

# Rethinking welfare, building the working class movement

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## **NALEDI OPEN FORUM**

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**Social Policy and Development section**

I'd like to suggest we think a bit beyond simply the technical details of HOW to deliver welfare, how to FUND it, and WHO to target - and look at a more basic issue:

WHY is welfare necessary in this society?

WHY is it that people depend on grants and payments and funds?

Before we look at the technical aspects of welfare policy, we need to think about the broader political economy that generates the need for welfare in the first place.

Welfare is a symptom of a more basic set of problems in the political economy of this country.

Once those problems are correctly identified, it will become possible to think about examining a broader strategy to change society - and which types of tactics around welfare reform are best suited to that broader struggle.

### **The basic problem**

The basic problem is that we live in a capitalist society - a society based on production for profit, and the distribution of goods through a market system.

### **Income versus needs**

In this system, there is no link between needs and income. Goods and services are distributed through the market – you pay for what you get. But people's income is not linked to their needs, but to wages – which are set by labour market conditions and the rate of exploitation in a given sector. Income has no real link to the needs of a given person. So, while you pay for what you get, you do not get everything you need – because you cannot pay for it in the first place.

### **Investment and profits**

At the same time, under capitalism, goods and services are produced for the market only if they are profitable. Huge inequalities in income mean that a whole range of needs are underrepresented in the market because the effective demand of the working class is so low. If 10% of the population receive 70% of total income, and 50% receives less than 10% all income, then production for profit in the market must always discriminate against the needs of the working class.

Peter Kropotkin put this point well in his classic *The Conquest of Bread*.<sup>1</sup>

The great harm done by bourgeois society is not that capitalists seize a large share of the profits, but that all production has taken a wrong direction, as it is not carried on with a view to securing well-being to all.

An obvious example is the automobile industry, where BMWs take priority over buses and bicycles, and where alternative technologies that can break the grip of fossil fuels – technologies that have existed since the 1940s – but have never been developed.

This points to a very basic problem – actual control of the means of production is in the hands of a small group – not just private employers, but State officials. And the State, rather than being the shield of the working class against the ruling class – the capitalists, the State managers, the politicians – serves to impose their rule: as Bakunin suggested, "Class,"

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<sup>1</sup> Peter Kropotkin, [1892] 1990, *The Conquest of Bread*, Elephant Editions, London, p. 101

'power,' 'state' are three inseparable terms, one of which presupposes the other two, and which boil down to this: *the political subjection and economic exploitation of the masses.*"<sup>2</sup>

### **Authoritarian and alienating work**

Making the situation even worse is the question of production itself. Work under capitalism is generally dull, usually futile, and most people are simply overworked.. Absurdly, while roughly 60 percent of the employed population complain of overwork, a third of the economically active population is unemployed.

While democracy is supposedly the basis of our society, work is the one place where most people have no say, even though work is the place where most people spend most of their day. What, asked Mikhail Bakunin, has the worker sold in return for a wage? The worker has "sold to his employer" was "his labour, his personal services, the productive forces of his body, mind, and spirit that are found in him and are inseparable from his person - it is therefore himself":<sup>3</sup>

From then on, the employer will watch over him, either directly or by means of overseers; everyday during working hours and under controlled conditions, the employer will be the owner of his actions and movements. When he is told: "Do this," the worker is obligated to do it; or he is told: "Go there," he must go. Is this not what is called a serf?

### **Exploitation, effort and unemployment**

And the purpose of this autocracy? Making sure exploitation takes place. "Is it necessary," asked Bakunin, "to repeat here the irrefutable arguments of Socialism which no bourgeois economist has yet succeeded in disproving?"

"Property " and "capital" in "their present form" meant that "the capitalist and the property owner" had the power and the right, guaranteed by the State, to live without working," whilst the worker was enslaved by "terrible threat of starvation which daily hangs over his head and over his family," and which "will force him to accept any conditions imposed by the gainful calculations of the capitalist." <sup>4</sup>

In such a situation effort brings no rewards, for class, not ability, determines the basic distribution of income. The fact that one class earns wages, consuming these by the end of the week or month, and another lives by dividends and executive salaries that allow ongoing accumulation means, simply, that the rich get richer, the poor, poorer.

