particular. How could the investors have committed such a folly? Well given they knew the government always bails out the failed 'privatisation' projects of its cronies they did not really have to bother making their investment pay. In 1998 the Mexican government paid £4.5 billion to buy back the highways from the investors (see Observer 11.10.98). How can the impoverished Mexican state raise funds for this kind of thing? Simple just chalk it up as part of their foreign debt.

The problem is of course, that once this money has been borrowed it has to be paid back. The official justification of these loans is that the economic development they are supposed to finance will produce enough revenue to pay the debt back. But when there's no development the money still has to come from somewhere. When a country cannot pay back its debts the IMF and the World Bank will come on the scene. They will offer to keep on lending the country money as long as it addresses the 'underlying economic problems that have lead to the debt crisis.' So do they demand Third World governments end corruption, that third world elites tighten their belts and that future loans are spent on economic development? Not really. What they actually demand is that the education and social welfare budgets of third world countries are cut still further and that this money is used to pay back the debt.

Typically Third World countries in debt problems are offered 'Structural Adjustment Loans' (SALs) by the World Bank and IMF. These loans are meant to be used to pay off the countries debts. However they are only granted if the recipient country agrees to 'free market' reforms. These include

- Cuts in spending on social services such as health and education.
- Restrictions on trade union activity.
- The lifting of restrictions on imports.
- Allowing in foreign investors.
- Cuts in food subsidies.
- Privatisation of government run industries and cuts in public employment generally.

- An increase in exports of commodities to earn foreign exchange and pay back debt. (Commodities are raw materials such as oil or minerals or agricultural produce such as coffee and tobacco.)

By 1995 88 countries had signed up for SALs. Typically it is argued that these free market reforms will lead to better economic performance and economic development. Alas nothing could be further from the truth.

Mexico's experience in the 1990s provides a good example of the consequences of Structural Adjustment. When it announced it was unable to pay back its debt to Western banks in 1982 the World Bank sprang into action and between 1983 and 1991 it was lent \$6 billion. One of the first beneficiaries of these loans was its then President Miquel de la Madrid who promptly deposited \$162 million in his Swiss bank account.

Others were soon to benefit. The lifting of restrictions on investment meant that foreigners bought up a quarter of the stocks traded on the Mexican stock market. This seemed to be the long awaited economic miracle. Instead of funds flowing out of a Latin American country into Western banks they were flowing from the West into Mexico's investment market. However the money did not go into real investment. The 'investment' was just a speculative frenzy with little money actually going into the building up of industry and the modernisation of the economy. From 1988 to 1994 Mexico's economic growth averaged 2.2%, barely enough to keep up with its rising population.

In order to qualify for structural adjustment aid to the poor such as subsidies for milk, tortillas and primary school breakfasts was ended or drastically cut. Between 1980 and 1992 infant deaths due to malnutrition tripled.

The speculative bubble burst in 1994. In 1995 President Zedillo announced a wage freeze, cuts in government spending and higher taxes.

In 1992 the World Bank acknowledged that in countries where SAL is implemented investment actually decreases. The problem is that SAL leads to reductions in spending on public spending on infrastructure such as roads, railways and airports as well as cuts in education spending. Now without infrastructure and education Third World Countries are never going to develop. All Third World countries can hope for is speculative booms such as the Mexican boom and the Brazilian boom of the mid to late '90's. And booms like these always end in a slump.



But why not demand the governments pay back the debt by cutting corruption and military expenditure? Here's where politics comes in. The IMF and World Bank are controlled by the USA, the biggest donor to their funds. If local elites in the Third World are allowed to carry on stealing economic development money they have a vested interest in the system and can be relied upon to make the debt repayments promptly (at the expense of their people's welfare). Given the kind of societies they tend to preside over massive arms expenditure is necessary to stop them being overthrown by their own people. Popular revolutions could well lead to the cancellation of debt repayments and a real headache for Western banks.

