

Critique of the Economic Programme of Spain's "Podemos"

Neo-liberalism and today's reformism

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Introduction

Imperialism is undergoing its most severe economic crisis of the post-war period. As a result of this crisis, the conditions of living and employment of vast layers of the population in the developed countries have seriously degraded. Bourgeois economists have pointed out that the conditions of employment and average salaries have deteriorated significantly in the past decade, and in particular after the 2008 financial crisis. This has affected broad layers of the working class and broad sectors of the middle classes. Particularly troubling is the disconnection between the continued growth, labour productivity and wages. Studies performed in industrialized countries, like the United States, indicate that real average wages have stagnated over decades, whereas productivity has been increasing linearly. In the same period the income of certain sectors of the middle classes have been declining steadily. This contradiction has become more acute after the 2008 crisis. In Spain, since 2009 labour productivity has increased by 9%, whereas wages have dropped by 6.5% during the same period of time. The beneficiaries of the incipient economic growth in the United States continue to be so called "top 1%", leaving the conditions of employment for the majority essentially unchanged. The so-called "stabilization" and "growth" of the Spanish economy in recent months has not translated into noticeable improvements in the situation of the labouring masses, nor does it signify a positive turning point in the overall crisis of capitalism.

Europe, especially in the South and East, is undergoing a strong contraction of the labour force and wages. The situation in Greece and Spain is particularly desperate, characterized by unemployment rates above 25%, above 50% among the youth. The degradation of the conditions of labour and unemployment affect the working class, but it also affects what is usually referred to as the middle class, and those who aspire to leave the ranks of the working class. Given the process of de-industrialization of these countries and the resulting dependence on more industrialized countries in Europe, like Germany, unemployment has also severely hit qualified labor force. This includes youth with university degrees and even with post-graduate studies. The labour market in these countries is unable to absorb large volumes of qualified individuals. Many qualified individuals are forced into positions of menial labor or simply into long-term unemployment. This phenomenon is particularly notorious in countries like Spain.

New political movements, that embody the political aspirations and anxieties of the middle and lower middle class, have emerged in Europe. In these conditions it is natural to expect the petty-bourgeois critique of capitalism and imperialism to gain momentum and to acquire a more radical façade. The petty-bourgeois critique of capitalism and imperialism is not a new phenomenon in history. It displays an evolving pattern, as the conditions of exploitation of the toiling masses deteriorate, and income and wealth inequality systematically widens without alleviation in sight. As capital becomes more concentrated, the position of the petty-bourgeoisie with respect to the latter shifts from the position of petty producers to that of wage labourers. With this shift the petty-bourgeois critique of monopolistic capitalism undergoes a

transformation: while petty producers advocate for pre-monopolistic free-market competition, as the true essence of capitalism, as wage labourers, the middle class champions market regulation, state interventionism, taxation, etc... The petty-bourgeois critique of monopolistic capitalism decries the big corporations for greediness, however it does not undermine the capitalist character of the relations of production. In essence, the petty-bourgeois critique of imperialism whether from the position of the petty producer or that of a middle class wage laborer offers solutions that are unrealistic and unsustainable in the era of monopolistic capitalism.

The petty-bourgeois critique of monopolistic capitalism is not just mere discontent of certain sectors of society in losing its privileges and social standing with respect to the working class. In exposing the inequalities emerging from the capital accumulation and economic crises, the petty-bourgeoisie and the middle classes present themselves as exploited to the rest of the toiling masses, the working class and the labour movement. New and illusory alternatives other than the struggle for national liberation and the constriction of socialism become available. Illusions are fostered that reforms within the existing framework of relations of production are feasible, notwithstanding the objective character of economic laws of capitalism. Capitalism on its own has the natural tendency towards accumulation. This is an objective law of capitalism production that only becomes reinforced in the era of monopolistic capitalism. Capital accumulation, leading to ever increasing income inequality is a natural tendency. The rates displayed by these processes depend on historical circumstances. A very important factor in the period of monopolistic capitalism is the emergence of the Soviet Union, its evolution and its influence on the communist and labour movements worldwide. The social gains by the Soviet working class are widely forgotten in the analysis of the evolution of inequality in modern history by bourgeois economists. The same applies to these new illusory alternatives.

These alternatives are not based on scientific grounds, but rather on conjecture and wishful thinking, and are intended to confuse the working class and other layers of the toiling masses. Imperialism uses this to its advantage by tolerating these alternatives in the hope that the working class and the labour movement relinquish leadership of the national liberation and anti-capitalist movement to them. It is not that the working class does not recognize the need to ally itself with broad layers of the toiling masses, contrary to what Trotskyism advocates; the quid is the leadership of the national liberation and anti-capitalist movement. The working class and labour movement are bound to see the petty-bourgeois critique of monopolistic capitalism for what it really is and should not renounce the leadership of the national liberation and anti-capitalist movement.

