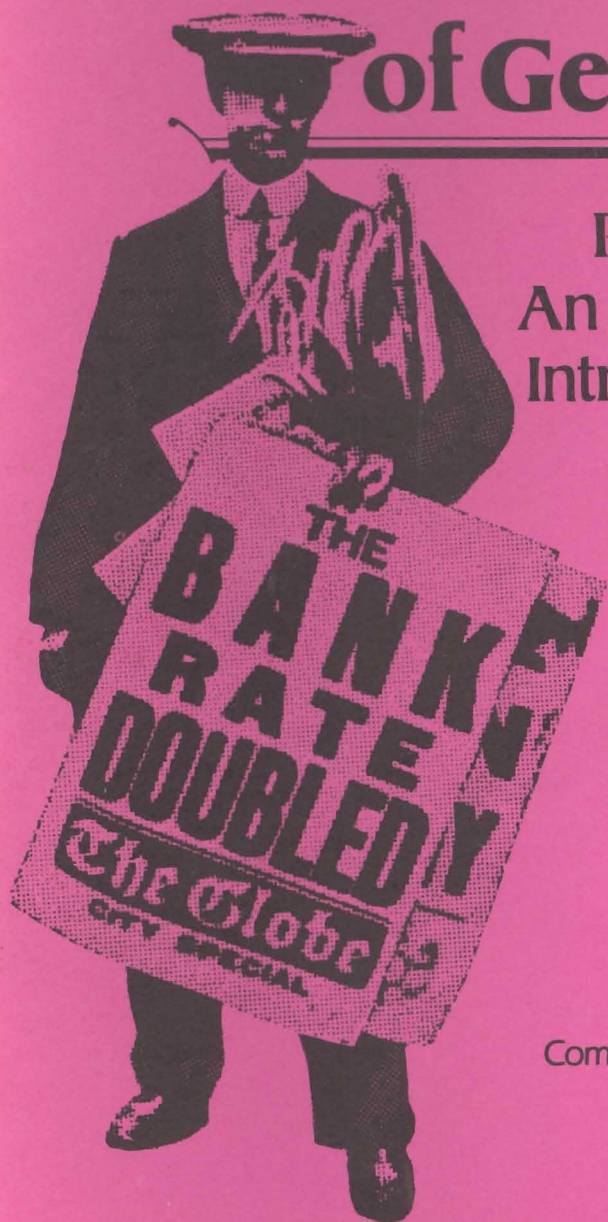


# The Economics of Genocide

PART I.  
An Historical  
Introduction



Published by the  
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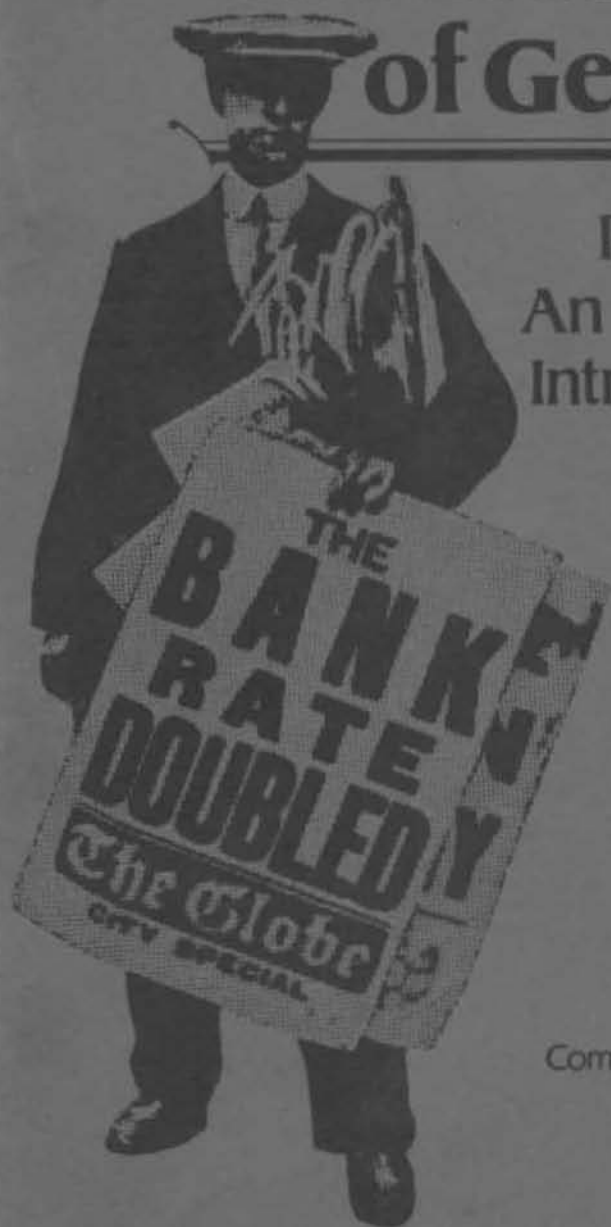
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# THE ECONOMICS OF GENOCIDE

