



Australian Marxist Review

Theoretical journal
of the Socialist
Party of Australia

- ★ *Development of the party*
- ★ *Foreign capital in Australia*
- ★ *Why a prices and incomes policy?*
- ★ *Wage restrictions not the solution*
- ★ *The arms race*
- ★ *25 years of the World Marxist Review*
- ★ *4th YSL Congress*
- ★ *The socialist economies*
- ★ *The STR in Australia*
- ★ *Accelerated Christian Education*

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Further necessary development of the Party

In February a discussion was held in Sydney under the heading of "Further necessary development of the Party". The following statement is a summary of the main points made in the report given to that meeting by J McPhillips SPA Central Committee Chairman.

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Last year marked the 12th anniversary of the formation of the Socialist Party of Australia. This year the party's Fifth National Congress will be held.

In our 12th anniversary year, a main feature of an extensive inner party struggle, spread over the previous two years, was the issue of what type of party was needed in Australia to develop and lead the struggle for socialism and the related issue of what type of party the Socialist Party of Australia should be.

In the period before the Fifth Congress, the question remains with us but in the different form of what steps are necessary for the further development of the party as a Marxist-Leninist party, the vanguard political organisation in Australia.

No one can deny that we have succeeded in maintaining in Australia a political organisation devoted to the cause of socialism and constituting a party of Marxism-Leninism as part of the world communist movement. However, we cannot be satisfied with our development and capacity.

It is therefore necessary for us in the pre-congress period to consider, decide on and take the steps necessary to further develop the SPA as a Marxist-Leninist party.

In the course of his struggle for a party of a new type, V I Lenin frequently referred to "professionalism" and "amateurism". He spoke of "professional revolutionaries" and in November 1900 wrote: "We must train people who will devote the whole of their lives, not only their

spare evenings, to the revolution; we must build up an organisation large enough to permit the introduction of a strict division of labour in the various forms of work.”¹

Lenin spoke about the need for all the work of the party, even the most menial and mundane tasks, to be carried out with a sense of professionalism.

No less than in Lenin's time, today's circumstances in Australia call for a professional approach to the struggle for socialism, for the development within the ranks of the party of a cadre force of professional revolutionaries and for all work to be carried out in the spirit of professionalism.

The “amateurism” and “circle spirit” to which Lenin referred has enjoyed a rebirth. This can be seen in the establishment of organisations such as the Australian Marxist Forum and in some aspects of the debate taking place in the Communist Party of Australia.

Basically, the further development and success of the SPA depends to a substantial degree on the extent to which our party is closely linked with the workers and plays, in its own name, a leading part in the struggles of the workers.

We need to attract to our ranks a much greater number of the best of the working class. This process is assisted by the activity of our party and that activity will depend upon our Marxist-Leninist capacity.

Three areas need urgent attention. One is the improvement in the quality of the work and leadership of the Central Committee and the functioning of the Central Committee headquarters.

The Central Committee functionaries must improve their capacity, both for political leadership and administration, and the capacity of all who work with and under the direction of the CC functionaries must be upgraded.

The three State Committees and the Sydney District Committee are the leading bodies responsible for the development of the party in the areas in which they function. Their political leadership and administrative professionalism must also be substantially improved.

Another important area requiring attention is party propaganda and publications, particularly *the Socialist* and the *Australian Marxist Review*.

In his concept of professionalism in the struggle for socialism and the type of party necessary to organise and conduct it, Lenin gave special emphasis to the role of a newspaper.

In addition to reporting events, *the Socialist* must analyse and reach conclusions about them, always bearing in mind the connection between such events and the total struggle to change the order of society.

This requires that the comrades who constitute the editorial collective for *the Socialist* should become expert in various areas and be able to present them with a Marxist-Leninist understanding of the issues.

Our paper must become such that party members and workers outside the party look for what *the Socialist* has to say on certain questions. The paper must become an authority for the party and the working class on a host of issues.

Associated with this is the urgent question of establishing *the Socialist* as a weekly paper so that it can better fulfil the role so essential for it in a party marked by professionalism.

This matter was raised at the Third Party Congress but has been little discussed since then. It is idle to talk about a weekly unless we develop the apparatus to handle it. But other parties, no better placed than us, produce their journals on a weekly basis and we must do the same as an urgent matter.

The area of our theoretical journal, the *Australian Marxist Review*, also requires urgent attention. There is little of professionalism in the fact that we produced only one issue in 1983.

From its beginning, the journal has not been published on a firm regular basis and that must be altered. To serve its purpose in association with the other party publications, the AMR must be published at least every four months and, if possible, every three months. The Central Committee must take the necessary steps to ensure that this is carried out.

This will require improvements in the work of the comrades in the AMR editorial collective and leading party members, everywhere and without exception, to write for the journal, sometimes articles suggested to them from the editorial board but frequently on their own initiative. Without this, it is shallow of us to seek to model ourselves on the concept of professionalism developed by Lenin.

Another matter in the area of propaganda and agitation is the need for more frequent publication of leaflets and bulletins. There are now only a very limited number of bulletins produced regularly and the need is to multiply this number several times over.

Every committee of the party is required to go into the question of producing bulletins on a regular basis to supplement *the Socialist* and the *Australian Marxist Review*. The paper, the theoretical journal and the bulletins are the three connected arms in the area of propaganda and education.

The third area in which there is need for improvement if we are to attract people to our ranks in such numbers as to make the party more effective is education.

The most elementary need is to provide a syllabus and recommended reading material. But this falls short of requirements if the only reading material recommended is that available at the time the syllabus is finalised. The need is for the education bodies to be constantly watching for fresh material to recommend to the various party committees and branches.

Experience shows that in many instances standard material is not properly understood unless it is related to current events and these are frequently recorded in documents available for reproduction. For example, on the question of the new democratic economic system much material published in various journals, including some sections of the daily press, is helpful — not so much by explaining as by validating our proposals. The same thing can be said about studies on a broader basis in the area of economics and philosophy. On these matters, much helpful material is published in international journals.

The Central Committee's Propaganda and Education Committee is required to arrange for various journals to be examined for material which will help in the study of Marxist-Leninist theory and to consider ways of making this available, either by reproducing it at the centre or by referring it to the various party committees.

The Central Committee, the State Committees and the Sydney District Committee must carefully examine the level of development of educational work in their areas and take steps constantly to press this matter forward.

We are in need of an increased number of professional revolutionaries in the Central Committee area but most particularly in the areas of the State Committees and the Sydney District Committee.

The first step is for the existing cadre force to improve the quality of its work, having in mind the concept of professionalism, and, to the extent possible, the quantity of its work.

However, we also need to add to our force of full-time functionaries both for purposes of political leadership and for the important associated technical work in every area.

This requires the whole party to develop a sense of the importance of the whole party itself, the importance of professionalism, and on that basis an intensified drive to increase party finances.

We have spoken about the need for the various sections of the party to send their delegations to the Fifth Congress with gifts in the form of successful accomplishment of tasks in the areas of recruiting, literature sales, finance and greatly improved functioning.

The congress will be greatly enhanced if the party as a whole can from this point onwards commence the process of developing the SPA on the basis of the concept of professionalism developed by Lenin which has served the revolutionary movement so well in the last 80 years.

1 "The Urgent Tasks of our Movement" in *Collected Works*, Vol 4, pp 370-371.

Some questions and answers on the

Foreign capital penetration of the Australian economy

Q. What is the overall volume of investments in Australia by national capital and foreign investors?

A. The late 1970s and early 80s inaugurated a new stage of penetration by transnational monopolies of the Australian economy, with the volume of private foreign investment mounting to an unprecedented \$6,500 million in 1980-81, \$10,000 million in 1981-82 and \$8,000 million in 1982-83.

In the post-war period this is the third such wave of foreign capital investment. The first, in the 1940-50 period, resulted from the economy's transition to a peacetime footing and development of the manufacturing industry. The second was marked by expansion by the mining monopolies attracted by the "raw materials boom" of the late 1960s and the early 70s. The latest wave was generated in large degree by a restructuring of the power engineering industry in the leading capitalist nations and was accompanied by further penetration by transnational corporations of the power engineering and raw material sectors in Australia. As a result total foreign capital investment climbed up to \$46,000 million by 1982-83.

At the current stage of the transnationals' expansion in Australia their role in capital accumulation has acquired a powerful dimension. The proportion between private foreign investment and gross capital investment in the economy has reached an all-time high in the post-war period — 21 per cent by 1980-81 and upwards of 25 per cent in 1981-82.

The state has been traditionally prominent in capital formation in Australia, with government agencies at all levels accounting for an average third of all capital investment in the post-war period. For

this reason a comparison between private foreign investment and total private investment is more revealing. This proportion added up to 43 per cent in 1980-81 and 52 per cent in 1981-82.

But figures alone fail to uncover the real significance of foreign investment in the Australian economy, since it tends to accumulate in the most critical sectors of the economy like the science-oriented sectors of the manufacturing industry crucial for the country's economic advancement and the raw materials industries which are gaining in importance in Australian exports.

Q. Apart from volume of investments can it be said that the placement of foreign investments in key/strategic industries gives it a dominant position?

A. A survey by UN experts has revealed that in the mid-1970s the plants of Australian companies controlled by foreign capital turned out 36 per cent of the manufacturing industry's output, being only second to Canada (56 per cent) in this respect.¹

The degree of foreign control in individual sectors of the manufacturing industry is well known and is evidence of the transnational's domination of the most vital sectors: auto-making (100 per cent), oil refining (90 per cent), basic chemical products (78 per cent), research equipment manufacture (52 per cent)², etc.

