

# **A Short History of Social Democracy**

**From Socialist Origins to  
Neoliberal Theocracy**

**John Rainford**

## About the author

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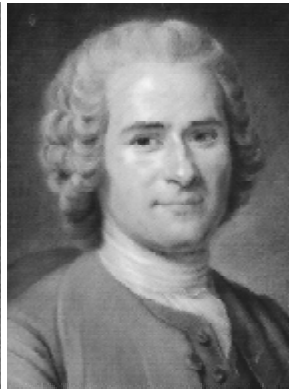
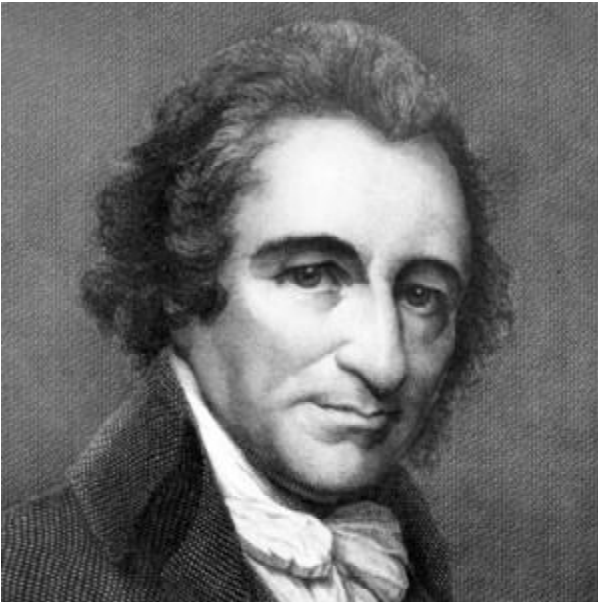
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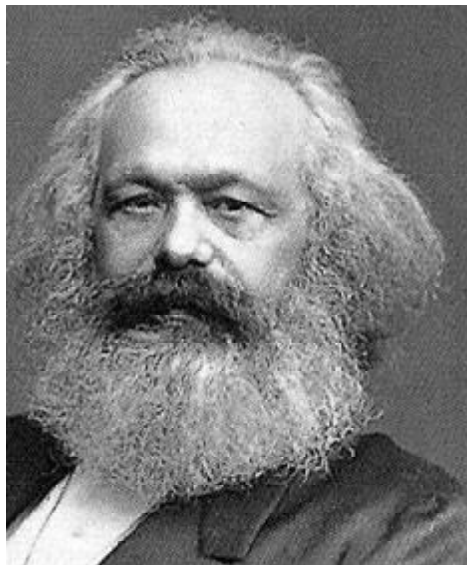
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*Clockwise from top left:* Tom Paine, William Beveridge, Charles Fourier, Karl Marx, Frederick Engels.



# Introduction

The post-World War II social settlement of full employment and the welfare state represented the high-point of social democracy. The 1942 British government report that brought it about, Sir William Beveridge's *Social Insurance and Allied Services*, sold more than 100,000 copies in Britain in less than a month after it was released. A special edition was prepared for the armed forces and a revised copy was circulated to the resistance movements in Europe. Following a lecture tour by Beveridge to the US in mid-1943, 50,000 copies were sold throughout the country over the next six months.

The report proposed that relief from poverty would be built on a platform of full employment, family payments from the state, a national health service, and a comprehensive system of social insurance. These were the first stages of a much wider program that would go on to embrace transport, housing, education, state planning, and state intervention in industry.

Beveridge's report was influenced by the Guild Socialist, G.D.H. Cole and the Fabian Socialists Sydney and Beatrice Webb. He had the cooperation of John Maynard Keynes whose macroeconomic theory underpinned full employment and the welfare state. The rapid pace of post-war recovery was an early confirmation of the success of the Keynesian mixed economy in which the state intervened to 'civilise' the free market.

During the 1950s, unemployment levels in Western Europe averaged 2.9%. In the 1960s they averaged 1.5%. In Australia, there was only one year between 1954 and 1972 when unemployment was not below 2%. In that year, 1961, it reached the 'alarming' rate of 2.4%.

In many European countries, large-scale nationalisation was also common. The modern consumer society was also built at this time, primarily as a result of increased wages that came from a fairer share of company profits. Despite the economic cost of the Cold War there was high-level government intervention across the whole economy. It was a time when patrons of public transport were called passengers.

Yet this triumph of social democracy lasted barely three decades. As the welfare state was being constructed, Friedrich Hayek, Milton Friedman and their closed group

of international followers were working on its downfall.

A conference that they held in Switzerland in 1947 led to the formation of the Mont Perelin Society, named after the hotel where the meeting was held. The work of the society — ‘re-establishing liberalism as the public doctrine of Western civilisation’ — was carried out by a small group of right-wing intellectuals without much initial success. From the early 1970s their ideas rapidly gained ground. Hayek was awarded the Nobel Prize for economics in 1974, Friedman in 1976. With the early 1970s crisis of Keynesianism and the later collapse of ‘really existing socialism’ in the USSR and Eastern Europe, their victory was complete.

Unemployment and underemployment became the norm. Unions were emasculated, poverty increased markedly and, for most, continuing consumption could only be sustained by increasing levels of household debt. Cyclical economic crises that had all but disappeared in the ‘golden years’ of social democracy became more frequent than they had ever been since the world’s first global slump in 1860.

In 2008 came the worst economic downturn in the history of capitalism, save for the Great Depression. As finance capital finally outstretched itself, the banking system had to be bailed out by taxpayers who were then forced to pay for it twice when austerity measures aimed at them were enacted across the rich world. Ticking away in the background was an unfolding climate-change catastrophe that capitalist production methods were responsible for, but capitalism was incapable of responding to.

This book charts the history of the doctrine from the birth of socialist thought in the 19th century. It examines the political forces opposed to it on the left and on the right, its victory and the ‘golden years’ that followed. It then examines its surrender to neoliberal theocracy before suggesting what might constitute an anti-capitalist politics for the 21st century. ■

# 1. The Birth of Social Democracy

As Anthony Giddens, author of *The Third Way* and influential in the rise of New Labour in Britain, has pointed out, social democracy has always been linked to socialism.<sup>1</sup> Although there is some contention that anticipations of socialism can be variously found in Plato's *Republic* (c.375 BC), the teachings of the early Christian Church, or Sir Thomas More's *Utopia* (1516), the socialism that can be less controversially and more easily identified today was christened in the 19th century. It can be traced through some of the important works of social criticism written during the Enlightenment period in the latter half of the 18th century, but its greatest influence was the French Revolution, that 'slowly manifested revulsion against centuries of unavenged wrong'.<sup>2</sup>

In the *Social Contract*, published in 1762, Jean-Jacques Rousseau (1712-78) had written that 'Man is born free, and everywhere he is in chains.'<sup>3</sup> The French Revolution determined to remedy this state of affairs and its chosen instrument was a constitution setting out 'natural, imprescriptible and inalienable rights'. On August 26, 1789, the French National Assembly voted for a 'Declaration of the Rights of Man and of Citizens' whose first article stated 'Men are born, and always continue, free and equal in respect of their rights.' These rights were declared to be 'liberty, property, security and resistance of oppression'.<sup>4</sup> The Declaration sparked a fierce and enduring debate, in France and beyond, as to the origins of human rights, how far they might extend, and, once determined, how they could be guaranteed. Most obviously the 'Rights of Man' excluded women and 'citizen' was an equally gender exclusive term. The playwright Olympe de Gouges who prominently objected to this discriminatory exclusion and, in 1791, published *The Rights of Women* demanding their extension, was guillotined in 1793 for the treasonable offence of demanding government by plebiscite.<sup>5</sup>

As it turned out, women in France would have to wait until after the Second World War to get the vote, but health and poverty were tackled much more urgently and treated with far more sympathy. Poverty and unemployment went hand-in-hand so

the solution to poverty that readily presented itself was the provision of paid employment. In 1791, the Duc de la Rochelle's Committee on Mendicancy declared the 'right to work' to be a basic human right that the state had an obligation to provide. In the event that the state was unable to discharge its obligation it was left with the responsibility of ensuring that the unemployed had the means of subsistence. Two years later, the good health of its citizens also became an obligation of the state as a consequence of a determination of the National Convention's Committee on Salubrity in 1793.<sup>6</sup>

No one person did more to promote and popularise the idea of basic human rights unleashed by the French Revolution than the Englishman Thomas Paine (1737-1809). Paine had played a prominent role in the American Revolution of 1775-83 and his defence of the French Revolution in the *Rights of Man*, published in London in March 1791, proved to be as popular as it was provocative. At the time, the average size of an edition of general work such as Paine's was 750 copies, but Paine's book defied convention in more ways than one. In two months, six editions of the *Rights of Man* had sold an extraordinary 50,000 copies. In late 18th century Britain, it has been estimated that a maximum of four million people were able to read, yet within 10 years between four and 500,000 copies of the *Rights of Man* were sold, one in 10 of the literate population had the book, and it became the most widely read book of all time, in any language.<sup>7</sup>

Paine, writing in language 'as plain as the alphabet' argued that all men are born equal, with equal and natural rights (such as freedom of speech, association, assembly and religious affiliation) that are the foundation of all civil rights. He insisted that it was a mistake to suppose that the authority that governments exercised over the affairs of their citizens arose from a compact between the governors and the governed which assumed that the only right that citizens had was the right to be governed. Free and equal men with their natural rights preceded all governments. Free men freely elect to be governed and when they enter into society in this way they do not do so in order to become worse off than they were before. It follows that despotic governments that deny or seek to curtail the rights of man (a description of all late 18th century hereditary monarchies) should be replaced by democratic republics whose authority is derived from a written constitution that guarantees basic rights. Citizens, as the sole source of sovereignty, would be at liberty to withdraw their consent to the continued operation of any government that infringed these rights.

Paine also held despotic governments responsible for war. Moreover, wars between despotic states and despotic rule within states sustained each other. War was 'the art of conquering at home'. One of the many benefits of eliminating war would be to free



up the taxation revenue that it relied on and direct it to other, altogether more peaceful ends. At this point in the *Rights of Man*, Paine puts forward his proposals for the taxation regime necessary to provide for the basic needs of citizens in civilized democratic republics. And it is here, in the late 18th century that we find, for the first time, an outline of the social policies that would only be implemented 150 years later when the welfare state became a part of the political settlement that followed the Second World War.

Paine proposed a system of progressive taxation that would redistribute wealth in the pursuit of social justice principles. A public education system would be established, old-age pensions would be introduced and the poor, the unemployed, the widowed, women and newly married couples, as well as disbanded soldiers, would all receive state transfer payments. Importantly, these state welfare provisions were no act of charity, they were to be properly seen 'not as a matter of grace and favour, but of right', the right, that is, of citizens to be reimbursed some small part of their taxation contributions.<sup>9</sup>

Those who couldn't read Paine's work had it read to them and his proposals, which were nothing short of revolutionary, had wide popular appeal. This was particularly so among those whom Edmund Burke (1729-97), whose criticism of the French Revolution had prompted the *Rights of Man*, described as the 'swinish multitude'. For others though, he preached a 'dangerous ... licentious doctrine' that held out to the lower classes 'the prospect of plundering the rich'.<sup>10</sup> Measures had to be taken to prevent the French Revolution from crossing the Channel. Paine's works were banned and booksellers who kept them under the counter were prosecuted and imprisoned. Charged with seditious libel, Paine was found guilty, in absentia, having fled to France where he remained in exile until eventually settling in the US.

But for all its hope and promise, the French Revolution failed to end unemployment or hunger and the poorer citizens of France continued their miserable existence mired in poverty. Indeed Paine himself experienced life from the inside of a French prison for the better part of 12 months. However, the revolution did succeed in replacing the old feudal hostility between privileged and unprivileged with a conflict between rich and poor that developed into a political struggle and out of which emerged the socialist movement of the 19th century. For the first half of the century, this legacy of the revolution meant that it was France, and more particularly Paris, that became the centre of socialism and socialist thought.<sup>11</sup>

The various groups called socialist (the word first appeared in print in Italian in 1803) coalesced around the idea of a new social order based on a broad definition of human rights that included economic and social rights. What they also had in common,

in their pursuit of the happiness and welfare of all, was their opposition to the prevailing economic doctrine of *laissez faire* which forced individuals to compete with one another in order to secure, at best, a meagre living. Their new social order would rest on cooperation rather than competition.

In Britain these ideas led to the rise of the cooperative movement largely inspired by Robert Owen (1771-1858) whose followers, described as socialists in the *Cooperative Magazine* in 1827, officially adopted the name in 1841.<sup>12</sup> The cooperative movement came to stand for the belief that the means of production, distribution and exchange should be owned and controlled by voluntary associations that would eliminate competition by distributing the profits of their endeavours equally among themselves. In France, Charles Fourier (1772-1837) advanced a similar scheme of social cooperation that would ideally be based on communities, from 400 to 2000 strong, predominantly engaged in agriculture.<sup>13</sup>

In contrast to these community-makers, the social order advocated by Claude Henri de Saint-Simon (1760-1825), sometimes referred to as the founder of French socialism (and sociology), rested on the idea that poverty and exploitation could be eliminated by guaranteeing work for all and rewarding it according to its merits. Inheritance would be abolished and land, capital and all the instruments of labour would become common property 'to be so managed that each one's portion should correspond to his capacity and his reward to his labours'.<sup>14</sup> States would be transformed into large productive corporations administered by men of science and technical capacity.

For all their differences (and the early advocates of fundamental social change have been described as ranging 'from social reformers to freaks'<sup>15</sup>), the early socialists understood socialism to be a system of social order based on cooperation; one that stood in opposition to individualism. This much is made clear by the title of the article, written by a follower of the Saint Simonians, Pierre Leroux, in 1833, that was the first attempt to define socialism in print: 'De l'individualisme et du socialisme'.<sup>16</sup>

In *Utopia*, Sir Thomas More had sketched out the social arrangements thought necessary for an ideal society and these earlier socialists became known as 'utopian socialists', a term first used by Jerome Blanqui in 1839 in his *History of Political Economy*.<sup>17</sup> The revolutions that spread throughout Europe in 1848 were influential in changing the utopian nature of the socialist project and sharpening its focus. But six years earlier, the effects of the 'dual revolution', the Industrial Revolution that began in Britain and the French Revolution, were already being noted with some alarm:

But this is the content of history: no major historical antagonism disappears or dies out unless there emerges a new antagonism. Thus the general antagonism between the rich and the poor has recently been polarised into the tension between the capitalists and

the hirers of labour on the one hand and the industrial workers of all kinds on the other; out of this tension there emerges an opposition whose dimensions become more and more menacing with the proportional growth of the industrial population.<sup>18</sup>

By 1842 it had already been noted by concerned observers that the forces of history had thrown up a new movement, a class that would be known as the proletariat or working class, with the menacing capacity to radically alter the existing social order. As Karl Marx (1818-83) and Frederick Engels (1820-95) expressed it, more poetically, but just as threateningly, in the *Communist Manifesto* of 1848, 'A spectre is haunting Europe — the spectre of Communism.'

Despite its timely appearance, the *Communist Manifesto* had little influence on the revolutions of 1848 which were preceded by a brief civil war, in late 1847, in the Swiss Confederation. What was astonishing about these revolutions was the speed with which they spread. Within a matter of weeks following the insurrection in France that led to a republic being proclaimed in late February, all governments had been overthrown in an area of Europe that took in present-day Germany, Austria, Italy, Hungary, the Czech and Slovak Republics, Romania, the former Yugoslavia and parts of Poland. What was equally astonishing is that, with the exception of France, all of the regimes that had been overthrown were back in power within 18 months.<sup>19</sup>

Although nationalism played its part in Germany, Italy and Austria-Hungary, the revolutions were primarily constitutional in the sense that despotic governments were overthrown in order to be replaced by governments more democratic in character as a consequence of manhood suffrage. In Belgium, Holland and Switzerland, some moderate constitutional reforms occurred in the absence of revolution. In Britain, in the absence of anything other than a peaceful Chartist demonstration voicing the central demand for manhood suffrage, the undemocratic political arrangements remained undisturbed.<sup>20</sup>

While socialism played no part in the European revolutions of 1848, the small number of socialists of the time had an important role in organising the emerging working class that played a decisive role on the streets. This was particularly so in Paris where the ferocity of the street-fighting was more than matched by the brutality of the recriminations as thousands of workers were slaughtered and many thousands more deported to labour camps in Algeria.<sup>21</sup>

The experience of the 1848 Revolutions, together with the emergence of a potentially revolutionary working class meant that by the mid-19th century two distinct forms of socialist thought had developed, 'democratic socialism' and 'scientific socialism'. For the rest of the century and beyond, they would be in competition with each other but they were by no means the only socialist tendencies. Experiments in community-

making continued to flourish, particularly in the United States. The movement that became known as anarchism also began in this period with Pierre Joseph Proudhon (1809-65) who popularised the slogan 'Property is theft' and, in 1848, the first 'Christian Socialist' movement was founded in Britain.

Unlike anarchism which had a significant and sometimes explosive impact on working class affairs, Christian Socialism left no such mark, largely because it was a moral movement intent on 'Christianising' socialism, emptying it of its political content. What shocked the early Christian Socialists in Britain most about the working class was not the dreadful conditions that they had to endure but their degenerate habits. The English Chartist leader, Ernest Jones (1819-69), was among those who thought prayer and faith in the Almighty a poor substitute for political action, advising his fellow Chartists that 'God aids them who aids themselves'.<sup>22</sup> In the same year that the movement was established, it was dismissed with even greater contempt by two of its more caustic critics, Marx and Engels, 'Christian Socialism is but the holy water with which the priest consecrates the heart-burnings of the aristocrat.'<sup>23</sup>

In contrast, democratic socialism rather more lived up to its name. Its pioneer was the Frenchman Louis Blanc (1811-82) who brought together the two ideas of 'association' and 'the right to work'. In his book *Organisation du Travail* (1839) he advocated the setting-up of self-governing 'National Workshops' financed, in the first instance, with capital advanced by the state. During a transitional phase in the workshops' operations, interest would be paid on the capital but profits would belong to the workers after deductions for capital development and payments into an equalisation fund to subsidise other self-governing enterprises. Blanc's national workshops would be the basis on which capitalism would be superseded because eventually private enterprises would be unable to compete with the superior operations under workers' control. As capitalist exploitation and competition were abolished, the consequent increase in workers' purchasing power would ensure that high levels of production could be sustained by levels of consumption that would be undisturbed by periodic crises. A national network of self-governing workshops would give practical effect to the formula that he popularised 'From each according to his capacities: to each according to his needs'. Universal suffrage was also a basic prerequisite for Blanc's democratic socialism which would be advanced by rational argument presented to the electors and emphatically not by class war and revolution.

