

# Capitalism and Class Struggle

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## Introduction

*The class struggle continues to play a central role in the process of capitalist accumulation, albeit it takes different forms depending on the socio-economic context. In order to map out the unfolding of the class struggle it is necessary to specify key concepts related to the (a) varied conditions and dominant sectors of capital in the global economy (b) nature of the class struggle (c) the principle protagonists of class struggles (d) character of the demands (e) mass struggles.*

Capitalist accumulation is unfolding in a very uneven pattern with important consequences for the nature and intensity of the class struggle. Moreover, the particular responses by workers and especially the capitalist state to the general condition of the economy has shaped the degree to which class struggle intensifies and which of the two major “poles” (capital or labor) has taken the offensive.

## Conceptual Clarification

In analyzing contemporary capitalism, the most striking distinction is between three radically different conditions facing the capitalist system. These include countries experiencing (a) high growth, (b) stagnation, (c) deep crises.

High growth capitalist countries are sharply divided between those which are (a) commodity boomers, largely exporters of agro-mineral-energy products, mostly found in Africa and Latin America, (b) manufacturing exporters – largely found in Asia (China, India, South Korea)

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Crises economies can be sub-divided into three groups.

(a) Fast recovery economies include Germany and the Nordic countries, which, after dipping into negative growth have expanded their industrial exports and are growing rapidly since 2010.

(b) Slow recovery or stagnant economies, include USA, Great Britain, France and Italy which have touched bottom, recovered profits especially in the financial sector, but have made little or no progress in reducing unemployment, expanding manufacturing and overall growth.

(c) Prolonged and deep crises economies, includes Portugal, Spain, Greece, the Baltic and Balkan countries, which are bankrupt, with rising double digit unemployment (between 15% – 20%) and negative growth. They carry a heavy debt burden and are implementing severe austerity programs designed to prolong their economic depression for years to come.

Just as there are uneven patterns of capitalist development, the same is true with regard to the class struggle. There are several key concepts that need to be taken into account in the analysis of class struggle.

First, there is the distinction between 'class' and 'mass' struggle. In Latin America there are many instances of multi-sectoral worker, peasant or public sector struggles led by class anchored organizations. At times these class based movements become 'mass struggles' incorporating heterogeneous groups (street vendors, self-employed, etc.). The contemporary Arab revolts are mostly mass struggles generally without class leaderships or organizations, or in some cases led by 'youth' or 'religious organizations'.

Secondly, there is the distinction between 'offensive' and 'defensive' class struggles where class organizations either fight to extend their social rights and increase wages or struggle to preserve or limit the loss of wages and living standards.

The class struggle is a two way proposition: while workers and other exploited classes struggle from below, ruling classes and their states engage in class struggle from above to increase their profits, productivity and power.

The class struggle takes various forms. The majority of class struggles today are over 'economic issues', including an increasing share of national income. A half decade ago throughout Latin America, as is the case today in the Arab countries, the class or mass struggle was/is primarily political, a struggle to overthrow oppressive neo-liberal and repressive regimes.

With these concepts in hand, we cannot proceed to analyze the relationship between countries and regions in varying degrees of crises or growth and their relationship to the varying degrees and types of class struggle.

## **Uneven Development and Class Struggle**

The countries experiencing high growth, whether in Asia based on manufacturing or in Latin America based on the agro-mineral export boom, are facing a growing offensive economic class struggle over a greater share of the growing economic pie. In China under pressures from below, wages and salaries have exceeded 10% growth, and in some regions 20%, over the past decade<sup>[1]</sup>, while in Latin America, workers in Bolivia and elsewhere demand over 10%<sup>[2]</sup>. In large part high growth is accompanied by inflation<sup>[3]</sup> which erodes nominal increases offered by the state and employers. Especially provocative are sharp increases in the prices of basic foodstuffs, energy and transport which directly impinges on the everyday life of workers.

Among the most promising signs of the advance of the class struggle are the real and substantial socio-economic gains achieved by workers over the past decade in Latin America. In

Argentina unemployment has declined from over 20% to less than 7%, real wages have risen by over 15%, the minimum wage, pensions and medical coverage have increased substantially and trade union membership has expanded. Similar processes on a lesser scale have taken place in Brazil: unemployment has fallen from 10% to 6.5% (March 2011), the minimum wage has increased over 50% over the past 8 years and several hundred landed estates have been occupied and expropriated because of the direct action of the Rural Landed Workers Movement. In Latin America, while social revolutionary politics have declined since the mid-2000's the economic class struggle has been successful in extracting substantial reforms that improve the livelihood of the working class and impose some constraints on neo-liberalism's rapacious exploitation of labor, in sharp contrast to what is

occurring in Anglo-America and Southern Europe.

