OUT WITH THE MEAN TORIES!

The Tories are showing their hand. And what a mean hand it is. Grabbing at job security and the security of a home, grasping at every penny spent on health, gouging a profit from the nation's lunch table, gouging and clutching left, right and centre—taunting the population over workers' rights, over the special benefits of pregnant women and children, at the very existence of Old Age Pensioners.

This has not been sprung on us without warning. Ever since they took over in 1951, they have pursued a policy of pressuring the more and more firmly in the hands of the workers. Let them carry it.

It started off with the abortion of the food subsidies. It continued with changes in purchase tax. It taxed the sick through increased Health Service payments. It went through successive hikes in the basic rate which it worked into its party's election campaign. Rent increases 

And now, after the credit squeeze has shown its teeth in producing some of the three-quarter of a million unemployed that the financial press has been demanding for some time, the Tories have summoned the courage to attack our standard of living, or at least the media's concept of it: school meals, children's milk, health insurance, are the latest targets in the campaign.

For the first time in years we have real unemployment, real workers looking for jobs that are unfilled. In Birmingham there are three men for every vacancy at the Labour exchange. In Coventry, five.

For the first time in years the bosses are showing open defiance of trade union practice and throwing down the gauntlet for a showdown. Last year we had rumblings at Bournemouth, BMC and Standard. This year the front has moved down to Dagenham—Fords and Briggs. In the next few months the front will be widened to wherever it suits the bosses best.

And don't think that they have initiated their attacks because they are feeling the pinch of declining standards. On the contrary, the number of millionaires has grown from 38 to 40 since 1945; surtax payers now number 281,575 or almost 120,000 more than ten years ago: £315 million came in as excess profits last year as compared with only £192 million in the last year of the Labour Government.

There is only one answer to the Tories' organized and vicious campaign against our standards. The answer that Gaitskell gave after the victory at North Lewisham is not enough; we need to do more than cry that the Tories "must now withdraw their Reets Bill"; the storms that stir the members into division in the House of Commons are not the final answer.

In order to answer the Tories and their financial backers we must harry them where it really hurts—in industry. They attack from their positions of strength in the Government; let us counter-attack where we are strong—in industry. Industrial militancy is the only way of driving the Tories out, completely, of showing the electorate that the Tories cannot run a country, with their bankrupt policy. But constant harassment will need a change of ideas on the part of the leadership of the Labour Party and the trade unions. We cannot be guided by a cowardly policy of "let the Tories clear up their own mess before we form the Government." To clear their stable they need radical measures, a socialist programme of planning, full nationalization, the freeing of working class initiative through workers' control of industry, an independent socialist foreign policy.

These are the planks which can rally the Labour Movement to a campaign to sharpen its own weapon, its independent organizations. The sharper they become, the more successful our campaign to harass the Tories out of office and into the oblivion that a General Election now will bring them.

Six years ago it was tantamount to treason to suggest that Britain's arms industries were too heavy and too cold to cut. For advocating such a policy Nye Bevan and other Labour M.P.'s were turfed out of the Labour Party. Rank and file members who stood up in the meetings of their local party and suggested the same thing were sent right-wing members into foam-flecked frenzy and were accused of organising a party outside the rank and file.

Now, however, things are different. Economic circumstances have pushed even right-wing Tories to the point where they are demanding cuts in arms spending in order to ease the taxation burden. The Government is expected to make some concessions to these demands—and an examination of the figures of arms pounds, shillings and pence will show why.

In the White Paper on defence last year the sum of almost £1,500 millions was earmarked for military expenditure. Another £45 millions was allocated for civil defence and a further £50 millions was expected in the form of military aid from the United States. The £500 direct military spending represents about one-third of the money collected by the Government in taxes or, in another way, about three-quarters of all the income tax collected.

Middle-class squeeze

With many middle class Tories howling about "excessive taxation" and withholding support from Government candidates at Parliamentary by-elections, the Government has already made some efforts to prune its arms spending. Last year MacMillan announced reductions of about £45 millions as a first step (although the war in Egypt subsequently wiped nearly all of this saving out). More recently, the Government last month announced further minor cuts, the most important being the cancellation of nearly $100 million of contracts to the value of £10 millions.

These steps, however, are but the beginning. And in coming weeks it can be expected that the Government—having made a deal with the party Opposition—will announce further, and bigger, cuts.

Those Socialists who have been advocating for such steps for many years will undoubtedly welcome this rather belated action of the Government. But, at this stage, it is necessary to utter a few serious words of warning.

Cuts in arms spending mean nothing unless they are accompanied by at least two other actions. The first is a change in foreign policy, thereby signifying that the reduction in arms expenditure is but a manifestation of a general change of attitude on the part of the Government. The second is a change in domestic policy which will enable the men, materials and productive capacity released by the reduction in arms expenditure to be absorbed into useful production for civilian use.

It is precisely these two very important factors which are noticeably absent from the Government's intentions at this moment. Foreign policy remains the same as always—junior partner in the American imperialist bloc ranged up against the rival imperialists of the Soviet bloc. Domestic policy, far from being able to take up the slack from a cut in arms output, continues to be restrictive and retards industrial development.

Why the cuts?

The current desire to reduce arms spending, being unaccompanied by the two factors mentioned, springs entirely from other motives. The first is the Government's general desire to cut all forms of public spending in order to assist its credit squeeze policy and at the same time make tax cuts and concessions to its disgruntled middle class supporters.

The second reason is the development of weapons to the stage of super sonic guided missiles fitted

(continued on next page)
Not for us this new SOCIALISM BY THE BACK DOOR

The right-wing leadership of the Labour Party, anxious to shod all nationalisation proposals from the party programme, have discovered a new gimmick. Hitherto they have had to counter the clamour for fresh measures of public ownership with talk about the time—as always—not being opportune and, if they are pressed, by a rather shamefaced defence of "private enterprise" similar to those heard from members of the Carlton Club.