## Part 1.

### AN HISTORICAL INTRODUCTION

It is not the task of a Marxist to improve Bourgeois theories of economics, to show that we the workers could make capitalism work. Nor can we ignore the writings of bourgeois economists. Myth has always surrounded this subject: first that the study of economic theory is the most difficult of all subjects, requiring a high intellectual standard far beyond the common herd. which is ironical because the results of such studies put into practice by capitalist governments always affect the working class and hardly at all the rich, except to make them richer. The second myth is that economic laws can be equated with natural laws — the price system is just as valid as the law of gravity'

These myths have lasted through the history of mankind, always linked with magic, with religion, from the elegant Delphic oracle to the savage priest rulers of the Aztecs to the messy chicken entrails or the fortune-tellers of the Wall Street tycoons or of Hitler.

There have been honest philosophers who made a study of the economics of their society but the rulers, priests, kings, social democrats, fascists have always chosen the economist who suited them — Adam Smith for the rising British manufacturers, and Friedman for the present Tory government and the total destruction of Britain. Every economic philosopher before Marx accepted the law that the ruler had to be kept in power and the mass of the people

in subjection. This was glossed over by religion: the poor man would go to heaven and the rich one would have the same difficulty as the camel through the eye of the needle, so the rich had to dispense charity to buy a way into heaven.

Patriotism was another discipline: it is the mass who suffer cold, hunger and death for the defence of the Fatherland just as it is the mass of workers who will be unemployed on the turn of the roulette wheel of capitalism. Never has any economics theorist argued that it is too expensive to support a king, a priest or their modern equivalents, Cabinet Ministers.

Marx destroyed the validity of all philosopher-economists when he wrote 'The Communist Manifesto'. Since then all economic writings have set out to prove how wrong he was but events have shown how correct he was. There is not one proletarian or peasant in the world who has not been taught by his own experience how correct is Marx, even though the name may be unknown, and only fears, habits or the false dream of self-interest lead to the rejection of Revolution. "For you have nothing to lose but your chains".

## THE PERIOD OF THE CLASSICAL ECONOMISTS

Let us look at the work of the British Classical Economists, who were part of and helped to influence the Industrial Revolution in Britain. They were perfect examples of men of their time, accepted and honoured by their rulers. The first were David Hume (1711-76) who greatly influenced the more famous Adam Smith (1723-90). Hume separated the theory of economic behaviour from Moral Philosophy (Divine Planning) and for that we owe him thanks. He believed man was motivated by a desire for pleasurable activities, action, stimulation or gain, but at the same time the sense of justice must compel men to respect the rights of their fellows, so leading to general happiness:

whereas Smith could write the well-known passage, "It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantage": but could also write that natural justice sprang from the sympathy in each man for the feelings of others. The fact that the manufacturers of the 19th century could praise Hume and Smith but at the same time use child labour in the mills and mines only proved the capacity of the employers to deceive and cheat.

