



BRITAIN'S ECONOMY

**We need a
new direction!**

£1

Introduction

The dire state of Britain's economy has become a common talking point.

British workers are being assailed on all fronts.

The majority of British workers know that what is taking place just isn't working and won't work.

We are left with two choices: either continue as we are, or strike out in a new direction.

This pamphlet aims to prompt discussion. It contains ideas that can be discussed at the workplace, at home, in the pub or with friends.

Finance must become the servant of productive industry for the country and not an end in itself.

Our message is clear: to resolve Britain's problems the answer lies entirely in the hands of the British working class.

Each of the articles that follow contain ideas that seek to encourage discussion and to develop the confidence to take responsibility.

"If it be now, 'tis not to come.

If it be not to come, it will be now.

If it be not now, yet it will come – the readiness is all."

Reject the damaging productivity myth

Workers March/April 2025 back page

Too often discussion about productivity in Britain is about British workers not working hard enough. But increases in productivity stem from investment, in new plant and machinery and workers' education and skills. The real story is a capitalist class who have been on an investment strike and a training blockade.

Automation makes work less physically demanding and reduces the labour time needed for production. But greater fixed capital is needed to buy automated plant and machinery; that's what British capitalists won't do.

Workers could see increased automation as a road to production based on social needs rather than profit motives, a road to a less oppressive way of working. But the catch for capitalists is that automation reduces the scope for extracting high levels of surplus value from labour. Instead the tendency is for the average rate of profit to fall.

Workers could also use automation to shorten the working day, favouring workers against capital. More fundamental would be to challenge the notion that maximum profit gives the best result, and to oppose allowing productivity to dominate the way that labour and capital are deployed.

The employing class has used productivity comparisons to restrict or even to close down production in Britain. This is not progressive or good for British society, just the opposite. Considering only productivity, without taking into account the impact of restricting or stopping production on working class wellbeing, is socially destructive.

Productivity is used as a weapon against workers, increasing toil and alienation. Turning this round should be the central focus for those who want change – to rid ourselves of economic repression along with its political advocates.

Such a change in working class thinking is not easy to develop. Economics seems too complicated, and too often people lack confidence in their ability to change things. Yet a reluctance to engage allows those wanting to prevent change to promote pretend solutions.

Regional devolution is one example of this pretence. It uses productivity to

weigh up regional advantages and disadvantages and then to determine the location – or dislocation – of industry and commerce. But this promotes mindless and damaging regional competition. Highlighting the comparative advantages and disadvantages of one region over another leads to even greater disparity between them.

An integrated unified British economy would be far more socially beneficial. Mutuality would mitigate the advantages and disadvantages of geographic location. Industry and commerce could be more evenly allocated throughout the country.

The same advocates of regionalism are also advocates for the so-called efficiencies of global markets. They think a country or region that trades for products it can buy more cheaply from another country or region is better off than if it had made those products itself.

This type of spurious economics – free trade economics – has laid Britain low, preventing the development of a wide range of skills and factories that would otherwise support British self-sufficiency. Instead industries have been laid to waste. Just look around the country if you think this is an exaggeration – attacks on steel and chemicals production are just the latest examples.

The British working class has to act for its own salvation. In part this entails rejecting economic wrong-headedness. The profit motive – fundamental to capitalist production – has become a barrier to social development.

A focus solely on productivity is destructive, unless it is part of a working class determination to work for our own class ends and needs – impossible within the capitalist mode of production. Once workers grasp the consequences, there is nothing to prevent productivity being just one influence in the social regulation of production upon a definite plan, not a justification for closing industries.

The rise of automation has brought us close to the point where social good, not profit, could determine how we run the economy. We say, the working class must seize the opportunity to run the economy.

The political economy of taking control

Workers March/April 2023 back page

Ever since the crash of 2008 successive governments have relied on a strategy of increasing the money supply through quantitative easing. Unnoticed by many, this has occurred with barely any discernible improvement in British productivity.

In the 25 years or so before the crash productivity grew at an average rate of 2.3 per cent a year. In the 15 years or so since the crash it has been growing at 0.5 per cent per year. Blink and you might not see any growth at all.

