

# COMMUNIST REVIEW

Registered at G.P.O. Sydney, for transmission by Post as a Periodical.

No. 74.

OCTOBER, 1947

Price 6d.

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ORGAN OF THEORY AND PRACTICE OF THE AUSTRALIAN  
COMMUNIST PARTY

Editor . . . . L. L. Sharkey

## THE ECONOMIC CRISIS

R. DIXON

(Report to the Central Committee meeting, September 12-14, 1947.)

OUR discussion this week-end will be concerned mainly with the developing economic crisis. The developing crisis takes on different forms in different countries; different forms in the United States, for instance, and Australia to that of Britain and Europe.

In Europe the people are suffering from impoverishment and under-production, resulting from the devastation caused by the war. Britain also is suffering from the aftermath of the war, but the main thing in her case is that the crisis is intimately linked with the decline, the general decline of British Imperialism, as part of the general crisis of capitalism.

In trustified America there is an enormous glut of production and vast wealth, an immense production of consumer goods, capital goods and luxury goods. The crisis now developing in the United States, in that class land of private enterprise, is a crisis of over-production which, as it develops, threatens to bring down the whole capitalist system. It will spread from one capitalist country to another; it will hit not only America and Canada, but also Australia and the capitalist countries of Europe.

The reason why this vast production of the United States cannot bring help and succor to the peoples of Europe and Asia who are hungry and suffering from want, is rooted deep in the capitalist system, is connected, also, with the general crisis of capitalism.

The general crisis of capitalism began before World War I. The first World War, the establishment of Socialism in the Soviet Union which meant that one-sixth of the world was wrested from capitalism, and the economic crisis that broke out in 1929, all sharpened the general crisis of capitalism.

World War II deepened, in every sense, the general decay of capitalism. In World War II those powerful bastions of imperialism, German and Japanese Imperialism, were destroyed and there was set in motion that second round of revolutions that has torn Eastern Europe from the maw of imperialism. In the colonies great revolutionary struggles began for independence from Imperialism.

The revolutionary wave is continuing throughout the capitalist world, is growing in size and scope. The general crisis is a crisis of the capitalist system, a system that is decaying, that is disintegrating under the blows of the working class and of the colonial peoples who are striving for their independence.

The American monopolists are attempting to patch up the capitalist system, to save the capitalist

world, to save it for American Imperialism. Thus the Truman doctrine and the Marshall Plan which aims to strengthen reaction in Europe, to fight Communism, and to prepare for war against the Soviet Union.

The aim of the Marshall Plan, the aim of the American monopolists in general, is to stabilise capitalism. But there can be no stabilisation of capitalism. When the American Imperialists render assistance to Europe Chiang Kai-shek cries that the Communists are getting the better of him in China. When they help China the Dutch Imperialists shout that the Communists and revolutionaries in Indonesia are threatening them. When they help the Dutch the British Imperialists cry out that they are threatened with crisis. The European reaction calls for more U.S. help otherwise western Europe will go left. American Imperialism is rushing from one part of the capitalist world to the other, trying to keep capitalism together.

European and Asiatic reaction seeks a way out which leads to ever greater subservience to American Imperialism. The progressive forces in the world, they claim, must be checked. The reactionaries know that their only hope of checking the forces of progress, the revolutionary-democratic movement that is developing throughout the capitalist world, lies in American Imperialism. They consider it is better to be the stooge of American Imperialism than to be overwhelmed by the working class and revolutionary forces of Europe and the colonial countries. All their hopes, therefore, are centred in American Imperialism.

Now a new element is coming to the fore. The cyclical crisis of over-production is beginning in the United States of America. This crisis will deal a shattering blow to this last and most powerful citadel of the capitalist world. The disaster confronting the American monopolists is, at the same time, a disaster for world reaction. Denied American support, or confronted with a big reduction in this support as must inevitably follow from the economic crisis, what will happen to reaction in France, Italy, Greece and China which depend for their existence upon American Imperialism?

The electoral victory of the progressive forces in Hungary, the advance and growth of the Communist Parties of France and Italy, the movement of the working class in Britain expressed in the strike of the Yorkshire miners and other unofficial strikes, all indicate the growth of the working class struggle in Europe. They show that the revolutionary advance of the masses is proceeding unchecked, despite all the efforts of American Imperialism and reaction.

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TO THE EDITOR,  
COMMUNIST REVIEW,  
695 GEORGE STREET, SYDNEY,  
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China, likewise, the situation is rapidly developing.

Chiang Kai-shek China is bankrupt economically, is going through a process of inflation and economic crisis, and is faced, within a period of months, with complete military collapse. Further, the new democratic China is now preparing its plan to launch a combined offensive against the old Kai-shek regime within a few months, and to urge the democratic forces of the world to join in and render all support to this struggle. As they say, will tear another "great gap in imperialism."

We also add the events in Indonesia, India, Burma, India, you will see how the revolutionary wave is mounting in the capitalist world. Lenin's description of Imperialism as decaying capitalism never had more meaning than at present. New great victories for the revolutionary-dynamic forces stand ahead.

What is now things are in the capitalist world. Let us look now at the socialist part of the world.

There we see a completely opposite picture. Do we read in the newspapers about a new developing in Czechoslovakia, Soviet Russia, Yugoslavia? Of course not. There is not a shadow of economic crisis in Eastern Europe because the peoples there are rapidly rebuilding, carrying the peaceful reconstruction of their countries. They are developing industry, agriculture, and are raising the living standards of the people. Soviet Russia is already in the second year of the Fourth Five Year Plan which will restore the devastated areas by the end of 1948 and will produce far beyond the levels of 1940, at pre-war year.

Czechoslovakia, where they have nationalized 90 per cent. of the industries, production is 90 per cent. of pre-war levels and by the end of next year will be 110 per cent. of pre-war. The same thing can be said of Poland, Yugoslavia, Rumania, and also of Rumania and Hungary. All are rapidly advancing. It is true that they are encountering difficulties, but they have enormous enthusiasm and the will to overcome all difficulties. The destiny of these countries is in the hands of the people and they know that having the power of big capital, there can be no monopoly in production or the market as under imperialism—no economic crisis or mass unemployment. Prices are falling whilst wages are rising.

The peoples of the countries of Eastern Europe are consciously marching to a new future.

With capitalism sinking rapidly into economic crisis, it is most important to show what is happening in the countries where the working class progressive forces of the people are in power, how the immense difference between the two systems, socialism and the new democracies on the one hand and capitalism on the other.

The crisis in the United States is a crisis of over-production. Marx long ago pointed out that the basic cause of economic crisis rests in the contradiction between the social form of production and the capitalist appropriation of the product. Explaining how this contradiction manifests itself Cde. Stalin, at the 16th Congress of the C.P.S.U., said: "This basic contradiction of capitalism is expressed in the contradiction between the colossal growth in the productive capacity of capitalism, calculated to secure the maximum of capitalist profit, and the relative reduction of purchasing power of millions of toilers whose standard of living the capitalists are all the time trying to keep within the limits of the lowest possible minimum."

An examination of American capitalism will reveal precisely how correct is that statement of Comrade Stalin.

American monopoly capitalism emerged from the war much stronger than when it entered. Two-thirds of the manufacturing capacity of the capitalist world and three-quarters of its investment capacity is now in America.

The capitalist world is dependent upon America.

Production in the United States today is almost double the annual production of pre-war years.

Price levels are rapidly rising. Since last year, when big business forced the abolition of price control, prices have risen by more than 50 per cent. The wages of the working class lag far behind this increase in prices.

The first result of this is that the American monopolists are reaping profits that are two, three or four times greater than in pre-war years.

The second thing is the growing impoverishment of the working class and smaller income earners, which is leading to a rapid shrinkage of the internal American market.

In other words the gap between production and consumption is widening. Stores and warehouses are full of products, factories are closing down, workers are being thrown on to the unemployed scrapheap.

The maintenance of high levels of employment in the U.S. is also influenced by the state of foreign trade.

High prices also hit those countries buying U.S. commodities. Britain in 1946 obtained a three billion dollar loan from America at 2% interest. Almost immediately American capitalists jacked up prices so that the purchasing power of the loan shrank by one-third. The Yankee monopolists made a rake-off of 1,000,000,000 dollars on that deal alone.

American foreign trade is a very one-sided affair. The U.S. sells far more than she buys. In 1946-47 exports amounted to 21 billion dollars, whereas imports amounted to only 8 billion

dollars. Thus America sold 13 billion dollars worth of goods more than she bought.

Apart from the fact that most of the countries of the world are impoverished as a result of the war, the question arises: How, in the light of these figures, can they pay for American goods? The dollar pool of the capitalist world is empty. There is an acute dollar shortage and, in addition, practically all the gold in the capitalist world is in the United States.

The dollar crisis developed sooner than expected. In 1946 it was anticipated that the British loan would last until 1950. Four months ago the loan was expected to last until June, 1948, but it disappeared in the months of July and August of this year. The British capitalists had to suspend the convertibility of sterling into dollars. American trade immediately suffered because Britain was forced to drastically cut imports from the dollar countries. Western Europe and the South American countries also decided on substantial reductions in trade with the United States, likewise Australia and New Zealand.

You can see what is happening. By raising prices and by limiting imports through high tariffs, etc., the American monopolists not only increase the poverty and hunger in Europe and Asia, but they have hastened the economic crisis by bringing about a grave slump in American overseas trade.

Thus the prices grab of American monopoly capital has led on the one hand to a serious shrinkage of the home market, and, on the other hand, to a serious decline of the export market.

In the light of this evidence, there can be no doubt that the crisis is already developing in the U.S.A. American monopoly capital, which is the very heart and strength of world capitalism, is on the downward path.

By what way do the U.S. monopolists hope to get out of their difficulties?

Their solution for the crisis is at the expense of the workers and farmers of the U.S.A. and of the smaller capitalist countries throughout the world. The very methods American imperialism employs to overcome the crisis, however, will deepen and prolong it and spread the crisis to all capitalist countries throughout the world.

In Britain, the basis of the crisis is different. It rests in the decline of British imperialism. Once the workshop of the world and its largest market and greatest power, Britain has become what the Americans call a third-rate power.

The British ruling class and their social-democratic lackeys like to maintain the myth that Britain is still a first-rate world power and can maintain her world position and conquests.

The British Labor Party's policy for a way out provides for the reorganisation of British industry, including the nationalisation of some industries, so as to increase its competitive ability with other countries and, as a result of this, to vastly expand

exports. They aim to increase exports to 175% of pre-war years; that is, to develop trade in a world already dominated by American trade. The Labor Party believes that to get out of the crisis the capitalists must intensify the exploitation of the working class of Britain. (The strike of the Yorkshire miners shows that this policy is not going over.) They believe, also, that the hold of British Imperialism on the colonies must be maintained. They brought forward the plan which has resulted in the division of India and the fratricidal strife now taking place in order to maintain the economic positions of the British monopolists in India and their political hold on that country. The Labor Party follows a policy that is dividing Europe and the workers of Europe, thereby preventing or weakening the advance to socialism. In association with these ideas, or proposals, the Labor Party of Britain believes that they must collaborate with American imperialism, even if this means becoming the complete stooge of the American monopolists.

The Labor Government's rejection of a trade agreement with Soviet Russia, which would have helped substantially to meet Britain's grain needs and made her less dependent on the U.S., shows how closely they are linked with American Imperialism.

The Labor Government's policy cannot solve the British crisis.

The way out for Britain, and for the British working class in particular, is to break with the policies of finance capital, of imperialism. The way out is to reorganise British industry and agriculture on a new basis. The British labor movement must strive for unity in the ranks of the European working class, unity amongst the nations of Europe, which must result in strengthening the cause of socialism in Europe. It must fight for freedom and independence for the peoples of the colonies. On the basis of these policies Britain must seek co-operation and trade with European countries and with Soviet Russia and develop its relations with the peoples of the colonies and dominions on the basis of equality, independence, and respect for mutual rights. Above all the British labor movement must put an end to the policy that is making Britain the satellite of American Imperialism.

This, and this only, is the way the British people must fight their way out of the crisis that is now overwhelming them.

The reactionary, anti-working class policy of the British Labor Government must be reversed and that can be done only by the British working class movement, although the working class movements in the dominions and the colonies can help.

The strikes developing in Britain show the growing movement amongst the workers of Britain. Unfortunately the British workers appear to be without the necessary leadership to fight the crisis. It would appear that the British Communist Party has not yet been able to take the path of organising the working class of Britain for a com-

plete break with Imperialist policy. Only the mass struggle, conducted at high levels, can radically change the situation.

What plan do the imperialists of America and Britain advance to meet the crisis? We have heard a lot about the Marshall plan, which is an extension to the rest of Western Europe of the Truman doctrine for bolstering up the reactionary regimes in Greece and Turkey. The Marshall Plan aims to re-coordinate the economies of the countries of Western Europe. The new democracies of Europe value their independence and freedom too much to submit to the dictatorship of dollar imperialism.

The countries of Western Europe must coordinate production and the distribution of manpower and raw materials, according to General Marshall. When they have drawn up a plan for this and presented it to America, and requested American aid, the Yankee monopolists will say on what terms the help will be granted.

We are told that the aim of the Marshall Plan is to save Europe. The truth is quite different, however. In the first place, the purpose of the Marshall Plan is to save American Imperialism. It will provide the dollars Europe needs to buy the products of American industry. The American monopolists propose to take four or six billion dollars from the American taxpayers each year to provide the peoples of Europe with the dollars to buy from America.

Thus the Marshall Plan first and foremost is designed to maintain a high level of American trade with Europe, to enable the U.S. monopolies to dominate European markets and to try and preserve American Imperialism from the economic crisis.

The second major purpose of the Marshall Plan is to bring all of Western Europe under American domination, just as Greece and Turkey are at the present time.

The third purpose is to speed up the preparations for war against the Soviet Union.

The American imperialists, in trying to dominate the markets of the world, to seize new markets, are finding that trade and customs barriers conflict with the interests of American monopoly capital and they want to dispose of them.

In the discussions in Paris on the Marshall Plan the establishment of a customs union was proposed, inspired by the American monopolists.