Unfortunately, Blanc's own experience in the French Provisional Government of 1848 didn't immediately provide grounds for optimism. In order to be seen to be doing something to alleviate widespread poverty and unemployment (and at the same time thwart the prospect of a coup by more revolutionary elements), the

government appointed Blanc president of the Luxembourg Commission set up to study the problems of the French labour-force and make recommendations for its more effective deployment. The possibility presented itself that Blanc's schemes might be introduced following the commission's deliberations, but the prospect rapidly receded when the commission was denied adequate resources and any powers to act by a Provisional Government whose majority were committed to the doctrine of *laissez-faire*. Blanc, whose ideas were strongly supported by large numbers of French workers, was effectively side-tracked, spending much of his time conciliating between workers and employers in an attempt to prevent strikes. Insult was added to injury when the government relief agencies organised to placate the unemployed were set up with the title of 'National Workshops' and used to organise a reserve force to preserve order. When the danger posed by the revolutionaries passed, they were closed down. Reduced to turning his attention to encouraging producers' Cooperative Societies (which he did with some success), Blanc was then forced into exile in England after he was falsely accused of insurrectionist activities.<sup>24</sup>

## Marx, Engels & Scientific Socialism

The *Communist Manifesto* acknowledges some of Marx and Engels' debt to the Utopian Socialists with 'their positive proposals concerning the future society'. Some years later, Engels described Saint-Simon, Fourier and Owen, who are all mentioned in the *Manifesto*, as "the three great Utopians" and analysed their contribution to the socialist project with some respect. If there was a crudeness about their theories, this could only be expected given the crude conditions of capitalist development in the early part of the 19th century. Nevertheless, Saint-Simon is complemented for his perspicacity in foreshadowing the abolition of the state; Fourier for his use of dialectic method and his capacity as a critic and satirist; Owen as one of the few leaders of men who systematically worked out proposals for the removal of class distinction.

But, as Engels pointed out, the problem with Utopian Socialism, and it was a fatal one, was that while it could criticise the existing mode of production and its consequences, it could not explain them and therefore, as he put it, 'could not get the mastery of them'. In order to understand how to end the conflict between capital and labour and construct a socialist society it was necessary to show precisely what the exploitation of the working class by the capitalist class consisted of and explain how it came about. This was done with two great discoveries, which Engels attributes to Marx, 'the materialistic conception of history and the revelation of the secret of capitalist production through surplus value ... With these discoveries socialism became a science.'<sup>25</sup>

As with other branches of science and scientific theories, explaining scientific socialism and the theories that underpin it, brings its own degree of complexity. The theoretical foundations of historical and dialectical materialism come from Marx's development of German philosophy. The two years that he spent in France, from 1843 to 1845, brought with them the experience of French politics, and Marx would spend the better part of the 20 years that followed the 1848 Revolutions studying political economy before the first volume of his monumental work *Capital* was published in 1867.

Engels explained historical materialism as 'that view of the course of history which seeks the ultimate cause and the great moving power of all important historic events in the economic development of society, in the changes in the modes of production and exchange, in the consequent division of society into distinct classes, and in the struggles of these classes against one another.'<sup>26</sup> If this appeared a little abstract to the average 19th century worker, the 'secret of surplus value' was much easier to explain as an analysis of the exploitation of capitalist production. Surplus value accrues to the capitalist when the labour-power of a worker is bought at a value less than the capitalist extracts from it. Or, more bluntly, 'workers did not in reality take wages from their employers, but rather that the employers, because they paid their workers less than the value of their labour-power and extracted the balance in the form of profit, were literally parasites on the working class.'<sup>27</sup>

The revolutionary implications of scientific socialism are clear; in order to reclaim surplus value, private property has to be eliminated and the entire system of capitalism overthrown. Moreover, according to the analysis of its historical development, this can only be achieved through the class struggle of the proletariat whose 'most advanced and resolute section' would be communists.

The expression 'communist' was familiar among socialists in Paris in the late 1830s, associated with Etienne Cabet (1788-1856) and his followers who were also called 'Icarians' from the title of Cabet's novel *Voyage en Icarie* (1840) which describes a communist utopia noted in the *Manifesto*.<sup>28</sup> But communism in France (albeit of a 'crude' variety according to Marx) goes back to 1795, to the aftermath of the revolution, when Francois 'Gracchus' Babeuf (1760-97) formed a secret society called 'the Conspiracy of Equals'.

The society worked towards a conspiratorial coup aimed at installing a communist dictatorship that would dispossess the rich and thereafter organise society so that wages were fixed on the basis of strict equality for work that would be allocated according to each workers' ability. The socialist ideas that later emerged of common ownership and collective use of the means of production, together with the more

problematic 'dictatorship of the proletariat', are clearly evident in the egalitarian communism of Babeuf who was guillotined after his conspiracy was discovered by the authorities.<sup>29</sup>

Babeuf's model of conspiratorial organisation lived on though, in numerous secret societies in France, and Louis-Auguste Blanqui (1805-81) succeeded him as France's most prominent revolutionary. Blanqui contributed little to any conception of what a new social order might look like. His priority was overturning the existing order, out of which some form of new order, based on workers' cooperation, was bound to emerge. He believed in a vanguard elite that would educate the masses and thus prepare them for communism and, to this end, is credited with first advancing the idea of the dictatorship of the proletariat. Irrespective of how he might otherwise be judged, Blanqui's courage and conviction seem beyond question. He led 600 of his followers in an armed revolt in 1839 and, in 1848, he was once again in the vanguard of a military challenge to the Provisional Government. He managed to escape the guillotine but had, instead, to endure a total of 33 years in prison for his various insurrectionist activities.<sup>30</sup>

In the period leading up to the publication of the *Communist Manifesto*, the word 'communist', although used alongside the word 'socialist', had come to carry with it something more than just criticism of the status quo. It was more closely associated with both a program and militant struggle, although hardly yet mass struggle.<sup>31</sup>

The *Manifesto* was published as the 'detailed theoretical and practical program of an unavoidable secret society', an international association of workers known as the Communist League.<sup>32</sup> The Communist League was the successor organisation to another secret society, the League of the Just, formed by German emigrant workers in Paris in 1836 and closely linked, from that time, to Blanqui's secret organisation, the Societe des Saisons, particularly during the 1839 insurrection. The League of the Just came together, in June 1847, with a small group set up by Marx and Engels called the Communist Correspondence Committee, to form the Communist League, which, in November of that year, commissioned Marx and Engels to draw-up the *Manifesto*.<sup>33</sup> 'Communist' was preferred to 'socialist' as a description of the league because it better conveyed the idea of revolutionary struggle and had a clearer link to the principle of common ownership. Engels thought that it better expressed the notion of class-struggle that comes from an understanding of historical materialism. He also thought it less utopian than the expression 'socialist', although, in the broader sense of the word, utopian may have been a description that, in 1848, could well have applied to the communist vision that he and Marx shared.<sup>34</sup>

## The legacy of 1848

The socialist project struggled to survive in the years following the defeat of the 1848 Revolutions. Its two leading theorists on the left and right flanks of the movement, Karl Marx and Louis Blanc, were both in exile in London, the one working on *Capital*, the other on the *Histoire de la révolution* completed in 1862. Blanqui, as might be expected, was in prison and Proudhon spent the better part of the next 20 years either in prison or in exile trying to avoid it. In Britain, Chartism was in its death throes, despite the prediction of Engels that one of its leaders, George Julian Hanley, would succeed Lord Palmerston as foreign secretary by June 1848. The Communist League itself disbanded in 1852.<sup>35</sup>

Obviously, suppression played its part in the retreat of socialism that was particularly evident in the 1850s. There were, though, other important factors. The most influential of them was the flowering of the Industrial Revolution, the global economic boom that began in 1850 largely due to the compression of time and distance by the spread of railways, steamships and the electric telegraph, but also assisted by gold discoveries in California and Australia. From around 1860 the word ‘capitalism’ came into common use to describe this economic system that represented the world triumph of competitive private enterprise, and its success was certainly impressive. From the start of the 19th century the world’s trade had steadily increased so that by 1840 it had almost doubled in size, but in the 20 years from 1850 it increased by 260%. This was accompanied by high levels of employment and increased wages, both of which had a dampening effect on any discontent among the politically disenfranchised in Europe, many of whom were now presented with the opportunity to migrate to more democratic destinations. In the course of the greatest human migration in history, more than nine million people left Europe between 1846 and 1875 with the great majority of them crossing the Atlantic to the United States.<sup>36</sup>

Despite being regarded by the aristocratic rulers of Europe as dangerous radicals, the 55 men who wrote the constitution of the United States in 1787 were leading representatives of the nation’s educated and economic elite. They were merchants, financiers, money lenders, slaveholders and owners of landed estates. If they weren’t all ‘rich and wellborn’ they were at least all rich. As a class of voters, the elite that the Founding Fathers were a part of was easily outnumbered by the great mass of potential voters who made a marginal living off the land and even by those at the very bottom of the white social structure, indentured servants and tenant farmers who made up about 20% of the population. So the Founding Fathers were content to have national democracy limited by the property-owning or tax-paying qualifications that existed in all of the states. Nevertheless, they soon learned to accommodate universal white



male suffrage introduced during the term of President Andrew Jackson (1767-1845) that ran from 1828 to 1837.<sup>37</sup>

It was a lesson that was only grudgingly learned in Europe, stemming as it did from a recognition by the continent's rulers that the discontent that fuelled the 1848 Revolutions didn't disappear with defeat. If the demands of the majority for rights and representation couldn't be ignored, they could at least be controlled. This was achieved by a process of gradual reform that, even at the end of the First World War in 1918, was still evolving and, typically, continued to exclude women. However, set against the European standards of the early 19th century, the increased participation in voting, in some countries at least, was quite dramatic. In 1831, before the extension of the franchise began, the UK electorate stood at just 1.8% of the whole population, but by the General Election of 1885 almost 60% of adult males were eligible to vote. In France and Germany in the 1870's the franchise had been widened to embrace the theory of universal male suffrage and, in the decades that followed, most European countries began the process of extending voting rights.<sup>38</sup>

The time had also come for other social reforms that now managed to find their way onto the statute books. In Britain, the Factory Act of 1833 made it unlawful for children less than nine years of age to be employed in textile factories. In 1878 the Factory and Workshops Act extended this to all factories and limited the working hours of children under 14 years of age. The welfare of children was further provided for by the Education Acts of 1870 and 1880 that made school attendance compulsory until the age of ten. Across the whole of Europe, between 1840 and the 1880's, while the population increased by a third, the number of children attending school increased by 145%.<sup>39</sup>

The other far-reaching reform that took place rested on the inescapable logic of the free enterprise system that fuelled the economic boom. If the price for prosperity was free trade and the free operation of markets, there could hardly be a compelling argument in liberalism for the labour market to remain fettered and for freedom of association to be outlawed as it had been in France, and in Britain by the Combination Acts of 1799 and 1800. In France, in 1864, the laws banning combinations of trade unionists were repealed and strikes legalised. In Britain, from 1867, electoral and workplace reform was accompanied by changes to the Master and Servant Act, the law governing the relationship between employers and employees. The principle that free men were free to enter into commercial contracts was, theoretically at least, extended to employment contracts by establishing equality of treatment for contract breaches and, as a result, the capacity for workers to terminate their employment at short notice became increasingly common. By 1875 all of the major legal impediments

to active trade unionism and strike action had been removed and although trade unionism had actually advanced during the prohibition period early in the century it was now able to organise nationally in its own name.<sup>40</sup>

But while national organisation of trade unions and socialist groups was a necessary prerequisite for radical social change, it was ultimately limited by the now very demonstrable international reach of capitalism. The working class needed an international organisation and it came in the form of the International Workingmen's Association.

This association, which came to be known more plainly as the International, was formed in 1864 and its origins owe something to Napoleon III. It was under his auspices that a delegation of 750 French workers attended the London International Exhibition in 1862. During the course of their stay, some of the French delegates met with George Odger, secretary of the London Trades Council that was formed in 1860. When these delegates returned to London in 1863 for a rally in solidarity with the Polish insurrection of that year, Odger proposed that their fraternal links be formalised and the International was founded in September of the following year. Its inaugural General Council had 27 English representatives, two Italian, three French and two German, one of whom, Karl Marx, had declared, in 1848, that 'working men have no country'. Although officially the 'corresponding secretary for Germany', Marx dominated the International (Engels also became a General Council member in 1870) drafting its rules and statement of aims, 'An Address to the Working Classes,' and it successfully affiliated organisations of predominantly wage labourers throughout Europe and the United States.<sup>41</sup>

## The Paris Commune

The period of relative calm and incremental political advance that marked the third quarter of the 19th century was interrupted, in France predictably, when for the first time, the working class seized power in a major capital city. The government of the Paris Commune was formally proclaimed on March 28, 1871, in response to France's humiliating defeat in the Franco-Prussian War declared by Napoleon III, and the siege of the city by Prussian troops.

In early September 1870, a retreating French army of 150,000 had been defeated at Sedan resulting in Napoleon III's surrender to the King of Prussia. The collapse of the Second Empire was followed by the siege of Paris and in October a second French army of 170,000 surrendered. The workers and artisans of Paris, however, were in no mood to capitulate. They prepared for the defence of the city with some 375,000 National Guards under arms, and established vigilance committees at the urging of

the French section of the International in Paris. This led to the formation of a Republican Central Committee of the 20 *arrondissements* (districts) of Paris that, by February 1871, had formed itself into a 'revolutionary socialist party' demanding communal government. The onerous peace terms settling the war that were ratified by the French National Assembly in early March included the temporary occupation of Paris by Prussian troops, and when this duly occurred (for a symbolic two-day period) the Communards wisely decided against a confrontation. One would come soon enough with French troops.<sup>42</sup>

The Commune that was declared soon after lasted only two months but the brutal recriminations that followed went on for years. The day after the last barricade was captured, government decrees were issued disarming Parisians and abolishing the National Guard. The following day Paris was placed under martial law and the slaughter began. At least 30,000 Communards were massacred and more than 100,000 were arrested. There were more than 40,000 trials that resulted in thousands sent to prison and almost 5,000 deported to New Caledonia. The industrial districts of France remained under martial law until 1876 and it took until 1880 before a general amnesty was declared.<sup>43</sup>

Although the Paris Commune was born of the Franco-Prussian war it could never have come into being in the absence of continued tension between rich and poor that replaced feudal hostility after 1789 and had, by the 1870s, developed a class dimension. There were two attempts to assassinate Napoleon III in 1855 and another one in 1858. Riots broke out in 1865 and again in 1869. In February and May of 1870, before the Franco-Prussian War was declared, there were violent demonstrations on the streets of Paris during which barricades were erected. For the Blanquists, the Commune was unfinished business from 1789; for the International members in Paris, 17 of whom were elected to its council, the Commune would show how a revolutionary proletariat could rescue Europe from all of the evils of class oppression.<sup>44</sup>

The government of any city-state fighting a war and surrounded on all sides by overwhelming forces would obviously find it difficult to illustrate any significant political achievements in a matter of weeks and the Paris Commune was no exception. However, while preoccupied in defending itself, it managed to remove education from church control, propose a legislative program for improving working conditions and make some modest provisions for the poor. Delegates appointed to take charge of municipal services demonstrated their commitment to egalitarianism by voting to reduce their wages to those of ordinary clerks.<sup>45</sup> But by far its most important achievement was to show that a socialist revolution and a workers' government was in fact possible. Marx certainly thought so, even as the Commune was barely two weeks old, 'The struggle of

the working class against the capitalist class and its state has entered upon a new phase with the struggle in Paris. Whatever the immediate results may be, a new point of departure of world-historic importance has been gained.' Nor was the point lost on the Foreign Minister of the victorious French government, Jules Favre (1809-80), who outlawed the International in France. Spain responded to his call for all European governments to follow suit by extraditing those Communards who had crossed the Pyrenees seeking political refuge.<sup>46</sup>

The Paris Commune frightened the ruling classes of Europe and the press of the day had it as a communist conspiracy, directed by Marx at the head of 'the ominous and ubiquitous International Association of Workmen', which, on one fanciful account, had seven million members. In truth, although members of the Paris International played their part in the Commune, the International was for the most part silent during the course of it and Marx dispatched the organisation to oblivion in New York the following year.<sup>47</sup>

## Mass movements for socialism

The Paris Commune did not lead to a further outbreak of revolution in Europe although the lessons to be drawn from it continued to be debated by political parties well into the next century. In France, following the defeat of the Commune, the socialist movement all but ceased to exist. But in other parts of Europe governments were faced with having to make concessions to political democracy in order to avoid their own communal uprisings that, next time around, might result in a workers' victory. At the same time, they had to devise strategies to deal with the logical consequence of an extended franchise and a labour movement organised on a mass basis — their political demise by more peaceful methods.

In the earlier part of the 19th century there appeared to be two alternative roads to socialism, violent revolution or establishing cooperative communities that would exist, more or less, apart from the state and capitalist social relations.<sup>48</sup> Towards the latter part of the century the possibility was opened up of the working class taking control of the state through the ballot-box and reconstructing it on a socialist basis.