Having a job is, in short, no guarantee of making ends meet. The notion that the "employed" are different from the "unemployed" – are, perhaps, an elite – is radically false.

People become unemployed because they are part of the working class – the class that does not have the resources to make a living without wage labour. It is the class in which the poor are concentrated that suffers unemployment- the class of the poor that becomes unemployed, rather than, as the neo-liberals claim, the unemployed who become poor.

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<sup>2</sup> Bakunin, [1872], 1971, "Letter to *La Liberté*," in Sam Dolgoff, editor, 1971, *Bakunin on Anarchy: selected works by the activist-founder of world anarchism*, Black Rose, George Allen and Unwin, London, p. 280, emphasis in original

<sup>3</sup> Mikhail Bakunin, [1871] 1993, *The Capitalist System*, Libertarian Labour Review, Champaign, Illinois, p. 3

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### **A different world**

The neo-liberal Ludwig von Mises once claimed that there is no distinction between production for profit and production for need advanced by socialists because "in the capitalistic system profits can only be obtained if production meets a comparatively urgent demand."<sup>5</sup>

Nothing could be further from the truth. Income does not match need or effort. Market distribution violates human rights. Work is a zone of authoritarianism and alienation, not a place of creativity and self-expression. Human creativity and the human personality is crushed by alienating work – or the terrible invisible prison of unemployment.

Profit and power come before human needs and popular control. Humanity, capable of putting men on the moon, cannot feed its children properly.

How, then, can we move towards a world "where man will be able to work out their dreams after having acquitted themselves of their duty to society"?<sup>6</sup>

And where does welfare fit in?

### **A positive, working class, programme**

Against this backdrop, the basic causes of the need for welfare are clear

There is nothing wrong with welfare, but it is a painkiller that helps the working class cope with a deeper illness. In the capitalist system – a system sanctified by the State - of course people need welfare:

- The working class needs public schools, because it cannot pay for private schools
- The old need money to survive, because society does not take care of them by distributing on the basis of need
- The sick need the public hospitals, however grim, because they cannot go to Medicare Centres

But fundamentally, the basic division of society into rich and poor, powerful and powerless must be ended. Production for profit must be replaced with production governed by need. And distribution must be linked to needs, not money income.

Only a powerful, self-managed working class movement can change the basic situation, for only the working class has a basic interest in changing society. Only such a movement can end capitalism, and in so doing, end poverty and alienation and powerlessness. It is a movement of this type that can replace capitalism and the State with organs of popular and democratic power – a libertarian and communist society.

At the very heart of that movement must be the union movement.

### **Strategy and tactics**

It is from this basis - the class struggle - that strategy around welfare policy must flow.

The struggle for welfare can only be a tactic in a broader strategy to change society. It is not an end in itself, and it is not a way to fundamentally change society.

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<sup>5</sup> Ludwig von Mises, [1922] 1981, "The Organisation of Production Under Socialism," in Ludwig von Mises, *Socialism*, Indianapolis, Liberty Classics, p. 124

<sup>6</sup> Peter Kropotkin, [1892] 1990, *The Conquest of Bread*, Elephant Editions, London, p. 117

How do we move from immediate struggles for better hospitals, better pensions, better and more jobs, to fundamental social transformation?

### Principles

Let us look first at *principles* – the fundamental positions that frame strategy.

The first principle is that welfare is not a favour, or a charity, but a right. It is a RIGHT not just because the working class is exploited, creates all wealth but has none, but also because HUMAN NEEDS demand that ordinary people have at least some protection from the icy winds of the market.

Capitalism –and the State that defends it – created the need for welfare. The demand for welfare is a criticism of the existing society that highlights the fact that capitalism cannot satisfy human needs, and violates human rights. Welfare is a necessity given the existence of capitalism, and evidence that capitalism must be ended.

The second principle is that struggles for immediate reforms are the lifeblood of the larger struggle for social transformation. A working class movement that cannot fight for higher wages will also not be able to replace capitalism. A movement that cannot fight around immediate issues cannot fight around larger and more abstract issues. It is in struggles for immediate gains that the confidence, power and organisation of the working class is built. The more reforms, the better – the more the small gains won, the greater the will to fight for large gains.