The American representative in Paris, Clayton, has attacked the plan drawn up by 16 countries on the grounds that it does not adequately provide for mutual aid between the countries themselves, that it lacks proposals to restore the convertibility of European currency, and that it shows no agreement on the abolition of trade barriers.

This last point is virtually a demand by the U.S. for a European customs union.

Thus, in essence, the Marshall Plan, as Molotov pointed out during the Three Power discussions that took place earlier, encroaches upon the sovereignty

of the peoples of Europe, it means the loss of independence of the countries that adhere to the Marshall Plan. It is one of the most brazen attempts of the American imperialists to establish their domination in Europe that we have witnessed.

But the plan does not stop at that. Germany and the Ruhr are key points in the Marshall Plan. German industry, and especially Ruhr industry, must be restored and become the major supply centre of Europe, restored on the basis of private enterprise under American control. Already the U.S. is taking over the dollar commitments of Britain in the British zone, in which the Ruhr is situated, which means that America will assume general direction of the vast industrial area, the Ruhr. German monopoly capital is to be restored with American help. The security of Europe and the world is in great danger from American policy.

In the Pacific the American monopolists are pursuing a policy on similar lines to that in Europe. In Japan, under MacArthur's occupation, the ruling classes have been left in control. The feudal monarchist-monopolist reaction is dominating Japan at the present time.

The landlords still have their estates and the monopolists their industries, but with this difference, that American monopoly capital have bought into Japanese monopolies just as they are linked with German monopoly.

The American imperialists see in Japan a bulwark in Asia against the great democratic-revolutionary movements that are threatening the rule of Imperialism. Japan is to become a military and industrial base for American imperialism in preparation for war against the Soviet Union.

The American plan provides for the restoration of industry in Japan, with American capital closely allied to Japanese industry. They aim to unload vast quantities of cheap Japanese goods on the Asiatic markets and also to restrict and hold back the industrial development of countries in Asia.

Thus, in both Europe and Asia, American policy aims at the restoration of German and Japanese imperialism. The former American secretary of State, Dean Acheson, dealing with this aspect of American policy, said it aims at: "The reconstruction of those two great workshops of Europe and Asia, Germany and Japan."

There we have the essence of the Marshall Plan and American policy in the East—the restoration of Germany and Japan.

The Marshall Plan and MacArthur's policy in Japan reveal the unlimited expansionist aims of the American monopolists.

The Marshall Plan and MacArthur's policy are part of the war preparations of American imperialism, which are being rapidly speeded up.

Add to these plans the striving of American imperialism to sweep away tariff walls, abolish trade preferences, and you can see how they also aim to dominate the markets of the world.

American policy leads to war and economic crisis, and we must expose it still more concretely and widely.

Within America the opposition to this policy is growing. The fight against high prices is developing, there is united trade union opposition to the shackling trade union bill passed through the American Congress, the Wallace support for a third party is receiving immense movement from one end of the U.S. to another. There is no doubt that these activities and movements will be speeded up as the resistance to American policy grows in the rest of the world, and as the economic crisis breaks in the United States.

The policy of American imperialism impinges upon Australia. The resurgence of Japan endangers Australian security. The Marshall Plan and MacArthur's policy, apart from the danger of war, enable the American monopolies to oust Australia from markets in Europe and Asia.

The foreign policy of the Australian Government will make this country a satellite of American imperialism, and lead to the eventual loss of our independence.

Here it is necessary to say a few words about Dr. Evatt's recent visit to Japan because this visit, in itself, was a disaster for Australia in that it tied Australia's Pacific policy to that of America, including the revival of Japanese imperialism, with all the dangers that means to this country.

Dr. Evatt is a complete stooge for MacArthur. Recall the reports in the press about his arrival in Japan. He arrived like a roaring lion, but after a discussion with MacArthur he was as quiet as a lamb. He publicly approved of McMahon Ball's policy, on arrival in Japan, but after speaking to MacArthur he forced his resignation. He was for 20 years of occupation of Japan, but after his discussion with MacArthur he decided that 10 years' supervision by a civilian committee would be sufficient. At the Paris Conference last year he declared that a two-thirds majority was the very antithesis of democracy. In Canberra this year he declared it was the very essence of democracy.

We must rally the people for a more vigorous fight against the foreign and trade policies of the Government.

We want a policy for peace and for co-operation with all countries of the world, especially with the Soviet Union and the countries of Asia.

We want a policy that results in recognition of the mutual rights and interests of all countries, that will ensure the independence of the small powers and colonies as well as the big powers.

We want a foreign and trade policy that will promote trade throughout the world on free and equal terms, and not on terms that lead to the subordination of countries, to their domination by American Imperialism.

Now I turn to the economic situation immediately confronting this country. The situation today is in many respects different from 1929, when the

last economic crisis developed. It is useful to study some of the aspects of the crisis of 1929-33 in order to get a picture also of the way things can, or may, develop in the approaching crisis.

The industrial crisis which broke out in 1929 was preceded by the agrarian crisis. For two or three years before 1929, prices of the basic exports of this country, wool and wheat in particular, were falling. Secondly, in 1929 Australia had an overseas interest bill of £28 million, and no substantial funds in London to meet it. Thirdly, in the years prior to the economic crisis this country was raising loans in Britain to the tune of twenty-five or thirty million pounds per year, which were suddenly cut off as the economic crisis developed.

The external position of Australia today is better than in 1929. The prices of basic agrarian products, wool and wheat in particular, are high. The poultry, farming, vegetable growing and dairying industries have been badly hit by the restriction of the market after the American and British armed forces left the country and are facing severe difficulties. But insofar as wheat is concerned prices are still rising, and wool is maintaining a very high level.

But what of the future? Will the prices of wheat and wool, which are so basic in the exports of this country, be maintained?

America today, is the main purchaser of Australian wool. As the economic crisis develops in the United States of America, there will be a substantial fall in the American demand which, inevitably, will affect the world price of wool. A fall in wool prices is to be expected. Insofar as wheat is concerned, this year there is a vast American and Canadian crop, but, on the other hand, a severe drought in Western Europe. It may be that the situation in Europe will hold off any catastrophic drop in the price of wheat for twelve months or more, but there is no question that as the economic crisis develops in the United States there will also be a decline in the world price of wheat. Nevertheless, as wheat today is about 500 per cent. higher than pre-war the fall in price would have to be catastrophic to even revert to pre-war levels.

Thus, for another 12 months, at least, it appears that wheat price levels will remain fairly high.

These questions must also be examined in the light of the drive of American Imperialism for abolition of trade preferences. If successful this will be a very severe blow to basic export industries of this country such as sugar, meat, tinned and dried fruits and sooner or later wheat.

We must conclude that as the crisis develops in America it will result in a fall in the prices of basic exports. Further, as the American trade drive develops, and as their demand for the abolition of Empire preference becomes effective — as it will if the British and Australian policy is persisted with—we can expect a still more severe drop in the volume of exports.

In this event the trade balance, as in 1929, will inevitably tend to swing against Australia, because import prices are substantially higher than Australian export prices. If that happens we will very quickly find out what the sterling balance in London is worth.

Interest payable overseas is down to about £16,000,000 per year, but on the other hand the interest bill payable in Australia has gone up to £65,000,000. The total interest bill today is £79,200,000 a year and, in the event of economic crisis, will play havoc with the budgetary position of the Government. Sooner or later this interest bill will have to be scaled down. The many small investors in the loans that were raised during the war, which shot up the Australian interest bill so much, mean that we will have to examine this question very carefully.

The external position of Australia today is much stronger than in 1929, but it can rapidly change as the crisis unfolds in the United States of America, and as the American drive for markets, and especially for the British and European markets, intensifies.

Since 1929 there has been a very substantial growth of industry in Australia, and this is another factor to be taken into account.

The present economic situation is characterised by a boom, the kind of boom that precedes economic crisis. There is full employment. The Government claims that industry is almost 100,000 workers short. We are faced with rising levels of production, rising prices and profits. On the other hand, real wages are falling, a relative reduction is taking place in the consuming powers of the masses.

In spite of increased production there are still shortages. Housing in particular is in short supply. The shortage of consumer goods is largely due to the high level of demand throughout Australia. Retail stores are doing a bigger business today than they have ever done and are making bigger profits than ever before.

Propaganda in the capitalist press would make it appear that production in Australia is actually at a low level. We are told that the reason for this is the slackness of the worker and also, as another factor, full employment which takes from the bosses the effectiveness of the disciplinary weapon of the sack.

Let us consider this question of production. Is production falling or is it rising? Here are some figures. Factory production in New South Wales £388 million, an increase of £218 million; in 1945 it was £388 million, an increase of 78.9 per cent. (1945 the 1939 level.) The national income of Australia in 1938-9 was £803 millions; in 1945-6 it was £1,247 millions, an increase of 55.3 per cent. Total production in this country must be approaching 50 per cent. above 1939 levels.

Let us now consider the claims that are producing less than pre-war.

N.S.W. factories in 1939 employed workers, in 1945 315,000 workers, an increase of 37.5 per cent. The value of factory output, which has already shown, increased from £218 million in 1939 to £388 million in 1945, a 78.9 per cent. increase. Thus the number of workers increased by 37.5 per cent. whilst the value of output increased by 78.9 per cent. Those figures show, beyond any shadow of doubt, that the workers today are producing more per head than before the war.

Or take once again the national income figures of £803 million in 1938-39 and £1,247 million in 1945-46, an increase of 55.3 per cent. In contrast, wages and salaries in 1938-39 were £482 million, in 1945-46 £610 million, an increase of 41.2 per cent.

However, wages and salaries are not a real indication because salaries include those paid to directors of banks and industries, railway commissioners, politicians and so on. The basic wage is the best indication. In 1945-46 the basic wage is up 25 per cent. on 1939. National income therefore, increased by 55.3 per cent. whereas the basic wage increased by over 25 per cent.

If those figures prove anything they prove that the introduction of machinery and other speed-up methods have resulted in the workers producing more than before the war. They show that the exploitation of the Australian working class has increased, that the surplus value wrung by the capitalist class from the workers is much higher than in 1939.

There has been a tremendous increase in production in Australia. On the other hand the market is becoming more restricted. Inflation of prices is an important factor in this, because although the Government claims that prices have gone up 30 per cent. whilst wages have gone up 34 per cent., which would make it appear that real wages are higher today than before the war, the position is actually quite different. Some months ago I had occasion to make an investigation into prices and although it was impossible to get complete figures it was possible to show that the cost of living had gone up by approximately 60 per cent., whereas wages had risen at that time by only 28 per cent. Prices very rapidly outstripped the advance in wages, and as a result profits have skyrocketed.

Figures given by the Commonwealth Statistician show that in 1938-39, profits, interest and rent amounted to £357,000,000, in 1945-46 they amounted to £493,000,000 — an increase of £136,000,000. Since then profits have jumped much higher in a whole number of industries. Take the balance sheet of B.H.P. and subsidiaries for the year ending June, 1947. They showed a net profit of £1,762,985. They put aside £2,057,550 for taxation and a further £2,058,972 for depreciation. Their total working profit, therefore, was

£5,668,316, an enormous figure. Thus, in spite of higher taxation, for which huge sums are set aside, profits exceeded those of the war years.

The increase in prices means that real wages the standards of living of the working class. Here we can see the basic contradiction that Marx has drawn attention to—the contradiction between the rapid expansion of production and the relative decline in the consuming power of the people. From all this it follows that Australia is confronted with the danger of a fall in overseas prices and in the volume of exports, and with the growing gap between production and consumption. Unless changed these developments will end in economic disaster. Boom conditions prevailing today cover up the development of the crisis. The economic crash, however, can come very quickly. This problem, therefore, must be tackled immediately by the Party and the working class movement.

The starting point in the policy of the Communist Party to fight the crisis is to raise standards of living. In contrast, the policy of the Labor Government is to peg wages whilst permitting prices to rise fairly freely. This is a matter of first rate importance for the trade unions. They must fight not only for higher wages but also against rising prices which threaten to sweep away the gains made. The trade unions, so far, have not swung into the campaign on prices. Local struggles in which housewives have participated have taken place and must continue. The urgent need, however, is for powerful trade union action.

The introduction of the 40 hour week has resulted in demands from big business for the lifting of price controls to permit of immediate price increases. Some demands are for a 20 per cent. increase in prices even though the reduction in hours is only 9 per cent. The aim of the monopolists is to push prices sky high.

The Chifley Government was intending to abandon price control by the end of this year, but owing to the restrictions resulting from the crisis in Britain, it is now seeking power which will permit the Federal Government to deal with prices and rents. Naturally, we will support such a referendum. In the referendum campaign we will develop the campaign against rising prices and rally the masses to insist upon the pegging of prices.

The Government has indicated that it intends to permit the passing on to the consumer of the increased costs resulting from the 40 hour week. Prices, so far as most industries are concerned, are to be raised. Some industries, we are told, can bear the increased costs but most industries will be permitted to raise prices.

In addition, because of the Government's policy of allowing big business to raise prices to offset wage increases and reductions in working hours won by the trade unions, we can expect a further price rise resulting from the wage increases won in the victorious struggle of the metal workers. It is obvious, from these facts, that we are going to wit-

ness a rapid rise in prices in the immediate future which will arouse hostility amongst housewives and workers in general. We must, therefore, organise and draw the women and the trade union movement into the struggle against higher prices.

Communist policy is that prices must be pegged, or reduced. On the other hand, wages must be raised, the basic wage must be increased. If wages are raised while prices are pegged, living standards will rise.

Now that the 40 hour week campaign has concluded, the trade unions should plan a nation-wide campaign for an increase in the basic wage, and in opposition to any further increase in prices.

In order to assist some sections of farmers it may be necessary to increase the price of their products. The policy of the Party is to support an increase in the prices of some farm products. Farmers in the dairying industry, sugar farmers and also vegetable growers are in serious difficulties, and we believe that just as the workers must fight for and achieve higher wages to raise their standard of living, the small farmers, in order to raise their living standards, must achieve an increase in prices for some of their products. While fighting against higher prices in general, we recognise at the same time that in some industries limited price increases may be necessary to help the small producer. We are also advocating other measures to assist the farmers, such as improved and democratic marketing organisation and the scaling down of debts. If these measures are taken, together with further taxation reduction on lower incomes, and if the working class supports the legitimate demands of farmers and middle classes, the farmers and middle classes will benefit and the basis will be created for much firmer support from them for the struggles of the working class movement.