Significantly, the companies controlled by foreign capital are among the leading ones (see table), which is an additional factor determining their role in the economy. However, the top three most powerful Australian corporations are controlled by the native BHP, CSR, and OCL.

Foreign capital in major manufacturing companies, 1975-76

Leading	Controlled by foreign capital
12	7
25	14
50	24
100	47
200	86

Source: *Future Tense? Technology in Australia*, St Lucia, 1983, p 96.

Foreign monopolies have gained the most firm foothold in Australia's raw materials sector. In the mid-1970s foreign capital-controlled plants produced 55 per cent of the mining industry output, a figure practically on a par with Canada (57 per cent).³

What with the record-high inflow of foreign investment in recent years it is fair to say that Australia has now overtaken Canada in this respect.⁴ Just as is the case with the manufacturing industry companies, foreign mining corporations are among the leading ones. Of the four

major mining groups (Conzinc Riotinto of Australia, Consolidated Gold Fields Australia, the Western Mining Corporation and the BHP), two are controlled by national capital.

In the financial sector the position of foreign corporations differ from area to area. On the one hand, Australian capital is very much in control of the sector's major element, the trading banks, which account for one fourth of the credit system assets (exclusive of subsidiary savings banks and financial and insurance companies). During its last months in power the Liberal-NP Government of M Fraser announced provision of licenses to ten transnational banks, and this same proposal is being actively considered by the ALP Government.

Australian companies have practically a monopoly position among the life insurance companies, which play a leading role in the long-term capital market and whose organisational set-up, ie, mutual funds, guarantees them against assimilation by foreign corporations.

Foreign capital has firmly entrenched itself in general insurance companies, financial companies and merchant banks. But these institutions have a relatively insignificant share in the credit system assets, with the exception of the financial companies. Significantly, though they are on balance controlled by around 50 per cent by foreign capital the biggest of them are run by trading banks and are thus controlled by national capital.

We can conclude that foreign capital predominates in the critical sectors of the Australian industry. As for the financial sector, despite the great inroads being made into it by foreign monopolies, it is still largely controlled by national capital.

Q. What is the extent of co-operation/integration of national capital and foreign capital?

Can it be said that there is a national bourgeoisie in Australia — actual and potential?

A. Australian monopoly capital, while holding key positions in banking, transportation, community services and utilities and other non-industrial sectors, not only raised no obstacles to but actively promoted (using the state machine, too) a greater inflow of foreign investment in the nation's industrial sector. For Australian finance and credit bodies which funded assimilation of Australian companies by foreign ones and the emergence of new firms, the growth of foreign ownership spelled out more profits. For companies operating in trade, transportation, communal services and utilities the escalating foreign penetration of national industry resulted in them procuring cheaper means of production and higher demand for their services.

Many members of the Australian financial oligarchy received a higher education or were on special courses in Britain and the US. It is common-

place for leading Australian capitalists to hold key positions in companies controlled from abroad. To illustrate, CRA chairman and chief manager R Carnegie comes from a distinguished and well-heeled Victorian family. He was educated in the prestigious Geelong Grammar School and went through Melbourne University, Oxford and Harvard Business School. The board of the CRA directors included such members of the financial oligarchy as R Clark (director of ten companies and chairman of five) and W Vines (director of nine companies). Only two of 13 members of the CRA board of directors were British citizens.⁵

All nine directors of the Commonwealth Industrial Gases company, 58.2 per cent of whose shares belong to the British Oxygen Company, are Australians. Significantly, British monopolies have traditionally encouraged partnership with Australian capital, readily employing Australians in their Australian subsidiaries and selling large shares to local investors.

In the case of the subsidiaries of US monopolies in Australia, more often than not, all shares belong to the parent companies, but the Americans, too, are seeking to make more active use of members of the Australian wealthy class to advance their interests. Although Americans normally hold chief manager posts in the subsidiaries of US companies in Australia, the role of Australians among local managerial personnel is great. Data from the US Chamber of Commerce reveal that in 1971 Australians filled 76 per cent of managerial jobs in 125 companies in Australia.⁶

For instance, of the 12 directors of the Alcoa of Australia (51 per cent of the shares belong to the Aluminium Company of America) only two Americans represented the parent company, one of them chief manager. Among the Australians were R Baillieu, who came from one of the richest families with lots of interests in the Australian mining industry and a dominant position in the country's most powerful financial and industrial grouping, Collins House. Another is D Darling, an off-spring of a most distinguished family of industrialists and founder of the John Darling & Co merchant bank.⁷ Significantly, the Baillieu family is closely linked with the British monopolies. One of the family members, Clive, who died in 1967, was director of the Dunlop Rubber and the Midland Bank, and in 1953 was awarded a peerage. According to S Encel, this was a classical example of a British-Australian alliance between the financial oligarchies of the two nations.⁸

The merging of capital of Australian and foreign companies is very widespread in Australia. Australian industrialists would just be unable to make full use of the country's natural wealth on their own. They lack both capital and technical base. It is in collaboration with the transnationals that they are reaching their goals.

All Australian trading banks are integrated with transnational banks in special consortiums which finance the mining industry. Thanks to

its co-operation with ESSO the BHP is getting large profits from oil production in the Bass Strait, is a member of an international consortium opening up gas deposits in the north-west shelf area and a consortium mining copper iron in Papua New Guinea, as well as coal and iron and producing alumina and aluminium. There are many such instances.

The extensive intermingling of the interests of Australian and foreign monopoly capital results in the former acting mainly as a junior partner to the British and US tycoons. It would be wrong, however, to portray Australia's big business as a totally docile partner of the transnationals. The concord between them is not a show of its weakness but rather results from the fact that Australian capital is getting a rather big hunk of profits exactly thanks to its collaboration with international capital. In case their interests are being encroached upon and when foreign monopolies are taking too big a bite of the "pie", the Australian capitalists react fairly aggressively.

Demands by the BHP and the CSR to restrict the expansion of transnationals in Australia, mainly in the raw materials sector, are very well known. Twice in the 1960s and the 1970s government commissions led by CSR chief managers (the Vernon and Jackson commissions) recommended a set of measures restricting the rights of foreign monopolies, especially in the mining industry. Considering the fact that both the CSR and the BHP are after maximal profits from the new raw materials boom started in the late 1970s, their anxiety is quite well-founded. Indeed, the transnationals are taking control of the more promising industries. In this, the CSR goes beyond mere charges against the transnationals by actually joining the scramble for the country's raw materials and energy resources, doing that very aggressively and quite often more successfully than even such foreign giants as CRA.

A factor inhibiting a regeneration of the Australian big bourgeoisie into a comprador one is the absence in Australia of any clear domination by monopolies from any one of the big imperialist powers. A relatively balanced influence of the British and the US monopolies and the active penetration of the continent by Japanese corporations in recent years has afforded Australian capital definite room for manoeuvre. In this respect Australia compares favourably with Canada.

Describing the position of the Australian big bourgeoisie Australian scholar K Rowly noted that one part of it was associated with the US corporations, another was still closely involved with British capital, another section was integrated with the Japanese monopolies and still another was in opposition to them all.⁹

The attitude of the petty and medium bourgeoisie to the transnationals is more well-defined. In any capitalist country small proprietors are losing a portion of surplus value owing to the sway of the monopolies,

and where such monopolies represent overseas masters, anti-monopolistic protest is taking on a nationalistic nature. A case in point was the drive by the farmers' organisations in New South Wales and Queensland in 1981 against the buying up of Australian farming land by foreigners. One indication of the Australian bourgeoisie's discontent with the intensive penetration of the country by the transnationals was, in some measure, the policy of the government of G Whitlam to curb the expansion of foreign capital.

Thus in defining the "dependence" or "independence" of the Australian bourgeoisie one has to be aware of its many-sidedness and the dual position of the big bourgeoisie. Account should also be taken of the fact that certain periods see the predominance of trends towards integration with the transnationals while others are marked by trends towards nationalism. The latter engender conflicts within the ruling class which lead to a changing balance of political power as was the case when the G Whitlam government came to power.

Q. What is the extent of penetration by foreign capital of companies generally regarded as Australian, eg BHP, CSR, TNT, Western Mining, the banks? What is the significance (and source) of the large "nominee" shareholdings in these companies?

A. There is an opinion that foreign capital holds important positions in corporations regarded as Australian, like the BHP, CSR, TNT, Western Mining as well as trading banks. This point of view is grounded in the idea that a sizeable portion of the shares of these corporations are held by "nominee" shareholders and that these belong to foreign investors.

The significance of the nominees as shareholders is indeed fairly big and is steadily growing. Estimates by G Crough indicate that in 1979 they accounted for 11.3 per cent of the shares of 98 leading corporations registered on the stock exchange.¹⁰ Over ten per cent of the BHP shares belonged to three nominees and in the Western Mining Corporation four of the five major shareholders were nominees with 22 per cent of the shares.¹¹

In other words, given the wide scattering of the rest of the shares it could be concluded that the nominees are possibly centres of control over these corporations. Who, in that case, is the real master of the nominees themselves?

