

**One Enemy, the Employing Class**

# **International Socialist 9**

**The I.W.W. in Australia**

**DIRECTING  
THE  
ACTION**



\* Plus \* The Politics  
of Health Care

\* Plus \* Boom & Slump —  
The Permanent Arms Economy

The cover is a front page from  
*Direct Action*, the newspaper  
of the Australian section of  
the Industrial Workers of the  
World.

# International Socialist 9

## Contents

- Janey Stone  
"... it's better than Kentucky Fried Chicken" ..... Page 4
- Verity Burgmann  
Directing the Action: the IWW in Australia ..... Page 16
- Rick Kuhn  
Booming Economics :  
Marxists and the post-war boom ..... Page 24
- Andrew Milner  
Slumping economics: a reply ..... Page 31
- Siew Drakeley  
Indonesia : the 'Development Miracle' ..... Page 37
- Kevin Bain  
Australia Ripped Off : review article ..... Page 41
- George Petersen  
Connell's Socialism and Labor : review article ..... Page 42

*International Socialist* is the journal of the International Socialists. It will appear twice-yearly and will retail for \$1.50. Subscriptions are available from Redback Press, P.O.Box 46, Flemington, Vic. 3031. Subscription rates: \$6.00 for 4 issues (individuals), \$12.00 for 4 issues (institutions).

The journal is edited by: David Lockwood (Melbourne)  
Carole Ferrier (Brisbane)  
Andrew Milner (Sydney)

Contributions are welcome from all and sundry. These should be sent to the editors by the beginning of the month preceding publication.

Typeset in Melbourne by 47y By Night 376 8485.

KARL Marx wrote that "the emancipation of the working class is the task of the workers themselves." The working class, because of its relationship to the means of production, is the revolutionary class of modern history.

But intellectuals can serve the working class by making their own contribution to the working out of ideas and theory. Workers and intellectuals together must build revolutionary consciousness and a revolutionary party.

A problem for left-wing intellectuals is their lack of contact with the working class. Their theoretical work becomes an end in itself and is often written in a jargon few can understand.

Although in *International Socialist* we are not always innocent of this (partly because some ideas are complex), our aim is to use language that is a medium and not a barrier to the growth of revolutionary consciousness.

We want to run more articles about the practice of militants in workplaces. As Marx put it, "philosophy finds its material weapons in the proletariat". The class struggle is being waged every day; and it is that struggle that gives meaning to the work of revolutionary intellectuals.

In publishing *International Socialist* we hope to attract people, intellectuals and workers, to our ideas, and to clarify them for ourselves. We need to understand and evaluate what we are doing and what our positions are locally, nationally and internationally.

This is why we need to step back and scrutinise the central issues of how and why various struggles have been fought. Sometimes this leads us to examine the mistakes of others and to what extent these are a result of their politics. But we hope to do this in a non-sectarian way.

Lenin once quoted the demands workers made of intellectuals:

"You intellectuals can acquire political knowledge, and it is your duty to convey it to us... not only in the shape of disquisitions, brochures and articles (which are often — excuse my frankness — rather boring) but, without fail, in the form of living arraignments of what our government and our ruling class are doing in all spheres of life."

Theoretical study is essential. But as Hegel said, and Lenin loved to repeat, *truth is concrete*. The best way to make theory a living and growing thing is to make it a part of the struggle — not tomorrow but today.



# “It’s better than Kentucky Fried Chicken . . .”

by Janey Stone

**M**edicine is a social science and politics is nothing but medicine writ large.”  
Rudolf Virchow, 1848<sup>1</sup>

Rudolf Virchow, German pathologist, was one of the most important scientists of the 19th century. He is responsible for turning medical thinking away from abstractions and metaphysics, toward a materialist study of real human beings. But he was also a social reformer. That his statement was made in 1848 is no accident. Virchow joined the militants on the barricades because he believed you could not separate the anatomical and physiological workings of human beings from their social existence.

In Virchow’s time, life expectancy at birth was about 40. By the turn of the century it had risen to 55 for women, and by 1920 it was 63. Nearly half the

gain is due to a reduction in mortality from TB, and much of the rest to the decrease in typhus and dysentery.

This reduction was achieved long before the discovery of specific drug treatments, and even before the development of the germ theory of disease. The main reason was the improvement in the standard of living that took place in the late 19th century, particularly improved sanitation, nutrition and housing.<sup>53</sup>

One commentator has gone so far as to sum it up this way: “Disease corresponds with a particular stage of social development for which economic and political forces are the final determinants.”<sup>54</sup>

---

*JANEY STONE is a health worker in Melbourne, and the author of Radical Feminism: a critique.*

---

Within any one period there are also many variations in standard of living and health. Even after 30 years of the welfare state in Britain class differences in health are prominent. Of 100 young unskilled workers, seven will be dead before they reach 45, and 36 will die before retirement. Of 100 young professionals only three will die before 45 and 23 before retiring.<sup>55</sup> Perhaps even more surprising, this class effect is increasing. In 1950, a baby from the lowest social class had a one and a half times greater chance of dying than one from the highest class. In 1973 this had increased to twice.<sup>56</sup>

This article discusses and develops the theme of health and health care as

social issues. The first part deals with the economic structure of health care under modern capitalism, and its political and social repercussions. In particular I try to show how the individualisation of health care and the mechanistic theory of disease disguise the real purpose of health institutions — social control, direct and indirect.

In the second part I will discuss the historical development of the modern institutions, state intervention and the profession of medicine in different countries. Modern medicine, far from being objective and neutral, is very much bound up in the society it is part of. Finally I will discuss the current health care crisis, and implications for revolutionaries.

The second part will be in a future issue of this journal.

One last note. This article is not intended to be a criticism of the methods and technology of medicine as such. It does not buy into the debates initiated by so called “alternative medicine”, or such anti-medicine advocates as Ivan Illich, because these concentrate on techniques rather than the social issues. I intend to take these issues up in the second part of the article.

## Individualism and Health Care

### The Magic Bullet

The year was 1871. The famous Louis Pasteur, in good scientific tradition, was addressing himself to certain problems of industry, in this case the fermentation industry in Lille. His discovery of microbes, when later applied to human illness, led to the development of the germ theory of disease.

Microbiology entered its golden age. The German doctor, Paul Ehrlich, set out to find chemicals which would home in on the target microbes. These “magic bullets” are the basis of the approach known today as specific aetiology.

Modern medical science is based on this theory. The idea that a single causative agent is responsible for disease, which can then only be cured by specific treatment on an individual basis. This is why we hear so much talk about a “cure” for cancer.

Specific aetiology resulted in dramatic breakthroughs in medical technology. But as a theoretical concept it is responsible for much of the limitations of capitalist medicine.

During the 19th century, virtually everyone was infected with the TB bacillus. Yet only some people developed the disease. How in this situation can you say that the bacillus “causes” the disease? The real cause, as Bernard Dixon puts it, is “the malnutrition, fatigue and other accompaniments of poverty which turn harmless parasitism into overt ill





health".<sup>57</sup>

Closely related to the theory of specific aetiology is the mechanistic concept of medicine. Put briefly, this view considers that "a living organism could be regarded as a machine which might be taken apart and reassembled if its structure and function were fully understood".<sup>9</sup>

The individualism these concepts lead to has important repercussions today. The most important is to remove health and health care from the social sphere, into the area of individual responsibility.

This individualism is where the famous doctor-patient relationship derives from. As J. Tudor Hart puts it,

"The ideal doctor-patient relationship has the same root as the nineteenth century preoccupation with Robinson Crusoe as an economic elementary particle; both arise from a view of society that can perceive only a contractual relation between independent individuals."<sup>18</sup>

Health care becomes a commodity, to be acquired or not as the consumer "chooses". Society is absolved of responsibility. The individual is then ultimately responsible for what happens to him or her. When their health fails the individual can always be blamed — obviously they weren't looking after that machine, their body.

Individualism is used in many ways. When the government wants to attack Medibank we hear how "the individual should bear more of the

cost of their own health care". The one-to-one doctor-patient relationship justifies the principle of fee for service, which is so profitable to doctors. And naturally the drug companies enjoy the profits from individualised treatment such as drugs.

The individual orientation means that ideas of prevention are usually just a matter of lip service. But even when they are put into practice, we usually end up with individually oriented "health education programs".

For instance the NSW Health Commission in its 1977 report emphasised the need for greater concern in the area of preventive health. Commenting on preventable diseases and traumas such as cancer, car accidents, heart disease and alcohol related deaths, they said this:

"Perhaps the most important contributing factors in many of these diseases are unsuitable life styles, including excessive and increasing use of tobacco, drugs and alcohol."<sup>19</sup>

No comment on the social reasons why people use drugs. Life style, supposedly a free choice, is to blame.

Or take car accidents, one of the major causes of death in Australia today. If there were fewer cars, better public transport and less need for rush, there'd obviously be fewer car accidents. The most capitalist society can offer is seat belts and "driver education" on the one hand, and casualty departments and specialist

spinal units in hospitals on the other.

Industrial health and safety is obviously a social issue. Yet the most common action by companies is to put up safety posters. Usually these are humorous pictures of a worker making a mistake and getting hurt.

Anything more needs the motivation of economic pressure:

"Chickens, race-horses, and circus monkeys are fed, housed, trained and kept up to the highest pitch in order to secure a full return from them as producers in their respective functions. The same principle applies to human beings; increased production cannot be expected from workers unless some attention is paid to their physical and environment needs.

"(The) real object of this book is to show those who manage plants . . . how workers' health may be maintained and improved as a means of production."<sup>11</sup>

Industry programs for the treatment of alcoholics have been operated in Victoria since 1973. They were introduced because American studies showed that for every dollar spent on alcoholism detection and rehabilitation a company can save two dollars. Not surprisingly middle management and those working broken shifts are worst affected. Those providing the program give the obvious sociological reasons.

And how does the program work? Does it make any effort to deal with the acknowledged stresses of these jobs?

"The employee is forced to recognize his grog problem and made to realise that unless something is done about it the company will have no choice but to dismiss him."<sup>12</sup> (Emphasis added.)

This argument about individualism applies even to diseases which are less obviously social. I will look at heart disease and cancer as two examples.

### What Causes Heart Disease?

Everybody knows what causes heart disease — eating too much saturated fats (cholesterol). We all know the cure — eat polyunsaturated margarine. Where does this knowledge come from? The margarine commercials, of course.

In reality no-one has ever proved that change in diet affects the amount of cholesterol in the blood.<sup>13</sup> Various committees of specialists have come to different conclusions on the question. There is even some evidence that, through biochemical changes which occur in the body, eating more margarine will lead to more cholesterol in the blood.

The scientific controversy continues. But those that discount diet still put their emphasis on a point of behaviour — exercise. But consider a report published by a special task force to the US Secretary of Health Education and Welfare:

"In an impressive 15-year study of aging, the strongest predictor of longevity was work satisfaction. The second best predictor was overall 'happiness' . . . Other factors are undoubtedly important — diet, exercise, medical care, and genetic inheritance. But research findings suggest that these factors may account for only about 25% of the risk factors in heart disease, the major cause of death.

"That is, if cholesterol, blood pressure, smoking, glucose level, serum uric acid, and so forth were perfectly controlled, only about one-fourth of coronary heart disease could be controlled. Although research on this problem has not led to conclusive answers, it appears that *work role, work conditions, and other social factors* may contribute heavily to this 'unexplained' 75% of risk factors."<sup>14</sup>

There is plenty of evidence that the stress caused by social factors is the major cause of not only heart disease, but also ulcers, high blood pressure, infectious disease, TB, colds and flu and of course mental illness.<sup>15</sup>

For instance a recent Australian study shows that mortality from heart disease correlates with fluctuations in the unemployment rate. An increase in unemployment is followed about three years later by an increase in fatal heart attacks.<sup>16</sup>

### A Look At Cancer

Each year the USA spends \$800 million on cancer research.<sup>17</sup> There have been marvels of technology in

detection and treatment of cancer and in understanding the biological mechanisms.

Yet between 1923 and 1973 there was no change in any age group at all, in overall death rates due to cancer.<sup>18</sup> This is despite improvements in survival rates for certain rare cancers.

The reason is simple. It is now generally accepted that up to 90% of all cancers are caused by environmental factors (including diet, smoking, pollution, sunlight, etc.)<sup>19</sup> Dr. Alan Bell, of the Division of Occupational Health and Radiation Control in NSW estimates that there is an occupational factor in 50% of cases.<sup>20</sup>

Specialists in the field now acknowledge that cancer is preventable.<sup>21</sup> Nonetheless the emphasis is usually individual — how to convince people to stop smoking and so on. No-one questions why people smoke. The assumption is that people make a free choice to smoke.

You commonly get comments such as this one, from a professor who considers that the increased risk of lung cancer in asbestos workers who smoke poses a 'tricky' ethical problem: "Do you have to make industry safe for people if they are not taking care of themselves?"<sup>22</sup>

There has been a fair amount of research into the possibility that there is a psychological component in many cancers.<sup>23</sup> But instead of seeing psychology as the individual expression of social factors, it focusses attention on the personality. Research is still into stress mechanisms rather than the causes of stress.

With occupational cancer there can be no mystifying the social component. Yet industry's record of doing something about known carcinogens (cancer-causing agents) is abysmal. Take the well publicised case when B.F. Goodrich of Kentucky announced in 1974 that three of their men who worked with vinyl chloride (VCM) had died of a very rare liver cancer.<sup>24</sup>

After the Goodrich announcement the most expensive and comprehensive measures ever taken to deal with an industrial health hazard were mounted. But what preceded the announcement?

As early as 1949 Russian research

showed a high incidence of liver disorders among men handling VCM. Various experiments during the 1960's in the USA showed it to be quite toxic. In 1972 an Italian scientist found VCM caused cancer in animals, but the US Manufacturing Chemists Association kept the information from the public and the American government. They claimed the results were only "preliminary".

Workers in plants using VCM were well aware it was toxic. But management (and their medical lackeys) always try to blame the individual worker. The following incident happened at a BP plant in South Wales.

"A man unloading vinyl chloride from a tanker was overcome and taken to hospital. There he spent three days vomiting, with his legs 'frozen and his torso burning'. The company doctor asked him, 'What did you have for breakfast?' The man replied, 'I think you've got the wrong case. I was unloading vinyl chloride when it happened.' Unperturbed still in search of another truth, the doctor continued, 'Are you sure you didn't have any fish for breakfast this morning?'"



"... individualism is where the famous doctor-patient relationship derives from."



## The Economics of Modern Health Care

### The Structure of the Health Care Industry

If health is a social issue, health care under capitalism is a commodity, and is integrated into capitalist economy. But the economic structure is complex, and I have only given here a simple outline which can help explain some of the conflicts within different sections of the health care industry.

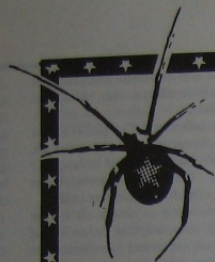
Firstly, there is the service to big capital. In the same way as a minimum standard of education is necessary, workers must be kept healthy enough to do their work efficiently and to reproduce.

Workers' health of course doesn't mean the same to the ruling class as it does to the workers themselves. In general the ruling class wants health care to be cost efficient. And as far as possible the cost should be born by the workers themselves.

This is one issue behind the current campaign to cut health costs. Health care provided by Medibank I was too luxurious from the capitalists' point of view. It went beyond minimal care, "wasted" too many resources on unproductive groups such as the chronically ill, and worst of all was paid from general revenue to which big business also contributes.

This is also a major reason why our health care institutions are so oriented to acute illness. If the worker can be returned to work after treatment in a reasonable time it might be efficient from the capitalists' point of view. On the other hand it is cheaper to simply replace a worker with a chronic illness.

In general this service to big capital is carried out by the state. In some countries the state largely takes over, as in the British National Health Service. In others it mainly provides necessary back up in legislation and free service for welfare recipients, as in the USA. Australia is between these two extremes.



# Redback Press

LEAVE IT IN THE GROUND

Mick Armstrong 60c Pamphlet  
Looks at the fight against nuclear energy and gives a strategy for winning it.



THE FIGHT FOR WORKERS' POWER  
Tom O'Lincoln 50c Pamphlet  
An introduction to the politics and strategy of the International Socialists.

mail order from  
Redback Press  
PO Box 46  
Flemington VIC 3031.

Please add 50c extra per pamphlet for postage.

## BACK ISSUES

### International Socialist

- |  |                               |
|--|-------------------------------|
| 4. Lenin and the Bolshevik Party . . . . .                         | Tom O'Lincoln                 |
| Italians in Australia . . . . .                                    | Lotta Operaia                 |
| 5. Newport . . . . .   | Phil Griffiths                |
| Women in the Metal Trades . . . . .                                | Janey Stone                   |
| The Right to Work Campaign . . . . .                               | Doug McCarty                  |
| 6. Uranium and Workers' Power . . . . .                            | David Shaw                    |
| The Struggle at Fairfax . . . . .                                  | Tom O'Lincoln                 |
| The Struggle in South Africa . . . . .                             | Mick Armstrong                |
| 7. The Post-War Boom . . . . .                                     | Andrew Milner                 |
| Perspectives for Women's Liberation . . . . .                      | Janey Stone                   |
| Eurocommunism . . . . .  | David Lockwood                |
| Consumptive Theory — the theory of under-consumptionists . . . . . | A. Kimbay                     |
| 8. The Australian Boom . . . . .                                   | Rick Kuhn                     |
| Queensland . . . . .   | Carole Ferrier and John Minns |
| Building Industry . . . . .  | David Shaw                    |
| The CPA since the war . . . . .                                    | Tom O'Lincoln                 |

Back issues are available from Redback Press, P.O. Box 46, Flemington, Vic 3031, price 50 cents.



"We treat illness here. Miss Rothbart. If you insist on being cured, you'll have to go to some quack..."

Secondly, health care is an industry in its own right, divided like other industries into big capitalist concerns and the petit bourgeoisie.

Drug companies are the most important of the large companies and the next section will deal with them in more detail. In the USA, hospitals are also big business.

"The growth potential in hospitals is unlimited; it's even better than Kentucky Fried Chicken." So commented Jack Massey, head of Hospital Corporation of America (HCA), and a former chairman of the well-known fried chicken business.<sup>2</sup>

In 1969 the US nursing home industry grossed \$2.8 billion, up 529% from 1960. The HCA has more than 100 hospitals around the world and an annual revenue of over \$600 million.<sup>3</sup> They make their profits by concentrating on patients who are not too sick and who can afford to pay. They encourage short term patients who are most profitable, and refuse chronic diseases, obstetrics and outpatient care.<sup>4</sup>

Big business also provides medical equipment and supplies. And many other industries, such as building, food, clothing and computers also

<sup>2</sup>Hospitals are not generally big business in Australia. Major private hospitals' only restriction is that you have to be able to pay. But the American system will soon appear here. HCA plans ten hospitals in Australia by 1981.<sup>5</sup>

have a large stake in hospitals.

