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The Far Right and Power

When future generations look back at the present period they will wonder how it was that the party of privilege in the UK could win elections so easily. Part of the explanation lies in the fact that in terms of votes the Conservatives had a minority—43.6 per cent—not a majority. However, the overwhelming bias of the news media to the right, not to speak of a series of other features of the social system go a long way to understand the election. Many of those in the former colonies have never been surprised by the Conservative nature of the ‘mother country’. The flow of dividends from the former Imperial possessions is relatively less than before 1960 but still significant.

At the same time, the situation of the masses in the many of the countries in the ‘Third World’ is dire. The political regimes in most countries remain repressive even when they have an external form of democracy. The economic failure requires political control and division. India is leading the way with repression of Muslims and a declining growth rate. Humanity has reached a point where it can abolish privilege and provide the fullest provision of all services and forms of education for all. The ruling class will not loosen its grip and in these circumstances, it uses the most effective weapons it has, depending on the country. Unfortunately, the most useful method of destroying an opposition is to corrupt its theory, turn its goals into apparent mirages and encourage the election of reformist working-class leaders. The right-wing of the Labour Party has performed this role for over a century.

The success of Boris Johnson and the right-wing of the British Conservative Party in winning the UK general election on 12th December 2019 is an epoch-making event. This is a global victory for reaction.

This is not because the UK is the global imperial power as it was before the First World War. It does still retain considerable influence, however, through companies, like Shell, BP, Jardine Matheson, Anglo-American, Rio-Tinto Zinc, HSBC, etc and finance capital in general, as in the London Stock Exchange and the City of London. The finance capital connection with the USA is clearly crucial in spite of the fact that the UK has been a member of the European Union. Its economic connection to its former Empire in the Caribbean, South Africa, Australasia and Canada is intact, even if it does not govern them or necessarily play a dominant role in their economies. Its universities are influential and relate to other English-speaking countries. Above all, the UK relates very closely to the USA, in spite of its inclusion
in the EU, particularly in relation to finance capital. The form of finance capital in the USA and the UK has been similar, as opposed to that in Germany and France etc. This is a separate issue, but the continental banks tend to relate more closely to their industrial borrowers, allowing very long term loans at relatively low-interest rates. In the UK, the preference is for the short term. The difference is not absolute, but nonetheless clear. Lenin’s example of finance capital is taken from Germany and did not wholly apply to the UK even at the time.¹

It is no accident that the global shift to so-called neo-liberalism, or more correctly a retreat to the market away from concessions to the working class, came at the time of the elections of Thatcher and Reagan in 1979–1980. The election of Trump has now been followed by an election of a far-right government in the UK and Brazil. Against that trend, we see a moderate reverse movement in Portugal, Argentina and Spain. Elsewhere, however, it is not clear what will follow

The crucial point is that we may expect a trend to the far right the world over, effectively following the election of Trump, which is then re-inforced by the UK Conservative triumph. It is not yet clear what a far-right policy could be. There already are draconian laws against trade unions in many countries, including the UK. A minority party is taking power with only 43.6 per cent of the vote, but it is about to introduce decrees or laws which have even more limited support. (It is not even clear that the majority of the population support Brexit. After all, only 61 per cent of those eligible actually voted in the general election and all the opposition parties except the Brexit party opposed Brexit, and the latter only got 2 per cent of the actual vote. Opinion polls in the last year have tended to favour the ‘remain’ side.) The press is reporting that government MPs want to change the law on the appointment of judges in order to stop the UK Supreme Court from repeating its ruling on the prorogation of Parliament against the Johnson government.² Clearly, if such a law is passed it will mark the end of so-called ‘bourgeois democracy’ to be followed possibly by similar laws reducing the influence of voters and their representatives, through various forms of discrimination. We have already seen Theresa May’s arbitrary attack on the rights of UK citizens who came from the West Indies. The unwritten British Constitution makes changes relatively easy, particularly if the law courts are ham-strung.

