

# SOCIALIST REVIEW

NEITHER WASHINGTON NOR MOSCOW, BUT INTERNATIONAL SOCIALISM

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SIXPENCE

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## THE INDUSTRIAL STRUGGLE

We are going to press four days after the snow-ball engineering strike started, eleven days after the ship-builders came out, one day after the ship-building employers were met with a flat "no" to their offer of a five per cent. increase in wage rates, with strings attached.

But even now, before the end is in sight, the Labour Movement has been able to learn some of the home-truths that have been left on the shelf for almost a generation of industrial "peace" and "coexistence." Younger workers especially are learning some of the things that their fathers can never forget.

Firstly, if we want something the bosses don't want to give even if it is only an "offer," we can get it through direct strike action.

Look at the record. The engineering employers said "no." No pay rise, no offers, no arbitration, not even discussions with the unions. They came into the struggle fully determined to force a showdown. They have been preparing the showdown for more than a year.

In January last year, they appealed through their financial press for three-quarters of a million unemployed—the Banker, the Economist, the Financial Times all came out with the magic figure of 750,000. In February, the British Employers' Confederation lashed out at a number of boards of nationalized industries, including the National Coal Board and the Transport Commission, for conceding wage advances to their workers. In May, the Engineering and Allied Employers' National Federation set the pattern for the redundancies that followed the Tories' credit squeeze by reminding federated firms "that there was no nationally agreed redundancy procedure" and that "it was not desirable for any management to adopt any procedure designed to share the responsibility for decision on redundancy" (Times, May 24, 1956).

Later that month, "encouraged, said the Times (June 1, 1956), "by the appearance of underemployment in some sections of the industry," the Federation announced the rejection of a wage claim from the Confederation of Shipbuilding and Engineering Workers' Unions even before it had been presented. They then swung into the attack at Standards, BMC and, most recently, Briggs and Fords.

Yes, they were certainly preparing for a showdown, for a "no offer" year and to hell with the consequences. But when it came to the test, and especially when it came to seeing the tremendous solidarity of the shipbuilding and engineering workers, they knuckled under. "No discussions" turned into "discussions"; "no arbitration" became "arbitration"; "no offers" became "five per cent."; and "no pay rise" is sure to become "five per cent. plus." That is the power of direct action.

The second lesson to be learned from the strikes a lesson that a great number of Labour MPs still have to learn—is that the Government is no umpire. As soon as we climb into the ring with the employers we find it's a two-to-one battle.

What could be better for the bosses than a Government that does the work of cutting living standards without anyone having to go to the expenses of a lock-out, or the risks of wage-cuts? A Government that cuts food subsidies, raises rents, mutilates the Health Service, raises prices of school meals and children's milk; one that, having created unemployment and short-time working, filches unemployment benefit from workers on short-time; one that uses Admiralty tugs to blackleg on striking dockers—such a Government is a bosses' tool, not an impartial arbitrator as many of our Labour MPs seem to believe.

What sort of arbitration can we expect from such a government? Neither the Industrial Court nor the Industrial Disputes Tribunal publishes the reasons for their decisions. The independent members—the ones who make the decisions—are independent only from working-class influence. All five of the Industrial Court are barristers. Of the seventeen appointed members of the Industrial Disputes Tribunal, twelve are barristers, three professors and one Principal and Vice-Chancellor of Glasgow University. The one who seems to have had the most industrial experience is Professor H. S. Kirkaldy—he, at least, was Assistant Secretary of the British Employers' Federation from 1929 to 1939 and then General Secretary of the Iron and Steel Trades Employers' Association. Just the type of jobs for a Tory industrial arbiter!

Faced with such effective and obvious collusion between the industrial lions and the Tory jackals, the job of the Labour MPs is not to press for Government arbitration. Bevan did no great service by suggesting that the Minister of Labour appoint an "independent person" to hear both sides in the shipbuilding dispute. Trade-union MPs have rejected the proposal outright—now that the union leaderships have been forced to weigh in in the fight, they know that the addition of a government umpire only makes it more of an uneven battle.

The job of the Labour MP is to bring all his political craft to bear in support of the strikers, now or at any time in the future. Expose the Tory Government; lay bare the collusion between Capital and Conservatism; show the sham in Tory "objectivity"; and forge a link between the workers mobilized in the industrial struggle and the political aim of getting rid of the Tories now!

That is the third lesson taught by the strike, even in its first week.

And the fourth lesson is this. If the bosses and their Tory ministers could not harness us to their "opportunity state" this time, they will meet failure with more extensive preparations for the future. Our only weapons are mass solidarity and the knowledge of the union rank and file of our aims. The job of the leadership is to expand this knowledge, to forge this solidarity. As yet little has been done in this direction.

Why were there so many abstentionists in the BMC strike last Summer? Why did only 500 out of Sheffield's 35,000 engineering workers turn out to hear Confed. leaders outline the case for this year's tremendous strike? (reported in the Manchester Guardian, March 18). Why was the decision to strike met with some apathy on the part of the ranks who suffer the consequences and on whose enthusiasm success depends? Why, finally, are branch officials and shop stewards amazed at the solidarity shown so far and tend to think that it is only because the strike promises to be a short one?

There has been too much complacency at the top. Union and Party leaderships have taken the mass membership too much for granted. Too little has been done to bring home the issues at stake through massive propaganda and education. Until this is rectified and until the Labour Party really becomes the political wing of the trade union movement, relying on the union membership for its strength and constantly giving guidance in the things that effect this membership, the initiative of the rank and file will be hampered by bureaucratic obstruction on the part of the leadership and the initiative of the leadership will be blunted by the apathy of the rank and file. The united front of capitalist employers and capitalist politicians must be fought, but it can only be fought effectively when each arm of the movement knows what the other is doing and when both are packing the punches of a militant working class, conscious of its aims and power.



"That's not short change, lady, the price went up again before I got to the till!"

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### THE CP's EASTER CONGRESS

By John Mann



# IRISH POLITICS TO-DAY

By Patricia Rushton

- former executive member, Irish Labour Party
- former editor, "Irish People"
- present secretary, Movement for Colonial Freedom

There are two real issues in Irish politics today; the partition of the country and the high rate of unemployment and emigration. These two problems are inextricably interlinked and the two Governments (Fine Gael and Fianna Fail) which have alternated in office to the South since the treaty, having failed to solve the first problem have therefore failed to make any impression in the second.

Partition, in the name of protecting the minority has viciously attacked the welfare of the majority, and has created more evils than those it set itself out to cure; and the evils it created are now used by Ulster Tories as an excuse for the perpetuation of partition.

Geoffrey Bing has pointed out that the exclusion of the potentially radical working class from the North-East has been a grave loss to the country as a whole, and has undoubtedly contributed to the colouring of constitutional practises on the South along purely Catholic lines. This, of course, is one of the reasons why the Church holds so much power in the South . . . and that power is now used as an argument as to why partition should continue. Even before it was enacted, partition was attacked by socialist thinkers in Ireland, who realised the harm it would do the working class both sides of the border. James Connolly wrote in 1914:

### Prophecy come true

"Such a scheme would destroy the Labour movement by disrupting it. It would perpetuate in a form aggravated in evil the discords now prevalent, and help the Home Rule and Orange capitalists and clerics to keep their rallying cries before the public as the political watchwords of the day. In short, it would make division more intense and confusion of ideas and parties more confounded."

Everything that Connolly prophesied has come to pass. With the workers divided reactionary Governments have

ruled in Ireland on both sides of the border. The result is an unemployment rate in Southern Ireland of over 66,000 (8 per cent.) and an emigration figure of approximately 40,000 a year. In the "successful" North the unemployment figure is over 25,000 (5½ per cent.) and the emigration figure is estimated by the *Economist* at about 5,000 a year.

### Death of a Labour Party

In the South the passions and personal bitternesses aroused by the civil war obscured real social and economic issues for a number of years. In addition, Irish Labour lost its constructive socialist thinker when Connolly was executed. Larkin was out of the country during the Rebellion and on his return personal feuds between him and other Labour leaders, prevented the Trade Union movement from becoming the militant progressive force it should have been after the emergence of the new state. In these circumstances it was easy for purely nationalist leaders to gain control and the country had the alternate rule of Fine Gael and Fianna Fail to the present day. Both are conservative in their approach and since Fine Gael has moved a little to the conservative Left and Fianna Fail a lot to the conservative Right, there is little difference between them, except in name and personality.

The Labour Party, which one would expect to offer a constructive Socialist approach is not Socialist, even in name. It has departed so far from the principles of its founder, James Connolly, that it abjures the title of Socialism and even more so its philosophy. It finally shifted permanently to the right by its coalition with Fine Gael in the recent Government and it has been difficult to distinguish any separate Labour policy for some years past.

### Independent Protest

In these circumstances the high poll in the recent Irish elections was a surprise and even more surprising was the political maturity shown by the electorate in putting in progressive candidates wherever they could find them. For instance, the contempt of the people for Labour's watery approach was shown in Dublin South Central, where Roddy Connolly, a son of James Connolly, standing as a Labour Party candidate, was defeated by Jack Murphy, a young unemployed worker, who campaigned as an Independent on the Irish Trade Union Congress's excellent nine-point programme to end unemployment. Here the respected name attached to the untrustworthy Labour Party was rejected in favour of the more militant approach of the Independent. (This seat, incidentally, was previously held by James Larkin. One of the few respected "progressives" in Irish politics, Larkin refused to stand for the Dail on this occasion. While his excuse was the volume of his Trade Union work, it is generally believed that he wanted no further part in another coalition Government.)