This was the approach pioneered in the rapidly industrialising Germany where the colourful Ferdinand Lassalle (1825-64) formed the General German Workers Association in 1863. The organisation's principal demand was equal male suffrage and Lassalle's fundamental belief was that the right to vote would bring with it the power for workers to make the state subservient to their wants and needs.<sup>49</sup> In 1870, August Bebel (1840-1913) and Wilhelm Liebknecht (1826-1900) founded the Saxon People's Party on a democratic program that saw Bebel elected to the Reichstag. At Eisenach in

1869 the party adopted a more radical socialist program when it became the Social Democratic Labour Party whose aim was the 'emancipation of the working class'. Lassalle's association continued on after his death (resulting from a duel with Count Racowitza of Wallachia over the hand of Helene von Domigues) and his supporters merged the organisation with that of Bebel and Liebknecht at Gotha in 1875 to form the Social Democratic Workers Party.<sup>50</sup>

Although Marx and Engels criticised the Gotha Unity program, the German Social Democrats were strongly influenced by Marxism and formally declared themselves to be a Marxist party in 1891.<sup>51</sup> Their electoral success was immediately apparent. In Berlin in 1874 the socialists polled 27.4% of the vote. In the Reichstag elections three years later, their support had reached 39.2% with almost 500,000 voting for them nationally. The initial response of the German Chancellor, Otto von Bismarck (1815-98), was to introduce an Anti-Socialist Law in 1878 repressing their activities.<sup>52</sup>

In the same year, Pope Leo XIII issued the Encyclical *Quod Apostolic Muneris* denouncing 'that sect of men who, under the motley and all but barbarous terms and titles of socialists, communists, and nihilists [are spreading] the deadly plague which is tainting society to its very core and bringing it to a state of extreme peril ... no longer looking for strong support in secret meetings held in darksome places, but, standing forth openly and boldly in the light of day, [they] strive to carry out the purpose, long resolved upon, of uprooting the foundations of civilised society at large.'<sup>53</sup>

Neither Bismarck nor the Pope saw much immediate benefit from their anti-socialist laws and denunciations. In the first German election under the Anti-Socialist Law in 1881, the Social Democrats increased the number of seats they held. In the 1884 election almost 10% of the electorate voted for them, sending 24 deputies to the Reichstag, double the previous number.<sup>54</sup> In the next three decades leading up to the outbreak of the First World War, there were mass socialist parties adhering to Marxist principles founded all over the world. A Spanish Social Democratic Party was established in 1879 and a Danish Party in the same year. A Social Democratic Federation was in place in Britain in 1884, preceded by a workers party in France and the Emancipation of Labour group in Russia which formed the core of the Russian Social Democratic Party. Between 1887 and 1889, Social Democratic Parties were founded in Norway, Austria, Switzerland and Sweden together with a Social Democratic League in Holland. In Italy, a Labour Party with a Marxist program was constituted in 1892 and in the same year, party organisations were established in Finland and Poland. In Argentina in 1914 the socialists had 10% of the vote. In Germany and Scandinavia they became the largest of the national parties with 35-40% of the vote. The German Social Democrats grew into an organisation with more than one million members and the Belgian

Labour Party membership would reach over a quarter of a million. Even in the United States the socialist candidate for the presidency, Eugene Debs, was able to increase the socialist vote from less than 100,000 in 1900, to almost one million in 1912.<sup>55</sup> With Marxist social democracy taking the parliamentary road to socialism, prohibition was unlikely to be effective in halting its advance. Different tactics were called for.

Addressing the Reichstag in 1884, Bismarck proffered a view of how parliaments should function and how elected representatives should behave that was unlikely to have been too much out of step with the views of most of the old ruling class of Europe (or anywhere else for that matter). 'The parliament should be able to prevent harm ... it should be able to prevent bad laws from being passed; it should be able to prevent the waste of public money; but gentlemen, it cannot govern.' Even Thomas Paine had misgivings about majority rule. Before the publication of the *Rights of Man*, he argued that the lower ratio of men of sense to the ignorant meant that the majority of mankind was prone to error which could only be remedied by government exercising a 'civilising' function in the transmission from despotism to civilised society.<sup>56</sup>

In order to protect the interests of the feudal residue and the new industrial capitalists, Bismarck had a dual solution, social reform and police repression. The reforms that he instituted, sometimes referred to as 'conservative' or 'state' socialism (and declaimed by Engels as 'spurious socialism') had far reaching consequences for workers beyond Germany. Between 1883 and 1889 he introduced medical insurance, accident insurance and old-age and disability insurance schemes. These led to the introduction of similar reforms in other countries and finally to the old-age pensions that Paine had first proposed 100 years earlier.<sup>57</sup> But for Bismarck and other defenders of privilege, a crucial line of defence was the electoral system itself. If mass workers' parties were intent on capturing and then transforming the state, the contest would be on the way to, rather than at, the ballot-box. The popular vote was anathema to conservatives, and 19th century liberalism, committed in theory to political democracy, was content to see it replaced in practice with political manipulation.

This manipulation of democracy typically included the denial of women's suffrage and bi-cameral parliaments with a restricted upper-house franchise. Women did not get the vote in Italy until 1946 and in Belgium until 1948. Under the German Imperial Constitution of 1871, sovereignty and executive power resided in an autocratic body nominated by the individual German states, the Bundesrat, and responsible parliamentary government had to wait until after the Second World War. There was also the blunt instrument of the lower-house gerrymander. In 1907, an alliance of Conservatives and Liberals managed to hold 47% of the Reichstag seats with just 29% of the vote. German electorates, initially roughly equal in size, ranged from 13,407 to

338,798 voters by 1912. In East Prussia, 7941 votes were enough to elect a Conservative, but in the industrial Ruhr 64,833 votes were insufficient to elect a Social Democrat. In the Prussian Diet, in 1908, 418,000 votes entitled the Conservatives to 212 seats while the Social Democrats, with 600,000 votes, held a mere 6 seats.<sup>58</sup>

In Britain in 1911, there were at least seven different categories of franchise and the total of votes on the register represented less than 30% of the total adult population. Soldiers in barracks, servants living in the same house as their employers, those on poor law relief, sons living with their parents, and, of course, all women, were disenfranchised. This denial of votes to most was accompanied by plural votes for a few. In the 1910 election, at least half a million voters, 7% of the electorate, had more than one vote, mainly as a result of the property franchise. University graduates were also given an extra vote, a franchise that survived until 1948. At each election held between 1885 and 1945, graduates elected at least 9, often 12, and, on one occasion, 15 Members of Parliament, the vast majority of whom were Conservatives. The electoral reforms of 1918 which granted male suffrage based on residence only, also partially enfranchised women, who were now allowed to vote if they were over the age of 30. It would take another 10 years for women to be granted equal voting rights in Britain.<sup>59</sup>

Restricted franchises and gerrymandered electorates were not the only challenges that faced mass workers' parties. Once they entered into the parliamentary system they found it increasingly difficult to stay aloof from it, for a number of very practical reasons. For a start, the forces of history that were to provide a majority of industrial working-class voters (or potential voters) had not yet marched far enough. Marx pointed this out in his *Critique of the Gotha Program* in 1875 when he observed that the majority of the 'toiling people' in Germany consisted of peasants and not proletarians. A decade later, Bismarck claimed that of the 45 million Germans, between 25 and 27 million were engaged in farming and forestry. Both of them might well have been surprised to learn that 25% of the German population was still engaged in agriculture on the eve of the Second World War. As it turned out, the peasantry was slow to fade away, existing in virtually all of the more economically advanced countries until the second half of the 20th century and up to that time they remained a significant proportion of the voting population.<sup>60</sup> Clearly, parties representing the working class would have to broaden their appeal beyond it or face a very long period in isolated parliamentary opposition before they could hope to claim a lower-house majority. Even then they would invariably have to contend with an upper-house stacked against them in favour of a minority constituency.

Devising strategies to widen the franchise was no easy matter. It took a series of political general strikes to extend voting rights in Belgium in 1894 that had previously

been limited to 3.9% of the adult male population. The election which followed presented socialists with the new experience of sitting in parliament when thirty of them were elected to the Chamber of Deputies, but the franchise still rested on a decidedly undemocratic 37.3% of the adult male population. It was more pragmatic for socialist parliamentarians to delay the socialist political program in favour of an alliance for electoral reform with other parties, a tactic first adopted by the Danish Social Democrats in 1901 and again in 1908 when a reform party was able to govern with their support. In Britain, the politics of electoral compromise were more devious. In 1903, the Labour Representative Committee (which officially changed its name to the Labour Party in 1906) entered into a secret agreement with the Liberal Party that guaranteed no Liberal opposition to Labour candidates in 30 constituencies. In return, the Labour Representative Committee agreed to 'demonstrate friendliness' to the Liberal Party in other constituencies. The result in the 1906 election, the first in which the secret pact operated, was that the Labour Party came of age in British parliamentary politics when it duly won 29 seats, 27 of which were won without Liberal Party opposition or in two-member constituencies. The Conservatives were successful in only three of the 17 seats in which Labour and Liberal opposed each other.<sup>61</sup>

While the mass socialist parties certainly represented a distinctive and formidable working class, their entry into parliamentary politics, at least in the more industrialised countries, had the effect of subordinating class action to parliamentary party discipline. The Conservative accusation of 'irresponsibility' could only be rebutted by restrained and dignified behaviour both inside and outside parliament. A distinct tendency emerged for the party to control and restrict extra-parliamentary activity and instead direct working class energy to the election of parliamentary representatives. The contribution from below would be to elect those who would govern in their interests from above. Effective political power began to accumulate in the hands of those who controlled the party apparatus. Periodic displays of working-class strength would ideally be limited to peaceful marches for limited objectives. In a picnic-like atmosphere, the party faithful would be enjoined by their leaders to work harder at sending more good men into parliament.<sup>62</sup>

Those who advocated the supremacy of parliamentary politics didn't have it all their own way inside the socialist parties, but the moderates were sufficiently strong to ensure that the more militant party members were, more often than not, in the minority. They weren't helped by the fact that the Marxist program, for all of its revolutionary implications, didn't have a lot to say about the shape of a socialist society after the revolution.<sup>63</sup>

The theoretical foundations of Marxist social democracy came from the *Communist*



*Manifesto* and Volume I of *Capital*. Volume II of *Capital* was published in 1885, two years after Marx's death, and Volume III (put together by Engels from a collection of manuscripts written by Marx over a considerable number of years) wasn't published until 1894. Both of these later volumes were therefore unable to influence the determining theoretical debates which took place in the 1870s and 1880s.<sup>64</sup>

Of the two works that were influential, the *Manifesto* was much more accessible than *Capital*, and not just in an intellectual sense. The first German edition of *Capital*, running to only 1000 copies, took five years to sell out, whereas the *Manifesto*, available in several languages and numerous editions since 1848, had a much wider circulation. A French translation of *Capital* wasn't available before 1875 and the first English translation wasn't issued until 1887. Only the Russian translation of 1872 had a relatively wide circulation.<sup>65</sup> The significant contribution of *Capital* came both from the way in which it explained the social world and the way in which it allowed a simple reduction of the theory of surplus value. Every 19th century worker could readily confirm the nature of capitalist exploitation that it was able to scientifically explain.

As well as frightening the bourgeoisie and explaining the historical inevitability of proletarian victory in the class war, the *Manifesto* was a call to arms. Private property had to be abolished and workers had a world to win, with nothing to lose but their chains. But it was short on explaining what the world would look like once it was won and the chains were cast adrift. Work may have lost all individual character and charm to workers, but how might these be restored in the socialist world? The answer, it seems, was to be found in the work of the earlier utopian socialists. As the British Marxist historian, Eric Hobsbawm, has pointed out 'Very nearly everything that Marx and Engels said about the concrete shape of communist society is based on earlier utopian writings ... or it is based on a critical discussion of utopian themes.'<sup>66</sup>

In *The German Ideology*, written jointly by Marx and Engels between November 1845 and October 1846, but then left 'to the gnawing criticism of the mice' for the lack of a publisher (which wasn't remedied until 1932), communism is described as the real movement which abolishes the present state of affairs. For workers, this state of affairs meant the inescapable imposition of an exclusive area of activity. 'He is a hunter, a fisherman, or a critical critic, and he must remain so if he does not want to lose his means of livelihood. In communist society however, where nobody has an exclusive area of activity and each can train himself in any branch he wishes, society regulates the general production, making it possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, breed cattle in the evening, criticise after dinner, just as I like, without ever becoming a hunter, a fisherman, a herdsman or a critic.'<sup>67</sup> This communist utopia bears a striking resemblance to the

ideas earlier expressed by Fourier who thought that social organisation should be based on finding ways in which to satisfy natural human desires rather than attempting to curb them. It was central to his view that workers should not follow a single occupation. They should instead work at many jobs, but at none of them for more than a short period.<sup>68</sup>

Three decades after *The German Ideology* was written, Marxist social democracy, intent on capturing the state, had to advance a series of political demands along the way that would either reflect or foreshadow the shape of a post-revolutionary society where the state would eventually dissolve itself. The Gotha and Erfurt Programs of the German Social Democrats showed that this could be a hazardous business, even for Marx and Engels.

While Engels was almost certainly correct in his criticism of the tactical need for compromise with the Lassalleans that was represented by the Gotha Unity Program (although a little churlish perhaps in asserting that Lassalle would have betrayed the movement if he hadn't been shot in time), his criticism of its political demands, which included universal suffrage and the provision of public education, seemed much less certain.

Marx picked his way through the deficiencies of the compromised political philosophy that underpinned the Unity Program and attacked its 'obsolete verbal rubbish' with withering criticism. He excoriated the Lassalleans (who were demanding state aid for producers' cooperative societies) for tainting the program with their 'servile belief in the state ... a democratic belief in miracles'. His criticism of specific political demands was brief, notwithstanding the fact that he managed to find fault with the proposed general prohibition of child labour, arguing that it was 'an empty, pious wish'. He did, though, have something very important to say about the transition from capitalism to communism that, in turn, seemed to owe a great deal to August Blanqui. 'Between capitalist and communist society lies the period of the revolutionary transformation of the one into the other. Corresponding to this is also a political transition period in which the state can be nothing but the *revolutionary dictatorship of the proletariat*.'<sup>69</sup>

When Marx wrote his criticism of the Gotha Program he intended it for a small audience consisting of only two or three others besides Bebel and Liebknecht and he forwarded it to them on the understanding that they would subsequently return it to him. After the German Social Democratic Congress had met in Halle, in October 1890, and determined to draft a new program for discussion prior to the next party congress at Erfurt, Engels published the text, in early 1891, as part of a contribution intended to influence these internal party debates.

The Lassallean proposals demanding state aid to develop producers' cooperatives were deleted from the Erfurt Program which was divided into three sections; a preamble, a series of general political demands and a list of specific measures for the protection of workers.

It demanded worker protection laws that included the provision of compulsory, uninterrupted rest periods from work, an eight-hour day, limitations on child labour and night work and the elimination of payment in kind. Freedom of association was to be protected and an inspection bureau established that would regulate working conditions and thereafter enforce them through an inspectorate.

The political demands included universal, equal and direct suffrage for all citizens over the age of 20 without distinction of sex, together with secret ballots and proportional representation. Laws that disadvantaged women were to be abolished as were laws limiting the right of association, assembly and expression. Free, compulsory and secular education was called for, with religious organisations to be expressly denied public funds. The justice system was to be reformed and capital punishment abolished. Together with free medical care, medicines and burials, these reforms were to be financed by graduated income and property taxes and an inheritance tax. All international disputes were to be settled by arbitration so as to discourage war.

Undoubtedly radical for the time, this comprehensive program of reform could nevertheless be achieved by majority vote in a democratic and representative parliament. With the exception, perhaps, of the proposal that an armed population replace the standing army, the demands could all be accommodated without threatening the fundamental structure of capitalism.

The declarations contained in the preamble were another matter. Much like the *Manifesto* it begins by outlining the economic development of bourgeois society. It goes on to chart the result; growing exploitation of 'propertyless proletarians' who become engaged in class struggle with the bourgeoisie. The solution to this continuing crisis is unambiguously put. 'Only the transformation of the capitalist private ownership of the means of production — land and soil, pits and mines, raw materials, tools, machines, means of transportation — into social property and the transformation of the production of goods into socialist production carried on, by and for society, can cause the large enterprise and constantly growing productivity of social labour to change for the hitherto exploited classes from a source of misery and oppression into a source of the greatest welfare and universal, harmonious perfection.' The preamble aimed for a classless society and an end to all exploitation that extended beyond class to specifically include sex and race. Again consistent with the *Manifesto*, this could only be achieved by the workers themselves and this, in turn, meant that the working class

had to win political power.

The Erfurt Program does not make it clear whether winning political power is to be achieved by constitutional means, by revolutionary means or by some combination of both. With the party just recently emerging from a long period of state suppression, this was undoubtedly wise in the circumstances. An inflammatory call to the barricades would have invited a reintroduction of that repression, with the potential to draw the social democrats into an unwinnable military contest.

When the Erfurt Program was under consideration, in early 1891, Marx had been dead for several years so Engels alone commented on it. He firstly noted that it differed 'very favourably' from the Gotha Program before going on to make a number of observations on both the preamble and the section dealing with the proposed worker protection laws. The bulk of his critical comments were reserved for the section on political demands although he conceded that he was less able to judge, from the distance of London, whether some of the specific issues that he raised could, or even should, be formulated into the program. He did stress though, that the matters that he drew attention to should be debated within the party 'before it is too late'.

