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# The Cost Of Living Crisis

An Anarchist Analysis

London Anarchist Federation

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May 17, 2022

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from state and capital, but also capable of being antagonistic to state and capital when our needs and desires clash with the interests of the ruling class. It must not only build capacity for us to provide for our own needs, but build the power to oppose the system that often profits from the suppression of those needs.

The end point of such a movement can only be revolutionary. The more we build capacity to flourish outside of state and capital and to prevent that system from imposing upon us, the better off we will be. But at some point that capacity will both make state and capital redundant in providing for us, and give us the capability to abolish that system. Since that capacity is also a threat to the system, we can expect the system to attempt to crush us, and its abolition will become a simple matter of self defence.

The alternative to accepting the revolutionary implications of fighting for our own well being is to never build on our victories, and to concede society back to a system the will try to roll back those victories even when the movements we build are powerful enough that they do not have to make such compromises. It is to forever limit our own bottom up power in deference to a system of state and capital that can only ever see us as disposable tools for economic profit and political power. Revolution is not a utopian ambition, but the logical and practical end result of people standing up against any system that does not care about them, and following through on that opposition to create a society built on serving the needs and desires of all its members.

working class can only be strengthened by communication and cooperation with other movements across the world fighting the same fight. The ruling class is itself international, with big capitalists operating across borders, and states cooperating through a web of economic and military agreement, and in so far as they will oppose any attempt to push rising costs onto them, they will do so internationally if they need to. We must be willing and able to cooperate across borders in the same way.

Nationalism is poison to international cooperation between the oppressed and exploited. Just as our rulers use prejudice internally to distract from how they cause our problems, and break up or prevent the formation of movements that might effectively oppose them, nationalism is used to scapegoat foreigners, con us into believing that we share interests with our ruling class more so than than we share interests with the subjects of other countries suffering under the same international system, and to break up any effective international movement to oppose a system and ruling class that is itself international.

This internationalism will also be needed to deal with climate change, which state and capital as a global system are failing to deal with, and which will drive up the cost of living even further. Climate change is already implicated in failed harvests, disrupted industrial production, and refugee crises, but these problems will only worsen as climate change deepens. The failure of state and capital to move away from fossil fuels to renewable energy is already indirectly responsible for much of the energy crunch we are facing, and we must be very aware that attempts to solve that energy crunch without pushing for more renewable energy will just cause us more problems further down the line.

The combination of all these concerns means that a truly successful movement against the rising cost of living will be one that is anti-authoritarian, inclusive, international, and environmentally conscious. It must also not only be independent

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Likewise, those who have traditionally been most abused by society, and who it has been most socially acceptable to discriminate against, are the ones who are worst off and will be most hard hit by the cost of living increases. Any movement that wishes to fight these cost of living increases that is inhospitable to those already struggling and marginalised will go nowhere; it will drive away those who have the most material interest in fighting for its cause.

State and capital will also attempt to use societies prejudices to find scape goats to deflect our anger on to. We have already seen a decades long campaign against “work shy” benefit claimants, against “job stealing” migrants, against the “feckless” youth, and against an “unreasonable” left, and most recently “woke social justice warriors”, blaming all these groups and many others for the failures of our society. Under these propaganda campaigns benefit claimants have been made destitute, migrants have been abused and shipped back to states where they are not safe, the youth have had their future destroyed, and any politics to the left of Tony Blair has been demonised. Yet our problems have not only gotten worse, but these scape goats have been used as an excuse to worsen our standard of living and dismiss out of hand any possible alternative. Workers, renters, benefits claimants, the unemployed, and all those at the bottom of society must fight back against attempts to turn our anger on each other along lines of race, nationality, gender, sexuality, or culture, and unite to turn that anger against the political and economic ruling class who are actually responsible for how our society works.

We must also recognise that the problems we face are global. The rising cost of energy, the rising cost of food, and the knock on effects of these will impact everyone on the planet in one way or another, and the core drivers of these rising prices are systematic problems that cut across national borders. Any British movement to ensure that the cost of these rises does not result in ever increasing poverty for the British

their cause within state and capital without having their arm twisted by a strong social movement.

In accepting the problems with state and capital as systematic, and not to do with the benevolence or corruption of any particular leader or businessperson, we must also accept that we can not structure our organisations along the lines of state and capital without also replicating the same systematic problems. We live and work under capitalist and state hierarchies, so it is easy for their hierarchical and authoritarian methods of organisation, and the assumptions behind them, to become our default method of organisation. But history is littered with popular movements of the people against corrupt rulers that simply created new corrupt rulers *over* the people because of this failure. Union and charitable bureaucracies, corrupt “socialist” parties, and countless revolutions that simply replace one oppressor with another are testament to this. We need to organise among ourselves as free equals, based on consensus and mutual agreement, without granting anyone among us special authority or building new hierarchies that will give some people the ability to oppress and exploit others.