In Dublin South Central, Dr. Noel Browne, famous for his courageous

stand against the Church over his Health Bill some years ago, and turned down by Fianna Fail as a candidate, stood as an Independent. He won his seat, getting more votes than ex-Fianna Fail Minister, Sean MacEntee. An interesting point about his campaign was the tremendous support he received from the workers in his constituency. Many members of the Labour party worked in his election rooms and it is no secret that the Labour party is considering expelling the best part of the Dublin movement because of its support for him.

In Dun Laoghaire, Lionel Booth, a Protestant Fianna Fail candidate, who had been writing to the *Irish Times* condemning Co. Council discrimination against Trinity College, defeated the sitting Fianna Fail member and won the seat from the Fine Gael candidate.

### Meaning of elections

These results make it quite clear that the fear of the influence of the Church in politics shown by all the political parties in the South is greatly overrated. The people are quite willing to vote for progressive candidates where they can find them. If the Labour Party had a genuine Socialist policy and had run a militant campaign based on the TUC programme, they might have been returned in greater strength and would certainly never have suffered the heavy losses they did.

Seen in this light, Fianna Fail's overwhelming victory of 78 out of 147

seats is obviously not so much a vote for Fianna Fail policy as a vote against the ineptitude of the coalition office. The high vote gained by Sinn Fein (they put up 19 candidates, got 65,000 votes, and won four seats; none of their candidates lost their deposit), is not so much an indication that the people back a policy of armed force against Ulster, but that they realise the importance of Partition in Irish life and are willing to support those who keep the question alive. If Sinn Fein had any social and economic programme to offer, and if they had not made it clear they would not enter the Dail, they would have received much more support.

### Need for Socialist policy

The main lesson of the election is that the people want a progressive policy and will vote for it where they find it. It is the duty of the Labour movement to put forward a radical policy and on it to build a socialist party in the South of Ireland. Until that is done no progress can be made towards solving the problem of Partition, and no progress can be made towards solving the running sore of Irish life, unemployment and emigration.

The Trade Union Movement in Ireland has shown itself much more politically aware than the leadership of the Irish Labour Party. If progress is to be made, the rank-and-file of the Labour Party must replace the present leadership with men of more militant character and greater integrity. If it then offers to the people a radical policy based on the T.U.C. programme it will have some hope of building a strong opposition and eventually a Government. It could gather to itself the more socially and economically aware members of the present Sinn Fein, and all those progressive independents who have come to the fore because of the failure of the Irish Labour Party to fulfill its historic duty.

## Labour's "bye-bye" to the Tories

By Owen Roberts

The catalogue of Tory set-backs in recent by-elections reads like a travel agent's guide to Britain. From Beckenham through the alphabet to Wednesbury, Tory votes have slumped and majorities have slimmed into almost microscopic proportions in many cases. From the half-a-dozen or so by-elections in past months the Labour Party has succeeded in gaining two seats; but in all cases the voting returns have revealed a smaller percentage of the poll for the Tories and moral victories for Labour.

The slide rule and graph paper experts have spent a great deal of time analysing these results in purely statistical terms and from their examinations they have extracted what to them seems the central feature of these by-elections. Tory set-backs, they say, are primarily due to absentions on the part of people who previously voted Tory but who in these by-elections have withheld their votes as a demonstration of no confidence in the Government and parallel feeling about the Labour Party.

There is undoubtedly an element of truth in this. Many earlier Tory supporters, particularly among the middle-class, have lost a great deal of the faith they had two years ago. Victims of the Tory propaganda—and in particular Butler's extravagant claims about rising living standards—they have become disillusioned by the outcome of events during the past eighteen months or so. The result is that they have temporarily withdrawn their support from the Tories without transferring it to the Labour Party.

But to make this premise the central feature of an analysis of recent by-election trends overlooks several important features. In at least three of the by-elections—Camarthen, Leamington and Beckenham, the figures indicate a definite swing to Labour in real and

absolute terms. In these places the drop in Tory support was accompanied by increased support for the Labour Party; the inescapable conclusion being that people in these areas were sufficiently fed-up with Tory policies to transfer their votes to Labour.

This occurrence, in three by-elections held this year, should be sufficient to warn Labour supporters against falling into the obvious Tory propaganda trap that the swing away from the Government has been purely negative in terms and holds out no prospects for a Labour victory at a general election. The emphasis which has been placed upon this so-called negative aspect of the by-elections by the Tories is merely an attempt to dampen the growing enthusiasm for an immediate general election which is now growing apace within the Labour Party. And the readiness with which some Labour leaders are prepared to subscribe to similar views is another indication of their timidity and unwillingness to wage an all-out struggle for power now.

Another fallacy currently being created in some Labour circles is that Labour gains in recent by-elections are due to improved Party organisation following the Wilson probe set in

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## WHAT'S ON IN LONDON?

### NCLC Socialist Forum :

Sunday, April 7, Jack Mitchell, AEU shop stewards convener at Briggs, speaks on Briggs and the Present Industrial Struggles.

Sunday, May 5, an expert will speak on Mao's China. Meetings held at 7 p.m. at the Prince of Wales, Bishopsbridge Road (near Paddington Station and on bus routes 7, 15, 27, 36).

### Socialist Review

discussion on Tory Economic Policy and the Budget, 8 p.m. at the Labour Party Rooms, 142 Royal College Street, N.W.1. (A few minutes walk from Camden Town Underground station.)

### Sunday School for Socialists

every Sunday evening at 7 p.m., at 30, Hamilton Terrace, London, N.W.8. (Buses along Edgware Road.)



## FORUM

One of the major divisions between Left and Right in the British Labour Movement today concerns the future role of nationalization. The Right, armed with its New Thinkers, Rethinkers, Consolidators, etc., are prepared to call a halt. They believe that Socialism consists of a Mixed Economy, a Welfare State in which the Government—even a Tory Government!—tempers the admitted 'excesses' of private capitalism, runs a few (bankrupt) industries and, for the rest, allows and even aids private capitalism to get on with its job of profit-making.

The Left points to the fact that capitalism is by nature chaotic, unstable and ruinous to human lives and feelings. That it cannot be controlled so long as the control of the means of production is in the hands of a small class of people which is not answerable to the whole community for its actions and decisions, although these actions and decisions affect each one of us. The Left sees the solution to this competitive chaos in planning the economy by the community as whole in its own interests. Essential to such planning is social control of production, that is, the nationalization of heavy industry, the banks, insurance and the land under democratic control.

The argument is often conducted without reference to facts or experience. The following article shows that even in the heyday of the Welfare State, between 1945 and 1951 when the Labour Government was in power, capitalism was barely tempered; whatever restraints were imposed on the behaviour of capital and the capitalists were almost always self-imposed. It ought to be useful in the great debate in the Movement.—Editor.

# CAPITALISM, SOCIALISM and the "MIXED ECONOMY" — By Michael Kidron

British capitalism came out of the war very much weaker than it went in. Capital at home and abroad was destroyed or worn out. The Labour Movement in the country had strengthened immeasurably. If capitalism was to survive, it had to organize itself more effectively and come to terms—to some terms at least—with the organized workers knocking at the door.

Capitalism in Britain solved its problems for the time being. It gave up, not without a sigh and a struggle, many of the hall-marks of *laissez-faire*, the old free-for-all. It winced as the Labour Government pulled some of its teeth and filled others, but it had no choice. There was no other dentist available at the time.

On the other hand, it saw to it that it was not going to remain toothless. The big businesses, the monopolies that had always been very much integrated with the State, integrated even further. Business came closer to government, government closer to business—and the mixed economy was born. Many in the Labour Party gave it their blessing.

## Arguments pro and con

In order to satisfy socialists that the Mixed Economy—part nationalized and part private—is a step towards socialism, the mixed economists must prove (a) that the private capitalist is under the control of the community and that evils of capitalism—exploitation, insecurity and everything associated with them—are done away with; (b) that private capital is subordinated to a national plan and; (c) that this national plan is operated in the interests of the community as a whole and not for the benefit of capital.

Nobody would dare to point to Tory Britain and say "there it is, control has passed from the hands of the capitalist class to those of the workers." But out on the Right of the Labour Movement, the Thinkers are busy piecing together a myth about the post-war Labour Government. It was, they say, steering a mixed economy towards socialism.

What we want to find out is whether the Labour Government ever controlled private capitalism, whether the capitalists were compelled to fit into a broad, economic plan, and whether, if there were such control and such a plan, they were administered in the interests of the community or in those of capital. Afterwards we shall be able to decide whether a mixed economy is really a mixture of the future and the past, with the former gaining at the expense of the latter,

or merely the same old medicine, "the mixture as before."

## Where was the money?

In order to control the use to which the country's wealth was to be put, the Labour Government should have at least known where that wealth was. However, for as long as the Labour Government was in power there was a constant—and illegal—drain of capital abroad. As *Challenge to Britain*, the Labour Party's policy statement published in 1953 stated, "of left million of private capital only £300 million represented genuine investment in new projects. Some £350 million was 'hot' money quitting Britain because its owners disliked the Labour Government's policy of fair shares or were engaged in currency speculation" (p. 6).

That was until 1949. Export of capital became disastrous in 1951 when, in conjunction with panic stockpiling of raw materials, it led to the balance of payments crisis which pushed Labour out of office. Not exporting sufficient to cover the rising costs of imports, the country had to pay £344 million out of its precious gold and dollar reserves. (The sum was originally thought to be £521 million). At the time the rise in prices was blamed; nobody thought of paging through the capitalists' books to see if there was any other reason.