Last September the National Institute of Economic and Social Research reported that this slowdown was “unparalleled in the period of the country’s economic history for which we have decent measures” – in other words, since the mid-18th century.

Imbalance

This imbalance between a huge increase in circulating money and credit on the one hand and static productivity on the other is the main cause of the current inflation. We now have a price bubble created by politicians made even worse by sanctions against Russia over Ukraine that are ramping up energy costs.

There are other strands to pull together to help make sense of what is happening in Britain today. For example, the labour time necessary to produce most commodities – such as cars, or computers, or houses – has fallen in the past 25 years. Yet despite technological innovations the rate of profit of British companies has fallen by more than 30 per cent since 1997.

The class in power, the owners of capital, understand the threat these seemingly contradictory changes pose to its way of life. So their version of politics says they must boost their profits – extracted from labour – by using inflationary price hikes as a weapon to impose all-round real-term wage cuts.

Clearly, demands by workers for a pay rise run counter to this type of political thinking. And just as clearly, these demands have both a political and economic aspect.

Control

Britain’s economy has long-term contradictory trends emerging wholly independent of the will of those who think they run it. In turn this raises the

question of control. It's a question that inevitably acts as a spur for workers to come forward with valuable discussions of their own.

There are no easy answers, no sound bite solutions. But if workers are to take the bull by the horns the challenge is not simply about wages alone: it is inherently political.

Investment

Are the profits generated from labour power to be used as fresh capital for investment in Britain, and if so, how? It's the only way we can survive and thrive as a country. And here workers must assert their own political legitimacy. The idea of allowing a ruling class to appropriate wealth from labour is worn out. They will blight another generation and waste the talents of the British people.

All this is implicit when British workers say "Enough is enough" – a phrase which in a few words expresses an assertiveness wholly separate from and independent of the will of those who currently run the economy.

Unity

We are one working class. The various struggles for decent wages have sidelined the trumpeters of diversity who seek to split and weaken us. Small wonder that we now see the opponents of working class unity once more shifting their focus back to devolutionary notions which seek to divide the British working class into contending regional tribes.

Society becomes unhinged when like now there is a mismatch between the price and the value of products. What the working class needs is balanced, proportionate development where money and commercial credit are backed by the real value of goods produced in Britain, and where fresh capital generated from labour power is used to develop our economy.

This is the complete opposite to the way Britain's political economy is currently run. At present once wages are paid, the greater value extracted from labour power goes to private rather than to our collective interests.

With struggle as their teacher, workers are once more establishing themselves as an independent class movement with the potential to pursue their own political economy. To the extent that this is happening, the working class is re-emerging as the decisive weight in the politics of Britain.

The financialisation of capital

Workers January/February 2023 pages 22-23

Finance capitalism keeps a malign stranglehold over the real economy, serving only a tiny group of super-wealthy speculators. How did this come about?

Finance capital is typified by the drive to increase profits and to subordinate the production of goods and services for people's needs. It has developed since the middle of the nineteenth century to become the malign global financial system we know today.

The greatest transformation of finance capital is quite recent. Increased financialisation of capitalism since the 1970s led to new ways of shaping the economy, further stifling productive industry.

Capitalism as it had operated since the end of the Second World War was not running in the interest of finance capital; it had to be overturned. The ruling elites across the world began to clamour for "free" markets. The increased strength of workers across the world was a threat – as were the existence of a socialist USSR and China and successful national independence movements at that time.

The liberalised financial sector, increasingly free of national control or influence, took off worldwide in the 1980s. It became increasingly complex, commandeering economies and in the process drastically altering the structure and functioning of the previous capitalist economic model, predominantly based on corporations.

The leveraged buy-out – funded by borrowings – was a key technique that enabled financial speculators to take over even the largest capitalist corporations using borrowed money. The trick was that once the takeover was complete, debt on the loans was dumped on the targeted firm. In effect, the acquired company paid for its own takeover, and was then looted of its value.

This was an enormous change to the old corporate capitalist universe. It forced firms to load themselves down with debt in order to be less attractive to the financial wolves looking for targets.