So can we solve the resulting poverty and hardship for third world people by doling out more aid? Sure if we are going to assume that this aid is not going to be stolen by corrupt officials along with most of the rest of the money that Western governments send to the Third World.

This might seem like a racist argument that Third World countries cannot manage their own affairs due to the moral shortcomings of their people. But it is not the case that third world elites are inferior because Brazilians, Ghanians and Indians all have some genetic predisposition to be corrupt. If one wants to talk about corruption one can say that the English, Americans and French are corrupt because they produce bourgeoisies that rip off nearly half the national income from the workers in the form of profits. The fact is that the corrupt elites of Western countries have been able to develop their national economies while they have been exploiting their workers. In the Third World however there has been exploitation without development.

The reason is because Third World elites have been blocked by the West from developing their economies. The means of doing so has been the imposition of something called the law of comparative advantage on these countries. Basically this states that each country should specialise in producing the products that make the most efficient use of its resources. In the First World there is a lot of capital as these countries are richer than Third World countries. People in these countries can save more than Third World populations and these savings can be turned used for investment. Labour however is expensive. It therefore makes sense for the First World to concentrate on capital-intensive industries. In other words it should concentrate on automated production processes and build computers and cars, for instance. In the Third World capital is scarce but there is a lot of cheap labour around. It therefore makes sense, seemingly, for these countries to specialise in

industries that lend themselves to labour intensive methods. These are industries such as agriculture and mining-the production of commodities. As we have seen, increasing the production of these for export is a condition of receiving an SAL from the World Bank and IMF.

The problem is that, as Susan George points out (George 1988) there are only a limited amount of commodities that the Third World can offer to the West. Competition between the different commodity producers forces world prices of commodities down leading to widespread reductions in national income among Third World countries. An African coffee producer like Kenya competes against other African producers as well as Latin American producers. Some Third World producers compete in a products other than commodities such as textiles and garments. However the Third World only produces a limited quantity of such products. Again, therefore, competition forces prices down-the garment worker in Bangladesh competes with the garment workers in Pakistan and Indonesia.

Third World commodity production is also undermined by substitution. Industries like the soft drinks industry use artificial sweeteners rather than sugar because sugar is too expensive. Agricultural products like rubber, jute and cotton are also threatened with substitution. Western industries are using fewer mined metals and using synthetic materials in production instead (George 1988).

Third World countries are being forced to concentrate on producing the same products they have been producing for decades. As technology advances in the developed world there is less and less need for what they produce. If they are going to develop they must diversify into producing a wider range of products. They must diversify into technologically advanced, capital intensive industries rather than relying on labour intensive low technology industry.

Surely the IMF and the World Bank who prattle endlessly about the need for Third World development would be doing everything to encourage this. Nothing could be further from the truth. Now there are many elites in the Third World who have tried to nurture manufacturing industry. They have tried to get around their cost disadvantage in manufacturing by means of subsidies and tariff barriers against foreign competition. One example of this was Zimbabwe (see Fabrizio S. and George S. 1994). Between independence in 1980 and 1987 Zimbabwe received \$646 million dollars in loans from the World Bank. Zimbabwe had no trouble with debt repayments as this money was invested fairly wisely. Zimbabwe during this time was not only self-sufficient in food it was also diversifying into manufactured



exports. How did it achieve this? By employing trade controls and subsidies. Despite this record of success the World Bank decided in 1987 there would be no more loans until different policies were in place. These policies were the infamous structural adjustment policies. In Zimbabwe this meant the end of tariff controls, the end of state aid to industry, the sell off of Zimbabwe's economic resources to foreign investors and of course cuts in health, education and the minimum wage. Once the government started implementing these measures credit lines were restored. But economic performance was impaired to the extent that Zimbabwe was soon having serious problems paying back its debt and all of the post-independence social progress was wrecked.

This is all done in the name of free market economics but free market economics are nonsense. Britain, America, Japan and the Asian Tigers all industrialised behind high tariff barriers. This is because if a country sticks to its comparative advantage it simply cannot develop. Industrial development requires a massive national effort. It means that a country must break away from the situation that gives rise to its comparative advantage in say agriculture and force itself to create new products using unfamiliar processes.