Subsequently it was shown that in the same year £315 million (£100 million more than was estimated at the time) was shipped abroad in 'hot' and 'cold' investments and that stocks worth £610 million (a full £370 million more than was estimated at the time) were laid up during the same period (T. Balogh, "Pitfalls for a Labour Government," *New Statesman and Nation*, December 19, 1953). The extra £470 million spent abroad illegally and semi-legally was more than enough to cover the balance of payments deficit.

## Labour in the dark

But the Labour Government did not know. It could not know. It could not know without infringing on capitalist property "rights" by opening the books of the private companies and by using the information to control their activities in detail. At a later date, Gaitskell could do no more than look back in anger and sorrow at "the really deplorable ignorance about stocks and works in progress. I have little doubt myself," he wrote, "that our policy in 1950 and 1951 would have been more successful had we had

accurate and up to date information on this point" (*Fabian Journal*, No. 14, November 1954).

Private capital that remained in the country also did very much as it liked. In some cases it willingly accepted Labour's guidance, in others depending on whether guidance was exerted in an acceptable manner.

## Important investments

By the best illustration of the conflict between private capital and the Labour Government was in the control of investments, for it is in the control of investment, its size and direction, that the control of the means of production and of society as a whole lies. Here, the conflict was almost permanent although—unlike the case of steel nationalization—it was never spectacularly open.

Of course, apologists for the Labour Government's policies point out that investment decisions were subject to the approval or veto of the Capital Issues Committee whose main function was to direct investments for inessential to priority industries. But in fact, the Capital Issues Committee, itself a heritage from the Tory-dominated war-time Coalition, was an extremely weak body which had surprisingly little effect on the pattern of investment.

## Loopholes galore

In the first place the Capital Issues Committee dealt with share issues of only £50,000 or above. Anything below that—and there was plenty of it—got through the net of scrutiny. Nor was there anything to prevent a big company from having its subsidiaries each go on the capital market with share issues under the critical sum year after year. As two very competent observers have written, "there can be little doubt that the volume of capital raised below the level of control was substantial" (A. A. Rogow and P. Shore, *The Labour Government and British Industry*, Oxford, 1955, p. 28).

Secondly, the major share of investments in the country is made from the reserves and internal capital accumulations of the giant firms who need to issue shares on the capital market only to a limited extent. That is how ICI could invest £90 million between 1945 and 1951 and yet raise only £20 million towards it on the market, or Unilever could spend £192 million on new capital investment of which fully £131 million came from internal resources. As Rogow and Shore write, "internal savings were much the largest component" of investment

(*ibid* p. 29). The Capital Issues Committee, having the capital what was private business, had accumulated over the use to which the little of the country was put.

Finally, a very important source of investment funds was the private banks that loaned money with very little reference to the memoranda of the Labour Chancellor and none to the Capital Issues Committee. "Contrary to policy," write the two investigators, "not only was the volume of bank advances extremely high—and in 1951 this must be accounted an important factor in the balance of payments crisis—but the attempt to shift resources in line with Government policy substantially failed" (*ibid*).

## As you were

Of course, the control of capital was not the only form of investment control. Some even believe that it "was far less important than the control by building licences" (G. D. N. Worswick, "Direct Controls," in Worswick and Ady—eds.—*The British Economy, 1945-1951*, Oxford, 1952, p. 279). And it is true that restrictions on building restrained a lot of unnecessary investments. But heavy investments in machines (less effectively controlled), in re-organizing production, in buying out existing plants, etc., could be, and were, made without the need to set up new buildings. As another contributor to the same book writes, "the relationship between (physical investment) and a new issue (of capital) is always remote and often non-existent" (P. J. D. Wiles, "Pre-war and War-time Controls," *ibid*, p. 144).

The result was to be expected. Despite the Capital Issues Committee, despite the Government's recommendations and memoranda and despite the direct investments undertaken by the Government in the nationalized industries, the pattern of investment during the period of the Labour Government was only slightly affected and barely different from what it was in pre-war Tory Britain. Between 1947 and 1951 those industries awarded priority class by the Labour Government received only 24.8 per cent. of the total amount invested—not very much more than the 19.6 per cent. they received in 1938. In the de-priority groups the figures were 45.8 (1947-51) compared with 54.4 (1938). In the "neutral groups" they were 29.4 (1947-51) and 25.9 (1938). Investment decisions thus hardly bore the marks of social censorship and control.

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## FORUM

## THE MIXED ECONOMY

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We could go on and on showing how the control of private capital by the Labour Government was either not attempted at all or riddled with loopholes, whether in the case of import and export licencing, allocation of raw materials, price and quality controls or anything else. But enough has been said of the key control—control over the use to which capital is put—to show that the Labour Government was far from able to harness the private sector to the carriage of the Mixed Economy unless the former so wished. Of course, where the Labour Government tried in the direction desired by private capital, there were few conflicts (as in the case of the nationalization of the bankrupt coal and transport industries, or the “service” industries like electricity, gas, central banking, etc.). But where it tried in another direction—and the control over investments, or the nationalization of steel are good examples—it largely failed.

Generally, however, it did not try. It had no long-term overall economic plan to which private capital was tied on which it was willing to stake its life.

## Lack of planning

Despite a number of committees that grew, changed and then grew tired from lack of work, there was no central planning authority with real powers. Planning decisions—and during the post-war period of extreme scarcity it was inevitable that many decisions on priorities of production and raw materials allocation were taken and accepted by the capitalists themselves—were made by a host of unco-ordinated organisations and bodies. That is how so many contradictory instructions could issue from one and the same government.

For example, in January 1951 Sir Hartley Shawcross, President of the Board of Trade urged a “dramatic increase” in textile production and exports exactly one week after the Minister of Supply, George Strauss, told the industry that it would have to reduce its labour force in the interests of rearmament. The war-time concentrated petrol stations were opened on the very day that petrol supplies to private motorists were suspended because of the inconvertibility crisis. And there were many other cases of the same nature (see T. Balogh, *Dollar Crisis*, Oxford, 1949, p. 246).

The planning decisions that were taken were mainly of a negative nature. Rationing of resources among existing producers and industries: no conscious effort to change the economic map of Britain. Prevention of certain activities without, generally, stimulating others. And these “planning” decisions grew steadily less as war-time scarcities disappeared and the economy took on a more “normal” appearance.

Readers, we have set aside these centre pages for serious discussion and for contributions to Socialist theory. We believe that we are unique in this country in being able to offer a forum for serious socialists who are committed to neither Washington nor Moscow but to international Socialism. We believe that such people will not be frightened by the “heaviness” of the material in this section—our forum.

The retreat from planning sometimes looked like a rout. The 1947 *Economic Survey* at least contained a detailed statement of Britain's economic problems and a number of “targets” to be attained. The 1948 *Survey* showed that many of these crucial targets were not reached. But instead of tightening controls in order to realize the targets, the opposite was done—targets were scrapped. In November 1948, Harold Wilson, President of the Board of Trade at that time, presided over the first “bonfire of controls” which did away with some 200,000 licences a year. It was followed by another “bonfire” in March of the following year when 930,000 licences were scrapped and the quota system which had controlled the volume and value of goods produced by individual firms was almost completely abolished. Others followed. By the time the 1950 *Survey* appeared, the *Economist*, with its ear close to ground of Big Business, could call it a “humble document, meek almost to the point of being meaningless. There is nothing here of the notions of ‘democratic economic planning’ as proclaimed in earlier *Surveys*, which presented a working pattern for the year's economic effort and left all men of good will to work for it. Indeed, the perplexing thing about the *Survey* for 1950 is its lack of plan” (April, 1950).

Without a plan to serve as a yardstick for the allocation of resources amongst competing ends, it is not surprising, as Rogow and Shore show, that “scarce resources were distributed . . . among the many claimants according in the main to the skill and tenacity with which their points of view were pressed” (*loc. cit.* p. 25). And, of course, the plums went to the big monopolies, those that, as we have seen, were not very embarrassed by control over their capital expenditure.

## Who controlled the controls

It is not only that the Labour Government deprived itself from the beginning of any criterion with which to measure priorities in the administration of the various controls that remained as a hangover from the war-engendered scarcity. Probably the most shocking feature of Labour's administration—shocking to any socialist who retains illusions as to the socialist character of the Labour Government in office—was that Big Business itself administered the controls over business. Even the Civil Service had to make way. The following facts, taken largely from Rogow and Shore's excellent work are revealing.

The Chief Planning Officer, 1947-1951, was Sir Edwin Plowden, a Director of British Aluminium and two other companies. The Capital Issues Committee consisted of seven bankers, stockbrokers and industrialists plus one Treasury official who, being the Secretary, took no active part in the proceedings. The chief industrial advisor to the Board of Trade was Sir William Palmer, Chairman of the British Rayon Federation. Most of the advisors and commodity directors of the Ministry of Food were representatives of business interests, paid by their firms. Unilever alone filled ninety posts in the Ministry of Food, twelve of them, senior posts. A director of the Iron and Steel Federation headed the Steel Rearmament Panel of the Ministry of Supply and the personnel of the various metals controls was drawn largely from the Non-Ferrous Metals Federation.