Such a necessity also means we must be aware of, and overcome, the many different prejudices and false assumptions that are rife within our society. Racism, sexism, queer-phobia, transphobia, and all other bigotries are incompatible with building a movement based on free association. You can only give people shit and still demand they cooperate with you within authoritarian methods of organising that expect all their members to fall into line regardless of how badly they are treated. This is the very kind of organisation we must attempt to replace. Workers, renters, the unemployed, and those at the bottom of society in general do not have political power or great wealth to call on. Our power to effect society is based on our ability to cooperate with each other, build alliances, and make each others’ struggles and problems our own.

The cost of living has shot up recently, and looks like it will continue to rise over the next couple of years. This increase will make life harder for almost everyone besides the rich and powerful. Many who may have been comfortably surviving previously will be forced into a precarious position where one run of bad luck could throw them into poverty. Those already in poverty are facing a disaster.

The last time we faced this kind of cost of living crunch, during the 2008 recession, the British government chose to do very little to help. In fact, the government played an important role in causing that rise in costs, as it forced the cost of the recession onto everyone else while bailing out the banks that caused the recession. This historical experience gives us no reason to rely on the government to deal with the problem this time round.

As anarchists, we do not wish to simply complain about life getting harder and the corruption and inaction of the state. Our politics are about direct action to solve our own problems and to fight back against the state and the capitalists who wish to exploit us. We aim to come up with ways that people can help each other to get through this, and ways in which we can help each other to resist state and capital as they try to force the costs of their inhuman system onto those already at the bottom.

The first two sections of this piece will examine what is happening right now, what is predicted to happen, and the lead up to the current cost of living crisis from the 2008 recession. This section will involve a lot of boring statistics that, while valid as of the start of May 2022, may be out of date by the time you read this, although many readers will not need dry statistics to understand the direness of the situation. The next two sections will examine why the current situation has developed, and why nothing has been done about it by the government. The last two sections will focus on what we can do about this, and what the implications of such action are.

## Plague, War, Shortages, and Taxes

The cost of living is rising. Inflation, the rate at which prices increase, was at 5.5% as of January, the highest it has been in 30 years. Inflation was predicted to hit 7.3% in April, and now there are predictions of it peaking at 8.7% by the end of the year. Compared to this, wage growth has been far below inflation, at 4.3% at the end of 2021 and expected to drop below 4% this year. Real incomes, as in what someone can buy with their wages, are expected to drop 4% this year, a loss equivalent to £1000 for a typical household, and the Bank of England predicts that real income will continue to fall or stagnate until 2024. By 2026, real income is still expected to be below the level it was as of 2021.

For many, the most shocking rise in the cost of living have been the recent hikes in the cost of energy. Typical household energy bills went up 54% in April, an annual increase of around £700. This is after a smaller price hike of £139 in October 2021. Worse than this, it is expected that energy bills will rise again this October, with a report by the Resolution Foundation predicting a further rise of £900 a year for the typical household. This would make the typical yearly bill for energy around £3000 by 2023, more than double what it was before the recent price rises.

The price rises in energy will hit the poorest hardest, with poor households spending three times the proportion of their income on energy compared to richer households. The poorest quarter of households are expected to see a 6% reduction in real income, with 1.3 million people predicted to fall into absolute poverty next year, including 500,000 children. The rise in energy prices will create knock on effects across the economy, as all industrial production requires energy. Landlords will also seek to pass on their rising cost of energy onto their tenants, with a third of renters already reporting that their rents have

icalism, and differing levels of effectiveness. The historical examples each had their virtues and their flaws and each could be discussed at book length. Those examples which are current to today may have strengths and weaknesses we will not know about until long into the future. However, these movements have all directly improved the material conditions of those involved in them, and given their members a method of pressuring the state outside of electoral politics, often succeeding where voting failed. All too often we look at the corruption, malice, and incompetence of state and capital and despair that nothing can be done, but the history of these movements shows that organisation and direct action from below can get the goods when we are willing to organise and to resist.

## Building on Success

Whatever the nature of the movements we might build in reaction to rising cost of living, we must keep in mind the *systematic* tendencies of state and capital; neither capitalists or politicians can ever be reliable allies, and will most often be opposed to any project to improve the lives of those under them, as our exploitation and submission are the basis of capitalist profit and political power. Many of the failures of previous grass roots movements can be traced to a failure to take these systematic tendencies seriously; unions integrated into the system of state and capital only for the terms of that integration to undermine their grass roots power, the labour party builds off of working class self organisation only to betray and suppress that organisation, and more specific movements rise up to win “allies” with the system when they are strong, only for state and capital to then attack them again when they demobilise under the mistaken impression that their new “allies” will champion