But now there is no need for them to behave like this...for they have their own new 28-carat theory, a theory that allows them to pose as socialists while in fact standing for a stable co-existence between the sectors of the economy at present nationalised and those in private hands.

The Party leader, Hugh Gaitskell, propounds this new theory in his pamphlet, Recent Developments in British Socialist Thinking. Others who have played an important role in the formulation of the theory's professorship are Professor Arthur Lewis, of Manchester University, and Professor J. B. Marris, an ex-Treasury official.

The 'new theory'

The main gist of the idea that the next Labour Government should nationalise the iron and steel industry is to enhance the private ownership of the Stock Exchange, borrowing large sums from capitalist financiers at high rates of interest.

With what is left of the savings, the Government should make selective purchases of shares in private concerns. These government takeovers on the Stock Exchange would extend state influence in a laisser-faire fashion. The economy would be brought to look like a patch-work quilt, with specks of state ownership scattered all over. In the initial phases it is likely that the Government would instruct Treasury officials, making the purchases on behalf of the state, to buy shares that would give them a minority interest in companies. This would leave all control in the possession of the various boards of directors unchanged. However, as state purchases increased, the state would begin to exercise an influence on the policy decision of private enterprise.

The most optimistic—and declued—supporters of this scheme envisage that the ownership would gradually supplant private ownership without the political passion and economic upheavals that accompanied the direct methods of dispossession of the capitalist class.

Stock-exchange Socialists

Insolent as this proposal is seriously considered as a means of changing the social order, it is highly significant that the reformist dilettante British Labour Party should look to the Stock Exchange, the traditional Waterloo of socialist financial manipulations, as the means for our socialist liberation. Gone is the need for workers' organisation, strength and militancy. The responsibility for achieving the new social order will now rest with the pin-striped proletarians of Whitehall, who will battle for the people's interests on the Floor of the Stock Exchange.

However, before these happy events can be brought about, a number of questions must be solved: where is the money coming from? For, if the Labour Party is to increase state intervention, capitalist concerns, then net expenditure must be less than net income. Otherwise there will be no surplus. How can this be done? An answer is given by Robin Marris, writing in April, 'issue of that right-wing intellectual, Vortex. He realises that, for there to be public investment on any significant scale, it is necessary to decrease public expenditure and/or increase public revenue. Therefore, Marris looks about, axe in hand, for the one-likely victim with a bit of surplus cash.

Nationalised industries to pay

His eyes first alight on the nationalised industries. This is an attractive—by some strange coincidence the same as the Tories—is to make these organisations—supporting so that they will in future finance their investment projects from their own funds. To do this, he says, "they would need to increase their surpluses by a total of over £400 million, thus reducing the deficit in our balance of payments from about 38 per cent, to 65 per cent. Some of the Unions involved would no doubt have something to say about that since prices would have to be raised more than wages."

No doubt they would have something to say about such a proposal—and with some justification. The former private owners of these industries have followed them to an almost semidefinitive condition. Each year they took out—and put nothing back in—too much money, making themselves old, dilapidated and worn out. When the industries were nationalised by the present Labour Government, these conditions were, in some cases, little better than scrap-heaps. Yet these former owners, far from apologising for their neglect, were given large sums of compensation! And now, to cap it all, our new Socialists think of planning to put the burden of modernisation of these industries on the shoulders of the workers, the same people who bore the brunt of the bad conditions, poverty and unemployment of the pre-war years. If the workers who must finance the nationalised industries by allowing their own wages to be cut, having receiving an even smaller amount of the wealth they produce...that is, if our new thinkers have thought of this simple solution.

After his encouraging start in the during the war. And to achieve this, Marris turns his attention to local authorities. "The are a scandal," he says, "they annually save £30 million less than they invest!" Nowhere does he consider the public services performed by local authorities. Although there are a view of social welfare criteria, they should not necessarily be used to pay their way. However, Marris finds there is little than can be "saved" by cuts in local authority services. Perhaps because he has been foretold by Chancellors of Macmillian and Thorneycroft.

Taxes and up

Marris's third proposal for creating a surplus— is through altering the tax structure. He considers that income taxes should be lowered. It should partly be replaced by a capital gains tax and a special block levy on company profits. This, he feels, would net a further £50 million. Then there is the inheritance tax. Often we hear wild outbursts of anger about this tax from Tory back-benchers, but, as Marris points out, "at present it brings in under £200 million, representing about one per cent of the total private property."

Adding up, the grand total from all Marris's various proposals will be about £1,200 million a year. This sum is all the investment in private industry. And what effect would it have on the economy? Will it result in the transformation of the more sanguine supporters of Gaitskell's proposals expect?

In ten years— I per cent.

Marris calculates the effect in terms of the ratio of private property in Britain to the net annual income. While this is a rough-and-ready method—it leaves on one side the vital question of how the national income is divided— it does give some indication of what the relative weight of property owners is compared to that of the rest of the community. In 1933, the property owners owned four times the size of the national income. But by 1954 this had sunk to 24 times which compares unfavourably with what happened by accident during the war.

In other words, after 10 years' hard effort all we can hope to achieve is a sixth of what happened by accident during the war.

Socialist Review

How's your Business?

Crisis or not, big business had a wonderful 1955. According to the report of nearly 3,000 industrial companies received by the Financial Times in December, profits rose by 9 per cent. This was not as much as in 1955, when they increased by 12 per cent. But enough to push their trading profits up from £1,930 million to £2,100 million.

Firms in the iron and steel industry did particularly well. There was a large increase in trading profits of 32 per cent. Shipping firms also did well, with a 28 per cent increase in electrical and radio businesses with 16 per cent.

The automobile industry did not do so well; there was the loss of overseas markets pruned trading profits back, with the result that they showed a fall of four per cent compared with the previous year. Aircraft firms also had their trading profits squeezed. But, in spite of this, profits in these two industries were still sufficient to keep shareholders from starving. Dividend payments were 917 from the St. Mopped up by £1,325,000 to reach £14,416,000.