In the struggle to raise standards of living, the workers and farmers will be opposed by the men of the trusts. The monopolists are responsible for rising prices, they are behind every reactionary move and measure taking place in Australia.

The fight against economic crisis is also a fight to break the power of the monopolies, to destroy their hold over the economic life of the country. Economic crisis cannot be combatted while ever the monopolists, whose policy is forcing Australia along the road to crisis, dominate in the economy of the country.

The Federal Government has decided to nationalise the trading banks. The banks are the nerve centres of capitalism, and exercise powerful control over industry and agriculture. The banking monopoly in Australia is highly centralised.

Big business is geared for the battle against bank nationalisation, and will fight to the limit against it. Some of their speakers even suggest that before the issue is settled there will be bloodshed.

How do we estimate the decision of the Labor Party to nationalise the banks?



Our programme means that instead of the capitalist solution to the economic crisis we want a solution on the basis of the victory of the working class over the trusts and combines. Our aim in the campaign is to smash the power of monopoly, to organise pro-

## A.C.T.U. CONGRESS

TOM WRIGHT

(Report to the Central Committee meeting, September 12-14, 1947)

THE A.C.T.U. Congress can be described as a Congress of progressive unionism because of the progressive nature of the decisions. This was despite the fact that the left wing were not in as strong a position as at the 1945 Congress when the left wing and its supporters had an actual majority.

On this occasion we were not in the majority. There were various reasons for this, one that some of the left wing unions had smaller delegations, another that on this occasion the Congress was held in Melbourne, which is the main centre of the right wing as far as the ACTU is concerned, and this helped them to strengthen their side.

Nevertheless, on every occasion when the extreme right wing came forward to amend resolutions, it failed. As a matter of fact the great majority of the resolutions were moved by members of the left wing section of the Congress, and the left wing did actually have the initiative in the Congress from the beginning to the end of the proceedings.

I do not want you to think I am presenting the Congress as one where the left wing depended solely on its own adherents, because the decisions of the Congress were carried with the assistance of quite a substantial number of delegates who do not adhere rigidly to the left wing. In the main, the Congress was an example of successful united front activity.

The actual strength of the firm left wing in the Congress was shown in the ballots for official positions. In the ballot for the presidency, Mr. Clarey got 176 votes and I got 138. In the vote in the ballot for the two vice-presidents Mr. Healy got 139 and in the distribution of preferences he got an additional one, and I would say when it came to the issue of the ballot and the voting for nominees who were recognised Communists, that was the maximum left wing vote at the Congress.

We were not defeated in any vote through-out the Congress, apart from the ballot for positions. There is a fear amongst many workers who are prepared to support progressive policies inside the trade unions of what Communists will do if they get into official positions, and I have no doubt that this must be due to some extent to the impressions given workers in these unions. We have not developed sufficient united front work, and we have to overcome a lot of fear of Communists holding important

positions. We can overcome this with correct activity.

The first important issue at the Congress was in connection with the 40 hour week, and the motion which was the basis for discussion was one moved by Mr. Condon, Secretary of the Boot Trade Employees' Union. This resolution proposed that in the event of any union taking action for the 40 hour week, the A.C.T.U. would give it support. An amendment was moved by Mr. Kenny which, in effect, supported the motion subject to the A.C.T.U. Executive deciding when it should have effect. The left wing proposition was the one from the Ironworkers' Union moved by Mr. Thornton, that September 15th should be the deadline, and that if no decision had been given the workers should stop work for that day and take the 40 hour week from then onwards.

The important thing was to get a declaration from the Congress that the workers were going to take strike action and were going to take the 40 hour week if necessary. This was accepted, the date set being changed to October 20th, and this was carried unanimously because Condon and Kenny were prepared to accept it. It was not a question of the left wing forcing it through Congress. The majority of the delegates were prepared to take strong action to win the 40 hour week, and by the way the matter was handled in the Congress we were able to get that unanimity which was such an outstanding feature.

The next important issue was the question of nationalisation, and here again the left wing were very successful. We had on this question the first division, and this division was won by 173 to 128, defeating an amendment to delete references to nationalisation of coal and steel. The motion was then carried without opposition. There were four divisions during the Congress and this vote was the biggest we got, I think because there was a good united front basis. The resolution, put forward to the Congress had previously been submitted to the delegations of all unions, including the Boiler-makers, who had submitted agenda items on the matter.

The fact is that the opposition speakers made a very poor job of it. This was one of the features of the Congress; whereas the left wing had a very strong, capable body of speakers, those right wing speakers who did express themselves in the Congress were mostly not very effective and some not very capable.

Another division was taken on the question of the right of Labor Councils to veto Congress decisions. You know that at the 1945 Congress we had eliminated from the Constitution the clause giving Labor Councils the right to veto decisions of the Congress. The provision previously was that unless the Labor Councils endorsed the decisions of the Congress, they were not binding on the affiliated unions.

That was obviously an out-of-date and obsolete provision in the constitution and on this occasion the right wing, through Mr. Shortelle, supported by Messrs. Stout and Hayes, moved to have this provision reinserted in the Constitution. The actual division was 141 for the reinsertion of this provision and 156 against.

I might mention that in regard to the Constitution there were a number of alterations made, but none of them of fundamental importance. One of the most important changes was the insertion in the Constitution of a provision that half of the affiliation fees by Unions be put into a separate trust fund to be used in connection with delegates going overseas and to cover affiliation to the World Federation of Trade Unions. This had been a decision of the 1945 Congress but had not been embodied in the Rules. This helps to consolidate the affiliation to the W.F.T.U.

On the last day of the Congress there was another division on the question of the "Better Industrial Relations Conference," that was held recently at Canberra. The Executive brought forward a resolution which endorsed the statement that had been issued after the Industrial Peace Conference, that is the joint statement of the parties, and also endorsing the conducting of an enquiry into the question of incentive payments, which would then be submitted to the affiliated Unions and would also be discussed by the Executive. The left wing amendment stated quite clearly opposition to incentive payments. In the division, the amendment was carried by 150 to 121 and then, put as the motion, was submitted and carried.

So far as the question of incentive payments is concerned statements since the Congress indicate that officials of the A.C.T.U. at any rate are doing their best to continue with their proposal of conducting an enquiry into this question of incentive payments, and I am of the opinion that they are actually flouting the decision of the Congress. They could not reconcile an enquiry into the question of incentive payments with the Congress decision unless they made clear it was only to find out to what extent it operates and how best to combat it. But, they have not said that. They talk about enquiring into it, in such a way as to give the impression, that if they can they will find out some method of incentive payments, that is payment by results, which they can recommend to the Trade Unions.

While there is a need to come out sharply against them on this issue, at the same time the indications are that they have no possible hope of success in

securing support by the Trade Union Movement for incentive payments. As you know, even right wing officials have come out in opposition, including spokesmen for the A.W.U. Nevertheless, the fact they may conduct this enquiry could have a harmful effect because there is a growth of incentive payments, particularly in South Australia, which is being carried through despite the opposition of the Trade Union Movement as a whole. It is being assisted in some cases by individual Union officials and is being introduced into factories without the knowledge or consent of the Trade Union Movement. The A.C.T.U. officials, if they persist in their present attitude, are certainly encouraging the growth of incentive payments despite the opposition of the Trade Union Movement.

There was a very large number of resolutions carried, despite the difficulty of getting all of the questions dealt with. Decisions were made on the questions of price control, housing, education, industrial diseases, against anti-Semitism, on Greece—which is a big contrast to the attitude of the British Trade Union Congress—on Malaya; in connection with the Taft-Hartley law in America; child endowment; against the Defence Projects Act and, particularly important, resolutions concerning the basic wage, equal pay, and the World Federation of Trade Unions.

The decision in regard to West Australia is that the new Labor Council recently established there is given recognition and the A.C.T.U. officials are to go there to establish their association with the A.C.T.U. and to help to establish this Council.

Arising out of the report that Comrade Thornton submitted on the World Federation of Trade Unions there was endorsement of a proposal to have a conference of the Far Eastern sections of the World Federation of Trade Unions, including the Trade Unions of the Asiatic countries, the Philippines, Indonesia and Australia and of the establishment of a Far Eastern Bureau. It was on the debate on this question that Carroll of the Musicians' Union in Victoria made his attack on the Indonesians. One of the methods of propaganda being used by the Dutch in Australia is to collect statements by seamen and others, who are alleged to have gone to Java and been eye-witnesses of alleged atrocities and this Mr. Carroll had such material. He took advantage of the opportunity to get his material in by opposing the establishment of a Far Eastern Bureau, but of course, when the question was put to Congress it was carried unanimously; apparently he did not vote against it himself.

There is nothing to indicate that there was any substantial proportion of delegates who are not in agreement with the support that has been given to date in the struggle of the Indonesians. At the very end of the Congress there was an appropriate resolution of support for the Indonesians. Mr. Carroll rose to his feet in opposition at 5 o'clock, when conference was due to adjourn, the Chairman adjourned the Congress without this question being

put. Nevertheless, without the Congress decision, we have the attitude of the Federal Unions concerned with ship repair, we have the decisions of the various Labor Councils and of the A.C.T.U. Executive itself which have set down the policy of the Australian Trade Unions insofar as Indonesia is concerned.

I would say that the indications are that the leading officials of the A.C.T.U. and of the right wing in the trade unions have no real appreciation of the threat of economic crisis. You can see this, for instance, in their insistence that we must have increased production as a sort of necessary condition for improved standards and there is the indirect support they are giving to the idea of incentive payments.

They could not possibly adopt that attitude if they had any real appreciation of the threatening economic crisis.

The Congress, in my opinion, provided a good basis for the development of united front activity in the trade unions in the coming period.

Take, for example, the question of the nationalisation of the banks. Congress decision was that the A.C.T.U. itself should conduct a national campaign in support of the Government's proposal and this, in my opinion, an ideal question for developing a very broad united front activity through the trade union movement.

There is the question of the basic wage which

directly links with our discussion here this week-end, and the A.C.T.U. Congress decisions both of the last Congress and of this Congress, which re-affirmed the 1945 Congress proposal, give us a very good basis for the future development of the fight in connection with the basic wage.

Similarly with the question of equal pay. The resolution that was carried by the Congress incorporated all the most advanced union views on this question, providing a good basis for the development of broad activity through the trade union movement.

The unions are to support a Referendum on prices and other proposals were submitted in regard to the setting up of Committees in each State with trade union representation to control prices.

There is the question of support for Indonesia, and the decision about setting up a Far Eastern Bureau.

We can take the Congress decisions as a basis for developing that kind of very broad activity which we want for the trade unions and to help us overcome present weaknesses.

If we find the correct united front basis for our work we will get sincere Labor Party and non-party workers to work with us, to support not only the progressive decisions we can put forward at Congress, but also to vote for us and put us into leading positions where they get the opportunity to do so.

## THE GENEVA TRADE TALKS

E. VARGA

(From "New Times," May 16, 1947)

FOR several weeks already representatives of seventeen of the major capitalist countries—which together account for roughly two-thirds of the world's trade—have been conferring in Geneva. Most of these countries are represented by men of high standing. The United States representative is William Clayton, Under Secretary of State for Economic Affairs; Great Britain is represented by Sir Stafford Cripps, President of the Board of Trade; France, by Andre Philip, Minister of National Economy, and so on. The present talks, like those in London in October and November, 1946, are only of a preliminary character. Their purpose is to prepare agreed proposals for the official United Nations world trade conference which it is contemplated holding this year.

Before dwelling on the Geneva talks, we should like to remind the reader that in the past quarter of a century there have been a series of international economic conferences. However, they all ended without any decisions being reached, or with the adoption of resolutions of so general a character as to have no practical value. Let us recall the most important of these conferences.

The Genoa conference of 1922 was not attended by the United States, which at that time pursued an isolationist policy. The driving force

at that conference was Great Britain. Her endeavour was—direct intervention having failed—to create a united economic front against the Soviet Republic. It was attempted, by promises of investment of new capital, to induce the Soviet Republic to recognise the tsarist foreign debts, to restore nationalised enterprises to former foreign owners, to grant foreign firms special privileges in the country, and so on. The idea, in other words, was to convert the Soviet Union into a colony of international finance capital. Naturally, the Soviet Government emphatically rejected these proposals, after which all the conference could do was to adopt resolutions of a very general character.

Equally unsuccessful was the Hague conference in the summer of 1922, at which similar demands were presented to the Soviet Union.

An international economic conference was held in 1927. All the major states were represented, including the Soviet Union and America. It adopted a number of general resolutions on freedom of trade, but bore no practical fruits.

In 1933, when the world economic crisis that broke out in 1929 had reached its climax, the biggest international economic conference hitherto held met in London. Sixty-seven countries were represented. The desire of its sponsors was to find a capitalist solution to the crisis and to solve the problem of

markets, at the same time preserving the gold standard. But the conference was a fiasco. While it was discussing the preservation of gold currencies, the United States devaluated the dollar, thereby torpedoing the negotiations. Britain did not venture to form—in conjunction with the gold standard countries, headed by France—a bloc against the United States. Soon she followed the latter's example and devaluated the pound sterling.

Nazi Germany tried to take advantage of the situation to form an anti-Soviet bloc. Her delegate, Hugenberg, came forward with the sensational memorandum which prematurely disclosed Hitler's hand. This demarche on the part of Nazi diplomacy ended in failure. Thanks to its consistent policy of peace, the Soviet Union scored a big diplomatic victory.

"Paradoxical as it may seem it is nevertheless a fact that the only state which will return home with any tangible achievement from the London conference, which set out to resolve the world crisis of capitalism, is the Soviet Union," wrote, on July 4, 1933, the Vienna Arbeiter-Zeitung, which was far from being friendly to the Soviet Union.

This brief review demonstrates that none of the earlier international economic conferences led to any practical results.

What are the aims and objects of the present conferences?

The driving force behind, and the initiator of, these conferences is the United States. Nominally its aim is to restore "International free trade," or the "open door" principle—in other words, to revert roughly to the state of affairs that existed in the latter half of the 19th century. True, the majority of the countries had customs tariffs at that time too. In the United States they were, as now, very high. But long-term trade agreements were concluded, usually for ten-year periods, and nearly everywhere the most-favoured-nation clause operated. That is, the contracting governments mutually guaranteed that if any of the parties at some future date concluded a trade agreement with another country in which a lower tariff was specified for any commodity, that lower tariff would automatically apply to all the other parties. Consequently, in any given country the goods of all countries could compete on equal terms.