Control over the economy shifted from corporate boardrooms to financial markets. Corporations were now viewed as bundles of assets, the more liquid or saleable the better, rather than productive wealth-creating entities.

In turn this fed new outlets for money-capital speculation – making money from money. Financial markets were preferred over investment in capital goods which would provide future GDP growth. Effectively industrial capital, investment in production, became just one aspect of finance capital.

Concentration

The financialisation of monopoly capital has come to characterise world capitalism over the past 50 years. Ownership of the largest companies across the world is increasingly concentrated in a few hands. And those owners are predominantly the various forms of finance capital.

This financial explosion has brought unprecedented increases in company and sovereign debt – along with economic stagnation.

Finance capitalists turned to a separation of the real physical assets used in production from their underlying value. Corporate securities acquired the attribute of liquidity – instant convertibility into cash. Once this stage was reached, the way was open for limitless proliferation of new financial instruments – stock futures, options, derivatives, hedge funds and so on.

This speculative finance spawned a climate of financial euphoria with no root in production or the real economy. Financial bubbles inevitably burst in the end, as happened in 1987, 2000 and 2007–2008 with destructive financial crises.

These cycles of ever-larger speculative financial bubbles together with a run of underlying stagnation and declining growth rates are not accidental. They are increasingly interdependent.

A system geared to speculation needs constant new infusions of cash. Much of that comes from the working population through drastic increases in exploitation and social deprivation. Real wages remain stagnant, taxes increase and public services decline. And without real investment, job creation weakens.

The City, the pinnacle of finance capital in Britain, serves no wider public, social or economic purpose. Its claims to place resources where they maximise growth are bogus. It claims to help the economy by directing investment into production and growth, but that's not been true for many decades.

Draining the economy

Instead the City takes money out of the economy, away from production and enables seizure of the wealth created by real work, as well as people's savings and pensions. The interests of amoral international capital conflict with Britain's real interests, particularly our industry.

Successive governments have embraced the treachery in the City. Instead, we need to put Britain, and Britain's industry, first. The idea of making finance serve our national interest of employing our people in useful work, making what we need is not radical – but the recent development of capitalism shows it is unable to do that.

Capitalism is heading in the other direction. Finance is a predatory monopoly feeding off the real economy. But the dreadful nature of finance capital goes further – it is both anti-democratic and a threat to peace.

Power is now wielded not by elected governments or parliaments, but by unelected figures in Wall Street, the City of London and other financial centres. The views and needs of an exceedingly small number of finance capitalists outweigh the needs of working people who are the vast majority of the population – and who are never asked.

This lack of democracy is the underlying reason for abysmal, aimless, government and why parliament is largely irrelevant.

Rival empires have always competed to carve up the world – but now those modern empires are the creatures of finance capital. Outside national control they start imperialist wars and even the threat of another world war. The stakes are high.

Abandoning the dangerous dollar

Workers July/August 2023 pages 16-17

Global financial events may appear to be removed from working class life. But we need to get better informed about how international finance operates and affects us, so that we can more quickly join up the dots...

Something significant is afoot in global finance. It relates directly to workers' daily battle with inflation, potentially also having far wider impact.

What does it matter that many G20 member countries, as well as others, are buying gold? This is happening at a volume greater than at any time since the 1950s. And it is occurring while those countries outside of the G7 (the group of seven leading capitalist countries) are simultaneously reducing their US dollar reserves and pricing their exports in their own currencies instead of accepting the dollar as a means of payment.

This ongoing change in international practice may seem innocuous and inconsequential. But if this continues, it will cause a massive change in the international monetary system. And that has the potential to result eventually in a significant improvement in independent everyday life – an undoubtedly welcome turn of events.

Discontent

The US dollar has been the international currency of choice since the Second World War under the Bretton Woods currency agreement. The move away from it is multi-faceted and the grounds for discontent varied.

Some countries are completely dissatisfied with US “casino capitalism”. Others are no longer prepared to put up with a financial dictatorship brought about by weaponising the dollar through what the US describes as the “rule of law”.