Ricardo was one of the first monetarists and his definitions of the price of bullion, the domestic price level, the balance of payments deficit and adverse exchange are today regularly written in the classier newspapers as original discoveries by the hacks writing the articles. Ricardo "built" the corn model of economic relationships which regarded the economic system as a single-output model, producing corn by applying labour and capital to land. Malthus followed with the "population mechanism" but Swift destroyed the reputation of Malthus with one blow, the terrifying satire 'Tale of a Tub'.

By 1830 the great Ricardo was superseded by J. S. Mill and his theory of reciprocal demand in international trade, the idea of non-competing groups, the possibilities of technical improvement and his belief in "diminishing returns in agriculture" which pleased the manufacturers, and supported the Anti-Corn Law arguments. "Cheap food imported for the factory workers therefore low wages for them, and starvation and ruin for the farmers and their labourers" said a bitter landowner. The old landed gentry were temporarily in decline while the new manufacturers were rising.

Then, as now, some economists regarded the Bank of England as an inefficient nuisance, causing inflation by

charging the wrong rate of interest, favouring merchants over manufacturers, therefore interfering with the "Natural Development" of the economy. They all accepted "Say's Law", that a commodity is the instrument of demand and that each person is a supplier and a demander so that the demand and supply of all the individuals in the nation taken equally must be equal, therefore the annual produce can never exceed the annual demand.

Nowhere in any of this, is any regard, except for the Christian charity of the master, for the welfare of the mass of the people and not yet had it been realised that the mass could rend and tear its masters if it wished. The French Revolution, the Paris Commune and most of all the Bolshevik Revolution in Russia, changed some minds. There still remains, however, the insane hatred of Russia: brain-washing by the rulers produces examples in the oddest places.

Another kindly, humane man, Keynes, almost certainly from his own moral code but, just as certainly, picked up by the rulers as a safety precaution, argued that full employment must be attained, though the definition of "full" was never made. Successive governments, Tory and Labour, by expenditure, by protection of industry and by minimum wage rates have striven for this but it is now abandoned. The policy now pursued will lead inevitably to a world war (the third) just as before.

Today, we have economists borrowing and polluting the theory of the classical economists and these new priests have not the intellectual or moral capacity of the classicists. It is unfortunate that we have a Prime Minister inexperienced, uncultivated, ill-educated and totally uninterested in the history of our country.

What would Adam Smith make of her? and Oh for Swift to describe her and Hogarth to draw her! It is an explosive mixture dangerous to all mankind and the British people must do their duty and defuse the bomb.

## A LABORATORY SPECIMEN OF THE RESULTS OF THE POLLUTION OF CLASSICAL ECONOMICS

### BYKER IN THE 20s AND 30s

Byker, Newcastle, was an area of small houses each of two flats of 2 or 3 rooms, with a scullery, an open coal range in the kitchen for cooking and heating, one cold tap, a back yard with the water closet, euphemism for a dry lavatory from which the excreta was removed every Monday morning by the Corporation cart. At the same time the houses, built especially for the shipyards and the port from which many ships sailed, particularly to the Baltic and North German ports, but also to China, were sturdy. Each had its own front door and its own backyard with a high brick wall. The district was bounded by the river Tyne and the beautiful Jesmond Dene, donated by some rich person and was 2 miles from the centre of the city separated by a long bridge over Rose Valley, a monstrous place where animals were slaughtered in full public view.

The population was homogeneous mostly English with a few Irish. There were other ghettos near, of Lascars or Chinese on friendly terms, but they were foreign, that is to Byker, as were the (English) clerks who lived in the posh district of Heaton, half a mile away. The men of Byker had nearly all been skilled workers, dockers, stevedores, riveters, electricians, welders, and had enjoyed when in work, a modest prosperity, once shown in bone china, wool blankets and a Sunday suit. Once Byker could almost be a perfect example of the "harmony theory": "A beneficent order manifesting itself in the way in which phenomena interacted".