In the 20th century, when production capacity began to outstrip the capacity of the market and increasing difficulty was experienced in disposing of commodities (except in the brief boom phases of the industrial cycle), the most-favoured-nation system began to fall into decline. At first the clause was formally preserved but in practice it was circumvented. In the bilateral trade agreements the lowered tariffs were hedged around by such stipulations as to the quality of commodities that only the commodities of the contracting countries could reap the benefits.

After World War I, especially during the economic crisis of 1929-33, when the difficulties of

finding markets became particularly acute, most of the countries renounced the most-favoured-nation principle and the practice of concluding long-term trade agreements. Britain created a system of imperial preferential tariffs, under which within the Empire British exporters paid lower customs duties for the same class of goods than export firms of other countries. Britain introduced duties on food imports in order to be able by way of compensation to grant privileges to the countries of the Empire. France adopted a similar course with regard to her colonies.

The necessity of maintaining the stability, or at least retarding the depreciation of their currencies compelled many countries to resort to regulation of imports. A system of import quotas was inaugurated, in order to utilise the inadequate stocks of foreign exchange for the purchase of restricted quantities of definite goods. Shortage of foreign exchange made it necessary to purchase goods in countries which were willing to accept in return the goods of the purchasing country instead of exchange. General long-term trade agreements more and more gave way to bilateral short-term agreements. They were concluded between two countries and envisaged the mutual purchase and sale of definite contingents of goods over a period of one or two years, and sometimes even of six months. In American terminology "bilateral trade" began to prevail over "multilateral trade" and "bilateral goods exchange" over "trade for cash." And this has become more so than ever since the end of World War II.

It is in this state of affairs that America's trade policy is setting itself the definite aim of restoring the foreign trade system which existed in the 19th century. America wants American goods to be able to compete in all countries of the world on perfectly equal terms with the goods of any other country. This was the keynote of the policy of Cordell Hull, former U.S. Secretary of State. During and after the war, America took advantage of the dependence of her allies on American economic assistance to compel them to recognise this principle in a number of instruments—in particular in the post-war credit agreements with Great Britain, France and other countries. Whereas Great Britain endeavoured by inserting all sorts of reservations and saving clauses in the agreements to protect her system of preferential tariffs—as a result of which the formulations bore a general and vague character—France, being a weaker country, was forced in her loan agreement with the United States to submit to all the latter's demands. She was compelled to give a promise definitely to renounce the quota system, to considerably reduce her tariffs and other trade restrictions, and to abandon the policy of subsidising exports. Whenever any two countries conclude a bilateral trade agreement the United States Government enters a protest.

In the light of this trend of American policy, the purpose of the London conference of the autumn



of 1946, the present conference in Geneva and the United Nations world trade conference it is intended to hold this year is perfectly clear. It is an attempt on the part of the United States to force all countries of the world to accept the most-favoured-nation principle for American goods.

Why is America so persistently pursuing this aim?

The economic history of the United States in the past thirty years reveals that its production capacity is greatly in excess of the capacity of its domestic market. Hence the chronic mass unemployment in that country. Today the producing capacity of American industry is greater than ever owing to the conversion to peace production of a large number of the big plants built during the war. Yet the capacity of the domestic market remains limited, and it is still further contracted by high prices. The boom is still in progress, but a crisis is in the offing. When it breaks out, the result will be a sharp drop in production and wholesale unemployment. The aim of America's economic policy is, by forcing the most-favoured-nation principle upon other countries, to ensure greater opportunities for the sale of her goods in the world market and thus to solve, or at least mitigate, the problem of disposing of her products.

In order to make this demand more palatable to other countries, the following argument is advanced. The abolition of trade restrictions, it is held, will enlarge the capacity of the world market, and this will ensure expanded production and full employment. This idea has even found reflection in the name of the Geneva conference, which is officially called: session of the Preparatory Committee of the United Nations Conference on Trade and Employment. But the unsoundness of arguments of this kind is not difficult to detect.

Let us assume that absolute freedom of trade existed all over the capitalist world—no tariffs, no quotas, and even a single world currency. What would be the result?

Every commodity would then be manufactured wherever the cost of its production (including transportation charges) was least, that is, wherever the smallest amount of working time was required for its production. Consequently, throughout the world generally, not a large, but a smaller number of workers would be needed for the production of a given quantity of goods than at present, when a large proportion of commodities are produced in countries where—under the protection of import restrictions—they are dearer to produce, in other words, where a greater amount of labor is expended on them. In socialist society it is most advantageous to produce goods wherever it is cheaper to do for all members of production, it ensures employment for all members of society by expanding the total volume of production. But in capitalist society this would inevitably lead to a decline in employment; moreover, it would be the less developed countries that would suffer most.

Under existing conditions, abolition of trade restrictions would not lead to any appreciable expansion of world trade. The European countries, China, Japan, etc., purchase little abroad, not because they are not in need of commodities, but because they have neither the gold, nor foreign exchange, nor commodity surpluses with which to exchange, nor commodity surpluses with which to lateral trade not because they like it or out of malice, but because they can only buy when the selling country is willing to accept their goods in payment for their purchases.

What would happen if America's economic policy prevailed?

American goods would penetrate into all capitalist countries. And for the following reasons. Firstly, the cost of production of many commodities is lower in the United States than in other capitalist countries, because it possesses the most up-to-date equipment. Secondly—and this is more important—American industry is mostly controlled by powerful monopolies. Taking advantage of their monopoly position, the big corporations and trusts keep prices in the home market at a high level. In order to prevent gluts, which would lead to a drop in prices, they are prepared to sell abroad at dumping prices, even at a loss. If, therefore, American policy gained the upper hand, the consequences would be fatal to the industrially more weakly developed countries.

It may be objected that, although the weak industries of such countries might suffer from American competition, these countries on the whole would benefit by receiving cheaper goods. This was the argument not only of the British free traders in the 19th century, but also of the economists of Hitler Germany before World War II. In sum and substance, it means that the industrially backward, agrarian countries must retain this status forever, must exchange food and raw materials for manufactured goods, and must have no pretensions to a higher level of economic development.

But it can at least be said for England and Germany that they were purchasers of food and raw materials in the countries where they sold their manufactured goods. America, however, cannot act as such a purchaser, for she herself has food surpluses and needs but very limited imports of raw materials.

Before the war America imported rubber, silk and vegetable oil on a big scale. But during the war she rapidly expanded the manufacture of synthetic rubber and artificial silk (nylon) and the cultivation of soybean. As a result her need to import these commodities has greatly diminished.

Not only does America stand in little need of foreign goods; she hampers their importation by erecting high tariff walls in order to protect the home producers—the manufacturers and farmers.

This is the Achilles' heel of the American campaign for most-favoured-nation treatment. How can other countries buy goods from America if she does not buy goods from them in return?

In 1946, America exported goods to a value of over nine billion dollars (this, of course, does not include sales of military surpluses abroad); but she purchased foreign goods to a value of less than five billion dollars. And this notwithstanding exchange restrictions and bilateral trade arrangements.

Nor is there the least prospect that America will permit a free inflow of foreign goods by substantially reducing her protective tariffs. For this would threaten the superprofits of many of the powerful monopolies. True, the President has been invested with the power, when concluding trade agreements, to lower tariffs by 50 per cent. But even such a reduction would not open the American market to European industrial goods. Sir Stafford Cripps has declared that 50 per cent reduction of American tariffs would not sufficiently compensate Britain for the abolition of her preferential tariff system.

That this is actually so may be seen from the following official figures of Britain's foreign trade for 1946 (£million):

	Sterling countries		Total
	U.S.A.	and Canada	
Exports . . . . .	48	489	912
Imports . . . . .	262	652	1,298

These figures show that in 1946 more than half of Britain's exports went to the Empire and less than six per cent to the United States. On the other hand, 20 per cent of her imports came from the United States.

Hence, the American market would have to be opened pretty wide to England's goods even to balance imports and exports, not to speak of compensating her for the diminished volume of her exports to the dominions and the colonies that would follow the abolition of imperial preference. It is likewise questionable to what extent British goods could compete with American even if import tariffs were altogether abolished. Under the circumstances, it is understandable why British circles exhibit no particular enthusiasm over the Geneva talks.

The Times, in its issue of April 10, wrote: "From the British point of view discussion on 'elimination' of Empire preferences in return for the agreed 'reduction' of tariffs is likely to prove the crux of the negotiations. The limits of concession and demand have been explored at the conference between the Empire countries in London and there is no point in anticipating the decisions reached. (The results of the negotiations were being kept secret.) But two considerations lie on the surface—British tariffs and preferences are at an extremely low level, and multilateral agreement would tend to stabilise the advantage in the world markets of such an advanced

industrial country as the United States. Imperial preference is also something more than an economic bond, and it is felt within the Commonwealth that such links should not be weakened except in return for appreciable concessions, and then only subject to stringent safeguards. Bargaining by commodities will be the method adopted, but whether the American negotiators, with one eye on the 'escape clause' and another on the approval of Congress, can either make the necessary concessions or give the necessary guarantees is an open question."

The conservative Spectator wrote on March 28: "A country which has a high tariff which it could only reduce with great political difficulty, which has stipulated that the maximum cut it could make in return for the concessions made by other countries is 50 per cent, and which insists on an escape clause which would enable it to get out of any agreement which it deems damaging to its own producers—such a country is hardly qualified to lead a crusade for freer trade."

The United States has no intention of renouncing its system of high protective tariffs and allowing large masses of foreign goods into its domestic market. There is even less chance of this after the Republican victory in the Congressional elections. The majority of the Republican Senators, headed by Taft, are opposed to any reduction of tariffs. And the A.F. and L. is also voicing its opposition to tariff reduction on the plea of protecting "national labor."

That the United States is not disposed to take the talk of reducing tariffs seriously is borne out by the following fact. An agreement has been reached between the Government and the Republican majority in Congress that the "escape clause" regarding tariff concessions—which was first introduced in the trade agreement with Mexico in 1943, and later in the agreement with Paraguay—shall henceforward be embodied in all trade agreements. But the "escape clause" renders all tariff concessions. The clause the United States may make illusory. The clause stipulates that America has the right to renounce a reduction of tariffs stipulated in the trade agreement if such reduction constitutes a "serious injury to domestic producers." In this case the partner to the agreement has the right to renounce it within thirty days. No one can doubt that the staffs of statisticians and economists employed by the big American monopolies can easily find proofs to show that a reduction of tariffs is injurious to their particular branch of industry.

True, voices are being raised in the American press too in favour of tariff reduction. But on closer examination it will be found that the organs of big monopolies are demanding abolition of import duties on the particular goods they purchase and at the same time high duties on the kind of goods they sell. The Neue Zürcher Zeitung had the following to say on this score in its issue of February 24:

"It is astonishing to note how many of the arguments (submitted to the United States Tariff Commission) resemble the demands advanced a quarter of a century ago before the adoption of the Fordney-McCumber tariff and the Hawley-Smoot tariff a few years earlier. Just as in those days, many business representatives took the stand that the import duties on the raw materials and semi-manufactures they need in their production are too high and the duties on the kind of articles they produce too low. Typical examples of this are the demands of the American Iron and Steel Institute, whose representatives claim that the tariffs on the raw materials they import are excessive, while the present tariffs on steel products are too small to prevent the dumping of such products in the United States. Equally characteristic of the protectionist standpoint of America's business interests is the assertion of the president of the National Association of Wool Manufacturers that reciprocal negotiations on wool duties represent a threat to the American woollen industry, in view of the fact that the American industry is highly vulnerable owing to the big discrepancy between wages in America and Great Britain."

It is quite obvious that in such circumstances the "escape clause" is a highly dangerous weapon in the hands of the United States.

Let us assume, for instance, that Britain found herself obliged, in return for a big reduction of American tariffs, to renounce her system of imperial preference. American goods would at once capture the great part of the empire markets, into which they are even now successfully penetrating in spite of the preferential tariffs. British industry would have to adapt itself to the requirements of the American market in order to compensate itself for the reduction of sales in the empire. If, after a year or two, say, the United States were, on the basis of the "escape clause," to cancel the reduction of tariffs, it would be an irreparable blow to Britain's economy. For British goods would again be ousted from the American market, while the American monopolies would meanwhile have consolidated their position in the empire markets. And what is true of Britain is even more true of France and the other capitalist countries.

It is therefore clear why the Geneva talks on tariff reductions for definite categories of goods are making such little headway. The industrially weaker countries might easily reach agreement among themselves; but how can they protect themselves against America's demands, backed as they are by the threat of withholding credits? That is the chief difficulty of the present conference.

Let us now examine America's foreign trade policy from the standpoint of her national economy generally.

In 1946, the United States sold abroad, including war surpluses, goods to a value of about twelve billion dollars; against this it bought foreign goods to a value of less than five billion dollars. It

exported over seven billion dollars' worth of goods without receiving anything in direct return. A certain portion was exported free of charge (this includes U.N.N.R.A. shipments), but the overwhelming proportion was financed by government credits and credits of the Export-Import Bank. It is quite clear that this year too and in the immediate future generally America can export only on credit such goods as, with the present distribution of the national income, cannot be absorbed by the domestic market.

The credits granted to other countries must in the course of time be repaid, together with interest. But in what natural form must they and can they be repaid? America produces more food, cotton and tobacco than can be absorbed by the home market. The powerful American monopolies are fully determined—and are strong enough—to prevent repayment of credits in the form of manufactured goods.

It is therefore the aim of American trade policy to constantly dispose of goods abroad without receiving direct compensation. This, in other words, means selling, yet not selling. It is economically absurd to think that this can go on for a long period of years. If America wants for any length of time to export large quantities of goods, she must import large quantities of goods in return. It cannot be otherwise. And therein lies the inherent contradiction of America's present trade policy.

All this goes to show that America's attempt to force upon other capitalist countries the trading principles of the 19th century, when the capitalist mode of production was in the ascendant, cannot lead to any "recovery" of the capitalist world economy, but will only render its still more unstable.