In the stagnant 'developed' imperial countries, the state has proceeded to impose the entire cost of the 'recovery' on the backs of workers and public employees, reducing employment, wages and social services, while enriching bankers and the corporate elite. The US, England and France have witnessed a sharp class offensive from above which in the face of feeble opposition from a shrinking bureaucratized trade union apparatus has largely reversed many previous social gains by labor[4]. Essentially the struggles of labor are defensive, attempts to limit the roll back but lacking the class political organization to counter-attack reactionary budgetary measures which cut social programs and reduce taxes for the rich, widening class inequalities.

The most intense class struggles have taken place in the countries with the deepest economic crises, namely, Greece, Spain, Ireland and Portugal. In these countries the ruling class has reversed a half century of social and wage gains in the course of 3 years in order to meet the criteria of the Western bankers and the IMF. The class offensive from above led by the State has been met with a number of general strikes, numerous marches and scores of protests but to no avail[5]. The corporate-state elite, led in most cases by Social Democratic politicians, have privatized public firms, slashed millions of public employees, raised unemployment levels to historic heights (Spain 20%, Greece 14%, Portugal and Ireland 13%) and channeled tens of billions into debt payments[6].

The crises has been seized by the ruling class as a weapon in reducing labor costs, transferring income to the top 5% of the class hierarchy and increasing productivity, without reactivating the economy as a whole. GNP continues 'negative' for the foreseeable future, while austerity undermines domestic demand, and debt payments undermine local investment to reactivate the economy.

The political crises of the rentier-autocratic-corrupt Arab client regimes is manifested in the mass popular democratic movements - on the offensive - toppling regimes in Egypt and Tunisia, to begin with, and challenging the pro-imperial state apparatus[7]. In Egypt and Tunisia, pro-imperial autocracies were overthrown but new popular democratic regimes reflecting the new mass protagonists of political change have yet to take power. In the rest of the Arab world, mass revolts in Yemen, Bahrain, Algeria, Jordan, Syria and elsewhere have pressed forward against imperial armed autocracies, raising the spectre of democratic as well as socio-economic changes.

The US and EU imperial powers initially caught off guard have proceeded to launch a counter-attack, intervening in Libya, backing the military junta in Egypt and attempting to impose 'new' collaborator regimes to block a democratic transition[8]. The mass struggle, influenced by Islamic and secular forces, have a clear program of rejection of the political status quo, but, lacking a class leadership, have not been able to pose an alternative political economic structure beyond vague notions of "democracy"[9].

In summary, growth accompanied by a rapid increase in national income and resurgent inflation has been much more conducive to offensive class struggle from below than 'crises' or 'stagnation', which at best, has been accompanied by 'defensive' or rear guard struggles. In part the theory of 'relative deprivation' seems to fit the idea of rising class struggle, except that the kind of struggle is mainly 'economistic' and less aimed at the state per se. Moreover, the methods of struggle are normally strikes for higher wages. This is most evident in Argentina, Brazil, Chile and Peru where intense struggles have taken place over narrow economistic demands. The exception is the community based indian struggles in Peru and Ecuador against the state and foreign mining companies exploiting and contaminating their land, air and water.

Nevertheless, several caveats are in order. The working class in Bolivia, experiencing a dynamic growing agro-mineral export, boom, launched a ten day general strike (April 6 -16,

2011) over wages[10]. The prolonged strike over time, turned 'political' raising questions about the legitimacy of the Morales regime among some sectors.. In part this is due to the fact that wage increases are fixed by the government. According to the principle workers organization (COB) the raises dictated by the regime were below the rise in the prices of the basic family food basket. Hence, what began as an economic struggle became politicized. Likewise, in the case of Peru, with a dynamic mineral export economy, the neo-liberal Garcia regime experienced sharp economic and ecological confrontations with mine workers and Indian communities. In the run-up to the Presidential elections of 2011, the struggle became highly political, with a plurality of working and peasant class voters supporting Humala the center- leftist candidate.[11]. In high growth countries depending on big foreign owned mining companies

And substantial Indian communities, class conflict combines with ecological, class, national and ethno community demands.

In other words the distinctions drawn earlier between offensive/defensive and economic/political class struggles are fluid, subject to changes as the struggle and its context changes.