The worst-off section of industry, in so far as trading profits were concerned, was the mining industry. It showed an average drop of 30 per cent. Entertainment, as might be expected, continued to be the most profitable, with cinemas and theatres, also slumped, and its trading profits were 11 per cent down on the previous year.

Finally, to switch back to the Financial Times again, the 3,000 industrial companies surveyed paid out the record sum of £250 million in dividends to their shareholders.

This Gaitskellite policy is, therefore, based upon a set of economic assumptions that has nothing to do with socialist policy which demands the complete nationalisation of the key industries as a pre-requisite for economic planning under workers' control.

SELF-CRITICISM

Two unfortunate mistakes were made in last month's Socialist Review. In advertising the NLC Socialist Forum which takes place on the first Sunday of every month at 7 p.m. we stated that the regular meeting was on the first Sunday. We are indebted to the lebome Labour Party rooms. Those who wish to attend should contact Prince Charles, 412 Bishoproad Road, opposite Paddington Goods Station.

Speaker this month, Doris Sokolot: subject—the Nature of the Hungarian Revolution.

The second error crept into our review of Heelas's study, The Capitalism and European Integration. The figures given to compare Britain's trade with the Commonwealth and with the European Market countries are 128 per cent. This underestimates the worth of Britain's foreign trade is conducted with Europe; about one half with the sterling countries. The discrepancy is not as large as appeared—by error.
THE NATURE OF MODERN CAPITALISM

One: State Capitalism

We have received a number of critical letters from readers—two of the most trenchant contributions from John McLaren, Glasgow and Ken Coates, Nottingham—dealing with problems raised by our contributor Tony Cliff in his use of the concept of the State Capitalist in articles from this journal and especially in his book. Stalinist Russia, A Marxist Analysis, London. It appears that we are reproducing these letters in full, but the main points of disagreement seem to be the following:

1. The motor of capitalism is profit. Where is the profit motive in the State Capitalist society?

2. Is capitalism the concentration of economic power in the hands of individual property owners who have the right to transfer their property, for example, inheritance. This is not true of Russia.

3. Capitalism is a declining society and it certainly cannot compare with Russia in its rate of economic growth. Doesn’t the latter part of the economic indices show that it is a higher rate of social evolution, that is a worrisome state?

Tony Cliff replies to his critics in this article. Rejoinders will be welcome.

Let us deal first with the profit motive under capitalism. What do Marxists mean when they say that profit is the basic motive of capitalist production? Do they mean the capitalist consumption?

So far, therefore, as his actions are a mere function of capital — endowments as capital is, in person, with consciousness, and in his own private consumption is a robbery perpetrated on accumulation.

Third, to reconstruct the correct expenditure of the surplus-value, or surplus-product into capital. Accumulation for accumulation’s sake, production for production’s sake.

Hereafter, all dividends at only three per cent of the net national income constitutes a very small factor in the economy.

The motor of capitalism is not the consumption of the capitalist but the accumulation of capital. As Marx says: Except as personified capital, the capitalist has no historical value, and no right to... historical existence...

In Russia the workers have no control over the state, which “owns” the means of production. The workers are thus divorced from the means of production. Secondly, Russia competes (militarily and economically) with the Western capitalist countries. To this end, the state acts subordinated to accumulation. The motor of Russian economy is thus the accumulation of profit.
Now to the second point and individual property rights and economic power.

Does the individual capitalist in the West really hold decisive power? Many would argue that Russia is a workers’ state, paint a picture of present-day Western capitalism as it existed 150 years ago. They appear to have slept for more than a generation at least. According to them, in the West, there is a power of decision over the basic pattern of production and distribution, which no single manager of a factory in Russia possesses. In Russia it is in the hands of the central state. What are the facts, however?

Britain less capitalist?!

Look at Britain today. 25 per cent of industry is state-owned; the state takes a third of the national income in taxation; half the annual capital investment is state investment. How then anyone speaks as if the autonomous decisions of the individual capitalist are decisive? When, for instance, the state imposes a high income tax on distributed profits and a very high sales tax on commodity turnover, it raises the ratio of accumulation to consumption. When it appears as the largest buyer of raw materials and as its trader, it acts in the hands of highly salaried people. These three characteristics, combined with the monopolistic prices it can impose, give it power in the production and distribution of the whole economy.

In the Nazi economy, the state was the direct purchaser of more than half the national product. It regulated raw materials, it controlled the market, capital investment, etc., etc.

Does this mean that the British economy today is less capitalist than 100 years ago because basic production and distribution decisions are in the hands of the state? Was the Nazi economy not capitalist because the basic production decisions were in the hands of the state? The protagonists of the “nationalization thesis” have to come to this absurd conclusion if they were consistent.

Crystal gazing

Speaking theoretically, there is no doubt that if Western capitalism continued for another generation or two all the preconditions for basic capitalist transformations, more and more important, it would progressively approach a position where all decisions on production and distribution were in the hands of the state. Private ownership would be very much weakened, it would be communistized.

The state would be seen clearly as the embodiment of national capitalism without, however, being the simple representative of the individual capitalists.

The factory manager

Then again let us look at the individual factory. The protagonists of Russian nationalism and workers’ realism are right. In a perfectly individual factory there are no private owners to decide about production and distribution. While the state has general powers of decision in the West the private owner manages his factory or company as he wishes. The picture is totally different in Russia.

To some extent this is true. In the West there is some managerial power in the hands of the individual capitalist. But the tendency is against this.

In the 19th century the private owner was also the manager. He had an absolute power of decision. Since then more and more managerial decisions have fallen into the hands of salaried managers who are not shareholders. The shareholders have become more and more of a parasitic body that only takes any part in production or distribution decisions. Thus, for instance, in England in 1937 in the “medium large companies” (the average of industrial companies with a capital of £3 million or more) boards or directors owned only 1½ per cent of the issued capital (Sargent Florence, The Logic of British and American Industry, p. 209). Does this mean that the modern British corporation is less of a capitalist enterprise than the small manufacturing of 100 or 150 years ago?