All principal nominees are subsidiaries of the leading trading banks. Australian legislation makes it impossible to determine the real owner of the shares at trust deposit with the nominees. The latter are in fact, a deposit for the property of companies, including foreign ones, which want to keep secret the degree of their penetration of Australia, as well as big capitalist wanting to conceal the real size of their wealth. Occasionally the shareholders instruct the nominee leadership on

how to use the right to their shares and sometimes make over all the rights to nominees themselves. Several surveys of the US scene indicate¹² that the banking trust deposit companies are on balance a tool for merging banking and industrial capital, ie, the banks are using their trust deposit companies for putting pressure on the industrial corporations.

It is probable that even though the foreign element is present and is quite big in the leading banking nominees,¹³ it does not have any radical impact on the management structure of major Australian corporations.

There are no detailed figures though, on the distribution of shares of the trading banks. According to a report by the Royal Committee for Enquiry in the Financial System, in 1935-36 78.6 per cent of the shareholding capital of Australian-based banks (with the head office in Australia) belonged to Australian subjects, 9.6 per cent to New Zealanders and 11.8 per cent to the British. The shareholding capital of London-based banks was distributed in the following manner: 20.6 per cent, 15.1 and 64.3 per cent.¹⁴ H Arndt emphasised that by the early 1970s the situation in that area, according to his estimates, changed only insignificantly.¹⁵ However, in the intervening years the number of London-based banks has steadily declined, and after 1977 when the head office of the Australia and New Zealand Banking Group (ANZBG) was moved from London to Melbourne none of them remained in existence. There are facts to prove that British owners are gradually selling their shares to Australians. In 1978, for instance, the British Barklay's Bank, ANZBG's second biggest shareholder (4.8 per cent of the shares), sold them all.

As we see it, the shareholding capital of the British holders in Australian banks, as well as in companies like the BHP and the CSR, is a capital of rentiers who take no part in running these companies. They are dominated by Australian capitalists. An examination of the composition of the boards of directors of such corporations is evidence that they are largely controlled by members of the Australian financial oligarchy.

1 *Transnational Corporations in World Development*. UN, New York, p 265.

2 G Crough, T Wheelwright. *Australia: A Client State*. Sydney, 1982, p 1.

3 *Transnational Corporations in World Development*, UN, New York, 1978, p 265.

4 In 1978 the M Fraser Government abolished a division of the Australian board of statistics dealing with foreign ownership and control. A strong public drive led to its re-opening in 1982 but fresh data was put out only in late 1983.

5 W J Bryt. *The Australian Company*. L, 1981, p 71

- 6 D W Carr. *Foreign Investment and Development in the South-West Pacific. With Special Reference to Australia and Indonesia*. New York, 1978, p 18.
- 7 W J Bryt. Op. Cit.
- 8 S Encel. *Equality and Authority*. Melbourne, 1970, p 379.
- 9 *Australian Capitalism. Towards a Socialist Critique*. Ed by J Playford and D Kirsner. Harmondsworth, 1972, p 278.
- 10 *Money, Work and Social Responsibility*. Ed by G Crough. Sydney, 1980, p190.
- 11 Ibid, pp 195-196.
- 12 See, for example, D M Kotz. *Bank Control of Large Corporations in the United States*. Berkely, 1978.
- 13 See G Crough, T Wheelwright. *Australia: A Client State*, p 98.
- 14 H W Arndt, W J Blackert. *The Australian Trading Banks*. Melbourne. 1977, pp 136-137
- 15 Ibidem.

Why a prices and incomes policy was needed

by Anna Pha

The development of the prices and incomes policy (the ACTU-ALP Accord) is not a new trend in state monopoly capitalism. While relatively new to Australia, it first appeared in Europe in the 1960s and has since spread to many European countries.

Such policies are an evolution of the economic and social functions of the state as advanced capitalism attempts to accommodate and stabilise rapid changes.

The development of the productive forces since the end of World War II, especially the effects of the scientific and technological revolution, has led to an intensification of class contradictions.

Since the Great Depression, bourgeois economists and governments have gone to great lengths to prevent further crises. But they did not succeed in preventing the present depression and, more seriously from their position, they have no cure or effective policies to bring about a recovery. It is now widely accepted that substantial levels of unemployment and inflation are permanent or long-term features of capitalist economies.

In the period before World War II and as the economy moved through successive production cycles, wages and prices also responded to what are often called "market forces." During periods of boom and full employment prices and wages rose, on what is known as an employees' market. During recessions, the same market forces operated and wages were reduced as unemployment rose. Prices also came down as demand decreased and employers attempted to maintain sales.

Since World War II several significant factors have affected the wage-price movements during economic cycles.

The post-war expansion followed by the scientific and technological revolution led to an unusually long period of growth and full employment or low levels of unemployment.

During this period prices continued to rise steadily. There were no periods of overall price reductions as in the pre-war period. In fact the employers were doing so well that they were able to make certain concessions in the area of wages and conditions which had the effect of alleviating the effects of some social contradictions and gave the illusion of benevolence. They were able to do this without harming their own interests and in fact reaped the benefits of increasing consumer demand.

The continuous price rises were, in part, due to the application of Keynesian economics. States adopted expansionary programs through inflationary budget deficits, thus using the public sector to stimulate the economy. Keynes' recipe also provided for a "gradual and automatic lowering of real wages as a result of rising prices."

In this way a direct monetary reduction in wages, which would be likely to be met with resistance from workers and their organisations, was replaced by an "invisible" but continuous erosion of wages. This meant that wage "rises" which had to be fought for would, in effect, really amount to partial catch-ups. Although 99 out of 100 wage struggles were merely to restore wages, the workers were, none-the-less, called "selfish" by the media, the state and employers for seeking "increases."

These changes in the economy have been accomplished by a marked shift in the policy goals of the ACTU. For many decades the ACTU sought unqualified improvements in living standards by a greater share of the national income being redistributed to workers. This called for a reduction of profits going to employers and a greater share of the fruits of their labour going to the workers. The position adopted in recent policy decisions has been one of keeping up with wage movements and sharing in productivity gains, that is, one of maintaining the balance of profits and wages.

At the National Economic Summit event that position was abandoned by ACTU officers who accepted the idea that there should be an increase in the proportion going to profits. It would be unfair to Keynes to give him all the credit for a policy of continuously raising prices as a means of reducing real wages.

Prices have also continued to rise because of the increased monopolisation of capital. This has enabled the monopolies to demand prices which have little regard to the costs of production.

In fact, during periods such as the present marked by reduced demand and over-production, the big monopolies and cartels find it more profitable to reduce output and retrench workers than to cut prices.

The traditional regulatory effect of market forces has now been virtually wiped out as price competition and cyclical price fluctuations have virtually disappeared.

These new developments brought with them a new set of sharpened contradictions. The gentle inflation, deliberately introduced with benefits of growth and an automatic although creeping reduction of real wages, got out of control. Inflation of prices is now an endemic monster, causing insurmountable problems to the capitalists and the state, as well as to the workers.

One effect of the permanently rising prices was the intensification of the demand that wage rates should keep up with price movements.

Inflation was now making long term planning for companies and the government impossible and balance of payment problems were intensified by the varying rates of rising prices in different countries. The Fraser LNCP Government, adopted restrictive "inflation first" monetary and fiscal policies and deliberately sought to reduce wages and increase profits claiming that this would lead to more investment and more employment.

The capitalists see economic recovery being achieved through growth, by way of increased productive investment. But before investing their accumulated wealth, the capitalists want guarantees of high profit returns on their investments and expect to be able to plan towards these ends with some certainty. This is a rather ironic desire from the advocates of the glories of the "free enterprise" system.

The Fraser medicines did not work. New measures were needed to stimulate the economy without fuelling inflation. The climate to encourage investment is seen as one of industrial peace and minimum wage costs.

Intervention by the state in these matters had previously been limited to the secondary stage of decision making such as before commissions, through taxation, etc. The new idea was to intervene, not only at these later stages, but at the very beginning, at the point where decisions are made. A prices and incomes policy aims to extend control over wages and to gain industrial peace and co-operation from the trade union movement towards these ends.

There is an underlying chain-of-aims which involves industrial peace through trade union collaboration and goes like this. Wage restraint or wage reductions lead to a growth of profits. This will lead to increased investment with lower costs and an expanded scale of production (new technology). The lower labour costs lead to relative price stability, improved competitiveness (with overseas competitors), a growth in exports, general economic growth and more profits. The workers' reward for their part of this scheme is said to be more jobs.

This chain-of-aims was clearly spelt out by Mr P Keating, Federal Treasurer, at the 1983 National Economic Summit. He spoke of:

- ★ The need for a “concerted national effort” and a “commitment — to solving common problems”;

- ★ “This deeply entrenched deterioration in performance of the Australian economy is not unrelated to confrontationalist processes of income determination that we have increasingly adopted”; the need to replace confrontation with consultation and consensus;

- ★ Policy objectives to include, “reasonable wage and price stability”, “balance of payments viability”, while the “key to sustained recovery lies with the private sector”;

- ★ The need to provide “incomes and prices moderation”, and a “stable environment for private sector investment decisions”;

- ★ Concern at the “low economic growth, high unemployment, low profitability, high inflation and interest rates and periodic balance of payment problems...”, and “a loss of international competitiveness... compounded by an acceleration in our rate of wage cost increases relative to those of our major trading partners.”

Similar views were expressed by leaders of business and the ACTU leaders at the economic summit. For example, Mr Kelty, ACTU Secretary said that “enterprises need to make a profit and, in the current environment, may require profit increases to establish increased employment.”