G. R. White, an official of the United Tanners' Federation was leather controller at the Board of Trade. The match controller in 1946 was employed by Bryant and May and even had his offices on that firm's premises. The paper controller was Sir Ralph Reed, Chairman of one of the largest paper manufacturing firms in the country. Major F. J. Stratton, a director of Dolcis, was footwear controller and the hosiery, furniture and tobacco controllers or advisors were trade officials. Employees of Distillers Limited, occupied the top posts in the Molasses and Industrial Alcohol Control of the Board of Trade and Liverpool's cotton firms supplied the bulk of Cotton Control personnel. Timber Control, the largest of the lot, was almost completely staffed by industry people, working to a large extent on an honorary basis, i.e., paid by private industry.

## Newsprint, meat, etc.

Newsprint was allocated by a trade body, the Newsprint Rationing Committee. The Meat Importers' National Defence Association and the Wholesale Meat Supply Association distributed imported meat. Rationing of clothing was the concern of trade associations, while the controls over the “sweets” trade was in the hands of the cocoa and confectionery trade associations who, by 1950, were allowed to classify and distribute the raw materials without further authority from the Ministry of Food.

The Mond Nickel Co. imported all nickel and rationed it to users through “an unofficial allocation system working between the Mond Nickel Co. and the Ministry of Supply.” Sulphur was purchased by the National Sulphuric Acid Association which consisted of three sulphuric acid producers. When the Ministry of Materials became the sole importer of tungsten ores and concentrates it proposed to form a company whose management would include representatives of three private firms in the trade.

The Ministry of Food worked with private companies in a big way. As the Report of the Controller and Auditor General for 1950-51 states:

“Importers, brokers, wholesalers and others displaced by the Ministry's activities were . . . formed into associations to render expert services to the Ministry in the purchase, handling and distribution of foods as Ministry agents. The remuneration of these associations amounts to some 4 million a year and is fixed with the general intention of maintaining the earnings of their members at or about the pre-war level so that the trades will retain the means to resume their functions in due course.” (*Trading Accounts and Balance Sheets*, 1950-1, Vol. I).

## Not for nothing . . .

It is not at all surprising to hear that business made a good business out of controlling business. The Controller and Auditor General's report shows, for example, that £48,000 a year was paid to the oilseed processing industry for a number of closed plants that were not likely to be reopened. The Ministry of Food paid £2,400,000 a year to sugar refiners, to offset increased costs in producing sugar for internal consumption, although information regarding one huge refining concern showed output and exports greater than in 1939. It was not until February 1951 that the Ministry even started to investigate refining costs and profits!

## Sabotage by bonfire

And when business thought that the time had come to get rid of controls altogether, they were in a good position to do so. As Rogow and Shore write (p. 66), “Pressure to de-control industry, put upon the Government by its advisers, was a factor of importance in the controls ‘bonfire’ of 1948-50. It was an unusual week in 1951 when the newspapers and periodicals did not feature a detailed criticism of the policy.” They go on to cite chapter and verse, how the former controller of meat and livestock in the Ministry of Food attacked the bulk purchase of meat, how the former London Regional Director of the Ministry of Works attacked building controls. The Chairman of the Milk Marketing Board criticised Government milk policy, the Chairman of the Cotton Board did the same in his sphere. On one occasion a member of the Economic Planning Board went so far as to state the need for a “pool of unemployment” in flat defiance of the Government's full employment policy. They sum up by saying, “Controls . . . are not likely to be best administered by hostile or anti-pathetic controllers.”

## The mixture as before

On the basis of the Labour Government's experience in running a so-called mixed economy, a socialist must conclude that it was a mixture in words, not in fact; that, at least so far as the private sector was concerned, there was never any question of subordinating themselves to any government or social control against their will, to a plan or to anything but their own representatives looking after their own interests. Indeed the very concept of a mixed economy—if it pretends to mean a mixture of socialism and capitalism—is a sterile hybrid: how can the two live amicably together when the one entails social control and the other, sectional control of the means of production? As used today, the slogan of a mixed economy is nothing other than a rehash of the old system, private capitalism aided by nationalized industries that are run by a capitalist state on capitalist lines in the interests of capitalism—very much the mixture as before.

## IT'S TIME YOU READ

- T. Cliff, *Stalinist Russia, A Marxist Analysis* (13/-)  
 T. Cliff, *Russia from Stalin to Khrushchev* (1/-)  
 M. Kidron, *Automation, the Socialist Answer* (1/3)  
 M. Shachtman, *The Fight for Socialism* (7/6)  
 M. Shachtman, *The Struggle for the New Course*  
 L. Trotsky, *The New Course* (12/6 for both)  
*Labor Action, American Socialist Weekly* (4d.)  
*New International American Socialist Quarterly* (1/6)  
 All prices post paid



**FORUM**

**Where is China going?**

In answer, **TONY CLIFF** writes on

**MAO TSE-TUNG and STALINISM**

During recent events in Hungary the Chinese press came out firmly in support of Moscow's oppressive policy. Thus, for instance, the editorial for November 5th in Peking's **People's Daily**, entitled "Celebrate the Great Victory of the Hungarian People," stated: "The joyful news has arrived that the Hungarian people . . . with the support of the Soviet armed forces have overthrown the reactionary Nagy Government which betrayed the Hungarian people and the Hungarian nation." Every victory of Russian arms in Hungary was applauded in ever more glowing terms.

On December 29, 1956, the **People's Daily** published a major pronouncement entitled "More on the Historical Experience of the Dictatorship of the Proletariat." This approved the general course of Moscow's policy, in the main justified Stalin's career, supported Russia's policy in Hungary and reproved Tito. It emphasized the "leading role of the Soviet Union in the Socialist camp." Chou En-lai again and again harped on the same theme throughout his tour of Moscow, Warsaw and Budapest in January this year. It was indicative that Chou applauded the loudest after Khrushchev had said: "All of us Communists . . . consider it a matter of pride for us to be as true to Marxism-Leninism as was Stalin himself." (**Manchester Guardian**, January 18, 1957).

**Not unexpected**

To many a sincere Communist, suffering under the profound illusion that Mao and his regime are not Stalinist, this must have come as a great shock. However, to anyone using the Marxist method of analysis, which looks at the economic foundation of politics, Mao's extreme extreme Stalinism is not unexpected.

To understand Mao's policies one must bear in mind the main historical task facing the Chinese bureaucracy, the task of industrializing the country. The Chinese bourgeoisie proved incapable of accomplishing this. The Chinese working class, after the defeat of the 1925-27 revolution, the world slump and the Japanese invasion, being pulverised and leaderless, has not played an active, decisive role for the last three decades. The task of industrializing an extremely backward country when it cannot rely on the aid of industrially advanced socialist centres is extremely difficult. It demands that the people tighten their belts in order to make quick capital accumulation possible. A considerable tightening of the belt cannot be done democratically for any length of time. Hence the more backward the country and the greater the drive towards quick industrialisation, the more harsh and totalitarian the regime has to be. The rulers of such a regime, while being the guardians of capital accumulation, will not, of course, forget themselves; they accordingly derive increasing privileges from their position of absolute control over the economy, society and State.

**China's poverty**

China is extremely backward economically. Thus, for instance, steel consumption per head of population in 1950 was 2 lbs., as against 11 in India, 111 in Japan, 278 in Russia, 556 in Britain, and 1,130 in the United States. (W. S. Woytinsky and E. S.

Woytinsky, **World Population and Production**, New York, 1953, p. 1124.) The output of electricity in 1950 was 3,500 million kwh. in China, as against 5,063 million in India and Pakistan (whose population is two-thirds of China's), 38,840 million in Japan and 91,200 million in Russia. (*Ibid.*, p. 967). The number of spindles in China in 1951 was 4 million as against 10.8 million in India. (*Ibid.*, p. 1067). Chinese transport is also extremely backward: It was estimated that prior to the second world war there was 1 km. of railways per 25,300 people in China, as against 1 per 6,878 in India. (U.N., **Economic Survey of Asia and the Far East, 1947**, Shanghai, 1948, p. 113). In motor transport China was even more backward relatively to India.

As a result of economic backwardness, China's national income is extremely low. Colin Clark estimates that the net income produced per head of population in China (1933-5) was 138 International Units (he defines the Unit as "the amount of goods and services which one dollar would produce in U.S.A. over the average of the period 1925-34); in India (1944-5), 246; USSR (1937), 379; Hungary (1938-9), 408; Poland (1938), 508; Japan (1940); 600; Britain (1947), 1,383; U.S.A. (1947), 2,566 (C. Clark, **Conditions of Economic Progress**, First Edition, London, 1940, and Second Edition, London, 1951).

**The plans**

The rate of industrial growth aimed at by Mao in his first Five-Year Plan is quite ambitious, although it falls short of Russia's aims in her first Five-Year Plan (see Table 1).

So meagre are China's initial resources that even after her first Five-Year Plan she will be far behind Russia's level of production not only after its first Five-Year Plan, but even before it was started. This can be seen clearly from table 2: China will need a number of Five-Year Plans to reach the level Russia reached even prior to her Plan era.

China's First Five-Year Plan shows an even greater emphasis on heavy industry than Russia's First Five-Year Plan. According to the plan, of all gross capital investment in industry, 88.8 per cent. will be devoted to means of production industries, and only 11.2 per cent. to light industries (Li Fu-chun, **Report on the First Five-Year Plan**, Peking, 1955, p. 34). In Russia the corresponding figures were 85.9 and 14.1

**Consumption bows to investment**

The subordination of consumer goods industries to the needs of capital goods is shown in the fact that while the amount of profits of light industries in the years 1952-1955 was some 10.8 milliard yuan larger than the amounts invested in these same industries, this sum went mainly to capitalise heavy industry. (**Statistical Bulletin** (Chinese), Peking, November 14, 1956).