The example of Japan shows this clearly (see Brenner 1998). After the war Japan's level of development was well behind that of the Western industrial nations. Rather than using its large supply of cheap labour to concentrate on agriculture it chose to focus on capital-intensive industries such as iron, steel, and petrochemicals. At first costs were high and efficiency was low. However the Japanese persevered in reducing costs and improving the use of technology. Japan developed into one of the strongest economies of the post-war period. Japan achieved this by protecting its developing industry from foreign competition by means of tariff barriers. The Japanese government provided subsidies to export industries. Japanese enterprises were prepared to accept low profitability in the initial stages of industrialisation. They developed a system whereby shares in Japanese companies were held by other Japanese companies. This prevented foreign investors taking over these companies and demanding short-term profits.

Why does the West not want the Third World to follow such a process. Broadly speaking because there is nothing in it for them. It is only really national bourgeoisies that can initiate such a development process, in capitalist Third World countries. Bourgeoisies that are prepared to work as much under the spur of nationalist ideology as under the profit motive. Western Multi-Nationals need to make profits in the here and now not in twenty years time. In the short term protectionism in Third World countries denies the Multi-Nationals

markets and hits profits. Cheap, subsidised steel from a Third World country will reduce the market share of a Western owned steel producer. Tariffs that protect a Third World steel producer from competition from Western steel exports will similarly hit the profits of the Western firm. Third World development is simply not in the short-term interests of Western capitalism and in a free market profit system, these are the only interests that count.

This is not to say that Western workers share this interest in keeping the Third World undeveloped. If the Third World exports to the First World then this creates an income stream to the Third World in the form of payments for exports. The Third World then uses this money to buy the exports of the First World. Just as the Third World creates new industries as it develops, so the First World will create new industries to meet the needs of the expanding markets in the Third World. If the Finns pay workers in Brazil for their steel it gives the Brazilian workers money to buy Nokia mobile phones, for instance. In fact this is just the process that the World Trade Organisation, the IMF and the World Bank claim they are trying to create-they call it a virtuous circle of trade. These institutions are however controlled by the US government. The US government is in turn controlled by the big corporations who fund the election campaigns of US political representatives. Their real agenda of the US government and the institutions it controls is therefore the profitability of these US corporations not long-term development and prosperity.

In the final analysis Third World development does not happen because Western capitalism does not *need* it to happen. Contrary to what Marx and Lenin believed capitalism does not need the constant expansion of world markets to survive. If this was the case then the West would indeed have an incentive to make sure Africa and Latin America developed manufacturing industry on a greater scale, the Middle East diversified from oil production etc. However since the war the Western capitalist countries have been content to trade mainly with each other and have had only a limited need to develop other markets. As we have seen the ongoing development of needs in Western economies has provided a large and expanding market for the capitalists. Where development has occurred-primarily in the Asian Tigers this has been for localised reasons. The Communist Revolution in China in 1949 concentrated the minds of local elites and the USA wonderfully on the need to raise living standards among the people's of South East Asia to stop the contagion spreading, as did America's defeat in Vietnam twenty years later.

In the rest of the Third World economic development has either not been anywhere as near as large as necessary to substantially reduce



poverty and starvation or it has just not happened at all. Figures published in the United Nations Human Development Report in 1998 show this very clearly. They show the growth in Gross National Product (national income) per capita (per head of population) from 1980-1995.

GNP per capita Growth rate 1980-1995. Percentage.

Sub-Saharan Africa	-1.3
Arab States	-1.2
South Asia	2.3
East Asia	7.8
SE Asia & Pacific	4.3
Latin America & Caribbean	-0.4

(United Nations Development Programme 1998)

The populations of Latin America and the Caribbean, Sub-Saharan Africa and the Arab states have actually seen declines in the income of their people. Their economies are going nowhere. South Asia (which includes India) has seen economic growth but nowhere near as fast as in the other Asian regions East Asia and South East Asia have grown fairly impressively. Of course the recent economic crisis has been a set back for many countries in East and South East Asia but most of the countries concerned are now recovering rapidly from the crisis. The growth record of these countries shows what Third World nations can do when they are allowed to develop.