The similar position adopted by the employers and ACTU leadership was so noteworthy at the summit that Rod Carnegie (Managing Director of the transnational CRA) was moved to say: “This afternoon I sat and listened to two incredible speeches by Paul Keating and Bill Kelty.” He went on to say he felt encouraged about the future — no doubt about the future profits of large corporations such as his own.

The participants, with only a few exceptions, echoed Hawke's call for consensus and co-operation, for wage restraint and an end to conflict. For its success, a prices and incomes policy depends on the co-operation of the workers in restraining wages and abandoning the class struggle in favour of class collaboration and industrial peace. Class collaboration by unionists involves putting the interests of the opposing class first, that of the capitalist class rather than those of the workers.

In return for collaboration the working class have been sold such illusions as “worker power”, “intervention”, “participation in economic planning”, a health scheme, tax reforms, repeal of anti-union legislation, etc. The social gains offered in return for class collaboration were, in the main, already ALP policy and could have just as easily been gained without any contract. Furthermore, there is considerable doubt whether many of the promises will ever see the light of day. While

the prices and incomes policy promised a reduction in direct taxes, the 1983-84 Budget saw them increased by 14 per cent.)

The "human relations" and "social partnership" doctrines, such as prices and incomes policies divert workers from the class struggle to defend their own interests and sell the concept that capitalism has changed, that workers and employers now have common objectives and interests.

Prices and incomes policies do not change the relation between capital and wage labour. The private ownership of capital continues and the exploitation of the working class by the capitalist class does not lessen.

The Accord, the main objective of which is wage restraint and an abandonment by the workers of class struggle, gives the endorsement of the ACTU to a reduction of the share of national wealth going to workers. But greater profits brought about by wage restraint do not guarantee new investments and will only cause more hardship for the workers.

The outcome of the National Wage Case with previously unheard of restrictions imposed on the trade unions, confirms the view that the main aim of the Accord was to rigidly restrain wages and limit the opportunities for the trade union movement to fight for the interests of their members.

Wages are the only element of the economic equation which have been effectively limited and controlled. Prices and profits will not be controlled. Non-wage incomes will not be effectively regulated. Interest rates will largely be determined by the private banks. The promises made about taxation before the elections have already been broken.

Despite the reduction in real wages brought about by the wage freeze there is no real sign of an increase in investment. Unemployment levels remain high.

The Accord is one of the biggest "con" jobs ever put over the working class of Australia.

Wage restrictions will not solve problems

by Jack McPhillips

A pause in the process of increasing wage rates or a freezing of wage rates at current levels will not reduce prices, lower the level of unemployment or contribute in any way to a solution of the problems affecting Australia's or the world economy. Proposals aimed at a wage pause or freeze are forms of "fake" and the wage restrictions contained in the ACTU-ALP Accord fit into the same category.

Prices are not determined by the level of wages. The actual value of a commodity (a "good") or a service or the market price of any commodity or service is not determined by whether the commodity is produced or the service is rendered by high or low paid workers. A pause in the process of wage fixation or assessment or a freezing of wage levels will not of itself either raise or lower the level of prices.

For example, the level of wage rates paid in Australia to workers involved in the various areas of the aluminium industry have risen but the world price for aluminium has declined. Much the same can be said in relation to other sections of the minerals industry.

Price levels are determined by a number of factors, including the drive for maximum profits, the state of the market (ie supply and demand) and monopoly price fixation. The latter is a major factor in today's circumstances.

Wage levels can and do affect profit levels and that fact is behind the proposals for a wage freeze or pause. This is not hidden and the most frank of the wage pause proponents make clear that their purpose is to reduce real wages, reduce living standards and boost the level of profit.

These proponents include the Australian Conciliation and Arbitration Commission which, applying a wage pause to Federal awards in its

decision of December 23, 1982, said: "The Commonwealth repeatedly emphasised that any acceleration in the growth of labour costs is likely, in current circumstances, to fall primarily on *reduced profitability* and thus a slower employment growth and increased unemployment." Setting out features of what it called "a depressing picture," the commission said: "The *share of profits* has fallen sharply in the year to the September 1982 quarter."

Submissions to the commission in support of a wage pause by the Commonwealth, Western Australia, Tasmania and the Northern Territory (at that time all anti-Labor Governments) included the following: "If the present *wage/profit* imbalance is not reversed, deterioration in the economy and employment levels will be worse than necessary and ultimate recovery will be unnecessarily slow."

The "reasoning" is based on the assumption that in the private sector of the economy, the increase in profit resulting from the restriction of wage payments will in turn and necessarily result in increased investment either in capital equipment, ie machinery and building, and/or the employment of additional labour. But such investments, in either area, do not follow automatically from higher profit levels. Investment is made solely for the purpose of maintaining and/or increasing profit or necessarily in anticipation of profit at a later date.

Current economic circumstances do not encourage or even warrant extensive capital investment except to a certain extent in areas of the resources industry. Furthermore, much of the investment is for purposes of technology application and that is aimed at reducing the volume of labour employment. Investment in any form is not determined by the level of wage rates. It is, in all circumstances, determined by the availability of a market for the goods and services produced or provided as a result of the investment and the prospect of further profit.

Consequently a restriction on wage levels, in no matter what form, will merely lower the purchasing power of the workers affected and increase the level of corporate profits and of course the main beneficiaries are the areas of big business. It will not of necessity increase employment.

A further line of "reasoning" in connection with wage restriction proposals related to making industry competitive. Wage restriction, it is said, is necessary to enable local producers to compete on the home market with imported goods and on the international market with goods produced by other countries.

In the first place, the problem today is not related to a capacity to compete within a given market but is related to the inadequacy or total absence of an available market both at home and abroad.

In the second place, competitiveness is not determined solely or mainly by the level of wage rates. It is affected by labour productivity and acceptable profit levels. Labour productivity is mainly a matter

of the organisation of labour, the level of development of the means of production and, in today's circumstances, the application of high level technological development.

The exchange value of labour power and its market price is, for a number of reasons, higher in Australia than in some other countries and as a consequence, the proportionate distribution of the results of economic activity between wages and salaries on the one hand and profit on the other hand differ. The higher exchange value of labour power in this country as compared with some other countries, described as competing countries, is due mainly to the development over time of higher socially acceptable and attainable living standards.

Its higher market price is due to the level of development of labour union organisation and the preparedness of employers to concede union demands. This in turn is dependent upon the existence of certain circumstances in which they are able to recoup the losses to profit resulting from wage increases by means of price increases. Hence the talk of so-called "cost-push" and "demand-pull" inflation (ie price inflation).

This does not mean that price increases are caused by wage rises nor that prices rise only in periods of wage increases. Price rises are the direct result of capital taking advantage of favourable market circumstances to obtain the maximum return possible, irrespective of the level of wages paid to workers.

Some indication of a variety of causes giving rise to price increases is contained in a price index published in the *Australian Year Book* which "links" five official price indices used during 1901 to 1948-9. The index is the current Consumer Price Index (CPI). Using 1911 as a base year, this linked index shows:

- ★ an approximate rise of 15 per cent between 1901 and 1911 with the index being substantially steady during each year of that period.
- ★ a ten per cent increase in 1912, no increase in 1913, a slightly more than three per cent rise in 1914 and then, with the outbreak of World War I, prices taking off and increasing by slightly more than 30 per cent by the end of the war in November 1918.
- ★ slightly more than a 28 per cent increase in the next two years regarded as the years of a post-war boom, a 16 per cent drop over the next two years (the first years of the post-war decline) and then a steady rise and fall up to 1929 — 5.5 per cent increase over a period of seven years.
- ★ a 22 per cent drop between 1929 and 1933 (the years of economic depression), a slow upward movement till 1939 with a 15 per cent increase over six years to the beginning of World War II, a 22 per cent increase over the period of the war years (1939-45) with the index reaching its 1920 level for the first time again in 1947 — a period of 27 years.

★ a 28 per cent increase in the first four post-war years, 85 per cent rise in the 1950s (this decade included the period of the Korean War and the first six years of the abolition of automatic quarterly adjustment of wages), 27.4 per cent increase in the 1960s (again a period of no quarterly adjustments but of annual national wage cases), 154 per cent increase during the 1970s (this decade included the period of the Vietnam War and the restoration of a form of wage indexation commencing early 1975), 10.2 per cent increase in the first year of the current decade. (The latest figure available for this "linked" price index is for the year 1980).

★ In the 22 years during which wage indexation was abolished — 1953-1975 — the index shows prices rising by a total of 146.5 per cent.

★ In the period between 1933 (the latest year of the Great Depression) and 1980 (the latest year of this "linked" index), prices fell infinitesimally in two years (1944 to 1962), remained stationary in only one year (1945) and increased by varying degrees in every other year.

★ In the period covered by this "linked" index (1901-1980), prices rose by a total of 1,700 per cent. They fell by varying amounts in 12 of those 80 years and remained static in five different years. In every other year of the period, the index reveals a rise in retail prices by varying amounts.

This period was marked by two world wars and two regional wars in which Australia participated (Korea and Vietnam), a world wide depression and several — probably not less than nine — periods of lesser crises, a period of wage reduction (1931-34), two periods of wage controls (the two world war periods), 22 years without wage adjustments to meet price increases and six years (1976-81) during which the overwhelming proportion of wage rises occurred by reason of forms of adjustment based on CPI measured price increases.

Those adjustments were made in consideration of price rises which had already occurred long before the wage adjustments were made. In those six years, prices rose by 65.4 per cent.

With such a variety of factors affecting the economy and such a variation in the extent of the movements of the price index, it is obvious that wage levels could not have been the sole or even the main cause of the index movements or their variation.