He began by asserting that the one great fault of the political demands is that they omit what should have been said. 'If all the 10 demands were granted we should indeed have a more diverse means of achieving our main political aim, but the aim itself would in no wise been achieved.' The 'ticklish' points that he goes on to raise centre around the profoundly undemocratic German constitution. Unlike democratic republics such as France and the United States, or even monarchical Britain, where the representatives of the people were actually capable of exercising effective political power, in Germany it was the reverse. He described the government as 'almost omnipotent' with the Reichstag, to use a phrase he borrowed from Wilhelm Liebknecht, a mere 'fig-leaf of absolutism'. This could only be remedied by raising the demand for a democratic republic, but in Germany it wasn't even permissible to advance such a program openly. It was mistaken, in these circumstances, to believe that a republic, much less a communist society, could be established in 'a cosy, peaceful way'. Yet this was precisely the position that some of the social democrats were taking by expecting the party 'to find the present legal order in Germany adequate for putting through all party demands by peaceful means'. Clearly for Engels, it was necessary to continue the outstanding work of building up a mass party and mass political support, and although he was generally satisfied with the Erfurt Program that was adopted in October 1891, it was equally necessary for him to stress that the Social Democratic Party should not allow itself to become a breeding ground for political opportunism.<sup>70</sup>

Opportunism and an influx of job-seekers was part of the price that the German

Social Democrats paid for their spectacular success. The Anti-Socialist Law that was introduced in 1878 had been extended on four occasions, continuing in force until October 1890. Without a party press, a legal organisation or the legal right to association and assembly, the party increased its vote from 550,000 in 1884 to 1,427,000 in 1890. In early 1895, when Engels was writing an introduction to a new edition of Marx's *The Class Struggles in France*, he was able to note with some satisfaction that the socialist vote had increased to 1,787,000, more than a quarter of all those cast.

Marx had written *The Class Struggles in France* in 1871 as a critical study of the revolution of 1848 and the political events of the years that immediately followed. It contained an analysis of the way in which the competing claims of the party of social democracy in France were resolved. This coalition of different interests, ranging from 'bourgeois liberalism to revolutionary terrorism' had led to a utopian, doctrinaire socialism that 'in fantasy does away with the revolutionary struggle of the classes'. It also contained the observation that relying solely on winning the state through universal suffrage would quickly come to grief if that suffrage was abolished as had been attempted in France in 1852.<sup>71</sup> Given the relevance of these issues in Germany in 1895, the re-issue of the book was timely.

In the Introduction, Engels, a long-time student of military affairs (he was nicknamed 'the General') had a good deal to say about military developments, and their political ramifications, since the time that he had last seen action in the 1848 Revolution. He pointed out that a victory for insurrectionists over the military in a street fight was a rare exception. Success, such as it was, came mainly from winning sections of the military over, or as a consequence of some form of military incompetence. These disciplinary and tactical lessons from 1848 had been well-learned by the military and were unlikely to be repeated.

Since 1848 other changes had also taken place that favoured the military. Armies had grown in size and mobility, with railways providing a rapid-deployment capacity that replaced the long route march. Muzzle-loading firearms had been superseded by breech-loading magazine rifles with cartridges that covered four times the distance, 10 times more accurately and 10 times faster. The pick-axe of the sapper had been replaced with dynamite, and town planning had replaced narrow alleyways favourable to street fighting with long, wide streets favouring modern cannons. As a result of all of these developments 'Rebellion in the old style, street fighting with barricades, which decided the issue everywhere in 1848, had become largely outdated.'<sup>72</sup>

Universal suffrage, on the other hand, had opened up entirely new methods of working-class struggle. Governments had come to be more afraid of the results of elections than those of rebellion. The continued growth of the Social Democratic vote

in Germany led Engels to believe that it would take just five more years before they were the most decisive power in the country. A party able to attract a majority of voters and force the pace of electoral reform to the point of a genuinely democratic franchise would inevitably form government and begin the process of enacting fundamental change.

The only way that this progress could be impeded was by a confrontation with the military, 'a blood-letting like that of 1871 in Paris', but even then it would be a temporary halt. Sooner or later the conservative forces would be faced with the choice of accepting the will of the people or abandoning democracy for a military-backed dictatorship prepared to 'shoot a party which numbers millions out of existence'. This was a challenge that Engels thought would be beyond them, just as the challenge of Christianity was beyond the Roman Empire.<sup>73</sup>

But Engels did say that violent revolutionary activity couldn't be abandoned altogether. 'Does that mean that in the future street fighting will no longer play any role? Certainly not. It only means that the conditions since 1848 have become far more unfavourable for civilian fighters and far more favourable for the military. In future, street fighting can, therefore, be victorious only if this disadvantageous situation is compensated by other factors. Accordingly, it will occur more seldom at the beginning of a great revolution than at its later stages, and will have to be undertaken with greater forces. These, however, may then well prefer, as in the whole great French Revolution or on September 4 and October 31, 1870, in Paris, the open attack to passive barricade tactics.'<sup>74</sup>

When Engels forwarded his Introduction to Germany for publication, the executive of the Social Democratic Party asked him to delete the above passage, together with a number of others considered too revolutionary in tone. Caution was called for because the government had introduced a bill in the Reichstag on 'preventing a coup d'état' and during the course of debate on the bill, the Introduction, as it stood, could be selectively used against the party. After initially objecting, Engels subsequently agreed to a number of modifications but the revised manuscript was then used by some in the Social Democratic Party to present him as a supporter of their position of a strictly peaceful transition to power. Engels consoled himself with the fact that the original text would appear in the party's leading intellectual journal *Die Neue Zeit* in order to set the record straight. However, the text appeared in *Die Neue Zeit* with the same omissions and even after the 'coup d'état' bill was voted down in May 1895, the original version failed to appear.<sup>75</sup>

The possibility of a violent contest for control of the state that was pragmatically side-stepped as a matter of party policy with the adoption of the Erfurt Program was

now actually ruled out. The German Social Democrats (who provided the first model for Marxist social democracy) proceeded towards their socialist goal by means of organisational politics located within the legal and constitutional framework of the German state. By 1914 they had almost 4000 full-time party employees dedicated to the task.<sup>76</sup>

## Violence as politics

Peaceful parliamentary politics notwithstanding, confrontation between employers and workers, who were by now increasingly unionised, all too often turned to violence, even though such clashes were not new. As early as the 17th century, riots had occurred in several European countries over the introduction of labour-displacing machinery in the ribbon and lace trimming industry.<sup>77</sup> In the early 19th century, machine-breaking by the Luddite movement in Britain became a highly organised form of violent resistance to job-threatening change in the textile industry. In the summer of 1812, 12,000 troops were stationed in Luddite strongholds in the northern counties of England to curb their destructive activities.<sup>78</sup>

But by the late 19th century, the contest in the workplace was no longer confined to the introduction of new technology. It now centred on the right to free association and collective bargaining in order to secure improvements to the wages and working conditions of those who were using it. This was no more evident than in the most rapidly developing capitalist economy, the United States, co-incidentally the only advanced country to encourage the development of private armed forces.

The corporation-owned Coal and Iron Police are an example of the armed mercenaries engaged by employers, on the authority of the state, to protect their interests by the gratuitous use of violence. The private detective agency set up in Chicago, in 1852, by Allan Pinkerton (1819-84) was the first alternative to company-employed police, establishing a market for private security. Its detective work was supplemented by espionage and it came to specialise in strike-breaking and union-busting.<sup>79</sup>

In the national railroad strike of 1877, scores of workers were killed and hundreds wounded. In 1892, at the steel mills owned by Andrew Carnegie in Homestead outside Pittsburgh, wages were cut and workers locked-out behind a three-mile-long wall while 300 Pinkertons were hired to protect strike-breakers. Seven workers and three Pinkertons were killed in the battles that followed. In the Pullman rail strike of 1894, 6000 troops and 3000 police gathered in Chicago to break the strike supplemented by 5000 deputy marshals paid for by the railroad employers. Of the 30 men and women killed and 90 wounded in the riots that followed, most were innocent bystanders.<sup>80</sup>

None of these violent confrontations, nor the many others that continued to be a feature of the relationship between workers and employers in the US, is particularly remembered. It was the peaceful campaign for reduced working hours, the demand for an eight-hour day, which left a permanent legacy.

Eight-hour leagues had been established all over the US in the late 1860's, with more than 50 in California alone in 1868. Continued agitation had led to a reduction in the average working day, but 14-18 hour workdays were still common in some industries. In the Western mining districts the minimum working week was 84 hours. In 1884, the Federation of Organised Trades and Labor Unions of the United States and Canada (which became the American Federation of Labor in 1886) adopted a resolution that all labour join together, on the first of May 1886, to establish an eight-hour day.<sup>81</sup>

More than 340,000 workers responded to the call and attended parades throughout the country, with some 190,000 actually on strike. In Chicago, 80,000 had walked out for the day and several thousand of them continued the strike over the following days to win the eight-hour day. On May 3, six locked-out workers on the picket-line at the McCormick Harvester Works were killed when police opened fire on them. On the following night, at a peaceful protest held in Haymarket Square, a bomb was thrown and a number of policemen were among those killed and wounded. Eight labour activists were charged with murder and all were convicted at trial. One of them received a 15-year jail sentence and all of the others were condemned to death. Two of them subsequently had their death sentences commuted to life imprisonment, one committed suicide and the remaining four were executed. It was never proved that any of the eight had anything to do with the bomb-throwing or even had any knowledge of it, and many thought it to be the work of an agent provocateur. Seven years later, the governor of Illinois, John Peter Altgeld, after reviewing the case for six months, came to the conclusion that the four men who had been hanged were executed for their political opinions and that the three who were still imprisoned were incarcerated for their beliefs rather than their actions. These survivors were all granted an unconditional pardon.<sup>82</sup>

In 1888, the American Federation of Labor decided to continue the campaign for shorter hours nominating May 1, 1890 as the day for action. In 1889, labour leaders meeting in Paris to form what became the Marxist-dominated Socialist International endorsed the proposal and since then, May Day has continued to be celebrated around the world as International Workers' Day.



## A movement divided

For all its success in encouraging the fight for shorter working hours the world over, the organised May Day celebrations never succeeded in uniting the whole of the working class in any one country, let alone internationally. Indeed in some countries, opposition to May Day by rival workers' movements resulted in further division. If it was true that workers of the world had no country, it was equally true that most of them still thought that they had. Although united in its opposition to low wages, miserable working conditions and gross exploitation, the working class was divided in many ways.

In some countries, mass migration divided them by nationality and language and in many countries they were divided by religion. The industrial work that united them also divided them. Toolmakers claim superiority over fitters who claim the same superiority over boilermakers. These skilled workers in the engineering trade identify with skilled workers in other trades such as carpenters and printers. All of them are a cut above painters and a great many of them look down from the heights of their trade on the mere labourers below.<sup>83</sup>

The working class was, by now, also divided inside its political parties and in its personal politics. Allan Pinkerton began his working life in Scotland as a cooper and by political inclination had been a Chartist before joining the petty bourgeoisie. Jay Gould, the US railroad magnate, when threatened with a strike on his south western operations in 1886, was able to boast 'I can hire one half of the working class to kill the other half.'<sup>84</sup> Allowing for an arguable degree of exaggeration as to proportion, the thrust of his claim proved to be correct.

The last words uttered by George Engel, one of the Haymarket scapegoats, were 'Hurrah for anarchy', and it was no coincidence that all of those who went to the gallows with him were anarchists. Anarchists were easily targeted because many of them were prepared to meet violence with violence. A small number of them had also come to practice 'propaganda by deed' which asserted that rather than deeds coming from ideas, it was deeds that resulted in ideas. By the 1890s this had led to a number of spectacular assassinations that included an empress of Austria, a king of Italy, a prime minister of Spain and the presidents of both France and the United States.<sup>85</sup> Revolutionary activity turned away from the parliamentary politics of the advanced industrial economies of Europe to make its presence felt more sharply on the periphery, and prominent among these revolutionaries were the anarchists.

## 2. Anarchists & Bolsheviks

The social philosophy of anarchism rests on the belief that the full potential of human beings can only be realised through a free society. A free society is made up of free and equal individuals who are at liberty to come together in voluntary association. In this way, the social arrangements of association would be non-hierarchical and free from any form of domination or imposed political authority. External government, seen as intrinsically evil, becomes unnecessary in a society that is decentralised and self-regulating. It follows then, that the aim of anarchism is the realisation of a self-governing society without the state.<sup>1</sup>

The anarchist tradition claims antecedents in ancient Greece and China and to the development of its philosophy during the Renaissance and Reformation between the 15th and 17th century. Although it was Pierre-Joseph Proudhon who first introduced the word ‘anarchism’ into the political vocabulary, the English writer and novelist, William Godwin (1756-1836), has a stronger claim to being the author of the first distinct assertion of anarchist principles.<sup>2</sup>

Godwin, who had assisted Thomas Paine to bring out the first part of the *Rights of Man* in 1791, made his own valuable contribution to the controversial literature of the time with his *Enquiry Concerning Political Justice* (1793). He held that while people are social beings incapable of reaching their full stature without society, this didn’t alter the fact that society remained ‘an aggregation of individuals’. The government of society, apparently justified by its intention to correct the recalcitrant behaviour of a few individuals, in practice perpetuated rather than suppressed injustice across society. This oppression and despotism was exacerbated in the late 18th century by the control that the rich exercised over the poor. The result was that state and society stood in opposition to each other. Friends of humankind should look forward with delight to the ‘dissolution of the brute engine of political government’. Although he proposed that government should be replaced by voluntary associations of free individuals, this would not be as a consequence of violent revolution. The removal of government would be gradual, brought about by persuasion. The instrument of change would be

‘propaganda by word’.<sup>3</sup>

Godwin’s work was influenced by the radical debates concerning the role of government taking place in England and France in the late 18th and early 19th century as a result of the French Revolution. The self-educated worker, Pierre-Joseph Proudhon, was equally influenced by these debates about constructing a new social order. As a result, many of his ideas concerning the future organisation of society were distinctly utopian and he often spoke of himself as a socialist.<sup>4</sup> His proposed ‘mutuality’ involved individual workers (who would possess the instruments of labour and the product that resulted from it) coming together in a cooperative society by way of making free contracts with each other. Exchange would take place using a system of ‘labour notes’ which would have a value equal to the average working time that it took to make a particular product. The finance necessary for the effective operation of the community would come from a people’s bank that would provide free credit. These local workers’ cooperative associations and communes would be linked together in a federalist system, co-ordinated by councils that would operate on a local, regional and national basis and eventually come together at an international level. As mutualism allowed no role for the state, these councils would not resemble parliaments but would consist of elected delegates, subject to instant recall and denied any executive authority. The councils themselves would exercise a co-ordinating function only and have no central authority. It is these proposals, abolishing the state and devolving authority to the individual, which set Proudhon apart from the utopian socialists and mark the beginning of the modern anarchist movement.<sup>5</sup>

For Proudhon, it was the ideas of justice and liberty that provided the foundation for social organisation. He thought that the only limitation that could be placed on individual liberty came from that which was demanded by the principles of justice. This meant that the right to liberty came with an obligation of ‘reciprocity’— allowing equal liberty to others. Founded on this premise, liberty could not be enforced by state authority, ‘it could not be subordinated to order and nor could it be imprisoned in order; it was the mother and not the daughter of order’.<sup>6</sup>

Proudhon’s politics were often confused and contradictory and his one great project was a complete failure. The People’s Bank, limited in its operation to the exchange of commodities for an equivalent sum of money, and the issuing of interest-free loans, managed to attract 27,000 members before it collapsed within a year of being established. While he condemned government as an unnecessary evil that should be abolished, ‘Whoever lays his hands on me to govern me is a usurper and a tyrant’, he became a willing participant in such tyranny when elected to the French National Assembly in 1848. He went on, in 1852, to defend collaboration with Louis Napoleon.

While he proposed a system of contracts between individuals that would replace government, he also rejected all laws that could make such transactions enforceable, and his proposed federal authority, a mechanism for resolving disputes, was merely government in disguise. His internationalism was based on the hope that Europe would become a confederation of federations but he became increasingly nationalistic and was profoundly anti-semitic. He was opposed by Marxists because, while he rejected the state, he replaced it with the market and then equated free market competition with liberty.<sup>7</sup>

If Proudhon's libertarianism led to some contradictions, the Russian anarchist who was his contemporary, Mikhail Bakunin (1814-76), managed to lead a life of revolutionary activism so riddled with inconsistencies as to invite speculation that schizophrenia might be the cause.<sup>8</sup> Born into the aristocracy, he became a champion of the socially marginalised and the criminal elements at the opposite end of society. A staunch advocate of liberty who rejected absolutely any principle of authority, he founded a number of secret societies and went beyond the vanguard tradition of Blanqui to propose an 'invisible' dictatorship. He contended that 'the passion for destruction' was simultaneously a 'creative passion'.<sup>9</sup>

After studying philosophy in Moscow following a brief career in the Russian army, Bakunin travelled to Europe where he met both Proudhon and Marx, in Paris, in 1844. He was involved in the revolution in Prague in 1848 and fought in Germany in 1849.

During this time he developed a scheme for the implementation of revolutionary dictatorships across Europe and Russia based on the formation of strictly hierarchical and disciplined secret societies. Unknown to each other, these secret societies would act as an 'invisible force' on the masses and, following the success of the revolutions that they would foment, they would constitute a government with unlimited powers. The coordinating head of these secret societies would be its 'secret director' Bakunin himself.<sup>10</sup>

Following his arrest during the insurrection in Dresden in 1849, Bakunin was spared the death sentence which was commuted to life imprisonment. He was then turned over to the Austrians who also sentenced him to death, which he again avoided, this time by being deported to Russia. During the eight years that he spent in solitary confinement in the Russian prison system he wrote his extraordinary *Confessions*, addressed to Tsar Nicholas I. Declaring himself a criminal unworthy of forgiveness, the 'repentant sinner' outlined his crimes, including his proposals for an invisible dictatorship, before appealing to the tsar to institute social reforms.<sup>11</sup>

After a further four years in exile in Siberia, he managed to escape and return to Europe via Japan and the United States. The wandering revolutionary then spent

several years in Italy in the 1860s, where he established secret societies in Florence and Naples and confided in an old socialist acquaintance, in 1866, that he had been working for three years on organising an international revolutionary society.<sup>12</sup> By 1867 he had moved to Switzerland where he spent the next three years devising plots with his Russian patron, Princess Obolensky, in the name of the International Alliance of Socialist Democracy that he had set up. His Swiss interlude was interrupted by the collapse of the Second Empire in France, in 1870, when revolutionary impulse took him to Lyon. There he proclaimed himself leader of the Committee of French Salvation, declared the abolition of the state and threatened those who demurred with execution before being escorted from the fray by National Guards and returning to his Swiss villa.<sup>13</sup>

Despite being initially impressed by the younger Marx, Bakunin became his implacable opponent. Before Marx and Engels and their supporters consigned it to wither away in New York, one of the last acts of the First International was to expel Bakunin from its ranks. Its official reason for doing so involved a difference between Bakunin and Marx on revolutionary tactics and the revolutionary role of elements of the working class.