Squatting, as in the occupation of unused buildings, is another tactic that can be used to directly counter the rising cost of living. Unfortunately, residential squatting has been made illegal in this country, despite there being over 238,000 homes left empty as of November 2021. But squatting of non-residential buildings is still legal, either to convert them into somewhere to live or to turn them into some kind of community resource. After World War Two, Britain saw an acute housing crisis due to a lack of house construction over the course of the war, and people took to mass squatting, including the squatting of disused army bases, in order to find a place to live. Another squatter's movement started in 1968, originally in protest of homes standing empty while people were homeless, but it soon became a general alternative to submitting to rent or a mortgage for a significant subculture. For another example of what squatters movements can achieve, see our pamphlet on contemporary projects by the Anarchist Federation of Gran Canaria (FAGC). London is also lucky to have the Advisory Service For Squatters, which does what it says on the tin.

Lastly, refusal to pay tax is another possible angle of resistance. One of the most successful grass roots movements in recent British history was the resistance to the Poll Tax in 1989–1990. This tax, which was a flat rate tax that took no account of the ability of people to pay it, led to an organised campaign of tax resistance, with one in five people refusing to pay. At this level of non-payment it was impossible to punish everyone who refused and also directly hurt the government in one of the few places it genuinely cares about; its treasury. This widespread resistance, along with a huge riot in central London, resulted in the ousting of a prime minister, Margaret Thatcher, and the abandonment of the tax.

None of the movements or tactics mentioned should be taken as blueprints, but as inspiration. Each one contained/contains multiple different currents, differing levels of rad-

gone up in the last six months. This will result in a general rise in prices far beyond the consumer cost of gas and electricity.

This rise in energy prices has been driven by rises in wholesale prices of natural gas, as sold by its producers, which has quadrupled in price since the end of 2021. Many homes in the UK use gas for heating and cooking, and the around a third of the UK's electricity is also generated by natural gas, which has contributed to a tripling of the of wholesale price of electricity since the end of 2021.

This rise in wholesale prices has been caused by a combination of factors. An unusually cold winter in 2020/2021 increased demand for gas and electricity to heat buildings, followed by an unusually warm 2021 summer in Asia increasing demand for electricity for air conditioning. The end of COVID lockdowns in many parts of the world has also resulted in a sudden expansion of economic activity, again demanding more energy.

This rise in wholesale prices has hit many UK suppliers hard, as they buy wholesale from producers before then selling gas and electricity on to consumers, and the price that they can sell energy is capped by the British government. This cap lags behind real prices and over twenty suppliers have gone out of business since the middle of 2021, unable to make money under the current price cap. In response the government is raising the cap, thus allowing suppliers to raise their prices. So far the suppliers that have gone out of business are mostly smaller companies, including those that attempted to specialise in green or ethical energy production. Their customers have defaulted to surviving energy companies, and these closures have consolidated the British energy market in the hands of its big players.

This crisis in the cost of energy is coming after damage to the economy caused by COVID, which has hit the UK hard. We have suffered more deaths than any European country besides Russia, with over 170,000 dead as of time of writing, the second worst drop in life expectancy over the pandemic com-

pared to economic peers, and the steepest economic decline; an economic contraction of 9.7%, in 2020. This is the worst economic contraction since records began, and matches estimates of the decline caused by the great depression. While the economy has bounced back from this, our recovery has lagged behind the EU overall and America due to the depth of the recession we suffered during the pandemic, with our economy being 0.5% smaller as of October 2021 than it was pre-pandemic. Long term, COVID is estimated to reduce the size of the economy by 2% compared to what it would have been if there had been no pandemic. At time of writing the British government also seems to have abandoned any further attempts to limit the spread of COVID among the population, leaving us at risk of a potentially more deadly variant of COVID developing and inflicting yet more damage to society.

As anarchists, we are not overly concerned with rising economic growth as an indicator of human well being. As we shall see in later sections of this piece, it is very possible for the economy to grow while our quality of life stagnates or even declines. However, given the current structure of the economy, declines in the economy will almost always result in the capitalist class attempting to save its profits, and the state attempting to save its tax income, by increasing the exploitation of the working class.

The poor and ethnic minorities have already suffered disproportionality under the COVID pandemic. These groups are more likely to be essential workers who can not work from home, more likely to be forced to live in cramped, multi-generational housing that make it easy for COVID to spread, and most likely to have sub-par access to health services. In terms of standard of living, the death of a family member is not only a tragedy in and of itself, but an event that makes life permanently harder as families' lose wage earners and care givers.

those at the top to exploit the union's own membership, often siding with their fellow bureaucrats within government and business against the workers they claim to protect.

However, organised workplace struggle can force concessions from managers and capitalists regardless of if those workers organise within a formal union, and even with a union workers will be unable to support each other and win concessions if we are disorganised and divided. This is because the power of such struggle is not from a formally recognised organisation, but from the fact that, while one worker can be fired for standing up for themselves, a capitalist will have a lot more trouble firing an entire workforce. Solidarity Federation is an anarchist syndicalist group that does this kind of workplace organising without being a formal union, building independent workers organisations both outside of and within unions so that we can fight back regardless of how useless the local union is. Another example is The Industrial Workers of The World, which attempts to ensure bottom up workers control within the structure of a formal recognised union.