With the national income very low, capital investment takes up a big portion of the national income. It has been stated that gross capital investment in 1952 made up 15.7 per cent. of the national income; in 1953 it was 18.3 per cent.; in 1954, 21.6 per cent.; in 1955, 20.5 per cent.; in 1956, 22.8 per cent. (**Jen Min Jih Pao**, (**People's Daily**), September 20, 1956). This rate is only a little lower than in Russia during her first Five-Year Plan, but seeing that in absolute terms the level of national income in China is some three times lower than in Russia at the time, a rate of 20 per cent. accumulation is a much greater burden than a rate of even 30 per cent. would have been in Russia.

In absolute terms, however, the capital accumulation in China is quite small. Thus the average annual investment rate during the five years 1953-7, was planned to be 8,548 million People's Dollars, or, at the official rate of exchange, some 3,650 million U.S. dollars. In Canada, with a population one-fortieth of China's population in 1956, capital investment reached 7,900 million U.S. dollars. (Even if we consider possible differences in price levels between the two countries, the picture would not alter radically.)

**The burden of arms**

The military budget of China made up 18.1 per cent. of the national income in 1952; in 1953, 15.9 per cent.; in 1954, 15.2 per cent.; and in 1955, 16.2 per cent. (Calculated from Wang Tzu-ying, "On Public Finance," **Ta Kung Pao**, Tientsin, January 29, 1955). These figures compare with the military budget of Russia in 1928, which made up only 2 per cent. of the gross national product of the country.

With a high rate of capital accumulation, and with the great burden of the military budget, workers' wages naturally lag far behind their output, that is, the rate of exploitation is high—and it is rising.

This was underlined by a **People's Daily** editorial, which stated: "In

1952, the workers of State-operated enterprises produced a yearly average rate of 100 million People's Dollars per worker. Of this, except for 500 thousands dollars as the average monthly wage for each worker, 94 per cent. directly represented capital created for the State." (**People's Daily**, December 13, 1953). The above figures probably exaggerate the rate of exploitation of the workers, but there is no doubt that it is extreme.

**Growing exploitation**

As time goes by the rate of exploitation is increasing, as can be seen clearly from the lag of wages behind labour productivity. This was the situation according to the **People's Daily**:

	Labour Productivity Increase (%)	Wage Increase (%)
1953	13	5
1954	15	2.6
1955	10	0.6

(**People's Daily**, June 19, 1956)

(For reasons that cannot be dealt with in the present article, it can be proved that it is doubtful if real wages showed even the rise mentioned in this table.)

The exploitation of the peasantry is even more extreme than that of the industrial workers. For lack of space we shall mention only a few facts to show this.

Vice-Premier Chen Yun stated that in the year July, 1954, to June, 1955, the State acquired in the form of grain tax and compulsory deliveries of produce, a total of 52 million tons of grain, or some 30 per cent. of the total grain output of the country. (**New China News Agency**, April 30, 1955.) This figure is not far behind that taken by the Russian state as taxation in compulsory deliveries: in 1938 it was some 33 per cent. (A. Arina, "Kolkhozes in 1938," **Sotsialisticheskoe Selskokhozyaistvo**, Moscow, December, 1939).

The figure for China exceeds what the peasantry used to pay as rent to landlords under the Kuomintang regime—some "30 million tons of grain" (Chen Han-seng, "Industrialisation Begins," **China Reconstructs**, Peking, January-February, 1953).

**Forced labour**

Capital being so very scarce and human labour so very plentiful and cheap, the natural result is the widespread use of forced labour—including prisoners, or slave labourers.

Unlike Moscow, Peking is not shy about giving information on forced labour. Thus, for instance, in a "Report on the Work of the Kwangtung Provincial Government during the Past Ten Months," given by Ku Tats'un, its Vice-Chairman, on September 15, 1951, it was stated that in the province of Kwangtung alone during 10 months, a total of 89,701 counter-revolutionaries were arrested, 28,332 were executed, while "those whose crimes were punishable by death, but who did not incur the intense hatred of the public were sentenced to death, but had their execution delayed for two years, during which time they were made to undertake forced labour to give them a chance to reform themselves." (Canton, **Nan Fang Jih Pao**, September 18, 1951). If some 60,000 people were condemned to slave labour in only one of China's 27 provinces in a matter of 10 months, the

(continued next page)

Table 1

	China		Russia	
	Index for 1957 (1952 : 100)	Yearly Rate of increase	Index for 1932 (1928 : 100)	Yearly Rate of increase
Value of gross industrial output	198.3	14.7	202.0	19.3
Output of large-scale industry	207.0	15.7	230.0	23.2

(Yang Chien-pai, "A Comparative Analysis of China's First Five-Year Plan and the Soviet Union's First Five-Year Plan," **Statistical Work Bulletin**, (Chinese), Peking, August, 1955.)

Table 2: Per Capital Output of Different Goods in China and Russia

	Unit	China			Russia	
		1952	1957 (target)	1928	1932	
Steel	kwh	12.71	25.20	32.50	81.70	
Cotton cloth	kh	2.36	6.54	27.60	35.80	
Power supply	metres	6.70	8.85	18.00	16.30	
Grain	kg.	286.95	305.74	475.20	421.50	

(*Ibid.*)



# FORUM

# MAO TSE-TUNG — — continued

size of the slave labour force in the country as a whole must be huge. Po I-po, at the time Minister of Finance, claimed that in three years "more than two million bandits" were liquidated (**New China's Economic Achievements, 1949-1952**, Peking, 1952, p. 152), the majority, presumably, not being killed, but put to work.

A milder form of forced labour is the compulsory conscription of peasants to public works. Thus, Fu Tso-yi, Minister of Water Conservancy, stated on October 28, 1951: "During the two years (October, 1949-October, 1951) a total labour force of 10,370,000 workers was mobilised for various conservancy projects. . . ." (**People's Daily**, October 30, 1951). The average pay for this kind of work was some 2-3 catties of rice for a 12-hour workday. (Calculated from the book of the Stalinist, W. G. Burchett, **China's Feet Unbound**, London, 1952, p. 157). Under the Kuomintang in the Years 1929-33, the average daily wage of agricultural workers was equal to 14 catties of rice. (J. L. Buck, **Land Utilization in China**, Shanghai, 1937, pp. 305-6.)

The low level of the productive forces at the disposal of the Chinese bureaucracy makes for an even harsher political regime than in Russia. Space allows for only a few points to be dealt with in this connection.

### Police dictatorship

As in Russia so in China, there is also a system of internal passports, the obligation to register with the police any change of address, etc. (See the decree of the Ministry of State Security, **Provisional Regulations Governing Urban Population**, New China News Agency, Peking, July 16, 1951; Ministry of State Security, **Provisional Rules for Control of Hotels and Lodging Houses**, New China News Agency, Peking, August 4, 1951; State Council Directive Concerning the Establishing of a Permanent System for Registration of Persons, New China News Agency, Peking, July 2, 1955).

To control the population three sets of regulations were issued. First, **Organic Regulations of Urban Inhabitants' Committees**; secondly, **Organic Regulations of Urban Street Offices**; and thirdly, **Organic Regulations of Public Security Sub-stations**.

All three were adopted by the Standing Committee of the National People's Congress on December 31, 1954).

To strengthen these organisations, special **Denunciation Rooms** and **Denunciation Post-Boxes** were set up all over the country.

### Sons against fathers

Nothing shows the extreme of totalitarianism reached in China more than the demand that children should denounce their own "counter-revolutionary" parents. To give one example: The **China Youth Journal** published an open letter by a student called Lu Ch'eng-hsu, accusing her father of being an agent of Chiang Kai-shek. The letter opens with these words:

"Lu Hsu,  
"When I write out this stinking name of yours, I feel ashamed and intolerably insulted. In the past I looked upon you as my father, but now I have seen your true face: you are a cannibal with your teeth bared in madness and your paws whipping about in the air."

It ends with these words:

"Now, I am a member of the New Democratic Youth League, and you are the people's enemy, forever unpardonable. Between us there is nothing in common now. I would rather be a daughter of the people than the slave of a special agent. It is our sworn principle that we will never co-exist with our enemy. So no matter where you hide yourself, we will get you in the end. You just wait and see." (**China Youth Journal** (Chinese), Peking, May 8, 1951.)

Such a level of depravity imposed by the totalitarian state was not surpassed, indeed not even reached, by Stalinist Russia.

### Cult of the individual

The cult of Mao is, in a way, even more extreme and nauseating than the former cult of Stalin. Portraits of Mao hang everywhere. Five storeys high, they adorn Shanghai and other cities. Trains carry portraits of Mao over the boilers. In many peasant houses his picture replaces the former kitchen god, and a kind of grace is said before meals by the household: "Thank Chairman Mao for our good food." His pictures occupy the tiny household shrines where formerly clay images were kept. A report of the Peking Municipal People's Government quotes

a peasant approvingly: "Formerly we worshipped Kuan Kung, who was said to be omnipotent. Where is his omnipotence? Whom shall we worship? To my mind, we should worship Chairman Mao." (**General Report of Peking Municipal People's Government on Agrarian Reform in Peking Suburban Areas**, approved by Government Administrative Council on November 21, 1950.)