The dramatic rise of the class struggle in high growth China reflects the growing labor shortages in the coastal regions, the huge profits to a new class of billionaires, the intense exploitation of labor and the entry of a 'new generation' of young workers with alternative options to working in a 'single plant'[12]. The 'socialization' of large concentrations of workers in big plants, in close proximity, facilitates collective action. Sharpening inequalities, especially in light of the rapid growth of super rich capitalists linked to corrupt political officials and unresponsive state controlled trade unionists has led to 'spontaneous' class direct action[13]. The radicalizing impact of inflation is evidenced by the outbreak of a large scale strike of truckers in China's biggest port Baoshan in Shanghai: the workers were protesting rising fuel costs and port fees. According to one report "Chinese officials have warned that soaring prices and rampant inflation official corruption pose the greatest threat to Communist Party rule. (Financial Times 4/23-24/11 p1)

Politically oriented trade union struggles have recently come to the fore in Venezuela, where the Chavez government has emphasized the 'worker content' of the "Bolivarian socialist revolution". This has encouraged workers striking in private firms to demand the expropriation of intransigent capitalists as well as change in the management of public firms replacing bureaucratic technocrats with workers[14].

The least developed class struggle is in the 'stagnant' United States. A combination of low union density (93% of private sector workers are not unionized), highly repressive labor legislation, a self-perpetuating millionaire trade union leadership totally dependent on the capitalist Democratic Party inhibits the development of class consciousness except in 'local pockets' of resistance[15]. The rapid erosion of wages has been combined with heightened exploitation (fewer workers increasing production) and the shredding of the last vestiges of the social net (social security and medical plans for the over 65 aged population)[16].

One could argue that high per capita income per se is not a sufficient reason to assume a weakening of class struggle, as France and Italy have more general strikes than England even as per capita income is higher. What is crucial is the institutional links between trade unions and labor/social democratic parties on the one hand and the free association of factory based worker assemblies on the other. In the US and UK stagnation and reaction are linked to the subordination of labor to neo-liberal Social Democratic/Democratic parties; while in France and Italy the trade unions have closer ties to the factory assemblies and retain a higher degree of class autonomy[17].

In other words there is no iron rule that ties particular forms of class struggle to the dynamism or stagnation of the economy – what needs to be included is the degree of independent class organization capable of raising the level of struggle amidst volatile economic and political changes.

### **Imperialism, Inter-Capitalist and Class Struggle**

Despite the economic crises of 2007-2009, that shook most – but not all – of the major neo-liberal capitalist centers – the capitalist class in Europe and North America came out stronger than ever. Following prescriptions laid out by the International Monetary Fund, the major private creditor banks and the Central Banks, the entire burden of debt payments, fiscal deficits and trade imbalances, incurred by the neo-liberal regimes was laid on the backs of the working and salaried classes. Similar class selective austerity measures were applied throughout the “periphery” of Eastern and Southern Europe. The result was a radical restructuring of pensions, wages, social relations of production – the entire ensemble of state class relations. As a consequence a veritable ‘peaceful electoral’ socio-economic counter-revolution from above has occurred that heightens exploitation of labor by capital while concentrating income in the top 10% of the social pyramid.

The imperial countries of the US and Europe facing intensifying competition from the BRICS (especially China) and the industrializing countries of Asia and rising commodity prices, have turned toward seeking ‘competitiveness’ via intensified internal exploitation, greater pillage of the public treasury and imperial wars.

Nevertheless, this inter-capitalist competition is having an inverse effect, raising incomes among workers in the BRICs and lowering living standards in the established imperial centers. This is because the BRICs invest in the productive economy while the imperial centers waste trillions in military and speculative activity[\[18\]](#).

One should make a caveat regarding the competition between imperial and BRIC countries, insofar as there are thousands of financial, commercial, technological and manufacturing threads linking them together. Nonetheless, the conflicts between social formations are real, as are the nature of the internal class cleavages and configurations. Imperialism as it is played out today is a burden to working class advance[\[19\]](#). For now the internal dynamic of the rising economic powers seem to provide them with the capacity to finance domestic growth expanding overseas trade and wage concessions to the emerging working class demanding a share of the growing income pie.

### **Conclusion**

While on the surface there is a decline of revolutionary political class struggle from below, there is the potential for economic struggles to become political in so far as inflation erodes gains and political leaders fix rigid ‘guidelines’ on wage advances. Secondly, as Venezuela illustrates, political leaders can provide conditions which favor the advance from economic to political class struggle.

The most dynamic political class struggle today comes from above – the systematic assault on wages, social legislation, employment and working conditions launched in the US, Spain, Greece, Ireland, Portugal, England and the Baltic/Balkan states. There the economic crises has yet to precipitate mass revolt; instead we see defensive actions, even large scale strikes, attempting to defend historic gains. This has been an unbalanced struggle where the capitalist class holds political and economic institutional levers backed by the international power of imperial banks and states. The working class has little in the way of comparable international solidarity[\[20\]](#). The most helpful signs in the global class struggle is found in the dynamic direct action of the Latin American and Asian working class. Here steady economic gains have led to the strengthening of class power and organization. Moreover, the workers can draw on revolutionary traditions to create the bases for a re-



launching a new socialist project<sup>[21]</sup>. What could detonate a new round of political and economic class warfare from below? The resurgence of inflation, recession, repression and ever deepening cuts could force labor to act independently and against the state as the embodiment of this regressive period.