One commentator has said: "The skyscraper hospital today is almost as prominent a feature of the modern city as was the cathedral in a mediaeval town or city."<sup>6</sup>

He might have added that it was just as central to the society. The hospital is the typical institution of big business health. This structural factor is one reason why all the talk in Australia about shifting primary health care to community health centres is doomed to failure.

Large expensive institutions such as hospitals are central to the provisions of health services at all three levels — an acute service to big business, the medical-industrial complex, and to doctors themselves.

At the petit bourgeoisie level there is also plenty of money to be made. Among doctors it is not so much your local GP as the private specialist. Private hospitals are still generally on a comparatively small scale. Nonetheless small nursing homes and clinics are very profitable in a modest way.

Frequently these are owned by doctors and sometimes nursing sisters. An example is the two abortion clinics run in Sydney by an international "non-profit" organization called Population Services International.<sup>7</sup>

Owned by Dr. Geoffrey Davis and three business associates, the PSI clinics interlock with a private hospital, three small medical practices, a pathology service and several other businesses.

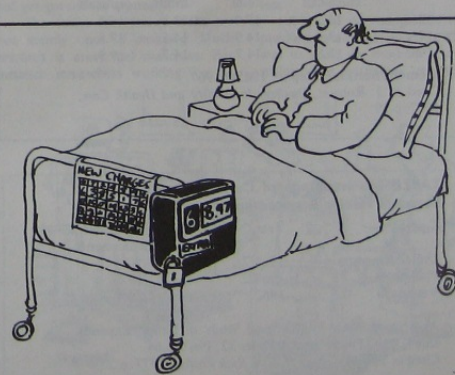
The pathology services alone probably account for an annual cash turnover of about \$400,000. Abortions of women from Queensland alone bring in \$900,000. Davis owns four vintage cars and two Maseratis.

So-called "non-profit" health insurance funds also provide good incomes for doctors, chemists and other business people. That the insurance funds are not primarily interested in providing money for necessary health care is shown by the attempt last year by certain funds to discourage those with chronic illnesses from joining.

To sum up, health care is structured economically at three levels:

- the state representing capitalism as a whole;
- big bourgeoisie, e.g. drug companies;
- small proprietors, e.g. doctors and nursing homes.

It is the different interests at these three different levels which result in many of the conflicts and fluctuations in health care service.



"... small nursing homes and clinics are very profitable in a modest way."



### Profit and the Drug Companies

"The drug industry is one of the biggest crap games in US industry."<sup>25</sup>

For the ten years to 1973 the drug industry was either the first or second most profitable industry in the USA.<sup>24</sup> Profitability in Britain is shown in table 1.

Profits are largely due to the amazing markups. The classic is the tranquilizer valium. Produced at a cost of £20/Kg. Roche sold it to the British National Health Service (NHS) for £1962/Kg. With the NHS spending £10,000 a day on Roche tranquilizers, it isn't surprising the Monopolies Commission was able to calculate £12 million in excess charges.

This particular case was finally exposed in 1973.<sup>27</sup> But other companies continue to do the same. Fisons for example pay £2,300 per ton for the raw materials for Intal, an anti-asthmatic. The NHS pays Fisons £2.8 million per ton for the finished product.<sup>28</sup>

The drug companies claim they need a large profit to finance the risk taking of research.<sup>29</sup> But actually they spend less on research than advertising.

American companies spend four times as much on advertising as on research. Frequently this research is really into minor packaging differences, or minor pharmaceutical changes to by pass patent laws. 80-90% of new drugs are of this sort known as "me-too" drugs.

Only drugs which will produce profit get marketed. For instance Lithium was discovered to be of medical use in 1949. But it wasn't marketed because it was *too cheap*. In the late 60's a slow release form was developed and it was then marketed profitably.

Our whole health system is oriented to drugs. What else could be so well suited both to individual therapy and the mechanistic view of the body? A West Australian psychiatrist, Dr. Gerald Milner put our dependence on drugs succinctly. "If Moses appeared today with two tablets, one would be a contraceptive and the other Valium."<sup>30</sup>

The drug companies did not get in this position through the actual usefulness of their products. In 1971, the US Food and Drug Administration investigated 2000 of the most commonly

used medicines. They rated only 39% as effective and another 25% as possibly effective. Many of the others were among America's best sellers.

"Put another way, of the 16,000 therapeutic claims evaluated by the companies panels, approximately 10,000 or 60% were found to lack evidence of efficacy."<sup>31</sup>

Drug companies will go to any length to get sales. Much of their profit comes from the third world, where they are an even more important part of health services than in the west (see table 2).<sup>32</sup> Generally restrictions are far less rigid. For instance Connel, a painkiller made by Winthrop, is banned from routine use in the USA. Its only justifiable use is as "a last resort to reduce fever when safer measures have failed".

Brazil doesn't have any such strict controls. So Winthrop market the identical drug there, but with slightly different labels. They recommend it for: "Migraine headaches, neuralgia, muscular rheumatism, colic, pain or fever which usually accompanies gripe (flu), sinusitis or tooth extraction."<sup>36</sup>

Similar practices occur in the west.<sup>33</sup> In the late 1940's Eli-Lilly marketed Dolophine (named after Hitler) which contained methadone. Sold as cough syrup and tablets for 25 years until the 1970's, it was pretty ineffective. Nonetheless the public bought it in pint and gallon bottles. Two facts: methadone is highly addictive, and four ounces or four tablets of Dolophine would kill an average person.

Then came the great discovery that methadone could be used as maintenance therapy for heroin addicts. In 1972 Lilly, well placed, produced 90% of maintenance methadone. (The social implications of methadone therapy are discussed in a later section.)

The case of thalidomide is well known but the circumstances are worth giving here.<sup>34</sup>

It was first marketed in West Germany in 1957, as a universally consumable sedative. Chemie

\*Though appalled at the lack and quality of evidence of any sort the FDA made few recommendations for withdrawal of drugs.

Grunenthal particularly aimed their advertising at pregnant women and young children. Available without prescription, it was nicknamed "the baby-sitter". Throughout 1958 a massive publicity campaign resulted in it being sold widely around the world.

During 1959 Chemie Grunenthal received reports of side effects such as giddiness, hangover and loss of memory. To every enquiry they replied that it was the first time they had heard of this side effect.

The company conducted another mass sales campaign in 1960, and fought attempts to place it on prescription in West Germany. They even put pressure on editorial boards of medical journals to delay publication of articles by clinicians who had used thalidomide.

In 1961 Distillers, the British distributors, were still advertising that it

"can be given with complete safety to pregnant women and nursing mothers without adverse affects on mother or child."

It was withdrawn soon after, when malformations in the foetus were proved. Between 8000 and 10,000 children throughout the world were affected. Court cases continue today, with parents frequently being forced to settle out of court for incredibly low amounts.

## The Social Functions of Health Care

### Teaching and Research

Although these are subordinate activities within the health care system, they tend to take on a life of their own, and become ends in themselves.

Doctors in public hospitals often regard the public patients primarily as "teaching material". For instance this was the time when 20 students in an Australian teaching hospital lined up to perform a rectal examination on a patient with piles. Stories such as this are very common.

Teaching medicine is controlled by the doctors themselves. They use this control to limit the number of students.

If too many people get to be doctors, individual income might drop. Medical students are highly selected, most of them being white males from professional backgrounds. Selection and elitism perpetuate the belief in their own superiority.

Research does include many dedicated scientists. But much of the money for research in universities comes from drug companies or the government. Research therefore is mostly into currently fashionable areas. At the moment cancer and heart disease are fashionable. Other problems may be more pressing in terms of human need, but they are neglected.

Take tropical diseases.<sup>35</sup> In Africa alone malaria kills one million children every year. In some parts of Africa one person in ten is blind as a result of river blindness caused by filarial worms. Over 200 million people are affected by the six most common tropical diseases.

Yet the world wide research budget on these diseases is approximately \$30 million a year, less than the USA alone spends on cancer research. No new major remedies have appeared over the past 30 years, a period when the technology of many aspects of medical care has been revolutionised. As the World Health Organisation puts it, "research into tropical diseases has not yet got off the ground."

The faults of research today are not merely ones of omission. Much research is cruel and malicious. For instance researchers working for the

US Defence Department exposed terminal cancer patients to massive doses of radiation in their investigations of the effect of fallout. This went on for eleven years, until publicity in 1971 brought the experiments to an end.<sup>36</sup>

85% of preliminary drug testing in the US is performed on prison inmates.<sup>37</sup> Birth control pills were tested for ten years on Puerto Rican women before being declared safe for the white market. During this testing "control" women were given sugar pills but *not* told they were ineffective. Believing they were protected from pregnancy they did not use other contraception with predictable results.

Research undertaken in Cali, Colombia (South America) is almost unbelievably callous.<sup>38</sup> In order to study the effect of malnutrition on the human body, subjects were first allowed to continue their starvation diet while initial testing was done. Then they were fed a scientific diet and studies continued until the person's blood became "normal". Then they were discharged.

The food given was just part of the experiment. The people returned home and the scientists published papers. Following on this initial "research" the Rockefeller Foundation initiated a project to do something about the local problem of malnutrition.

A group of young children were involved in a special program. The idea was to assist the mothers in avoiding malnutrition with only very selective



"Two lumps, no milk, three penicillins and an aspirin."

TABLE 1: Percentage Return on Capital Employed in the Pharmaceutical and Comparable Industries, 1963-5

	chemicals	food	drink	pharmaceuticals
1963	13.2	15.9	13.8	16.1
1964	13.9	14.9	14.5	17.8
1965	13.5	14.7	14.7	19.9

From the Sainsbury Report, HMSO 1967.

Cited in J. Robson, *Quality, Inequality and Health Care*, 1977, p.29.

TABLE 2: Percentage of Current Expenditure on Personal Health Services spent on Medicaments.

Country	Year	Percentage spent on medicaments
United Kingdom	1961/2	8.7
Phillipines	1961/2	29.6
Venezuela	1962	26.4

Abel-Smith, "An International Study of Health Expenditure", WHO Public Health Paper 32, 1967, p.64.

Cited in T. Heller, *Poor Health, Rich Profits*, 1977, p.21.



# International Socialists

NON-MEMBER:  
CONFUSED, LACKING  
CONFIDENCE, ISOLATED,  
DEMORALISED...  
INACTIVE.



NEW MEMBER:  
CONFIDENT, WELL  
PREPARED, ENTHUSIASTIC,  
GENNED UP,  
ACTIVE...



## Contact I.S.

Contact the International Socialists near you:

### National Office

PO Box 46,  
Flemington, Vic 3031  
phone 329-9872

### Melbourne (Nth and Sth)

PO Box 46 Flemington VIC  
3031  
or phone 387 6351 (North)  
543 1081 (South)

### Sydney

111 Enmore Rd Newtown NSW  
2042 or phone 51 3665

### Adelaide

PO Box 139 Unley SA 5061  
or phone 49 7939

### Canberra

PO Box 1165 Canberra City  
ACT 2601

### Brisbane

PO Box 99 St Lucia  
QLD 4005 or phone 358 3978

### Ipswich (Qld)

phone 281 6113

### Perth

126 First Ave., Mt. Lawley,  
W.A. 6050 PH: 272 3681.

Most branches have weekly meetings - if you're interested ring them for an invitation.

## What We Stand For

### Workers' Power

Workers' control over the whole of society; based on workers' control of the factories and workplaces. Only the organised working class has the power to create a society free of exploitation, oppression and want. Russia and China are not socialist because they are based on the exploitation of workers by a bureaucratic ruling class.

### Smashing the Capitalist State

The state, parliament, courts, the law is a weapon of class rule and can never be used to serve the interests of the working class. There is no Parliamentary road to socialism.

### Revolution, not Reformism

We believe in overthrowing the capitalist system, not patching it up or gradually trying to change it.

### Internationalism

A socialist revolution cannot survive in one country. It must help build revolutions in other countries or it will be defeated like the Russian revolution of 1917. We are building an international movement, opposed to patriotism and working to overcome national divisions.

### Full Equality and Liberation

For women, blacks, migrants

and all oppressed groups. Racism sexism and discrimination against migrant peoples are all pillars of the capitalist system. We are opposed to the social persecution of homosexuals.

### Revolutionary Party

To smash the capitalist state, we need a revolutionary party, organised and built in the workplaces. Without a revolutionary party, the struggles of workers will be crushed.

### Rank and File Organisation

Workers need their own rank and file organisations to fight the bosses when the paid officials

are unwilling. We work to bring them under rank and file control.

### I.S. Works

... to build a revolutionary party out of the struggles workers are waging today. We fight for a program of industrial and social demands that can strengthen the self-confidence, organisation and socialist consciousness of the working class.

If that's the sort of work you want to do

JOIN US!

occasional use of "supplementary feeding" (extra food). The result was that the study group - the children - did better. But their families did worse! All the researchers had succeeded in doing was redirecting resources within the family.

The scientists declared the program a resounding success:

"This is a dramatic confirmation of the value of the (special) technique for control of malnutrition in the pre-school child at far less cost than any kind of supplementary feeding program, and it is a refutation of the thesis that nutritional problems can be met only by economic improvement."

### Direct Control

Everybody has heard of the doctors who supervise torture and corporal punishment. We assume they are exceptions - they have broken their sacred Hippocratic oath.

But medicine plays a more important part in the direct control of the population than we often realise. Take prisoners for example. Inmates tell us that it is normal for all prisoners to be on some form of drugs, usually tranquilizers.

Refusal to take these drugs is itself seen as an example of "uncooperativeness". This happened to Sandra Wilson, the women prisoner whose release was helped by women from the left in Sydney a couple of years ago.

Prisoners who are "uncooperative" or "aggressive" are frequently subject to "behaviour modification techniques". This includes tranquilizers and chemical castration.

In the USA at least they also use aversion therapy with succinyl choline,<sup>39</sup> which causes paralysis including the muscles used in breathing. An enthusiastic psychiatrist describes its effect as inducing "sensations of suffocation and drowning"; the subject experiences feelings of deep horror "as though he were on the brink of death". Prisoners are treated with succinyl choline while the therapist scolds and threatens.

With this sort of thing in our own backyard, outrage about psychiatric abuse in Russia looks rather hypocritical.

Tranquilizers are quite openly intended for control of social problems. Consider these ads from medical journals:

Limbitrol: A picture of a working class woman with five children living in one over-crowded room.

"Lack of space, lack of privacy, breeds unhappy people. But while society can offer little in the material sense, help is forthcoming where the effects of bad conditions can be measured in human distress."<sup>40</sup>

Serentil:

"The newcomer in town who can't make friends. The organization man who can't adjust to the altered

status within his company. The woman who can't get along with her new daughter-in-law... These common adjustment problems of our society are frequently intolerable for the disordered personality."<sup>41</sup>

The advertisement pictured on the next page gives another example.

Methadone replacement therapy is not so much a treatment for heroin addiction as a method of control of the addicts. It is itself highly addictive, which is an important factor in this control. As Dr. Peter Bonne explains in the Methadone Maintenance Treatment Manual, the relationship with







An early nineteenth century ovariectomy counsellor

behaviorist James McConnell:

"I believe that the day has come when we can combine sensory deprivation with drugs, hypnosis and astute manipulation of reward and punishment to gain absolute control over an individual's behaviour."<sup>44</sup>

#### Indirect Control: Medicalization of Social Problems

By definition a disease is something bad, which must be eliminated. So if an "undesirable" social attitude or behaviour pattern can be redefined as a sickness, a handy rationale for social control is created.

At the same time, capitalist health care defines illness as individual rather than social. For this reason also, redefining social problems as medical allows their social aspect to be suppressed.

Furthermore, illnesses are treated by a powerful elite — doctors. Unlike the social realm where democratic forms must sometimes be maintained, patients have no right of appeal. If a patient objects to a treatment, this itself can be proof of sickness. Since they're sick, they don't know what's good for them.

So medicalisation of social problems is a means of repression and control. One example is attitudes to homosexuality. In the 19th century and before, homosexuality was a sin. The 20th century saw a more "enlightened" attitude develop. These poor people are sick. They need help. So instead of the punishment of the

leading cause of drug-related deaths in New York. Of 1000 deaths in 1977, 750 were methadone-related. Methadone is now legally prescribed to 70% of Victorian addicts.<sup>43</sup>

To conclude we have the hopes of

last century, we have the modern "treatment" of aversion and shock therapy.

When 19th century middle class women rebelled from their stifling life, it was termed hysteria. This was treated by suffocation, beating with wet towels, and ridicule.<sup>45</sup>

Sometimes surgery was used. Indications for removal of the ovaries included "troublesomeness, eating like a ploughman, masturbation, attempted suicide, erotic tendencies, persecution mania, and simple cussedness." Sometimes the clitoris was removed as its growth could lead to "immorality."<sup>46</sup> Freud removed the treatment of hysteria from the body to the mind. But it remained medical and individual.

The sort of surgery mentioned above is still practised today. The last known surgical removal of the clitoris in the USA was performed only 25 years ago on a five-year-old girl as a cure for masturbation.<sup>47</sup> It is still widespread in parts of the Arab world.

Some doctors have recently seriously suggested debreasting girl babies at birth as a solution to the problems of breast cancer<sup>48</sup> and routinely removing the womb in older women to prevent uterine cancer.<sup>49</sup>

A recent survey showed 94% of US gynaecologists in four major cities favour compulsory sterilisation of female mothers with three or more illegitimate children.<sup>50</sup> But even as it is at present, sterilisation as a "medical" issue results in much the same thing indirectly. 20% of married black women in the US have been sterilized. Frequently this is done completely without their consent.

For instance in 1973, 20 black sisters in Alabama aged twelve and fourteen were sterilized in a federally funded family planning program. Their mother put an X on a form she couldn't read. In the same year, it was revealed that the only practising obstetrician in a certain area of South Carolina routinely refused to deliver a third child to women on welfare unless they consented to sterilisation.

Puerto Rico is known as the laboratory for US population experiments. Over a third of all women of childbearing age have already been sterilised.