In a nutshell

To sum up, modern Western capitalism has the following basic characteristics: (1) The transference of the basic decisions of production and distribution to the state; (2) The pushing aside of capitalist consumption by generous capital accumulation and armaments; (3) The separation of management as a special social role from its traditional place in the hands of highly salaried people. These three characteristics, combined with the monopoly prices on which the state can act, give the whole capitalist system power in the production and distribution of the whole economy.

It is quite right to try to see that this is an existing yet unattainable development of this picture of the Russian economy.

Facts such as the existence or non-existence of the right of inheritance of property, the existence or nonexistence of division of dividends, etc., are relatively unimportant and irrelevant compared with these broad similarities between the Russian and Western economies of today.

The rate of growth

Now to the third argument—The rate of economic growth in Russia as compared with that of the West.

On the face of it, this is a strong argument. The trouble is that its protagonists would not hesitate to argue that Yugoslavia too is a workers’ state notwithstanding its slow rate of economic growth, just as the factories in Russia were producing more than the state owned Russian factories of the same time. It is not possible to compare the growth rates of the factories in Russia during the whole period of the 20’s and 30’s and also during the last 2 or 3 years. It is even more wrong to say that Japan is three-quarters of a workers’ state doing something ridiculous.

The argument that a workers’ state grows faster than a capitalist state shows its wholesomeness when one tries to investigate why Russia’s rate of growth was as big as it was and, on the whole, why Russia, which is much more liberal and does not subdivide consumption to accumulation, could achieve a much lower rate of industrial growth.

The great plough-back

Let us see what are the concrete factors causing the quick rate of industrial growth in Russia.

Firstly, capital accumulation made up a bigger portion of the national income in the West. While in Britain in 1860-9, 16.6 per cent of the national income was accumulated; 1900-10, 12.2 per cent; 1910-20, 14.3 per cent. In Japan in 1919-24, 21.9 per cent; 1925-30, 19.8 per cent (1944-7, 21.9 per cent); in Clark, Conditions of Economic Progress, London, 1940, p. 406; in Russia in 1928-30, 17.1 per cent; and in 1942-4, 23.1 per cent. (The Second Five-Year Plan, Russian, Moscow, 1930, Vol. II, part 2, p. 38). The actual figures were 22.6 per cent in 1931 and 24.2 per cent in 1936. (The Second Five-Year Plan, Russian, Moscow, 1934, Vol. I, p. 427).

To house or not to ...?

Secondly, a much smaller portion of investments in the West went into industry and a much bigger one into non-productive channels such as housing, than was the case in Russia. The share of housing in total capital investment in Russia was 2.7 per cent during the First Five-Year Plan, 9.1 per cent during the Second, and 8.2 per cent in 1941-3 (large). During the Third Five-Year Plan, it was 7.9 per cent. For comparison, in the United States, it was 6 per cent in 1880-1912; 24.6 per cent in 1920-29 (large); 31.7 per cent even during the 1930’s to 40’s which were largely years of depression. Hence, “Subsidies to Housing and Allocation...” in A. Bergson, editor, Soviet Economic Growth, America and White Plains, 1935, p. 61).

India and China

As a result of combined development, coal and steel, and large-scale electrification, India, seemingly extremely clearly as the normal form in the case of a number of backward countries, may develop. No Marxist, I hope, will deny that India is a capitalist country. Yet look at its present Five-Year plan. According to the plan 61 per cent of net capital investment will be in the state sector of the economy, and only 39 per cent, will be in the private sector. Agricultural production, which accounts for 70 per cent of the Indian economy, is in the hands of its 340 million peasant-farmers. Industry, agriculture, and the state together will be responsible for 87 per cent of all net capital investment in the country. The expected result is a quick rise in industrial output. Steel output, for instance, is expected to rise by 231 per cent as against the rise of 205 per cent envisaged in China’s present Five-Year Plan. Coal production is expected to rise by 58 per cent as against 78 per cent in China; electricity by 100 as against 118; cement by 202 as against 110. (Source for India: Government of India, Second Five-Year Plan, 1956; for China: Li Fu-chun, Report on the First Five-Year Plan, Peking, 1955). However because of the existence of trade-union which to some extent defend workers’ rights, and because the state, while being expropriated and its products suppressed into the state granary, in all of these major problems of socialist agriculture, will be able to achieve to a lesser extent than the Chinese.

Heavy vs. light

Thirdly, a much greater portion of the capital invested in heavy industries in Russia was invested in heavy industry than was the case in the West. The share of shoes, for instance, was 2.1 per cent of the total production of shoes (1926-8). In 1934 it rose to 4.7 per cent, and in 1936 to 7.1 per cent. So, however, with 18.9 per cent during the same years, was added, as housing, than was the case in Russia. The share of housing in total capital investment in Russia was 2.7 per cent during the First Five-Year Plan, 9.1 per cent during the Second, and 8.2 per cent in 1941-3 (large). During the Third Five-Year Plan, it was 7.9 per cent. For comparison, in the United States, it was 6 per cent in 1880-1912; 24.6 per cent in 1920-29 (large); 31.7 per cent even during the 1930’s to 40’s which were largely years of depression. Hence, “Subsidies to Housing and Allocation...” in A. Bergson, editor, Soviet Economic Growth, America and White Plains, 1935, p. 61).

Some other reasons

There are of course other reasons for her quick rate of growth, but they are secondary. Being a late-comer, Russia could copy the wrong words on modern technique. (Similarly Japan went from the stage of manufacture straight to electrification without passing through the steam engine stage.) State ownership plus big enterprises encouraged to standardise production (which also applies to a comparatively small US economy and Britain).