Special obeisance is made to Mao at all public meetings. A description of a mass trial ran: "The meeting opened with the singing of the national anthem. Then everybody took off their hats and bowed to the national flag and to the portrait of Chairman Mao." (Hsiao Ch'ien, **How the Tillers Win Back their Land**, Peking, 1954, p. 72), just as they had formerly done to the landlord as he was borne past them.

Not to be outdone, Wa-ch-mu-chi, Governor of the Yi Nationality Autonomous chow in Lianshen (Sikang) sang the following hymn of praise at the National People's Congress: "The sun shines only in the day, the moon shines only at night. Only Chairman Mao is the sun that never sets." (**New China News Agency**, Peking, July 26, 1953). Practically the same words were used about Stalin: "I would have compared him to the shining moon, but the moon shines at midnight, not at noon. I would have compared him to the brilliant sun, but the sun radiates at noon, not at midnight." (**Znamya**, Soviet Authors' Union Monthly, October, 1946.)

### China's stalinism

The basic facets of the Stalinist regime are the subordination of consumption to the needs of quick capital accumulation, the bureaucratic management of industry, the limitation of workers' legal rights, the enforced "collectivisation" of agriculture, the differentiation of society into privileged and pariahs and the totalitarian police dictatorship. All these traits are to be found in Mao's China. Being a relatively late comer and rising on extremely backward productive forces, the oppressive facets of the system are even more accentuated in Mao's China than they were in Stalin's Russia. The historical function of the bureaucracy is the accumulation of capital on the

one hand and the creating of a working class on the other (a function fulfilled by the bourgeoisie in the West). The less capital a country is endowed with and the smaller its working class, the deeper are the roots of bureaucratic state capitalism and the longer its span of life, if taken in isolation).

To put it differently, as the backwardness of China is so much greater than that of Russia, not to speak of the European satellites, the working class so small in size and so lacking in cohesion and culture, the forces compelling the bureaucracy to give concessions and even threatening to explode the regime in revolution are much weaker in China than in Russia, not to speak of Eastern Europe. In all probability, if not for the influence of revolutionary events elsewhere, China will have to go through a whole generation, or perhaps two, until its working class becomes a strong enough power to challenge the rule of the bureaucracy. In isolation the present regime in China will probably surpass in harshness as well as in length of life its Russian Stalinist precursor. In this we find one reason why Peking did not take kindly to the "reformers" in Eastern Europe and why it applauded the defeat of "reactionary Nagy."

There is another reason, connected with the above, for Mao's support for "Stalinist" policies, and—if there is a split in the Kremlin—for the "Stalinist" faction. Being interested in China's rapid rise to be a giant industrial and military world power, Mao cannot but oppose any weakening or softening of the austere regimen in Russia and Eastern Europe, a regimen that makes for emphasis on heavy industry at the expense of popular consumption. Mao prefers to get steel, machine tools, turbines, etc., rather than that the Russian or Hungarian people should get better housing, food and clothing.

Mao's China is a tremendous rock on which probably many revolutionary anti-Stalinist waves will break. However, in the long run, probably after a few decades, this rock will begin to crumble not only, or perhaps even mainly, through the effect of anti-Stalinist revolutions in Europe, but through revolutionary events in China itself.

## SOMETHING ON THE RATES

By Peter D. Morgan (co-author of "Twenty Questions.")

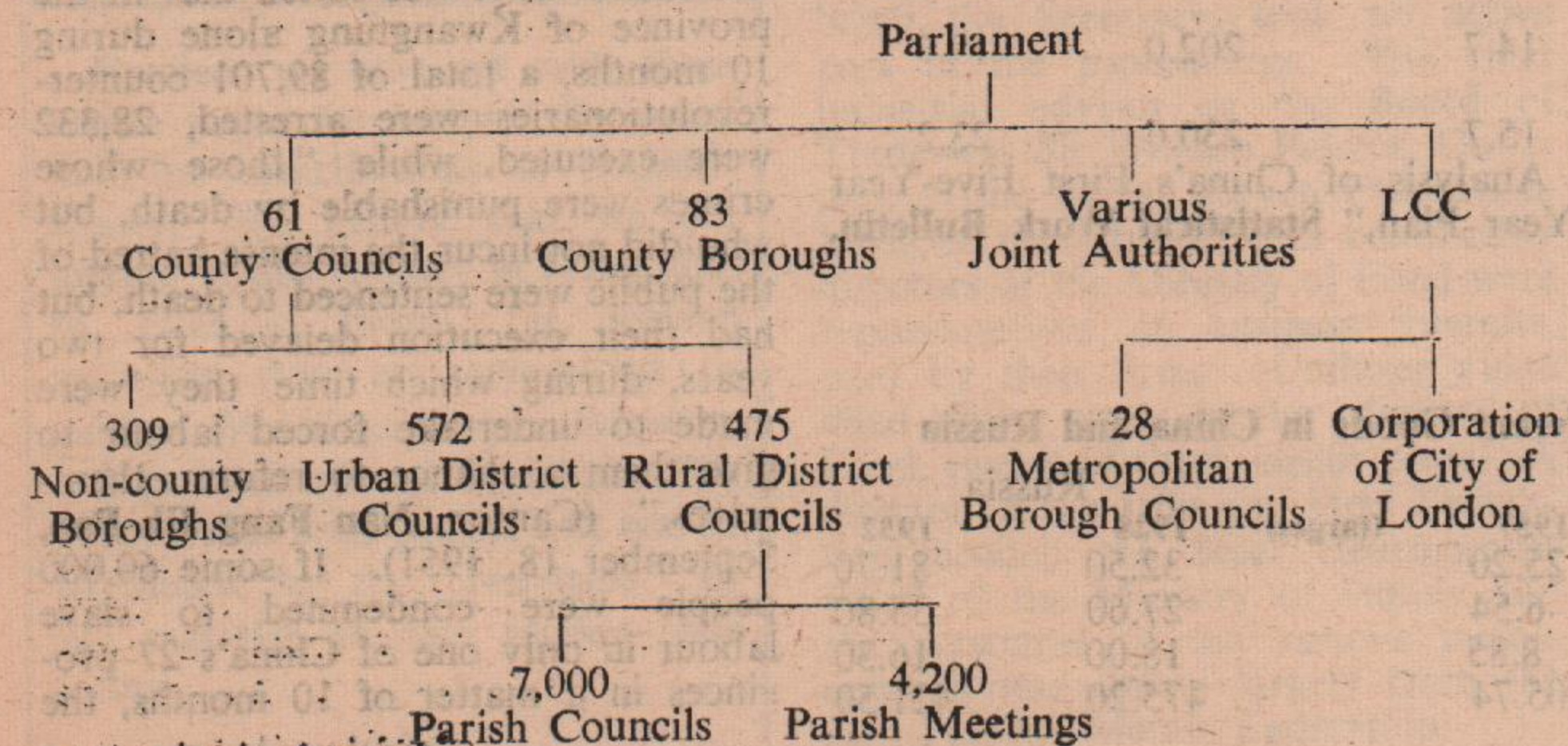
All over the country local rates are going up—in some cases by spectacular amounts. Rate-payers are protesting—particularly as they had expected some stabilisation following the Revaluation last year. Labour Councils are under heavy fire for "wastefulness." What is the truth? It is important for Labour supporters to know the cause for this, the Government's proposals and the line of Socialist solution.

First, let us examine the make-up of Local Government today.

From the table it will be seen that while the County Boroughs (the larger centres of population) make no direct contribution to the income of County

Councils, the non-county boroughs, UDC's and RDC's not only raise their own finance but also contribute towards that of the County Councils.

The income of your local Council is found in two ways:—



(1) By all kinds of grants from the Government.

(2) By the rates.

It has recently been estimated that out of every £5 found by local authorities nowadays, £3 comes from the Government and £2 locally.

However, it is with the second of these two sources that we shall immediately concern ourselves. The rating system dates back hundreds of years to the days when local people levied themselves towards the upkeep of the local church and (after Henry VIII's closure of the monasteries) towards the care of the local poor and destitute.

Government officials (known as Valuation Officers) assess the ability to pay of all property-owners within a given district, and the rates are levied on the proportionate share thereby determined. These properties are, broadly speaking, of three kinds:—

(a) Factories and industrial concerns, farms, etc.

(b) Shops and commercial premises.

(c) Private houses, flats, Council houses, etc.

In 1929, during the early days of the great slump, the farmers appealed to the Tory Government for relief on their rates which they found a heavy burden. The Government agreed to cut their rates by 75 per cent. But the

industrialists, sensing they were on to a good thing, appealed to the Government to treat them in the same way—which the Government duly did! Which means that for the last 30 years the industrial capitalists have been getting away with three-quarters of their share of the rates!

The Government now proposes (at some unspecified date) to double industry's present contribution. But Labour points out that this will still only be half of their fair share. And for all but about five years of the last thirty, industry has been booming and record profits made. The fact that the industrial bosses would merely pass this on to the consumer in higher prices is neither here nor there. This is an elementary lesson in Socialism that the electors must learn.

Now the second group of rate-payers received no such windfall. But they have had a recent bonus. Just before Christmas, the Government announced it was cutting their share by one-fifth. In Birmingham this is estimated to have cost the city Council 1s. 9d. of the 4s. increase they are proposing this year.

The Government's patently thin argument was that the shop-keepers are having a hard time just now. Even

[continued at foot of next page]



# TOWARDS THE C.P. SPECIAL CONGRESS

—By John Mann

We are happy to publish this article by John Mann, a member of the Communist Party. It is of especial interest in view of the forthcoming Special Congress of the CP which is being held at Easter. Members of the Labour Movement will see in it the broad current of ideas and feelings running through the ranks of the CP, their hopes for the Congress and their fear that these hopes are almost certainly due for tragic disappointment.