The blockade of Russia and the punishment of defeated Germany emptied the docks and filled the river with ships left to become derelict, but the most destructive blow to this little community as to many others was "rationalisation". On the basis of sound economy, the North East ship-

building was sent to the Clyde. Then no man could work at his trade. The following is a description of how the people survived in spite of the rulers.

The life of the area was in the narrow back lanes: the wide front streets, designed for the militia to ride down, where once, long before, women had dug up the cobblestones and driven them away, were used only for weddings, funerals and the visits of doctors or insurance men. In the back lane, coal carts, fish carts, tinkers with their donkeys all threaded their way through the lines of immaculate washing. Here the children played, along with dogs, cats, hens, pigeons, seagulls, not to mention a few rats. Always blew the biting East wind which brought the smell of the sea and the snow from Russia.

As the depression deepened and the figures of unemployment rose, money almost vanished, except for the "lucky" war-disabled who had pensions, and the shillings the women could earn for the worst cleaning jobs in trams, trains and mortuaries. Finally the authorities, worried no doubt by the thought of bodies littering the streets, issued food vouchers to buy tea, flour, salt and such. Many were the battles to get a little bacca for grandad or a few sweets for the children on the voucher. There was a total ambition to survive. The women scrubbed, possessed, mended, white-washed to keep at bay the fleas, the dreaded bed-bugs and the shaming head lice, and cooked and baked anything that was edible. The men grew carrots, beetroot and tomatoes on the railway embankment and in pots on the flat roofs of the WCs (also the place for the little girls to hold tea parties safe from the rough boys). At a time when vitamins were not held in any esteem, maybe the vegetables gave the reason why so many escaped "the white plague", TB, though scarlet fever was endemic among the children.

Teachers and doctors were respected. Some doctors visited and did not charge though from the state of their boots they were not too well-off, and teachers levied themselves for boots and spectacles and instituted prizes, often

of food. A most beloved young woman from London gave a Terry's Trafalgar chocolate for every slate of correct sums or spellings. One Head believed higher education would cure all and by coaxing and a judicious use of the leather strap got a few to grammar school. Once she got one through to the Ladies High, but the seggies (iron plates on the boots) put an end to that. Everyone hated the welfare workers who gave good advice like, "Why don't you sell your tea-set?"

The children also had their ways. Though an agnostic area except for the Irish Catholics, and even they drove away the priest when he came for his weekly penny, every child belonged to as many Sunday schools as could be fitted in, for each church gave a Christmas party and a Summer picnic where there was food. The Rechabites were the most generous, as they gave a lantern lecture each week on the evils of drink, with a bun and a cup of cocoa, and every child who sported a blue ribbon showing he had sworn off strong liquor for life received an orange as well. Everyone in the back lane admonished them to be little ladies or little gentlemen and they were sent to school with faces raw from scrubbing with yellow soap. They all had footgear of some kind: a barefoot child was a shame and a scandal. The girls had, every day, a snow-white starched pinafore, sometimes with a bit of broderie anglaise from a wedding dress.

That is exactly the same way that the Londoners behaved under bombing and Thatcher thinks she can destroy them. The woman's daft!

In the days before wireless and television, and there was no money for newspapers, the poor, unsullied by propaganda, except for that of the priests, expressed in their ballads their opinions of the state of the economy and their feelings about their "betters". Here are a few examples.

"The Tories in Dudley have cast in their mites  
In order to sup off rich cow-heel and tripe;  
A supper was granted - to gain votes for prizes  
Whilst the BUTCHERS their bellies and pockets  
did rise".

### From Sunderland

"All you that does in England dwell,  
I will endeavour to please you well;  
If you will listen, I will tell  
About the cholera morbus.