As a final example of medicalization of social problems, consider the problem of "hyperactivity" among school children. Many scientists dispute whether the syndrome even exists. They maintain that these children are simply rebelling against their repressive environment. Yet in 1975 nearly a million American children were getting drugs to make them more manageable at school.<sup>51</sup>

Sometimes even doctors show that they are aware that medical treatment must be kept individual for control to be maintained. A doctor was responding to a suggestion about self help groups for kidney dialysis patients:

"No," he almost shouted, "that is the last thing we want. Already the patients are sharing too much knowledge while they sit in the waiting room, thus making our task increasingly difficult. We are working now on a procedure to prevent them from ever meeting with one another."<sup>52</sup>

## Footnotes

1. Cited in John Robson, *Quality, Inequality and Health Care*, London 1977, p. 3.
2. Cited in *Ibid* p. 31.
3. "US in Hospitals Deal", *The Age*, Melbourne, 12 December, 1978.
4. Barbara and John Ehrenreich, *The American Health Empire*, Vintage Books, New York 1971, p. 114.
5. "US Cash in Big New Hospital", *The Age*, 21 November, 1978.
6. Basil Hetzel, *Health and Australian Society*, Penguin, 1974, p. 28.
7. Information on PSI from "Abortion, Our Bodies, Their Power", pamphlet, Sydney n.d.
8. J. Tudor Hart, "The Inverse Care Law", in C. Cox and A. Mead (eds.), *A Sociology of Medical Practice*, Collier-MacMillan, London 1975.
9. T. McKeown cited in V. Navarro, "Social Class, Political Power and the State, and their Implications in Medicine", *Social Science and Medicine*, Vol. 10, 1976, p. 437.
10. Cited in "An Overdose of Hospitals", *National Times*, Sydney, 2 December, 1978, p. 9.
11. From a 1929 occupational medicine text book cited in L. Rodberg and G. Stevenson, "The Health Care Industry in Advanced Capitalism", in *Review of Radical Political Economics*, Vol. 9 No. 1, Spring 1977, p. 104.
12. "Alcoholism Problem Greater in Middle Management", *Financial Review*, May 2, 1978.
13. J. Rivers, "The Lipid Hypothesis: Orthodoxy by Default?" *Nature*, Vol. 270, 11 November 1977, p. 2; G.V. Mann, "Diet-Heart, End of an Era?", *New England Journal of Medicine*, Vol. 297, 1977, p. 644. This is not the same sort of argument as when the cigarette manufacturers demagogically say that it hasn't been finally proved that smoking causes cancer. The role of diet in heart disease is a genuine scientific controversy.
14. Cited in V. Navarro, *op. cit.*, p. 448.
15. J. Eyer and P. Sterling, "Stress-related Mortality and Social Organization", in *Review of Radical Political Economics*, *op. cit.* p. 1. This article is an excellent review of the subject.
16. R. Bunn and N. Drane, "Economic Change as a Factor in Heart Disease", *New Doctor*, No. 3, July 1977, p. 53.
17. Adele Horn, "Cancer: Millions of Dollars Fall to Buy a Break-through", *National Times*, September 12-17, 1977, p. 8.
18. Richard Doll, "An Epidemiological Perspective of the Biology of Cancer", *Cancer Research*, Vol 38, p. 3573, 1978.
19. B. W. Stewart and G. Saragay, "Environmental Chemical Carcinogenesis", *Medical Journal of Australia*, January 28, 1978, p. 92.
20. K. Blanch, "Industrial Cancer — Our Big Unknown", *National Times*, February 6-11, 1978, p. 14.
21. Richard Doll, "Strategy for Detection of Cancer Hazards to Man", *Nature*, Vol. 21, 1977, p. 589.
22. Shaun McIlraith, "Ethical Hitch in Asbestos Cancer Risk", *Sydney Morning Herald*, 25 February, 1978.
23. For further information see "Psychophysiological Aspects of Cancer", in *Annals of the New York Academy of Science*, Vol. 125, article 3, 1966, p. 773; and "Second Conference on Psychophysiological Aspects of Cancer", in *Ibid*, Vol. 164, 1969, p. 307.
24. Following information from Charlie Clutterbuck, "Death in the Plastics Industry", *Radical Science Journal*, No. 4, 1976, p. 61.
25. From *Forbes* magazine, cited in B. and J. Ehrenreich, *op. cit.*
26. Concerned Rush Students, "Turning Prescriptions into Profits", in *Science for the People*, January-February 1977, Vol. IX, No. 1, p. 6.
27. *Crisis: Cutting the Welfare State (Who Profits)*, CIS Special Report, Anti-Report No. 13, p. 13.
28. *Ibid*, p. 14.
29. This and following information from Concerned Rush Students, *op. cit.*
30. J. Larkin, "Pills: Our Fickle Friends", *The Age*, 24 May, 1973.
31. J. Robson, "Take a Pill . . ." *The Drug Industry, Private or Public*, London, 1972.
32. T. Heller, *Poor Health, Rich Profits*. This booklet has a lot of interesting information on drug companies in the third world.
33. Information on the history of methadone from M. Smith, "The Lilly Connection: Drug Abuse and the Medical Profession" in *Science for the People*, January-February, 1978, Vol. 10, No. 1, p. 8.
34. Information on thalidomide from "Miracles of Modern Mercenaries", in *Science for People (U.K.)* No. 38, Winter 77-78, p. 7.
35. D.S. Rowe, "The Forgotten People", *World Health*, June 1976, p. 18.
36. I.K. Zola, "Medicine as an Institution of Social Control", in C. Cox and A. Mead (Eds.), *op. cit.*
37. This and following information from Concerned Rush Students, *op. cit.*
38. C. Rack, "US Medical Research: For the Power not the People", in *Science for the People*, Vol. IX, No. 1, January-February, 1977, p. 20.
39. Concerned Rush Students, *op. cit.*
40. Cited in J. Robson, *op. cit.*
41. Cited in Concerned Rush Students, *op. cit.*
42. M. Smith, *op. cit.*
43. Cameron Forbes, "Local Drug Treatment Frightening Says US Expert", *The Age*, 20 October, 1978.
44. Cited in "Who's For a Head Transplant?", review of Vance Packard, *The People Shapers*, in *New Scientist*, Vol. 77, 16 February, 1978.
45. Barbara Ehrenreich and Deirdre English, *Complaints and Disorders: The Sexual Politics of Sickness*, The Feminist Press, New York, 1973, p. 46.
46. Cited in *Ibid*, p. 40.
47. *Ibid*, p. 39.
48. Cited in "Who's For a Head Transplant?", *op. cit.*
49. E.C. Hammond, "Epidemiological Basis for Cancer Prevention", in *Cancer*, Vol. 33, 1974, p. 1728.
50. Information on sterilization from Judith Herman, "Fighting Sterilization Abuse", in *Science for the People*, Vol. IX, No. 1, January-February 1977, p. 17.
51. Concerned Rush Students, *op. cit.*
52. I.K. Zola, *op. cit.*
53. Basil Hetzel, *op. cit.*, p. 20-27.
54. John Robson, *op. cit.*, p. 2.
55. Cited in Lawrence McGinty, "Till Death Us Do Part", *New Scientist*, 9 February, 1978, p. 356.
56. Ruth Lister, "The Urgent Need to Reduce Baby Deaths", *New Society*, 16 November, 1978, p. 392.
57. Bernard Dixon, "Beyond the Magic Bullet", *New Scientist*, Vol. 79, No. 1119, 7 September, 1978, p. 700.

You can't set her free.  
But you can help her  
feel less anxious.

Sorax  
(asarepan)



# DIRECTING THE ACTION

by Verity Burgmani

"The more one listens to non-political I.W.W. speakers the more disgusted one becomes at the barbarous crudeness of their views.

"... The anarchist is sane and sound compared with the I.W.W.-ite whose interference in labour disputes generally leads to disaster... the workers ought to know by this time that the armed forces of capitalism are not to be played with by those who sing 'Hallelujah I'm a Bum' and throw bricks.

"The working class here will never be led by wild men from Yankeeland, but must be convinced by reason and argument..."

Such was the appraisal of the official organ of the Australian section of the Second International in September 1913.

But despite the confidence of this rival group, the Australian adherents of the Chicago I.W.W.<sup>1</sup> showed that during the First World War a substantial section of the working class was prepared to be led by these 'wild men from Yankeeland' and that in many cases I.W.W. 'interference' in labour disputes resulted in workers getting a better deal than the established union would have won.<sup>2</sup>

VERITY BURGMAN is a teacher at Macquarie University in Sydney.

It would also be to say that the armed forces of Australian capitalism were far more concerned about the activities of the I.W.W. and the thousands of workers who attended their meetings<sup>3</sup> than about the middle-class socialists who were both infuriated at the success of the I.W.W. and jealous of their working class base.

Much has been written about the activities and success of the I.W.W.<sup>4</sup> What has not been seriously examined is the alleged 'barbarous crudeness of their views' and their supposed lack of 'reason and argument.'

## Marxism and the I.W.W.

It is important to establish the centrality of Marxist economics in the theory of the I.W.W.

Articles expounding Marxist economics appeared in every issue of *Direct Action*, the Sydney-based official organ which appeared weekly between January 1914 and August 1917. Moreover, Wobbly tactics involved taking Marxist economics directly to the workers on the job. An old I.W.W. member, Bill Beattie, recalls that when two or more members found themselves on a job together they organised study and reading classes of basic texts such as *Value, Price and Profit*.<sup>5</sup>

Nor was the I.W.W. embarrassed by its adherence to Marxist theory; it even saw itself as the true heir and interpreter of Marx. In its first May Day issue, *Direct Action* claimed that Marx's theory was never clearly established in practice until the I.W.W. Convention in the U.S.A. in 1905.<sup>6</sup>

The Wobblies claimed that Marx realised the vital need of the working class for concrete organisation, not a collection of ballot papers thrown together every three or four years only to go up in smoke with the first whiff of grapeshot.<sup>8</sup> And the petty nationalism of the Australian labour movement was always compared critically with Marxian internationalism:

"Contrast the narrow parochial outlook evidenced by the 'white Australia' policy with the world-oriented outlook of Karl Marx, when he sent his famous cry ringing down the ages: 'Workers of all countries, Unite!'"<sup>9</sup>

## WAR! WHAT FOR?



It is not surprising, given the nature of the I.W.W., that this was the most frequent of the many quotations from Marx with which *Direct Action* filled its post-lay-out gaps.

## Smashing the French Connection.

### 1. Organisational Structure

While the Marxism of the I.W.W. has been played down, its "family resemblance to the anarcho-syndicalist movements in Latin countries"<sup>10</sup> has been grossly exaggerated — particularly its resemblance to the syndicalists in the French Confederation Generale du Travail (C.G.T.).

But the Wobblies in fact, allowed no anarcho-syndicalist hang-ups to prejudice the effectiveness of their

fight against the capitalist state. Organisation was the keynote of the I.W.W. and organisation they claimed "implies discipline through the subordination of parts to the whole and of the individual member to the body of which he is a part."<sup>11</sup>

The National Executive Committee supervised and controlled all I.W.W. business and branches could not even issue literature not approved by this Committee.<sup>12</sup> Modern-day anarchists would no doubt be horrified by the doctrinal and practical conformity demanded by the I.W.W. For instance "no person shall be eligible to become a member who refuses to unreservedly (without any qualification whatsoever) accept the Preamble in its entirety, both in letter and spirit."<sup>13</sup>

Even the order of business for



meetings was laid down in detail in the constitution and the conduct of meetings was strictly regulated by an elected chairman so as to encourage wide-spread participation and clarity of decision-making.<sup>14</sup>

The very concept of One Big Union, in contrast to the syndicalist faith in the industrial efficacy of the lowest and smallest unit, implied the necessity for centralisation and unity. Yet this centralisation was not achieved at the expense of internal democracy. In fact, the Wobblies saw centralisation and democracy as complementary, not antagonistic.

Authority was centralised but at the same time, all members shared in that authority as the I.W.W. functioned like a participatory democracy. Majority decisions were binding on all members so debate was vigorous and continual. Where the syndicalist could simply do her or his own thing, the Wobblly had to debate ideas with other members.

The binding nature of majority decisions was justified by the I.W.W. because of unanimity about the aims of the organisation — the necessity for organisation by the working class on industrial union lines.<sup>15</sup> Only unity of purpose resulting from a democratic but centralised method of decision-making could achieve Wobblly ambitions.

Revolutionary industrial unionism emphasised structure and goal and considered tactics a matter of expediency. Syndicalism emphasised tactics above all else thereby generating slavery to means. Above all, the Wobblies, unlike the syndicalists, recognised the strength of the capitalist system and sought to create a unified, disciplined and centralised counter-force by subordinating the individual to the organisation as a whole after full and democratic debate.

## 2. Dual Unionism and 'Boring from Within'

At the theoretical level, at least, perhaps the widest divergence between the I.W.W. and syndicalism was in the contrast between dual unionism and 'boring from within'. The French syndicalists were active in the largest sector of what was essentially a craft-

union oriented labour movement.

In structure, syndicalism was really militant sectional unionism and based its conception of present organisation and future society on craft autonomy. Syndicalists were therefore essentially 'borers', a tactic contemptuously dismissed by Wobblly propaganda.<sup>16</sup>

In practice, however, Australian Wobblies had little choice but to bore from within, while they loudly proclaimed against this very tactic. For a revolutionary organisation, their following and influence was impressive; as a union, however, they were never in a position to compete. The closest they ever came to dual unionism was only by negotiation with the existing union. The A.M.A. at Broken Hill agreed to recognise the IWW "red card" as the equivalent of a union ticket.<sup>17</sup>

The I.W.W. in Australia therefore viewed dual unionism as the goal but recognised the necessity to spread their ideas by working within the existing trade unions. This practice was not, however, the result of syndicalist leanings but rather of common sense and Australian circumstances. Compared with the United States, the Australian labour movement was relatively homogeneous and well-organised, and compared with the American I.W.W., the Australian I.W.W. was relatively underdeveloped.

But even this reluctant practice of 'boring from within' differed from the syndicalist in that the Australian I.W.W., in infiltrating unions, never contemplated transforming the union itself, as this was impossible. The I.W.W. aimed rather at making recruits among, and building links between, rank and file militants.

*Direct Action* pointed out that while it was impossible to transform trade unions into revolutionary industrial unions, excellent propaganda work could nevertheless be done within trade unions.<sup>18</sup>

Wobblly hostility to union bureaucrats marked another substantial difference with syndicalism. While syndicalists berated the political traitors of the workers, the Wobblies kept more than a few insults for the industrial traitors as well, the

"trade secretaries, who live on the backs of the slaves."<sup>19</sup>

Moreover, the syndicalists positively aimed to achieve positions in the union hierarchy and union officials tended to carry much weight within the syndicalist movement by virtue of their position.

So the I.W.W. correctly sensed the sell-out tendencies even of 'left' bureaucrats. The Wobblies boasted, therefore, that their own paid officials received no more than the average wage existing in the place where they were working, so that it was impossible for them to rise superior to the rank and file.<sup>20</sup>

But the I.W.W. also realised that financial parity was not in itself sufficient protection. What, in fact, distinguished Wobblly officials from ordinary trade union or syndicalist officials was not just their working class standard of living but the fact that they were subject to the discipline of a revolutionary organisation.

Because of this built-in protection the Wobblies could claim to have solved the problem of leadership and personal power. Instead of the trade union leader with his autocratic powers and his constituency of indifferent followers, the I.W.W. demanded "men who have been and are living the life of the working class; who "embody the tendency of the movement; who respect the constitution and are amenable to the discipline of the organisation . . ."<sup>21</sup>

In practice, the I.W.W. served as a training ground and head quarters for rank and file activists.



## 3. Direct Action and Political Action.

Of course, an obvious superficial similarity between revolutionary industrial unionism and syndicalism, was the emphasis on direct or industrial action as opposed to political action.

However, semantic impression has exaggerated even this similarity with syndicalism. By 'political' action, the I.W.W. meant 'parliamentary' action and its associated carryings-on. "The I.W.W. is not anti-political, but simply non-parliamentary."<sup>22</sup> But in syndicalist practice, the rejection of political action was in effect an insistence on political neutrality.

Syndicate members were not expected to subscribe to any particular political philosophy; common economic interest was the unifying force, not comprehension of this common interest and its significance. Wobblies, on the other hand, realised the importance of a subjective as well as an objective common interest.<sup>23</sup>

The I.W.W. was an association of choice, the *syndicat* merely one of necessity.<sup>24</sup> Syndicalist insistence on political neutrality even ventured as far as a ban on any discussion not concerned strictly with economic questions or union affairs, whereas Wobblly debate and propaganda was blatantly political, not just in form but in content as well.

In short, the I.W.W. knew there was no parliamentary road to the one big union, and considered belief in the power of parliament and the Labor Party to be the greatest stumbling block in the way of the Australian working class.<sup>25</sup> But the 'non-political' posture of the I.W.W. had another aspect as well — a wariness about the aims and ambitions of revolutionary parties, both generally, and specifically in regard to the I.W.W.

## The Revolutionary Party

The general argument against revolutionary parliamentary parties was basically that they were an impossibility and were destined to go the same way as the Labor Party, to become the sport and plaything of



ALL CONSUMERS ARE CONTROLLED BY THE CAPITALIST WHETHER CONSERVATIVE LIBERAL LABORITE OR WOBBLIST. THE WORKER THUMBED WITH HIS BELT CAN ALWAYS INFLUENCE THEM TO THE CAPITALIST, BECAUSE OF THE SURPLUS PRODUCT OF LABOR IN EXCESS OF THE WAGES OF EXPLOITATION. INCREASE TO WORKERS FOR THE BENEFIT OF THE WEALTHIER OF SOCIETY.

middle class property owners and exploiters and the 'revolutionary' spirit would be smothered in reforms and palliatives.<sup>26</sup>

The I.W.W. posited an 'iron law of conservatism' for all shades of political parties, from which socialist parties were no exception. The I.W.W. likewise rejected a forcible seizure of state power by any revolutionary party as such a procedure "would only give the people a new master, a bureaucratic autocracy . . ."<sup>27</sup>

They counterposed the ideas of a seizure of state power and of the means of production.

This categorical denunciation of the role of political parties in the revolutionary process was affected greatly by the I.W.W.'s experience with attempts by organised revolutionary groups to 'capture' the I.W.W. as their industrial wing.

The Wobblies not only guarded their independence but resented the inference that the I.W.W. was not enough. Their opponents, they complained, tried to control the I.W.W. as though the I.W.W. was not all-sufficient and did not cover all the needs of the working class.<sup>28</sup>

This claim to self-sufficiency was justified because in practice the I.W.W. operated as a political party as well as a rank and file industrial organisation. The I.W.W. differed from the syndicalists in that they did not consider objective economic interests as a sufficient basis for proletarian organisation.

A change in consciousness was also essential: the class had to become

a class for itself. And this change in consciousness could only be achieved by Marxist theory which would be taught to the workers by the advanced section of the class already organised in the I.W.W. The Wobblies therefore competed against all other revolutionary groups for hegemony over the Australian working class.