The Socialist Review does not agree with many of the views of the author. We believe that his picture of a new, renovated Communist Party which will have thrown off the "deadweight of Stalinism" has more to do with "wishful" than with "thinking." We disagree with the idea that there is a place for an independent Marxist Party in Britain at the present time without, of course, ignoring the possibility that such a Party might be necessary at some future date. We attach much greater importance to the Marxist Forums—set up mainly by ex-members of the CP—than does the author.

But we certainly think that both what is stated and what is unstated in the article is significant in showing that the awareness of political fact and socialist principles cannot long be kept dormant even in the most "thought-controlled" working class parties.—Editor.

THE BEST MARXIST PARTY we have is soon to hold its first ever Special Congress. After Budapest the feeling that the Party had to change, and soon, was so strong that the leadership was forced to call a Congress. The idea of waiting 18 months before the Great Change was intolerable. So the planned Conference (a mere talking shop) was turned into a Congress with full power to sling out the old policies, and the old gang. Thousands of members, literally on the point of resigning in hopeless disgust, decided to "stay in and fight" because Congress could, must, change everything.

Well, what did we hope to get from Congress, and what are we going to get?

## Labour Unity

First and foremost we hoped for a new and realistic approach to Labour Unity. For without unity with the rest of the labour movement, the British CP is just a bad joke. A few thousand cranks talking and selling pamphlets to each other, waiting for the "crisis of capitalism," watching the "developing situation," listening to Harry tell us of the "great opportunities opening up for our Party," trotting, ever trotting onwards drawn by that stick with a carrot labelled "A Mass Party."

Before the collapse, at the 20 Congress of CPSU, of the doctrine of communist infallibility, we had generally accepted our Leaders' claim that the Party's failure to get labour unity was due to objective factors. But now we

began to see that our own mistakes were the chief cause. Our arrogant and dogmatic attitude to non-marxists matched only by our sickening obedience to the shifting Moscow line; our continuous commentary on Labour notes allied to an absolute unawareness of Communist beams; our inability to speak or write plain English.

Let's look at the Executive Committee's Draft Political Resolution, the document which will form the basis of the coming Congress discussions. It opens, not with an analysis of the key subject of unity, but with a stale and boring dissertation on Suez. But be patient, by page 7 we get a whole subsection on "unity." In it we are told again and again that there must be a "united movement" to "bring the Tories down." But nowhere are we told how. (That is, apart from the repeated announcement of the one policy that really appeals to King Street, namely that "the strengthening of the Communist Party is the key to working class unity." P. 9, line 45.) The Draft Revised Text of the "British Road to Socialism," which Congress will consider, also has something to say about the Labour Movement: Page 3, line 21 begins: "It is necessary for the Labour movement to realise . . ." and a few lines on: "The British Labour movement has too long been dominated by an outlook which . . ." There follows a perfectly good condemnation of reformism. But are there not some things it is necessary for the CP to "realise"? Why, oh why, are there not full and proper admissions of our complicity in and encouragement of all

the ghastly crimes of Stalinism? A greater tragedy than Budapest, it seems, is needed to bring a little humility to King Street.

## No lessons learned

What, then, about Hungary? When, after terrific pressure, the Party press printed many critical letters on this and other subjects, thoughtful comrades asked each other: "What does it all mean? Do they really care what we think? Are they going to be influenced at all by what we say or write? Or are they just sitting back while we let off steam?" The EC's treatment of the Hungarian tragedy gives clear enough answers to these questions. P. 6, line 31 of the Political Resolution reads: "Thus in Egypt, the British and French imperialists launched aggressive war. In Hungary, imperialism took advantage of grave internal difficulties to attempt long-prepared counter-revolution. But in both areas imperialism was decisively rebuffed. The peace forces throughout the world and particularly the firm stand of the Soviet Union, forced the imperialists to retreat." This, to my mind, makes such fantastic reading, shows so huge a gulf between the EC and thousands of Party comrades (and is indeed a studied insult to them) that it proves the EC is fully prepared to split the Party wide open rather than retreat an inch from the God-given Moscow line.

## Questions of Democracy

Marxists have learned from the recent events that there exists a great danger of oppression by a Stalinist government against which precautions must be taken, not belatedly after the damage has been done, but from the moment the working class takes power, and even before then.

The draft of the new British Road, indeed, contains a whole new Section entitled "Socialist Democracy and Liberty." But what a disappointing mess it is! There is certainly no lack of syrupy phrases like "All our institutions must be infused with the spirit of democracy, reliance on the people and confidence in their determination to build a socialist society free from bureaucracy and injustice." Hooray! But when it comes down to brass tacks, what have they to offer? The "independence of the judiciary," a pat on the back for "habeas corpus" and other excellent bourgeois institutions—and this choice morsel: "The legal guarantees of freedom will be reinforced by the vigilance of the democratic organisations of the people and the institutions of the socialist state." So we'll have to rely on the State to protect us from the State! As for those "democratic organisations of the people" it is clear enough that these will become part of the State machine. In particular, the trade unions, Labour and Communist parties, with their long tradition of protest will no longer do that vital job. Then who will? Do the writers of the draft (full-time party officials were in a big majority on the "Commission") intend that anyone should do it?

I believe it is only tough local organisations with a tradition of struggle, close to the people, unhampered by red tape or careerism which could really put paid to secret police or any other fascist tendencies shown by a remote and top-heavy central government. Significantly, the only mention of Trades Councils or shop stewards comes in the section on "Nationalisation." "Let the workers get on with their job of boosting production," the EC seems to be saying, "but (and the parallel with Kadar's attitude to Workers' Councils is

precise), let them keep their noses out of our business, which is politics." "Not too much power to the Soviets!" is the very latest in Stalinist slogans.

## Stalin's come-back

At the very least we expected the EC to take a firm stand against Stalin's hideous crimes. We can all agree on that, we thought. But turn to the Resolution: "Stalin stood for and defended the basic principles of socialism . . . Stalin defended the unity of the Party . . . Stalin carried forward Lenin's policy of socialist industrialisation and collective agriculture . . ." Five paragraphs, 35 lines of eulogy. No, not quite, for there are six whole lines of dutiful reference to "mistakes," and even (after what heart-searchings?) that horrid word "crimes" appears once, in parentheses. Must we tell again of the concentration camps, the mass deportations, the slaughter of the finest . . . there are no words. Is this the Congress we waited for? Was it the rehabilitation of Stalin that we "stayed in to fight for"?

## Bureaucracy's triumph

No, Congress will flop, the Party will split, the present leadership will straggle on (like the Sergeant-Major taking punishment parade and yelling "About Turrnn! . . . About Turrnn! . . . About Turrnn! . . ."). It will take more than the loss of ten thousand members to prick the monstrous conceit of Gollan & Co. Listen to this, page 15 of the Resolution: "Our Party did not share the specific weaknesses in the functioning of Party democracy that the exposure of Stalin's mistakes (sic) revealed in the CPSU." Do they not realise that with their ideas imported from abroad and their contacts almost entirely among the Party Bureaucracy, that they have been committing that monster anti-democratic "mistake" which lies at the very root of Stalinism: remoteness not only from the ordinary people but from the rank and file of their own party. They are as cut-off from people and reality as Stalin was on his May Day pedestal hundreds of yards above the Moscow masses, or those Party functionaries in "Peoples' Democracies" speeding by in closed cars. And closeness to the people is essential not only to give the CP significance and a good reason for swallowing up the energies of so many fine men and women, but because isolation from the people inevitably produces wrong policies, which lead to greater isolation. . . .

## Need for a Marxist party

What is the solution? I still think that Britain needs a Marxist Party to help in the fight for Socialism. I believe that a CP which has publicly and without reservation disassociated itself from Stalinism and unreasoning loyalty to the Soviet Union, can be that Marxist Party. And I think that the various new Marxist discussion groups can help to create a favourable environment for such a revived Communist Party. As for the Trotskyists, their intense preoccupation with the rights and wrongs of Soviet history, their everlasting internal squabbles and general paranoid tendencies make them quite unable to make a significant contribution to British politics.

The CP is the best marxist party we have. With its roots among the workers, a proud record of struggle on many vital issues, a national organisation, a Daily paper, it will, as soon as it has shaken off the deadweight of Stalinism, and decisively dumped the present leadership, play a great part in the Labour Movement. One day.

## RATES—continued

if this were true (which it obviously isn't), that was no excuse for extending this hidden subsidy to banks, insurance companies, and other concerns with large offices—all of which are doing quite nicely, thank you.

In fact, whenever a Tory starts condemning subsidies, Socialists should jump in with both feet and point out these two subsidies mentioned above. The loss on industrial rates has cost Birmingham a steady £1 million since 1929; the second subsidy (to commercial premises) will cost the city £800,000 this year.

Naturally, the less the capitalists pay—the more the share of the ordinary householder. Meanwhile the local authorities have to face the same kind of rising costs that everyone else has to meet. Materials of all kinds are up (your local Council uses petrol, too, you know!); wages are up, too; but most of all, INTEREST RATES ARE UP. And as local councils borrow most of their money, this is disastrous. When local Tories ask for "economies," "thrift," and "elimination of waste," what they really want is no more new schools, no additional Council houses, a cut in the number of local firemen, water, gas and electric maintenance engineers, school doctors, and

dentists, etc. Many Labour Councils are thus in a tragic dilemma.