The third principle is that the basic force to change society is not policy documents, is not clever arguments about the technical details of welfare spending- it is the mobilised *power* of the organised working class. More welfare will come about through class struggle, not through social contracts or summits.

The “social democratic attempt to make the masses participate in their own exploitation” should be replaced with an alternative: “the emancipation of the working man must be accomplished by the working man himself.”<sup>7</sup>

It is the balance of class forces that is key, and that balance can only be tilted by the power of the working class. The end of capitalism, too, will not be a policy discussion, but the supreme act of working class WILL - the final decision through which the working class ends capitalism.

The fourth principle is this: democracy and *self-management* and political *conscientisation* are vital. A movement that is not internally democratic, a movement based on the delegation of decisions to a clique of leaders, or the replacement of grassroots control to bureaucrats, or intellectuals, or a political party, is not capable of changing society.

It can only change the composition of the elite– it cannot replace the social pyramid with a flat society, based on overlapping circles of popular control. For Bakunin, society must be “reorganised” “from the bottom up through the free formation and free federation of worker associations, industrial, agricultural, scientific and artistic alike,” “free federations founded upon collective ownership of the land, capital, raw materials and the instruments of labour.”<sup>8</sup>

The way in which struggle is conducted casts its shadow over the future: democratic and self-managed methods, alone, can lay the basis for a democratic and self-managed future. At

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<sup>7</sup> Peter Kropotkin, [1892] 1990, *The Conquest of Bread*, Elephant Editions, London, pp. 13, 21

<sup>8</sup> Mikhail Bakunin, [3 January 1872], 1998, “Worker Association and Self-Management,” in Daniel Guérin, editor, 1998, *No Gods, No masters: an anthology of anarchism*, book one, AK Press, Edinburgh, San Francisco, p. 182

the same time, as long as the working class does not develop a thorough critique of society, and a vision of something new, then it cannot imagine and *create* something new and better.

Finally, the question of *internationalism* is central. The working class is multiracial and multinational- and to divide its struggles by race and by nationality is to invite defeat. Rather than prioritise patriotism, national pride and open the gates to xenophobia. To try to make local capitalists patriotic is a lost game – the local ruling class is deeply interlinked with ruling classes abroad, and has never shown any interest in any patriotism that does not promise power and profits.

For the working class to be patriotic, while the ruling class is transnational is self-defeating. What use a high wage in one country when the factory can move over the border? In place of patriotism, working class unity and working class pride is important.

From these principles it is clear that struggles around welfare are justified, and are crucial. Further, that power and struggle is the key to winning more welfare, rather than technocratic policy interventions. Finally, democracy, self-management and internationalism are essential.

From this perspective, all tactics must be subordinated to the goal of building a powerful, self-managed, working class movement - a movement that is democratic, conscious, libertarian, and capable of creating a democratic planned economy.

### **Welfare design from below**

From the above, it should be clear that struggle for more and better welfare is, first and foremost, about popular mobilisation. It is, secondly, vital that the mobilisation of the working class around welfare issues takes a form that maximises mobilisation, democracy and popular education.

In other words, the heart of a movement for progressive social policy is a movement of popular participation - not a technocratic policy process. It is mobilisation, not lobbying, not the "deployment" of a few friends, that will make the difference.

Demands can and should be *formulated* from below, in a participatory process that develops the power and consciousness of the working class in general - and the union membership in particular.

It is the ordinary union membership, and their allies in the working class communities, that should identify their needs, and formulate their demands accordingly. Not only will this generate more effective positions, but also it will strengthen the working class movement.

The *process* through demands are formulated is most important - certainly more important than the details of concrete proposals for their funding.

### **Structuring welfare**

But let us look at some broad ideas that can inform negotiations around welfare. After all, any immediate struggle ends up in negotiations. There are several key considerations.

The first is that welfare cannot be funded through redistribution *within* the working class. That is to say, the burden of welfare funding must come from the ruling class. The basic class inequality in wealth, in power, and income means that only a *class*-based redistribution is just.