It does seem highly likely that the Johnson government will not tolerate constitutional obstacles thrown in its path, given its short history. The test will come if there is a left-wing leader of the Labour Party. Together with the press, they may


- Ashley Cowburn Political Correspondent @ashcowburn
- ‘The Independent, London, Saturday 28 December 2019 11:00’
try to deal as viciously with him or her as they did with Jeremy Corbyn, so turning him into an historic martyr. They would hope to get the Labour right to buckle under and support the government, by splitting the Labour Party in this process. At the present time, the Labour right is doing its best to malign the Labour leadership and take over control. In fact, they have only a small proportion of Labour members to support them, while having, for no good reason, the majority of seats for the Labour Party in the House of Commons. The Labour Left faces attacks both from the right-wing of the Labour Party and from the Conservative Party as Government. However, the Conservative Party has the support of all the great and good political, economic and social institutions of the country in its mission to destroy such left as there is in the Labour Party. At the time of writing it looked as if Keir Starmer, a centrist figure, was most likely to be elected leader.

It is of significance that the Financial Times saw fit to run an editorial demanding that the Labour Party eliminate its left and enthrone a member of its right-wing faction as leader.\footnote{Labour needs to break the grip of the hard left. 
The party must embrace modern social democracy to rebuild support.} The FT, until that point, had adopted a critical but less vicious attitude. Why should all the organs of capitalism be used to destroy the left faction in the Labour Party? After all, it is not very left-wing, nor is it that militant. If anything Seamus Milne, Corbyn’s press representative and overseer, has shown himself as a rather crude defender of Stalinism. Whatever Stalinism was in its heyday, and it could hardly be worse, it has no real purchase today. The Greek Communist Party has reaffirmed its Stalinism but its understanding is so ludicrous that it makes that party appear as actors from a comedy. What then is the right afraid of? As it stands, we can only conclude that they feel that capitalism is in mortal danger, such that even a small-scale critique could threaten the system. This is not the first time that Capital has reacted in this way. In fact, one might even think that it has been their normal response especially before the USSR came to an end. However, it is a stupid reaction from their own point of view, at the present time. Capital does not have an alternative plan. In the UK, wages will go up by a fraction above inflation this year and perhaps the new government will make trivial concessions to the workers in the North of England. They are more likely to be of the order of the proposed increase in hospitals to be built, where the number to be actually built was around 10 per cent of that officially proclaimed.

The Global Economy

The missing ingredient in this discussion is the state of the global economy. As long as the Cold War continued there was a War economy which served to provide an efficient nationalised sector sanctified by its role in the preservation of capitalism.
There were nationalised firms and there was government interventions to maintain stability. The succeeding years removed both the Cold War and much of the direct and indirect nationalisations.

There followed a new period in which one crisis succeeded another until the denouement in 2008. In 1987 the stock market crashed and was quickly bailed out. In 1989, there was a crisis with a sharp downturn. Japan still has to recover from its downturn at that time. In 1997, there was the so-called Asian crisis involving particularly Malaysia and South Korea etc. The next year there was the Long-Term Capital Management Crisis in the USA, followed by an internet boom and downturn, leading to the crash of the stock exchanges in March 2000. The ISIS bombing attack on Wall Street in 2001 was succeeded by the war against Saddam Hussein in Iraq in 2003. In 2006–2007 there was housing finance crisis in the USA and financial problems in various second-order banks. In 2008 Capital collapsed to be bailed out by national governments, that of the US in particular.

Since then, the growth rate has remained low over any annual period in the USA or Europe. Productivity has been positive but very low. In short, capitalism has not managed to stabilise itself from the time that it abandoned the welfare state and the Cold War ended.

While Capital may rejoice that the system is still functioning and there has been no extra crisis, other than the continuing crisis, it is obvious even to its dumbest representative that it is in trouble. Realistically put, investment is limited considerably below what is possible, given the resources. Massive funds are available but those who own the savings do not want to invest. Furthermore, governments themselves do not want to expand production. They prefer austerity.