We can see therefore that the Third World has vast economic potential. It simply does not need to be a welfare case for reluctant First World taxpayers. Yet there is no reason to believe that the special circumstances that allowed the Asian Tigers to develop will recur in the rest of the Third World. Moreover the growth of the Asian Tigers has hardly been cost free. Poverty may have significantly diminished in these countries but large numbers are still poor even after years of growth. Growth was spear-headed by authoritarian regimes who siphoned off billions of the proceeds for development for themselves.

The difference was between them and the rest of the Third World that real growth was happening at the same time as this corruption.

Economic development is a necessity for the Third World but this does not mean that it has to be carried out by national bourgeoisies. The workers and peasants of these countries have themselves got a vital interest in development and they themselves can take their nations through the development process. Assistance can be provided by Western people's but this need not lead to reductions in incomes for those in the West.

What is required is as follows:

1. The overthrow of corrupt Third World elites by workers and peasants and the socialisation of the capital resources currently squandered by them.
2. The overthrow of First World capitalists in at least some First World countries by the working class of these countries.
3. Resources to be transferred from the First World to the Third World for long term development not short term profit. This transfer should take the form of converting all those funds currently used for Western 'investment' in the Third World into a resource fund. This will be owned and controlled by Third World countries. As Third World countries develop they can add to this fund using some of the proceeds of successful development. The resources used for investment can therefore expand along with the expansion of Third World economies.

It might seem that 3 would indeed lead to reductions in income for Western workers. However this transfer of resources does not mean that workers will lose any of their current income. Nor will it deny them access to that part of national income that currently consists of the profits made on their labour. The fruits of Western investment in the Third World goes straight into the pockets of Western capitalists. It is not as Lenin believed that Western workers are somehow living off the back of Third World workers. The Western workers wage is paid for out of their own labour, not the labour of Third World workers. The resources currently used for 'investment' in the Third World can go straight to the Third World for genuine investment without workers in the First World losing anything.

It is true that cheap labour in the Far East enables First World workers to buy some cheap items in the West. For example the low



wages of garment workers in the Far East enables Western consumers to buy clothes at a lower price than would be possible if they were made in the West. But the whole point of development is that Third World workers will switch to more capital intensive methods of production and their industry will no longer rely on cheap labour. The resource cost of production can be kept low through automation. An increase in the income of Third World workers does not have to mean workers in the First World having to consume less, indeed in the context of development it will mean higher consumption as the Third World will be able to produce more both for themselves and for export.

Many anarchists and Greens will throw up their hands in horror at such suggestions. The whole idea of development is anathema to them. Firstly because they think it will lead to an increase in pollution. Well the answer to this is to develop industrial processes that are non-polluting. Given the scale of human achievement over the past three centuries it is surely not hoping too much that we can find a way of meeting our energy needs that does not threaten our environment. Just as the Third World has to ignore short term considerations of profit to develop new and unfamiliar technologies so the world must fund the development of new, environmentally, sustainable, industrial processes, without the expectation of short-term profits. Once technological development is outside the hands of the Multi-Nationals the human race will be able to actually start getting somewhere with this process. It is vital that this process starts because currently 17 million are dying in the Third World every year of hunger related diseases, according to the United Nations (United Nations Development Programme 1998). That's the equivalent of three Nazi holocausts a year. Without economic development this will surely continue.