The belief that the objective economic laws of monopolistic capitalism can be subdued without compromising the main economic relations in favour of the working class and the toiling masses, may eventually lead to fascism. Fascism emerged in modern history as the means to safeguard the backbone of monopolistic capital at the time of severe economic crisis. Nevertheless, it is social-democracy and right wing revisionism, while positioned in different areas of the political spectrum, that objectively lead the masses to accept reform as an alternative, thus disarming the toiling masses ideologically and organizationally, to the extent that populism and fascism become effective. In the end of the day, Nazism in practice, however brutal, is a form of reformism within monopolistic capitalism intended at subduing class struggle and to provide the material means for the expansion of monopolistic capital and the fascist state. With this we do

not want to imply that social-democracy intentionally leads the toiling masses towards fascism. However, social-democracy and reformism objectively, despite the will of its leaders, create the conditions for fascism to be acceptable. It is absolutely essential that the vanguard of the working class stand firm against any illusions with regards to the feasibility of reform within capitalism. Reformism is the opium of the masses.

The ideological idiosyncrasy and phraseology of right-wing revisionism is well-known and has been studied extensively for decades on end. Similar is the case for petty-bourgeois thinking and modus operandi. While right wing revisionism formally adheres to Marxism, petty-bourgeois thought appears to be more versatile in its manifestations. Strictly speaking, right-wing revisionism is a form of petty-bourgeois thought that emerges in history as scientific Marxism, both in theory and in practice, becomes influential in the working class and labour movements. Consciously or unconsciously, right-wing revisionism objectively paves the way for social democracy and reformism to become the dominant ideology of the toiling masses. Social-democratic and reformism in Europe today does not work alone. The so-called European left has worked hard over decades to inculcate reformism, parliamentarism and economism among the working class and toiling masses as more natural forms of interaction (rather bargaining) with the bourgeoisie and the state, over the struggle for national liberation and socialism. This was reinforced by the fallacious belief that with the collapse of the Soviet Union, the socialist experience is rendered obsolete. The collapse of the Soviet Union speaks in fact to the very contrary – the collapse of revisionism, social-democracy and reformism economic and political thought. The collapse of the Soviet Union is demonstrative of how unscientific and unsustainable the theories of market socialism are. The theories of market socialism, as we know them, re-emerged in the post-war period and were subdued by the Marxist-Leninist leadership, as was Bogdanovism and Bukharinism at the time. Eventually the so-called market socialism became prevalent and towards the end of the 50s it had left a mark in the economies of the Soviet Union and the People's Democracies by significantly reducing the impressive rates of economic growth characteristic to the decade following the defeat of Nazism. Market socialism (and Trotsky together with it) postulated that the transition from capitalism to socialism goes through the market and the expansion of commodity-money relations. Reminiscent of Dühring and other pre-Marxist socialists, market socialism offered a reformist formula to overcome capitalism and the rest is history.

Social-democracy subscribes to the illusion that despite the inherent tendency for capitalist accumulation, capitalism, if properly handled, can provide for the social and economic needs of the toiling masses. It is postulated without demonstration that proper governance is capable of democratizing the market. In advocating the theories of the democratization of the market, the so-called Socialism of the XXIst century and new radical reformist tendencies in Europe build their discourse on the assumption that socialism, as we know it, is not a viable option. This strong assumption would not appear credible in the eyes of the toiling masses had it not been for the tireless efforts of revisionism in the organizations of the working class. The logic behind reformism with regards to socialism being unviable is flawed, to say the least. Reformism echoes bourgeois propaganda in preventing the toiling masses from getting acquainted with the experience of building socialism in the Soviet Union and the countries of the People's Democracies leading to formidable economic growths in the period of 30s-50s. Leading economists in the imperialist camp had acknowledged back in the 50s that the economy of the

Soviet Union would eventually take over that of the United States. Most of the progressive world was under the distinct impression that the Soviet Union and the People's Democracies flourish and that the sphere of operation of the capitalism market would shrink to the extent that imperialist centres would eventually collapse. The advent of right wing revisionism in the Soviet Union led to the liquidation of the economic basis for the construction of communism followed by the ulterior suppression of economic growth, stagnation and collapse. The latter has been unfairly attached to socialism by social-democracy and reformism and has been used as an argument that socialism in general is not a sustainable form of social and economic organization. Reformism adheres to the superficial analysis of the economic history of the Soviet Union, if any at all. Bourgeois propaganda tirelessly promotes myths of alleged crimes, terror and other atrocities allegedly committed during that period. This propaganda continues today in various shapes and forms, as the bourgeoisie is terrified that the working class comes to the realization that reformist formulae are unsustainable and that socialism is indeed a viable option with well-defined economic policies that are able to overcome exploitation, to liquidate economic crises and to provide uninterrupted advancement of the standards of living of the toiling masses.