Another avenue of resistance will be rent strikes. Landlords are another powerful group in society that will try to pass the rising cost of living onto their tenants. Just as collective action by workers can force concessions from capitalists where individual action would fail, collective action by tenants can force concessions from landlords. Mass refusal to pay rent is an old tactic that has worked in the past, with the latest wide spread rent strike in this country being the 2015 onwards rent struggles at University College London, where students have won multiple concessions from their university, including a decrease in rent. This strike has since spread to other universities across the country. Multiple groups in London are attempting to organise collective power among renters; London Renters Union, Housing Action Southwark and Lambeth, and again Solidarity Federation.



eties) providing health care, funeral care, banking services, and many other services. The welfare state and rising living standards made many of them irrelevant, but with the cost of living skyrocketing and the welfare state gutted, such bottom up co-operative service provision is one way to attempt to scrape by.

As one last example, Dalston Solidarity Cafe is a recently started initiative in Hackney to run a regular community kitchen that provides food for anyone who attends on a pay-what-you-can basis. The Cafe also holds workshops on various topics, acts as a distribution point for political and practical pamphlets, and acts as a point of contact for other mutual aid projects. In many ways this project mirrors the early mutual aid centres of Puerto Rico, although as far as I am aware those centres were not a direct inspiration for many of the initial members.

However, simply helping each other survive the cost of living increase is not enough. Politicians and capitalists will try to save their tax base and their profit margins in so far as they can, and will let the full burden of a rising cost of living fall on us if we allow them to get away with it. If we become better at getting by with what we have, that will simply enable the ruling class to take even more from us without tipping society into chaos. We need movements that have the power to impose our desires and needs upon state and capital and combat their exploitation and oppression.

Unions have traditionally been one of the ways in which workers have used our collective power to impose what we want on capitalists, having previously helped win higher wages, reduced hours, and general dignity at work. But the modern union movement in the UK is often ineffective or outright corrupt. They must operate under labour laws created by state and capital to hamstring union organising as much as possible. They also often create, encouraged by these labour laws, internal hierarchies that mirror those within capitalist and government bureaucracies, empowering and encouraging

While much of the conversation about the human cost of COVID has focussed on the number of people it has killed, the effects of long COVID must also be taken into account when discussing the cost of living. According to the Office of National Statistics, nearly a million people report long COVID adversely affecting their day-to-day activities. Many of these people will be less able to work, which in the current capitalist economy means they will be less able to live. Some have also been permanently disabled, and will need ongoing care that they are less likely to receive as the cost of living goes up. Again, those households least able to afford it are most likely to be hit by long COVID; Workers, and their dependents, in low paying but physically, mentally, and/or emotionally demanding jobs that long COVID may make impossible for them to continue doing.

The cost of energy and the long term affects of COVID on the cost of living are things that are impacting the entire world, although the British state may have been unusually incompetent in its handling of the pandemic. However, we must also deal with the costs of Brexit. The details of the damage done by Brexit would be an essay in and of themselves, with businesses bankrupted, supply chains disrupted, and labour shortages, along with the social damage caused by the ending of freedom of movement and the empowering of the far right. To keep things short, according to the Office of Budget Responsibility, the long term economic impact of Brexit will be twice that of COVID, permanently shrinking the British economy by 4%. And again, as capitalists find their profits squeezed and the state finds its tax base shrink, they will attempt to pass on that damage to us in the form of higher costs, higher taxes, and lower wages

Even without the crisis in the cost of energy, we would have seen an attempt to pass on the cost of COVID and Brexit onto those least able to afford it, with the government running the highest yearly budget deficit since the Second World War in

order to keep the economy afloat during the pandemic. The last time the government ran unusually high deficits, during to 2008 recession, it paid them off with a decade long campaign of austerity that slashed services for those who needed them most.

Already we are seeing rises in taxation, with the Spring 2021 budgets laying out a series of tax rises that, by 2027, are projected to push tax as a share of the economy to its highest level since 1950. At the time of the budget, the increased tax burden would have fallen more heavily on middle and high income earners, partly in order to pay for a reversal in the counterproductive gutting of public services that the British state has pursued since the 2008 recession. The latest Spring 2022 continues to follow last years plan mostly unchanged by the current crisis.

However, the current wage rises in combination with even faster inflation rises mean that more and more poor workers will pass over the threshold to pay income tax, while the actual purchasing power of their “higher” wages will be, in real terms, less than it was when their wages were below the income tax threshold. The threshold at which someone pays income tax has been frozen at £12,570 a year until 2026, with the intent of taking advantage of this effect in order to raise the real tax rate by stealth, but at the time this was predicted to only raise an additional £8bn (billion), whereas under current predictions it will result in an additional £21bn in tax revenue.