In Australia in a period of wage pause, short time working and voluntary reduction of earnings, prices have continued to rise, unemployment has increased, bankruptcies have continued, plants have closed and private sector investment shows no signs of picking up.

The wage restriction imposed by the Australian Arbitration Commission in its 1983 national wage decision and acquiesced in by the ACTU will not contribute in any way to overcoming any of the economic problems confronting the nation.

Responsibility for the arms race

by Bob Pointer

In this contribution I intend to deal with the question: Who is responsible for the arms race, for its initiation, continuation and now for its massive acceleration? Failure to find the right answer can only result in a total inability to deal with the situation with which we are confronted. If one accepts without question the oft-repeated claim that all the activity of the industrially advanced capitalist countries in building up more and more armaments is to meet the "Soviet threat," then one cannot understand the arms race nor will the nuclear holocaust be prevented.

So what does the claim of a Soviet threat mean, if indeed it has a meaning at all? The Soviet threat is really, for those who use the term, the threat of socialism, socialism victorious on world wide scale, the total elimination of capitalism from the face of the globe.

How will this come about? It will *not* come about as a result of a massive military attack by the socialist countries on what remains of the capitalist world for this would, in fact, be the third world war, the nuclear holocaust, of which every sane person on earth lives in dread. For socialism the advent of socialism on a world wide scale will open the doors to the solution of all major problems confronting humanity. How could this possibly be accomplished on the smouldering radioactive nuclear ruins that would be left, even if any of humanity was left alive to do it?

No, it will come about because the people in country after country opt for ending capitalist rule and the ruinous capitalist economic system and establishing the socialist society of their choice in its place. This process is inevitable and the process is accelerating as more and more people are able to see with their own eyes the inability of capitalism to solve problems such as unemployment, inflation, high interest rates, the increasing division

between poor and rich, inadequate housing, mass hunger and disease in large parts of the world, the unequal economic relations between rich and poor nations and so on.

The striving of the imperialist nations headed by the USA for military superiority is to enable them to stop this process, by force of arms if all else fails, and if a suitable opportunity presents itself, to deal such an overwhelming military blow at existing socialism that they can re-establish undisputed domination of the world. This is the main cause and purpose of the arms race.

Let us go back into history, to the beginning of this century, when imperialists felt so secure in their positions that they were able to dispute with each other over the division of the world by way of colonies and spheres of interest, disputes which ultimately led to the first world war.

What they did not realise was that that conflict would mark the beginning of the end. The older imperialist powers like Britain and France were considerably weakened by it. American, Japanese and, in spite of being the defeated nation, even German power was relatively increased.

However, something else happened. A socialist revolution, the first successful socialist revolution, took place in the last country anybody expected it, in Russia, and there began at that time the general crisis of capitalism, a crisis which has extended and deepened ever since.

Many consequences flowed from these events, chiefly the great acceleration of the revolutionary movement in all countries and the birth and growth of the national liberation movements in the colonial countries.

But what was the immediate reaction of imperialism? To the extent they felt necessary, they buried their differences and combined in an attempt to drown that revolution in Russia in blood. Fourteen capitalist nations sent armies to defeat the Russian revolutionaries. They also drowned in blood an attempted revolution in Germany and did the same thing to the revolutionaries in Hungary.

We saw demonstrated in practice the way in which imperialism intended to deal with the people of any sovereign nation which decided to reject capitalism and embark on the creation of a socialist system of society.

Yet another attempt was made to bring down the only socialist country when Germany under Hitler was aided in every possible way to build up the strength to hurl his armies against the Soviet Union. Of course Hitler first bit the hand that fed him by attacking other imperialist countries in Western Europe.

The decision of the Americans to manufacture the atomic bomb was not dictated by the need to have such a weapon to finish off the already crumbling Japanese attempt at imperial domination in the Far East. It was intended to make the USA the most powerful military power in the world and to contain socialism, hopefully, to destroy it.

And so began the post-war arms race. It was not until the late 1940s that the Soviets developed their own nuclear weapon, ending the USA's nuclear monopoly. Ever since then it has been the United States which has developed new weapons first, with the Soviet Union responding some years later. There is no single case of the Soviet Union initiating new weapons.

After the atomic bomb came the hydrogen bomb, then the inter-continental strategic bomber to be followed by the missile-armed nuclear submarine. Next was the nuclear-powered aircraft carrier, a field the Soviets have not yet entered, then the multiple independently targeted re-entry vehicles. One of the most horrible creations, the neutron bomb, was only finally decided upon by Reagan with as yet no response from the USSR. In every case, the USA led the way, the USSR catching up later.

Even when it comes to quantity, the story is the same. The total strike power of the weapons at the disposal of the USSR has never exceeded that of the USA, let alone the combined strike power of the NATO countries. In fact, it was not until the late 1960s when the Soviet Union had finally demonstrated its ability to match the USA in the field of weapons production, both in quantity and sophistication, after the "containment of socialism" policy had been dealt a heavy blow by the American debacle in Vietnam, that the USA acknowledged the existence of rough parity and agreed to proposals from the socialist states to enter into discussion to put a stop to any further development.

But, you might ask, why must there be an arms race at all? What is the explanation for the USA's constant striving for military superiority over the USSR which leads the USA into the development of one new weapon after another, one new means of delivery after another and ever new weapons systems?

The answer is to be found in the reaction of the imperialist powers to the first successful socialist revolution and the attempted revolutions in Germany and Hungary. The fact is that imperialism has always seen armed force as a means of achieving its political objectives in the field of foreign policy.

The most blatant enunciation of this policy comes from the mouths of the present incumbent of the White House and other members of his administration who bluntly speak about the defence of American interests in all parts of the globe. They insist upon their right to intervene in the internal affairs of any country if it suits their purpose — and their purpose is the right of American capital to move in and exploit any situation for profit.

That being the case, action on the part of the people of any country to reject capitalism and to establish a socialist system is seen by the present rulers of the USA as the ultimate sin to be prevented by any means, including the use of armed force. There are many examples of this — in Vietnam, Honduras, Guatemala, El Salvador, Nicaragua and Afghanistan.

Nicaragua and Afghanistan are two sides of the same coin. In both cases, the peoples of those countries have risen in rebellion against repression, poverty and backwardness and have defeated the reactionary forces and taken over the government. In both cases, the US leaders backed reaction and after their defeat, immediately set to work to regroup the reactionary forces in a neighbouring country where they could operate freely to organise attacks upon the new regime.

In these circumstances, it is the duty of progressive forces throughout the world to render assistance to those countries. The Soviet Union renders such assistance, has always done so and will always do so. That is why it is hated by imperialism, that is why imperialism unceasingly endeavours to achieve military superiority and hence the main explanation of the present day arms race.

The point is, however, what to do about it? Can the arms race be slowed or stopped or reversed so that disarmament becomes the order of the day? The answer to that question is, yes!

There is no technical reason why agreements cannot be reached between the contending parties to halt the arms race and then to go over to reductions with the objective of complete nuclear disarmament and the elimination of all weapons of mass destruction. *Providing the desire and the will is there on both sides, this can be done without the security of either side being reduced in any way.* This is absolutely proven by the agreements which **have** been reached during the past 25 years and particularly by the agreements arrived at during the 1970s, the best known of which are SALT I and SALT II.

These agreements were undermined by the then reactionary forces who adopted the attitude, "better dead than red." They gained the ascendancy in the US and elected Reagan to the presidency. However, this does not mean that they are without opponents. The nuclear freeze forces in the US have gathered together no little strength. In ten States at last year's Congressional elections, a simultaneous referendum was held for or against a nuclear freeze. It was carried in nine out of the ten. More any more voices are joining the struggle for peace throughout the world. The struggle is now assuming the proportions of the anti-Vietnam war struggle but it will need to get stronger yet.

The threat of war **can** be averted. The nuclear maniacs of this world are not great in numbers but they are economically very powerful. The potential forces for peace are overwhelmingly more numerous. To win, the numbers must be persuaded to be active and they must be united against the nuclear maniacs.

The position of those who wish to place equal blame on the USA and the USSR for the arms race objectively aids those who are propelling us towards the nuclear abyss. They ignore the facts.

The wrath and the activity of those who have an interest in the preservation of peace on this planet must be directed against those who are responsible, recognising the enormous contribution which the Soviet Union makes to the fight for peace and not rejecting the socialist countries as a most important ally in this struggle.

25 years of the *World Marxist Review*

Banner-bearer of scientific socialism

September 1983 marked the 25th anniversary of the commencement of publication of the international journal of the world communist movement, the *World Marxist Review*. The Socialist Party of Australia has forwarded to the Editorial Board of the WMR a message of congratulations marking this occasion.

Volume 1, No 1 issued in September 1958 included an article "from the editorial board" indicating the purposes of the journal. The article opens with the profound declaration: "Historic events of world-wide importance are taking place on our planet.... These historical changes confront Marxist-Leninist thought with new problems. It is to help in the elucidation and elaboration of these problems that the publication of the journal *Problems of Peace and Socialism* has been undertaken." (*Problems of Peace and Socialism* was the first name given to the journal. The edition received in Australia is called the *World Marxist Review*.)

Other quotations from this article, well worth noting include: "The journal *Problems of Peace and Socialism* considers the propagation and further elaboration of Marxist-Leninist theory to be its main task.