Please don't be frightened, great or small  
The cholera won't come here at all,  
If it does it will the Tories call.  
It will the cholera morbus."

### From Cheshire

The following was a hit at Lord Delamere, a Tory Peer.

"I would take them (the Poor) into Cheshire and there they  
would sow  
Both flax and strong hemp for them to hang in a row.  
You'd better to hang them and stop soon their breath,  
If Your Majesty please, than to starve them to death."

### THE BULLIONISTS AND THE GOLD STANDARD

Ricardo maintained that the domestic money supply should be directly tied to the country's gold supply so that with an unfavourable balance of trade, the resulting loss of gold would automatically cause the note issue to contract.

He also believed that the national interest was best served when imports were largely of food with manufactured goods exported to pay for them. (This was being taught in School Certificate history right until the abolition of this examination). Therefore, he said, pressure would be decreased on money wage rates by the fact of subsistence goods available at lower cash rates; that is, wages would fall and profits rise.

The next part of Ricardo's theory has endeared him to capitalists, especially the multinationals — "The monetary

system should be regulated to prevent disruption in the international division of labour".

The question of the gold standard "on or off" has bedevilled all discussions of the state of Britain. In the 'History of the TUC' it is stated "when in 1925 the dictates of orthodox economists (the TUC writer was very bold here for it would have been as difficult then as it is now to find two economists who would agree on a definition of orthodox economics) impelled Winston Churchill, who was then Chancellor of the Exchequer, to land Britain back on the gold standard at the pre-war parity — a move which inevitably played havoc with British exports, Stanley Baldwin, the Prime Minister was quick to spell out the logical consequences — "all workers in this country have got to take reductions in wages". The TUC report goes on to say "the coalminers demanded that the miners do just that, and that they should accept also, a return to an 8-hour day. The miners refused which led to the General Strike on May 4."

The description of events was correct but why did the TUC come up with such a sloppy and unpolitical explanation? The truth was of course, that difficulties had arisen because of the cost and destruction of the second world war exacerbated by the attempt to destroy the defeated nations and by the embargo on the new Socialist state of the USSR. Added to this was the pathological hatred Churchill had of Russia, which had defeated him, humiliatingly, in his war of intervention, equalled by his hatred of the working class if it showed any desire to improve its lot. His aim was to restore the Czar in Russia and to keep Britons, except for his own class, in a state of poverty which would make them respectful of their betters. He did a similar piece of mischief at Fulton.

It must have been a considerable relief to all theoretical economists, amateur and professional when in 1976, the International Monetary Fund (not the International Metalworkers Federation, a much more useful body) decided that countries need no longer supply 25 per cent of their quotas to the IMF in gold, and not be obliged to use gold in other

transactions with the IMF, which also promised to sell one sixth of its gold stock on the free market over the next four years, to establish a Trust Fund to provide balance of payment assistance to the poorer countries.

## POPULATION CONTROL

It has been remarked that all economics have been based on nationalism. It is strange that even if a nation offers little to its citizens but hunger, unemployment and war a deep loyalty, even love, is felt by the majority of people for the land of their birth. Rulers have always played on this, usually healthy, sentiment, and use it for their own ends. Population control is one of the ways of control. In the war the woman with strong sons to fight is a heroine but in times of recession, she is a thoughtless nuisance.

In spite of the terrible reputation of Malthus, who believed he was assisting the poor when he advised them to have smaller families, ignoring his motives, it is clear he was stating what has happened in all societies as the move was made from being peasants to urban proletariat.

John Stuart Mill thought that the formation of trade unions and Institutes for lectures were emancipating the minds of the masses from their "traditionally dependent status" which led him to conclude "it appears impossible but that the increase of education and of love of independence among the working classes, must be attended with the corresponding growth of the good sense which manifests itself in provident habits of conduct, and that population therefore will bear a gradually diminishing ratio to capital and employment".