Another factor is the fact that existing conditions encourage the use of steam-driven machinery. What was the case in Russia was that the raw materials, etc., were equally applicable to the coal- and steel-producing societist countries and to the “Socialist” third of the world.

Now read

Stalinist Russia, a Marxist Analysis

by Tony Cliff

Obtainable from us (12/6)
Two: Contemporary (British) Capitalism

By Seymour Papert

History has given a plum to reformism. For 12 years the major capitalist economies have maintained a high level of employment and a low level of inflation, a slowly rising standard of living. The situation is greedly seized upon by all who dream of giving the whole show away from the overthrow of capitalism. John Strachey's new book, Contemporary Capitalism, Collarz, 1985, uses it as the basis for the most sophisticated justification to date of the British Labour Party's increasing tendency to push socialism (even reformist socialism) into the background and to renounce all action for an alternative government to the Tories.

Strachey turns out a lot of big guns to rub the self-righteous. After writing what Marx and Keynes he assures us that the post-war prosperity and relative stability of things in life are the result of "Western Democracy." Modern governments (even under capitalism) possess the means to ensure prosperity: the need to face the electors will compel them to use them. The thing to do is that it would be as well to do away with capitalism (eventually, of course) but for the moment the accumulation of capital to subvert the democratic institutions whose defance must, in the word official words, the "wage-earners" (the 90 per cent. of the population who receive only 50 per cent. of the output). We shall examine Strachey's economic arguments with our eye firmly fixed on the incredible things that ignore those aspects which are irrelevant to it. Our position has two prongs.

The argument

The first is directed against Strachey's contention that it is democratic pressure which has staved off a new Great Depression. This is followed by the implication that it would be foolish of workers not to subordinate their actual and potential working of the Keynesian levers. I am not (for the moment) concerned with being a better prophet than Marx. The question is whether there will be a depression or when; but it is important to see how flexible and responsive are his of the counsellors of complacency.

The second prong is a defence of the methods and concepts of working class struggle—solidarity or not stink. Massive and protracted unemployment is not the only kind of crisis in capitalism, nor the only manifestation of proletarian action. It is true that full employment is a factor making for class consciousness, and all of class militancy is a much more complicated process.

Phantasy and fact

There is an ancient fable which illustrates the difference between the doctrines of both Marxian and Keynesian economics. It tells of a traveler who found himself in a forested countryside in a land where a great fair was in progress. The king, it appeared, had decreed that all big and small transactions had to be done on the last day of the year—wages for 52 weeks were paid and all the shopping for the coming year was done at the colourful stalls where the whole output of the past year was on display. At first the voyager thought this an excellent and efficient system, but he soon found that everyone was disgruntled. A worker complained that he had made a hundred shoes during the year but that he never sold them. One other worker stated that the same time his boss benoched him the fact that while his factory had turned out 100,000 books the whole of full employment he had to keep it there. This was the official word of the Great Depression. Keynes (mainly the depression) forced official recognition of the tendency to-wards unemployment.

Since there whole school of economic plastic surgeons has grown up inspired by the idea of pushing up the level of employment by artificial means. Essentially they propose that the government should play the role we gave to the coat makers by carrying out large scale investment projects whenever they seemed necessary, or should encourage others to do this by lending them money, adjusting the rate of interest and applying a whole battery of other tricks.

Utopia or force

In theory there is no doubt that if the government intervened SUFFICIENTLY there would permanently reduce unemployment. The question is whether in practice it would intervene quickly enough and radically enough. The reason why it might be more foolish than for us to base our political outlook on the assumption that the nineteenth or nineteen sixties must be like the thirties. But Strachey decidedly does the opposite and in his defence of the professors and newspaper columnists, in his emphasize confidence in the outcome of the political system against this is sheer irreponsibility. And in Strachey it merely shows that he has had no understanding of the social outlook and position of the Labour bureaucracy. Starchey's wishful thinking

Nowhere does a word of caution slip past his lips. He exaggerates the power of government action: there is no mention in his book of the existence of considerable unemployment and insurance, the probability of conflict in the factories—the "strike" does not figure in his index. He has no proper awareness of the democratic nature of government intervention during the post ten years. He is vague about the "new motives" which now lie behind investment. On pp211-12 he writes about how, as a result of demographic pressures, production is now being carried on "for what we are, in the last analysis, non-profit making purposes." No examples are given, and no figures about the relative amounts of "economic," "non-profit" making production is to be found — even if he counts the British nationalised industries (which would be outrageous!) he would still have America to account for. On page 207 he writes "such a government is saying to the entrepreneurs, in effect; whether or not you think it will be profitable for you to invest in that new steel works... either you or we or someone else must be induced or coerced into doing it for us, for otherwise we cannot face the electors. But again no statistics are cited to show that the universe of steel works are being built for electioneering purposes. One suspects not very many. Economics have nothing to do with marxism. Economics from world is not of real interest, but in order to drive home the main issue (the question of power) and to give another example of Strachey's disregard for logic, we shall take a look at [continued on next page].
what he says about armament expenditure.

The war economy

On pg239-246 he considers what he calls the "communist view" that it is a war economy that has stabilised the American economy. This idea is important because we often speak of the use of such dirty means to stabilize the economy, but because arms building is in a specific sense a central political field of government economic activity which does not interfere with the capitalists, arms do not compete with other goods; they are produced by the most powerful capitalist group; and that is the international politics of imperialism.

Apart from these points, an arms race, once started, tends to develop a momentum which keeps it going at a forced pace so that there is no point of theigg day by day the building up of, for example, would involve.

Strachey has to reject the armament explanation for two reasons: first it is hard to see the demands of the pressure; secondly, there is no guarantee that the "permanent war economy" will not continue to grow and argue against by making the following remarkable series of points:

(1) If the governments undertook their armament programmes in order to stimulate the economy, then it would be an obvious argument for modern capitalism, of course, utterly irrelevant. The purpose of the programme and its actual effects are two very different things. For example, the H-bomb was made to hunt rabbits for the President's table; it might never be used, and, not being "modern democracy," is responsible for the present stability.

