



THE "SOCIALIST REVIEW" STANDS

for the nationalisation of the mines, industry, transport and banks without compensation and their operation under the control of workers' committees;

for full and immediate freedom to all the colonies;

for an international workers' fighting front against imperialism and war;

for a Socialist Britain in a Socialist Federation of Europe and the world;

against secret diplomacy and the imperialist division of the world;

against the American Imperialist Power bloc and against the Russian Imperialist Power bloc.

NEITHER WASHINGTON NOR MOSCOW, BUT INTERNATIONAL SOCIALISM

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# Editorial

## -1- AFTER THE ELECTIONS

Now that the election is over it is necessary to draw up a balance sheet to evaluate the result and to learn from it how to do better in future.

As soon as it was known that there was going to be an election, the Tory press confidently predicted a landslide. Its statisticians and "experts" on public opinion calculated that there would be a Tory majority of 100 or more. The mood of the Labour movement was rather hesitant at first, but there was a rapid change when once the election battle began, and we may be very proud of the tremendous strength and loyalty shown by all ranks of the Labour movement. Labour polled more votes than in the 1950 elections, and many more than in the 1945 elections, so that all the Tory prophecies of a rout of the Labour Party proved unfounded. Instead there was a certain setback. The pendulum swung a little to the Right, just enough to give the Tories a small majority. Why did this happen? The concentration of Labour voters in industrial areas, resulting in very large majorities for some Labour members, gave the Tories a certain advantage. But this was a factor in the two previous elections, and does not by itself explain why the 1945 Labour majority of 150 seats dwindled to only 7 in 1950 and disappeared altogether in 1951.

The day after the election results were announced, the "Daily Herald" gave three reasons for the defeat of the Labour Party.

- 1) "Conservative propaganda has ceaselessly tried to conceal the world causes of rising prices, and to pretend that every difficulty is due to the Labour Government's policy."
- 2) The fact that in 1950 the Liberals put up hundreds of candidates but in this election far fewer, coupled with the fact that more of the Liberal votes went to the Conservatives than to Labour.
- 3) The Bevan campaign. "It was a misfortune for Labour that three of its Ministers should have resigned a few months before the Elections and were actively campaigning against Government policy right up to the time when Mr. Attlee announced the date of the poll. The Tories exploited this division of opinion very vigorously."

The last point can be readily dismissed, for all the Bevanites who contested marginal seats - Freeman, Driberg, Wilson, Mikardo, Foot and Byng - were elected. The working class is not frightened by nor antagonistic to open democratic discussion. On the first two points, the editor of the "Daily Herald" thinks that he has answered the question by merely posing it. The question should be put in this way: Why is it that the Labour Government, which after the 1945 election had an overwhelming majority in the House, failed to undermine and destroy the mass influence of the Tories? Why did millions of poor people continue to vote for the Tory clique which represents the handful of rich people in the country? Why has popular support for the Tories even increased,

some millions voting for them who did not trouble to vote at all in 1945? According to the 1931 census, 79 per cent of the earning population of Britain are wage and salary earners. A small number of the salary earners are not members of the working class, such as Lord MacGowan, who has a salary of £50,000 a year, but the great majority are poor and exploited, and even if their outlook approximates to that of the petty bourgeoisie, their material conditions of life are little different to those of wage earners. After years of Labour in power why did the majority of the population-79% as shown-not vote Labour in 1951? It is vital for the Labour Movement that this question should be answered correctly. Responsibility for the defeat must be laid at the right door. This requires an analysis of the right wing policy of the leaders of the Labour Government.

First of all, under the economic policy of the Labour Government millions of workers, although enjoying a slight improvement in their conditions of life, experienced no basic change. For millions of salaried people, lower middle class, etc., there was no improvement at all. The main reason was that only at the cost of profits could the conditions of the great majority of the British people be improved, but the Labour leaders did not dare to encroach boldly on the interests of big capital.

The share of the capitalists in the national income did not decrease at all under the Labour Government, as can be seen from the following table:

Proportion of the National Income going to Different Classes

<u>Before Tax</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
Profits, rent, etc.	39	41	40	40	40
Wages	35	36	37	37	37
Salaries	20	20	21	21	21
Pay of armed forces	6	3	2	2	2
<u>After Tax</u>					
Profits, rent, etc.	32	35	34	33	35
Wages	40	40	41	42	41
Salaries	21	21	22	22	22
Pay of armed forces	7	4	3	3	2

("Labour Research", May, 1951)

The table does not take into account the appreciation of capital. When a capitalist sells for £20,000 shares whose former value was £10,000, he does not pay income tax on the £10,000 profit, and such profits are not included in the item "profits, rent, etc." in the table. While the relative share of the capitalists in the national income did not decline under the Labour Government, notwithstanding so much talk about the "soaking of the rich by taxation", their profits in absolute figures shot up alarmingly. According to the "Financial Times", the profits announced by 2,729 public companies in the first eight months of 1951 were £1,339 million compared with £1,062 million in the first eight months of 1950, i.e., a rise of 26 per cent in one

year. Actually the rise would have been bigger if the hidden reserves had been taken into account. The ordinary capital of these companies rose from £1,362 million to £1,421 million, declared reserves from £2,137 million to £2575 million, an increase of £438 million. The official limitation of dividends, the imposition of excess profits tax, etc., do not prevent capitalists enriching themselves. The big companies are astute enough not to divulge their increasing profits by a big rise in dividends. I.C.I., for example, whose declared profits in 1949 were £17 million and in 1950 £31 million, raised its dividend only from 10 per cent to 12 per cent.