*Direct Action* explained that there would be no class conscious working class movement, until there was an understanding of economic laws and the capitalist system of production, merely purposeless revolt.<sup>29</sup>

Knowledge was the key to power.<sup>30</sup>

As part of their strategy, locals of the I.W.W. held regular classes in Marxist economics to spread knowledge of the structure of capitalism among the working class and thus to help to speed the day when by their knowledge the workers would be able to abolish the wage-system and raise in its place a newer and saner form of society.<sup>31</sup>

Part of the Wobblly indictment against trade unionism was that it did not educate the class and even promoted ideas which prevented the development of class consciousness.<sup>32</sup>

Like Marx, and unlike the syndicalists, the I.W.W. understood the distinction between 'class-in-itself' and 'class-for-itself'. Marx argued that the proletariat was a class by virtue of its common situation and common interests against capital, but that this mass does not constitute a class for itself





until it becomes united in struggle and realises that the interests it defends have become class interests.<sup>33</sup>

To this extent, the projected one big union, with its rallying cry 'an injury to one an injury to all' could be seen as the ultimate realisation of the working class as a class-for-itself. But, Marx continues, the struggle of class against class is a political struggle, and as a combination of workers proposes competition with the capitalist as well as the simple prevention of competition between workers in order to maintain wages, then this association takes on a political character.<sup>34</sup>

Elsewhere, Marx argues that "every movement in which the working class comes out as a class against the ruling classes. . . is a political movement."<sup>35</sup>

So the I.W.W. was self-evidently a political movement. But was it a political party? Obviously, in the *conscious* sense it was not. If it had been it may have proved harder to smash in 1917. But the fact that workers had to be persuaded by theoretical argument to join the potential one big union and that Wobblly activists co-ordinated their rank and file activities, meant that locals of the I.W.W. behaved very like branches of a revolutionary party.

Wobbly activity was not centred just in the workplace, but anywhere where workers gathered. Public meetings, street meetings, Domain meetings, rallies, and literature sales everywhere were the life support system of the I.W.W. Locals were geographical not industrial. It was a group of workers with a common set of political beliefs aiming at spreading these ideas; not simply of workers in common industrial situations.

One formal difference between the I.W.W. and an ordinary revolutionary party was that only wage-workers were allowed to join and members were addressed as 'fellow-worker' not 'comrade'. But this did not prevent middle class sympathisers from participating in all but official I.W.W. activities.

However, where other revolutionary parties simply boasted purity of ideas, the I.W.W. could boast purity of class composition. This was, of course, what made the I.W.W. such an attractive 'conquest' for existing parties.

Nor were the I.W.W. reluctant to boast purity of ideas. The mass of the workers were, according to the I.W.W., led astray not just directly by capitalist ideology but by its agents, that is, any reformist or revolutionary grouping other than the I.W.W.

The I.W.W. saw itself as the advanced and most correct section of the class and advertised its services as such.<sup>36</sup> It quite explicitly used phraseology to describe its role in the working-class movement in much the same way as Marx described the role of the Communists in the *Communist Manifesto*.

I.W.W. contempt for purely political revolutionary parties was based on their neglect of industrial organisation and their electoralism. Only the I.W.W. was all-sufficient because it combined the propagation of correct political ideas with practical industrial organisation.

Where other revolutionary parties were distinct entities divorced from the class, the I.W.W. was part of the class, its most advanced section. The final stage of their revolutionary strategy presupposed the organisation of the overwhelming number of wage-slaves in the one big union.

It was because of this perspective that the I.W.W. behaved like a revolutionary political party in the propagandist sense of bringing correct ideas to the working class, of which they were nevertheless an integral part.



1916 1931  
Fellow Workers! Remember!  
We are in Here For YOU  
YOU are Out There FOR US.

## Class Traitors

However, in this battle for correct ideas, the I.W.W. rightly reserved most of the flak for the A.W.U., the 'one big union', and the Labor Party. "The working class and the employing class have nothing in common — not even in a Labor Party!"<sup>37</sup> was *Direct Action's* sarcastic comment. Surely the fraud could not continue and the I.W.W. waited expectantly for parliamentary illusions to be shattered by the performance of Labor in office.<sup>38</sup>

But Tom Barker the editor of *Direct Action*, was forced to explain that the working class would tolerate more oppression from their 'own' party than they would from the declared political party of the employers.<sup>39</sup>

In particular, the Labor Party had sold arbitration to the workers which not only prevented workers bettering their conditions and made criminals of strikers, but also sanctioned the unlimited right of employers to exploit and remain dominant over the working class.<sup>40</sup> The pernicious effect of arbitration was both material and ideological: "The Arbitration Court has bled the pockets and befooled the minds of the Australian workers. . ."<sup>41</sup>

Nor was the Labor Party's version of socialism anything other than state-managed capitalism, the I.W.W. argued. And this was not even a step towards socialism, as the transition

from capitalism to socialism could not be effected through government ownership.

It was, the Wobblies realised, not even a buying-out of capitalism but a bailing-out, a help to capitalists in distress. Basically, the I.W.W. understood that state 'socialism' was no different to private capitalism, that it was merely state capitalism.<sup>42</sup>

The nature of the state was crystal-clear to the I.W.W.

"The State does not represent society, but only tries to administer things in the interests of the ruling minority."<sup>43</sup>

## Reforms

But while recognising the true nature of the state, the I.W.W. was not hostile to reforms under capitalism as long as these were not regarded as sufficient and were the result of a working class 'victory' not a gift from above. Particularly, the amelioration of the material exploitation of the proletariat was regarded as progress.

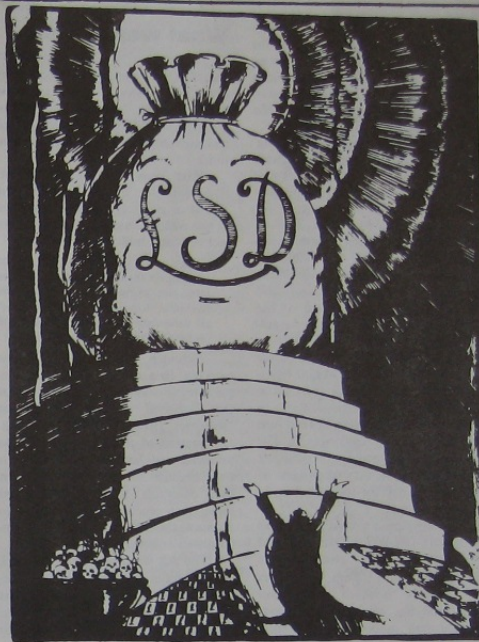
Any diminution in surplus value, or betterment of pay and conditions, was an advance and a step towards ultimate victory. Revolutions, the Wobblies realised, were not made by a demoralised and beaten working class, but by a working class on the offensive, continually making demands on their employers.

Memory of victory provoked new demands and each little battle strengthened the organisation and built a revolutionary movement by the changing consciousness of the workers in struggle. The I.W.W. did not depend on theory alone, but also upon economic necessity, to persuade the workers into industrial unionism.<sup>44</sup>

## Revolution

Apart from making life more bearable for workers, reforms were also an important component of the I.W.W. strategy for revolution. This was because revolution was to be the result.

The recognition of the mutual interdependence of class consciousness and class struggle was at the heart of the I.W.W. strategy. Correct theory and successful practice in the winning of reforms encouraged the organisat-



## FAT AT HIS DEVOTIONS.

ion of the workers into one big union, and this one big union was, in essence, the revolution itself.

Does it not follow, *Direct Action* asserted rhetorically, that after the workers have secured control of industry, their organisation will provide them with all the necessary machinery to handle the problems of the new society?<sup>45</sup>

The revolution was therefore the outcome of organisation — at all levels:

"the workers can drive away the shirkers and take real possession and control of the world's resources only by beginning at the bottom, that is, by organizing on the job, by making one immediate

demand on top of another, and thus gradually growing into control of the industries . . . by means of knowledge held by our brains and by intelligently organized and co-ordinated industrial action. . ."<sup>46</sup>

Once the highest stage of organisation had been reached, the one big union, the revolution could only be consolidated and the transition to a classless society effected by a brief, but nonetheless distinct, dictatorship of the proletariat. The one big union would, at its moment of triumph, become the ruling class.

"But it will only be a 'ruling' class for a moment — just long enough to make sure of victory." This formation



of the proletariat as ruling class would then abolish classes altogether, and let the former capitalists come into the industries — to work.<sup>47</sup> 'Libertarian' concerns were secondary to the main issue — the successful consolidation of the revolution in order to achieve the transition to communism.

The question of 'right' and 'wrong' did not concern the I.W.W.<sup>48</sup> because the I.W.W. 'does not stick to any cast iron law, but is prepared to adopt any method which will bring victory for the working class.'<sup>49</sup>

Unfortunately *Direct Action* was suppressed in August 1917. But the reaction to the February revolution in Russia was one of enthusiasm and concern that the momentum of the revolution be maintained and internationalised.<sup>50</sup>

As disaffection within the army would be crucial, *Direct Action* heartily approved the action of the Central Committee of the Bolshevik Party in inciting soldiers to defect so as to turn national war into civil war.<sup>51</sup> The liberties gained would otherwise be blotted out unless they kept some of their powder dry for their enemies in their own country.<sup>52</sup>

"The workers are now anxious to GO RIGHT ON WITH THE JOB, and not stop until the plutocracy is also cleaned up."<sup>53</sup> Tom Barker was even directly involved in Russian events and his reminiscences reveal whole-hearted approval of the early stages of the Bolshevik revolution and admiration for Lenin while at the same time maintaining his adherence to the I.W.W.

His disenchantment with the Soviet Union began with the emergence of Stalin, the reappearance of capitalism and the accompanying ideology of socialism in one country.<sup>54</sup>

During the war, and before the revolution *Direct Action* had already canvassed the need for building a new and truly revolutionary international, better organised than the First, and revolutionary, unlike the Second.

And now the third and final International is to be born to take up anew the twice-defeated cause of the emancipation of labor... it is to fight for one thing alone — control of the world's industrial work... believing in only one

means — Organised Force.<sup>55</sup>

## What went wrong?

Because of their massive support, the IWW was continually harassed by agents provocateurs, police raids and police planting, culminating in the arson trial of the Sydney Twelve which was probably a frame-up from start to finish.<sup>56</sup>

What was left of the I.W.W. leadership out of jail regarded the Twelve as political prisoners, appealed to the wider labour movement to protect its most militant section:

If the advocates of One Big Union for the working-class are to be cast into the dungeons for their propaganda, how long will it be before all unionism is crushed in the dust under the iron heel of capitalism?<sup>57</sup>

Although the response of the working class to this appeal was impressive, it was inadequate to defeat the Unlawful Associations Act of December 1916. Only the most militant section of the working class was prepared to defend the I.W.W. as their own because the ultra-left stance of dual unionism, although propagated rather than practised, was sufficient to distance the I.W.W. from the mainstream of unionists.

The Act was not seen as an attack on the labour movement but as a restraint upon members of their class who had strayed from the movement by becoming an internal opposition to the traditional forms of organisation.

The I.W.W. were branded as outsiders, an alien influence in the labour movement, not a part of the whole.

More important, however, in explaining the downfall of the I.W.W. was the weak link in the whole Wobbly apparatus — the absence of a self-conscious revolutionary party.

True, the I.W.W. functioned as a party but as a 'party-in-itself' that did not see the necessity of becoming a party-for-itself. The Wobbly belief that the one big union was, in effect, the revolutionary itself, left unanswered the problem of the power of the state apparatus.

The need to defend the revolution from the 'armed bodies of men', to direct this defence, and at the same time to seize control of the whole state apparatus to prevent interference

with workers' control, was completely ignored by the I.W.W. They naively believed that the power of the One Big



Union could stop all capitalist violence. *Direct Action* claimed that far mightier than the might of the master class, with all their machinery of oppression, was the power the working class possessed in Industrial Organisation.<sup>58</sup>

If I.W.W. plans for revolution were rendered inadequate by their dogmatic refusal to form themselves as a party-for-itself, their day to day defence mechanism was weakened for the same reason, as a 'retreat' needs a general staff as much as an advance.

Although behaving like a political party, its hostility to this idea of itself lost the organisation the advantage of blatant political as well as industrial organisation — the ability to move quickly in response to the political wing of the bourgeoisie, the maintenance of centrality of command and the preservation of the revolutionary cadre.

It is not surprising, then, that during the suppression of the I.W.W., *Direct Action* referred sorrowfully and confusedly to the "reprisals of the State — reprisals which at present we do not seem able to repel!"<sup>59</sup> There were no plans, even of the most rudimentary kind, for underground activity in the event of suppression.

*Direct Action* continued to appear in the same way and under the same name until forcibly seized along with all the printing equipment in August 1917. And without the clear organisational structure of a revolutionary party, organisational chaos resulted from the non-emergence of the middle cadre as a reserve leader-

ship with the Wobbly 'central committee' found themselves in gaol.

Defence of the Twelve was conducted on an ad hoc basis; there was no conscious deliberation about tactics to be employed. Wobblies continued conducting open air meetings and so were picked off one by one as they mounted the soap-box. For an overnight stay in the cells, such a gesture of defiance was laudable, but the penalty for I.W.W. membership was now six months. To court arrest in such an aggressive manner was organisational suicide. Most active Wobblies spent half of 1917 in gaol.

By the end of 1917 the I.W.W. was effectively smashed. But the idea of revolutionary industrial unionism could not be destroyed by mere legislation and illegality. It was destroyed instead by the emergence of the Communist Party of Australia and the direction of proletarian militancy into building socialism in another country.



When the Sleeper Awakes.

I.W.W. declared that between the oppressors and the oppressed "a struggle goes on until all the foilers come together on the political as well as on the industrial field..." "In 1908 the "overalls brigade" at the convention succeeded in substituting "until the workers of the world organize as a class, take possession of the earth and the machinery of production, and abolish the wage system." The minority section under Daniel De Leon, upholding the 1905 Preamble withdrew and established separate headquarters in Detroit, eventually renaming themselves the Workers' International Industrial Union. The larger non-political section remained based in Chicago and because of its greater influence and success became what was most commonly known as the 'I.W.W.' For examples see Bill Beattie, "Memoirs of the I.W.W.", *Labour History*, 13, November 1967, p.39 (shearers) and Ian Turner, *Industrial Labour and Politics, 1900-1921*, A.N.U. 1965, pp.64-90 (miners).

4. The *Sydney Morning Herald* commented in September 1916: "It is idle to deny the force and rapid spread of the doctrines of the I.W.W. — its more or less constant followers in Sydney alone number between 20,000 and 30,000, and they are in numbers in all the unions..." Bill Beattie claims a total turnover of 55,000 cards but no more than 11,000 at any one time. Child's more conservative estimate of membership was 'a couple of thousand' but *Direct Action* sales reached 16,000 weekly and their influence was entirely disproportionate to their numerical strength. (Vere Gordon Childe, *How Labour Governs*, Cambridge University Press, 1963, p.135). Tom Barker claimed I.W.W. responsibility for the defeat of the conscription referenda, refers to considerable influence in the army and insisted, nearly fifty years later, that Australian governments were very worried "about whether we might not have sufficient power to turn them out or to break them up... to become masters in our turn" (I.C. Fry ed., *Tom Barker and the I.W.W.*, Canberra, 1965, p. 19, p. 26). *Direct Action* reported in June 1917 that their 500 capacity hall could never hold one quarter of the crowd that rolled up to their Sunday night lectures so overflow meetings were held in Sussex Street outside.

5. For example, Ian Bedford, "The Industrial Workers of the World in Australia", *Labour History*, 13, November 1967, pp. 40-46; Bill Beattie, *op. cit.*; Roger Coates "Note on the Industrial Workers of the World", *Labour History*, 6, May 1964, pp. 25-8; I.C. Fry ed., *op. cit.*; P.J. Rushton, "The Trial of the Sydney Twelve", *Labour History*, 25, November 1973, pp. 53-7; Ian Turner, *Sydney's Burning*. Also mentioned in Childe, *op. cit.*; Robin Collan, *The Coalminers of New South Wales*; Fremoy, Merritt and Osborne eds. *Strike: Tom Mann, Memoirs*, Patrick Renshaw, *The Story of Syndicalism in the United States*; Ian Turner, *Industrial Labour and Politics*.

6. Beattie, *op. cit.*, p.35



When the Worker Awakes.

7. *Direct Action* 1 May 1914 REVOLUTION AND THE I.W.W. (4, 1-2)

8. *Direct Action* 15 September 1915 THE LABOR MOVEMENT, WHERE IT ISN'T. By Thos. Glynn (1.1)

9. *Direct Action* 1 July 1916 CRAFT UNION DELUSIONS. By A.E. Brown (1,2) 10. Bedford, *op. cit.*, p. 40.

11. I.W.W. By-laws, POLITICAL PARTIES AND DISCIPLINE, Chicago, 1910, p.31.

12. I.W.W. Constitution, Sydney, 1909, pp.5,12.

13. *ibid.*, p. 13.

14. *ibid.*, loc. cit.

15. *Direct Action*, 27 May 1916 IN THE INDUSTRIAL DEMOCRACY. By E.A. Brown (3,3)

16. *Direct Action* 16 June 1917 BORING FROM WITHIN. By N. R. (2, 1-2); 1 May 1914 IS THE I.W.W. TO GROW (2,1); 24 June 1916 INDUSTRIAL UNIONISM AND THE OTHER SORT (2,4); 14 July 1917 DEMOCRATIC UNIONISM (2,2); 31 March 1914 MONTHLY PROPAGANDA REPORT (2,4); 20 May 1916 REASON AND UNREASON (1,1); 1 January 1915 BORING FROM WITHIN AND SMASHING FROM WITHOUT. By Sans Culotte (4,2).

17. Bedford, *op. cit.*, p.42; Childe, *op. cit.*, p.145.

18. *Direct Action* 10 June 1916 BORING FROM WITHIN (4,2) Tom Barker admits the I.W.W. never became in any sense an industrial union, but that the I.W.W. was "an outside influence on the unions through their membership. Our ideas were propounded and made to stick at the branch meetings of the unions and our influence there was very considerable" (I.C. Fry ed., *op. cit.*, p.20)

19. *Direct Action* 31 March 1914 MONTHLY PROPAGANDA REPORT (2,4)

20. *Direct Action* 14 July 1917 DEMOCRATIC UNIONISM (2,1)

21. B.H. Williams, *Eleven Blind Leaders*. Introduction. (pamphlet).

22. *Direct Action* 6 May 1916 SPURIOUS INDUSTRIALISM (2,2)

23. Ridley, *op. cit.*, p.173

25. *Direct Action* 15 May 1914 THE BALLOT (2,2)

26. *Direct Action* 14 July 1917 POLITICS AND THE PROLETARIAT. By A.E. Brown (4,3)

27. I.W.W. Australian Administration, *The Immediate Demands of the I.W.W.*, p.11.

28. *Direct Action* (pamphlet).