It is also important at this point to point out that all tax revenue is ultimately raised from the exploitation of the working class. Capitalist profits and the high wages of those in positions of power within corporate and state bureaucracies come from paying workers less than the value of what we produce for state and capital. Even if the increasing tax burden fell entirely on the rich, their ability to pay is ultimately built on what they can skim off of the productive labour of those below them, and increased taxation may well just result in lower wages and

mutual aid initiatives are common after natural and man made disasters, with common people banding together to ensure each other’s survival. After the 2017 Hurricane Maria devastated Puerto Rico, killing over 3000 people and leaving many of the survivors without drinking water or electricity, and the United States controlled administration bungled the disaster response, a network of mutual aid centres were set up in abandoned public buildings on the basis that “only the people save the people”. Many of these centres started as community kitchens, but have branched out into providing free stores, social services, advice, education, and have repaired or replaced damaged infrastructure, among other things. While the mutual aid institutions of Puerto Rico have been unusually long lived and capable, many other such bottom up responses to disaster can be found in the book *A Paradise Built In Hell*.

A recent UK example of this is the large network of mutual aid groups that popped up during the COVID pandemic in order to cover some of the failures of the state in supporting its subjects through the pandemic. These groups generally delivered food packages and picked up prescriptions for those who were isolating because they were especially at risk, or thought they had COVID, as well as doing other tasks for those less able to do them themselves because of COVID. As of May 2021, there were 4,300 such groups, and each group will have taken its own approach to the problems COVID caused within our society, performing different tasks as their capacity allowed and local conditions demanded.

A more specific example of bottom up attempts to protect or improve living standards is Cooperation Town, a network of food cooperatives in London. These are community led initiatives which allow their members to club together to buy food in bulk directly from suppliers, cutting out the costs of paying retailers. Such co-ops used to be a far more significant part of our society, with member run organisations going under various names (benefit societies, mutual aid associations, friendly soci-

power versus an opponent who will take the money, and any capitalist who refuses to use political connections to help their business will likewise be at a disadvantage against a competitor who will exploit their political connections. State and capital are systematically encouraged to collude with each other.

They key take away from all this is that neither politicians or capitalists have a reliable incentive to serve the common good of those under them, and nor can they be relied on to keep each other's interests in check. They represent an interlocking system of state and capital that runs on the exploitation of those who live within it. In this context, not only can we not trust the current system to support us through the cost of living crisis, but we can not trust any configuration of the state or capitalism to do so. We are on our own and must find our own solutions to these problems, which will likely involved direct confrontation with state and capital if those solutions reduce their ability to exploit us.

## **Mutual Aid and Militant Resistance**

In the current society we are often trained to think of our problems individually, and if we have a problem we can not solve on our own we are taught to take that problem to the authority above us in a government or corporate hierarchy, buy a solution from a capitalist business, or vote for a political party that might solve that problem for us. All of these methods rely on institutions that, as I have just explained, can not be trusted to give a fuck about us. In the face of this, we will need to start building collective solutions amongst ourselves to those collective problems we can not solve on our own. We must look to our neighbours, our fellow workers, and those suffering under same system as us.

Although the common narrative is that during hard times people turn on each other unless restrained by the state, such

higher consumer prices as capitalists and managers increase the level of exploitation to make up their losses. Taxation is justified with the idea that the state will use this money to then pay for better services for everyone, but there is not reason to assume this will the case instead of, for example, paying for wars of aggression, more subsidies for big business, or more police repression.

On top of all of this, the recent Russian invasion of Ukraine will likely cause further increases in the cost of living. This is not to belittle the massive suffering of the Ukrainian people, which has been far worse than anything we in the UK will suffer from rising costs, but any discussion of our own living standards will be incomplete without a discussion of the war.

The long term impact of the invasion are still up in the air, but it is already contributing to the rise in energy prices. Russia is a major exporter of natural gas, and the war has also driven volatility in oil prices, with increases around 30% above the pre-war price, although the price has since dropped again. Various other commodities have also risen in price due to the war, but of particular interest is the effect that the war will have on food prices. Russia and Ukraine produce 30% of the world's wheat exports between them, and Russia produces 80% of world's vegetable oils. The war will drive further increases in food prices, which were already increasing before the war and are predicted to go up by as much as 15% this year. This is a price rise that will again disproportionality impact the poorest households that pay the highest proportion of their income for food.

This combination of soaring energy prices, economic damage due to COVID, and economic disruption caused by the invasion of Ukraine could very well push the world into a full blown recession, with the UK being especially vulnerable out of western countries due to the additional problems caused by Brexit and its poor handing of COVID. However, even if the economy continues to grow, it is clear that for those of us who

are not members of the ruling class that collects profit dividends or tax revenue, living standards are already in recession and likely to keep falling for several years.

