

# Economic nationalism and the global steel crisis

By Nick Beams  
14 April 2016

The global steel crisis is of decisive importance—not only for workers in that industry but for the entire working class internationally—because of the fundamental questions of political perspective it raises.

Bound up with the future of the steel industry is a much broader question: On what political strategy must the working class fight as it confronts the breakdown of the global capitalist economy accompanied by cuts in wages, increased exploitation, growing unemployment and widening social inequality—and the drive to another war that arises from it?

The steel industry bosses, trade union leaders, political leaders of all stripes and the capitalist mass media have come together in an unholy alliance to present the crisis as one of “overproduction.” They maintain that the expansion of steel production in China, which now supplies around one-half of the world’s output, is the cause of the job cuts and closures sweeping across the world, including in the United States, Europe and Australia.

The British government, faced with the closure of British Steel, has called on China to cut production. This follows the line of the company’s owners, Tata, that the reason for the decision to sell it is the oversupply of low-cost Chinese steel. The head of US Steel, America’s biggest steelmaker, has slammed the EU and the UK for being “negligent” in supposedly allowing China to dump cheap steel on global markets. In Australia, the Labor Party is demanding that the government buy Australian steel. The president of the German steel trade association “welcomes on principle every initiative capable of reducing the massive steel overcapacity in China.” And in every country, the trade union leaders dutifully fall into line behind the corporate bosses to demand protection for “our” national steel industry.

In determining their own independent standpoint, workers must critically examine the meaning of “overproduction,” which is presented as the cause of the crisis. The question must be posed and answered: overproduction in relation to what?

There is not overproduction in relation to social and human need. All the steel now considered to be in “excess supply” could be more than gainfully utilized in rebuilding the crumbling infrastructure in the US. There would be more than sufficient demand for steel were it used in the construction of railways, housing and other public facilities in India. And the list goes on.

There is not overproduction in relation to social need but overproduction in relation to the extraction of profit.

As Marx explained as long ago in 1848 in the *Communist Manifesto*, the crises in capitalist society assume a form that would have appeared to be absurd in earlier epochs—the “epidemic of overproduction.”

There is, he wrote, a “war of devastation”, because there is “too much civilisation, too much means of subsistence, too much industry, too much commerce,” and the very growth of the productive forces brings disorder to the whole of bourgeois society. Consequently, the productive forces must be destroyed so that bourgeois order—based on the accumulation of private profit—can be maintained.

The immediate target of the present campaign is China, where the regime, representing the interests of the ultra-rich layer of capitalist oligarchs, has already announced the destruction of half a million jobs in the steel industry.

Along with their counterparts internationally, Chinese workers will resist and fight against attacks and similar measures. In doing so they will be met with police and troops—the violent force of the Chinese state, which

took its most decisive step on the road to full capitalist restoration with the bloody repression of the working class in the events surrounding the Tiananmen Square massacre in June 1989.

Workers must recognise that their organic hostility to the attack on jobs and the police violence that will accompany it stands in direct opposition to the program of economic nationalism advanced by the trade union bureaucracy and national governments.

The inexorable logic of the nationalist program is support for such bloody repression because it is directed at closing vast sections of the steel industry and eliminating “overproduction”. In their closed-door discussions, the steel industry bosses and the capitalist governments, together with the trade union bureaucrats, will welcome repression in China because it will serve to boost their bottom line and point the way to the actions that must be taken against the working class at home.

It is not only Chinese workers who are in the firing line. What must be the attitude of British steelworkers to the attacks on their German counterparts and vice versa? The logic of economic nationalism is clear. It dictates that workers in one country should support the use of police-state repression in other countries because this repression is necessary to carry through closures and end the crisis of “overproduction”.

History shows that this reactionary agenda extends even further. The ultimate consequence of the program of economic nationalism is war, in which the struggle by each section of the capitalist class to eliminate its rivals from the world market assumes a military form.

The only way out of the catastrophe of war and counterrevolution is the program of international socialism.

The crisis facing steelworkers and every other section of the international working class flows not from over “overproduction”, but from the system of capitalist social and political relations that have become in the fullest sense of the word reactionary, standing as the barrier to further progress. The global development of the productive forces is inherently progressive in that it enhances the social productivity of labour—the basis for the advance of civilisation. The task at hand is not the elimination of “overproduction”, setting in motion a downward spiral into depression and war, but the overturn of the capitalist profit and nation-state system.

The combined labour of the international working class has created the productive forces, in steel and every other industry, which can be used to end poverty, misery and material want. That perspective, however, can only be realised through the unified struggle of the working class to take political power and begin the task of constructing a globally-planned and democratically controlled world socialist economy.

All manner of opportunists will step forward to oppose this perspective on the grounds that something must be done “right now” to defend jobs. But the program of economic nationalism they advance not only does nothing to achieve this goal, it also leads directly to a catastrophe.

The defence of the immediate needs of the working class can only be taken forward on the basis of a perspective that maintains and advances its long-term and historic interests and those of humanity as a whole. What is needed “right now” is the initiation of the political struggle for this program and the construction of the revolutionary party to lead it.

To contact the WSWs and the  
Socialist Equality Party visit:

<http://www.wsws.org>