(2) The American economy was not in a state of depression in 1948 when the rearmament began. Again irrelevant, to whether in the eighth year which have passed since 1948 the US economy would have been as stable without such mechanisms as was the case and has grown considerably. That is the only reason that Strachey, is the one who will give the breakdown of Marx's prediction of the growth of capital and, of course, is the result of democracy.

As history, this is absurdly bad the reason for the failure of proletarian revolution in the period between the wars in the USA, where the two ways to any prosperity and welfare of the working class Strachey, it seems, has a short point behind the bourgeois view that the average workers received 40 per cent. of the social production has troubled tremendous differences in time and place, ups and downs of the total output, mass misery and depression. Enough to mention that the percentage actually went up during the depression years!

Class struggle goes on

Politically what is most important is that Strachey's assumption that sharp conflicts depend on a low standard of living. This is simply false. The American worker's struggle, and the communist worker's struggle, is not for a lower standard of living, but for the rights of the workers that have already been won by the other workers, that the conditions, workers control over speed, hiring and firing, etc. If the standard of living is increased today, but that our grandparents dreamed possible, there are slogans, too, of which they never heard.

Strachey takes no account of the possibilities and effects of "local control" in the factories, non-professional, which is a kind of trade union, and hiring, etc. In the industry. The angry men at Norton's and at Ford's play no part in the analysis. But for the angry men who embody the class struggle and not the statistics of percentages of national income. Strachey reprimands Marx for ignoring the sign over the factory door "No Admission except on Business." Strachey himself may have been in a factory, but if he got beyond the director's office he had his eyes closed.

The guns of Marxism is not the suppression of the proletariat but the fact that the weapons are not directed against anything and as long as one class owns and controls the means of production, the conflict between them will continue, particularly in the militant height, sometimes subsiding. And any government which is trying to get a grip on the behaviour of the miners in the last analyses, have to treat the side of the preferences and preferences and preferences and preferences and preferences, a collapse of everything, the defence of profits appears as the defence of the workers.

Some recent history

At the time of the Suez crisis, Le Monde, the French equivalent of The Times, frequently describes itself as nothing but a "socialist" prime Minister. Guy Mollet, the French Premier, when Eden were forced into the same position by the same national economic needs, to find a way open to him, would have taken the stand which Guisekki took; Guisekki in power could have been a "socialist" premier, as Attlee did (and Strachey) in the case of Malaya.

He who drives a capitalist ship must steer it

The political outlook of the Labour Party machine is to take over the reins of power in this country. They see themselves as the new bureaucracy which will be able to regulate the machinery of production. Strachey will learn, when he is in the cabinet again, that there is such a thing as modern capitalism; and that programme of governing a profit-making state will sooner or later bring him into conflict with the workers. But has he prepared the way for the calls of NO STRIKES and NATIONAL CONSCIENCE? Not, not yet. He can hardly be considered as a social democrat (has he not) that the source of all good things is the British Parliament, that this capitalistic state has behaved. He had boasted its power by going from time to time and seeing that the big bad capitalist should not steal the freedom of the press.

Three Shadows in the US boom

By Gordon Haskell

In recent years British socialists have been repeatedly reminded of the "changing nature of capitalism." There has been a great deal of talk. The thinkers' "economic man" has been, and reformed and fermented into a new type which is to carry us gently into the coming world of socialism. The following article, a departure from Gordon Haskell's usual socialist weekly, contains a lesson for British socialists. Not only does it highlight the instability of the American "economic miracle," but it puts on the spot the New Thinkers who believe that capitalism is dying (or at least into the realm of contradiction and into one where its laws of motion are ever upwards and onwards. It is particularly timely in Britain today.—Editor.

In his message to Congress at the beginning of the year, President Eisenhower warned of the continuing inflationary dangers threatening the economy. But when he presented the budget for the 1958 fiscal year he made it very clear that he expected the Federal spending rate to increase by 9 per cent. in budgetary terms in the current fiscal year and by 7.9 per cent. of total national production, while in 1957 they stood at 14.1 per cent. of national production, and increased at a rate of 4.5 per cent. per annum or 1.9 per cent. in real terms. In 1958 the budgetary terms of the Federal government were much more favorable to business than in 1957 and the government spending rate was only 7.9 per cent. of total national production, while in 1957 it stood at 14.1 per cent. of national production.

By decreasing the rate of growth, but Keynesianism also looks at the economy as a whole and what he sees does not make him too happy. Of course he is worried by a rate of growth of 4.5 per cent. and 7.9 per cent. as if he were in a factory, but if he went beyond the director's office he had his eyes closed.

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COLOUR BARRING IN BRITAIN

The Socialist Answer

By C. Dallas

ONE OF THE PROBLEMS the British Labour movement faces is the question of colour discrimination, an issue adopted towards our colonial brothers who come to this country.

Desperate poverty

In the first place, why do they come? Do they come because they have been driven from their own homes? Wages, when the national wheat crop is lucky enough to find work, are barely enough to keep body and soul together. Of course many workers in the sugar plantations in Jamaica, 25 shillings a week for cocoa workers in Ghana, a mere 7/2 a week for agricultural workers in Kenya, and 25/- for workers in Nairobi (if they are lucky enough to find work there). That is, when the worker is working.

Unemployment will probably see him penniless for a large part of the year. About 20 per cent of the Jamaican population live on welfare. Others, like those on the sugar plantations, work only seasonally. Unemployment is increasing, wages have been cut, and has no hope of disappearing as long as imperialism keeps its tight hold on the colonies. This is the real reason that the imperialist companies consider their preserves. All that is built is gradually falling apart to keep the produce away from the workers who produce it; fine hotels, perhaps, for the European tourists, big houses for the colonial administrators, and, most important, magnificent prisons.