It is yet too early for conjectures on the probable outcome of the Geneva talks, particularly as the negotiations for reciprocal tariff concessions are being conducted in secrecy. To judge by all the end in some sort of compromise. This is hinted in a statement made by William Clayton on April 17, when he is reported by Reuters as having said that the United States was not particularly interested in the elimination of all trade preferences. Clayton further added that "the United States and other countries are not yet prepared for entirely free trade."

These words indicate that, in face of the resistance of Britain and of the industrially less developed countries, India, for example, the United States is prepared to forego the immediate realisation of its full programme and to content itself with partial success. Any other course might jeopardise the international trade conference planned for this year and seriously strain relations between the United States and Great Britain.

As to the Soviet Union, it, as we know, is not taking any part in the Geneva conference.

Certain foreign press periodicals are trying to interpret this as a demonstration of hostility to international co-operation. There is of course absolutely no warrant for this malicious assertion. The Soviet Union is not taking part in the Geneva trade talks solely because the problems discussed there do not directly concern it, in view of its government monopoly of foreign trade, which is

one of the immutable elements of its economic system. The Soviet Union is of course always ready for peaceful co-operation with all other peace-loving states. It has demonstrated this time and again in practice by actively resisting the machinations of the real foes of international co-operation, who are striving instead of co-operation to dictate their will to the rest of the world.

## THE NATIONAL QUESTION IN EUROPE

WILLIAM Z. FOSTER

ONE of the greatest political problems of our times arises from the fact that modern Europe, with many independent countries, constitutes a chaos of conflicting national interests. This confusion is a major hindrance to the economic prosperity of the peoples concerned and also a menace to the peace of the world. The need to unify Europe is especially obvious to an American visiting that area, accustomed as the writer is to living in one vast, continent-wide nation.

First, due to national barriers, travelling in Europe has become a veritable problem, what with the innumerable borders to cross. Visas are hard to get, often entailing weeks of exasperating negotiations. Then there are various "exit," "re-entry," and "military" permits, as well as sundry other inventions of the devil to harass and trip up the unwary traveller. Crossing a border, which is usually done about 2 a.m., is a real test of one's patience and fortitude, what with double and triple examinations of passports, strip-tease searches for possible bootlegged currency, and endless customs rummaging for dutiable objects. In many cases the border officials, the very essence of bureaucracy, consider the unhappy passengers as suspicious characters who, at best, need barely be tolerated. All these complications are, of course, serious obstructions to the free personal intercourse so necessary for a sane and ordered Europe.

Second, Europe's chaotic rationalism also erects major economic walls between the various peoples. There are mutually exclusive tariffs, quota import and export arrangements, minute and time-consuming inspection of goods in transit, monetary systems that have little or no relationship to each other, vigorous speculation in one another's currency, dog-eat-dog economic competition of one nation with another, and various other economic schemes designed to further the interests of the ruling class of one nation at the expense of all others. This chaotic economic nationalism prevents, of course, anything resembling an orderly development, much less a planned operation, of Europe's economic life.

Third, and this is the most dangerous aspect of the national problem, Europe's conglomeration of disconnected nationalities also gives rise to the sharpest political and military clashes. With various nations trying to expand at the expense of the others, there are inevitably many serious border

disputes and repeated gangings-up by one group of States against another. Two scores of disastrous wars during the past century and a half testify eloquently to the explosive quality in Europe's confusion of nations and to its menace for world peace.

It is clear that if Europe is to play an important role in creating a social system that will help to bring peace, prosperity, and freedom to the harassed world, it will have to find the way to harmonise and link together its many discordant nationalities.

Present-day monopoly capitalism, however, has no effective answer to Europe's great national problem. The same forces in the decaying capitalist system that throw the big capitalist powers into ever-more violent collision with each other, also sharpen up the antagonisms among the smaller countries and between them and the great powers. The further monopoly capitalism decays, the more intense, generally, become national antagonisms. Modern Europe, with its pattern of little national bits and pieces, is the natural product of capitalism.

The ingrained capitalist way of solving the national question, in Europe as well as all over the world, is to subordinate the smaller nations to imperialist domination by the larger ones. Upon this basis the pre-World War I Austrian, Russian and German Empires in Europe were founded. Naturally, the smaller nations always resist such imperialist domination and they demand self-determination and national independence. Their militant opposition on this basis had much to do with the final overthrow of the Hapsburg, Romanoff and Hohenzollern imperial dynasties. The achievement of national independence by a whole series of small nations was one of the most significant features of the great revolutionary upsurge that followed World War I.

The League of Nations was unable to unite the nations of Europe. Within its framework France and Great Britain, true to their imperialist natures, strove to subject the smaller nations to their sway. Obviously they did not succeed, except for a time in the face of the stubborn resistance on the part of the smaller nations. Nor, in the long run, did Germany and Italy, with all their armies and national quailing traitors, accomplish their aim of forcing all of Europe into the ironbound structure of their "New Order." The welter of discordant and disunited European nations therefore remains. While

the independent status of the various countries undoubtedly protects them to a considerable degree against the incursions of the big imperialist powers, nevertheless their lack of mutual co-ordination does great harm to the economic welfare, political liberty, and peace of Europe and the world.

As regards the national question of Europe, the United Nations is not faring any better than did the old League of Nations, and for the same basic reasons. This time, within the United Nations, it is the United States that is trying, with the help of Great Britain, to secure domination over the nations of Europe (and also of the rest of the world). While many of the nations, intimidated by American imperialist pressure, are accordingly producing a new crop of quislings, the general effect is to make the fires of nationalism burn still brighter and to make the whole national question in Europe more difficult of solution.

The Pan-American Union is often cited by capitalist apologists as a solution of the national question. But this claim is false and misleading. Actually the Pan-American Union, despite its basis of formal equality, is dominated economically and politically by the United States. This loose federation in no sense brings about a true collaboration of the peoples of the Western Hemisphere. The rising opposition of many nations to American imperialism is proof of these facts.

Nor does the proposed United States of Europe hold the answer to the grave national question. It is not intended to. This scheme, currently advocated by Churchill Tories, Social Democrats and confused liberals, suffers from two fundamental defects, either of which would suffice to destroy its progressive usefulness. First, such an United States of Europe as might be built up under present conditions would inevitably be a tool of Anglo-American imperialism. This means that the old familiar imperialist principle of the big powers dominating the little ones would prevail. This could only complicate still more the maze of nationalist contradictions in Europe. Secondly, by the same token, i.e., Anglo-American domination, the United States of Europe would be an anti-Soviet bloc. This perspective would kill at the outset any possibilities of its getting all or most of the nations of Europe together on a basis that would mitigate their national antagonisms. The so-called United States of Europe would be still-born, with many vital European States refusing even to join the organisation.

Under monopoly capitalism there can be no solution to the national question, in Europe or elsewhere. For it is just as inevitable, under the domination of the trusts and monopolies, that the powerful nations oppress and exploit the weaker ones as it is that the capitalists exploit the workers.

The problem is not insoluble, however. It remained for Lenin and Stalin, whose principles are embodied in the life and structure of the Soviet

Union, to find the answer to the national question. These principles may be briefly stated: to grant all the peoples concerned the right of self-determination and full economic, political, and social equality, and to inculcate among them a spirit of brotherly, Socialist co-operation. These principles apply whether the nations are parts of the same general political union or federation, or exist on an independent basis.

The successful application of this Leninist-Stalinist solution of the national question is one of the very greatest achievements of the Soviet Union. It has transformed the old czarist "prison-house of nations" into a freely co-operating, democratic multinational union. The main peoples that go to make up the Soviet Union not only enjoy full economic, political, and social equality, but what is the heart of the whole system, they also possess a keen sense of concern for cultivating one another's welfare. One of the many examples of this dynamic quality of the Soviet Union is the way in which, under the various 5-year plans, the more advanced states of the U.S.S.R. systematically help in the economic and cultural development of the less advanced peoples. Such a co-operative relationship is quite unthinkable under monopoly capitalism.

The handling of the national question in the U.S.S.R. meets the basic needs of the lesser nations. It gives them greater political freedom and security, and it guarantees them faster and more all-round economic and cultural development than they could possibly achieve if they were on their own as independent nations. This explains why there are virtually no national, racial, or religious antagonisms within the U.S.S.R. It also explains why the peoples of Lithuania, Estonia, and Latvia voted so overwhelmingly to become part of the Soviet Union (a eager to obscure).

But the national question in Europe (and in the rest of the world) does not have to wait for solution until full Socialism is achieved. One of the most significant facts of the post-war situation is that the new democracies of Central and Eastern Europe possess within themselves the capacity for solving the national question. This is because in these countries — Czechoslovakia, Poland, Yugoslavia, Bulgaria, Roumania, Hungary, etc.—although capitalism, as such, has not been abolished there, the power of the big capitalists and landowners has been either completely broken or seriously weakened. Consequently, the workers, small farmers and intelligentsia, who are in full or partial control of the governments, are able to deal with the national question on the basis of the Leninist-Stalinist principles of self-determination, full economic, political, and social equality, and Socialist co-operation. These principles, applied to the new situation, it may also be remarked, form the basis of the policy of the Italian, French, and British Communist Parties toward the colonies of their countries and toward neighboring countries.

Czechoslovakia offers a fine example of the developing solution of the national question along the foregoing lines. As never before in their history, the Czechs and Slovaks are working together in a spirit of equality and friendly collaboration. Characteristically, one of the most striking features in their planned economy is the systematic raising of Slovakia's economic status to that already achieved in the Czech lands, while the economic level of the whole country is being raised. It hardly needs to be added that the Communists are the most active leaders in thus developing the new relations between the two peoples who comprise Czechoslovakia.

Yugoslavia offers an even more striking example of Leninist-Stalinist principles applied in dealing with the national question. For many decades the Balkans have served as the horrible example of small nations that could not live peacefully together. If there was any place in the world where the national question seemed to be hopeless of solution, it was precisely in that vast territory, which was long a notorious breeding ground of wars. The Yugoslav peoples, quarrelling and fighting among themselves, were in the very heart of the boiling pot of national antagonism of the entire Balkan area.

But now order and co-operation have been established among the erstwhile discordant Yugoslav peoples. Today, the six major nationalities in that country for the very first time are living and working harmoniously together. This unity, born in the fire of struggle against Hitler's army, continues into the post-war period. All differences between the various peoples have not yet been fully ironed out, but those that remain are of a minor character and the trend toward unity and co-operation is decisive. In the planned economy of Yugoslavia, similarly to that in Czechoslovakia, the whole country is being systematically developed, with special emphasis being placed on the more backward areas.

Inasmuch as the new democracies in Poland, Roumania, Hungary, Bulgaria, and Albania are animated by the same intelligent approach to the national question as that being put into practice by the Czechoslovak and Yugoslav Governments, a new day has undoubtedly dawned for the Balkans as a whole as far as the national question is concerned. The former cock-pit of nations in the Balkan area is well on the way to becoming a region of epoch-making international co-operation.

Weak spots in this general situation are the reactionary regimes in Greece, Turkey and Austria. In these countries Anglo-American imperialism is in control and it is making every effort to keep the old reactionary cliques in existence. But it is safe to say that these three countries will not be able to withstand very long the new spirit of democracy and international co-operation that is sweeping through the peoples of Central Europe and the Balkans. Another danger to European collaboration lies in the Anglo-American attempt practically to divide Germany into four pieces. This project,

which could only increase national antagonisms in Europe, runs counter to the whole democratic development in Middle and Eastern Europe, and in the long run it will be defeated.

The new democratic international spirit prevailing in this great area is not only expressing itself in more co-operative activities between the different national groups within individual states, but also in more friendly relations between these states themselves. These countries are already developing a whole series of economic and cultural agreements with each other and with their great neighbor to the East, the U.S.S.R. This augurs well for minimising and eventual elimination of the age-old national antagonisms in these areas. One of the most remarkable developments in this general respect is the strong and developing movement in Yugoslavia and Bulgaria for an actual consolidation of the two states. If carried out, both countries would greatly benefit from such a move.

The deeper significance of this development of international co-operation in the new democracies in Central and Eastern Europe is that it points the way to the ultimate economic and political unification of that crazy-quilt of national antagonisms, modern capitalist Europe. The task of today, however, is not to come forward with grandiose blueprint plans for uniting Europe and overcoming its national chaos. Instead, what has to be done is to break the power of monopoly capital and to make the democratic forces victorious in the respective countries. To the extent and in the measure that this is done, democratic solutions of the national question will be put into effect by the democratic regimes, and the crippling economic, political, military, and social walls now dividing the peoples of Europe will increasingly topple and fall.

As Lenin and Stalin pointed out, the modern capitalist state was created under the leadership of the capitalist class in its efforts to control the national and international market. In the main, this state-building coincided historically with the interests of the respective nations as a whole. But today the capitalists, specifically the big monopolists, are no longer the leaders of their respective nations in a constructive sense, for they systematically betray their people's interests for the sake of their own class interests. The present European hedge-podge of mutually antagonistic states is the maximum that their greedy, self-seeking capitalists can do in the matter of the national question.

The constructive leadership of the nations is now passing over into the hands of the working class and its democratic allies. They alone, now, can and do speak and act in the national interest. They have as a great task, therefore, the solving of the tangled national question in Europe and elsewhere, a heritage from a capitalist system which has exhausted its historical progressive role. And in finding this solution to the national question is precisely what the workers in the new European democracies are now doing.

## BANK NATIONALISATION AND THE CONSTITUTION

E. F. HILL

THE proposed nationalisation of banking has led to a unifying of the working class and the labor movement. Equally it has led to a hardening of the reaction — a determination to prevent, by hook or by crook, the nationalisation proposals. The reaction, by its intense and extreme press attacks, its expensive advertising campaign, its attempt to rally all its allies, has indicated from the outset that it intends to throw all it has into the campaign and to throw it in all the time.

One of the weapons held in reserve—if the fierce propaganda and pressure politics fail — is that of the constitutionality of the proposal. It is as well to consider some of the aspects of this matter.