## Footnotes

1. *International Socialist* 6 September 1913 REGARDING THE NON-POLITICAL I.W.W. by J.W.R. (3, 3)

2. The original 1905 Preamble of the



29. *Direct Action* 17 February 1917 CLASS CONSCIOUSNESS. By Mick Sawtell (3,2-3)
30. *Direct Action* 15 June 1915 DIRECT ACTION (4,1/2)
31. *Direct Action* 26 May 1917 ECONOMICS
32. *Direct Action* 12 May 1917 THE CLASS WAR (3,2-3)
33. Karl Marx, *The Poverty of Philosophy*. pp159-160. Progress Publishers Moscow 1975
34. *Ibid.*, p.159
35. Letter to Bolte 23 November 1871 M.E.S.W. 1970 p. 673.
36. See for example *Direct Action* (pamphlet) p.7 and *Direct Action* 1 June 1915 WAKE UP, WORKERS OF TOWNSVILLE, Q. By W Jackson (1,1-2)
37. *Direct Action* 1 October 1915 (4,2)
38. *Direct Action* 1 June 1915 QUEENSLAND ELECTION (1,3)
39. *Direct Action* 9 October 1915 MY VISIT TO MELBOURNE. By Tom Barker reporting on his speech to the Victorian Socialist Party. (3,1)
40. *Direct Action* 15 June 1914 INDUSTRIAL ARBITRATION, THE MASTERS SCHEME. By T.G. (4,1)
41. *Direct Action* 1 Janua y 1915 THE ADVANTAGES OF ARBITRATION (L)
42. *Direct Action* 3 June 1916 STATE SOCIALISM. A POLITICAL CONFIDENCE TRICK. By A Mack (3,1). 15 August 1915 THE SYSTEM AND THE SLAVE (1,1), 15 June 1914 NATIONALISATION. HOW THE BOSS SAVES HIS FACE. By Tom Barker (1,4-5); *Eleven Blind Leaders*, pp.17-18.
43. *Direct Action* 10 June 1916 THE STATE AND THE WORKER. By "Ajax" (3,1-2)
44. *The Immediate Demands of the I.W.W.*, pp.8-9
45. *Direct Action* (pamphlet) p.8.
46. *The Immediate Demands of the I.W.W.*, pp.11-12.
47. *Direct Action* 15 July 1914 THE BOSSES' BRAINS. By P. Rolie (4,4)
48. V.S. John. *The I.W.W., Its History, Structure and Methods*. I.W.W. Publishing Bureau, 1917, p.17.
49. *Direct Action* 28 July 1917 ADVANCE AUSTRALIA. By N.R. (2,2)
50. *Direct Action* 31 March 1917 THE RUSSIAN REVOLUTION. By Tom Barker.
51. *Direct Action* 7 April 1917 SIGNIFICANCE OF THE RUSSIAN REVOLUTION (L)
52. *Direct Action* 21 April 1917 REVOLUTIONARY REFLECTIONS (3,1)
53. *Direct Action* 7 April 1917 SIGNIFICANCE OF THE RUSSIAN REVOLUTION (L)
54. E.C. Fry ed., *op. cit.*
56. In September 1916, three weeks before the first conscription referendum, eleven I.W.W. leaders and one other member were arrested and charged with sedition, conspiracy and arson. All were convicted and served long gaol sentences.
57. George Kerr. *Solidarity Sentences*. Marxian Press, Broken Hill, 1917, pp.2-3.
58. *Direct Action* 12 May 1917 THE I.W.W. AND VIOLENCE (2,1-2)
59. *Direct Action* 24 June 1916 I.W.W. AND MILITARISM. By A.F. Brown (1,3-4)

# BOOMING ECONOMICS

## Marxists and the Post-War Boom

by  
Rick Kuhn

Almost all self-professed marxists, most other socialists and orthodox economists now agree that there was a long period of relatively stable and rapid capitalist expansion from the 1940's to the late 1960's. The 'long boom' was characterised by high growth and investment rates, substantial increases in productivity and low unemployment.

There is, however, no consensus in explaining the boom. The response of different political groups to the boom and their ability to explain it can throw some light on their political orientation. And theoretical analyses of the boom have considerable implications for contemporary analysis and practice.

The following outlines the main responses to the boom by the organised self-professedly revolutionary left. They are examined in the light of the development of revolutionary organisations since Marx and the linked history of revolutionary theory. The first analysis which admitted the existence of the boom, elaborated by the British International Socialists is assessed in some detail, in order to contrast it with contemporary I.S. theory and practice.

*RICK KUHN is a public servant and a member of the ACOA in Canberra*

## Boom? What Boom?

By and large, recognition of the boom on the left came late. Neoclassical economists found no difficulty in coping with it. Their problem had been a failure to notice the depression of the 1930's. Keynesians found a striking confirmation of their theory in the coincidence of the boom and the policy measures they had been recommending.

During most of the boom's course however, revolutionaries were encumbered with theories, like lifeboats in the desert, which predicted imminent crisis and economic disintegration. Initially, Communist Parties were guided by Stalin's 'analyses':

The disintegration of the single, all-embracing world market must be regarded as the most important economic sequel of the Second World War and of its economic consequences. It has had the effect of further deepening the general crisis of the world capitalist system.<sup>1</sup>

These comments were made in November 1951. The Communist Party of Australia (CPA) accepted this perspective from Moscow. The week the 1949 coal strike began, *Tribune* carried the front page headline "WORKERS TURN TO CP AS SLUMP LOOMS".<sup>2</sup> As late as 1958, the CPA's leader, Sharkey, spoke of the "growing crisis of capitalism."<sup>3</sup>

Trotskyists were, if anything, even less well equipped to cope with the post-war economic situation. They continued to talk about the 'over-ripeness of the system' and to quote from *The Transitional Programme* and *In Defence of Marxism*. In 1948, the Second World Congress of the Fourth International (at that stage there was only one) declared that:

The immense destruction impoverishment and inflation caused by the war in Europe, as well as in some colonial and semi colonial countries, and the resulting dislocation of the world market, have been responsible for the extremely



irregular nature of the economic revival in these countries.<sup>4</sup>

In 1959 the largest British Trotskyist group affirmed that "If we were to choose one word to sum up the salient features of this period, that word would be 'crisis'".<sup>5</sup>

It is significant that both Stalinists and Trotskyists emphasized the significance of the market rather than production relations. Today some Trotskyists deny that there ever was a boom.

During the 1960's, elements in both the Communist and Trotskyist movements attempted to adjust their theory to economic reality. The destalinisation and reworking of the CPA's perspectives towards reformism at the 1967 Party Congress entailed an admission that capitalism had been expanding. The effects of automation and "socialist

trade" were suggested as reasons for the absence of a crisis.<sup>6</sup> There was a tendency, however, to see the newly discovered post-war boom as a permanent phenomenon. By the early 1970's, when an economic decline had clearly begun, some members of the CPA became involved in elaborating more sophisticated analyses of the dynamics of the boom.<sup>7</sup>

Mandel, a leader of the largest Fourth International, admits that "We were late in understanding the relative stabilisation of Western capitalism."<sup>8</sup> Despite concessions to underconsumptionism (Keynesianism) in his *Marxist Economic Theory* (1960), Mandel did not address the problem of the boom until the early 1970's.<sup>9</sup>

Baran and Sweezy's account of post-war growth in *Monopoly Capital* (1966), has had considerable





influence on marxists, especially in the USA. It is not, however, possible to accept their explanation of the boom as a marxist one. It owes more to Keynes than Marx, rejecting the labour theory of value and the law of the tendency of the rate of profit to fall.

## The Permanent Arms Economy

In the desert of socialists' encounters with economics during the 1950's, an attempt to elaborate a marxist theory of the boom was significant. The small group of ex-trotskyists around the British journal *Socialist Review* (eventually the International Socialists) adopted a theory of the boom called the permanent arms economy (PAE). Not only did this attempt to explain the boom in terms of marxist categories, it also provided a perspective on its eventual close.

The argument behind the PAE<sup>10</sup> is that the tendency of the rate of profit to fall can be offset, if there are large investments of capital in areas which do not participate in the general equalisation of the rate of profit.

These investments, 'leaks' from the capitalist system, mean that there is less capital available to increase the average organic composition of capital and hence to decrease the rate of profit. The tendency for the rate of profit to fall is thus counteracted.

The leaks are investment in 'department III', production of commodities which are neither wage nor capital goods. The basis of the PAE is that arms production is a crucial and very large form of department III investment.

The PAE explains the end of the boom in terms of the advantages which non-arms producing countries had over arms producing ones. The former benefitted from the global economic stability, induced by the arms economy, but did not suffer the drain of capital to department III experienced by the latter. Japan and West Germany, preeminently, were able to improve their fixed capital investments at a faster rate than the USA or Britain. This pressure on arms producing countries finally led to their cutting arms expenditure and hence the tendency of the rate of profit to fall

set in again and the boom was over.

The accusation of 'underconsumptionism' has been levelled at the PAE.<sup>11</sup> It is true that radical underconsumptionists, such as Baran and Sweezy, do focus on arms expenditure as a mechanism for preempting economic crisis. Both place emphasis on the same surface phenomena, but different underlying realities are posited. The underconsumptionist explanation is in (Keynesian) terms of effective demand, while the contemporary version of the PAE uses the categories of Marx's reproduction schema.

## The Fatalist Heritage

Why were most organisations of the left unable to recognise the existence of the boom until it was already in decline? Both Stalinists and Trotskyists share a mechanical conception of marxism, which has its roots in the Second International. The inadequacy of the approach has implications for both political practice and economic analysis. Stalinists and Trotskyists could not elaborate any effective practical orientation to the working class during the 1950's and 1960's.

According to Second International, Stalinist and Trotskyist theories, the 'economy' is separate from and prior to social developments and class struggle:

The so-called 'economic sphere'... was now seen as one isolated factor, separate from other 'moments' and thereby emptied of any effective socio-historical content, representing, on the contrary, an antecedent sphere prior to any human mediation.<sup>12</sup>

Marx's conception of social production (i.e. production of things and reproduction of social relations in the same labour process) is replaced by 'production techniques'. Social relations are extraneous to the motor of history: the development of the productive forces. The effects of class struggle and political and ideological developments on accumulation are ignored or regarded as secondary.

The practical consequence of the above theories is a fatalistic attitude

to the possibilities for revolutionary action.

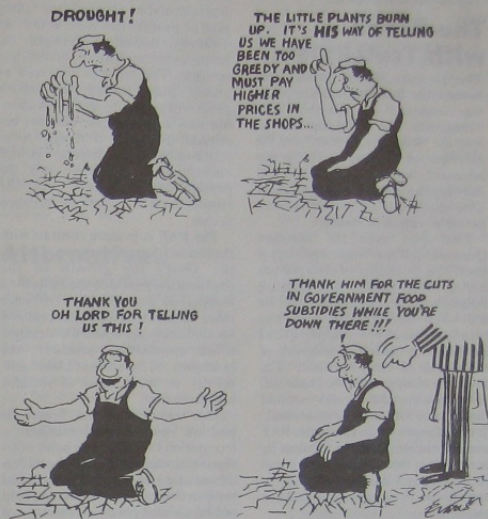
Despite its currency, fatalism is not the only marxist approach to the revolution. Marx certainly cannot be described as a fatalist; he laid continuous stress on the fact that socialism is the self-emancipation of the working class.<sup>13</sup> However, a fatalist interpretation of Marx came to dominate the Second International and its largest Party, the German SPD. Such an interpretation was easier because Marx had not elaborated any detailed theory of the state or revolutionary party.

Lenin and the Bolsheviks broke with the Second International and developed a revolutionary theory of the party and state. The break occurred over time determined by the flow of political events in Russia. Its earliest dramatic manifestation was the split with the Mensheviks, in 1907, over the question of the party<sup>14</sup>.

The contradiction of practicing a new form of party organisation, without an explicit rupture with the fatalistic marxism which led to compromises with imperialism, became too great on the outbreak of World War I. Between 1914 and 1917 Lenin extended the break with fatalism to the theory of the state (*State and Revolution*), philosophy (his notes on Hegel's *Logic*) and economics (*Imperialism, the Highest Stage of Capitalism*).<sup>15</sup>

While the Bolsheviks developed a non-fatalist conception of the party, state and revolution, they "never really confronted fatalism as such... in the long run... the victory of socialism is inevitable, but the question is how to speed up this process".<sup>16</sup> The baleful effects<sup>17</sup> of fatalism were avoided by introducing the time factor. The partial character of the break is particularly apparent in economic theory for it is a mechanical conception of economics which underpins fatalism.

*Imperialism* opened the way to successful revolutions, through class struggle organised by the party, in the near future. The autonomy of the economic machine is not decisively questioned in the text. However Bukharin's *Economics of the Transformation Period* and Lenin's marginal notes to it is an example of



the opportunities opened to economic analysis, by the Bolshevik revolution. The demise of the revolution from the effects of isolation and economic backwardness, severely curtailed these opportunities.

Stalinist fatalism largely resurrected that of the Second International. It served to establish the historical mission of the Russian bureaucratic capitalist class, contrasting Soviet 'socialism' with doomed capitalism. The long boom was a threat to the purported superiority of the socialist system.

Trotsky had participated in the Bolshevik regeneration of marxism through his analysis of the shape of the proletarian state (soviets) and the permanent revolution. Nevertheless, the isolation of the Trotskyist movement from the working class permitted a reassertion of fatalism.

As in the Second International version, economics is seen as distinct from class struggle, as a mechanism

with its own laws, but for Trotskyists the machine is already grinding to a halt. Lenin's *Imperialism* is not understood as pointing to the need to understand the process of accumulation as class struggle, but as an abolition of economics. The 'objective' (economic) factor is favourable for revolution. The task for Trotskyists is to provide the 'subjective' factor i.e. revolutionary leadership.

Once the true Trotskyist vanguard has established its credentials, by exposing all the fake would-be leaderships, the proletariat will be prepared to be led forth into the promised mode of production!

It is not surprising that this view, emphasising doctrinal purity, was attractive to the beleaguered revolutionary socialists in Trotskyist organisations. Mandel's tardy, but sometimes insightful, analysis of the boom retrospectively suspended Trotskyist fatalism, only to reintroduce it now that the boom is



over. The title of his study, *Late Capitalism* is indicative.

## The Break with Trotskyism

The *Socialist Review* group, which became the International Socialists, was constituted out of a break with Trotskyism. The initial rupture was over the "Russian Question" and the advance of the boom. The group advanced the ideas that Russia was state capitalist and that a permanent arms economy (PAE) would lead to a period of capitalist stability.<sup>17</sup>

The split over the Russian Question and the boom was only a start. The quiescence of class politics during the 1950's, the relative isolation of revolutionaries in the workers' movement and the contemporary ideological environment made the widening of the break a slow process. The founding conference of the group still formally adhered to Trotskyism and the idea of a Fourth International.

Like Lenin's *Imperialism* the PAE avoided the problems of fatalism by postponing them. The boom was recognised and an attempt made to explain it in terms of marxist categories.

The questioning and rejection of Trotskyist positions was a continuing process, shaped by the group's initial orientation and its later experiences.<sup>18</sup> During the 1950's the 'immediate implications of the 'state capitalist' position were worked out: the relationship between party and class, the nature of Third World nationalist revolutions.<sup>19</sup> The PAE was also worked out at this time. The PAE did represent a partial break with Trotskyist economics. The reduction of economic analysis to the forces of production is not a prominent feature of its explanation of the boom.

That explanation was, however, still in terms of an economic machine, to which the class struggle was extraneous.

The cause of the (mid-1970's) crisis must lie outside the simple struggle between workers and capitalists over the distribution of the national cake. It is the crisis that determines the conditions of that struggle, not vice-versa.<sup>20</sup>

The mechanism which offsets crisis is as narrowly economic as the fundamental mechanism (the falling rate of profit). This view entails an arbitrary separation between the process of accumulation and the class struggle. The latter is not seen as taking place within the labour process (a struggle over exploitation, but also a struggle for control) but outside, as merely a struggle over distribution. The economy is still understood as involving only the production of things, not the reproduction of relations between people.

The PAE is in stark contrast with the rest of I.S. current theory. During the 1960's the growth of the organisation provided the basis for a reappraisal and renewal, in once more favourable circumstances, of a revolutionary rank and file strategy, which emphasized, precisely, the centrality of working class self-activity to the process of socialist transformation.

The rejection of the Trotskyist position on Russia entailed a recognition that there can be no over-rigorous distinction between 'economic base' and 'political superstructure'. That is, Russia could not be socialist purely on the basis of its 'economy' (planning and state ownership) without the existence of political institutions that were expressions of the proletariat's power: 'economic laws' are not an autonomous area of study to which class struggle is extraneous.

The foremost proponents of the PAE have recognised that it "is an insight not a theory".<sup>21</sup> Such a view has some validity: the PAE is an insight in that it recognised there was a boom and constituted a partial rupture with Trotskyism. It is not a new theory to the extent that it relies on the same conception of 'economics'.

Now that the boom is past, the PAE poses an alternative: either return to the catastrophism of the Second International and Trotskyism, or elaborate a new theory which recognises the intimacy of the relation between accumulation and class struggle, already apparent in I.S. industrial practice. This ambiguity is reflected in some of the organisation's recent publications.<sup>22</sup>

In practice I.S. has rejected mechanistic economic analysis of the contemporary situation, placing the class struggle at the centre of their understanding of the current crisis of accumulation: there is only one way out of the crisis for the capitalist class "cut the standard of living of working people, cut the cost of production... In other words, make the working class pay for the crisis".<sup>23</sup>

Another basis for the PAE, especially in Britain, seems to have been its relationship to the antiwar movements - first the Campaign for Nuclear Disarmament (CND) and later the Vietnam Solidarity Campaign. The strength of the campaigns and their radicalising effects, meant that a theory of capitalist prosperity based on the iniquity of weapons production would strike a strong chord. The PAE's appeal was moralistic rather than scientific but this is understandable for an organisation which was mostly, at that stage, recruiting students.

## Muddled Maths

In the wonderful world of mathematical economics anything is possible. This is an axiom of which bourgeois economists take fullest advantage. It would seem reasonable to expect greater restraint of marxist economists. This is not the case for Kidron who gave the PAE its most sophisticated form.

The theoretical basis for the PAE is Piero Sraffa's *The Production of Commodities by Means of Commodities*, a seminal work in bourgeois (neo-Ricardian) economic theory, which first appeared in English in 1960. In some ways the influence of neo-Ricardianism on the PAE parallels that of Keynesianism on Baran and Sweezy.

Sraffa's analysis was highly abstract and mathematical. It provided a solution to the problem of transforming the values of commodities into their prices of production, which had been a focus for controversy since the publication of *Capital*. The solution offered by Sraffa was based on that of von Bortkiewicz (published 1907) and led to the axiom that "the organic

composition of capital in department III plays no direct role in determining the rate of profit".<sup>24</sup> This is all very well and can be 'proved' mathematically.

As Bortkiewicz pointed out, however, the result is in accord with Ricardo's theory of profits and Marx's criticism of Ricardo on this score was unjustified.<sup>25</sup>

Marx was wrong. He is mathematically 'refuted'. But is he refuted according to the logic of his own analyses? And, referring to the criterion of social practice, do we see capitalists producing arms, suffering a lower than average rate of profit? Or other capitalists tolerating, in the long run, a lower rate of profit in their industry, without trying to move capital to more lucrative areas?

