

Cuts, cuts and more cuts

In drawing up his budget Kenneth Clarke had a problem. As the man in charge of the finances of the capitalist state in Britain, he has to find the money to pay for the government's activities. But because he couldn't find enough, at least not without undermining profit-making, he has had to cut back on government spending. Not that this was new. It's been going on for twenty or so years now. Every Chancellor over this period has faced the same problem, and every one of them - Labour as well as Tory - has adopted the same solution of curbs on government spending. This has not been because they were uncaring or mean (though some of them tried hard to give this impression) but because they were forced to by the operation of the profit system. Governments are entirely dependent for their finances on the profit-making sector of the economy. This is the sector where the profit motive reigns supreme. Where unless businesses calculate they stand to make sufficient profits they won't employ workers to produce wealth. As governments are not engaged in producing wealth themselves, the only way they can get money is by taxing or borrowing from this sector.

So they have an over-riding financial interest in the health of the profit sector and in doing nothing that would adversely affect the profit-making, and profit-taking, that goes on there. This places clear limits on how much they can spend since to overdo it is to risk killing the goose that lays the golden eggs. The problem is that, since the post-war boom came to an end in the early seventies, profits everywhere have been squeezed by increased competition on the world market. So government spending, coming in the end as it does out of the profits of the profit-making sector, has also had to be squeezed. When Chancellors say they haven't got the money to maintain public services at existing levels they are telling the truth. They haven't. The cupboard really is bare.

Governments, not just in Britain but everywhere, have had to resort to drastic measures to raise money. They have had to sell off state assets to the private sector. They have undermined the integrity of their state by introducing into it the degraded standards of the marketplace and by hiving off whole sections to private businesses. They have considerably worsened the working conditions of public sector employees. And they have drastically reduced the scope and level of services provided by national and local government.

Some blame the "wicked Tories" for all this. But the Tories have essentially been the agents - the all-too-willing agents, it is true - of economic forces beyond the control of any government. Government spending has had to be squeezed over the past twenty years to allow the profit-seeking sector to retain more of the reduced profits they have been making. As the Tories have been in power for most of this period, they have had to do most of the dirty work. In other countries - France, Spain, Australia, for instance - it is the Labourites who have done this, apologetically perhaps but they have still done it. The lesson is clear. The idea that capitalism can be reformed, by means of a growing public sector and an expanding welfare state, into a better system of society (an idea once entertained, believe it or not, by the Labour Party) has been utterly discredited and disproved in practice.

The fact is the profit system can never be reformed so as to work in the interest of the majority of the population. It can only work as a profit system, by giving priority to making profits over all other considerations. And governments have no alternative but to dance to this tune.

What we need is a peaceful, democratic social revolution to replace the profit system by one based on the common ownership and democratic control of productive resources. Then we can produce to meet our needs, not for profits. And society can accomplish its true aim: serving the welfare of its members by ensuring that they have no worries over satisfying their material needs.

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