## The Long Crisis

In many ways, this crisis is simply an acceleration of a problem that already existed within British capitalism; the stagnation of living standards since the 2008 recession. The reaction of both the state and popular movements to this long term crisis is also important to understand what we will have to do to confront the current crisis.

While the overall size of the economy bounced back within five years of the recession, real wages stagnated or even fell for the ten years after the recession, with wage growth in that decade at its worst in the UK since the 1860's, in what governor of the Bank of England at the time referred to as the "lost decade". By 2015, real wages had dropped by 10.4%, the worst in Europe, comparable only to Greece. While earnings started to recover after this low point, we face the current cost of living crisis with the working class as a whole having reaped no rewards from the boom years that normally follow a recession.

The British government also chose to pay for this recession by shifting its costs onto the working class by slashing services. These cuts to state services resulted in real damage to our quality of life beyond our falling or stagnant real wages. Local authority budgets were cut by 40% in the first five years of austerity, and within ten years this resulted in the closure of 859 children's centres and family hubs, 940 youth centres, 835 (more than one in five) public toilets, 1224 bus routes, and a decrease in 738 council run libraries. 2010 training cuts left the NHS short of 100,000 nurses and doctors. In 2018, £37bn less was spent on welfare for the UK's poorest compared to 2010.

states often reject potential migrants. No one can effectively live "between" states as we might between jobs. This power means that the subjects of the state are even more vulnerable to being exploited and oppressed by their rulers, whose interests are aligned not with the common good but with the key supporters they need to keep power.

The tendency of state rulers to put maintaining their own power above any other practical or ethical concern is also well known to most people, and democracy is seen as the solution to this problem; if the people get to vote on the course of the government, then we can restrain it from harming us. However, even in the most perfect democracy, in which every decision was made by democratic vote, minorities can be exploited and oppressed by the majority. And even then, no politician could rule without key supporters within the state apparatus and/or support from capitalist backers. This is why all states, and all parties within a democratic state, seem to converge on similar methods of rule; all leaders are operating under roughly the same set of incentives, which encourage the same sets of behaviours if they are to be successful. What happened to Jeremy Corbyn is a good example of what happens to those who try to break out of this consensus and put the common good ahead of the ruthless pursuit of pleasing those who already hold power; betrayed by his own party officials and slandered by the press, regardless of what support he might have among the rank and file of his own party.

If the state acts as a counter balance to capitalism, it does so in its own interest and not the interests of its subjects, which state rulers must also exploit in order to maintain power. However, usually state and capital are not opposed, but form an interlocking alliance, with state rulers using capitalist money and influence to help gain and maintain power, and capitalists benefiting from the state intervening in the economy to increase their profits. After all, any politician who refuses capitalist money will be at a disadvantage in the competition for

The problems that this can cause in society are acknowledged by most people, and traditionally we have looked to the state to counterbalance capitalism. However, those who control the state operate under their own set of incentives that restrict what they can and can do with that power. Take a supposedly absolute dictator as an example; in theory they can do whatever they want with their power, but in practice they rely on the cooperation of the army and security services to suppress dissent, the state bureaucracy to actually govern most of the country, businessmen to fund their regime, and so on. Many an “absolute” dictator has been replaced by a conspiracy of their generals, their high level functionaries, and powerful capitalists. So what this dictator must do first a foremost is keep those key supporters on side, or risk being replaced.

Just as we are exploited as workers for the profits of capitalists, political rulers must exploit us to enrich and empower their key backers, or risk being overthrown by those key backers. Any politician who is not willing to sell out those subjects they do not need in favour of those whose support they do need will lose out to competitors with less scruples. Those of us not necessary to maintain power can be freely tax farmed, used as cannon fodder in state wars, expendable labour for state allied businesspeople, or simply left to rot in poverty.

And as subjects of the state we are even more vulnerable to exploitation and oppression by our rulers than we are as workers under our capitalist employers. We are under the dictatorship of the capitalist while we work, but we have a personal life away from that control. And while unemployment is often terrible, we can at least choose to be without a capitalist for a limited time, depending on our circumstances. State rulers can, if they want to, invade every aspect of our lives, and if we wish to escape them they can even choose to close the border to us, and even if they do not we are reliant on finding another state to take us in. Those of us who have watched the British state and media collude to demonise immigration know that

We could rattle off these statistics almost endlessly, and many people will have personal horror stories about mistreatment or abandonment by government services since the recession, but one that really highlights the inhumanity and cruelty of the government’s approach to the recession is that, between December 2011 and February 2014, nearly 10,000 people died within two weeks of being deemed “potentially fit for work” by the Department of Work and Pensions. During this period, the British state was *literally willing to work its most vulnerable subjects until they died in the pursuit of economic growth*. Overall, between 2010 and 2020, one study estimated that the number of excess deaths caused by austerity might have been over 100,000.