## Notes

[1] On workers struggle in China see “Workers call the tune” Financial Times (FT) 2/22/11, p. 3 also FT 2/16/11 “Chinese wages increased 12.6% between 2000-2009 according to the ILO”.

[2] La Jornada 4/8/11 the Bolivian Workers Confederation demanded 15% wage increase. In 2010, Bolivia had the greatest number conflicts in 41 years El Pais 4/16/11.

[3] “Emerging markets inflation surge” (Financial Times) 4/14/2011, p. 1 “Beijing poised to let renminbi rise to fight inflation (FT 4/17/2001) p. 3.

[4] On Obama’s Fiscal Year 2012 budget compare New York Times 4/13/11 and 2/14/11. The later budget speech emphasizes over \$4 trillion in cuts over 10 years largely affecting the social net, a major concession to right wing Republican extremists.

[5] The Greek workers have organized over 6 general strikes between 2009-2011 see DROMOS (The Road) Athens weekly over that period. Spanish workers organized two general strikes in 2010, Portugal one and Ireland one major march.

[6] Data compiled from International Labor Organization Reports on Employment 2010-11.

[7] See Al Jazeera Feb – March 2011. On the repressive role of the new military junta see Al Jazeera 4/7/2011.

[8] Reuters 2/14/11. Washington’s behind the scenes maneuvers to install a former Mubarak loyalist Field Marshall Tatawi as head of the junta is a blatant example.

[9] The incapacity of the Arab social movements to take state power repeats a similar problem earlier in the decade in Latin America. See James Petras and Henry Veltmeyer Social Movements and State Power (London: Pluto 2005).

[10] On the general strike in Bolivia see “Central Obrera declaran huelga general” [La Jornada (Mexico City)] April 8, 16, 2011.

[11] On the first round of the Peruvian presidential elections and center-left populist winner Ollanta Humala see BBC “Peru facing polarizing election as populists face off”. April 12, 2011.

[12] According to one account “rising labor costs are an issue (in China). There is job opportunity everywhere there is much less need for migration “Financial Times 3/18/11, p. 22.

[13] On Chinese billionaires see Forbes March 2011. As a result of “a rash of disputes between May and August (2010) employers were hit by strikes or other problems. This resulted in pay raises notably a 30% increase at Foxcomm the Taiwanese manufacturer”. Financial Times 2/16/11, p. 3.

[14] Correo de Orinoco, Caracas, Venezuela (English edition weekly) April 3-9, 2010.

[15] The general strike of Wisconsin public sector workers in March 2011 was the exception to the rule, a first of its kind, induced by the Republican governor and legislature's effective abolition of collective bargaining rights. Except for a one day strike of the San Francisco long shore workers unions and a few sporadic protests in other states, the US confederation of labor AFL-CIO has not mounted a single national public demonstration, instead relying on multi-million dollar funding of Democratic politicians.

[16] Congressman Ryan a Republican has proposed the privatization of social security and the senior health program (Medicare) and a draconian reduction of spending for health care for the poor and disabled. President Obama followed up with his version of regressive social cuts somewhat on a lesser scale but in the same direction. See Obama speech to the American people White House press release April 3, 2011. New York Times April 14, 2011, p. 1.

[17] Discussions with shop delegates and Luciano Vasapolla, secretary of the militant Italian trade union movement "Reto di comunisti" Rome, Italy. May 1, 2009.

[18] On the negative impact of the financilization of capital and military spending on the productive economy see Michael Chossudovsky and Andrew Gavin Marshall ed The Global Economic Crises (Montreal: Global Research 2010) ESP. Ch. 3, PP. 72-101 and Ch. 9, pp. 181-211.

[19] For a clear exposition of the relation of imperialism and domestic decay see James Petras and Morris Morley, Empire or Republic? American Global Power and Domestic Decay (New York: Routledge 1995).

[20] The "World Social Forum" and other such "left forums" are mainly speech making opportunities for the chattering classes made up of academics and NGO'ers. In most cases the foundations and sponsors explicitly prohibit them from taking a political position, let alone organize material support for ongoing class struggles. None of the major working class general strikes in Europe, Latin America or Asia has ever received material support from the perpetual left forum attendees. The decline of workers internationalism has not been in any way replaced by the international gatherings of these disparate forces.

[21] Despite the demonization of the social and Cultural Revolution in China and Indochina, many managers, party leaders and even liberal intellectual are aware and fearful of the consequences of "pushing the working class too far. In Latin America the revolutionary legacy of past revolutions and the example of Cuba and Venezuela still serve as a living legacy of revolutionary struggles.

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