The poor, probably illiterate, hungry and sick, subjects.

Colourists like Tate and Lyte, that reap the superprofits out of the cheap labour of the colonial peoples—the so-called ‘Jah and Tule’—remember, spent some of these profits conducting a vicious campaign against nationalists. This is in order to see this superiority complex immi- grating into Britain in the first class, and to see the ruling policy of imperialism in the colonies. How well will it flourish in Britain?

Divided and rule

The Tories foster the idea lovingly. Witness the statement of a Tory MP, Hopkinson, quite early on in the West Indian agitation: “The Govern- ment . . . was contemplating a committee to consider whether it was desirable that there should be a colour bar for British of Colour holders of British passports.”

The emphasis on “Coloured” colours is an annual immigration from Ireland of 45,000, scores of thousands of Australians, New Zealanders, white South Africans, and others, but no mention is made of restricting their movement (except, in some cases, to force the Irish) only the coloured workers are singled out.

More recently (February 15, 1956), the Labour party announced that Cy- prus labour would be barred, thus critically saying that “a few firms had felt it as well to maintain a balance of 50% of the number of white and coloured workers.”

Industrial management, hehrily supported by the Government, policies. Witness this shameful state- ment from the personnel officer of a large engineering firm (June, 1956): “For the time being at least there should be some restrictions imposed on the number of non-Europeans and for that matter Irishmen, too working here. It is pretty evident that in five years time there will be quite a lot of our own people looking for work. Naturally, they will feel that they have a greater right to work than a West Indian or an Irishman, and in any case most management will consider a local coloured worker times out of ten has some industrial experience.”

Lancashire employment ex- changes are marking some firms NC (No Colour) because they refuse to take coloured workers.

Policemen and landlords

A Birmingham Mail (November 10, 1956) headline ran: “Maternity Wife Flogged in Punjab.”

The greatest insult to coloured immigrants in Birmingham was the attitude of the police forces. “Coloured People in the town is a former detective inspector in the Kenya Police.”

The police, no matter how influential, relationship sufficiency in friction to be useful if the bosses should need it as a bargaining weapon against the workers. The police has seeped well down to the middle class. As very few coloured workers go to the Police, for housing, for lack of residential or other qualifications, they have to rely almost entirely on private landlords who, as a rule, will only take the job and obey the rules, they will receive the same consideration as anyone else. Whatever other factors enter into colour discrimination—a primitive and ignorant antagonism to foreigners of any sort, small town parochialism, a white superiority complex, among others—always the main factor among workers is their fear for their jobs, the feeling taken up and fostered by the most cardy and bigoted imperialists, extends not only to coloured labour but to that of any immigrant community. The racial exploitation of the miners to Italian labour, and now- after wordy support for their magni- cent struggle against Russian oppres- sion, is the same.

A complicating factor with coloured immigrants— unlike the Italians and Hungarians, who have their own strong roots in trade union organisation. According to a Gallup poll taken in May, 90% of the West Indians employed in Britain were in trade unions. For the whole coloured population the figure is probably slightly under this.

In this respect, instead of deceiving the fact, militant workers should fight first all of a feel a sense of solidarity with their colonial brothers, who are constantly and with great self-sacrifice trying to form or strengthen the trade unions in their home countries, under the guidance of their natives.

Almost invariably the most militant trade unionists are clapped into goal and held there for trial, for instance, 200 trade unionists in Singapore against the rubber plantation and Estate Workers picketers in St. Vincent in the West Indies, all the top officials of the Caribbean trade union and a group of Cypriot-Turk trade unionists, a number of trade union leaders being expelled by the authorities in all the United States, and so on. Trade unions are frequently banned, for instance, the Communist party for a railway union. Strikes are even more frequently banned, for instance, for the miners in Northern Rhodesia, for all African workers in Southern Rhodesia, for all Cypriot workers in the United States, and in Canada. Police interference and many other means are used to suppress trade union activity and activities.

The socialist answer

Draw the colonial workers who are unorganised into the trade union ranks. Fight for a colourless immigration policy. Neither exploitation that they drew in with their mother’s milk in their home countries, nor the right to be loyal members of their union. The AEU in Birmingham did well by issuing calls to the coloured immigrants pointing out the advantages of belonging to the union, and in the Stadard Times review of the coloured workers proved their loyalty quite as well as the other workers, in some cases, even better. Police interference and other measures are used to suppress trade union activity and activities.

SHADOWS IN THEoom—continued

He is against the government’s “hard money” policy; he is for a national charter which will both overcome specific shortages (such as steel) and advance the rate of growth with- out increasing the inflationary pressures. He is for a Congressional investigation of prices (and hence profits) in line with a similar demand made by the labour movement, headed by the United Automobile Workers. But so long as he supports the appearance for such a proposal will hardly be forthcoming in Congress.

The offer “proposes” Keynesian suggests two ways in which a capitalist government could break the bottleneck. One would be to give subsidies to the industry (either direct or through tax relief) so as to guaran- tee a ‘national’ demand and thus total investment. The first is outside the realm of political possibilities to- day, and the second would create more problems than it would solve.

The point is that all the direction and planning to which Keynesian- leans cannot be achieved within the limits of budgetary policy alone. It needs much greater control over the whole economy. Greater than capital- isms of American or otherwise—can tolerate.
The war has been over for nearly two years, and it is the recent spate of published biographies, diaries and documents giving ordinary people a better understanding of the nature of the things which happened behind the scenes. And they reveal, in spite of all the propaganda and side-sounding speeches, that many politicians had their tongues firmly in their cheeks.

The jazziest piece of information recently produced is contained in the seventh volume of Documents on German Foreign Policy 1918-1945, published by the Stationery Office and consisting of captured German documents. This volume covers the period at the outbreak of the war and consequently contains some information on Nazi-Soviet relations in 1939.