The capitalist's hunger for profits knows no distinction between departments of production. If this is the case then the organic composition of capital in department III does affect the average rate of profit.

Mathematics is a tool not a barrier. In fact, at least five ways of 'solving' the transformation problem can be demonstrated, depending on the assumptions one makes (and it is in its assumptions that bourgeois economics is inherently bourgeois, not in its mathematics).<sup>26</sup> If we choose assumptions in line with marxist theory and the social practices it analyses, the 'leaks', which lie at the basis of the PAE, undermine it. They no longer exist, but we do have a more adequate solution to the transformation problem.

Alex Callinicos has recognised the shortcomings of the orthodox rationale for the PAE, in terms of the von Bortkiewicz solution to the transformation problem. He criticises the PAE, instead, by arguing that state purchases of arms offer continuing areas for profitable capitalist investment. But this will only be true if there is a higher rate of profit in arms producing than other industries.

Moreover, this has to be in terms of the ratio of surplus produced to capital ( $s/c+v$ ) in the arms industry, not the amount of surplus value finally *absorbed* to it by the state. If arms production has a higher rate of profit, because the state redistributes

surplus value to it away from other sectors, then the avenues for investment in those sectors will close as fast as they open up in arms production. A government initiated PAE, as outlined by Callinicos cannot explain the boom either.

In addition to the theoretical inadequacies of the PAE, the actual tendencies of military expenditure by advanced capitalist countries seem to belie it. Military spending has fallen as a share in total government expenditure in all western countries since the early 1950's.<sup>27</sup>

## Alternatives

By recognising the dual nature of the labour process — production of things, reproduction of social relations — an adequate approach to the post-war boom can be elaborated. On this basis the unity of the process of accumulation and the class struggle can be established, while avoiding over-rigorous distinctions amongst economic, ideological and political reality.

"The analysis of accumulation as class struggle"<sup>28</sup> provides a means for analysing 'economic' accounts of post-war growth and 'political' history into an historical materialist explanation of the boom. If we accept the law of the tendency for the rate of profit to fall as an expression of class

struggle (polemically framed in terms of capital's perspective), then analyses of crises can be undertaken by examining the tendency and its counter-tendencies as manifestations of the relation of class forces, in the context of determinate relations of production.

For example the counter-influences to the tendency of most relevance to Australia after World War II were:

1. increasing the rate of surplus value. The relationship between this influence, which entails a greater intensity of work or lower wages, is readily apparent.
2. lowering the value of means of production. This can occur in a number of ways. The most significant is the introduction of a new technology which increases the productivity of labour. (Increased productivity can also increase the rate of surplus value by lowering the cost of wage goods.) The introduction and effects of new technology are not, however, neutral. Productivity increases may be appropriated by capital, in the form of higher profits, or by labour in the form of a lower rate of exploitation. Thus a strong labour force might compel a capitalist to retain previous staffing structures, despite the introduction of new technology.





This is because 'necessary' labour (for the production of a commodity) is determined socially, not technically.

3. foreign trade of commodities with a lower value than those domestically available. This raises the question of imperialism and the unevenness of the international class struggle.

Such pointers have been used to analyse economic events.<sup>10</sup> The process is more complicated, requiring investigation of both working class and capitalist organisation, the dynamics of accumulation in different sectors and the changing contours of the class struggle. (The invocation of an 'economic law', bolstered by a few statistics of arms production will not suffice). Nevertheless the resulting picture is richer, more vivid and powerful in its implications for political action.

### Footnotes

- 1 J Stalin: *Economic Problems of Socialism in the USSR* Foreign Languages Press, Peking 1972 p30
- 2 for the CPA's perspective during the late 1940's see R Gellan *Revolutionaries and Reformists* ANU Press 1975
- 3 Report to the 18th Party Congress p40 quoted in T O'Lincoln "The Communist Party since the War" in *International Socialist* 8 1979

- 4 quoted in D Hallas. "Building the Leadership" *International Socialism* 40 1969
- 5 *ibid*
- 6 quoted in O'Lincoln op cit
- 7 the Intervention project is an aspect of this involvement
- 8 E Mandel: "Trotskyism Today" in SWP (GB) *International Discussion Bulletin* 9 (GB) *International Socialism* N1.B.1975
- 9 E Mandel *Late Imperial Capitalism* since see M Kufner *Heavenly Capitalism* the Bar Weidenfeld and Nicholson 1968 and A Milner. "The Post-war Boom" *International Socialist* 7
- 11 eg Clawson: "Review of Mandel's Late Capitalism" *Review of Radical Political Economy* 8(5) Fall 1976 and I Gough: "State Expenditure in Advanced Capitalism" *New Left Review* 92
- 12 I Colletti *From Rousseau to Lenin* MR 1972 p65
- 13 H Draper: *The Two Souls of Socialism* International Socialists USA, Michigan 1970, outlines this aspect of marxism under the rubric of "socialism from below".
- 14 J Malynchuk: *Marxism and the Party* Pluto 1978 pp 57, 70-2
- 15 *ibid* pp 72-5
- 16 *ibid* p 143
- 17 SWP *Handbook* Glasgow 1979 p6
- 18 the "breaks" which constituted the Socialist Review group and the Bolshevik regeneration of marxism can be understood in a similar way to the 'break' in Marx's work; not as an Althusserian gestalt switch but as a process which took some time and can only be understood in its material context; see I Colletti "Introduction" to K Marx *Early Writings* Penguin 1975

- 19 the most recent contribution to this aspect of LS theory is N Harris *The Mandate of Heaven* Pluto 1979
- 20 C Harman "Mandel's Late Capitalism" *International Socialism* 2.1 1978
- 21 C Harman "Better a valid insight than a wrong theory" *International Socialism* 100 1977
- 22 In contrast to Harman's statement above I Cliff states: "so the central core of stagflation is the war of attrition between organised capital and organised labour" *The Crisis: Social Contract or Socialism* p30. See also C Barker who seems attracted to the 'capital logic' school "The State as Capital" *International Socialism* 2.1 1978
- 23 SWP *Handbook* p 12
- 24 P Sweezy *The Theory of Capitalist Development* MR 1964 p 124
- 25 *ibid*
- 26 see S Koshimura *Theory of Capital Accumulation and Reproduction* DPG Publishing, Ontario 1975
- 27 A Callimicos "Assault on Marx's Labour Theory of Value" *International Socialism* 90
- 28 Gough op. cit. p 55
- 29 see J Holloway and S Peciottio *State and Capital* Edward Arnold 1978 p 29
- 30 see my "A Poor Start to Prosperity" *International Socialist* 8 This also includes some references to relevant Australian literature.



# SLUMPING ECONOMICS —A Reply

by Andrew Milner

In the best of all possible worlds we would, of course, always have the best of all possible theories. We would have, I am sure, a theory "richer, more vivid and powerful in its implications for political action" than any other previous theory.

But despite the flourish of this concluding sentence to Rick Kuhn's article, we don't actually find such a theory there. The only example of this kind of theory which Rick is actually able to point to, discreetly and modestly hidden in his footnote number 30 is his own previous piece on the origins of the post-war boom in Australia.<sup>1</sup> Now that article had some considerable merit as an

account of those factors which constituted, in Rick's phrase, "the local pre-conditions for Australian participation in the long post-war boom."<sup>2</sup> But whatever Rick may claim for it in retrospect, it was definitely *not* an adequate analysis of the post-war boom as a total phenomenon.

It is possible to explain the particular Australian preconditions for Australian participation in the post-war boom, just as it is possible to explain the particular Australian precondition for Australian participation in, say, the Great War, the Great Depression, or the Second World War. But the economic policies of the Chifley and Menzies governments in the late 1940s and early 1950s no more explain the phenomenon of a 25 year long global

boom than Menzies' policies in the late 1930s explain the phenomenon of a 6 year long global war.

The evolution of the world economic system can only be explained in terms of the dynamics of that system itself. To believe otherwise is to fall foul of the empiricist delusion that a whole is merely the aggregate of its parts. That may be fine for bourgeois economics, but it is not the method of analysis of Marxist political economy.

So, despite the flourish, Rick doesn't really have all that much to offer as an explicit theoretical alternative to the permanent arms economy (PAE) thesis. But his attempt to construct a theoretical alternative is actually much less impressive than his critique of the PAE itself.

Rick is careful to avoid the mo-

ANDREW MILNER is a teacher at the Canberra CAE



obviously absurd mistakes which characterise, for example, Ernest Mandel's critique of the PAE. Unlike Mandel, Rick realises that the PAE represents neither an underconsumptionist analysis nor a vulgar theory of physical overproduction. Indeed, he gives a pretty fair account of what the theory actually consists in. And, moreover, he points to the obvious strengths of the theory by comparison with the theoretical sterility of both Stalinism and orthodox Trotskyism in the 1950s.<sup>4</sup> So when Rick does proceed to a criticism, it is at least informed criticism.

How does Rick's critique work? There are, in fact, two distinct component elements in this critique: a technical 'economic' critique of the PAE's "muddled maths", and a broader, "philosophical" critique of the PAE's "fatalism". Rick actually deals with the question of fatalism first, and only then proceeds to the more technical questions. But since the hub of Rick's argument remains the 'philosophical' disputation about fatalism, I propose to deal with the technical question first, to clear it out of the way, and only then to turn to the wider issues.



obliged to extricate himself from an example in which prices in the different department of production are not proportional to values.<sup>5</sup> There Marx puts forward a number of explanations in order to save his result. But these were subsequently demolished in Bohm-Bawerk's devastating critique of the entire labour theory of value.<sup>6</sup>

Bohm-Bawerk's critique of Marx's solution doesn't necessarily lead to the 'close' of Marx's system. On the contrary, von Bortkiewicz was able to reformulate Marx's problem and to offer a solution to the problem which remained compatible with the overall framework of the labour theory of value. Von Bortkiewicz's position identifies Marx's mistake as that of considering value relations as directly observable. But, in fact, under commodity production, there is a gap between value and price relations which renders value relations immediately unobservable (this is, of course, the logic of Marx's own analysis of 'commodity fetishism').

Von Bortkiewicz's solution, then, is to formulate the problem separately in value terms and in price terms, and then, to construct a rigorous mapping from values to prices.<sup>7</sup> Of course, there are alternative ways of saving Marx's position

from Bohm-Bawerk's critique.<sup>8</sup> But if one does accept von Bortkiewicz's solution, then one is led to the conclusion, fundamental to the PAE, that the organic composition of capital in Department III has no effect on the rate of profit.

Now this is the theoretical basis upon which the PAE rests.<sup>9</sup> Rick is quite right to concentrate on this analysis and to ignore Callinicos's attempt to reconstitute the PAE on an alternative theoretical basis.<sup>10</sup> But what does Rick have to say in opposition to von Bortkiewicz's approach? He throws out to us 2 rhetorical questions.

Firstly, "is he (ie. Marx) refuted according to the logic of his own analysis?" Well, von Bortkiewicz and Kidron would both reply 'yes' — and Rick gives us no reasons to reply otherwise. Secondly, "do we see capitalists producing arms, suffering a lower than average rate of profit? Or other capitalists tolerating in the long run, a lower rate of profit in their industry, without trying to move capital to more lucrative areas?" His question is simply irrelevant, since the rate of profit as it affects the "capitalist's hunger for profits" (and how about *that* for an example of the 'moralism' which Rick so deplores elsewhere) is expressed in price terms, not value terms.

Once through the outer perimeter of rhetorical questions, we finally penetrate to Rick's inner citadel — the magnificent cliché that "Mathematics is a tool not a barrier", linked to the profound observation that "at least five ways of solving the transformation problem can be demonstrated, depending on the assumptions one makes", and capped off with the even more magnificent cliché that "it is in its assumptions that bourgeois economics is inherently bourgeois, not in its mathematics".

Who could possibly disagree with any of this? Yes, we are all on the side of the angels. None of us, not even von Bortkiewicz, actually think that mathematics is a barrier not a tool. And presumably, outside the lunatic fringe of the pre-Hua CPA(M) none of us actually thought that mathematics was inherently bourgeois. But this says nothing at all about the validity of von Bortkiewicz's solution to the transformation problem. It remains mere 'noise'. As such, it does not even establish the groundwork for a technical 'economic' critique of the PAE thesis.

But Rick does have one last go. Apparently, the facts don't fit the theory: military spending "has fallen as a share in total government expenditure in all western countries since the early 1950s". Indeed it has. But this, in itself, is irrelevant, since what matters is not the percentage of government expenditure, but rather the percentage of total output, which goes on armaments.

Obviously, if both military and non-military government expenditure increase as a percentage of total output, the latter at a higher rate than the former, then it will be true *both* that armaments expenditure as a percentage of government expenditure is declining (Rick's evidence) *and* that armaments expenditure as a percentage of total world output is increasing (according to Kidron, the precondition for an increasing relative stabilisation of the rate of profit).

But let us forgive this little slip in Rick's logic. The ratio he should be discussing, that between armaments

expenditure and total output, has been decreasing since the 1950s. This is hardly news to the PAE theorists — indeed, in 1968, Kidron pointed to the decline in average western arms expenditure as a percentage of GNP, from 1953 to 1965, as evidence for the steady erosion of the arms economy which would lead to its ultimate disruption.<sup>11</sup> Rick, and Ian Gough, who is the source for this part of the argument, are surprisingly ahistorical in their approach to this question. They both suffer from that extremely truncated view of history in which the beginnings of the world are dated at around the year 1945. It is absurdly irrelevant to compare arms expenditure one year with that the next, and then to correlate these comparisons with similar comparisons with the levels of economic activity in each year.

What matters is the overall comparison between the very low levels of arms expenditure throughout the pre-war depression and the very high levels throughout the post-war boom. Gough cites the same evidence that Kidron uses to point to the erosion of the arms economy, that is, the evidence of a declining, but still, by pre-war standards, very high level of arms expenditure, as evidence against Kidron's thesis.<sup>12</sup> This is hardly logically permissible. And when Gough goes on to argue that "Since then (ie. the late 1960s) this tendency (ie. declining levels of arms expenditure) has if anything intensified with a major drop in the US from 9% to below 7% in 1972"<sup>13</sup>, he is merely providing evidence in support of the PAE explanation of the final breaking of the boom. With enemies like these, who needs friends?

## Fatalism and Voluntarism

The centre of Rick's critique of the PAE is not, however, contained in his few barely developed remarks on von Bortkiewicz's and Kidron's 'muddled maths'. Rather, it centres on Rick's attack on the theory's supposed 'fatalism'.

Rick begins with a quotation from



Colletti. Now this quotation needs to be situated within the theoretical context from which it is drawn. In the course of the great 'revisionist controversy' within German social democracy, Bernstein sought to counterpose a 'voluntaristic' neokantian socialism to the 'fatalistic' economic determinism of Kautsky and Plekhanov.<sup>14</sup> Colletti argues that both sides in the controversy, both the revisionist voluntarists and the orthodox fatalists, actually shared a common perception of the 'economic sphere' as the sphere of 'production techniques', a perception of the materialist conception of history as a "technological conception of history."<sup>15</sup>

For Second International orthodoxy, technological development determined the pattern of development of the other aspects of the social totality; for the revisionists, it did not. But the debate was carried out within the same shared conceptual apparatus. Colletti is almost certainly correct in this judgement. But Rick puts Colletti's argument to a very peculiar use. Rick conflates this 'technologism', which was endemic to almost all Second International theorising, with fatalism, which quite clearly wasn't (it is, in fact, utterly ridiculous to even suggest that Bernstein was guilty of fatalism). He then goes on to argue that, not only Second International Marxism, but also Stalinist and Trotskyist Marxisms, were guilty of this 'fatalism'.

Now, certainly, much Stalinist theory is 'fatalistic', in precisely Colletti's sense. But much is not (for example, the later Lukacs, Mao, Althusser). And Rick's is surely a surprising judgement on Trotsky. Trotskyism (like Maoism) is much more obviously characterised by its voluntarism than by any supposed fatalism. This is true of its political tactics (surely Rick isn't really suggesting that Trotskyists have a "fatalistic attitude to the possibilities for revolutionary action"?). And the Trotskyist analysis of the USSR is profoundly 'un-fatalistic' in its insistence that the mode of production, according to the Trotskyists a socialist one, does not actually determine a socialist



The Post-war boom : only the memory remains

(according to the Trotskyists) state structure.

Certainly, Rick's judgement would surprise Colletti, who has described Trotsky's account of the USSR (wrongly, in my opinion) as "exemplary... a model of seriousness and balance."<sup>16</sup> But then Rick does not really take Colletti's own position all that seriously. Rather, he merely uses a few odd bits of Colletti's conceptual apparatus as a receptacle in which to dump almost all of the Marxist tradition.

In fact, only Marx (not Engels), Lenin (to a limited extent), the theorists of the Socialist Review Internationalist Socialism group (to the extent that they ignore the PAE), and Rick himself, have ever managed to escape this dreaded 'fatalism'. One cannot help but feel that Rick's concept of fatalism has much in common with Stalin's dialectic.<sup>17</sup>

But let's take Colletti's categories rather more seriously than Rick himself does. Is the PAE theory, as developed by say, Kidron, either technologicistic or fatalistic? Quite clearly it is not. Kidron does not treat social production as mere 'production techniques'. Quite the contrary. Kidron's *Western Capitalism Since the War* attempts to paint a picture of post-war developments in the mode of production, conceived as a totality. His chapter on 'Workers',<sup>18</sup> for

example, treats precisely those questions of the production of social relations<sup>19</sup> which Colletti sees as ignored by Second International Marxism.

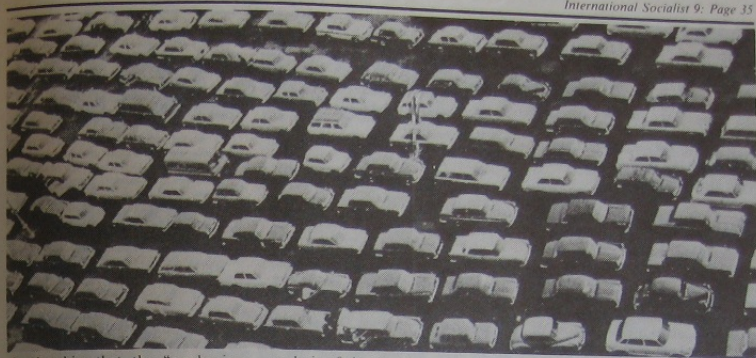
Indeed, if one were to point to a 'technologicistic' theory of the post-war boom, then one would point, not to Kidron, but to Mandel's theory of the third technological revolution, a theory which Kidron himself rejects, on precisely anti-technologicistic grounds.<sup>20</sup> Furthermore, Kidron's theory isn't particularly 'fatalistic' (in the meaningful sense in which Colletti uses the term, as opposed to the all-embracing, and hence near-meaningless, sense in which Rick uses it). One only has to read Kidron's conclusion to appreciate the non-fatalistic nature of his position:

Western capitalism is once again creating conditions for the convergence of working-class protest and revolutionary politics that could change the world. Whether or not that convergence will take place in the seventies depends as much on the revolutionaries as on anything discussed here.<sup>21</sup>

Rick just doesn't seem to appreciate how un-fatalist this is by comparison with Second International theorising. Kautsky and Plekhanov really did believe that the course of human history was inevitable. They really were, in Bernstein's phrase, *calvinists* without a God. According to Plekhanov, Marxism "considers historical development from the standpoint of necessity, and its own activity as a *necessary link* in the chain of those *necessary conditions* which, combined, make the triumph of socialism inevitable."<sup>22</sup> Now this is fatalism. But it is a world away from Kidron and the PAE theorists.