In other words, the capitalist class does not want substantial capital expansion whether in their individual form as owners investing, or collectively as a class putting their money into national or international industrial expansion. They are afraid of more rapid growth, because they fear that the working class will demand both higher wages and a more democratic form of labour—manager relationship. It is this fear that lies behind the stagnation of the present time.

Across a range of economic activities the state plays a crucial role. This has been brought out by Professor Muzzacato.4 She argues that the state pioneers investments fixes the shape of the market and deals with market failure.

We are living in a world when socio-economic forces are demanding increasing integration, increasing cohesion and a greater understanding of the forces of production to raise the well-being of all, as quickly as possible. In addition and at the

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4 ‘the private sector only finds the courage to invest after an entrepreneurial state has made the high-risk investments. In an intensely researched chapter, she reveals that every technology that makes the iPhone so ‘smart’ was government funded: the Internet, GPS, its touch-screen display and the voice-activated Siri. Mazzucato also controversially argues that in the history of modern capitalism the State has not only fixed market failures, but has also actively shaped and created markets.’ https://marianamazzucato.com/entrepreneurial-state/
same time, we are threatened by environmental destruction as the globe warms up, something a global state will have to solve or fix.

The consequence of this understanding are profound. Some might question Mazzucato’s arguments from the right but others will extend it. Recently, there has been more realism in discussing the modern economy. Rana Foroohar argues in the Financial Times a parallel case for business supporting a government role in the economy. She says that

it is becoming a given that the US needs a more coherent national economic strategy in a world in which state capitalism is in the ascendant. It is becoming a given that the US needs a more coherent national economic strategy in a world in which state capitalism is in the ascendant.\(^5\)

This, it has to be remembered is the same newspaper as stuck its knife into Jeremy Corbyn. These are not new arguments but they are coming more to the fore today precisely because of the failure of the global attempt by a section of the bourgeoisie to reverse the post-war settlement. In other words, the agreements reached after 1945 were ones under which nationalisations were accepted, and concessions made to the working class in terms of housing, health, education and jobs etc. This largely applied to Europe but a less developed form existed in the USA. It is also part of the nature of the Stalinist countries, which has been partly lost when they ceased to be Stalinist.

Governments produce figures which are both correct and not correct for this discussion. Thus the public sector can be shown to be very small because private enterprise takes care of a government responsibility. Education, social care, hospitals and medical care, universities, innovation, transport, infrastructure repair and expansion, etc., are all one way or another closely connected and/or funded by the public sector. When they are not, they fall to pieces over time, as is happening most obviously to the infrastructure in Germany and USA. In spite of the determination of the right to reduce the role of the public sector, it can only be done to any significant degree if mass unemployment, hunger and low to negative growth become standard features of the society.

In effect, the election in the UK was less about socialism than about a return to the post-war policy in which utilities and transport, in particular, were nationalised. The fact is that a return to such a policy is popular, but nonetheless the Labour Party still lost the election. That points to the fact that Brexit played a big role but also that many voters did not understand what they were voting for and against.

Disintegration is clearly one solution when the world mounts a reactionary retreat. In the absence of a movement to the left, we are witnessing a process of disintegration with Scotland and Catalonia calling for independence. Northern Ireland will soon find its way to Ireland away from the UK. We have referred to disintegration in these columns some years ago. Once the process begins it might well go the whole way,

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in more than one country. However, it is not a real solution for a world advancing towards increasing economic and social integration.

However, the underlying issue remains the need to overcome the dictatorial form of control over the those who work. Those in charge not only award themselves a disproportionate part of what is produced. They also avoid introducing measures which would raise the rate of growth and permit the redistribution of what is produced towards those who most need it. Today, however, we are moving towards more dictatorial forms.