The second argument against development is that it is unnecessary. Many Western radicals claim that Third World countries can 'feed themselves'. The problem, they claim, is that they use land to grow cash crops for export and this does not leave enough land for subsistence farmers. This argument is just daft. If the whole of the Third World economy is going to be taken up with subsistence farming how are they going to develop an education system? How are they going to develop medical services? (And no they can't just rely on herbal medicines! What is the herbal cure for cataracts? What is the herbal cure for TB? What is the herbal cure for malaria?) Third World countries must either produce goods like medicines and schoolbooks themselves or produce something they can exchange for these goods. Either way Third World countries cannot have economies that rely on everyone working as subsistence farmers. They must be at an adequate state of development to be able to produce an agricultural surplus. Moreover what does the country do when its crops fail if all it

has to rely on is subsistence farming? What does it buy food with until their is a successful harvest? If anyone wants to see agricultural self-sufficiency in action they should visit the happy workers and peasants of North Korea and see what such an economic system has done for them.

The point of this analysis is to show that solutions to world poverty are not made impossible by the reluctance of First World workers to pay for them. The liberal who claims that aid is the only answer is in reality dividing First World and Third World workers. The idea that the only answer to poverty is aid dependency just creates open season for the capitalist press and pro-capitalist political parties to promote race hate and use nationalism to divide the international working class. However socially conscious a First World worker is they are not going to accept their own family being plunged into poverty in order to make those in the Third World a little less poor. What is needed is a revolutionary movement that unites the workers of the First World and the Third World in the cause that will bring mutual benefit to both-the overthrow of capitalism.



## CONCLUSION.

The struggle for working class affluence should be at the centre of left-wing struggle.

Working class people have built a world of immense technical complexity, a world where all forms of human potential can be realised. Medical science and modern agricultural techniques make it possible for all to enjoy good health and a long life. Information technology and media technology make it possible for all to enjoy the highest cultural and educational possibilities. The automation and computerisation of industrial processes make it possible for us all to have the time and leisure for travel, learning, fun and participation in community life.

Yet the freedom to enjoy the fruits of their labour is denied to the working class. The freedom to choose in our affluent society is felt by working class people as a compulsion to consume. The working class majority are marginalised by the technological changes which their own labour creates. They face a continual struggle to keep up with the demands of their ever changing environment. Increased mobility, better housing and new opportunities for entertainment become little more than new financial burdens. Whatever one achieves in terms of a bearable standard of living it only serves to remind one of how much one has to lose if condemned to the misery of unemployment. Our world of affluence and consumption offers on the surface a life of pleasure and contentment. In reality it creates only fear, insecurity and toil.

The working class are impoverished because so much of what they produce is taken from them by the middle class elite of managers and the owners of capital. The working class has the capacity to easily provide for its own needs through its labour. It is only by ending this exploitative system of economic relationships that the malnourished can be properly nourished, the poor provided with decent housing and the working class can enjoy the standard of living it deserves.

The middle class are well entrenched and acutely aware of their need to preserve their privilege. The middle class will not allow itself to be reformed away through campaigning and pressure groups. It can only be dislodged through economic warfare. The basis of this warfare is direct action.

Direct action has all sorts of associations in people's minds with violence and terrorism. (Although more recently it has also come to be associated with the peaceful protests of hippy road protesters). The age

in which students and university lecturers took up arms on behalf of the 'masses' is over. Of course the violence of groups like the Red Army Faction and the Red Brigades paled into insignificance compared to the American genocide in South-East Asia which to a large extent it was a reaction to. To this extent it should not be condemned. However this model of armed struggle failed utterly and should not be repeated.

Direct action begins with strikes and protests but it must move on from there. Workers must gain control of their workplaces not simply win a pay rise. Working class people must take away power over their communities from the central government and the central government's servants in the local council chamber not simply fight to keep a hospital open or improve a local school.

This process is about creating real affluence. Although no change can take place without the creation of equality, it is not simply a matter of taking money from the middle class to put in the pockets of the workers. Real affluence will come when production is restructured to meet the needs of the working class. That is when social production creates social consumption. This is not a world of the private motor car or the burdensome mortgage. It is a world of public transport, social housing and community provision. It means the end of the isolated nuclear family, the soulless suburb and the derelict inner city. It means the beginning of a new kind of social existence.



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