Australia has a federal constitution, that is, power is shared by a national body—the Commonwealth—on the one hand, and, on the other, the States. Under the Commonwealth Constitution (which is contained in a schedule to an Imperial Act) certain powers are reserved exclusively to the Commonwealth, but the main bulk of powers are exercisable by both the Commonwealth and the States. The constitution secures the paramountcy of Commonwealth law by providing that State laws inconsistent with Commonwealth law in the same field are invalid to the extent of their inconsistency. In Section 51 of the Commonwealth Constitution are enumerated 39 heads of power on which the Commonwealth may make laws. Section 51 provides:

"The Parliament shall, subject to the Constitution, have power to make laws for the peace, order and good government of the Commonwealth with respect to—

- (i) Trade and commerce with other countries and among the States
- (ii) Taxation . . .
- (xii) Banking other than State banking; also State banking extending beyond the limits of the State concerned, the incorporation of banks and the issue of paper money . . .
- (xxi) The acquisition of property on just terms from any State or persons for any purpose in respect of which the Parliament has power to make laws."

Thus it will be seen that the Commonwealth Parliament may make laws with regard to banking and that there are provisions about the acquisition of property.

In ordinary circumstances, no lawyer, nor layman, would doubt that those words mean what they say—namely that the Commonwealth Parliament may do what it likes on the subject of banking or, in other words, that the power to nationalise the banks is undoubted. It has long been accepted as law that the Commonwealth power over any of the subjects reserved to it in the constitution is (subject to the constitution) sovereign — it may do what it likes on them. The British Parliament (which is untrammelled by legal restrictions in its law-making power) has been said to be able to do anything other than make a man into a woman or vice versa. And so it is with the Commonwealth Parliament on matters on which it has power to legislate.

The Constitution provides that the High Court is virtually the final arbiter of what the constitution means. It is truly said that the Constitution means what the High Court says it means. (On some questions there is an appeal to the Judicial Committee of the Privy Council.)

The course of decisions in the High Court has varied in accordance with the outlook of the members of the High Court bench. Until 1920, the High Court, under the influence of men like Sir Samuel Griffiths, Sir Edmund Barton and others, was jealous in supporting the rights of the States. In 1920, the whole course of constitutional interpretation was changed. Men like Sir Isaac Isaacs and H. B. Higgins, who strongly supported central development, were making their influence felt and, in addition, Australia was growing up as a nation, her industry developing, and this in itself demanded stronger central authority.

In the course of World War II, the position of the High Court was extremely important. All Commonwealth legislation, whether it be by way of Act of Parliament or regulations under Act of Parliament, can be challenged in the High Court on the ground that it is not authorised by the Constitution. The present High Court has demonstrated its social attitude on numerous occasions. In the Industrial Lighting case it held that regulations prescribing uniform and improved standards of lighting in factories were not authorised by the constitution (although the same Court upheld under the Defence power all sorts of other regulations much more remote from defence). In the Calwell v. the Newspaper monopolists' dispute, the High Court blatantly sided with the newspapers. In Mr. Calwell's libel action against the Daily Telegraph, the full High Court decided one question in the case in favour of the Daily Telegraph, even though their view of the law on this particular question of libel was entirely different from

that of almost every other competent lawyer, and despite the fact that the most eminent lawyer on the bench (Sir Owen Dixon) had (as a single judge) decided the same question against the Daily Telegraph. A final example was the legislation giving the Treasurer power to direct semi-government bodies to bank with the Commonwealth Bank. As a matter of commonsense, anyone would think that the Commonwealth's power to legislate on banking would amply justify such a measure. However, the High Court said no.

So the High Court has power to veto the actions of the Commonwealth Parliament. In effect it occupies the position of a super-legislature. Parliament can do what the High Court says it can do.

Members of the High Court must be barristers of at least 5 years standing or Judges of the Supreme Court of a State. Before a man becomes a judge he has had a long experience in the most conservative of all professions — a profession based on protecting the sanctity of private property. The men appointed are selected by the government of the day. Under the constitution, they must be appointed for life, can only be removed for proved misbehaviour or incapacity and then only on an address from both Houses of Parliament in the same session. So this political super-cabinet is free from the ups and downs of politics—its members are there for life no matter what happens down below their lofty positions. Sir John Latham, originator of the Crimes Act and appointee of the reactionary Lyons government (the reward, indeed, of abandoning, in favour of Lyons, his candidature for the Prime Ministership) remains the Chief Justice of the High Court despite the political demise of the gentlemen who appointed him. This ex-U.A.P. Attorney-General in one of the most reactionary Cabinets in Australia's history is now the chief man in pronouncing on the constitutionality of Labor Party legislation—he approaches the problem with a lifelong background of opposition to the Labor movement and from the security of a life job at a salary of £3500.

Sir John Latham's colleagues are Mr. Justice Rich, Mr. Justice Sturke, Mr. Justice Dixon, Mr. Justice McTiernan, Mr. Justice Williams and Mr. Justice Webb. Mr. Justice Rich, apart from being over 85, has always been a conservative. He, along with his colleagues, was prepared to uphold the procedures by which Devanny (then publisher of the *Workers' Weekly*) was convicted in 1932. Mr. Justice Starke, apart from being over 75, is a militant conservative. Mr. Justice Dixon goes in for the purity of abstraction — Mr. Justice Williams was

an appointee of Mr. Menzies and has a tory background. Mr. Justice McTiernan is a Labor appointee as is Sir William Webb. To suggest that such a body is above politics — is completely free from the hurly burly of life — is untenable. One cannot imagine Sir John Latham sitting over his dinner at the exclusive Australian Club, to which he and his brother Rich belong, and saying to his fellow club members — the B.H.P. directors, bank directors, ship owners and the other kings of industry: "What a fine thing this bank nationalisation is!" Whether consciously or unconsciously, a tribunal composed of such men cannot help but approach such a problem as bank nationalisation with preconceived ideas.

And so, despite the clear words of the constitution, the High Court has vet to say what they mean. Even such a remote body as the High Court has demonstrated that it cannot fly completely in the teeth of public opinion. On previous occasions it had to bow the knee to public opinion. And furthermore the Government, despite the rigid restrictions and the traditions, has, in the final analysis, the key to the situation. It is open to the government to remove any one of the High Court judges — it has a majority in both Houses and the question of the age alone of certain judges would justify a polite request for their resignations. But if the Government does not want to do this, it can increase the number of judges and outweigh the predominance of the ultra-conservative influence — a course followed by the late President Roosevelt with the American Supreme Court when he had difficulty with that body over his New Deal legislation. The time is long past when the High Court should be considered sacrosanct and untouchable.

What happens to this legislation resolves itself into the strength of the mass campaign waged in support of the bill. To those who just helplessly and hopelessly say that the legislation is *As-mad*, because even if Chifley goes on with it, the High Court will reject it, we say that no power on earth can withstand the power of the united working class. (And incidentally, the reaction is obviously taking no account of the strength of the movement in, and will chances) Australia's labor movement is, and will be, united as never before in insisting that this legislation is consummated on working class terms. Unity in the Labor movement will rally the middle class, the farmers and other sections of the population. Given that unity, and inspiring leadership, not even the High Court will dare to say NO. Mr. Chifley's government can help by reconstituting the High Court bench to ensure that the influence of reactionary politics is reduced to a minimum.

## THE POST-WAR INTERNATIONAL SITUATION

LEE TING-YI

(Continued from last issue)

Of course, there are contradictions between American monopoly capital and warlords on the one hand and the Socialist Soviet Union on the other. In nature, it can be said to constitute the contradiction between the new world and the old world, and it is one of the basic contradictions in the world. The social and state system of the Soviet Union is much stronger and more stable than that of American capitalism. The Soviet Union is the protector of world peace; with a Soviet Union in existence, the greed and ambitions of American and world reaction are fundamentally difficult to realise. Therefore the American and world reactionaries hate the Soviet Union bitterly and want, moreover, to carry on an anti-Soviet struggle. But anti-Sovietism is one thing and anti-Soviet war is quite another. We are certainly not claiming that American imperialists do not wish to attack the Soviet Union. But until the American imperialists have brought into submission the people of the U.S., the peoples of the various capitalist countries, colonies, and semi-colonies, they are unable to attack the Soviet Union. But to bring these into submission is impossible. Therefore, although the Soviet-American contradiction is one of the basic contradictions in the world, it is not the urgent contradiction, it is not the dominant contradiction in the present political situation. The development of events in the past sixteen months has already proved this point.

The real policy of the American imperialists is to attack the American people and to oppress the people of the various other capitalist countries, colonies, and semi-colonies through "peaceful means." But the American imperialists conceal their real activities and are silent about them. They have no way of attacking the Soviet Union, but they make big talk about "anti-Soviet war." This is clearly setting up a smoke-screen.

Why must the American imperialists set up this smoke-screen? If this smoke-screen is not swept away what harm will it do?

The purpose of American imperialists in setting up this smoke-screen is to make the American people and the broad masses of peoples of various countries, colonies, and semi-colonies lose their vigilance with regard to the real policies of the American imperialists and therefore lose or lessen their power of resistance to attacks and aggression by American imperialism. In this way American imperialists can take advantage of the unpreparedness of the American people and the peoples of various countries, and can, with comparative ease, fascize America and transform all other countries into American colonies or dependencies. If we do not sweep away

their smoke-screen, or if we do not consider this sweeping away as an important task, we shall to a greater or lesser extent fall into the trap set by American imperialism, or even, to a greater or less extent, act as megaphones for the public enemy—the imperialistic elements of the United States.

We should therefore not be misled by the smoke-screen of the American imperialists so that we lose our power of judgment and fall prey to the demagogic propaganda that the so-called "Soviet-American contradiction" is the dominant contradiction in the world, that the "third world war is inevitable," etc., etc. The only correct path and the duty for every person in our camp of democracy is resolutely to sweep away the smoke-screen and to call upon everyone among the American people and the peoples of the various capitalist countries, colonies and semi-colonies—to rise and recognise clearly the enemy, to save themselves from destruction, and to oppose the attack and the aggression by the American imperialists.

Standing against the world reactionaries—the imperialists of the U.S. and their running dogs in various countries—is the world democratic fight.

Besides the Soviet Union, which is the main pillar, the world democratic forces are made up of all capitalist countries, in addition to the U.S., and the broad masses of the people of all colonial countries. In terms of class make-up they include everyone, from workers and farmers right up to the patriotic elements and advocates of peace among the bourgeoisie.

The American people made heroic contributions to the anti-fascist war. The aim of their self-sacrificing struggle was the winning of world peace and democracy and a happy life for themselves. After the close of the war, however, the American people were faced with the following situation: after the defeat of foreign reactionaries, domestic reactionaries loomed. These were precisely those monopoly capitalists who during the war fattened on speculation and ill-gotten riches. In the field of domestic policy this gang of reactionary capitalists and their reactionary spokesmen in government are raising the prices of goods to press down the living standards of the people, are cracking down on strikes in order to cancel the people's liberties and are encouraging anti-Sovietism to divert the attention of the American people so that they will be off guard against attacks by the monopoly capitalists.

In the field of foreign policy American reactionaries do not call themselves "isolationists" but rather "internationalists." But these "internationalists" are international aggressors and not democratic

international co-operators. These reactionary elements have their men in both the Democratic and Republican Parties. The world aggression of these reactionaries has seriously soiled the reputation of America, ruined international friendship, and is brewing the danger of war.

This is why the American people, including enlightened members of the American bourgeoisie represented by Wallace, will certainly rise for determined struggle with the reactionaries.

The capitalist countries outside of America, chiefly Great Britain and France, suffered great wounds from the war, and, compared to the U.S., they are second or third class countries. They are objects of aggression by American imperialism. The law of the uneven development of capitalism forces them resolutely to resist American oppression.

These capitalist countries are now struggling for economic recovery from the wounds of war and are simultaneously in the following situation. The democratic movement of the peoples of their own countries and the demand of independence and autonomy by the colonies and semi-colonial countries stand on the one side, and the savage aggression of American imperialism on the other.

The line taken by reactionaries like Churchill and de Gaulle within these countries is to rely on the U.S. against the democratic movement of the people of their own country and against the independence movements of the people of the colonies and the semi-colonies. The price paid for this reactionary line is that it inevitably leads to these countries sinking to the position of American dependencies.

The peoples in these capitalist countries have another line: to win democratic and social reform for their own country, to grant independence and autonomy to colonial and semi-colonial countries, and to co-operate with the Soviet Union in order to resist the aggression of American imperialism and maintain their national independence.

Beyond all shadow of doubt the peoples' line will be victorious. This line will obtain endorsement from all classes of people, including enlightened members of the bourgeoisie. The line of the reactionaries, on the contrary, must certainly fail because it will meet with the opposition of the entire nation.

Take, for instance, the most important of these capitalist countries—Great Britain. She is exerting her efforts in the post-war period to effect economic recovery. Her exports are gradually rising, something about which the American imperialist elements are not happy. American imperialism seeks to break the sterling bloc by exploiting Great Britain's need for loans and, in the name of the so-called "defence against the Soviet Union's attacks," wants Great Britain to enter into military alliance with her. These are all serious steps preparatory to swallowing up Great Britain. The British empire has its colonies and dependencies scattered all over the world. Under the policy of sole world domination of the American imperialists, the British Empire is experi-

encing attacks by American imperialism in Canada, Australia, South America, the Atlantic Islands, the Middle East, Palestine and Arabia, Egypt and the Mediterranean, and finally in India, Burma, and elsewhere. In certain places these clashes have already become, or are brewing, armed struggles. In the future there is the possibility of the U.S. inciting aggressive wars against other capitalist countries (first of all, Great Britain).

The Attlee-Bevin Cabinet, which continues in Great Britain the Conservative Party's foreign policy, has done many evil deeds in concert with American imperialism and has expressed mutual sympathy with understanding or engaged in common action with American imperialism on many questions. The policy of American imperialism, however, cannot but force the British people gradually into consciousness. The steady increase of votes against Bevin's foreign policy in the British Lower House is proof of this. As the consciousness of the British people grows daily, it will be very difficult for Great Britain to continue her present foreign policy, and the time when she will change her present foreign policy is not too distant.

Thus it is with Great Britain; it will be even more so with France. In face of the daily growing consciousness of the French people, France will certainly not follow in the wake of American imperialism.