**Why Did the Labour Left Lose?**

In previous editorials we argued that the Labour Party stood a good chance of losing if Brexit remained on the table for a general election. The election was not fought on questions of socialist or other principles but on the basis of a redistribution of income away from the top 5 per cent. People in the North of England thought they would do better through getting better life chances if industry returned to the North. It was a dream unlikely to be realised but some people thought the Labour Party line was even more improbable. The Labour Party might have done better to stand on a straight Socialist Programme of the socialisation of the means of production and the right of everyone to a high standard of living. The fact is that the Labour Party as a whole is a reformist party and Corbyn was carrying out its policy. They could have explained why this was not a utopian demand, and why the struggle might take more than one general election. Half-way measures, which are a speciality of social democrats can no longer achieve much. Some may conclude that when the semi-Fascist wing of the ruling class begins to move, the left has to coalesce into a united but principled form.

**A Declining Capitalism in Retreat**

When a system is in decline as capitalism is today, its leading forms and their leading personnel attempt to preserve their position through whatever means are possible. We have seen the destructive nature of Fascism and many today fear a repetition. The East European States have led the way, while Brazil may be going the same way. Russia and most of its former states can also be characterised as far right or semi-Fascist. The failure of the left-wing of the British Labour Party may help to produce a sense of despair.

The British newspapers are uniformly of the right. The Guardian is at most liberal, but it is not above attacking the left. The BBC cannot be regarded as impartial. Individuals prefer making their own solutions, among which is voting for the Conservative Party in the North because the latter might get more industry to move to the North from the USA. The Labour Party never showed how it could provide for industrial or post-industrial growth in the many depressed areas in the UK. It was perhaps implied in the measures to take greater control of the British economy but not
developed. The question of the reconstruction or further development of the British economy is an immediate issue. With much of industry having been closed down or shifted to other countries, the question is global and very much part of the nature of a declining capitalism and its successor—socialism.

In the last issue of this editorial we referred to the extremist views of some members of this government. We may expect laws or rules further restricting freedom of speech, education to be dumbed even further down, and decision making to be confined to the Tory government.

**Why has the UK Moved to the Far Right?**

Looked at from the point of view of history, it is not surprising that a former imperial power which is continuing to lose the remaining sources of its global wealth extraction should begin to disintegrate. Nor is it unexpected that its masters should try to reassert control. There is, however, a unique context. Capitalism is in decline and the decline of the UK is bound up with that downturn. Having peacefully ceded its former role to the United States, the UK ruling class is trying to prevent a further move downwards. Its former colonies have moved on, and the quest for an alternative is hopeless. The infamous remark of Liam Fox, a member of the Theresa May cabinet that they were seeking a second Empire, showed both the absurdity of the quest and the danger of the enterprise.

The overthrow of capitalism as a system has been on the agenda since the Russian Revolution of 7th November 1917. The bourgeoisie has succeeded in retaining its system in planned and unplanned forms. War has been critical.

Today, the concept of a global war, using thermo-nuclear weapons has receded but remains part of the threats used by the right. Indeed, the advent of Trump and his administration has led to universal no holds barred competition. In a non-declining capitalism one could imagine independent states or agglomerations of states using nuclear threats against each other. It is clearly implicit today, but the overwhelming strength of the USA and the absence of genuine forms of defence not to speak of the probable global spread of radiation during a nuclear war have made it less likely. Any country actually beginning it would risk being entirely wiped out. There have been odd discussions of limited nuclear war to be employed by the dominant power, and it cannot be entirely ruled out, but it is unlikely.

The crucial question, however, remains. Can the capitalist class today embark on an economic revival? The persistent policy of austerity is the norm. It is not yet clear what the Johnson government will actually do. Although its appeal to the electorate was implicitly or explicitly based on a policy of industrial expansion, the examples given as in the case of hospitals did not bear that out. Nor has any right-wing theorist repudiated ‘austerity’. As spelled out in the last Critique Notes–87—the concept is inherently contradictory, and intended as a means of control. What is true, however, is that genuine full employment would provide the base for the industrial strength and
self-confidence for mass action. Clearly, from the point of view of the ruling class austerity is essential.