The US legalistic logic is that the dollar is the property of the US government and any use of US property makes it the legal business of the US government.

This legal construct is not based on international law or within the spirit of the 1944 Bretton Woods agreement. Instead the US position rests on what it claims as the “rule of law”. The US and its globalist allies consider it legitimate, even where other countries use dollars to trade with each other but have no US connection.

US sanctions

Currently about 3 in 10 of all countries face sanctions applied by the US through its self-declared legal reach. As far as the US is concerned, any country in the world is a potential future sanctions target. And its sanctions are often backed by US or NATO military intervention.

In polite circles this is called “US exceptionalism”. The proper, and clearer, description is that it is an attempt at US dictatorship. In practice, the US authorities are always looking for someone to sanction on some or other

pretext once they have worked out the advantage to the USA.

Since the early 1980s, successive US administrations have deliberately shorn their own country of its industrial base. And over that period its national debt has risen to over \$30 trillion. The dollar is by no means a safe financial bet for the future.

Instead, countries outside of the G7 are discovering their own value. This is based on the knowledge that if their country is productive in raw materials and commodities, then their own currency will be internationally respected.

This is simply because people will know that such a country's currency is based on a tangible value, which includes gold reserves. In effect those countries are saying that the raw materials and commodities they export are no longer going to be priced and exchanged for an essentially worthless US Dollar devoid of tangible value and backed by nothing.

It should be apparent that removing the dollar influence opens the door to political and economic independence. Britain needs to become involved in this movement as a means of rejecting bloc politics once and for all. In effect Brexit from the dollar and US economic hegemony.

From a British perspective it is important to recognise that Britain is currently importing from the US a part of the inflation we are now experiencing. And that's true for other countries too. This is due to the current economic role of the dollar.

The cost of printing the dollar is trivial in comparison with the value of the products that the US can buy with those dollars. In the case of Britain, the US can, and does, buy British assets at virtually no cost. In that way the US exports its money-printing inflation to Britain. It can only continue to do so provided the dollar is accepted.

This is not primarily about buying goods. US "investors" are hoovering up manufacturing businesses and property in Britain – our future productive potential – as well as plenty of retail firms and sports clubs.

There are wider impacts too. Because raw materials across the world have been priced in dollars, then dollar-denominated price hikes are cost neutral for raw materials imported to the US. On the other hand, for Britain and any other country whose currency has fallen against the dollar, raw material imports priced in dollars are inflationary.

Simply put, the dollar for the US works like one big Ponzi scheme. It can only be reversed where the amount of dollars thrown into world circulation are no longer used. They would have to be repatriated to the US, forcing them to deal with their own currency. A complete turnaround from the present situation where the US says to the rest of the world in respect of the export of inflation, "it's our currency and your problem".

Those in Britain fighting for wages and seeking to widen trade union influence need to take these factors into account. And come to that, anyone in Britain who sees the importance of basing manufacturing, research or other economic activity here and values national independence.

Out of NATO

This has implications too for anyone seeking to get Britain out of NATO and to put an end to imperialist war adventures. The US is by far the main contributor to the NATO budget. If the dollar can be dumped as a means of international settlement it will also help end US military might.

Foreign countries with trade surpluses (exporting more than they import) have in the past parked their monetary surpluses by buying US Government Treasury Securities ("Treasuries"). This has been considered a safe class of asset that paid interest.

Another attraction has been liquidity. Those countries holding US Treasuries could quickly sell their holdings on the open market if that country suddenly needed cash for another purpose.

For many years this process of buying and holding US Treasuries has allowed the US government to use other countries' trade surpluses as a means of running deficit funding for the US industrial military complex and thereby NATO. In effect other countries' trade surpluses have been used to fund military aggression.

British workers need to quickly join up the dots between pay disputes and inflation and the global economy. In that way we can start to gather an integrated set of operating ideas to counteract and pull away from an unfolding global economic mess.

Peace, land and bread in Britain 2025

Workers January/February 2025 page 2

The Bolsheviks called for “Peace, Land and Bread” in 1917 at a time of crisis and transition in Russia. They aimed to unite a country weary of a war for rulers they despised and for aims they did not share.