The American imperialists' policy of aggression against all other capitalist countries must of necessity arouse opposition of these countries. This makes impossible, therefore, after the Second World War, what has been called the "capitalist encirclement of the Soviet Union." On the contrary, because of the Soviet Union's peaceful, democratic international policies and her friendly commerce with all countries, and because Great Britain, France and other countries must resist American oppression and to escape the blows of the economic crisis and must co-operate to restore their economies, these countries must co-operate and trade with the Soviet Union. Therefore, "capitalist encirclement" no longer exists.

American imperialism's policy toward all colonial and semi-colonial nations is to transform them into American colonies or dependencies. The American imperialists' policy toward China is a typical example. There is no difference in nature between the policy of the Japanese fascists toward China and the policy of the American imperialists toward China, although there are differences in form. The means employed by American imperialism, however, surpass that of Japanese imperialism in trickery and malice. After the defeat of Japanese imperialism, the U.S. supports Chiang Kai-shek and other reactionaries in their oppression of the Chinese people. In Japan she supports Yoshida and other reactionaries in their oppression of the Japanese people, and helps them revive the policy of aggression toward China.

At present the reactionaries of both China and Japan occupy the same position as running dogs of American imperialism, while the peoples of both

China and Japan are in the position of suffering oppression by American imperialism. The war of self-defence now being waged by the Chinese people against the American-supported Chiang Kai-shek is in its nature a war for the homeland. It is a national war supported by the entire nation. This kind of war for the fatherland has been taking place in many colonies and semi-colonial countries, i.e., the Philippines, Indo-China, India, Iran, Greece, etc. These wars are all fought against American imperialism and its running dogs in various countries. They are directly or indirectly waged against American imperialism to win world peace and democracy.

The contradiction between American imperialism and the democratic forces in the capitalist world is not being mitigated, but is, on the contrary, developing and growing. When the American economic crisis comes, the American imperialists will, because of it, tighten their attacks, and the three contradictions mentioned above will become sharper. Such a period is not far off, for the American economic crisis will arrive this year or next.

The world anti-democratic forces are the American imperialists and the reactionaries in various countries. Since the world anti-democratic forces are attacking the American people and the peoples of the other capitalist countries, colonies, and semi-colonial countries in unison, the peoples of the U.S. and of the various capitalist countries, colonies, and semi-colonial countries must also act in unison to form a world-wide united front against American imperialism and the reactionaries in all countries. This world-wide united front, this colossal army comprising well over one billion people, is precisely the world democratic might.

This world-wide united front cannot possibly be of any other character than that of a united front fighting for world peace and democracy and the independence of all nations against American imperialism and its running dogs in various countries. This united front will undoubtedly have the sympathy and the moral support of the Socialist Soviet Union.

This united front on a world scale will characterize a new page in world history, the history of the world from the end of the Second World War down to the day when stable and lasting peace is ensured. The Chinese movement for independence, peace, and democracy is an important part of this chapter of world history.

Within each capitalist country, colony, and semi-colonial country, there will also be extremely broad united fronts, as in China, against the American imperialists and against the reactionaries in various peoples and the democratic forces of all countries is united front and the united front within each country.

The facts, in this period of more than a year following the victory in the anti-fascist war, prove

that the rate of world progress is very fast and that some events have developed faster than we had expected. The scope of development of the democratic forces in all countries of the world is far greater than that after World War I.

The progress of the peoples in the capitalist world during the past year and more is manifested in—

1. The firm establishment of new democratic regimes in various countries of eastern and south-eastern Europe.
2. The progress of the peoples of Great Britain and France by leaps and bounds.
3. The flourishing development of the struggles of the peoples of colonial and semi-colonial countries, with China at their head, for independence and autonomy.
4. The rapid Leftward trend of the peoples of Germany, Italy and Japan.
5. The high tide of the American strike movement and the occurrence of the Wallace incident (the Wallace incident expresses the split among the American bourgeoisie just as the British Labor Party opposition in England expressed the split among the British bourgeoisie).
6. The broad development of the democratic forces in all the countries of Latin America.

The scope, speed, and progress of the peoples and the development of the democratic forces in the capitalist world are truly startling!

The international position of the most progressive country in the world — the Socialist Soviet Union — has risen greatly. At present she is devoting all her strength to the peaceful constructive work of the new five-year plan. The completion of the first year's industrial production plan one month ahead of schedule shows that it is entirely possible for the U.S.S.R. to complete and over-fulfill this new plan for construction. The struggle of the Soviet Union, in the realm of foreign policy, for international peace and the protection of the interests of small nations, achieved great victories in the recent Foreign Ministers' Conference and in the United Nations Assembly. The plot of the American and British reactionaries to isolate the Soviet Union, following Churchill's reactionary utterances of March last year, has been smashed. The victories of the Soviet Union in economic construction and in foreign policy will greatly influence the history of world development, and will be beneficial to the peoples of all countries.

The world reactionary forces are outwardly strong but hollow inside. Moreover, they are becoming daily more isolated. American imperialism is the highest peak of capitalist development, but precisely because of this it is weaker than the capitalism of any earlier period. The higher they climb the harder they fall! And the American economic crisis which will arrive this year or next cannot but be extremely turbulent in nature. The reactionary foreign and domestic policies of the American imperialists will necessarily lead, and have led, to the

opposition of the broadest masses of people both within and without the country. This will increasingly result in the masses turning against them and in their allies deserting them. All the running dogs of the American imperialists in various countries, as for instance China's Chiang Kai-shek, cannot but become traitors and meet in their countries with the opposition of the entire nation. Therefore they cannot but rapidly isolate themselves, turned against by the masses and deserted by their allies. It is thus with China's Chiang Kai-shek and with the reactionaries of all countries.

The reactionary forces will collapse in the long run. They really appear very ferocious for a time and can frighten weak-willed people out of their wits so that they express pessimism and disappointment, lose their self-confidence, and even give in and surrender to the reactionaries. But the broad masses of the people and the men of strong will cannot be frightened. The peoples, in the course of their own practical experience, will recognise, not only the reactionary nature of the reactionaries, but also their feebleness. They will recognise that the attacks of the reactionaries on the people can be smashed.

To sum up: world progress, the successes of the Soviet Union, and the American economic crisis are the three factors of decisive significance in the history of the future development of the world.

The present time is still a period when world reaction can be cocky, baring its fangs and extending its talons. This is primarily because the struggles of the peoples in the various countries have not entered the higher stage, and at the same time it is also because the American economic crisis has not yet arrived. But even in this kind of period, the reactionary forces have already revealed their corrupt impotence. They have already revealed that they are hollow within and only outwardly strong. When the struggle of the peoples of all countries has reached a higher level of development and the American economic crisis has broken out, that will be the time when the great arrogance of the reactionaries will collapse. This is already not far distant. Before this time comes the people of each country will meet with difficulties, and in individual

countries and regions may even meet with very serious difficulties. Difficulties of this kind, however, can and must be conquered. The present task is for every one to exert every effort and surmount these difficulties.

Following the development of these three factors — world progress, Soviet successes, and the American crisis — the democratic forces will become even more powerful and the relative strength of the democratic forces will become more favorable to the people. But it is not to be imagined that the reactionary forces will voluntarily abdicate to the democratic forces. Therefore, before we have attained what Comrade Mao Tse-tung calls "the broadest victory of the people" and "the guarantee of stable and lasting peace," there is still a long and tortuous struggle ahead. The Chinese Communists and the Chinese people will fear no difficulties. They will fight on till the complete victory of the democratic cause and the winning of peace and independence of the nation. We have the strongest confidence in this brilliant future; but the world bourgeoisie, on the contrary, has completely lost confidence in its future. The terrorism whipped up in various countries after the war by the anti-democratic forces against the forces of the Soviet Union, their fanatical oppression of the people, their horror of the truth, their complete reliance on lies for a living — these are all manifestations of their complete loss of confidence. It is certainly not accidental that all the newspapers of the Chinese bourgeoisie express unprecedented pessimism and disappointment with regard to their future.

In general, everything has changed after the Second World War and is still continuing to change. How strong the people have become — how conscious, how organized, determined and full of confidence! How manically savage the reactionaries have become, outwardly strong yet inwardly feeble, turned on by the masses and deserted by their allies, devoid of all confidence in the future! It may be categorically forecast that the face of China and of the world will be vastly different after three to five more years. All comrades of our Party and all the people of China must resolutely fight for a new China and a new world.

## Questions & Answers

conducted by  
L.H. GOULD

Why does Marxism reject psychoanalysis?  
... Does Marxism also deny scientific status to psychology?—T. S. Westwood.  
Mr. Westwood continues: "I believe there is much to confirm the claim that Freud, by his materialism and atheism and, in short, his scientific

approach has further advanced philosophical materialism. I feel that Freud's basic theories, however much modified by later analysts, would equip the Communist armory with additional weapons to 'interpret and change the world.'"

Marxism categorically rejects psychoanalysis as

a science because it is devoid of scientific content and method. Despite some materialistic phraseology, it represents extreme idealism in philosophy and psychology. Freud regarded himself as atheistic, and it has been claimed on his behalf that he rescued the mind from the grip of theology and brought it back to the laboratory. His teachings nevertheless reek of irrationality and mysticism.

For Marxism, consciousness in all its forms (perceptions, ideas, etc.) derive from nature and society. "Consciousness can never be anything but consciousness of being" (Marx). In particular, man's consciousness refers to his real needs, interests, activities, his social relations, and his life experiences generally. All these occur in a specific historical context—today in the epoch of the revolutionary transformation of the exploitative society by the new Socialist order. Where does Freudianism look for the source of man's ailments? In biology, in man's organic needs, his primordial instincts and impulses, and especially in his procreative urge! Here, we are told, are the springs of the maladies and maladjustments of individual man and of society!

For all practical purposes, Freudianism ignores man's real social life, and is therefore just another variant of traditional idealist psychology. Consciousness becomes "pure consciousness"—a psychological state isolated from the outer world; an inward-turning in which ideas, concepts, etc., occur in some associative or successive relation to one another, but without connection with the individual's real experience as a social being. The Soviet writer, S. L. Rubinstein, remarked on the vitalism of Bergson and the psychoanalysis of Freud: "The alienation of the basic social content of human consciousness has produced the inevitable result that everything of living significance, and all the motives of behaviour and its dynamic tendencies, were submerged in the obscure depths of the instincts, the irrational, the unconscious."

Historically, Freudianism is only another evidence of the decline of capitalist civilisation, like Jeans' super-mathematical deity in physics, Sartre's "existentialism" in drama, or Joyce's *bizarriere* in letters. The road to extinction of every dying culture is strewn with a thousand fads and cults, each with its own peculiar manifestation of triviality and negativism. And political reaction! Freud and his successors had no conception of the social roots of man's physical and mental disorders, and hence were incapable of creating a science or a scientific method. But this did not prevent the psychoanalysts from producing social "theory." All is criss that comes to the capitalist's mills, and not a little mischief has been done to the cause of progress by psychoanalysis, both in aggravating the already advanced conditions of cultural decadence, and in handing to the capitalists another political weapon to fight Socialism.

I quote from an earlier article of mine on this misbegotten "science" of psychoanalysis—

"In U.S.A. in particular, Freudianism provided society's parasites, and the host of cranks, bohemians and charlatans around them, with all sorts of thrilling adventures in titillating sick nerves and perverted tastes.

"Freudianism is a cut above spiritualism. It is so much more 'scientific,' and besides, it offers such delightful opportunities for sophisticated conversation on the mysteries of psychopathica sexualis.

"This 'science' is wonderfully simple. The Libido is the root of a great many of man's ailments . . .

"Freudianism soon went beyond being a plaything of trivial-minded people. It became a weapon in the class struggle—against Labor, of course.

"Dr. Jung, one of Freud's disciples, declared that the majority of people are unfit, mentally and physically. The laboring masses are burdened with the inferiority complex. They are inferior. According to this gentleman, the struggle of the masses is the 'revolt of the unfit'—Tito's guerrillas, for example, as against Yugoslavia's collaborating capitalists, landlords and church leaders.

"Socialism," said Dr. Ferenczy, another mastermind of this 'science,' is the revolt of the neurotics against the Father-state." (Tribune, 12/3/46.)

Did Freud then make no contribution whatsoever to knowledge? This is not what Marxism claims, nor is it the point at issue. Fifty years now of psychoanalytical theory and practice have added some grains to man's accumulated store of knowledge. (Compare Lenin's statement: "That clerical idealism—philosophical idealism—possesses natural epistemological roots is not unaccountable. It is not groundless.") Neither is psychoanalysis groundless. It has some roots in life, but feeble ones. Freud's clinical successes with mental and nervous disorders, and with some psychically-determined organic ailments and pathological states, were achieved mainly among middle class patients in Vienna. Out of this were fabricated theories of therapeutic method and schemes of social behaviour and reorganisation. But Freud's Viennese patients can no more be accepted as normal types of humanity than the English shopkeeper in whom the Utilitarian philosopher Bentham discovered the "normal man."

One practical example will have to suffice to demonstrate the fundamental difference between Marxian method and Freudian "method." The Soviet Government built the great White Sea Canal with the labor of large numbers of society's "maladjusted" in the persons of thieves, forgers, prostitutes, pickpockets, wreckers, political offenders. The colossal job completed, tens of thousands of these former social outcasts returned to their homes re-educated, rehabilitated, regenerated; they were now free men and women, with substantial monetary rewards, proudly wearing decorations for heroic labor, their future assured. What an interesting (and what an amusing!) thing it would have been to have given the Freudians the task of restoring these outcasts to

society! What a festa of learned papers and reports on "complexes," "mechanisms," on bruised Libidos and maladjusted Ids and Egos!

No doubt there were many failures in the White Sea Canal experience. It is also true of course that the government administrative staff there included officials skilled in dealing with psychological problems (e.g., to decide which among the prisoners would respond better by being given manual labor rather than clerical, which should work in groups or in isolation, and so on). But in contrast to Freudian fantasy, Soviet psychology found the basic solution in providing the required material conditions. Whence arise thieving propensities? In society. The cure must be sought there too. Mental characteristics (of which thieving propensities are one manifestation) cannot be understood at all by reference to biological factors, real as these are. Hence the Soviet method: "In concrete activity, in work, in adult social practice, in child-training, mental characteristics not only appear, but are formed" (Prof. Rubinstein, quoted in Science and Society, Vol. 10, No. 2).