"The journal *Problems of Peace and Socialism* considers it its paramount duty to fight against all expressions of bourgeois ideology and first of all against revisionism, the main danger to the communist movement in present day conditions. The journal will at the same time fight inplacably against dogmatism and sectarianism, which may also represent the main danger at particular stages of the development of one party or another. Problems of the struggle for peace and friendship between all peoples will have a special place in the columns of our journal.

"The journal *Problems of Peace and Socialism* sees its purpose as that of helping to strengthen the unity of all peace-loving and democratic forces, to develop contacts and co-operation between communist and socialist parties; so as that of propagating the principles of proletarian internationalism which the advanced workers of all countries hold sacred, the principles of friendship and co-operation between people."

In 25 years of monthly publication, it can be said with truth that *World Marxist Review* has consistently and persistently pursued these purposes.

There are other features of this first issue which in today's circumstances make interesting reading. The process of an exchange of opinion between representatives of the various communist and workers' parties has been a regular, and in many respects a main feature of the publication.

That was also a main feature of the very first issue and of considerable interest is the fact that the subject matter for the "exchange of opinions" in this issue was *Economic Crisis and the Working Class*. The exchange of opinions was opened by a leading scholar of the Soviet Union, A M Rumyantsev.

The *WMR* quotes from the professor's introductory remarks which included the following: "The world capitalist economy remains shaky and unstable... the capitalist economy is bound to encounter new deep slumps and crises." (These remarks were made in September, 1958.)

"Since the end of last year, the barometer of the capitalist economy has fallen. The leading country of present-day capitalism — the United States of America — is undergoing a periodic crisis of over-production. The US crisis has also told on the economies of other capitalist countries. The facts showed that, despite the hopes and feigned optimism voiced by leaders of the capitalist world, the current crisis phenomena have by no means run their full course and their consequences will for a long time continue to affect the world economy and international relations in various ways.

"The instability and sporadic nature of the development of the capitalist economy affects the position of the working class. Recent months have seen a substantial increase in unemployment and the reduction of real wages and workers' living standards in the USA, Canada, Japan, Britain, Australia, Latin America and a number of other socialist countries.

"The growth of economic and social difficulties in the capitalist world is also exposing the myth of "social peace" and "class collaboration" between labour and capital. We may recall the great efforts made during recent years by the monopolists and their reformist hangers-on to blunt the militancy and class consciousness of the workers and undermine the unity in action and solidarity of different sections of the working class with the aid of "paternalism," "social partnership," "human relations,"

etc. How much effort was exerted to convince the workers that "universal welfare states" had been created in the developed capitalist countries. Today it is no secret that the capitalists want to take advantage of the current drop in industrial output to launch heavy attacks upon the working class and its achievements and to undermine the organised labour movement."

That reads as though the remarks were being made today and had in mind the ALP-ACTU Accord and the Hawke Government's National Economic Summit Conference and its Communiqué.

Of special interest for us is the presence at this discussion of a representative of the Communist Party of Australia, L Aarons, who was then a leading officer of the CPA. His reported remarks contain the following opening: "Storm clouds are gathering over the Australian economy, bringing grave economic difficulties, unemployment and reduced living standards and the threat of economic crisis. Production is declining in several important branches of industry and there is stagnation in some others."

The edition of the *WMR* (No 9, September 1983) continues the traditional attention given by this journal to major economic theory concepts. It contains an article by Laurence Harris, Professor of Economics in Great Britain, dealing with *Monetarism: Economic and Class Content*. Drawing upon contemporary experiences, the article examines the monetarist theory on which a number of capitalist nations base their economic policies and demonstrates its faults on the theoretical basis of Marx's political economy.

In the period between Vol 1, No 1 of September 1958 and Vol 26, No 9 of September 1983, the *WMR* has paid constant attention to providing information and views on important aspects of political economic theory. This material has been of great benefit to communists in all countries, no less in Australia than in other capitalist countries.

In the intervening 25 years, the capitalist world has undergone a series of crises, culminating in the present crisis of a special and devastating character — the most serious from every point of view since the so-called Great Depression of 1929-33.

All this bears out what has been repeated many times over by communist parties throughout the world and particularly by the *World Marxist Review*: that capitalism continues to become increasingly more unstable and, carrying within itself the seeds of its own destruction, is heading for demise.

Nobody writing for the *WMR* ever suggests that the world system of capitalism will collapse of itself, simply under the weight of its own inherent contradictory features. All the writers emphasise the need for Marxist-Leninist theory, scientifically based as it is, applied to the concrete situation of all countries to develop the struggle for the overthrow of capitalism and its replacement by the system of socialism.

The Socialist Party of Australia has renewed an association with the *World Marxist Review* broken by the revisionist leaders of the CPA. The Socialist Party of Australia is in contact with the Editorial Board and articles have been provided for the journal from members of the SPA. The October 1983 issue carried an article by the SPA General Secretary, P Symon, on the question of Federal elections and the situation in Australia.

The *Australian Marxist Review* takes this opportunity of congratulating the *World Marxist Review* and all concerned upon the splendid work it has performed in the last quarter century and looks forward to closer association with and more active participation in the production and distribution of the prestigious journal, the *World Marxist Review*.

Features of the 4th YSL Congress

by Spiro Anthony

The second part of extracts from a report to the July 1983 meeting of the Central Committee of the Socialist Party of Australia.

★ ★ ★ ★ ★ ★

It is well accepted in the youth league and in the party, that much more attention needs to be given to working class youth and in particular, young industrial workers. Congress elaborated ways in which the YSL should give more emphasis to the problems of working class youth, draw more working class youth into the organisation and help them play a more significant role in the youth league. Progress in achieving these objectives will contribute greatly to the work of the youth league and the party.

Does this emphasis mean that the YSL is ignoring youth from other social classes? Not at all, and in fact congress strongly affirmed the need to study the problems of whole sections of youth — unemployed youth, high school students, university students, young employees, migrant youth, etc. — and to act upon the problems experienced by such youth. Within these sections, there are middle class and even bourgeois youth.

The key question is not whether the YSL acts for working class youth or whether it acts for all youth, but how the YSL can act in the interests of working class youth in a way which influences all youth to struggle against the monopoly capitalist class.

Essentially, the way to approach this matter is to give working class solutions to the various problems of youth. This approach of giving working class solutions to youth problems is the same concept we use when we talk about applying internationalist solutions to national problems, giving political solutions to economic problems and when we talk about advancing the peace movement by promoting socialist perspectives.

So it is not a matter of one or the other but a matter of developing and applying one to help achieve the other.

In the youth area, it is a matter of applying working class solutions to the problems of the different sections of youth and to the common problems of youth. In other words, the YSL fights for the rights of young people by advancing the interests of working class youth and the working class in general.

In order for the YSL to pursue this strategy and influence the masses of youth in Australia, it is vital that the YSL strengthen its appeal to working class youth. The YSL must try to have working class youth in the forefront of youth struggles around all sorts of problems and find the right ways to link up the struggles of young people with the working class movement.

Comrade Triantafyllos pointed out to us that the Communist Youth of Greece really started to develop a mass character only when they concentrated on winning working class youth and because of this they now have considerable influence among youth from various social backgrounds and youth in all kinds of situations.

We can see that the serious problems which developed in the student movement here and overseas in the late 60s were due to a large extent to insufficient attention to the position of working class students and a failure to link up student actions with the working class movement, such that middle class ideas were allowed to predominate. There are other examples, such as migrant youth in Australia, who have been seen mainly as a section on their own, without adequate analysis of their class affiliations or any real political understanding of the need to consolidate working class migrant youth within the YSL.

To this extent, the youth league must be assisted to make class analyses in all its mass work and to avoid both errors of ignoring or underplaying the position of working class youth or concentrating on working class youth to the exclusion of other young people who could and should be won to our side.

“Learn to struggle, struggle to learn”

This slogan of Lenin was prominently displayed in the congress hall and the very important messages of the slogan were emphasised during the congress.

The ambiguities of the English language serve to highlight the various meanings of the slogan, all of which are relevant. It can mean: learn theory in order to be able to struggle, try hard to learn, learn the practicalities of struggle, and by being active in struggle you learn.

Congress reported on the good attention given to political education in branch classes and cadre schools and the participation of YSL members in party theoretical classes. Decisions were made to extend political education in the league and the continued assistance of the party in this regard is much needed.

However, a special point was made at congress that a pre-occupation with theory divorced from practice is not only useless but harmful to the organisation.

One could imagine how the youth league could easily be alienated from young people through an obsession with classroom learning of theory at the expense of practical activity, if cadres were assessed purely on their knowledge of classical theory, if excessive standards of theoretical knowledge were set for prospective members and if important organisational tasks and activities were held back until members were judged to be highly theoretically advanced.

Indeed, with the youth league properly connected to the party, youth league members are able to receive the theoretical guidance of the party without feeling that the youth league itself must be a master of theory. It is even not necessary for the youth league to worry about formulating general policies on national and international issues because the youth league adopts the policies of the party. The main thing here is for YSL members to understand these policies and learn how to apply them in the youth area.

One of the meanings of the slogan which needs a great deal more attention in the youth league is learning *how to struggle* and, more particularly, how to struggle in the conditions that exist today. Practical activity and practical experience is absolutely essential for this kind of learning.

It could be said that the learning of how to struggle will be a deciding factor in whether the YSL can make significant advances in the coming period. Many practical objectives were set at congress — mobilising youth in the struggle for peace, organising unemployed youth in the fight for jobs, setting up student unions at high schools, organising youth in the trade unions, campaigning for migrant youth rights and so forth — all of which involve organisational skills, tactical skills, initiative, leadership and the ability to put forward effective, politically sound solutions.