Worse still, all the misery this has inflicted on the working class has probably been completely pointless, restricting the growth of the economy instead of aiding it. A 2019 analysis by the New Economic Foundation, based on figure from the Office of Budget Responsibility, estimated that in the 2018/2019 fiscal year alone austerity policies reduced the GDP (gross domestic product) of the UK by £100bn, which was a loss of £1,500 for each person in the UK.

Besides the British state’s austerity programs, another factor suppressing living standards since the 2008 recession are house prices rising far faster than wages. Since the lowered average house prices after the collapse of the housing bubble, £154,000 in March 2009, house prices have risen 75% to around £270,000 in November of 2021, far exceeding their peak price during the housing bubble of £190,000. Wages, on the other hand, have only risen 35% during the same period, from an average of £22,000 a year to £30,000.

Yet another factor suppressing wages is the stagnation of British capitalism. While part of the justifying myth of the capitalist class is that they are all innovative entrepreneurs, driving society forward in their pursuit of efficiency and profit, since the 2008 recession they have done little to increase the pro-

ductivity of the economy. This time period has seen the worst stagnation of productivity since Britain became an industrial economy. It is estimated that if productivity had continued to grow in line with the pre-recession trend, the British economy would be 20% larger than it is now.

With productivity so low, the economy has only been able to grow by forcing more people into the workplace, thus the Department of Work and Pension's insistence that dying people are "fit for work" and the general crusade against "work shy benefit cheats". This lack of productivity growth also keeps wages down. In an economy of increasing productivity, the gains from additional productivity can be split between wages and profits without either stagnating or falling. However, when productivity per worker is stagnant, any increase in wages must come at the direct expense of profits. In line with this, most of the jobs created since the recession have been precarious and low paying, although it is hard to say if these humiliating jobs are a cause or a result of low productivity.

By February 2020, before the worst of the COVID inflicted disruption, average household debt was at £15,385 before counting mortgages. Fourteen million people, one in five of the population, lived in poverty. Among this fourteen million in poverty, eight million were working age adults, four million were children, and two million were pensioners. Among the disabled, a third lived in poverty. By the end of 2020, a quarter of a million people were homeless and living in temporary accommodation. Over 2,000 food banks have opened in a grass roots attempt to stem the tide of hunger that this poverty is inflicting upon the UK.

Lastly, we must mention climate change as a long term driver of rising costs of living. It is hard to pin down any one weather event specifically to climate change, as it is impossible to say if any particular heat wave or storm would have happened with or without the human impact on the environment. However, the climate is changing, and this

ing living standards, and these assumptions must be examined; if the great political and economic institutions of the world are not on the side of those trying to improve the lot of the vast majority of people, then we need to understand this fact and build our movements accordingly.

Firstly, the interests of capitalists have very little to do with the common good. Capitalists need to put profit above all else, or they will be out-competed by other capitalists more willing to put profit first. The fact that many of the energy companies that have gone bankrupt due to rising wholesale energy prices are those that were attempting to pursue a more socially conscious business model is just one example of this.

Capitalism also puts capitalists in a position of great social, political, and economic power. Most people within capitalism are not capitalists, but workers and our dependents, who need to earn a wage working for a capitalist in order to survive. An individual capitalist can often survive, or not even notice, the loss of an individual worker. On the other hand, a worker may face poverty or even starvation if they are fired by their capitalist employer. This means that not only are capitalists incentivised by the structure of the economy to seek profit above all else, but they have the power to exploit and oppress their own workforce in the pursuit of that profit.

Anyone who has worked for a living will have met their fair share of bosses who are petty, ignorant, malicious, or generally unpleasant, and can get away with this behaviour because those under them can not risk getting the sack. When we go to work we live under a dictatorship of the owner and the managers that ultimately answer to them. We must be profitable in order to be granted the wages we need to survive, creating not only enough to cover our wages and subsistence, but a surplus that our boss will take as profit. Those who can not be profitable, and those parts of ourselves that do not serve capitalist profit, are surplus to requirement and may as well be left to die from the perspective of capitalism as a system.

plan for what to do should the government simply decide to ignore them. These movements have been at best totally ignored, and at worse subject to state violence and invasive spying by the police, and smear campaigns by the media.

When these movements have taken more direct action to try and force the government to act on any issue, they have still accepted the overall legitimacy of the current system and the idea that the British state could, with a little goading, start working for the interests of its subjects. Such movements have been met with even more brutal treatment, with the wave of repression against Extinction Rebellion (XR) endangering the right to peaceful protest itself. This is despite XR being, in the grand scheme of political movements, incredibly tame in its tactics and friendly to the establishment in its outlook. XR is also campaigning to solve a problem, climate change, that not only could harm billions of people, but also is in the long term interests of the ruling class to solve before it completely destabilises the societies they extract their profits and power from.