The PAE theorists (and also, for that matter, the Trotskyists) cannot be simply lumped together with Second International Marxism as different examples of 'fatalism'. But this is not to suggest that Rick has no real disagreement with the PAE. On the contrary, Rick has certain very clear objections to the PAE, but those objections have to be dug out from behind the Collettian camouflage with which he has surrounded them.

Rick's real objection is quite



simply this: that the "mechanism which offsets crisis is as narrowly economic as the fundamental mechanism (the falling rate of profit). Rick's opposition to the PAE arises, not out of any affinity between it and Second International Marxism, but rather out of the very real affinity between it and Marx's own theory of the falling rate of profit, developed in Volume III of *Capital*. According to Rick, both theories are 'narrowly economic'.

Now actually this is not the case. Both the PAE theory and the theory of the falling rate of profit refer to 'laws of tendency', not to the 'iron laws' of determinist metaphysics. Both theories can be used to illustrate the role which abstraction plays in Marxist science. For Marxists, understanding the social world is a two-sided process: on the one hand, the process of abstraction, that of moving away from material and historical reality in order to identify its central structural features; on the other, the movement back to that reality in order to reconstitute it as a theorised reality.

But Rick ignores this second moment in the dialectic of scientific investigation. He writes as if Marx, and Kidron, simply stopped short with their respective 'narrowly economic' laws of motion. He quite simply fails to appreciate the extent to which both notions can be used, not as 'narrowly economic' theories, but rather as powerful tools for the

analysis of the development of real, concrete societies, inhabited by real bourgeois and real proletarians, and located at particular moments in both time and space.

I said earlier that Rick developed no real theoretical alternative to the PAE. But he does hint at the shape that such an alternative might take. Rick argues that we have to place "the class struggle" at the centre of our understanding of the "current crisis of accumulation", that the law of the tendency for the rate of profit to fall must be understood "as an expression of class struggle", and that both the tendency and its counter-tendencies are "manifestations of the relation of class forces".

What does all this mean? In Marx's own theory of capitalist crisis, both the long-run tendency towards a crisis of profitability and the short-run crisis of over-production are seen as inherent in the capitalist mode of production itself. Thus, the tendency of the rate of profit to fall arises out of the process of accumulation and the rising organic composition of capital. When Kidron came to develop, in the PAE, an account of the operation of a counter-tendency he too focussed attention on the process of accumulation and on the organic composition of capital.

It is this mode of analysis to which Rick objects. In Rick's view, capitalist crisis can only be explained as a result of class struggle. That is, in

terms of Marx's own categories, as a result of changes in the rate of surplus value (or rate of exploitation). We can now see that Rick views almost all Marxism as fatalistic precisely because his own position is radically voluntaristic.

For Rick, a crisis of profitability is not a result of the tendency inherent in the capitalist mode of production itself towards an increasing organic composition of capital. Rather, it is a result of successful voluntary, working class militancy. And similarly, stabilisation is a result of successful, voluntary, ruling class 'militancy'.<sup>23</sup> Thus, the Marxist notion of each mode of production as containing within itself inherently irresolvable contradictions, is replaced by a weaker, voluntaristic 'conflict sociology'. Whether he recognises it or not, there is one notion that Rick does share with Colletti—the extremely pernicious notion that, in social reality, there are only ever conflicts, never contradictions.<sup>24</sup>

The political consequences of Rick's position should be obvious. If capitalist crisis is indeed the result of working class militancy, rather than of the inherent logic of the system itself, then the conservatives are entirely correct to argue that wage restraint will restore economic stability. It is, in fact, one of the great strengths of Marxism, as an agitational tool, that it is able to place the responsibility for crisis on the



system itself. If we abandon this theoretical perspective, then agitation along the lines of "why should we pay for their crisis?", etc., can only rest on the basis of moralism, not that of scientific analysis. For if Rick is right, then the crisis really is our crisis, since our wage increases caused it.

## Conclusion

I have no particular wish to argue dogmatically that von Borkiewicz's solution to the transformation problem is correct, or that the PAE is necessarily sound. But I would repeat the conclusion to my last article: "it (ie. the PAE) remains the best theory we have got". Rick is able to develop neither a coherent technical critique of von Borkiewicz's 'muddled maths' nor a coherent theoretical alternative to the PAE. His critique of the PAE's supposed fatalism is logically confused, and moreover, it clearly spills over into an attack on Marx's own theory of crisis.

There may indeed be a better solution to the transformation problem than that developed by von Borkiewicz. The PAE thesis may indeed be mistaken. But until Rick is able to come up with both a cogent critique, and a more impressive alternative, I for one will stick with the devil I know.

## Footnotes

- Rick Kuhn, "A Poor Start to Prosperity", *International Socialist* No. 8.
- Ibid.*, pp 5-6.
- Von Mandel, see *The Inconsistencies of Marx Capitalism*, IMG, London.
- In each of these respects, Rick repeats much of my own argument in "The Post-War Boom", *International Socialist* No. 7.
- See Marx, *Capital*, Lawrence and Wishart, London 1974, Vol III Part II.
- Bobin-Bawick, *Karl Marx and the Close of his System*, Augustus Keller, New York 1948, edited by Paul M. Sweezy. Von Borkiewicz's article, "On the Construction of Marx's Fundamental Theoretical Construction in the Third Volume of *Capital*" is published as an Appendix to the Sweezy edition of *Bobin-Bawick*. The whole debate is explained in Ch. 3 of Michael Kidron's

*Capitalism and Theory*, Pluto Press, London, 1974.

- For an alternate approach see, for example, the discussion of the transformation problem in Peter Green "The Necessity of Value and a return to Marx", Part 2, *International Socialist*, 24.
- Cf. Michael Kidron, *Western Capitalism Since the War*, Penguin, Ringwood, 1970, pp 55-56.
- Alex. Callinicos's "Assault on Marx's Theory of Value", *International Socialist*, First Series, No. 90, is not only unsatisfactory, as an attempt to create an alternative theoretical basis for the PAE, for the reasons which Rick gives. It is also intellectually profoundly dishonest. For years, the IS had argued for the PAE on the basis of von Borkiewicz's solution to the transformation problem. Then suddenly, when this basis becomes embarrassing (because of the rise of a new neo-Ricardian reformism), an entirely new theoretical basis is pulled out of the hat, as if by magic. His procedure, by which the confusion always stands, and only the means of arriving at it are changed according to circumstances, belongs in the discourse of dogmatism, not that of science. If von Borkiewicz is wrong, the theory falls.
- Western Capitalism Since the War*, p. 62.
- Ian Gough, "State Expenditure in Advanced Capitalism", *New Left Review* No. 92, p. 55.
- Ibid.*, p. 62.
- Ch 2 of Colletti's *From Rousseau to Lenin*, M.B. London, 1972, gives an interesting theoretical account of the whole controversy. See also G.D.H. Cole, *The Second International 1889-1914*, Macmillan, Melbourne, 1967, ch.V.
- From Rousseau to Lenin*, p.65.
- Lucio Colletti, "A Political and Philosophical Interview", *New Left Review* No. 86 p. 26.
- Stalin's dialectic? Yuzan 1938. A Soviet adviser is lecturing to a class of Chinese Red Army men on dialectics. "Two guerrillas enter a village, the explains

"One of them is clean, the other is dirty. Which one has a bath?" "The dirty one", answers a Chinese. The others nod their heads "No, comrades. You quite clearly do not understand the essence of the dialectic. The dirty guerrilla will look at the clean one, and think that he is himself clean too. But the clean guerrilla will look at the dirty one, and think that he himself is also dirty. The clean guerrilla therefore has a bath." The Chinese listen in silence. "O", says the adviser, warning to his theme, "perhaps they both have a bath". The Chinese begin to look puzzled. "The clean guerrilla advises the dirty one to have a bath, and then, for the sake of comradeship, accompanies him." Or maybe neither of the guerrillas has a bath?"" "The first guerrilla is already clean, so he doesn't need a bath. The second guerrilla never has baths, which is why he is dirty. Or, it could be that you were right in the first place, and the dirty guerrilla has a bath?"" "Because he is by nature a clean person, and doesn't like being dirty." "I'm afraid you've lost me, comrade", says one of the Chinese. "It seems to me that the dialectic can mean anything you want it to". The adviser's eyes light up. "Ah, now you have understood the dialectic." From Greg Benton and Graham Loomes *The Big Red Joke Book*, Pluto Press, London, 1976, pp 150-151.

- Ch. 2
- From Rousseau to Lenin*, p. 65.
- "(ie. technological innovation) cannot claim an exogenous, independent existence", *Western Capitalism Since the War*, p. 46.
- Ibid.*, p. 174.
- Plekhanov, *Works*, Russian edition, Vol XI, p. 88, as quoted in *From Rousseau to Lenin*, p. 70.
- The terminology may differ, but the position is essentially similar to that contained in Andrew Glyn and Bob Sutcliffe's *British Capitalism, Workers and the Profit Squeeze*, Penguin, Harmondsworth, 1972.
- See Colletti, "A Political and Philosophical Interview", pp. 18-20.

## A DARING RESCUE



Seeing his firm in trouble  
Albert Potler raced to the rescue . . . silly sod

# INDONESIA: The Development Miracle

by Steve Drakeley

## The Coming of Capital

The region now known as Indonesia and Malaysia was, when the Dutch first arrived, a collection of islands with basically a feudal mode of production located in various principalities. Trade with India and China had been conducted for centuries. Comparatively recently, Islamic traders had entered the trading pattern which was centred along mainly coastal regions, which had loosened their ties with the inland principalities.

STEVE DRAKELEY is a post office worker in Sydney

At first the Dutch simply participated in the existing trading pattern, having little impact upon the social or economic structure. With the formation of the Dutch East Indies Company, an association of mercantilists and financiers, the stage was set for a thorough economic exploitation of the area. Operating from their base in Batavia (now Jakarta) the Company subjugated various indigenous rulers. They ruled through them, appropriating the surplus that formally accrued to the aristocracy in the form of tribute.

Changes to the subsistence economy took place with the introduction of export oriented crops by the Dutch. First of all, they were integrated into peasant plots - the peasant having to produce a specified quantity as tribute. Later, plantations were created employing

at first Chinese coolie labour and later Indonesian peasants, proletarianised as rural workers.

In the nineteenth century, the Dutch State took over the Company and colonised the region. The Company bureaucracy (built on the indigenous aristocracy) was expanded as an extension of the Dutch State. The 'Cultivation System' was introduced. This meant more plantations and mining operations, many privately owned or leased by Dutch Capital.

The basic features of the present day Indonesian economy were created in this period. In place of one economy there were now two; the peasant subsistence economy existing alongside of and only marginally integrated into a developing capitalist economy, predominantly state-run. The



Chinese immigrants under the supervision of the colonial state gained control of the merchant sector of the economy. The feudal ruling class, maintained partly as figureheads and partly as functionaries occupied positions in the colonial bureaucracy. In this way internal social and economic development was artificially contained or modified, establishing the central contradiction in which the evolution of Indonesia's economy and society has taken place.

## War and Revolution

By the outbreak of the second world war, a number of changes had taken place. A light manufacturing industry, producing import substitutes, had sprung up in the hands of the Chinese as a result of the colony's isolation from Europe during the war and the depression. Large sections of the economy were in private hands, primarily Dutch Capital but with an increasing influx of English, American and Japanese investment. Population pressure in the subsistence sector (around 90% of the population) was placing a strain on the colonial "native welfare" state.

By far the most significant change however, was the embryonic stirrings of a new class, drawn from the Western educated elite who occupied the lower echelons of the bureaucracy. By the turn of the century this class, in alliance with the increasingly class conscious proletariat, was challenging colonial power in the name of a new born ideology - Indonesian Nationalism.

The Japanese occupation collaborated with this class. By the time of the Japanese surrender they proclaimed the Indonesian Republic within the boundaries of the former Dutch colony. This new ruling class was a hotchpotch of bureaucrats, technicians and soldiers, with no cohesive ideological unity. It emerged, after a four year war with the Dutch, with a decimated export economy, no capital goods industry, an inherited state bureaucracy lacking skilled personnel; and with an army composed of an uneasy mixture of warlord - commanded guerrilla

bands and Dutch and Japanese trained professional soldiers.

Under the circumstances, the new government, scrambling to keep their new nation afloat, invited the foreign industry owners to return on generous terms in order to revitalise these industries, while the state set about the task of reconstructing the state sector.

The hierarchical but hopelessly inefficient state gradually re-asserted its control over anarchic regionalism, partly due to the efforts of the army central command to cohere the army into a single unit. Much of the administration, particularly of the outlying regions, was being performed by the army which was particularly (but not exclusively) funding itself through an alliance with local businessmen and smugglers.

The failure of the revolution after a few years to produce the promised land of Javanese mythology prompted dissatisfaction. The scapegoat (not without a grain of truth) was identified as foreign capital (particularly Dutch) with which the parliamentary system was associated and at the door of which was laid the apparent paralysis of the bureaucracy.

Radical Nationalism, as espoused by Sukarno and the P.K.I. (the Indonesian Communist Party), who had abandoned the struggle for socialism after two failed uprisings (1927 and 1949) and adopted a crude two stage theory called "completing the National Revolution first", became popular. The era of "Guided Democracy" began with the seizure of Dutch concerns by the workers in 1957. The army moved in "to supervise the transfer of property", supplanting worker control and replacing the Dutch managers with army officers.

The era of Guided Democracy, which was to last until the army coup replaced Sukarno in 1965, was marked by an attempt to develop the economy without resort to foreign capital - a move which the pro-Peking P.K.I. thoroughly approved of. Grandiose development schemes, all totally without substance in reality, were proclaimed by the

meglomaniac Sukarno whose "anti-imperialist" rantings kept him in power while the P.K.I. and the army jockeyed for position to seize the state.

Meanwhile the ruling class, now centralised into the army and the army-controlled bureaucracy, were doing very nicely for themselves on the side: every aspect of the state and the economy (except for the Chinese dominated sector, with whom they appear to have made some accommodation) gravitated into their control.

## The Coup and After

The struggle between the P.K.I. and the army was an uneven one. The P.K.I. might have had a few million peasant members, recruited on a radical nationalist petit bourgeois programme, but it had precious little else. The army had effective control of the state and the economy. In addition, the unions ensured that there was no cohesive working class response, thanks to the acquiescence of the P.K.I. The army also had the weapons and the ability to mobilise. The 1965 coup smashed all political opposition to the army, half a million communists being butchered, and the state and army (particularly the airforce) being purged in the process. The New Order (read military) Government had begun and with it the Indonesian version of comprador state capitalism.

In other words, in Indonesia a fusion of state and capital has taken place. I do not intend to embark upon a defence of the thesis of state capitalism here except to quote Engels on the subject:

"The more productive forces it (the State) takes over, the more it becomes the real collective body of all the capitalists, the more citizens it exploits. The workers remain wage earners, proletarians. The capitalist relation is not abolished; it is rather pushed to an extreme".<sup>1</sup>

(For a fuller discussion see Chapter 5 of Tony Cliff's *State Capitalism in Russia* Pluto Press 1974).

It is clear that state and capital have been inextricably linked, in the capitalist sector, since the Dutch State took over the Dutch East Indies

Company. It is important to single out the capitalist sector, because the Indonesian economy can be divided into three sectors; two of the three can be excluded (with some qualification) from the State Capitalist sector.

The first of these, the subsistence sector is however connected to the capitalist sector because many peasants have private plots of rubber etc which are sold to the state companies for export. Also the state, in an effort to boost food production is intervening (so far unsuccessfully) with various schemes and "green revolution" technologies. But no attempt is being made to capitalise this sector, and its basic features are being carefully maintained. Small wonder, since there is certainly no shortage of cheap and mobile labor.

Secondly, the "indigenous" private capitalist sector remains small - dominated by the Chinese and principally concerned with the sphere of circulation. Increasingly however, army officers are linking up with this sector, providing it with immunity from bureaucratic hassles in exchange for a piece of the action.<sup>2</sup> Unofficially then (as well as officially through various regulations) this sector has become integrated into the overall control of the state, and is thus subservient to and manipulated by state capital.

The rest of the economy is the sector derived from colonial roots, and maintained as an extension of the international capitalist economy. When the 'New Order' state talks about development it is this sector that they are referring to; and it is development between state capital and foreign capital that they have in mind. This is the fundamental difference between state capitalism in the Guided Democracy period and the present period. State Capital now is in alliance with international capital, the army/state-based ruling class acts as *compradore* capital. Hence the term *compradore* state capitalism.

From the moment the new ruling class gained control of the state, they embarked upon a pre-conceived 'development strategy' drawn up by the infamous Berkeley mafia (a



General Sutowo—Pertamina's first director

handful of Indonesian economists trained at U.C. Berkeley and sponsored by the Ford Foundation). It is classic bourgeois development theory in practise - a case which illustrates quite clearly the Marxist dictum concerning the embodiment of class interests in economic theories.

The strategy is to exploit Indonesia's non-renewable resources, particularly oil, with the resources of foreign capital aiming at generating sufficient surplus for investment in agriculture and a capital goods manufacturing industry. Foreign capital is allowed access on favourable terms and overseen (however inefficiently) by the state. Meanwhile state development programmes, run by state owned companies like Pertamina, Triusaaha Bhakti and Bulog using the capital acquired by the state's share of foreign capital earnings, swung into operation with the (stated) aim of making Indonesia a developed and independent economy by the turn of the century.

It is a strategy which has met with little but dismal failure since its inception, as a glance at the statistics will show. For instance, Indonesia's foreign debt has risen by 400%<sup>3</sup> in the period thanks largely to the gross mismanagement of the state owned oil company Pertamina. The debt servicing repayments are currently running at 20%<sup>4</sup> of state expenditure while oil production is tapering off<sup>5</sup>.