Britain in 2025 is a different country with different problems, but we also need to live at peace and provide for our people. And British workers too are weary of our ruling class.

Peace was important. The First World War was being fought for imperialist aims, and not in the interest of Russian peasants and workers.

Land was important. In a predominantly agricultural country, it was the source of wealth. Yet land was owned by a few: many who laboured were tied as serfs. The call was for the people of Russia to control their means of production.

Bread was important. Feeding (and housing) the population had become chaotic. The state under the Tsar could not manage it. And the government which came after his abdication could not manage it, because they could not accept the need to cast off the old ways completely.

In Britain now, peace is important. Being ready to defend our country is prudent. But becoming involved in other people’s wars is quite different. It is not in the interests of Britain or those who live here.

The British people have allowed the prolongation of a war in Ukraine that we never agreed to support. The government is determined to carry on funding the war, while they raise taxes and cut essential spending at home. We must demand that we exit the war, and not accept further escalation.

What of land in Britain? Labour acts as if Britain can do without farming. What it hopes to receive from inheritance tax will be swallowed up many times over by military adventures.

Thatcher’s attack on miners was an attack on all industry, not just coal. And likewise the attack on farmland is an attack on people and their attachment to, and affection for, Britain as a place rather than a commodity.

From the standpoint of workers, land is our food security and is critical to our

defence in time of war. The attack on farming and farmland is an attack on the working class's ability to defend itself and its national independence.

We need our bread too. The slogan "No Farmers, No Food" is an invitation to the whole working class to understand the significance of what is happening here.

And we should not stop there. Britain's industries create our wealth and maintain our independence. The ruling class and their governments are intent on attacking our industries through free trade deals, net zero targets and want to fight wars with weapons bought overseas. They have nothing to offer for the future of Britain.

The threat is from within

Workers May/June 2025 page 2

The sight of parliamentarians in front of the Union Jack should fool no one. Working class nationalism, British independence and security of our borders are anathema to the majority in Parliament. They would prefer to stand in front of the EU flag.

These people have no connection with Britain's national interests. Their role is to take us further away from the realities of what has happened to Britain over recent decades.

Consumption now regularly exceeds production, with cuts, more borrowing and increased taxes filling the gap. Economic dismay stalks the land. Those who wanted Britain to be a service economy while governments destroyed swathes of industry need to acknowledge their own part in creating the mess.

Along with economic dismay workers face state intimidation aimed at creating fear and anxiety. This is really evident when it comes to foreign events that are not our concern. And the more Britain's rulers are in trouble here, the more they seek diversions abroad, exaggerating external threats.

It is a homegrown power, and our past EU membership, that has closed our factories and wrecked things. So workers shouldn't be distracted by finger pointing to threats from without. The danger we face is from within.

Now the wreckers' mantra is to increase arms expenditure faster than necessary to protect our own borders. Excess armaments get stored in a warehouse to deteriorate over time or are used to invade somewhere, or get exported to blow something up in a foreign adventure.

Expenditure of this kind is called dead capital. It doesn't produce a product that British workers can consume, but it does produce inflation and destruction. When it comes to the actual need for military border security the British state has instead organised population expansion by importing millions of people of working age. Britain does not need this.

Continuous improvements in automation shrink rather than increase the need for an expanding workforce doing long hours – because through automation the total quantity of living labour going into many products is minimal.

This technological change has wide implications. One is that the working population need not have been increased post 2004 through importing labour. Those British state representatives who have organised this population expansion have consciously caused social division within Britain. There is nothing racist in clearly saying so.

Today the main desire amongst workers is for Britain to be an independent country with an independent economy, with British jobs for British workers. At every turn there has been an internal negative force that has tried to twist this desire into its opposite. To run our own country we need to rid ourselves of that negativity.



A pamphlet from the Communist Party of Britain Marxist-Leninist

WORKERS



**SAVE STEEL, SAVE INDUSTRY,
SAVE BRITAIN**
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Hugoboss: Rethink **Food** Visit for security
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