Britain: Correspondence on the SEP's election manifesto

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3 May 2010

To the SEP:

I am due to vote in Oxford East and would like more information about the party. I support the aims stated in your manifesto, but am concerned that some of the views expressed are not grounded in reality.

Particularly, on economic points, how could real redistribution of wealth and regulation of financial institutions be enacted unilaterally without damaging withdrawal of wealth from the country. Can a nation really succeed in making such changes on its own, and, if not, what chance is there of us ever seeing such change?

The SEP reply:

Dear Joe,

I'm glad to hear that you are in agreement with our programme and are thinking about a vote for the SEP in Oxford East.

Your misgivings about a flight of capital from a country that chose to pursue socialist policies are entirely understandable. But let me draw your attention to the flight of capital that is already taking place in Greece, a country that has not followed any socialist policies at all.

The markets are refusing to buy Greek government bonds except at prohibitively high levels of interest. On Wednesday morning the cost of a credit default swap on a five-year Greek government bond was 911.6 basis points. That is the highest rate in the world. Wealthy Greeks have moved €8 billion out of local banks in the last three months. Yet the Greek government has introduced one austerity package after another, cutting public sector pay, pensions and services.

The same process is underway in the rest of the so-called PIIGS—Portugal, Spain, Italy and Ireland—the heavily indebted Eurozone countries, and is expected to spread to Britain.

George Soros, who made $1 billion in 1992 speculating against the pound, thinks that the next government can escape this fate by allowing the pound to fall. But it has already fallen by 25 percent on a trade weighted basis since the beginning of 2007.

Soros's plan doesn't offer an escape route. The effect on the working class would be to drive up the cost of living, because food and oil have to be imported and are priced in dollars. With pay held down by government austerity measures, wage cutting and short-time working in the private sector, a further fall in the value of the pound would amount to a major attack on the living standards of the majority of the UK population, who would be forced into poverty.

Ultimately, currency devaluation would not stave off a flight of capital from Britain or national bankruptcy, because the pound would reach a level where it was not profitable to invest in it or in government debt.

The phenomenon that we see in Greece is an expression of a highly integrated global financial market in which trillions of dollars are constantly moving about the world. It is not so much a question of *if* the UK will be hit by the same kind of speculative frenzy as *when*. The European Central Bank has warned that the debt situation for Britain, Japan and the US is in many ways worse than that of the Eurozone.

Far from the financial crisis curbing the growth of international financial speculation, the very practices that led to the collapse in 2007-8 have intensified. The bailout of the banks has strengthened the financial elite, and they have headed straight back to the gambling table convinced that they will not be allowed to fail in the future. The banks and hedge funds have seen a chance to make a profit out of a Greek default by bidding up the interest rates and have piled in to tear up the body even before life has been extinguished. Their next victim could be any one of a number of countries.

Financial parasitism has become the only way in which profitability can be maintained in a society where the vast development of the productive forces comes into daily collision with the private ownership of property under capitalism.

A vast transfer of wealth to the super-rich is taking place. Every time Greek workers go out on the streets to protest, the financial elite increase their demands. Prime Minister Papandreou has promised to “draw blood”, and the response of the hedge funds and banks has been to demand more still. The argument that it is necessary to “share the pain” does nothing to ameliorate their demands. It merely gives licence to the looting.

The only way to resist these parasites is, as our manifesto says, to expropriate their ill-gotten gains.

It is certainly true that a country that implemented genuinely socialist policies would come under attack from financial speculators, since it would not be free from the constraints of the world market any more than the Soviet Union was after the October 1917 revolution. But just as the Bolsheviks did not envisage the Russian revolution in isolation from the rest of the world, so the SEP’s perspective is an international one.

We call for an international counteroffensive against global capital. Conditions are emerging for a European-wide movement of workers and youth. That is what the protests in Greece mean. So we are not talking about “unilateral” actions. Our party is based on the international unity of the working class, and while we stand in national elections and build national sections, because that is the historically determined form that political life takes in capitalist society, we do not confine ourselves within those national boundaries.

Lenin and Trotsky knew that the Russian revolution was the first act of the world revolution. Today, even more clearly, any revolution would be the beginning of a global overthrow of capitalism.

Best regards,

David O’Sullivan