Malthus again, but at a later date, put more tactfully, and in the heyday of Victorian (rich) euphoria. However, the priests are not going to lose their "souls" so easily, so even in 1980 we have the spectacle of a Tory man trying to destroy a very inadequate abortion bill to the extent that even women growing too old for safe child-bearing and with dependent children could be put at risk of their

lives. This is in a country where safe birth control methods have not been made easily available to the population and it is still a subject for sniggers.

## THE UTILITY THEORY

The peak of Victorian success was past so a new set of economists came into popularity — the "Neo - Classicists". They had a metaphysical approach which the Classical men abhorred. Utility was the new concept. "Utility is that quality in commodities that makes individuals want to buy them and the fact that individuals buy commodities shows that they have utility, and price is the measure of utility". "A man buys only as much water as he needs though the total utility of water is infinite because life depends on it, but in Aden where water is scarce an individual consumer is cut back to the amount whose marginal utility is the price. How do we know? It must be so, for price is the measure of marginal utility". So believed the neo-classic Jevons.

Marshall argued that "utility is taken to be correlative to Desire or Want and the measure is found in the price which a person is willing to pay". "It is a Good Thing for the individual to have what he prefers, it is not a question of satisfaction but of freedom". Rather endearingly, Joan Robinson, a very good writer of political economy, comments on this statement "But drug-fiends should be cured and children should go to school. How should we decide what preference should be respected?"

Nor could true market behaviour reveal preferences. As Marshall wrote, "The more good music a man hears the stronger is his taste for it, avarice and ambition are insatiable and the virtue of cleanliness and the vice of drunkenness alike, grow on what they feed on, but observing a man it is seen that the marginal utility of a thing diminishes steadily with every increase in the supply of it."

It was obvious that utility could not be measured nor could preference, therefore this theory was denounced as



abstract, metaphysical.

These scholars were writing before the advent of advertising in its most successful forms. Advertisers now boast that they can decide what people eat or wear and television moguls that they elected the President of a Union and can do it again. It is a strange fact that all the advertising in the world cannot create a film star who is not to the public taste but it can cause to be elected a Prime Minister.

## UNEMPLOYMENT

Keynes, who for some time after the Second World War was regarded almost with awe, believed that it was imperative to keep full employment – not total employment. He believed it was necessary for the survival of capitalism which he agreed with, except for reservations. The explanation he gives of his theory is worth examination. "For my part I think that Capitalism wisely managed, can probably be made more efficient for attaining economic ends than any other alternative system yet in sight, but that in itself it is in many ways extremely objectionable. Our problem is to work out a social organisation which shall be as efficient as possible without offending our notions of a satisfactory way of life" Secondly, Keynes brought back the "moral questions" that "laissez-faire" abolished.

Robinson wrote of him, "While he did not much like the profit motive, thought, (in the 20's) that it provided a better mechanism than any other yet in sight for operating the economic system with the reservation that it did not necessarily make the best possible use of its resources". Keynes wrote on the lines that private vices were public benefits so that thriftiness and careful husbandry were public vices because he believed that capital yielded a return not because it was productive but because it was scarce. But as Robinson points out, when full employment is going to be maintained saving is certainly more desirable than spending from a public point of view. She hits Keynes with the biggest stick in that his Economics had once more become Political Econ-

omy. She disliked the idea of gurus (though would not have used the word) and admired the entrance of mathematics, statistics. Unfortunately the statisticians have made no better fist of it than the classicists, especially as the government of the day issues the tables.

## INFLATION IS MAN MADE

Inflation has been defined variously as any increase in the general level of prices or as any sustained increase. Many people, especially reporters and politicians get very excited about it. The ruler says we must all starve to death and everything that is worthwhile in Britain must be destroyed in order to "cure" it. Some say the unions are to blame, others the oil merchants. They talk of it continuously and draw incomprehensible diagrams. Meanwhile the people know that it costs 39p to buy a wholemeal loaf, 4 new pence for a nail and 53p for a penny pack of pins, (an old penny). Prices in control of the Government rise - good; workers fight for the means to pay them - bad.