The rising prices were explained away in the Tory press by a demagogic outcry against the mismanagement and inefficiency of the Labour Government. The right wing Labour leaders tried to belittle the extent of the rise in prices and to blame it only on factors outside the control of Britain - the rise in the price of raw materials after the outbreak of the Korean war, etc. Neither drew attention to one important reason for this rise - the increase in profits.

A policy of dividend limitation, excess profits tax, etc., was not adequate to deal with the increasing profits of the capitalists and the undiminished or even increased part of the national income absorbed by profits. A socialist government would have opened the books of all the companies to the inspection of the trade unions and workers' committees, so as to prevent increasing profits leading to a rise in prices. Measures would have been taken to lower prices by reducing profits. Such a step would not have meant the establishment of Socialism, but it would have been a step in that direction.

The Tory press, appealing to the prejudices of the petty bourgeoisie, pretended that the high taxes, the high price of tobacco, beer, cinema tickets, etc., was due to the Labour Government's policy of food subsidies, social services, etc. The same explanation was given for a different reason by the Labour leaders. Subsidies, Government expenditure on housing and on the other social services, make up a very small percentage of the budget. In the last budget, the cost of all the social services, including education, food subsidies, national insurance, health, housing, grants to local authorities, etc., was only 7/7d. in every pound of government expenditure. The year before it was 9/3d. Against the £410 million in the present budget year for food subsidies, £584 million went to payment of interest on the national debt, the largest part of which goes to the big financiers. The interest on the national debt alone cost nearly four times more than all the housing expenditure, grants to local authorities, etc. The "defence" budget alone is equal to the total cost of the social services.

The workers and the lower middle class make a much larger contribution to the Government's income than they did before. Indirect taxes, less subsidies, on personal consumption, rose from £543 million in 1938, to £1,436 million in 1950. By far the greater part of these indirect taxes are paid by the poor. During the same period income tax on wages rose from £2 million to £219 million. Direct taxes on salaries rose from £52 million to £280 million. So, while making social inequality less pronounced by helping the poor with food subsidies, the national

health scheme, education, housing, etc., the budget did not change the general pattern of wealth distribution. The total taxes imposed on the rich in the present budget year is not enough to cover even the "defence" budget. The whole burden of the social services and of a big part of the "defence" budget falls directly on the poorer people (not to mention the fact that the profits of the capitalist on which he pays taxes, are created by the same people).

The rearmament drive played directly into the hands of the Tory demagogues, who blamed the Labour ministers for the higher taxation and increasing scarcities.

A socialist policy would have abolished immediately all indirect taxes that fall on the poor, and imposed a high taxation and capital levy on the rich. On the expenditure side of the budget it would first of all have abolished the national debt, and any compensation for shareholders in nationalised industries.<sup>x</sup>

A socialist policy would have prevented any profiteering on defence preparations. Yet the day after Gaitskell declared his "war" budget, the value of stocks increased by more than £1,000 million in 24 hours. It is well-known that in every imperialist war "the proletarians fall while the dividends rise" (Rosa Luxemburg). A socialist policy would have demanded the nationalisation without compensation of all war industries, (which under conditions of total war means the greater part of industry), and, as a first step towards the elimination of war profiteering, the opening of the books to workers' inspection. A socialist policy would of course have meant an entirely new conception of military defence and a new approach to the question of the military budget, which would have been the result of a socialist foreign policy, a question with which we shall deal later.

One of the strongest attacks in the Tory propaganda against the Labour Government, and one which brought them hundreds of thousands, if not millions, of votes, was the housing shortage. The bottlenecks in the building industry, resulting mainly from monopolies in the building

<sup>x</sup> The excuse of the Labour leaders, that this would have inflicted hardship on the small shareholders and owners of government securities, cannot be taken seriously. The great majority of shares and securities are concentrated in the hands of a very small number of people. There are one and a quarter million shareholders of joint stock companies in the country, but the share of those who have a holding of not more than £2,000 is only 2 per cent of the total stock of the joint stock companies. It would be imperative for a socialist government not to expropriate these small shareholders, who scraped together their property by hard work. But to achieve this the government would only have to apply a "capitalist means test" by which only the people with very small means should <sup>not</sup> be expropriated. Thus, the amount of compensation would have been only a small percentage of the amount that is actually being paid.