For Marx and Engels, the revolutionary class that stood face to face with the bourgeoisie was the proletariat. The lower middle class were dismissed as largely reactionary and the lumpen proletariat were written off even more disparagingly. ‘The “dangerous class”, the social scum, that passively rotting mass thrown off by the lowest layers of old society may, here and there, be swept into the movement by a proletarian revolution; its conditions of life, however, prepare it far more for the part of a bribed tool of reactionary intrigue.’<sup>14</sup> Bakunin, on the other hand, had a distinctly different view of revolutionary tactics and of the lumpen proletariat that was, at its best, ill-advised romantic enthusiasm which, at its worst, led him to an association with the amoral Russian terrorist Sergei Nechaev.

The decidedly unstable Nechaev had arrived in Switzerland in 1869 and managed, apparently without too much difficulty, to convince Bakunin that he was the head of a secret revolutionary organisation with tens of thousands of members that extended across the whole of Russia. What he did, in fact, manage to later accomplish in Russia was the murder of a fellow member of the small secret society that he established on the strength of being the Russian representative of a non-existent organisation invented by Bakunin, the ‘World Revolutionary Alliance’. The murder was organised by Nechaev for the simple purpose of binding the society closer together through the agency of criminal complicity.<sup>15</sup> It was a murder Bakunin refused to condemn and he and Nechaev are credited with writing two texts, *Catechism of a Revolutionary* and *Principles of*

*Revolution*, that celebrate violence in pursuit of revolution as a moral act and deplore as criminal and immoral everything that hinders revolution. The revolution is held to sanctify the work of extermination in its various forms, and for the revolutionary 'Day and night he should have only a single thought, a single aim: pitiless destruction. In the cold and indefatigable pursuit of this goal, he must be ready both to perish himself and to destroy with his own hands everything that impedes its realisation.' Although they weren't made aware of it, the targets for destruction included revolutionary foot soldiers, with the central committee of the secret society obliged to regard all other members as expendable 'revolutionary capital.'<sup>16</sup>

The First International accused Bakunin of organising secret societies in order to undermine its work, but to expel him its members relied on a threatening letter that Nechaev had sent to a St Petersburg publisher (who had the temerity to remind Bakunin that the work that he had received an advance for, the translation of Marx's *Capital* into Russian, was overdue). Nechaev was subsequently deported to Russia where he was convicted of murder and died in prison.<sup>17</sup>

The central difference between Marxists and Anarchists concerned the role of the state. The bitterness of the disputes between Marx and Bakunin on this issue set the pattern for the way in which future arguments would be conducted. Marxists believed that they could capture and then proceed to transform the state which would ultimately have so little work to do that it would wither away in a future communist society. Anarchists believed in the immediate abolition of the state. The transitional arrangements proposed by Marx, the dictatorship of the proletariat, meant, for the Anarchists, merely replacing one form of government with another. No matter how well intentioned, this 'People's State' would come to be dominated by an exploitative and oppressive elite. For Bakunin, a free society was only capable of being realised when free individuals voluntarily organised themselves from the bottom up. In these circumstances, there was obviously no role for government from above. Bakunin joined Proudhon in condemning universal suffrage as counter-revolutionary and went on to pose a number of difficult questions for Marx. If the People's State was a popular state, why would the people abolish it? Conversely, if it was necessary to abolish the People's State, why construct it in the first place?<sup>18</sup>

Engels revealed something of the sensitivity that he and Marx felt over Bakunin's criticism when he published the *Critique of The Gotha Program* in 1891. He explains that the 'violence of the language' in some of the passages that he omitted was provoked by both the close association that he and Marx had with the German movement and the fact that they were, at the time, 'engaged in the most violent struggle against Bakunin and his anarchists who made us responsible for everything that happened in

the labour movement in Germany; hence we had to expect that we would be saddled with the secret paternity of this program'. In a letter to August Bebel criticising the Gotha Program, Engels again emphasises that Bakunin, in his *Statehood and Anarchy*, makes he and Marx answer for 'every thoughtless word spoken or written' by Wilhelm Liebknecht in the *Democratic Weekly*, the newspaper that became the central organ of the German Social Democratic Workers' Party. Engels goes on to suggest that reference to the state in the Gotha Program should be dropped, citing the experience of the Paris Commune. He also says that the 'people's state' has been thrown in the face of communists by anarchists to the point of disgust, even though the state is only a transitional institution used in the revolution against adversaries. References to the state, he proposes, should be deleted and replaced with the German word *Gemeinwesen* which would better convey the French meaning of 'commune'.<sup>19</sup>

In an earlier essay, *On Authority*, Engels engaged the anarchists directly over their 'absurd' proposition that authority could somehow be abolished in a socialist society. He began by conceding the disagreeable nature of subordination that is implicit in the exercise of authority — the imposition of the will of one person over another — and then questions whether it is possible to construct a social system in such a way that 'authority' would disappear. He does this by looking at the way that agriculture and modern industry is carried out, taking specific note of cotton mills and railways. These undertakings bow to the authority of steam and demand a high degree of coordination between large numbers of people who possess a range, as well as different levels, of skill. This coordination involves decision-making which, following a social revolution may be possible in some circumstances by majority vote or in others by delegation, but nevertheless leads to subordination of individual will. Hours of work demonstrate the point. In cotton mills and railways, thousands of workers need to start and finish at the same time irrespective of individual preferences. It might as well be written on the portals of these factories: Leave, ye that enter in, all autonomy behind! Abolishing authority in large-scale industry, whether socialist or capitalist, was tantamount to abolishing industry itself. According to Engels, the common ground between all socialists was that the political state and political authority would disappear after the social revolution. What socialists rejected was the demand of the anarchists that the authoritarian political state be abolished before the social conditions that gave rise to it were destroyed. For anarchists, the first act of the revolution would be the abolition of authority. Engels thought this incredible: 'Have these gentlemen ever seen a revolution? A revolution is certainly the most authoritarian thing there is; it is the act whereby one part of the population imposes its will upon the other by means of rifles, bayonets, and cannon — authoritarian means if such there be at all; and if the victorious

party does not want to have fought in vain, it must maintain this rule by means of the terror which its arms inspire in the reactionaries. Would the Paris Commune have lasted a single day if it had not made use of this authority of the armed people against the bourgeoisie? Should we not, on the contrary, reproach it for not having used it freely enough?<sup>20</sup>

Like Proudhon, Bakunin was profoundly anti-semitic. Unlike Proudhon, who was also anti-feminist, ('if one compares sex with sex, women are inferior'<sup>21</sup>), Bakunin believed in the emancipation of women and their social equality with men. He added an anti-German sentiment to his anti-semitism and the two came together in his criticism of Marx when he allowed their political differences to be explained by perceived personal characteristics, 'As a German and a Jew, he is from head to foot an authoritarian.'<sup>22</sup> His anti-semitism resembled the rant of a fanatic when he warned of a world Jewish conspiracy led by Marx on the one hand and the Rothschilds on the other, united together in their admiration and appreciation of each other by a powerful Jewish solidarity that, he maintained, had stood the test of history.<sup>23</sup>

But for all his criticism of Marx, both political and personal, Bakunin, in some important respects, shifted anarchist thinking in a Marxist direction. Proudhon was a firm believer in competition, 'to suppress competition is to suppress liberty itself',<sup>24</sup> and in his idea of an anarchist society, individuals would both retain the instruments of labour and receive the produce of it. His mutualism failed to take into account the emerging industrial working class and the antagonism that existed between them and their employers. As a result its appeal was restricted to independent craftsmen and artisans on the margins of industrialised society, typical of whom were Swiss watchmakers. Unlike Proudhon, Bakunin advocated a more collectivist approach where common ownership and control would become the organisational principle of the economy with private property restricted to the product of individual labour.<sup>25</sup>

This collectivism was further developed to include the common ownership of the products of labour by Peter Kropotkin (1842-1921), a fellow Russian aristocrat who was probably the most important anarchist thinker of the 19th century. Both the anarchist and Marxist economic philosophy had, at this point, come to embrace the formula popularised by Louis Blanc: 'From each according to their ability, to each according to their need.'<sup>26</sup> Kropotkin and his followers were known as 'anarchist-communists' for their emphasis on collective freedom and their belief in the natural impulse of solidarity that Kropotkin theorised in his book *Mutual Aid* (1902).

Bakunin, whose philosophy eventually settled into a combination of Proudhonian politics and Marxian economics, can also be credited with making a significant contribution to the development of the anarchist movement internationally. At the



time of his death, anarchism had established itself as a movement of some influence in France, Italy and in parts of Switzerland. Thanks to the work of Bakunin's Italian comrade, Giuseppe Fanelli, anarchism had begun to make significant progress in Spain where anarcho-syndicalism became the basis for revolutionary trade unionism.<sup>27</sup>

Giuseppe Fanelli also linked Bakunin's passion for destruction with the violent deeds that anarchists came to be judged by. During his time in Italy, Bakunin had developed his anarchist philosophy in conjunction with Fanelli and the militant republican, Carlo Pisacane. Having discarded his title of Duke of San Giovanni, it was Pisacane who first advocated the doctrine of 'propaganda by deed'. 'The propaganda of the idea is a chimera. Ideas result from deeds, not the latter from the former, and the people will not be free when they are educated, but educated when they are free.'<sup>28</sup>

A group of Italian anarchists, including Carlo Cafiero, another intimate of Bakunin, put Pisacane's ideas into practice following the failure of the Bologna rising in 1874. Their revolutionary deeds initially took the form of instigating impractical insurrections in Italian villages aimed at encouraging the peasants to organise their own revolts. Together with Errico Malatesta, Cafiero then proposed the insurrectionary deed to the international anarchist movement as the most effective form of propaganda. By 1880, writing in a Swiss journal that Peter Kropotkin had helped to set up, Cafiero was proposing that any means were acceptable in pursuit of the revolutionary end, 'Our action must be permanent rebellion, by word, by writing, by dagger, by gun, by dynamite, sometimes even by ballot ... we shall use every weapon which can be used for rebellion. Everything is right for us which is not legal.'<sup>29</sup> These ideas, save for the use of the ballot, took hold among some anarchists, resulting in a series of violent incidents that stereotyped anarchists as bomb-throwing terrorists.

The young anarchist August Reinsdorf failed in his attempt to assassinate Kaiser Wilhelm I (1797-1888), seventh king of Prussia and first emperor of Germany, in 1883. But he left no doubt about his commitment to the anarchist cause with the cry of 'long live anarchy' as he was led to his execution.<sup>30</sup> Across the Atlantic, Alexander Berkman (1870-1936), a Russian-born anarchist who had emigrated to the US as a young man, was another whose propaganda by deed resulted in a failed assassination attempt. In 1892 Berkman shot, then stabbed, but still failed to kill, Henry Clay Frick, the American industrialist and associate of Andrew Carnegie who had organised the Pinkertons during the steelworkers' strike at Carnegie's Homestead plant. Unlike Reinsdorf, Berkman avoided the death penalty and was instead sentenced to 22 years in prison. Another Russian, Emma Goldman (1869-1940), who had migrated to the US in 1885, was attracted to the anarchist cause after the execution of the Haymarket anarchists and had raised money for the purchase of a gun for Berkman. She became a leading

figure in the anarchist movement whose critique of the state as an inappropriate institution to act as guarantor for women's freedom added an important feminist dimension to anarchist theory. However, she was more inclined to propaganda by word, and although never called to account for her complicity in Frick's attempted murder, she was imprisoned for other political crimes. She received a one-year sentence for allegedly inciting New York's unemployed to riot in 1893, was incarcerated in 1916 for distributing 'obscene' birth control literature, and in the following year was given a two-year sentence for conspiring to obstruct the military draft.<sup>31</sup>

In France, in the early 1890's, anarchists attacked the Paris Stock Exchange, planted bombs in the home of two French judges in retaliation for their sentencing of workers arrested following a May Day demonstration, bombed a barracks, and threw a bomb into the Chamber of Deputies.<sup>32</sup> Then came Emile Henry (1872-94), drawn into anarchism after rejecting socialism as too authoritarian. Embittered by the 'sell-out' of a miners' strike by their socialist leaders, he responded by planting a bomb outside the mining company's offices. Protesting at the repression of anarchists following earlier bombings, he then detonated a bomb in a Paris café, killing one person and wounding 20 others. The café was chosen at random and the peaceful patrons attacked as an indiscriminate response to the government's equally indiscriminate persecution of anarchists. As to innocent victims, Henry claimed there were also innocent anarchists and their families who had suffered, and that, in any event, those satisfied with the existing order, from the bourgeoisie down, must take their share of reprisals. Fellow anarchists who disclaimed solidarity with propagandists of the deed were dismissed as being too cowardly to risk their own lives. Henry extolled the virtues of anarchy as representing all of the egalitarian and libertarian aspirations striking out as a violent reaction against the established order. In his last statement he warned 'You have hanged in Chicago, decapitated in Germany, garrotted in Jerez, shot in Barcelona, guillotined in Montbrison and Paris, but what you shall never destroy is Anarchy ... It will end by killing you.'<sup>33</sup>

But the French writer, Octave Mirbeau (1850-1917), gave a more typical anarchist response to the killing and maiming of innocents. 'A mortal enemy of anarchism could have acted no more effectively than this Henry when he threw his inexplicable bomb into the midst of peaceful and anonymous persons. Henry says and affirms and claims that he is an anarchist. It is possible. Every party has its criminals and fools, because every party has its men.'<sup>34</sup>

Propaganda by deed nevertheless continued to be carried out, albeit in a more targeted way. Following Henry's execution, the President of France, Sadi Carnot, was stabbed to death at Lyon by an Italian anarchist. In 1897, Antonio Canovas Del Castillo,

Prime Minister of Spain, was shot dead, and in the following year the Empress of Austria, Elizabeth of Bavaria, was fatally stabbed by an anarchist in Geneva. King Umberto I of Italy was assassinated in 1900, and in 1901, William McKinley, President of the United States, was fatally shot by an anarchist in Buffalo, New York. Emma Goldman was imprisoned, accused of being an accomplice to McKinley's assassination, but was later released when no evidence could be found against her.

With the exception of Henry's terrorist attack, propaganda by deed didn't seem to do anarchism too much harm. In the period leading up to the First World War the movement managed to broaden its influence, particularly with the growth of anarcho-syndicalism. But its association with terrorism meant that anarchy as a political theory was dismissed by its opponents and portrayed as synonymous with chaos and destruction.

Like Blanqui, the anarchists were intent on 'making the revolution' without giving too much thought to the arrangements of post-revolutionary society. For Emma Goldman it had to include dancing, but beyond this the very nature of the anarchist project seemed to exclude detailed planning. In *Anarchism and Other Essays* (1911) she relates how, on thousands of occasions, she had been asked why she didn't spell out how things would operate under anarchism. She replied, 'Because I believe that anarchism cannot consistently impose an iron-clad program or method on the future. The things every new generation has to fight, and which it can least overcome, are the burdens of the past, which hold us all in a net. Anarchism, at least as I understand it, leaves posterity free to develop its own particular systems, in harmony with its needs. Our most vivid imagination cannot foresee the potentialities of a race set free from external constraints. How, then, can anyone assume to map out a line of conduct for those to come? We, who pay dearly for every breath of pure, fresh air, must guard against the tendency to fetter the future.'<sup>35</sup> In the decades that followed, the future for anarchism was in Spain where, in the 1930s, anarchists did confront the practicality of building a new society.

## Bolsheviks

The radical ideas that carried the revolutionary movement from France to other parts of central and western Europe in the 19th century, also found their expression at the eastern extremes of the continent. For Russia, geographical isolation didn't bring with it immunity from progressive ideas or protection from revolutionary movements. However, for the greater part of the century, social unrest was more sporadic than elsewhere in Europe and, importantly, lacked cohesive political organisation.