One incident, if none other, reveals the lengths to which the rulers of the Soviet Union went in order to make the Soviet Union into a war machine. On September 1 1939, the Luftwaffe asked the Soviet authorities to provide navigational assistance to their bombers by allowing the Mink Broadcasting Station to send out navigational signals.

To this request Moscow replied; "The Mink Broadcasting Station will inform its listeners that the "Mink" is the programme of the autumn of the Minsk" and during the course of its programme which could be extended by the addition of "Air Force" programming.

The Soviet Government would prefer to omit the addition of a "call-sign" so as to make it more difficult for the enemy to use it.

In this way the Russian Government aided the Luftwaffe bombers in their passage of death across Poland. And all the while the Nazi ambitions in Eastern Europe were standing on their heads in an endeavour to justify the Nazi-Soviet agreement, if there was ever a necessity in order to safeguard peace in Europe. Another tiny fact for political gossip writers came along last month with the publication of the private diaries of Lord Altrincham with their comments on the character and behaviour of Sir Winston Churchill.

Churchill, complains Altrincham, daily interfered in military matters; much to the annoyance of Alanbrooke who was Chief of the Imperial General Staff from 1941 to the end of the war. "He did," wrote Altrincham of Churchill in 1943, "quite the most difficult job to work with that I have ever done."

This is not the first criticism to be made of Churchill's military leadership, as a result of his behaviour, relations with his colleagues, and events during the war. In 1951 Viscount Cunningham, Naval chief in the Mediterranean where he was present throughout World War II, First Sea Lord and Chief of Naval Staff in 1943, published his personal reflections on Churchill under the title of A Sailor's Odyssey. It contained some biting criticism of Churchill which, published in a book, attracted little attention. However, the relations work by his publishers, did not provoke such widespread comment as the one that was to follow.

Writing of what he called the "Great Paradox"—Churchill bombarded him, Cunningham said:

"This constant advice, not to say interference, in how to run our business from those who seemed unaware of the facts of the situation did not help. Churchill himself believed the contrary, continued at foot of next column".

The threat of unemployment

This situation raises serious problems for the working man, one of the most important of which, at this juncture, is the possibility of a fairly rapid climb in the number of unemployed as arms production falls off. This will apply in particular to those industries most closely concerned with arms production.

In the metals, engineering and vehicles group of industries, for instance, something like 15 per cent. of the total production is accounted for by these industries. Even that small proportion is carried out at Government owned ordnance factories, other than private concerns. When the factories are closed down, the workers will feel the effect of arms cuts and in fact they are already doing so.

In the past two years or so the labour force at the 24 Government owned ordnance factories in the country has been reduced by about an eighth by a policy of redundancy and non-redeployment of workers who have vacated jobs in those factories. But with some 40,000 workers now employed, the Government is saving money in two ways because of the arms cuts announced so far.

At Blackpool and Weymouth, about 200 workers are to get the sack in the next few months. At the Dalmuir Factory in Glasgow another 900 are to go because of a cut in tank production. A further 900 are under notice at the Vickers factory in Blackpool and another 200 at Birtley. The most conservative estimate is that ten per cent. of the workforce of the factories will be out of a job by the end of the year. But other estimates put it at double that figure.

Private aircraft firms have the same story. In Hawker's factories at Blackpool and Langley some 4,500 workers will be fired following the withdrawal from production of the Hawker Hunter. Three other companies—Blackburn, Armstrong Whitworth and Gloster—have announced that workers will be facing the axe. The total of these workers is not yet finalised because of cuts in military aircraft production.

Looking at the situation in the aircraft industry last month said that there could be up to 100,000 workers in the industry "displaced during the next 18 months owing to the cutting back of Government orders. Overall, it said, the reduction of defence orders could well throw between 50,000 and 100,000 people out of work this year. And to this must be added any National Servicemen pushed into the labour pool by possible cuts in conscription."

If such a condition is realised, and the general opinion in trade union circles is that it will be, the already serious position in the industrial field will be further aggravated.

What we stand for

The Socialist Review stands for an international socialist democracy. It stands for the abolition of the British class society and the trade unions—no more farce and no more hypocritical reformism. We stand for the development of trade unionism, for the full and free discussion of all questions—advance the ideas of a Third Camp which conducts a relentless struggle against both class societies.

It believes that—in the struggle against the reactionary policies of the Tories, against the power of the capitalist class & for the transformation of British society into one founded upon Socialism—a Labour Government must be brought to power on the basis of the following programme:

- The complete nationalisation of heavy industry. A state insurance and the land, with compensation payments based on a means test. Re-nationalisation of transport and domestic industries without compensation. The nationalised industries to form an integral part of an over-all economic plan and not to be used in the interests of private profit.

- Workers' control in all nationalised industries. A council of workers' representatives on all national and area boards, subject to presidential inauguration, immediate recall and receiving the average skilled wage ruling in the industry.

- Workers' control of the employers' representatives on the boards of all private firms. Free elections and recall of representatives who have free access to all documents.

- The establishment of workers' committees in all concerns to control the running of the factory under workers' conditions.

- The establishment of the principle of work or full maintenance.

- The extension of the social services by the payment of adequate pensions, linked to a realistic cost-of-living index, the abolition of all means tests for the National Health Service and the development of an industrial health service.

- The expansion of the housing programme by granting interest free loans to local authorities and the right to requisition privately held land.

- Free State education up to 18. Abolition of fee paying schools. For comprehensive schools and adequate education in one single means test—for all university students.

- Opposition to all forms of racial discrimination. Equality rights and trade union protection to all workers and a programme of social reforms for all minority groups. Freedom of migration for all workers and to from Britain.

- Freedom to all colonies. The withdrawal of British bases and on the economic independence of the under-developed countries.

- The abolition of conscription and the withdrawal of all British troops from overseas.

- A Socialist foreign policy independent of both Washington and Moscow.

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