The YSL must be amongst the youth, but not just acting spontaneously or following the actions taken by other young people. The YSL has to study the actual problems experienced by young people, how the capitalist class actually manipulates young people and what actual possibilities or alternatives exist for young people in the present situation — and come up with clearly defined YSL programs of action.

In this regard, the youth league has seen the necessity to set up departments with members who can specialise in the study of particular youth problems and make recommendations to higher bodies on how the YSL should act. Much attention will be given to cadre education, especially in the training of members to carry out organisational tasks in connection with mass work.

In fact, the organisational decisions taken at the congress have the primary purpose of shaping the whole of the youth league so that it is geared up to wage campaigns and struggles around youth problems.

It is true that learning how to struggle is and always will be a problem for our youth league, for any youth league and for any party. Yet this is a task that the YSL is determined to get on to now, and break new ground for our movement. In this respect, the advice, guidance and experience of party organisations will be invaluable at this point of time.

I wish to conclude by saying that the youth league members are right behind the party. Let's take the next big step and help the youth league mobilise not hundreds but thousands of young people to support the party.

“Crisis” in socialist economies

by Bill Briggs

Hannah Middleton, writing on *Bourgeois Propaganda* (AMR No 9), delivers a blow at the convergence theory currently in vogue among some Western theorists.

If we look further at the idea being propounded in some influential quarters of a world wide economic crisis and even, as quoted by many as a *crisis in the socialist economy*, we can see that this attack by H Middleton hits at the very heart of one of the main thrusts of the ideological subversion of imperialism against the world socialist system.

Had the bourgeois theorists rephrased their allegation to read a crisis *of* the socialist economy, it may well have made a deal more sense. The strength of the world socialist system does present a crisis for the bourgeois thinkers. For them it becomes a question of how best to counteract the achievements of real socialism in the eyes of the West and particularly the working people and how to portray the deep rooted economic crisis in the capitalist system as part of a world wide one.

For anyone who chooses to look, even briefly, at the figures coming from both the CMEA (socialist) countries and from the advanced capitalist countries, it becomes immediately obvious that the noisy claims of both a world wide crisis and a crisis within the socialist economies are a myth.

Why then, does the West attempt to get away with such barefaced lies and why, at this particular point in time, are these theories getting such space and publicity?

It is no coincidence that the West began to push this particular line of ideological attack as their own economies dramatically deteriorated during the late 1970s and early 80s.

The myths bandied about so freely in the West fit admirably the social order of monopoly capitalism. Their purpose is to interpret the West's economic crisis as part of a world wide phenomenon, without exposing the essential deficiencies of capitalism. The anti-socialist forces are always ready to attack socialism, so these ideological forces foster the idea that both East and West, both socialism and capitalism, are bedevilled with identical problems.

This becomes an effective means of putting the brakes on class struggle — after all, the crisis is unsolvable so what is the point in struggling?

If it can be accepted that the term *economic crisis* means reduction in the volume of production and capital investment, the growth of unemployment and deterioration of living standards, then clearly the Western capitalist economies are in deep crisis. But can the same be said of the socialist community?

The following table shows the rate of *growth* of the national income and gross industrial output of the socialist states between 1981 and 1982.

	National Income Percentage rise	Gross Industrial Output Percentage rise
USSR	3.4	3.0
Bulgaria	4.3	4.9
Hungary	2.0	2.2
GDR	3.0	3.0
Romania	2.6	1.1
Czechoslovakia	nil	1.0

This hardly indicates a crisis. On the other hand, with the exception of Japan, the leading capitalist countries all decreased their volume of production due to the current crisis.

The fixed assets in production increased, on average, in the socialist countries by over six per cent in the same period, while the developed capitalist world showed an average decrease of over seven per cent in investment in production.

There is no unemployment in the socialist world. In the OECD countries, there are now more than 30 million jobless with OECD estimates pointing to a rise to 35 million by the end of 1984.

The other indicator, that of declines in living standards, shows once more where the crisis lies. Real wages grew, on average, by more than four per cent in the fraternal socialist countries in the period between 1981-82, whereas the leading capitalist countries averaged a 1.5 per cent drop in real wages.

To attempt to sell the idea that the economic crisis is a world-wide one is an attempt in deception. This is clear. The superiority of the

socialist economies is patently obvious and yet the deception has reached far and wide in the West, even to many who ought to know better (including the AMFSU and MUSAA — see H Middleton, AMR No 9).

It is a fact that the economic growth rates of the socialist countries have slowed. This is explained by Western analysts as being a consequence of "structural deficiencies." Again this is an attempt at deception.

In the post-war period, the socialist economies grew rapidly. By the beginning of the 1970s, in the case of the Soviet Union, its economic potential had reached such a level that its normal functioning and continued growth demanded a rapid development of the resources in the east and north of the country. Projects such as the Baikal Amur Mainline and the development of oil and gas reserves in eastern Siberia called for massive capital investment. The economic benefits of these will be felt in the immediate future.

The one socialist state that is an exception is Poland. The reasons why Poland has not kept pace in these fields are apparent enough. The reasons why the West concentrated so heavily on Poland are also quite clear.

The realities of the situation (and they are realities that cannot be argued against) are that there are now competing social and economic systems and that one system is wracked by crisis and the other is marked by security and growth. The superiority of a socialist economy over a capitalist one is indisputable. History has shown that and life continues to prove it.

Bourgeois propaganda must be overcome for it controls the very thoughts of a vast percentage of our population. It is one thing to see and understand. This is the first important step. The next vital step is to successfully explain.

The scientific and technological revolution in Australia and the general crisis of capitalism

From a lecture delivered to an SPA school

by L Kiek

The painful effects of the scientific and technological revolution (STR) are being felt in Australia. In Telecom, a program appropriately called AXE, threatens the jobs of 90 per cent of the workforce. Employment in many industries is being drastically cut, and whole industries are being wiped out.

A recent press report indicated that the automatic banking arrangements to be put into supermarkets threatened all those smaller financial institutions, credit unions etc, which were not capable of providing such service. The result would be increasing monopolisation.

An increasing scale of production is made necessary by the huge capital investment in the car and whitegoods industries for example. It is necessary to spread the initial cost of tooling up across a much larger number of units produced, and it is necessary to recover the investment quicker because the machines become obsolete quicker. Consequently, Australia's market is proving too small for motor vehicles and the concept of the "world car" has come into being. Thus production is internationalised.

Industries like the transport industry, and now whitegoods, are being transformed and new skills are replacing old ones. Of course, wheelbarrows still persist in a world of bulldozers, and typewriters continue in a world of word-processors. But the main stream of production has changed and is changing at an ever more rapid pace.

To a person without the compass of Marxism-Leninism, these are all just worrying happenings, or a personal disaster. Those who understand historical materialism see this apparent confusion of events as following a pattern, a law-governed process. In the past, men obeyed

the laws of political economy without knowing it, just as the cells of their bodies obeyed the laws of chemistry. Now we know about the laws of chemistry, we are able to control our cells to some extent. We eat food and chemical preparations with some knowledge of the results. Now, we also know about the laws of society. Socialism consists in using these laws for the benefit of the majority — the working people.

We know that the nature of a society is heavily involved with its productive forces — nature, man and his machines and, especially now, his skills and knowledge. Science and technology have now become part of the productive forces, in a new way which justifies us speaking of the STR. The first aeroplane was made with existing materials and mainly by lucky guesswork, what we call “cut and try” methods. The Concorde was made with materials specially developed to withstand temperatures and stresses calculated beforehand, and built in accordance with the laws of aero-dynamics. So applied science has become a productive force, which greatly accelerates the speed of development and brings a new dimension to production, the research dimension. There has been a qualitative change, comparable to the domestication of animals.

The conclusion that science and technology are a productive force shows that, in itself, it is not a class phenomenon. It operates irrespective of who owns it. A capitalist silicon chip and a socialist silicon chip may be interchanged. In just the same way, a feudal windmill and a capitalist windmill may be identical. The STR makes the same demand for redeployment of the workforce, for increasing size of the firm, for increasing scale of production and for internationalisation of production in socialist societies as it does in capitalist societies.

The difference is the way in which a socialist society responds, compared with a capitalist society. When we speak of the STR, we speak not only of the technical innovations, but we also speak of the effects in society. Computers or uranium do nothing of themselves, it is men with power and with class orientations who put computers and uranium to work.

Let us go back a little in the history of technology. When the iron plough and the harnessed draught animal was first used in Europe, slavery was the predominant mode of production. But the new technology could not be used effectively by slaves, who had no interest in the welfare of the animal or the preservation of the machine. Roman society could not cope with the new technology, and it perished, to make way for the system of serfdom, whereby the worker was still exploited, but in a lesser degree. He had to be given an interest in his work.

When the growth of the market and the invention of machines to produce industrial goods developed, serfdom became unable to cope.

The worker had to be freed from restriction on his movement and capitalism came into being with the slogan of "liberty" and "equality". The worker had to bargain for his wage on the market.

So now, when all production in key areas is computer-planned and inputs and outputs finely regulated on a huge scale, capitalism can no longer cope. The regulation by profits and the market no longer works because of monopolisation and the scale of things. The master must be removed; he is an anachronism. Only a centrally-planned economy can handle the STR. Capitalism has to give way to socialism.