The general consensus of opinion among the "important" persons is that the workers are lazy and cost too much. Unemployment is their fault; the return of tuberculosis, the sure sign that there is something wrong in the body politic, is blamed on the lack of nutritional or housewifely skills of working class women and takes us right back to Byker of the 20's and its "social workers". Inflation is the bogeyman to frighten all and much better on the lantern slide than the original Napoleon.

Oddly enough, Friedman does not accept that inflation is caused almost entirely by wage demands; it will be interesting to read what Galbraith, eclipsed by his new rival, will produce.

Not always however was inflation spoken of with such horror. Early economists of the period of developing industry thought that inflation was a very good thing, that a large amount of money circulating could only be good for trade and the setting up of new establishments, thus increasing profits by the release of the energy and new ideas of

the population; finally that the undoubted increase in prices would eventually find a correct level.

Today, we are informed that inflation is not caused by phenomenal spending on war, on the Common Market and the waste of the rulers such as the fact that when each new government is elected the MP's vote themselves more money and privileges, the Labourites being even more brazen than the Conservatives - (and that is the graft we can see). But it is caused by greedy workers who insist on eating and that their children should be educated and that there should be provision for health care for all.

It is difficult to read any writer on economics today without an atavistic urge to reach for a club.

Without apology but with grateful thanks, the next paragraphs are borrowed from the Journal of the Amalgamated Union of Engineering Workers and are written by Mr John Brooks of Luton Branch 14.

He wrote, "Marx took the lid off capitalist (bourgeois) society. Where orthodox economists only sought to blanket it over, he aimed to expose its material and social, and what is most important, its production relations. To Marxists, society is basically production relations. All other forms, legal, social, political, etc, arise out of the characteristic production relations by which the wealth of that society is produced and distributed.

Marx's whole criticism of bourgeois economic theory was that it reflected nothing but bourgeois interests as a class. The toiling masses and their vile conditions were a stinking morass that they did not want to get their artistic noses too close to, but Marx saw these ragged, bedraggled, illiterate, half-starved "proletarians" as the new potential revolutionary class who would build the just socialist society of the future .

Finally to quote from the distinguished Cambridge economist Maurice Dobb:

"Just before the War a mathematical economist of Harvard University (who himself repudiates many aspects of Marx's doctrine and method) paid this tribute to Marx's

brilliant analysis of the long run tendencies of the capitalist system:

"The record is indeed impressive: increasing concentration of wealth, rapid elimination of small and medium-sized enterprises, progressive limitation of competition, incessant technological progress accompanied by an ever-growing importance of fixed capital, and last but not least the undiminishing amplitude of recurrent business cycles - an unsurpassed series of prognostications fulfilled, against which modern economic theory with all its refinements has little to show. If one wants to learn what profits and wages and capitalist enterprises actually are, he can obtain in the 3 volumes of 'Capital' more realistic and relevant first-hand information than he could possibly obtain in ten successive issues of the USA census or a dozen textbooks on contemporary institutions." ( W. Leontief in proceedings of the 50th Annual Meeting of the American Economic Association 1937.)

To quote again from Joan Robinson — "with all these economic doctrines decaying and reviving, jostling each other, half understood in the public mind, what ideas are acceptable, and what rules of policy are derived from them?"

These are good questions and in the second half of our study perhaps they can be discussed. The real question for the working class however, must be, for how long will they accept the total destruction of Britain and the British way of life? There is no more time.

This has been written because we believe economic theories are man-made and all the present economic ills, inflation, cut-backs, wage control and so on, are deliberately contrived as an attack on the working class by the capitalist class which is dying. The present disciples lack the integrity, the scholarship and the humanity of their Classical predecessors.

"Economics is when people wonder why they have no money"  
Anon.

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