To redistribute within the working class – for example, by using VAT, or by creating cross-subsidisation within working class areas – simply avoids tackling the fundamental structure of inequality in society.

This is not to say that there should be an entirely non-contributory welfare system, at least as far as the working class is concerned. Just as a democratic and self-managed post-capitalist society would operate on the basis of "from each according to ability, to each according to need," the basic practice of everyone contributing is a valid one, But the key qualification is precisely the phrase "from each according to *ability*"- members of the working class, given the broader political economy, should pay at a flat rate, as low a rate as possible, while the ruling class should be faced with punitive and escalating charges.

These can be linked to reductions in rates for those who create worker-friendly employment at a living wage – to be monitored by the unions.

### **Solidarity and democracy**

Welfare is, of course, a policy instrument. The manner in which welfare payments are structured is a means to design society, Insisting, for example, that child support grants can only be allocated to married women via their husbands, for example, reinforces the traditional family and extends men's power over women.

How, then, should allocations be structured, if one is to be consistent with the vision of creating a post-capitalist and democratic and self-managed society?

First: the question of *means testing*. This should be opposed in principle – even if it means members of the middle class and upper class can access an expanded welfare system. To adopt means testing is to assume that income from wages is a fair measure of need – and to assume that people's needs must be contained by their income.

This is inconsistent, and opens the door to the view that money is more important than rights. In place of means testing, allocation by *need* should be promoted: rather than, for example, a flat rate for old age pensions, the "rate" given a pensioner would be calculated by needs.

Second: the means of allocation. We tend to assume welfare means cash grants. They do, to some extent, but wherever possible, the emphasis should be on *communal means* of providing for people's needs: on free hospitals, rather than money for medical needs, on free housing, rather than providing money for rent, on free electricity, rather than money for electricity bills etc.

The aim here is, essentially, to delink the meeting of needs for ability to pay – that is, from the wages system.

### **Outside and against the State**

Related to this is the question of democracy and *self-management*. Much of the potency for neo-liberal arguments comes from people's very real encounters with cynical and lazy State officials. The experience of long queues and sullen staff is, of course, the most severe in working class areas. Now, it would not make sense to aim to simply replace and arbitrary unfair capitalism system with an arbitrary and unfair and all encompassing State bureaucracy.

A post-capitalist society, a libertarian communist society, an anarchist society, must be one that harmonises freedom and social and economic equality, rather than sacrificing one to the other. As Kropotkin suggested, "the means of production and of satisfaction of all needs of society, having been created by the common efforts of all, must be at the disposal of all" but used to promote "the fullest possible freedom of the individual."<sup>9</sup>

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<sup>9</sup> Peter Kropotkin, [1887] 1970, "Anarchist Communism: its basis and principles," in Roger N. Baldwin, editor, 1970, *Kropotkin's Revolutionary Pamphlets: a collection of writings by Peter Kropotkin*, Dover Publications, New York, pp. 54, 56

A means needs to be found that will enable the extension of working class control without leading to the incorporation of the working class movement into the State – in short, how to build a working class movement based on self-management and democracy and participation that can overthrow the existing system, while still engaging that system?

Most importantly, that movement must be outside and against the State. It must be autonomous. Engaging the system cannot undermine that autonomy. That leaves only methods that safeguard independence available.

Regarding this welfare, this means having a means to monitor and design welfare without being incorporated. The key would be ensuring that all policies are reviewed by local working class structures – and that all policy changes are subject to a veto from below. Those who participate in these councils would be mandated by their structures, and their posts would be entirely non-remunerative – no one would be paid for carrying out their duties to their class. This helps avoid corruption and promote democracy, while maintaining working class independence.

### **Fiscal realism and human rights**

There is a final question: fiscal realism.

The basic justification for welfare outlined here is in the language of rights - not of practicality or realism, for rights are fundamental, and cannot be evaluated by fiscal criteria.

If the existing system cannot meet the basic needs of people - cannot make their rights as humans to a meaningful life free of the dread hand of hunger and poverty, is it the rights or the system that must go?