When the term 'great power' first came into use in early 19th century Europe,

Russia's size and population meant that, along with Britain, France, Austria and Prussia it too had to be acknowledged as one of the five countries worthy of the status.<sup>36</sup> Stretching halfway around the world, Russia's territory even included a sizeable part of North America until it sold Alaska to the United States (for \$7,200,000) in 1867.<sup>37</sup> By the middle of the 19th century, Russia's population of 69 million was more than two and a half times that of Britain, double that of France and more than five and a half times greater than Prussia's, and it was from this population that Russia was able to put together the large land armies that made it a significant military power.<sup>38</sup>

But these natural assets of population and land mass that assisted other countries in their reach towards modernity were more than offset in Russia by the scale of its backwardness. It remained a feudal society whose privileged elite were alarmed by the modern states emerging in the countries to its immediate west. Agriculture, its main economic activity, occupied fully 90% of its population in mid-century whereas in France it was 55% and in Britain those working the land constituted only 22% of the workforce.<sup>39</sup> As the century progressed and the agrarian population decreased in the more advanced European countries, in Russia it remained stable. Moreover, Russia still relied on serfdom which had been dispensed with in western and central Europe by the early part of the century and was finally abolished in its last European stronghold, the Habsburg Empire, following the revolutions of 1848-9. In Russia, the process of dismantling serfdom only began in 1861.<sup>40</sup>

The revolutions that convulsed Europe in 1848-49 failed to inspire similar movements in Russia although they certainly frightened the tsar who amassed an army of 400,000 on Russia's European borders prepared to do battle with the lawless revolutionary rabble. He eventually settled for the suppression of the Hungarian Revolution.<sup>41</sup>

Russia's feudal backwardness, with its failure to develop an economy beyond agriculture, meant that it lagged behind the developed countries of Europe to such an extent that it was well into the 20th century before it began to make-up ground. In 1840 it had a literacy rate of just 2% and around a decade later there were only 20,000 secondary students in the whole country and less than 5000 university students.<sup>42</sup> In the middle of the century, the urban population of Russia had yet to reach 6 million and its largest city, St Petersburg, had little more than 500,000 inhabitants. By contrast, London, the capital of Europe's most industrialised economy had a population of 2.5 million in 1851 that would grow to almost 4 million over the next 30 years.<sup>43</sup>

Railways, the convenient measurement of 19th century progress, managed at least to get off to a promising start in Russia when the first short line was opened in St Petersburg in 1837. In the same year, 540 miles of railway had been opened in Britain which, by 1850, had increased to more than 6500 miles. But progress had stood still in

Russia, and in 1850 there remained only one short railway line.<sup>44</sup>

The destination of the single railway line that stood as the Russian concession to modernity until the next line opened in 1851 reveals the fundamental problem of 19th century Russia — it went from St Petersburg to the palace of the Russian tsar, Nicolas I (1796-1855). Tsar translates as caesar and the autocratic rulers of Russia considered themselves to be the successors to the Roman Empire. It was a title first assumed by Ivan III (1440-1505) when he married the niece of the last Byzantine emperor in 1472, and leaders of the Russian Orthodox Church regarded Moscow as the ‘Third Rome’.<sup>45</sup>

The tsars appealed for unity among their subjects on the grounds of religious faith, nationalism and obedient loyalty to the beneficence of tsarist rule. It was an appeal not always heeded by the peasants. From 1826 until 1861 when the emancipation of the serfs was decreed, there were, according to some estimates, more than 3000 incidents of peasant disturbances although they were mostly small, localised outbursts that never coalesced into nationwide revolt. They did, though, assist in bringing Alexander II (1818-81) to the realisation that it would be better to promulgate the abolition of serfdom from above rather than risk the dangers inherent in its spontaneous overthrow from below.<sup>46</sup>

The first insurrection in 19th century Russia came from a group of army officers known as the Decembrists who grew out of the secret societies that began to emerge in the army during the years following Napoleon’s retreat from Moscow in 1812. Officers returning from other parts of Europe, impressed by the political reforms that they’d observed, began to organise for change in Russia with the formation in St Petersburg, in 1816, of the Society of True and Faithful Sons of the Fatherland. This society, also known as the Union of Salvation, was superseded by other societies who divided between a moderate grouping whose aim was constitutional monarchy, and a more radical group pressing the claim for a republic. Their attempted revolt, in December 1825, lacked discipline and organisation and, as a result, was easily put down. Five of the Decembrists’ leaders were executed and hundreds of lesser participants sent into exile.<sup>47</sup>

The Crimean War exposed the fragility of Tsarist Russia, although it would take another 60 years and two more disastrous wars to bring about its demise. Hostilities began in the Crimean peninsula when Turkey declared war on Russia in 1853. Anxious to curb Russia’s expansionist ambitions, Britain and France followed suit in March 1854, and Sardinia joined in on the side of its western allies in early 1855. Although both sides distinguished themselves with feats of military ineptitude, Russia had to contend with a technical incompetence that wasn’t shared by its opponents. At sea, the impressive size of the Russian navy couldn’t disguise the fact that it was, for the most

part, still under sail. Unlike Britain and France, the Russian Navy had yet to seriously enter the steam-age and, as a consequence, its large fleet played virtually no part in the war.<sup>48</sup>

Thanks to the compulsory levy of serfs that fed their land army, the Russians had two million troops at their disposal during the course of the war, whereas, at their peak, the number of troops deployed by the western allies in Crimea didn't exceed 200,000. But on land, as at sea, the allies' advantage was in superior technology. Some of the Russian reservists were issued with the flintlock firearms that had been used against Napoleon in 1812 and their main infantry weapons were small-bore muzzle-loading muskets that were inaccurate, unable to range beyond 250 metres and limited to a maximum rate of fire of two rounds per minute. By contrast, one third of the French forces were issued with modern rifles and the British had been equipped with the superior Enfield rifle in 1853 which they also supplied to the Turks. The advantage of fighting on home territory should have given Russia superiority in supply logistics but the only railway line in the country (apart from the line to the tsar's palace) was from St Petersburg to Moscow. Reinforcements from Britain and France could arrive in the Crimea far more quickly than Russian troops from Moscow.<sup>49</sup>

The Crimean conflict demonstrated how the benefits of industrialisation could be brought to the battlefield and it was a clear lesson to Russia of the military cost of underdevelopment. When it was all over, in 1856, some 640,000 were dead (mostly from cholera and typhus), with the Russian losses more than 470,000. A defeated Russia was forced to withdraw from the mouth of the Danube and relinquish its fleet and military installations in the Black Sea.<sup>50</sup> Clearly Russia's status as a 'great power' was in demonstrable decline, a situation that could only be remedied by industrialisation and political change. Rapid industrialisation didn't commence until the 1890's but political agitation came sooner, instigated by a movement known as the Populists in the years that followed the emancipation of the serfs.

The Populists were almost entirely drawn from the relatively small ranks of the Russian intelligentsia and took their politics from diverse sources that included Bakunin and Nicolai Chernishevsky (1828-89) who had written the political novel *What is to be done?* while in prison during the years 1862-64.<sup>51</sup> As a revolutionary movement, they were confronted with the uncomfortable fact that Russia had no developed bourgeoisie or industrial proletariat. To complicate matters further, there was no constitutional framework through which incremental political advance could be pursued as in Germany and other developing European democracies. Parliamentary politics didn't even become an option until 1906.<sup>52</sup>

Following an idea developed by Chernishevsky, a majority of the Populists saw the

peasants as the driving force for revolutionary change with the peasant commune — the *obshchina* — providing the model for a future socialist society.<sup>53</sup> However, their attempts, in the mid 1870s, to organise the peasants came to nothing and in 1879 the Populists split into two groups, the People's Will and Black Partition. The People's Will turned to terrorism and achieved their most spectacular success with the assassination of Alexander II in 1881.<sup>54</sup> Although this failed to ignite 'the revolutionary spirit of the people'<sup>55</sup>, it didn't deter an attempt on the life of his successor, Alexander III, in 1887. The execution of one of the leaders of the assassination plot, Alexander Ulyanov, did, however, spark the radical spirit of his younger brother, Vladimir Ilyich. He would have a much more profound effect than his sibling on the course of Russian history, using the pseudonym that he first adopted in 1901, Lenin.<sup>56</sup>

The idea that there could be a successful peasant-led revolution with the village commune standing as the model for a socialist society was implausible, if not impossible, according to Marxist theory, given that it ran counter to the scientific maxim that capitalist development was a precondition for the creation of a proletariat that could advance the cause of socialism. The Russian Populists had the opportunity to directly question both Marx and Engels on this seemingly contradictory point on a number of occasions over a period of almost 20 years between 1875 and 1894. Engels, writing in the *Leipzig Volksstaat* (an organ of the German Social Democrats), in 1875, initially expressed the view that if the Russian institution of communal property persisted it could be transformed into a higher form. 'But this can only happen if in western Europe a victorious proletarian revolution is achieved before the complete disintegration of communal property.'<sup>57</sup> Marx seemed more equivocal, even when he was asked directly by the Russian revolutionary and leading member of Black Partition, Vera Zasulich, in 1881, to be good enough to render the Russian comrades the service of expounding 'your ideas on the possible destiny of our village community, and on the historical necessity for all countries of the world to pass through all phases of capitalist production'.<sup>58</sup> The closest that the Russian revolutionaries came to a direct answer from Marx and Engels was in the preface that they wrote to the 1882 Russian edition of the Communist Manifesto 'today only one answer is possible to this question. If the Russian revolution sounds a signal for a proletarian revolution in the West, so that each complements the other, the prevailing form of communal ownership of land in Russia may form a starting point for a communist course of development.'<sup>59</sup>

The view that there might be a different path to socialism in Russia persisted after Black Partition was dissolved and some of its former members, including Vera Zasulich and Georgi Plekhanov (1857-1918), formed the Marxist Emancipation of Labour group, in Geneva in 1883. Although it was now held that Russia's economic and political

development would be similar to that which Marx had foreshadowed for western industrialised societies – a bourgeois revolution followed at some later point by a proletarian revolution – it would differ in some important respects. The proletariat in Russia would be a force of such strength as to lead the attack on Tsarism, become an immediate political rival to the bourgeoisie, and thus hasten the socialist revolution. As Plekhanov put it in 1885, ‘Our capitalism will fade without having fully flowered.’<sup>60</sup>

Things didn’t quite turn out the way that Plekhanov, or Marx and Engels for that matter, might have had in mind. In little more than two decades after Plekhanov’s prediction, Russia had already had three revolutions and, for most of the rest of the 20th century, the way in which it achieved and maintained its self-proclaimed socialism would be the subject of considerable controversy.

The first revolution occurred in 1905, preceded by the Russo-Japanese War which broke out in late January 1904<sup>61</sup> and demonstrated that Tsar Nicholas II (1868-1918), who succeeded to the title in 1894, had learned little from Russia’s earlier experience in the Crimea. He had, however, learned much about autocracy and was strongly committed to upholding the first article of the ‘Fundamental Laws’ of 1832 which declared that ‘The Emperor of all Russia is a sovereign with autocratic and unlimited powers. To obey the commands not merely from fear but according to the dictates of conscience is ordained by God himself.’<sup>62</sup> In early 1885 he had told a representative delegation of his subjects, which included members of the nobility, that he intended to maintain the principle of autocracy. Any ideas that they harboured of participating in the affairs of the central government amounted to ‘senseless dreams’.<sup>63</sup>

Japan and Russia had been belligerents for some years as the Chinese Empire disintegrated and both countries moved to expand their interests in Manchuria and Korea. When Russia failed to respond quickly enough to Japan’s proposal that the spoils be divided, with it having first claim on Korea in return for Russia exercising a similar claim on Manchuria, Japan staged a surprise attack on Russian ships at the naval fortress of Port Arthur in Southern Manchuria. As the war unfolded, Japan inflicted a series of humiliating defeats on the Russians who, in an echo of the Crimean conflict, were hampered by the fact that the Trans-Siberian Railway, a project conceived in 1891, was still short of completion and, in any event, was unable to transport heavy equipment and supplies.<sup>64</sup>

In December 1904, following a siege of 156 days during the course of which 28,000 Russians were killed or wounded, Port Arthur was surrendered. Early in the following month 100,000 St. Petersburg factory workers went on strike and then organised a peaceful march to the Winter Palace, on January 9, in order to present a petition to the tsar that was critical of the war and called for constitutional reform as well as a series



of 'Measures to eliminate the poverty of the people [and] the oppression of labour by capital'. Tsarist troops opened fire on the marchers, killing at least 130 of them and seriously wounding several hundred on what became known as 'Bloody Sunday'.<sup>65</sup>

Russia's growing proletariat responded to the repression of Bloody Sunday with a wave of strikes that continued throughout 1905 involving more than 13,000 workplaces and resulting in more than 23.5 million days of lost production. A nationwide general strike in October that involved two million workers was said to be the greatest mass strike that had taken place anywhere in the world. In the earlier part of the year, hundreds of workers were killed and wounded in clashes with troops. Armed uprisings took place in a number of cities and in December there was an insurrection in Moscow that resulted in more than 1000 deaths.<sup>66</sup> In some cities, strikers elected Councils of Workers' Deputies (Soviets) and in St. Petersburg the Soviet effectively ran the city for a short period under the leadership of Lev Davidovich Bronstein, better known as Leon Trotsky (1879-1940).<sup>67</sup>

As the year progressed, Russia was defeated on land, at the battle of Mukden, in March. In May, the Russian Baltic Fleet, which had sailed halfway around the world in an attempt to reach Vladivostok, was met by the Japanese Navy in the Straits of Tsushima and destroyed in a matter of hours. The following month the crew of the battleship *Potemkin*, anchored off the Black Sea port of Odessa, mutinied in one of a series of revolts among Russia's armed forces. By August the war was over and a peace treaty was signed that confirmed Japan's victory. Peasant revolts had by now added to the domestic tension and the tsarist authorities were forced to concede that political reforms had to be instituted before order could be restored.<sup>68</sup>

The end of 1905 saw the formation of two major parties on the right, the Cadets and the Octobrists, that were able to challenge the older-established parties of the left, the Russian Social Democratic Workers' Party, founded in 1898, that owed its lineage to the Emancipation of Labour group, and the heirs to the Populists, the Party of Social Revolutionaries, founded in 1901.<sup>69</sup> However, any hopes that these parties may have had of participating in a liberal democratic parliament soon dissipated when it became clear that the tsar's constitutional concessions amounted to a mere nod in the general direction of political democracy. The legislative council, or Duma, that first convened in April 1906 was elected on a limited suffrage that excluded women, students, those serving in the armed forces and all males under the age of 24. Representation was further restricted by the application of a weighting in favour of the nobility and bourgeoisie. Voting rights were granted to four distinct groups — peasants, landowners, townspeople, and workers — with the vote of one landowner equal to that of 45 workers, of 15 peasants and of more than three city residents. The upper-house was

completely unelected, half of its members were appointed by the tsar with the other half chiefly selected from the nobility and bourgeoisie. The tsar retained total control over all military affairs and foreign policy, maintained the title of autocrat, and reserved the right to veto any legislation.<sup>70</sup>

The First Duma was dissolved by imperial edict after little more than two months, following which some 200 of its deputies, largely from the Cadets, retreated to the relative safety of Finland and issued a statement calling on the Russian people to refuse to pay taxes and serve in the army until the Duma was reconvened. For their contribution to the debate on representative democracy, the signatories to the statement were sentenced to three months imprisonment and barred from participating in the next election. The Second Duma, with more left representation than its predecessor, was also of short duration, remaining in session for some three months before it too was dissolved by imperial authority in early 1907, and on this occasion, 55 of its deputies, all Social Democrats, were arrested. Although a Third Duma was elected in 1907 (by no more than 15% of the population) and a Fourth Duma in 1912, the dissolution of the Second Duma signalled the end of 'the bourgeois revolution' and the beginning of yet another period of tsarist oppression in the lead-up to the First World War.<sup>71</sup>

Germany declared war on Russia on August 1, 1914, following Russia's rejection of an ultimatum that it demobilise. On the face of it, Russia had little choice in entering the war in order to defend itself against German aggression, but this simple explanation takes no account of Russia's decision to mobilize for war in the first place. When the 19-year old Gavrilo Princip assassinated Archduke Franz Ferdinand of Austria and his wife Sophie in Sarajevo on June 28, 1914, it led to a declaration of war by Austria-Hungary on Serbia, whose government it suspected of being involved in the murders. On July 30, two days after this declaration, Russia began its general mobilization to assert its self-proclaimed status as 'patron and protector' of Serbia and the Slav states.<sup>72</sup> A more realistic assessment of its capacity to protect Serbia's interests, as well as its own, might have suggested, at least in the first instance, a less aggressive response that combined urgent diplomacy with a more cautious build-up of troops. However, autocratic rule was clearly incompatible with a measured approach, even to war, so Russian troops marched off to the front under their hardly inspiring commander-in-chief, Grand Duke Nicholas, nephew of Tsar Alexander II.

Austria-Hungary had taken a hard-line approach to Serbia only after receiving the approval of Germany, as well as its promise of support. Germany, in turn, had a ready-made plan for dealing with armed conflict in Europe that rested on the quick defeat of France before turning its attention eastwards. Two days after declaring war on Russia, Germany declared war on France, having already demanded free passage

through Belgium in order to encircle the French armies. Germany ignored Belgium's refusal of unimpeded passage and marched through their territory into northern France. Britain, on the other hand, found it impossible to ignore the plight of 'little Belgium' and by late August had more than 100,000 troops on French soil. Despite the Germans coming perilously close to Paris in early September, it soon became clear that there would be no quick victory over France. The war on the Western Front, which stretched from Switzerland to the North Sea, would be a long and bloody affair, fought, for the most part, across trenches.<sup>73</sup>

For Russia, the war on the Eastern Front began ignominiously when two of its armies were defeated by German troops in late August, at the battle of Tannenberg, with 90,000 Russians taken prisoner. The victory of the Germans was made easier when they were granted access to their opponents' troop movements and battle plans because the Russians found it too difficult to encode their wireless communications.<sup>74</sup>

By December 1914, Grand Duke Nicholas thought it prudent to advise his allies that Russia's inability to equip its troops meant that it was incapable of carrying out any further offensive actions. Under pressure from Turkey in the Caucasus (Turkey had entered the war on Germany's side in October), the Grand Duke appealed to Britain for assistance and made the helpful suggestion that they could distract Turkey with an engagement in the eastern Mediterranean. Lord Kitchener, Secretary of State for War, and Sir Winston Churchill, First Lord of the Admiralty, rather approved of the idea which was put into effect in the months that followed at Gallipoli.<sup>75</sup>

In May 1915, 750,000 Russians were taken prisoner in the retreat from Poland. Following this debacle, Grand Duke Nicholas was relieved of his position as commander-in-chief and the tsar himself took over. This proved less inspirational than Nicholas II had hoped and in the June 1916 offensive in Poland, Russia suffered more than a million casualties.<sup>76</sup>

In all, Russia probably lost more than four million men during the course of the war and by early 1917, a revolution had broken out and war-weary Russians, two million of whom deserted in that year, had forced the tsar to abdicate.<sup>77</sup>

Obviously enough, the war played an important part in the events of 1917 but the revolutionary overthrow of tsarism, confidently predicted by many since the late 19th century, could hardly have been doubted from the time of the 1905 Revolution. Despite the repression that followed, it soon became clear that the tide of revolution was once again on the rise. If it wasn't already evident from the civil disobedience during the street demonstrations that accompanied the funeral of that stalwart opponent of autocracy, Leo Tolstoy, in 1910, it was certainly apparent from the social unrest and widespread strikes that had begun again in 1912 and continued almost without

interruption.<sup>78</sup>

The more critical point was what form the revolution would take. The Russian middle class had certainly developed somewhat but it was still too feeble to carry through a bourgeois revolution. This was clearly demonstrated in the democratic elections to the short-lived Constitutional Assembly of 1917-18 where the level of support for the Cadets, flagship party of the bourgeoisie, entitled them to less than 2.5% of the deputies. What was equally clear was that the Russian industrial proletariat, 'a miniscule, though strategically localized, minority' also lacked the strength to carry a socialist revolution.<sup>79</sup> What then could be done to further the socialist cause? As the events of 1917 unfolded, Lenin and the Bolsheviks would provide an answer.