(oil production accounts for 70%<sup>6</sup> of export earnings). Imports have grown at a rate higher than exports<sup>7</sup>, 10% of State expenditure goes on rice imports<sup>8</sup> and unemployment grows annually at a staggering rate (to absorb even the labor supply increment would take a growth rate of 16% p.a.)<sup>9</sup>

It is too easy for glib political economists to point to this failure and blame it on the evils of the nasty ruling elite. This misses the point. It is the inexorable logic of the development of international capitalism that has dictated the evolution of the Indonesian economy and class structure. It is the objective class interests of the ruling class and the material, contradiction-ridden, situation that these interests operate in that has produced Indonesia's plight. And it is a plight from which no development strategy, be it state capitalism or *compradore* state capitalism in alliance with imperialism, can rescue it.

## Footnotes

- 1) F. Engels, *Anti-Duhring* pp 306-307
- 2) H. Crouch, 'Generals And Business In Indonesia' in *Current Affairs Bulletin* Vol 54 No 1
- 3) *Far Eastern Economic Review* Dec 23 1977 p 39
- 4) *Ibid*
- 5) Alex Hunter, 'The Indonesian Oil Industry' p 282 in Bruce Glassburner (ed) *The Economy of Indonesia—Selected Readings*
- 6) *Far Eastern Economic Review* July 21 1978 p 40
- 7) *Ibid* p 39
- 8) *Ibid* p 39
- 9) Bruce Glassburner op cit, p 431

## References

- BOEKE J.H. — *Evolution Of The Netherlands East Indies Economy*  
 DAHM Bernard — *History of Indonesia In The Twentieth Century*.  
 GLASSBURNER Bruce (ed) — *The Economy of Indonesia Selected Readings*  
 ALAN H. — *The State In Post Colonial Societies* V.L.R. 74  
 CALDWELL M. (ed) — *Ten Years Military Terror in Indonesia*  
 CROUCH H. — 'Business And Generals In Indonesia' in *Current Affairs Bulletin* Vol 54 No 1



# REVIEWS

## Australia Ripped Off

*Australia Ripped Off*. Published by the National Research Centre of the A.M.W.S.U. Available at left bookshops and Union offices.

by Kevin Bain

This booklet brings together valuable information about the current state of the Australian economy, the exploitation of working people within it, and the purposes of government policy.

In fact, its educational value as a popular educational pamphlet is possibly undermined by the vast quantity of data — Budget analysis, unemployment trends, taxation breakdowns, wages distribution, and so on. An interesting statistic uncovered is that almost half of the income from all forms of capital "disappears" before it can be taxed; and from the financial years 1967 to 1972, Australia was \$55 million in the red when subsidies and concessions to the mineral and energy industry were deducted from taxes collected.

The particular role of women in the labour force and in the economy is examined, as are the system's outcasts like the unemployed. Unfortunately the information presented on the distribution of wealth in Australia is sketchy, although it plays a very important part in the proposals of the authors. This is not their fault; it is a telling comment on the concerns of the "economic profession" that Australian wealth distribution was a totally unknown field before the Sydney Political Economy Movement began its investigations.

Having said that, let's look at the analysis and proposals of the pamphlet. It is acknowledged as a successor to *Australia Uprooted* whose analysis and political conclusions we have looked at before.

While *Australia Ripped Off* is a far superior document compared to *Australia Uprooted*, it does have national chauvinist overtones at times.

about half of Australia has been flogged to overseas shareholders.

That may be true (whatever it means) but socialists object to all of Australia's productive wealth being flogged off to the capitalist class. Australian shareholders respond to their

class interest just as faithfully as do foreign shareholders. On the same question, I would feel ashamed to distribute a pamphlet which contained a two-page trade map of South-East Asia and Australia, with Australia encircled by arrows of investment and capped of with a huge arrow originating in the South China Sea and directed at Australia! Is the Vietnam war and the ideological role of the downward-thrusting arrows so quickly forgotten?

The analysis of the booklet is generally correct as far as it goes. But it is not really much more than a detailed description. The economic conclusions of *Australia Uprooted* are largely absent — is the simplistic view of Australia as becoming a "giant quarry" with manufacturing industry virtually extinct; "an underdeveloped country", as Laurie Carmichael once said.

In fact, the "rationalization" of the Australian economy is a project of the Australian ruling class in response to the international slump. Of the nine men nominated by the booklet as Fraser's Business Cabinet, only a small minority could be considered as agents of foreign multi-nationals. All of the others, McGrath, Reppe, McNeill of BHP, Wilson of APN and so on, are leaders of Australian finance, transport, manufacturing and mining concerns, many of these companies being mini-imperialists in their own right.

Our ruling class both collaborates with U.S., Japanese and European imperialism, yet has its own distinctive and conflicting interests. It is a junior partner of imperialism in South-East Asia and the Pacific. It is using the recession both for the wholesale abolition of jobs through technological innovations, but also as a 'shakeout' of economically inefficient or state-subsidised capital.

As the world pulls out of recession (so the theory goes), our masters will be able to preserve and strengthen their economic power, by specialising in sectors of industry and the economy where Australia has a:

Comparative advantage over other countries due to our natural resources and highly skilled and trained workforce.

Investment in Australia by multi-national companies is increasingly in minerals, energy and in capital-intensive manufacturing employing fewer and fewer workers.

It is undoubtedly true that change is

sweeping through the manufacturing industry much faster than the primary and tertiary sector, though employment levels in private banking declined for the first time in decades in 1978, and the mining industry "shed labour" during the financial year 1977-78. While one does not expect a detailed discussion of Australian finance history, it would have been educational to set out the geo-political and historical context in which the present crisis occurs.

This booklet will be influential in the labour movement. A quarter of a million copies have been produced, it is advertised on the back of buses, and sold at newspaper stalls. What are its proposals?

The authors calculate that an annual average wealth tax of 4.5% could net as much revenue as income tax, and presumably lead to calls for its abolition (though this latter call is not mentioned in the section 'Our Proposals'). A worthy objective, nevertheless! The other proposals are rather more vague — for example, that of "democratic economic planning". Is this a Ministry of Planning with industry decisions being taken by committees of government, public service, manufacturer, union and consumer representatives, or is it workers' control of industry?

Massive new investment as public equity in modern industries which produce for socially determined needs.

It sounds no different to Labor's \$1850 million rescue operation for ailing companies in '74-75. Is it aimed at control, or Bill Hayden's "competing state enterprises to moderate the established power of capital"?

Or, Regulation and public ownership in the finance and banking sector of the Australian economy.

Since we have regulation, and some public ownership already, presumably this aims for full public ownership rather than regulation. Or does it?

Clearly we cannot adopt the messianic Jim Cairns position of throwing up our arms and crying "it's the system!" The movement desperately needs an industrial strategy with a political understanding to fight the never-more-pressing problems of living standards and unemployment.

For some reason, the task of preserving wages and living standards is not

included in the "Aims and Guidelines" section of the booklet on the last page. This could be deliberate — given the desire of some Communist Party union officials to avoid 'economist' issues and concentrate on 'politics'.

It would be a progressive achievement were a movement for a wealth tax to get off the ground. But I can't see that at present it would necessarily lead to greater political understanding amongst workers (an oft-mentioned concern of left-wing union officials) than the fight to defend wages and jobs — a fight which is much clearer, but harder, to develop — or that it will fire the imagination of working-class militants.

One influential bourgeois economist who has debated and written about the pamphlet claims that its constructive contributions show that the "union leopard is changing its spots". As the ideological offensive against us continues, it would be tragic if unionist readers of *Australia Ripped Off* came to the same conclusions.

Are our criticisms too harsh? Wouldn't it be a major step forward for a class struggle programme to be taken up by the left wing of the labour movement?

No and yes respectively. It is because the AMWSU can play an important part in developing support for an alternative programme, that there needs to be rigorous and open debate about its contents.

*Australia Ripped Off* states that "it is not the final word in analysis or solutions". We do not have all the solutions either, but it is in response to that call for "wider debate" that these comments are offered.

### NOTES

1. "Review of People's Economic Program", by Tom O'Lincoln in *International Socialist* 7, October 1977.
2. Unlike the period after the 25% across-the-board tariff cuts of Dec. 1973, the ruling class is almost completely united now on the need to radically restructure. Witness the very recent voluntary "rationalization" through take-overs and mergers in the white-goods industry, and the similar developments in the vegetable oils and margarine industry at the present time.
3. *National Bank Monthly Newsletter*, from the *Australian Financial Review*

18 April, 1979.

4. Page 48.
5. Max Oden, "Alter Egoism? The Trade Unions" in *Arena* 47-48, 1977.
6. P. P. McGuinness, Economics Editor of the *Australian Financial Review* and economics writer for the *National Times*. This man, sometime economic advisor to Bill Hayden, says that the only factor holding back recovery in the Australian economy, is the high level of real wages. (*Adelaide Advertiser*, 4th May 1979).
6. *Australian Financial Review*, 2nd May 1979.

## Socialism and Labor

*Socialism and Labour — an Australian Strategy* by R.W. Connell. Labor Praxis Publications, 50 cents.

by George Petersen

I have for some time been critical of the behaviour of the left in the NSW A.L.P. (the Steering Committee). I remember particularly their failure to challenge Jim Cairns at the 1975 Terrigal Conference when he recommended adoption as A.L.P. policy the need for an A.L.P. government to guarantee the profitability of private capitalist enterprises. In State politics the same kind of behaviour was obvious in Steering Committee support for Wran's action on Warkworth and support for his opposition to hospital tradesmen's wage increases. We need to ask ourselves why the same people, who are vigorously promoting the Connell pamphlet, in practice act in a way that is the antithesis of the socialist principles enunciated by Connell.

It would, of course, be all too easy to emulate Ernie Lane in *Dawn to Dusk* and see the process as one of personal betrayals by one time leftists. What I would like to suggest is that the process of "betrayal" is one that is implicit in Connell's strategy. Also what happened to Allende in Chile, to Whitlam in Australia and to Lang in New South Wales is inevitable unless socialists are concerned with power, and Connell is not concerned with power but with gaining office. Note particularly what he says on page 18 regarding the phenomenon of

ruling class ruthlessness in deposing governments representing the working class. "There are ways of countering these responses though this is hardly the place to go into them".

Why not? Isn't the question of the working class holding power a central question for socialists? Does he really think he can get away with the reforms he proposes at the bottom of page 12 unless the working class possesses an organised leadership which can mobilise the workers either to challenge the capitalist state or to defend a workers state?

I know it will be pointed out to me that at the top of page 8 Connell says that the working class is still the only force that can achieve a socialist society, but having mentioned that fact, he retreats from it: and tells us on page 11 "Socialism is not a government, nor a policy, but a movement". For what?

On the same page he quite rightly says that the "Transition to socialism" means taking those steps, such as establishing social control of production, which will make it impossible for capitalism to continue reproducing itself. To which one can only reply, "How true!"

But how is this programme to be implemented? Connell's solution to the problem comes close to the Trotskyist concept of a transitional programme, that is, demands that appear realisable to the workers but which cannot be granted without calling the capitalist state into question. On page 12 he defines the socialist strategy as one that presses for "Reforms that do not stabilise the system, that cannot be contained within its logic". But his example of a demand of this kind is a poor one — it is not comparable with Lenin's "Bread, Peace and the Land". He suggests that "Bringing urban development under public control had the potential to develop this way if there were sufficient public pressure behind them".

In this example, what has happened to the working class? One of my most bitter struggles has been against a Labor mayor who was opposed to Housing Commission housing being built because it would cost the Council money in providing services. He wanted to use the plight of the homeless as a lever to gain services for people who, whatever disabilities they already suffered from, were already adequately housed. That example by the Labor mayor was reactionary, anti-working class and anti-socialist.



# REVIEWS

The fact that Connell uses the phrase "public pressure" indicates that like my Labor mayor his basic orientation is populist, not working class. This is confirmed by the amazing reference on page 14 to constitutions being changed on the basis of "popular" feeling — which is just not true. Constitutions are drawn up by rulers to serve their own interests — a notable example being the Australian Constitution, drawn up by a bunch of 19th century gangsters determined to preserve their privileges. It is also disappointing to see small "l" liberal demands against sexism, racism, anti-homosexual laws etc presented by Connell without reference to their working class content.

It is also clear by reference to page 14 that he is a slittist when he posits that public intervention in the economy "from above" must be matched by the growth of workers control from below.

This raises the fundamental question of Connell's pamphlet. Relying on the parable of the mice who came to the conclusion that the local cat would not be a danger if he had a bell around his neck, the question must be asked, "Who is going to bell the cat?" It is precisely this question that Connell does not answer.

I have read an article in the Socialist Workers Party paper *Direct Action* which attacks Connell for being a revisionist in the Bernstein model. The accusation is true but not for the reasons stated by *Direct Action*. Connell has grounds to defend himself against any accusation that he suffers from the incurable condition of parliamentary cretinism. He recognises on page 16 that merely fighting elections is not enough

that parliamentary action should be the tip of an iceberg. Also he is not enamoured of a strategy based solely on trade unionism. Instead what he advocates is a strategy very similar to that of the German Socialist Democrats prior to World War I, when they were a mass party with an ideological commitment to socialism but who were engaged in practice in activities that were reformist.

What is lacking in Connell's pamphlet is the concept of an organised socialist grouping with control over its members

irrespective of what position they occupy — and based upon acceptance of an ideology determined democratically by the members. Connell is our Kautsky producing for us Marxist tracts whilst the trade union leaders and the politicians leading the left go their own sweet way —

fighting with the right for the spoils of office and not being over-excited about ideology. So Ray Gietzell can take a right-wing line on Uranium and Jack Ferguson can oppose increases in workers wages, secure in the knowledge that they will not be criticised but will be appreciated by the left for their other qualities. Principled politics are replaced by clique politics, and Tom Uren rather than challenge Jim Cairns when he went bad at Terrigal, absented himself from the Federal Conference so that he would not have to vote against his mate. It is only too true that such policies inevitably lead to betrayal of ones supporters.

Connell and the Steering Committee left are far less tied to the capitalist establishment than the right wing of the A.L.P. They know that if any economic or social progress is to be achieved, if the attempt of the ruling class to place the burden of the current economic crisis on the backs of the working class is to be resisted at all, there must be some mobilisation of the working class with strike actions, demonstrations etc. Hence their participation in such activities as anti-Vietnam demonstrations and the recent free speech march in Brisbane. In this respect they are rather similar to the C.P.A. and the S.P.A. They differ from them principally in believing that they must work through the mass organisation of the workers, the A.L.P., rather than as a separate party, but in essence they behave like them in manipulating the working class towards ends that are determined by others. They were quite incapable of providing leadership to the working class in struggle when Bob Hawke in November 1975 told us all to "cool it".

The question must also be asked why Connell neglects the fact that socialism is an international movement or it is nothing. Despite Stalin, Mao and Harold Wilson, socialism cannot be built in one country — not even when that country is Australia — the wealthiest nation in the world in terms of available resources per head of population. We do have one advantage over most other nations in that the overthrow of capitalism in Australia could result in an enormous increase in the workers' standard of living. As Connell says, Australia has the material basis for socialism. However, it would undoubtedly be very helpful if, simultaneously with the overthrow of capitalism in Australia, the same processes were to occur in some other

advanced industrial capitalist or state capitalist country or countries. Even in Australia there would be a considerable reduction in the workers' living standards if the nation were excluded from international trade. But the real dangers of socialism in one country would be that the defence of the revolution against world capitalism may be so enormously expensive that the working class may be required to make extreme sacrifices comparable with those made by the Russians after their revolution, and which provided the fertile ground for the Stalinist counter-revolution.

Also it does no good to ignore the fact that the world's ruling classes have nuclear weapons which they might use against us if they see their privileges threatened. To suggest, as Connell does, that the process of change to socialism could be achieved by bit over the next ten years is a dangerous illusion which nobody who is serious about socialism could accept.

This once again raises the question of who is going to bell the cat? Connell's message on pages 22 and 23 is that if enough workers accept the implementation of socialist ideas in practice we can mobilise through the A.L.P. and the unions to overthrow capitalism. Who does he think he is kidding? Long before we reach the stage where a majority of workers are ready to challenge the capitalist state, the counter revolution would be among us led by a Kerr or a Pinochet. Might I suggest to him that the prime problem facing the Australian Labor movement is what organisation of the Australian working class is required to overthrow capitalism and to defend a workers regime against an international capitalist class. Connell wants organisation for the benefit of the working class and a very loose organisation at that.

It might be argued that Connell cannot be more explicit about the organisation required because the right would expel him from the A.L.P., any group which set up a disciplined structure within the A.L.P. I hope that Connell is only using Aesopian language to conceal his true position and that he really believes in something more than a commitment to socialism spread by propaganda without organisation. Unfortunately, I can see no evidence that this is so, and I cannot see his strategy doing more than reproducing the disasters of the past with their continuous records of defeat for the left.

★ When Brisbane cops attacked the meatworkers/wharfside picket against live cattle exports, arrested AMIEU member Margaret Brednall reported the struggle for the Battler.

★ While the Victorian State Government tried to close down its prefabrication plant at Homesleglen AMWSU steward Norm Thompson wrote regular reports for The Battler on the resistance to the government's plans.

★ When Nurses Association members at Sydney's Prince Alfred Hospital drew out their right-wing branch leadership and began to build rank-and-file organization, nurse Pam Townsend was in the thick of it. She gave the story to The Battler.

*THE BATTLER is a workers' paper and it depends on your support for its survival! We need articles, letters, information and financial help. And we need you to sell the paper where you work. . . .*

## the battler

is the paper of the International Socialists 20 cents

You can obtain copies of The Battler from any branch of the IS.

If you would like to have The Battler mailed to you, write to Box 46, Flemington Victoria 3031.

If you are unable to join the International Socialists, then working with The Battler is a great way of fighting for workers' power.

**the battler**  
PAPER OF THE INTERNATIONAL SOCIALISTS

Fifth week out

**2000 MINERS FIGHT UTAH BLACKMAIL**

**SANYO SIT-IN CRUSHED**  
By Steve Morgan

**Fraser calls in Hawke**

More page 6

# 20 Issues for \$5

That's our unbeatable SUBSCRIPTION Offer!

NAME .....

ADDRESS .....

POSTCODE .....

Clip and Post To Battler Subs P.O. Box 46 Flemington, Vic 3031. Please allow two weeks for processing.



What cometh here from west to east awending?  
And who are these, the marchers stern and slow?  
We hear the message that the rich are sending  
Aback to those who bade them wake and know

We asked them for a life of toilsome earning,  
They bade us bide their leisure for our bread:  
We craved to speak to tell our weeful learning:  
We come back speechless, bearing back our dead.

Here lies the sign that we shall break our prison:  
Amidst the storm he won a prisoner's rest;  
But in the cloudy dawn the sun arisen  
Brings us our day of work to win the best.

*Not one, not one, nor thousands must they slay,  
But one and all if they would dusk the day.*

**Blair Peach was clubbed to death on the streets of London in a demonstration against the nazi National Front.**

**He died under the truncheons of the Special Patrol Group, the stormtroopers of the British police force.**

**It is the task of all revolutionaries to provide the memorial that Blair would have wished for by carrying on his fight.**