The financial crisis of 2008 and its aftermath have accelerated the process of the formation of political alternatives to the bi-partisan structure of power. A question emerges as to the essence of new movements that are taken shape in countries like Greece and Spain, Syriza and Podemos, respectively. Are these movements as radical as some may want to portray them? Is this radicalism an outward appearance that is a reflection of sentiments of the petty-bourgeoisie with regards to what is perceived as social justice? Or are these movements the embryo of future movements of national liberation in those countries whose dependence on more industrialized countries in the European Union has become now more evident than ever? Do these movements truly challenge the neo-liberal model of development that the European Union is based upon? What should be the attitude of movements of national liberation in dependent countries with respect to these movements in Europe?

To answer these questions it is critical to understand the economic programmes that underpin their political aspirations. Spain's Podemos ("We can" in English translation) has recently released a text that details its economic programme. Here we concentrate on the examination of this text and its characterization. The latter characterization is twofold: firstly how this economic programme relates to what we believe is a form of petty- bourgeois critique of capitalism, and, secondly, how this programme is embedded into the historical evolution of social-democracy and reformism in Spain. We are not able to devote the necessary attention to the example of Syriza for the lack of detailed documentation in languages other than Greek. We will, nevertheless comment on some of the documents available in English and the status of economic negotiations ongoing between the Syriza's Government and the European Union.

Spain's Podemos has made a conscious effort to expunge Marxist terminology, not by chance. In fact, as its leader has made is clear publicly, Podemos has strived to amass broad appeal in Spanish society, under which it has become essential to reassure that the pillars under which the economic dependence of the Spanish economy from the more developed countries of the European Union rests. For instance, Podemos has introduced the term of "cast" replacing the Marxist term of bourgeoisie, or that of dominant class. The same applies to the concept of working class and the scientific definition of exploitation. Instead these concepts are replaced by

a blur of considerations regarding corruption and unfair distribution. This will be covered in the analysis documented below.

In order to deal with the analysis of Podemos' reformism it is necessary to summarize the main tenets of social-democracy and reformism in the period following the Second World War. This will help us analyze Podemos' economic programme into its more basic constituents. This will lead us to eventually comprehend this type of reformism as a whole and as an integral part of modern reformism. How the latter emerges from reformism of the post-war period and how it comes to accommodate more and more the requirements imposed by monopolistic capital on the toiling masses will be demonstrated here. In particular, it will be noted that modern reformism unequivocally rejects any notion related to the socialization of the main means of production in favour of the exploited masses. In this framework modern reformism reduces the role of the State to indispensable services depriving it of ownership of the banking system and the main means of production, in favour of large monopolies. Reformist theories in practice do not undermine the feasibility of monopolistic capital and are characterized by the following criteria:

* Refusal to accept the working class as a vanguard of the exploited. The mere existence of the working class is eventually questioned. The working class is a part of the exploited people without an effort to differentiate the role of the different layers of society to production and with each other. This also includes rejecting "old" forms of political organization of the working class in favour of more amorphous and spontaneous ones. The latter seem more "democratic" form of organization. In reality these new emerging organizations are led by the pauperized petty-bourgeoisie and not by the working class. The concept of dictatorship of the proletariat is, as a result, liquidated in the programmatic vision of the movement in favour of abstract notions of democratic governance. The role of the labour and union movements necessarily becomes diminished. This is the result of the tireless work of social-democracy in the labour movement, to the point that these classical organizations have been rendered instruments of reformism and are no longer effective in opposing the onslaught of monopolistic capital. The new movements that lead the petty bourgeoisie uses this circumstance to further discredit the classical forms of organization of the working class in favour of amorphous ones. Needless to say, the replacement of the bourgeois state by the any other form of state organization is naturally deprecated.

* Concerns about the role of the state and planning in the development and implementation of economic policy. Reformism, especially in recent years is displaying increasing aversion at the idea of the nationalization of the main means of production with the intent of placing these resources in the hands of the state of People's Democracies. More and more reformism vows to the inevitability of large production to remain in hands of monopolies and that the economic activity in the dependent countries should revolt around private small and medium scale production. In this set up the State is no longer an agent of production. Instead, the State influences the market via a number of appropriate economic policies. This is in conjunction with the belief that the State can play a leading role in the so-called "democratization" of the market. We never understood the notion of democratization of commodity-money relations, mostly because it is utterly subjective and, therefore, denies the objective character of economic laws. The latter is the basis for economics to become a science and, with this, to leave the realm of speculation and conjecture.

* As a result of the latter, reformism's resistance to put forward policies of nationalization of the banking system and the means of production. Without these pre-conditions any discussion pertaining to National Liberation is essentially obsolete. In this sense reformism yields to neo-liberal thinking.