The first revolution of 1917 began on February 23, International Women's Day on the Russian calendar, and fittingly enough, was initiated by women protesting against food shortages. They joined with striking workers in St. Petersburg in a demonstration attended by 100,000 whose rallying point was simply the demand for bread. The response from the authorities was a typically violent one, but as the arrests and casualties increased, so too did the number of demonstrators. By February 25 more than 300,000 were on the streets and their demands had gone beyond the provision of bread to calls for an end to tsarist rule. Two days later, soldiers were defecting in such large numbers that it became impossible to protect the autocracy. Tsar Nicholas II was forced to abdicate on March 2.<sup>80</sup>

Tsarist authority was replaced by a 'Provisional Government' of dubious constitutional validity led initially by Prince Lvov, a liberal landowner, with Alexander Kerensky (1881-1970), from the Socialist Revolutionary Party, as Minister of Justice. While it may have lacked constitutional authority, the Provisional Government faced the more serious problem of being unable to exercise power in its own right. In the capital, the Petrograd Soviet of Workers' and Soldiers' Deputies was the *de facto* power and as other Soviets were established throughout the country, the Provisional Government, at best, operated under a system of 'dual power' with the Soviets.<sup>81</sup> Conflict between these two claimants to authority intensified in the chaotic months that followed the February Revolution, exacerbated by divisions within the Soviets that reflected the political differences between the Mensheviks, Bolsheviks and Social Revolutionaries.

The Social Revolutionaries and the Mensheviks were the more conciliatory of the three groups on the Left, eventually entering into a coalition with the Cadets in May.<sup>82</sup> The Bolsheviks, drawn from activists experienced in the factories and in the army, were more disciplined and better organised, and concentrated on building-up their numbers and influence in the Soviets. They nevertheless lacked clear direction until

Lenin returned from exile on April 3. On the following day, he presented his analysis of events and an appraisal of their political trajectory in his celebrated April Theses. Less than six weeks after the bloody events of International Women's Day, the Bolsheviks would now begin the process of building a socialist revolution.<sup>83</sup>

Lenin's *Theses* declared that the revolution was already in transition from its bourgeois phase into a socialist phase in which the proletariat would take power. He spelled out a program that called for the nationalisation of land, the amalgamation of all banks into one national bank controlled by the Soviets, and workers' control over social production and its distribution. As to its length, the transitional period would last only as long as it took the Bolsheviks to gain a majority in the Soviets, and during this time there would be no support for the Provisional Government. In order to overcome the state of confusion that the masses had been led into by the majority of Social Democrats who had betrayed the socialist cause, the party would change its name. Following the example set by Marx and Engels, it would be known as the Communist Party which would construct a Third, Communist, International.<sup>84</sup>

Although they were intended as a specific program to advance the revolution of 1917, the April Theses were consistent with the views on revolutionary struggle that Lenin had held for more than a decade. 'Jotted down in a hasty telegraphic style'<sup>85</sup> immediately after his triumphal return to Russia, their political origins can be traced at least to the All-Russian Congress of Social Democrats that was held in Brussels and London in 1903. For all practical purposes this was the first congress of Russian Social Democrats as the founding meeting in 1898 was broken-up by police.

Its intention was to unite the various socialist organisations claiming adherence to Marxism both inside and outside the country. Instead, it divided them into two groups that became known as the Mensheviks (minority) and the Bolsheviks (majority), led by Lenin. The essential point of difference was the proposed structure of the party, with Lenin insisting that membership should be limited to committed activists and prohibited to mere supporters and general sympathisers. The underground struggle in Russia was literally a life and death matter that could only successfully be carried on by a disciplined vanguard. There was no place for dilettantes or fellow-travellers in such a clandestine organisation, forced as it was, to operate in the repressive conditions that prevailed in Tsarist Russia. The Mensheviks supported a broad party membership and their view of Lenin's proposal, argued Trotsky, amounted to 'Jacobinism', a reference to the French revolutionary group led by Maximillien Robespierre (1758-94) who held that their monopoly of power, justified by the clarity of their revolutionary vision, entitled them to leadership of the ignorant masses. Others likened it to Blanquism.<sup>86</sup>

In the year preceding the congress, Lenin had written a lengthy polemic published in pamphlet form directed against a group known as the 'Economists' and, entitled, like Chernishevsky's earlier novel, *What Is To Be Done?* Economism was a trend that had arisen among a group of Russian Social Democrats in the late 1890s that saw the task of the working class confined to an 'economic' struggle against employers for higher wages and better working conditions. They thought that the lessons learned from these struggles would, over time, cause them to develop the necessary class consciousness that would lead them to socialism. In his attack on the Economists Lenin asserted that "The history of all countries shows that the working class, exclusively by its own effort, is able to develop only trade union consciousness." The spontaneous reaction of the working class to capitalist exploitation leads inevitably to trade unionism, but 'working-class trade unionist politics are precisely working-class bourgeois politics.' The theory of socialism, on the other hand, came from the educated elite of the middle class. Marx and Engels were bourgeois and intellectuals, and, in Russia also, the theoretical doctrine of social democracy was first advanced by the revolutionary socialist intelligentsia. Lenin cited Karl Kautsky (1854-1938), the German Marxist and founder of *Die Neue Zeit*, whose writings confirmed the pre-eminent role of the bourgeois intelligentsia in developing socialist theory and described how it was then communicated to the more intellectually developed proletarians who were then able to introduce it into the proletarian class struggle of the broader masses. Kautsky had drawn the conclusion that it was now the role of the party to introduce revolutionary socialist consciousness into the proletarian class struggle. Lenin drew the conclusion that, in Russia, while it was the workers alone who were capable of determining the outcome of the entire movement, the struggle against the political police required professional revolutionaries. 'And we must not only see to it that the masses of the workers "advance" concrete demands, but also that the masses of the workers "advance" an increasing number of such professional revolutionaries.'<sup>87</sup>

In spite of the 'Bolshevik' appellation, Lenin was actually in a minority position following the 1903 Congress. He was, however, undeterred, and assisted by a small number of followers that included Iosif Vissarionovich Dzhugashvili (1879-1953), more commonly known as Joseph Stalin, continued to build the underground organisation. The Mensheviks refused to attend the Party Conference held in London, in April 1905 during the course of the first bourgeois revolution, where the illegal activities of the party were further considered. It was here that Lenin argued that tsarism could only be overthrown by an armed insurrection that the Bolsheviks should prepare for by establishing specialist fighting branches of the party. In the Caucasus, where these fighting squads mainly operated, they carried out more than a thousand terrorist

operations over the next three years, attacking tsarist officials, raiding government arsenals and robbing banks to supply the Bolshevik treasuries in Western Europe.<sup>88</sup>

In August 1906, Lenin was writing that one of the clear lessons to be learned from the failing of the uprising in Moscow during the previous December was that the party was insufficiently prepared to transform the strikes and demonstrations into an armed uprising. Engels' earlier warnings on the futility of defensive barricade tactics in the face of modern military techniques could now be answered with the new tactics of guerrilla warfare involving small, mobile units. Moreover, the continuing development of military techniques since Engels' time had turned in favour of the insurrectionists, with automatic rifles and hand grenades now on the market. Lenin stressed that the failings of December confirmed Marx's (actually Engels') profound proposition that insurrection is an offensive art in which 'attack and not defence must become the slogan of the masses' with the task before them 'the ruthless extermination of the enemy'.<sup>89</sup>

These then were the tactics that, by 1917, Lenin had long been committed to and he now had an increasing number of Bolsheviks willing to carry them out. In February, the Bolshevik Party had no more than 30,000 members, but by the end of April membership had increased to 76,000 and in early August it was close to a quarter of a million.<sup>90</sup> By this time, Kerensky was Prime Minister and desperate to save the Provisional Government from the Bolsheviks following a disastrous offensive he had ordered on the Eastern Front. The victorious German armies were now positioned outside Riga and many Russian soldiers had simply given up and trudged their weary way home.<sup>91</sup> Trotsky and other Bolshevik leaders were imprisoned, and in order to escape the same fate Lenin had gone into hiding in Finland. In a final attempt to crush the Bolsheviks, Kerensky called on the commander-in-chief of the Russian army, General Kornilov, to send reliable troops committed to the government to Petrograd. Kornilov was ready enough for the task but widened its scope to include the more moderate socialists and Kerensky himself. The Prime Minister was forced to turn to the Bolshevik Red Guards for protection, which they duly provided, and Kornilov's attempted coup was decisively defeated.<sup>92</sup> This left the Bolsheviks in control of the capital and by now they had also secured a majority in the Moscow Soviet as well as in the soviets in other major cities. 'All power to the soviets' had arrived in Petrograd and Lenin was now ready to take control of the country. The Bolsheviks promised to 'continue the revolution to the end, get land for the peasants, peace, bread and freedom for the people'.<sup>93</sup>

The Bolsheviks appeared, at this point, to have no internal opposition worthy of the name. All that was required was for the Central Committee of the party to issue instructions about the timing and tactics of the uprising. In mid-September, Lenin,

who was still in hiding, wrote to the Central Committee urging them to make the necessary arrangements for the seizure of power now that the Bolsheviks had majority support in the soviets. He stressed the urgency of the situation that the party now found itself in. Any delay ran the grave risk that the Provisional Government would surrender Petrograd to the Germans and the revolution would be lost. He again exhorted his comrades to remember and reflect on Marx's (sic) words about insurrection being an art. Sensitive to the criticism that his proposed course of action was 'Blanquism,' Lenin had prepared a defence against the accusation: "To be successful, insurrection must depend on the vanguard class, not a conspiracy or a party. That is the first point. Insurrection must depend on a *revolutionary upsurge of the people*. That is the second point. Insurrection must depend on that *turning point* in the history of the mounting revolution when the advanced ranks of the people are at their most active and when the *vacillations* in the ranks of the enemy and among the *revolution's weak, half-hearted and irresolute friends* are at their most pronounced. That is the third point. These three conditions for raising the question of insurrection distinguish *Marxism* from *Blanquism*. But once these conditions are present, it is a betrayal of the revolution to refuse to treat insurrection as *an art*."<sup>94</sup>

Not all of the Central Committee, however, shared Lenin's confidence that the day of revolution had arrived. Six of them were so convinced of the damage that would be done to the party's position should Lenin's correspondence become public that they voted to burn it. Trotsky, while agreeing with the thrust of Lenin's argument, proposed that the uprising be given the imprimatur of the All Russian Congress of Soviets which was scheduled to meet in late October. A vote was taken by the Central Committee on October 10 which Lenin was able to attend in person, having returned from Finland two days earlier. With some of the previous dissenters now prepared to reverse their position, the Bolshevik leaders voted for the uprising by a majority of ten votes to two. When the Central Committee again convened on October 16 it was reported that the party membership had now grown to 400,000 and the decision in support of an uprising was confirmed.<sup>95</sup>

The two members of the Central Committee who voted against Lenin, Leon Kamenev (1883-1936) and Grigori Zinoviev (1883-1936) had given their reasons for opposing a revolutionary uprising in a statement that the committee had before it on October 11. They argued that a majority of the Russian people were not yet on the side of the Bolsheviks and that the Russian working class was not in a position to fight an insurrection. They conceded that the Bolshevik Party could be forced into an insurrection if other sides were to act, but with the growing support that they were attracting it was preferable that they put their faith in the process of electoral reform



that was being proposed by the Provisional Government. In a democratic election, according to their assessment, it would be possible for the Bolsheviks to get one third, or more, of the seats in the Constituent Assembly. The other point that they made concerned the international proletariat. Together with the rest of the Bolshevik leadership, they believed that the success of any revolution in Russia depended on it being followed, in quick step, by revolutions in the West, as Marx and Engels had pointed out. Clearly the support of the international proletariat was crucial to the success or otherwise of any rising in Russia, and Kamenev and Zinoviev argued that, despite their confidence that it would come, it hadn't yet arrived.<sup>96</sup>

Following the Central Committee meeting on October 16, Kamenev and Zinoviev took the extraordinary step of publishing their opposition to the uprising in the press, hoping that the weight of public opinion, which they imagined to be against insurrection, would dissuade the Bolshevik Central Committee from proceeding. It didn't, but it undoubtedly influenced Kerensky's next move which, as it turned out, sparked the revolution. On October 24, the day before the Congress of Soviets was due to convene, Kerensky ordered government troops to close down the presses of the party newspaper, *Pravda*. Trotsky's Red Guards promptly reopened them and then proceeded to occupy all of the strategic points in the city. The next day the Winter Palace was surrounded and eventually taken late in the evening. The only work left for the Bolshevik majority to do at the Congress of Soviets was to endorse the revolution that was going on around them and near completion. As revolutions go, it turned out to be remarkably peaceful. The number of lives lost was six, all were Red Guards, two of them accidentally killed by the misdirected fire of their comrades.<sup>97</sup>

The party could now deliver on its promise of peace, land and bread, and begin the task of building socialism. The peasants were quick to relieve them of one of these tasks by simply expropriating the land of their masters and dividing it up among themselves. Peace, however, took much longer to achieve, and even bread was often enough in short supply.

In March 1918, after Russia was obliged to accept the punitive terms of the Brest-Litovsk Peace Treaty dictated by Germany, the country was plunged into a bloody civil war, fuelled by foreign intervention, which lasted until the end of 1920. At its conclusion, Russia was more backward economically than it had been under the tsar and Russians were more malnourished than they were in 1917. They also enjoyed less political freedom. Quite how the 'revolutionary dictatorship of the proletariat' was supposed to operate had never been adequately explained. The claim that it is merely majority rule ignores its origins in Blanqui's revolutionary minority. If it had somehow evolved to mean majority rule it would be enough to plainly say so. In any event, if a proletarian

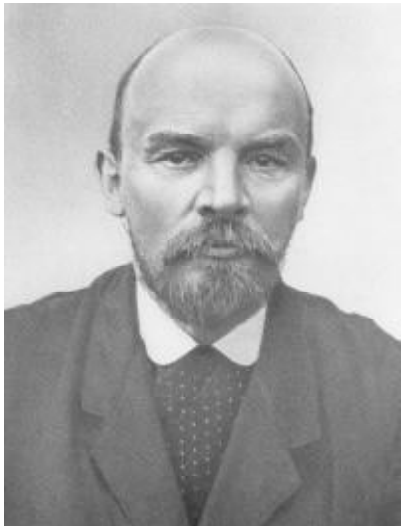
dictatorship did succeed tsarism it had now given way to the dictatorship of the Bolshevik Party. Even more disturbingly, the party itself was showing signs that it too, was moving in an authoritarian direction as dissent was discouraged and opposition factions prohibited.<sup>98</sup>

In 1918, at its Seventh Congress, the Bolshevik Party fulfilled the promise of Lenin's *April Theses* by changing its name to the Communist Party, and in the following year the Communist International was formed.<sup>99</sup> In 1922, Russia became the Union of Soviet Socialist Republics but it was a 'socialism' unlike any other that had previously been theorised. Rosa Luxemburg's prediction of 'Jacobin rule' was already beginning to look all too accurate.<sup>100</sup> The military-like conscription of labour that, together with the nationalisation of industry during the civil war, was known as 'War Communism', was replaced by 'state capitalism', Lenin's description of his New Economic Policy (NEP) introduced in 1921.<sup>101</sup> Lenin died in 1924. His successor Stalin eventually replaced the NEP with a 'planned economy' ritually hailed for its success at regular intervals. Although the five-year plans did manage to rescue the USSR from its backward tsarist past, they came at a terrible human cost, sustained as they were by a prison labour force estimated to be as high as 13 million. In many other ways, Stalin's USSR resembled tsarist autocracy. After a brief period of emancipation the peasants were returned to something akin to serfdom and the number of those who perished for want of food, or who were executed because of their real or imagined threat to Stalin's rule (and this included a great many socialists), was probably closer to 20 million than ten.<sup>102</sup>

Another feature of the USSR's early decades that was consistent with its tsarist past was its isolation. The fear that communism was a disease that would infect the rest of the world by even the slightest exposure was justification enough for the USSR to be cordoned off by most governments. It was 1924 before Russia's former allies in Europe were even prepared to officially acknowledge its existence and the US didn't do so until 1933. This isolation might help to explain why Stalin's crimes were easily dismissed as capitalist propaganda by many advocates of socialism in the west. Fortunately, as things turned out, isolation didn't prove fatal to the project of industrial modernisation that the USSR embarked on, and ironically enough, being cut-off from the rest of the world provided the USSR with immunity from the Great Depression that had the effect of strengthening the case for socialism beyond its borders.<sup>103</sup> ■



*Clockwise from top left:* Mikhail Bakunin, Pierre-Joseph Proudhon, V.I. Lenin, Benito Mussolini & Adolf Hitler, John Maynard Keynes.



### 3. The Fascist Challenge to Socialism

The success of Lenin's Bolshevik Revolution and the fear that it might quickly spread to Germany and beyond were major factors in the rise of the fascist movements after the end of World War I in every country where mass politics had taken hold.<sup>1</sup> From the date of fascism's official birth, in 1919, the forces of socialism were confronted by a new, distinctively 20th century political movement committed to their violent destruction.