materials industry, and the exorbitant prices for land demanded by the landowners, is a question we cannot enter into here (it was dealt with fully by Comrade Peter D. Morgan in his series of articles in the "Socialist Review"). Even if it is assured that the shortage of building materials, building workers, etc., prevented more houses being built than were built during the six years of the Labour Government, one measure could certainly have been taken: the big houses of the rich could have been distributed among the needy. A socialist policy would have demanded the creation of tenants' committees all over the country to control the allocation of existing housing space. If a tenants' committee, representing workers, employees, small shopkeepers, etc., had insisted that as a first step towards the solution of the housing problem a number of families should be settled in the mansions of the local rich (the backbone of the Tory Party) all the propaganda of the Tories would have been exposed as hypocritical. In this immediate, if partial, solution of the housing question, the Tories would have shown themselves to everybody as enemies of newly-married couples, overcrowded families, and others needing houses and flats.

The way the Labour leaders carried out nationalisation also played into the hands of the Tory enemy. Only the neglected industries which were already in serious straits were nationalised. For many years before nationalisation the railways were given subsidies of more than £40 million a year, the coal mines and the power and gas stations were very badly equipped. Under such conditions nationalisation meant nationalisation of losses. After nationalisation there was very little possibility of increasing wages for the workers while cutting the price of goods and services produced by the industries. Compensation aggravated the problem. The Tories could shout: "You see, nationalisation has not produced cheaper goods, nor better conditions for the workers to any considerable extent. Nationalisation of industry, socialism, is bankrupt!" The fact that the increase in railway fares and the prices of coal, gas and electricity was less than the average increase in the price of goods produced by private enterprise did not prevent the Tories from making a lot of political capital out of the difficulties of the nationalised industries. A socialist policy would have demanded nationalisation without compensation. It would also have demanded nationalisation not of the bankrupt industries, but of all the key industries of the country. It would have demanded their operation under the control of workers' committees. Attlee knew of course that any step towards the nationalisation of a very profitable concern like I.C.I., especially without compensation and in order to run it under new masters - the workers' committees - would have met strong and persistent opposition from the bourgeoisie. The course which the Labour leaders took meant much less struggle, but it discredited socialism by misrepresenting state capitalist measures as socialist measures, and therefore making it easy for the Tory press to expose "socialism".

One important reason for the Tory capitalist mass influence is its control over the vast majority of newspapers. The democratic principle of "one man, one vote" does not apply at all to the British press, whether the Prime Minister is Churchill or Attlee. The voice of Lord Beaverbrook is much stronger than that of John Smith. The Labour Government made a grave mistake in not changing this state of affairs.

A socialist policy would have established the principle that, let us say, every hundred thousand readers would have been given the means of running a daily paper, thus wresting control over the press from the capitalists.

It is the home policy of the Labour government which led to the Tory victory. This must be stated clearly and frankly because otherwise even if Labour wins the next election there would be no final solution of the social problem.

In these days of swift, worldwide communications, the narrow boundaries of the national state have become obsolete. No country can divorce its home policy from its foreign policy. When wars are total wars, and the whole economy is subordinated to preparation for war, the connection between housing and armaments, butter and guns, is very close. Modern war demands years of preparation during the period of so-called "peace" and so even in peace-time any aspect of domestic policy has immediate repercussions in foreign affairs. Nothing is easier for the government than to say, "The rise in prices, the housing shortage, etc., are all caused by our need to devote more of our resources to national defence". This does not adequately explain the high prices, shortages, etc., as it ignores the question of the class division of the national income: profits, compensation in nationalised enterprises, interest on the national debt, the distribution of housing space, etc. It is equally superficial to "explain" the country's difficulties by blaming the international antagonisms as though foreign policy can be considered apart from the question of the class nature of the foreign policy of Britain under the Labour Government. Was it a socialist policy, or was it a capitalist, imperialist policy?

At the end of the war, Britain was occupying the Ruhr, the heart of German industry. Again and again Bovin declared that it was imperative to nationalise heavy industry in the Ruhr and to expropriate the rich monopolists who backed Hitler. But these were only words. The monopolists were left in control and they are now entering into a cartel arrangement with French, Belgian and Dutch industrialists (the so-called Schuman Plan). If the Labour Government had not prevented the nationalisation of the industries of the Ruhr, which was demanded so vigorously by the German trade unions, and if those industries were now being run under workers' control, what a citadel of socialism this would have been! The Ruhr <sup>even</sup> under Hitler produced more steel than the whole of the USSR is producing today. The Ruhr workers would have become so powerful that instead of the Schuman Plan there could have been put forward a socialist plan of production, a socialist integration of the basic industries of Western Europe (Britain, Germany, France, etc.), instead of a cartel of monopolists. What a strong bulwark this would have been against the Russian bloc on the one hand and against American imperialism on the other. But the Labour Government's policy preserved in power the monopolists in Western Germany, and so gave a fillip to all the reactionary capitalist tendencies in Germany, and encouraged Right wing elements in all the other countries of Western Europe.

The same lesson can be drawn from Labour's colonial policy. In the struggle of the Powers, Russia is very weak indeed compared with the