That fact is obviously understood by the ruling class and it hard to believe that they will permit a period of full employment.

The Form of the Contemporary Economy

We cannot look at the contemporary economy and society as if there is no change over the last century. We live in a transition period in which the capitalist forms are partially decaying and partially changing into new forms. It is this inability of the new forms to assert themselves that leaves society with outmoded entities defending the old exploitative system.

There are two aspects of the economy, apart from de-industrialisation which are crucial today. The first is the importance of finance capital and the second is the role of monopoly. A third concept which has been discussed in Critique, originally applied to modern capitalism by Hilferding, is that of abstract capital. It is worth exploring them in terms of contemporary economies. The background to this situation rests on an understanding of the economy opposite to that which is propagated by orthodox economists and the right in general.

Capital is self-expanding value: Labour time expended on fixed and circulating capital in order to produce a surplus above costs results in the formation of a new total capital. Title to that capital rests in shares issued, which are bought, sold and held. The title to the assets given by the shares, is then assumed in dealings using the shares as capital. Capital then can assume an abstract form. It provides the basis for a command not just over the assets which it owns directly, but as part of greater or lesser agglomerations it can play a crucial role in the economy or sectors in the economy. It becomes part of the apparatus of capital as a political and economic power.

Finance capital, then, as it was called by Hilferding plays an abstract, or more general, as well as a direct role. At the present time, the three leading asset firms: BlackRock, Vanguard and State Street are playing a relatively passive role, following the market in order to make profits, as opposed to attempts to make maximum returns by regularly and rapidly choosing more dynamic investors or sources of investment. At least that is what we are led to believe. In 1910 when his book, Finance Capital, appeared banks in Germany lent money long term, and while there was a link between banks and industry, speculation was secondary in Germany as opposed to the UK and USA.

We are back at a point where uninvested capital needs a home. Trillions are being held without being invested, as in the case often referred to in these Notes- in BNY-Mellon, where over 33 trillion dollars are being held. So we have trillions being passively invested and trillions not being invested at all. In that form they are money but not necessarily capital. They are not even abstract capital.

While this situation can be compared to previous depressions, it is clearly not the same. There is a positive growth rate in developed countries. It is low, and there is a question mark over Japan. General talk of a presence or absence of a depression misses the point that the financial world is not the same as the thirties. The state is financially more powerful both nationally and internationally, while finance capital today is critical. It is enough to note how Congress retreated from its initial hands-off policy in October 2008, when the crisis appeared most acute, in the face of Wall Street alarm. The underlying difference lies in the form of the economy in which there is a close inter-relationship between the state and private enterprise, mediated by regulations, law, controls and monopoly or limited competition, and in the background - finance capital.

How long can the state financial apparatus continue to hold the balance? The attempt to keep the Chinese economy subordinate to the global super-power of the USA cannot last more than a couple of decades. The two countries are already interlocked to the point where genuine separation is impossible, without a considerable cost to the USA and hence its voters. The present Trump policy plays to a scenario where much of the rest of the developed and semi-developed world are compelled to orientate more towards China. It is, of course, more likely that US capital will move to eject Trump, in whatever form, or whatever time. The later they do it, the more dire will be their situation and the more explosive the political scenario.

The Impossible Task of the Bourgeoisie

We have, on the one hand, the reality of an economy with increasingly malfunctioning political-economic forms and, on the other, the need to provide a means of controlling the working class within a patched up Thatcher-Reagan strait-jacket. There is no alternative within capitalism. This is all the more the case as 19th century capitalism no longer exists, or can be brought back.

Today, the working class is largely white-collar workers in developed countries. The proportion of workers who are unskilled manual workers is a tiny percentage of those at work in those countries. At the same time, the majority of lower to middle managers have a precarious work life. The overwhelming demand for a stable job, with a salary sufficient for good food and housing for the family, together with a high level of continuous education and entertainment would be impossible to refuse in a humane society. It is entirely possible to provide it for everyone in a rationally planned, socialist society. Yet, a large part of the world outside the developed countries work for wages insufficient to support the worker and his/her family, while the UK is an example of a developed country where a UN survey showed 22 per cent, 14 million people, received incomes below poverty level.7

The demand for a society planned to provide for all is overwhelming. The argument that private enterprise or the market is the only efficient economic form is the opposite of the truth.