This points to a state that will do very little to help us in the face of the current cost of living crisis, and will do its best to crush any attempts to force them to act differently, either from within their own institutions or from popular movements acting outside of the traditional levers of power. If we are to do anything about the rising cost of living, we must keep in the mind that the British state is far more likely to be our enemy than our friend, regardless of which party is in power.

## **The Root of The Crisis**

Before I can start talking about what we might do to survive and ultimately fight back against the rising cost of living, I need to examine *why* the current situation has developed. The mainstream narrative that we are all sold is that the state is the protector of its subjects and that capitalism is the driver of ris-

will disrupt food production and drive up prices. As a recent example, the current record breaking heat wave in India will reduce the Indian wheat harvest this year, as well as being a very dangerous event for the Indian people.

Climate change will also impact the economy in less obvious ways. The recent shortages in computer chips has in part been caused by a drought in Taiwan, which produces 60% to 70% of the worlds semi-conductor chips. This production is water intensive, and has been hampered by the worst drought in the area for 56 years. Considering how many objects now incorporate some level of computerisation, this shortage has had knock on effects across the entire global economy, from laptops to cars. Likewise, the rising energy prices are linked to an unusually warm Asian summer last year increasing demand for energy for air conditioning.

The human and economic costs of climate change are massive. It not only causes famines and disrupts production, but this then leads to social instability and armed conflict. It is predicted that as many as 200 million people could be displaced by climate change by 2050 and some parts of the world could become functionally uninhabitable. Within the same time frame, climate change could reduce global GDP by up to 18%. In the face of this, the British state has shown the same disinterest it has shown in protecting its subjects from the impacts of the financial crisis and COVID.

The society that is heading into the current cost of living crisis has already been badly damaged by more than a decade of deliberate, yet probably pointless, attacks on public services along with suffering the effects of economic stagnation within a system where profits must be saved before living standards. All this within the context of a wider environmental crisis that is facing the entire world.

## The Failure of Democracy and Protest

The attack on our current living standards, and the previous attack on those living standards after the 2008 recession, point to a massive failure in how our current political system is *supposed* to work. One of the great justifying myths of the British state is that it exists to serve the interests of its subjects, and that our democratic system ensures this. However, the British state has been almost entirely unconcerned with the fall in living standards over almost a decade and a half, and does not seem to have plans to intervene too heavily in the current crisis despite the evidence that such a hands off approach does not work.

The British state has in fact been one of the main antagonists of austerity, ensuring the costs of economic dysfunction have fallen mostly on the poor instead of the rich, while acting to suppress popular movements that might threaten the property and power of the ruling class by demanding more for everyone else. It also seems to be uninterested in doing anything to fix this economic dysfunction as long as it can impose those costs on the working class and the dispossessed.

Attempts to change the course of the government from inside have been ruthlessly crushed by the ruling class. Any opposition party that tries to challenge the idea that austerity is necessary and that economic progress requires everyone but the rich to just shut up and grind has been subject to a vicious misinformation campaign by the media. The attacks on Corbyn for advocating what amounted to the warmed over social democracy of many mainland European states, states which saw stronger wage growth after the recession than the UK, is the most egregious and recent example. A 2015 London School of Economics study found that newspapers were highly biased against Corbyn and systematically ignored or distorted his views. Even before then the previous leader of the Labour

Party, Ed Milliband, was branded as a dangerous communist for simply being slightly to the left of Blair.

The Labour Party itself is now purging any element within it that might disagree with the ruling class consensus after accidentality allowing a representative of the soft left to be elected leader, a situation it is unlikely to ever allow again. Corbyn has been replaced by Keir Starmer, a politician who proudly declared he is willing to lie to his own voters to attain power, and who, from the few times he has dared to have any strong opinions on anything, is entirely on board with the ruling class consensus. The only other politically relevant party in Westminster are the Liberal Democrats, who have long been an ideological non-entity after selling out whatever principals they may have had to form a coalition government with the Tories to force through austerity measures in 2010.

The result of all this is that the UK is functionally a one party state, with all three parties and the British ruling class more broadly coalescing around the same general ideology. Any dissent from this line is viciously punished by the media. The result of this has been a string of governments that, free from any real push back against their bad ideas, has each proven to be more corrupt, incompetent, and pointlessly malicious than the last.

Attempts to push change from outside the system have also been mostly ineffective. Most of these attempts have assumed some kind of good will on the part of the ruling class; that they actually want to rule in the interests of everyone, or at least want to rule as competent bastards who do not want the entire system to one day implode in on itself, and that if made aware of their mistakes and the damage they are doing they will change their policies.

Because of this most movements against government policy and the exploitative and oppressive structure of our society in general have focused on demonstrations that amount to a mass petition for the government to act differently, with not backup