* Refusal to accept industrialization with emphasis on investment in heavy industry, as a key component to the economic program for national liberation and socialist construction. Social-democracy and reformism, especially in dependent countries, are stranded in the economic reality imposed by international monopolistic capital and the pressure from vulgar economic theories. These vulgar economic theories disagree with the Marxist theory of value. Instead sources of value, other than labour itself are considered in the economic discourse. These neo-liberal theories are intended at confusing the working class into accepting the relations of dependence imposed by monopolistic capitalism.

* Refusal to accept the value enclosed in the experience of the construction of socialism in the Soviet Union in the 1930s-50s. This includes ignoring the historical experience pertaining to social and economic transformations in the countries of People's Democracies in the 1940s and 1950s. Reformism becomes more and more oblivious of the historical experience of victorious socialism. Instead, Keynesian and neo-Keynesian economists, like Krugman, Stiglitz, Piketty, Varoufakis and the like become darlings of the liberal press with their findings regarding the broadening gap in income inequality in capitalism, as if this was some kind of new phenomenon. Despite the obvious tendency for capitalist accumulation, these economists either ignore that the period of the victorious socialism ever existed or are adamant against socialism as a solution to the problem at hand.

* Failure to understand the interconnection between the movement for National Liberation and the construction of socialism. Whether from positions of radical left-wing or right-wing revisionism, the disconnection between the two aspects of transformation remain a fundamental flaw of anti-Marxist thought in theory and practice. From positions of left-wing revisionism, National Liberation is disdained, as it does not conform to full-fledged socialization of the productive system. From positions of right-wing revisionism, National Liberation is absolutized as an objective by itself to the extent that socialist transformation is effectively postponed as a long-term perspective. The transition to socialism in the Soviet Union, the February, October revolutions, war communism and the New Economic policies are misinterpreted by left- and right-wing revisionisms. The rich experience of the People Democracies in the 40s and 50s and their link with the construction of socialism in the Soviet Union is practically ignored by ideologists of reformism. The role of national liberation as a means to create the material conditions for the transition to socialism is not a part of the reformist agenda.

* Modern revisionism¹ understood socialism from the standpoint of commodity production and commodity-money relations. These were postulated to be transformed under socialism and are rendered instruments for the liquidation of exploitation and sustained economic development. The same effectively applies to the economic model leading to national liberation or, any sort of notion that leads to socio-economic justice. Reformism does not conceive economic and social transformation outside the boundaries of commodity-money relations, and not just that but within the framework that monopolistic capital. For instance, European reformism does not

question the existence of the European Union as a neo-liberal imposition and as a leading hurdle for the dependent economies of the continent to attain economic emancipation. European reformism does not challenge the framework that the European Union is based upon, but rather advocates for improved legislation within that framework, etc.

While not exhaustive, this list encapsulates the idiosyncrasy of the economic thought of reformism. It is important to note that social-democracy and reformism are far from homogenous in the way rhetoric is articulated. In fact the rhetoric of reformism may have radical outward appearance. However, it is in the economic programme where reformism displays its distinct signature. Social-democracy and reformism also evolve in time. Today's reformism displays features different from social-democracy in the post-war period. While the latter entertained (whether genuinely or not) some elements of socialization of the means of production and some elements of state planning (even if the understanding of planning was not scientific), today's reformism rejects them upfront and, apparently, with little hesitation. As will be discussed below, today's reformism has evolved together with the degree of prevalence of large corporations in the economic life of nations.

Before addressing directly the economic programme of Podemos it is important to touch upon two issues. Firstly, the economic crisis of 2008, given its severity and intricacy, has brought about renewed calls for the New Deal type of economic policies. The mythology around the essence and end results from the New Deal policies will be dealt with below. This critique cannot be effective without alluding to Keynesianism and how Keynes' postulates are viewed through the prism of modern reformism. Secondly, Thomas Piketty's recent book is an important condensed expression of modern European reformism. The latter encapsulates well the theoretical substantiation of the economic programme of modern reformism in Europe of which Podemos in Spain and Syriza in Greece appear to be more radical forms. Following these considerations we will touch upon the specifics of the economic programme of Podemos, as detailed in recent documents released in Spanish in the past few months. We will end the article with a discussion on first steps of the Government of Greece's Syriza to address the economic difficulties of this impoverished country within the framework of the European Union and European neo-liberalism.

Endnote:

1 Revisionism is a doctrine that formally embraces Marxism, or Marxism- Leninism, while subverting it. Modern revisionism is used to refer to the revision of the principles of Marxism- Leninism that become the dominant ideology in the Soviet Union and the countries of People's Democracies during the second half of the 50s-beginning of 60s.