Quite apart from the rank piracy which allows local industrialists, big shops, etc., to pay a tithe of their full share of the rates—the whole basis of local government rating is anachronistic and morally wrong. To base the precept on the extent of one's property is to stand the problem on its head.

It is quite common nowadays for wealthy financial houses to possess little local property themselves. (The author knows one local concern which transacts all its business in the local post office!) And it is equally unfair on the householder. Moreover, the chronic housing shortage forces many young married couples into houses far beyond their means. And the family suffers in order to pay the rates.

The answer would seem to be a Municipal Income Tax. The taxpayer should have part of his taxes allocated direct to the local council. This would save millions of pounds nationally in the wasteful collection of two types of tax as at present. And the customer would at least have the satisfaction of knowing that when he'd paid his taxes, that was the lot. No half-yearly rate demand on top of P.A.Y.E.



§§ **CASSIA'S** §§  
 §§ **CALUMNY** §§  
 §§ **COLUMN** §§

READERS who have been watching the antics of certain British newspapers which have been giving away race-horses, public houses and the like in an endeavour to boost circulation figures, will be interested to learn that newspapers in Poland are also getting worried about falling readership.

The difficulties started at the beginning of this year when, as one of Gomulka's "democratisation" measures, the state subsidy paid to the Polish Communist press was abolished. This subsidy, according to the Warsaw daily *Zycie Warszawy*, amounted to more than a thousand million zloty each year and its abolition caused an increase in newspaper and periodical prices. Immediately circulation graphs plunged steeply downwards.

According to an article in the weekly *Zycie Gospodarcze*, on February 17, the number of newspapers returned unsold rose from just over 70,000 in December to nearly 259,000 at the end of the second week in January—just 14 days after the ending of the subsidy. "Particularly serious," said the paper, "is the return unsold of large numbers of Party daily newspapers." This in spite of a reduction in the number printed.

The Polish press is trying to overcome this reader resistance in ways not altogether unfamiliar in other parts of the world. Strip cartoons, serialised fiction and "cheesecake" are some of the methods being used. The Danzig daily *Dziennik Baltycki*, for instance, recently organised a competition to choose "Miss Coastline," and published the usual "cheesecake" photographs of the competitors. Another paper, the *Gazeta Bialystocka*, is featuring a serial which is described in a quarter front page advertisement as "breathlessly thrilling" and set in the "underworld." The organ of the Polish Ministry of Defence, *Zolnierz Wolnosc*, is also featuring this serial.

Apparently there is an exception to the downward trend of circulation figures, according to *Zycie Gospodarcze* the publication *Po Prostu* is doing well. This is interesting because *Po Prostu* is a paper for young intellectuals and it played a very large part in the campaign for the return of Gomulka.

While on the subject of the Eastern European press I must refer to a new law covering the press in Hungary. According to the state controlled "trade union" newspaper *Nepakarat* on February 20, this law proves that "everyone is free to publish his thoughts in the press, provided these thoughts are in harmony with the interests of the working class in the social and economic state system of the people's democracy." Which is a roundabout way of warning potential critical writers that they will get no space in Hungarian publications so long as Kadar is the editor in chief.

NEWSPAPERS in Eastern Germany have their trouble too. On March 10 the East Berlin *Berliner Zeitung* published a crossword puzzle. One of the clues was: "A Socialist writer and holder of the Heinrich Mann prize for 1953" (the latter being one of the top

## Bye-bye Tories

continued from page two

motion by the Party leaders after the 1955 general election defeat. That there has been an improvement in Party organisation is undeniable, but to see this is a major reason for Labour gains is to look at things in an upside-down fashion. Constituency parties fighting recent by-elections know from personal experience that their machinery worked smoothly because they had an unprecedented flood of voluntary workers into their areas—in many cases more than were necessary to do the necessary jobs. These volunteers did not enter into the by-election fight as a result of improved organisation but as a consequence of an ever increasing desire by Party rank-and-filers to get to grips

### CASSIA — continued

East German literary prizes). The answer to this clue was "Harich"—the German Professor of Philosophy at Humboldt University in East Berlin.

Unfortunately for the crossword compiler the same newspaper carried an announcement on another page of the same issue that Professor Wolfgang Harich had the previous day been sentenced to ten year's hard labour for "planning the overthrow" of the East German government!

The compiler of the crossword puzzle will doubtless have to answer for his heresy—as will the newspaper editor. But, if they get the chance to explain, they both have very good excuses. Wolfgang Harich's trial was held in semi-secret—with only East German official news agency and the central Communist organ *Neues Deutschland* being permitted to send reporters. Even the lawyer briefed for Harich's defence was excluded from the trial—and instead Harich had to accept an "official" defence lawyer provided by the state machine.

In such circumstances it is perhaps understandable that the *Berliner Zeitung* crossword expert failed to realise that Harich was an "unperson" and that the clue should have read: "Enemy of the state who conspired to be falsely awarded the Heinrich Mann prize for 1953."

But, in spite of all the danger and difficulties, some East German newspapers occasionally have the boldness to speak out against state organisations. Recently the East Berlin paper *B-z Am Bend* courageously attacked the East German school for fashion models at Erfurt. The models had poor figures, were too plain and too fat, it said. It will be tough luck on *B-z Am Abend* if any of the plain fat models at Erfurt prove to be girl friends of Herr Ulbrich or any of the other Communist bureaucrats!

Finally, an item of news from the iron curtain which surrounds the Farringdon Road offices of the "Daily Worker." March 5 was the fourth anniversary of the death of Stalin and, in conformity with the current Moscow line, the "Daily Worker" editorial board decided that no reference to the anniversary should appear in the columns of the paper on that day. This decision does not seem to have been communicated to the advertisement department for, on March 5, tucked away in the small adds column amongst notices of meetings, situations vacant, removals and second hand goods, there appeared this three line advertisement: "In Memoriam: J. V. Stalin. Died March 5, 1953. True Communist and Fighter for Peace."

with the Tories. In other words, the recent by-elections have had what the 1955 general election lacked—the enthusiastic support of rank and file militants.

### Rents issue

The central issue around which many of the by-elections have been fought also provides a clue to Labour's advances. In most areas the Tory Rents Bill has been the spearhead of Labour's fight and, as a natural corollary of this, Labour workers have had to counterpose Labour's alternative programme. And they have been able to do this with enthusiasm because Labour's plans for the municipalisation of all rented dwellings and the ending of private landlordism is, in spite of certain weaknesses, one of the few positive measures of clear cut Socialism currently figuring in the Party programme. Thus, in addition to being anxious to come to grips with the Tories, rank and file militants have had the added incentive of being able to show how a policy of public ownership can smash down Tory plans and solve the problems of private landlordism.

### GE now! Left policy!

All of these facts lead to several conclusions. The first is that the time is ripe for a general election and a big drive to sweep the Tories from power. After the results of the North Lewisham by-election were announced Hugh Gaitskell said that he hoped this would be a sign to the Tories to withdraw their Rents Bill, such a small demand that an agonising groan went up from the Labour Party ranks. Since North Lewisham Gaitskell seems to be reading the signs more clearly and he has, in company with the "Daily Herald" and Morgan Phillips, called for a general election.

This is good—but not good enough. General elections are brought about by deeds, not words. And the task of the Party leadership now is to respond to the widespread desire in the Labour Party for an all-out fight against the Tories on every issue and every occasion.

The second fact to emerge from the recent by-elections is that, contrary to the waffling of the "new thinkers," there are still thousands of rank and file Party members who will work their fingers to the bone providing they are given something worth working for. Party plans for municipalisation of all rented dwellings have proved the effective antidote to the Tory Rents Bill, now the Party needs a bold Socialist programme capable of being similarly related to the overall economic problems facing Britain.

Therefore the task facing the Labour Party is twofold. First an all-out campaign against the Tories to drive them from office. Secondly an immediate injection of basic Socialist measures into the Party's current programme. If these two things are tackled the road to Socialism in Britain will become wider than it has been for many years.

### WHO KNOWS ?

Chance readers might even become regulars;

Regulars might even take extra copies of the *Socialist Review* to give to friends;

Friends might even send a donation.

### WHO KNOWS ?

## WHAT WE STAND FOR

*The Socialist Review stands for international socialist democracy. It opposes the exploitive system of both Washington and Moscow—the two rival imperialist forces which now dominate the world—and seeks to advance the ideas of a Third Camp which conducts a relentless struggle against both class societies.*

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

- The complete nationalisation of heavy industry, the banks, insurance and the land, with compensation payments based on a means test. Renationalisation of all denationalised industries without compensation. The nationalised industries to form an integral part of an overall economic plan and not to be used in the interests of private profit.

- Workers' control in all nationalised industries i.e., a majority of workers' representatives on all national and area boards, subject to frequent election, immediate recall and receiving the average skilled wage ruling in the industry.

- The inclusion of workers' representatives on the boards of all private firms employing more than 20 people. These representatives to have free access to all documents.

- The establishment of workers' committees in all concerns to control hiring, firing and working conditions.

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

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

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

- Free State education up to 18. Abolition of fee paying schools. For comprehensive schools and adequate maintenance grants—without a means test—for all university students.

- Opposition to all forms of racial discrimination. Equal rights and trade union protection to all workers whatever their country of origin. Freedom of migration for all workers to and from Britain.

- Freedom to all colonies. The offer of technical and economic assistance to the people of the underdeveloped countries.

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

- A Socialist foreign policy independent of both Washington and Moscow