Any system based on the exploitation of one group by another lot of people is necessarily inefficient, since there is every reason to work as poorly as possible within the regimes inflicted on workers, who only work because there is no alternative. However, when a system is in decline, the difference between productivity of the old regime and the new is multiplied.

When the system is obviously replaceable, the ruling class has to resort to new methods. We have seen some of the forms in the last century ranging from slave or compulsory labour, and draconian punishment for unsatisfactory performance. Where this is not sufficient or possible, sections of the society are set up to be blamed, their goods confiscated. They are then blamed for the evils of the society. The two great forms used to maintain stability with the decline of capitalism were imperialism and war. War today, although omnipresent since 1945, is not performing the function. Colonies are no longer possible in the manner of the period before the Second World War. As indicated there remains a strong flow of funds into the metropolitan countries from the Third World, whether they are from a middle class anxious to preserve their money or from First World investment.

The concessions made in the post-war years are too dangerous to use, the destruction of industry has gone to the limits of stability in the UK; unemployment cannot be raised further without riots or worse, replacement of workers by machines can only go so far before it reaches either the limit of sales or strikes; austerity is unacceptable and is now an opposition slogan.

**The Ultimate Move**

Humanity is temporarily stuck in a deadlock in which the forces of production are slowed down to avoid loss of power but the very deadlock makes the ruling class increasingly insecure.

It follows from the above argument that there will be direct moves by the bourgeoisie to overcome their stagnation or blockage in power. In one scenario, the destruction of elementary democratic forms as a first step before Fascism or its modern forms would seem to be the next step. Boris Johnson has already got there and, as indicated above, there are reports that the appointment of judges are to be controlled to ensure that they are not too liberal. Trump is already there, inter alia, with the appointment of judges.

These are very limited steps and it may be (if we are optimistic) that they are enough to warn real liberals, who are less interested in their own careers than in the future of

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their class and country. A process may emerge in which the more honest and humane section of the bourgeoisie come to see the meaning of a genuinely humane society where decisions really do come from below. The slogan from each according to their ability -to each according to their needs cannot be misinterpreted as evil. Marx, in the Communist Manifesto, does point to the way a section of the ruling class changes sides in the course of a class revolution. If they do not have enough influence, and the Bannon-Johnson- Trump-Le Pen wing continue to grow, the far left will have to consider how to proceed. The example of Brazil shows us that third world countries in which the vast majority are poverty-stricken, with or without work, are still waiting for an alternative to show itself.9 The remnants of Stalinism hang heavy over the world.

The logic of a step by step approach to dictatorial forms seems clear. It is not so clear that the ruling class will be so stupid as to go the whole road. The fact is that such a process will ensure that they rule for the time being but also that they ultimately lose the game completely. The only question will be whether the end comes quickly or after some new horrors, in which they end up utterly discredited at best and dead at worst. Of course, the real question will be the cost to humanity, of the temporary failure of the left and the equally temporary success of the bourgeoisie.

In every advance, accident and necessity are interwoven. Today it is hard to see how the banner of a society planned by all, for all, will triumph, but the initial conditions are present from the intellectual to the most mundane, from the discontent of the vast majority to the division and inanity of the section of the ruling class in power. A century ago it was declared that the first condition for revolution was that the ruling class could no longer rule in the old way.

**Disclosure statement**

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9 The Economist reported that ‘Congress has so far contained Mr. Bolsonaro’s authoritarian instincts. Among those so far blocked is’ a misconceived project to purge schools of leftist ideology. ‘The Economist 4th January 2020, p. 31: ‘Please don’t let me be misunderstood.’