Socialism is able to handle the redeployment of the workforce, retraining for new work; socialism can handle the concentration of industry in an organised way; socialism can handle internationalisation without ruining the smaller economies of brother socialist countries. It has developed a system for reaching fair agreements between countries for the international division of labour.

Under capitalism, on the other hand, the STR is taking place against the general background of the general crisis of capitalism and the system is doubly unable to cope. Let me explain how this works.

Until 1914, capitalism grew and grew; it spread throughout the world. For example, some of you have seen the fort on the waterfront at Malacca, bearing the inscription 1514. This was a relic of the first coming of capitalism to Malaya, when the Portuguese traders under the leadership of Albuquerque forced their goods into the country. By 1914, the whole country had been occupied, roads, railways, rubber plantations and factories covered the land. So everywhere, the world had been conquered for capitalism. The whole world had become a milch cow for the capitalists.

But the whole world was not enough; the British and French capitalists, first on the scene, had grabbed the most; the German capitalists had little. So World War I came about for "a place in the sun" for Germany, as the Kaiser put it.

The result was not successful. The German capitalists lost even that which they had, and one sixth of the world (the Tsarist empire) was torn from the clutches of all capitalists. British and French capitalism were seriously weakened, both financially and morally. Thus began the first stage of the general crisis of capitalism. Great monopolies had flourished during the war and the price mechanism ceased to work as before; the Great Depression developed.

The excluded German capitalists were joined by others — Italian and Japanese — and made a second bid to redivide the world, and hopefully, destroy socialism as well. This resulted in an even greater disaster for capitalism, and the second stage of the general crisis began. The colonies broke out of the imperial system — India was the first. A number of other countries took the socialist road and

more took a socialist turn. Fifteen fully socialist countries came to provide 40 per cent of world production. The old methods of controlling world affairs and milking the colonies no longer worked.

(Comrade Kiek goes on to describe some aspects of the third stage in the general crisis of capitalism and then concludes by comparing the capitalist solution to the Socialist Party solution to problems raised in his lecture and as these problems apply to Australia.)

For us, in Australia, two paths are mapped out. Each path corresponds with the interests of each of the major classes, the capitalists and the workers.

The first path is the capitalist path, the road of Fraser and Hawke. It leads to ruin for the workers, and eventually to the common ruin of all, the ruin of our country. This path has been described and set out in detail in the reports of the Crawford Committee, the Campbell Committee and the IAC. The members of these bodies were mainly business men appointed by Fraser, but they also included some renegade trade union people, including Bob Hawke. They made no secret of what was intended. Maybe they thought we would not read their documents.

Governments are to abandon controls on the currency, abandon controls on trusts, abandon controls on banks. They must play a supportive role, even a "come-on" role, supplying cheap power, free roads, etc, to entice the monopolists. This is just what conservative and right-wing Labor governments are doing. Big business, of course, does not reciprocate. Almost no warning is given for shut-downs and stand-downs. SA Premier Bannon got three hours notice of the last batch of GMH sackings.

The alternative is proposed in the 4th Congress documents of the SPA and, so far as they set it out, we are all familiar with it. What we need is more control, not less. The monopolies must be brought to heel and dispossessed. The STR must be harnessed and necessary changes planned with an eye to all the resources involved. That especially includes human resources so that none is wasted or spoiled. It calls for comprehensive planning and, eventually, socialism.

Naturally, the capitalists are against all that, and only a powerful mass movement can enforce that course. It is a road of bitter struggle and clashes, not the slippery slope of Hawke's consensus. It is also a hard road, which will involve some sacrifices.

Accelerated Christian Education

by Tom Gill

Government funding of private schools was first introduced into Australia by Menzies in order to win the Catholic vote. Labor was not slow to follow his lead and now vast sums are dispensed to private schools with minimal regard for how the money is actually used. Once a school is registered by a State government, it becomes eligible for government funding and the policy has certainly been detrimental to the State systems of education. The issues involved are of great importance and have been taken up by teachers' unions and parents' organizations.

It is worthwhile, however, to leave the broader issues for a while and look more closely at one particular group of schools which has recently been attracting some attention. These are the fundamentalist Protestant schools which use a system of education known as "Accelerated Christian Education" (ACE).

In the Melbourne metropolitan area, they are concentrated in the outer eastern suburbs such as Ringwood, Nunawading and Vermont. In 1981 there were 17 such registered schools of this type in the area¹ and most, if not all, of these schools were founded since the introduction of government funding.

These schools teach an extreme form of fundamentalist Christianity, including a belief in the literal truth of every word of the Bible. At the present time, such an education program must call for special educational techniques. ACE uses programmed education, the children being isolated in small booths or carrels for a substantial part of each day where they work from specially prepared booklets.

The student answers questions and passes small tests, proceeding at his/her own pace — the system is referred to as "self-paced" instruc-

tion. It is capable of producing results and as far as the ACE system is concerned, the standard of education in mathematics and English grammar seems quite high, presumably since neither of these subjects receives much attention in the Bible.² The booklets teaching grammar are, nevertheless, copiously illustrated with Biblical texts and allusions.

However, as one might expect, some of the worst aspects of ACE concern the teaching of science. Fundamentalist Christianity is incompatible with science on two grounds — first because of its denial of facts discovered by scientific investigation and second, its opposition to the scientific method itself. The following quotations from an ACE booklet on elementary science dealing with the creation illustrate this.

“Man’s Theories. Many people do not believe God’s Word. They do not believe that God created all things.... However, these people were not present when everything began. They can only make blind guesses. They have no way of knowing if their guesses are close to the truth or not...

“The problem each of these scientists must face is that they were not present at creation. They have no way of knowing what exactly happened. Moses, the man God used to write Genesis, was not present at the creation either; but God was. God told Moses what really happened at creation.³

This material is intended for pupils at the earlier levels of secondary education. It is clearly designed to instill ignorance both of the findings of science and its methods. Obviously, to carry on education along these lines, any tendency to original thinking or investigation must be firmly suppressed.

Thus the statement quoted — “They have no way of knowing if their guesses are close to the truth or not” — can only be taken seriously if you have no idea at all of the kind of scientific work (in theory or observation) that has been devoted to theories of the origin of the universe or its age.

It is hard to see how an ACE school could equip students for a university career even if its syllabus fitted HSC requirements. Nor is it easy to see how English literature could be studied seriously in the light of the puritanical restrictions of a southern Baptist morality. (ACE originated with a group of Baptists in the southern USA.)

The headquarters of ACE are in Lewisville, Texas and most of the programmed material comes from the USA with the result that a great deal of the material must be considered as unsuitable for Australian children. However, a certain amount of local Australian material is added where the American content would be patently absurd.

The US influence is seen not only in the educational material but in the clearly expressed intention to give the students a politically conservative orientation. The discouragement of critical thinking and the acceptance of absurd beliefs in the religious field make it so much easier to accept equally absurd beliefs in the fields of economics and politics.

Religious bigotry goes hand in hand with political reaction. Concentration on the teaching of the New Testament epistles leads to anti-semitism, the maintenance of the inferior position of women, opposition to trade unionism and the rejection of any effort for the betterment of one's class as against one's personal advancement. All this is possible, in the case of intelligent children, only because of a mindless discipline and isolation from a wider community of people and ideas.

Recently criticism has been directed at ASIO because of its close links with a foreign "intelligence" service, the CIA. It is just as bad to find our schools linked with a foreign system.

When looking at the ACE schools, it must not be forgotten that other narrow and reactionary groups are being subsidised by government funds. One extreme example is the Hari Krishna schools; another, not so extreme, is provided by the very orthodox Jewish schools. All these schools, based on religious cults or sects, have three things in common; the isolation of their pupils from the community, a reactionary political attitude and an anti-scientific outlook.

How can the situation be remedied? Unfortunately the damage was done when the subsidising of religious and private schools first began, the first blow at the separation of church and state. Both Labor and Liberal governments are afraid of losing votes or of being accused of religious persecution. However, there are signs of an increasingly critical attitude on the part of the press and Senator Ryan, the Federal Minister of Education, recently made the following comments:

"It's a very delicate balance between the liberty of parents and the rights of children. The rights of children should not be infringed by parents' choice, and we accept that as a society....

"So we are a society that accepts collective responsibility for the welfare of children and I think that must extend to the type of education they get."⁴

Most conservatives and many progressive people accept the proposal that parents have an inalienable right to chose the type of education for their children and some, particularly the Catholic church, claim that the state should finance or subsidise this, whatever it may be. The example of the ACE schools should make these people think again.

Some of even our most reactionary politicians would, I think, protest at children being taught that the world is quite flat and that the sun is a small object just a few miles away. But children *are* being taught things which are quite as absurd and the government directs the taxpayers' money to assist in this.

Until we have changed the social system, error will continue to be taught but even under a system which puts a premium on deception, we should find allies in the labour movement and even among the ruling class who would oppose the teaching of complete nonsense.

- 1 Melbourne *Age*, 27/4/1981 in an article entitled "Bible Belt Spawns a Different Breed of School."
- 2 As far as I know, the only mathematical statement in the Bible gives a rather rough estimate of the ratio of the circumference of a circle to its diameter (*1 Kings, VII, 23*).
- 3 These two quotations are selected because they illustrate the attitude to science. Any of the dozens of absurd questions set for the pupil could also have been quoted. These include: "How did God make light?" "From what did God make Adam?" "What was God creating when He created day and night?" etc.
- 4 Melbourne *Age*, 29/3/1983.