About psychology, that is, the general body of traditional teachings on psychology, but considered apart from psychoanalysis. Psychology cannot be accounted a science, because its subject-matter, its sphere of research and practice as defined by the various psychology schools cannot be delimited as can be done more or less precisely with, say, geology or physics. Psychology is the sub-department of many other sciences, particularly physiology. Insanity and some other mental disorders respond to drug-therapy (the most famous example perhaps is treatment of idiocy of cretinism by glandular extract); psychology thus merges with physiology, chemistry and other sciences.

To proceed. The alienist, the psychiatrist, the "mad-doctor" as he is called in parts of Britain, succeeds to the extent that he can make a unitary approach, i.e., treat his patient's mental ailment as the composite product of anatomical, physiological, psychological, etc., conditions; all of which must be related to his specific experiences as a member of society. In short, no preoccupation with "mind," but with the many operative factors in the body-mind interactionism of every person. From this scientific presupposition alone can be explained the cures effected in individual cases sometimes by "purely physical" means and sometimes by "purely psychological" ones: drugs or hypnosis, surgery or "transference," ray treatment or suggestion, diet or, as recommended by the ancients, soft music. (By the way, man's first scientific beginnings in medicine led to war against the pet superstitions of that period. Thus the Hippocratic Writings in the 5th century, B.C.: "I am about to discuss the disease (epilepsy) called sacred. It is not, in my opinion, any more divine or more sacred than other diseases, but has a natural cause, and its supposed divine origin is due to men's inexperience, and to their wonder at its peculiar character." Despite professed materialism in outlook, preoccupation

with psyches is a very short cut to supernaturalism.)

A final point, suggested by the warning of Prof. A. A. Abbie at the recent Science Congress in Perth, that "despite material and physical benefits of modern life, the modern mind was becoming less able to cope with problems of modern existence" (Sydney Sun, 24/8/47). We refer to the advice frequently tendered to Communists that a "study of psychology" would help the movement. We, briefly, reply:—

Marxism welcomes anything that will help. The study of text-books on psychology (which is what the advice really boils down to) is also not ruled out. But infinitely more useful, more scientific and more effective is the day-to-day theoretical and practical political work of the Party—agitation and organisation around the needs of the masses, and the remoulding, re-educating and reshaping of ourselves and our fellow-exploited to fit all of us for the task of rebuilding society. Mankind's worst "mental ailment," the one that creates myriads of mental, nervous and physical disorders, has been the ideological acceptance by the exploited of their status as "economic categories," as appendages of machines for the production of profit for the parasites. All this is coming to an end!

Within the past 30 years giant imperialist States have disappeared, or are disappearing from history, and in their place are emerging new democratic States with splendid promise of physical and mental health for the people. It is a fact that the insanity rate in capitalist lands is mounting alarmingly year by year; it is also true that mental disorders are diminishing in those countries where social parasitism is ending. Prof. Abbie's alarm merely expresses the gloom and agony of a doomed civilisation. Marxists, in all modesty, can claim to be eminently successful practical psychologists, not by analysing psyches (1), but by social, i.e., political, activity, by the development of the class struggle which means, from a psychological standpoint, direct and immediate contact, and on a colossal scale, with behavioral and characterological problems.

What an achievement—to change the ideology of mankind! The manifestation of man's needs ("man's passions, emotions, etc., as true ontological affirmations of man's nature"—Marx), and the manner of their satisfaction vary from period to period; man changes the world and changes himself in the process. But these momentous historical processes are beyond the purview of the Freudian; he is too absorbed in the psyche. The "method" of all cultists is essentially formal and static, however decked with "scientific" trappings. And notwithstanding claims to originality, they merely sanction the old evils in a new way.

(References: As the basic issue is epistemology, indispensable will be Lenin, "Materialism and Empirio-Criticism"; Prof. Rubinstein, "Consciousness in the Light of Dialectical Materialism" (January, 1947, "Communist Review"); T. A. Jackson, "Dialectics," chapter 7, "As To Freudianism").



# BOOK REVIEW

AMERICAN EXPANSION PAST AND PRESENT (A. LEONTYEV)

A. KEESING



THE most sedulously cherished myth, beloved of Yankee bourgeois historians and their Wall Street paymasters, and one that finds not a few credulous adherents even among progressives in other countries, suggests that there is something exceptional about American capitalism. Maybe it was the circumstances of the birth of the trans-Atlantic republic in a struggle against colonial oppression; or the inspiring aroma of the new-world atmosphere; or was it the traditional legend of political and social equality, of abundant opportunity for all that gave rise to the belief that American capitalism had no need for the imperialist expansionism and colonial exploitations of its European elder brothers?

At this moment, when the super-monopolies of the U.S.A. are engaged as never before in a drive to subject the whole world, transforming it into an exclusive super-market for American commodities and capital investments; at this very moment when American military forces are to be found in something like fifty 'independent' countries, feverishly engaged in the construction of bases thousands of miles from the home territory, and when American money is being openly used to undermine the political integrity of foreign regimes, at this moment American propaganda is most feverishly engaged in accusing others of expansionism while proclaiming its own disinterested innocence of anything but the noblest acts and motives.

The Soviet Union, it says, in the face of all established and visible facts, is hell-bent on conquest, on extending its system. That is to say, it remains correctly neutral when democratically-minded states liberate themselves from the 'freedom' of private enterprise, refusing to countenance attempts of capitalist intrigue from abroad to override popular will in such countries. This strict adherence to the provisions of the Atlantic Charter and other international agreements on the part of the Soviet constitutes "expansionism" in the eyes of Wall Street, because it restricts their possibilities of dominating the economic life of such countries, and usually results in the refusal of their peoples to become gratuitous enemies of the U.S.S.R.

Whether they really believe their own childish propaganda is beside the point. More important is the attempt to deflect public opinion from the real state of affairs, from the reality of American expansionism which is visible to the naked and untrained eye everywhere, by shouting and yelling from the housetops, "Beware! Russian imperialism, Soviet expansionism!", although these be but figments of fearful and panic-stricken imaginations.

For fearful and panic-stricken they are, not of the Soviet Union or the new-type democracies, whose peaceful intentions are patent, but of their own peoples. And well may capitalism be fearful as it observes the forward march of popular and progressive thought in every corner of the globe.

Thus the appearance of the pamphlet *American Expansionism Past and Present*, written by the distinguished Soviet economist, A. Leontyev, is most welcome. Leontyev, as a professor of political economy, has written a number of text books on his subject which are in use everywhere, but which call for at least a basic acquaintance with the science. In this pamphlet, however, his aim is to expose a lie that threatens the peace of the world to the widest possible audience. His style is therefore clear, simple and direct.

First of all he summarises the legend: "The United States, they are told, never resorted to conquest. If it did interfere in the affairs of other nations, it did so solely in the interests of these nations themselves and was prompted by motives of humanity, civilisation and peace. . . . This assertion has every advantage but one—it absolutely does not conform with the facts."

This statement, unlike American propaganda, is fully supported by facts of history. Between the Declaration of Independence and the end of the last century the U.S.A. acquired about 3,000,000 square miles of additional territory. Some of this, acquired in minor colonial wars against desperately weak adversaries, was paid for, a total amount of \$50,000,000 being spent on territorial acquisitions. "This does not exceed the cost of a New York skyscraper and was, of course, not compensation for territory acquired, but only a mask to cover up forcible annexation."

Most interesting is the story of how President McKinley communed with God one night, as a preliminary to annexing the Philippines. "There was nothing left for us to do," according to the divine revelation, "but to take them all, and to educate the Filipinos, and uplift and civilise and Christianise them as our fellow-men for whom Christ also died." And then, a little later: "The Philippines are ours forever. . . . And just beyond the Philippines are China's illimitable markets. We will not retreat from either." There you have the gist of the civilising mission of the U.S. monopolies.

Leontyev tells in detail many another un-savoury story of the insatiable appetites of the imperialists, the fake revolutions staged in Latin-American republics to provide the excuse for in-

tervention, the theft of the Panama Canal zone from the Republic of Columbia, the military and financial pressure used to smash popular movements.

Finally the writer brings his story up-to-date with a chapter on the present bid for world supremacy. Today the United States is openly attempting to obtain world hegemony, an attempt which is by no means the first of its kind. But today it can only be done at the expense of other imperialist powers. The Du Ponts, Rockefellers and Morgans are in a hurry to occupy the place vacated by the Hitlerite monopolies.

But in the words of Leontyev: "The situation today is not the situation the predecessors of the present pretenders to world supremacy had to contend with. Yet the latter sometimes slavishly

copy the old methods. The anti-Communist campaign, which is one of their chief trumpets, is a striking example of this. The vocal numbers of the trans-oceanic anti-Communist choir now performing with the assistance of official conductors and soloists awaken the memories of similar performances of the partners to the notorious anti-Communist pact. It may be argued, of course, that the present-day schemers for world hegemony will endeavour to avoid the fatal mistakes of their forerunners. But did not Hitler boast that he would never repeat the suicidal blunders of William II? Yet he did repeat them, and, as we know, in far worse form."

AMERICAN EXPANSION PAST AND PRESENT, by A. Leontyev. 32pp., 6d from Current Book Distributors.

## GERM WARFARE: WHAT CAN HAPPEN

Prof. J. B. S. Haldane, F.R.S.

THE American Association of Scientific Workers has just published a most important report, as important for what it leaves out as for what it includes.

This report, of which the New York Times gives a summary, was written by Drs. Roseburg and Kabat in 1942, and deals with the possible use in war of bacteria, viruses, and other methods of producing disease. It does not, of course, deal with later developments, which are secret.

The document stresses the danger of what they call 'retro-activity,' that is to say, infection of the United States forces, civilian population, or agricultural stocks in such warfare, and points out that the United States are particularly vulnerable because they are isolated. One European state might not dare to infect another, but could risk infecting the U.S.

The authors examine the possibilities of using one poison, and a number of human and animal tissues.

The poison is that made by *Bacillus botulinus*, which causes the most deadly form of food poisoning. It is about 10,000 times more poisonous than potassium cyanide; a ton of it dropped into a group of reservoirs would poison 10,000,000,000 gallons of water so that it would be death to drink a pint.

Many water-borne diseases are ineffective if the drinking water is boiled, but Weil's disease, an infectious jaundice, can be caught even by washing in infected water.

The authors are more interested in airborne diseases. Anthrax, plague, influenza, and psittacosis or parrot disease, are all sometimes, and some of them usually, airborne.

In recent years the technique of making very fine sprays has been enormously developed, largely for the purpose of disinfection. Unfortunately they could equally well be used for infection, either by low-flying aeroplanes or special apparatus

dropped by parachute. Infected insects could also be used. Ticks carrying relapsing fever, it is stated, could well be dropped from aeroplanes, and although the mortality would not be high, the victims would be ill for months. At least 15 diseases are regarded as possible weapons.

The authors recognise that most of these diseases could not be used in field warfare, owing to the danger of back infection. For it would be possible to immunise soldiers against some, but not all of them. They think they would be most effective against naval bases, particularly on islands which it was not desired to occupy.

The report then deals with the possibility of infecting agricultural plants and animals, of which it lists a number of diseases.

The authors are very emphatic that all such weapons, except perhaps botulinus poison, would be dangerous to the State using them, and warn the Government of their country against doing so.

Since 1942, a good deal has happened. The results of American research are embodied in the secret *Merek* report. One can judge of its contents by rumours, and particularly by the fact that very little has been published regarding certain lines of research, just as very little was published on the physics of the atomic nucleus after 1940.

The key to further development is probably the fact that inheritable changes can be produced in bacteria and viruses, as they can in higher plants and animals, by X-rays, or by incorporating artificially radio-active elements into the food on which they are grown.

Generally the result is weakening of one of the chemical functions of the germ, just as the majority of artificial mutants in higher plants and animals are weaker than their parents. But, as I explained in a recent article, about one mutant in a 1,000 in barley gives a higher yield than the original form. So we may expect that a small



proportion of the mutants formed in bacteria, fungi, or viruses, will be more deadly or more infectious than the original type.

I am sceptical of the stories which I have heard of the production of new human diseases along these lines. To test their effect it would be necessary to kill a number of people; and even so it would be impossible to be sure whether or not they would spread as an epidemic.

On the other hand new animal, and above all, plant diseases, could be made and tested without much danger of their spreading. I am inclined to believe that they have been made. The most effective weapons would be a disease with delayed action, which had no obvious effect on an infected plant, but prevented its seeds from germinating.

Such a disease could be used by the United States against crops such as rice or millet which are not much grown in their own territory. It would probably be impossible to produce a disease which would kill off all varieties of a plant species; but even so such a weapon could be terribly effective in producing famine.

It is clear that even if Britain were neutral in a war where such weapons were used, we should be in mortal danger. For we are densely populated, and depend on imported food, so that even if we could buy abroad in a famine-stricken world we should find it very hard to avoid infection of our own crops.

Our main defence should be a foreign policy designed to avoid future wars whether or not we think we can be neutral. But something can be done for our defence, if such weapons are ever used.

In the first place, we can have a National Health Service which is efficient and trusted. Every attempt to sabotage such a service is a blow at our national defence. We also need a greatly extended service to guard against plant and animal diseases.

Even if some of our doctors, vets, and agricultural experts had not enough to do in peacetime, they would be of vastly more use as defenders in wartime than are the soldiers in Greece, Palestine, and other overseas areas today. You can't kill bacteria with Bren guns.

Finally, I believe that as soon as the world food shortage is over, we ought to start storing at least three years' supply of wheat in Britain. I tried to say this on the radio in 1934, but the B.B.C. refused to allow me to broadcast it; though had this policy been adopted, Hitler's U-boat campaign would have stood no chance of success.

Of course, bacteriological warfare is a misuse of science, and a terrible one. But the scientists engaged on such research may well have believed for some months at least, that they were engaged in protecting American crop plants or studying the methods by which human diseases are spread.

Any scientific method which can be used for good purposes can also be used for evil ones, and the only way to prevent them being used for evil is to see that the Governments of all countries are controlled by their peoples, and not by militarists or financiers.

And if such methods of warfare are possible, we ought to organise defence against them. I hope that this article will wake up at least a few thousand people to the very real dangers which lie ahead of us.

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