Fascism was able to advance in the period between the two world wars as the political pendulum swung to the right. The collapse of liberal democracy and the onset of the Great Depression led to right-wing authoritarian regimes that stretched across Europe: from Portugal in the west to Romania in the east, and from Greece in the south to Estonia in the north.<sup>2</sup> In Belgium and Holland, fascist political parties were sufficiently well organised to contest national elections with moderate success. The fascist movement in France was denied the opportunity of testing its strength in the 1940 elections by the outbreak of war, but it was likely to have been somewhat better than moderate.<sup>3</sup> Britain had its Union of Fascists led by Sir Oswald Mosley, whose membership, at its highest point of 50,000 in 1934, included Lord Rothmere, publisher of the London *Daily Mail*.<sup>4</sup>

However, in those countries where liberal democratic governments were able to survive the crisis of mass unemployment in the decades of the 1920s and 1930s, fascism failed to take root. In Belgium, the fascist vote went into steep decline after it reached 11.5% in 1936 and in Holland it suffered a similar fate after reaching almost 8% in 1935. In Britain, Sir Oswald Mosley's fascist movement failed to even take part in the parliamentary electoral process.<sup>5</sup>

In the two prominent countries where genuine fascist dictatorships emerged, Italy and Germany, both were faced with strong socialist movements that, initially at least, had to be challenged with a competing political program. They also had to contend

with other mass political parties, the most important of which were Catholic-based. In Germany in 1919, the Catholic Centre Party (Zentrum) had enough electoral support to warrant its inclusion in a coalition government. In Italy, the two parties that dominated politics were the Socialist Party and the Catholic Popular Party.<sup>6</sup> As fascism muscled into mass politics it came to an accommodation with Catholicism and fought the socialists by appealing to a 'national socialism' that was opposed to Marxist international socialism.

### Italian national socialism

At its constituent meeting in Milan on March 23, 1919, Benito Mussolini's 'Fasci di Combattimento' ('fraternities of combat') declared war on socialism on the principal ground that Italian socialists stood in opposition to nationalism. The movement's program, released two months later, strengthened its appeal to nationalism by advocating Italy's territorial expansion. Importantly though, it emphasised its anti-capitalist credentials by calling for the confiscation of 85% of war profits, high taxes on capital that were presented as the 'partial expropriation of all kinds of wealth', an eight-hour working day and a measure of worker participation in the management of industry. It also called for radical electoral and constitutional reform that included women's suffrage, votes for 18-year-olds and the drafting of a new constitution that threatened the continued existence of the monarchy. For good measure, the program issued a challenge to the Catholic Church by proposing to confiscate some of its property. The word 'fascio' which gave the movement its name had come to be associated with organisations principally known for their activism rather than their politics.<sup>7</sup>

Mussolini's earlier politics had been practised in the Italian Socialist Party (PSI) where he was a figure of some prominence. By 1912 he had progressed from the leadership of the socialist federation in Forli to editor of the PSI's daily newspaper *Avanti*. During the course of the next two years he played an important part in reforming the party organisation and revitalising its moribund Youth Federation which more than doubled its membership.<sup>8</sup>

In 1914, Mussolini was expelled from the Italian Socialist Party for opposing its anti-war policy by advocating that Italy should enter into the First World War on the side of the Allies. After his expulsion he continued to campaign for Italian participation in the war through the Revolutionary League for Interventionist Action and in his new paper, *Popolo d'Italia*. Despite being financed by industrialists who favoured participation in the war, his publication was subtitled 'Socialist Daily'.<sup>9</sup>

Support for entry into the war gathered momentum and Italy eventually joined

the fray in 1915. Three years later, 680,000 Italians were dead and one million had been wounded. Five hundred thousand voted with their feet and deserted as popular backing for the war collapsed.<sup>10</sup>

The anti-war stance of the Italian Socialist Party, which stood in stark contrast to most other European socialist parties, led to an impressive increase in membership that rose from 50,000 to 200,000 during the course of the war. After the war ended there were widespread riots protesting against the rising cost of living and demanding radical social change. Sensing a new commitment to socialism among the masses, the Socialist Party, at its congress in Bologna in October 1919, adopted a militant Leninist position that committed its membership to the violent overthrow of the state. Lenin, who along with other Bolshevik leaders thought that Italy was second only to Germany in its revolutionary prospects, hailed the new policy as 'the brilliant victory of communism'.<sup>11</sup>

At the national elections held in the month that followed the Bologna congress, the Italian Socialist Party received 1.8 million votes. It entered the new parliament as the largest political party in the country with 156 seats and, according to some at least, a mandate to introduce socialism.<sup>12</sup>

By contrast, fascism's initial entry into Italian parliamentary politics was a disaster. Mussolini's Fasci di Combattimento had been founded with the support of three distinct groups: anti-bourgeois intellectuals known as Futurists; demobilised war veterans and pro-war anarcho-syndicalists.<sup>13</sup> The most important of these groups were the ex-servicemen who made up 57% of the early Italian fascists.<sup>14</sup> In May 1918, six months prior to the end of the war, Mussolini had already demanded the right to govern Italy in the name of returned soldiers and in August of that year he changed the subtitle of his newspaper from *Socialist Daily* to *Servicemens' and Producers' Daily* in order to more accurately reflect his support base.<sup>15</sup> In November 1919, however, Italian voters were more concerned with how peace could shape future prosperity than claims from veterans that their sacrifices in the trenches amounted to qualification for public office. Mussolini, standing on an all-fascist ticket in Milan, managed to attract just 4796 votes from the 315,165 electors.<sup>16</sup> Any advance that fascism was likely to make from this low point would now have to depend on its reaction to the crises and divisions that began to unfold in Italian politics.

In the early months of 1920, two million Italians were unemployed and the cost of living had increased by 25% over the previous 12 months.<sup>17</sup> In April, after employers had locked-out the Fiat factory workforce, there was a general strike in Piedmont involving 500,000 workers. The Italian Socialist Party was pressured to extend the industrial action by calling for demonstrations of solidarity elsewhere and after it

refused to do so, the strike collapsed within two weeks. The country was again grinding to a halt in early September as half a million impoverished workers occupied factories and other workplaces following the refusal of intransigent employers to concede wage increases. The Italian Socialist Party was divided over whether the take-over movement represented a revolutionary opportunity or an ill-advised tactic in an industrial dispute that had to be quickly resolved. The reformists in the party held sway after some of their leaders sided with the employers and had even gone as far as to advise the government to use force against the factory occupiers. By the end of September the occupations were over and a split in the PSI led to the formation of the Communist Party of Italy four months later, in January 1921.<sup>18</sup>

Close to 60% of the Italian workforce were engaged in agriculture at the end of hostilities in 1918.<sup>19</sup> As a consequence of Bakunin's earlier work and that of one of his followers, Andrea Costa, among the 'legalitarian' anarchists, many of them were organised in peasant leagues which, since the early 1890's, had been led by the Italian Socialist Party.<sup>20</sup> In the Po Valley areas, 'the cradle of the Socialist Party', strikes by agricultural labourers immediately following the end of the war had won them significant wage increases and, more importantly, a large measure of control over local labour markets. Employers were obliged to hire workers through socialist labour exchanges on year-round, as opposed to seasonal, contracts that specified minimum employment levels determined by the size of the acreage worked.<sup>21</sup> The landowners, squeezed by tight profit margins and threatened by the increased power of the socialist-led workers and peasants, appealed to the government for relief. When the Prime Minister, Giovanni Giolitti (1842-1928), a practitioner of *laissez-faire* liberalism, declined to provide any, they turned instead to the recruitment of private armies from the fascist strong-arm squads.

Mussolini's supporters had earlier demonstrated their predilection for violence when they raided the Milan offices of the socialist newspaper *Avanti* destroying its presses and leaving four dead and 39 injured just three weeks after the Fasci di Combattimento was formed.<sup>22</sup> The Black-shirted *squadristi*, now in the pay of the Po Valley landowners, began their assault on the socialists in Bologna, in November 1920, when they killed nine workers and wounded another 100 in an attempt to prevent the legally elected Socialist administration from taking office.<sup>23</sup> From Bologna they moved into the Po Valley where, by early April 1921, 41 socialists and 25 fascists were among the 102 people killed. By the middle of the year, the *squadristi* had destroyed 119 socialist employment offices, 59 Peoples' Houses (socialist headquarters), 151 socialist clubs, 83 peasants' leagues, 107 cooperatives, 17 newspapers and printing works and 151 cultural organisations.<sup>24</sup> As the Blackshirts went on to occupy other cities and

exercise *de facto* power in north-eastern Italy, the communist leader and Marxist theoretician Antonio Gramsci (1891-1937) claimed that 4000 Italians were killed and another 40,000 injured by fascists and their allies in the 18 months to mid 1921.<sup>25</sup>

There was also an organic movement taking place among the peasantry that coincided with the escalation of fascist violence. The First World War had boosted the economy of rural areas allowing many peasants to accumulate enough capital to purchase their own land. Peasant proprietors increased as a proportion of the total rural workforce from 26% in 1911 to just over 35% a decade later, with one million hectares of land being transferred to about 500,000 peasants in the period between 1917 and 1919.<sup>26</sup> The fascists exploited this trend with the promise of more land distribution as they established their own control over rural labour markets. This resulted in the development of an 'agrarian fascism' that provided the movement with a mass base at the expense of the socialists.<sup>27</sup> At the elections held in May 1921, the socialists lost ground to finish with 122 seats. The newly established Communist Party managed to win just 15 seats, while the fascists entered Parliament with a much more impressive 35 seats.<sup>28</sup>

In a somewhat desperate attempt to stem the tide of fascist violence, the socialists entered into a peace pact with Mussolini in August 1921. The pact, which lasted less than four months, initially reduced the attacks on socialists but it didn't meet its stated objective of preventing them, and the subsequent murder of one socialist was attributed by the fascists to the unfortunate fact that the deceased had a delicate skull. The defenceless supporters of socialism began to dissipate and the rapid advance of Italian Fascism became evident in November 1921 when the movement constituted itself as a political party, the Partito Nazionale Fascista (PNF). With 320,000 members the PNF was larger than the combined membership of both the Socialist Party and the Popular Party and included more than 115,000 rural workers and small proprietors.<sup>29</sup>

Less than 12 months after the PNF's founding congress, King Victor Emmanuel III made Mussolini Prime Minister of Italy, in late October 1922, after thousands of Blackshirts converged on Rome in preparation for a *coup d'état*.<sup>30</sup> Once in power Mussolini was quick to retract his earlier demand for a republic and replace his criticism of the church with a call for the normalisation of relations which eventually resulted in the creation of the Vatican State.<sup>31</sup> He also moved with some alacrity to change the electoral laws in his own favour.

Mussolini's fascists had bludgeoned their way to power but they nevertheless entered Parliament through the front door, with 35 elected representatives, thanks largely to Giolitti including them in his electoral coalition of liberals and nationalists in the May 1921 elections.<sup>32</sup> Now, as Prime Minister, Mussolini proposed an electoral



law that would give two thirds of the seats in Parliament to the largest party provided it received more than 25% of the vote. The remaining one third of seats would be distributed on a proportional basis among the other parties. When the proposal was being debated in the lower house, in July 1923, Mussolini took the precaution of massing his Blackshirts outside Parliament, threatening to let them loose if it was rejected. The intimidation ensured that the proposal passed into law and in the April 1924 elections the 'National' list of candidates from the Fascist and Nationalist Parties received 64.9% of the vote which gave them 374 of the 535 seats in Parliament.<sup>33</sup>

Even with the advantage of a rigged electoral process, the PNF campaign was still accompanied by violence and fraud. When the secretary of the reformist Unitary Socialist Party, Giacoma Matteotti (1885-1924) had the temerity to bring this to the attention of the new Parliament he was murdered by a group of fascists closely associated with Mussolini. The public outcry that followed presented both the left and the right with the opportunity to remove Mussolini from office but neither side was able to summon the will or the organisational capacity to do so. Mussolini regained the initiative and by the end of 1926 'exceptional laws' were passed which banned all non-fascist organisations. Opposition newspapers were closed down and thousands of socialists were arrested and imprisoned.<sup>34</sup> Fascism had made the transition 'from movement to regime, and basically from democratic-anarchist populism with left pretensions, to an oligarchic, regimented "totalitarianism" working in alliance with Italian capitalism.'<sup>35</sup> Edmondo Rossoni, an anarcho-syndicalist active in the Industrial Workers of the World in the United States who returned to Italy and joined the fascist movement in 1921, stood as an affirmation of the transition. He was head of the Confederation of Fascist Trade Unions from 1922 to 1928 and became Mussolini's Minister of Agriculture in 1935.<sup>36</sup>

Fascism's alliance with Italian capitalism was formalised when the Ministry of Corporations was established in 1926, to implement the policy of 'corporativism'. This had its origins four years earlier when the fascists had determined that the syndicates that they had organised be grouped under five 'Corporations' that were meant to categorise the entire workforce. As the policy finally emerged in 1934, the economy was divided into 22 'sectorial corporations' whose governing body included 268 employer representatives, 268 workers nominated by the fascist regime, 66 direct representatives of the PNF and an unspecified number of fascist-appointed advisers. Although a Chamber of Corporations replaced Parliament in 1939, corporativism failed to live up to Mussolini's promise that it would institutionalise a cooperative approach to the relationship between labour and capital by substituting class struggle with the pursuit of common interest. The appointed representatives of labour were,

in fact, disconnected from the labour force and the corporations, for all practical purposes, were run by the employers.<sup>37</sup>

Fascist ideology can be difficult to define precisely. As the Italian communist Palmiro Togliatti noted, 'When we analyse this ideology, what do we find? Everything. It is an eclectic ideology.'<sup>38</sup> He explained how totalitarianism didn't come from earlier fascist ideology with its 'elements of anarchic liberalism [and] the protest against state intervention in private affairs'. In 1926 he wrote: 'Totalitarianism was born. Fascism was not born totalitarian; it became so when the decisive strata of the bourgeoisie reached their maximum degree of economic, and therefore political, unification.'<sup>39</sup> Mussolini's National Fascist Party was founded as 'a civilian militia in the service of the state' and, once in power, developed its own 'parallel organisations' that sat alongside existing state bodies.<sup>40</sup> It was nevertheless forced to consider ways of engaging with civil society beyond a standing policy of violent confrontation that ranged from the forced administration of doses of castor oil, to beatings, imprisonment and murder. It did so by creating a remarkable network of fascist organisations whose combined membership of 12 million included more than 4 million in Fascist Unions and almost 6 million organised in the 'Dopolavoro,' Fascist Youth and *Balilla*.<sup>41</sup>

The Dopolavoro (literally 'after work') was a system of recreational organisations set up through the National Dopolavoro Agency in 1925 to counter the influence of the unions' organisations and cater for the educational, cultural and sporting needs of the working class. Fifteen thousand Dopolavoros were established on a community basis and a further three thousand were organised at the workplace covering a total of two million workers.<sup>42</sup> A centralised organisation of this type had never before existed in Italy and the recreational facilities that the Dopolavoros provided undoubtedly met with popular approval. They were, however, less successful than the regime hoped in creating model citizens committed to fascism. The factory football teams that were organised simply enjoyed playing the game. In the recreational clubs, many of which pre-dated fascism and were incorporated into the Dopolavoro system, workers continued to enjoy a glass of wine in convivial company unimpressed by the occasional lectures on the virtues of fascism. For the most part, control over the Dopolavoros was quietly resumed by their members.<sup>43</sup>

The *Balilla*, established in 1926, represented a more thorough attempt to 'make fascists' from an early age by controlling the out-of-school activities of Italian children from the age of six to the age of 14. These children were expected to graduate through a fascist organisation known as the Vanguardists until the age of 17, then into the Fascist Youth, and finally, at 21, into the Fascist Party.<sup>44</sup> Compulsory registration of children turned the *Balilla* into a mass organisation whose membership in 1934 was

close to four million, but competition from the Young Catholics and the Communist Youth Federation (which continued to operate despite their prohibition) drew many young people away from the Fascist Youth. Membership of the Fascist Party, which stood at more than one million in 1934, was inflated by public sector workers for whom party membership was a condition of employment and also by an influx of opportunists after 1933 when its membership was opened up to all-comers.<sup>45</sup>

The vehement nationalism common to all fascist movements led to Italy pursuing a policy of belated colonial expansion and military intervention in the affairs of other countries. This was the 'inevitable law of dictatorships: success abroad is made to compensate for the loss of liberty at home'.<sup>46</sup> Successful or otherwise, the war against Ethiopia in 1935, and the intervention in Spain that began in the following year provided the rationale for Mussolini's program of 'autarchy,' defined in this case as the pursuit of economic self-sufficiency in order to enable Italy to be placed on a permanent war footing.<sup>47</sup> A contingent war economy also meant the continuation of state intervention which had become necessary to combat the effects of the Great Depression.

The economic crisis that began in 1929 saw a collapse of commodity prices that was accompanied by falling wages and rising unemployment. None of these declining economic indicators were peculiar to Italy, but there were some features of the country's development that exacerbated their effect. Italy had a fast-growing population (about 43 million in 1936) that outstripped the economy's capacity to adequately provide for it and this had been partly offset by large-scale migration, primarily to the United States and Latin America. The US introduced restrictions on entry in 1921 with the result that the pre-war average of 600,000 emigrants a year fell to 70,000 in the period 1931-40. With high unemployment and depressed conditions in the US and elsewhere, the currency remittances from expatriate Italians slowed appreciably and the reserves of the Bank of Italy dropped by a third.<sup>48</sup>

Another distinctive feature of the Italian economy was the high level of industrial stock held by the large banks which, in some cases, amounted to an effective controlling interest. As these stocks collapsed the entire banking system came under threat and the Fascist state dealt with this crisis by setting up, in January 1933, the Istituto per la Ricostruzione Industriale (IRI), which used public money to rescue the banks by taking over their stock holdings. Other, more conventional methods of dealing with the slump were also adopted including increased tariffs and the extension of public works programs. A much less conventional response was the organisation of industrial and agricultural cartels. The overall effect of these interventions was both a restoration of company profitability and the acquisition by the state of the capacity to direct the economy more easily towards its military ends.<sup>49</sup>

It soon became evident that industry had benefited from both state intervention and war. In 1932 the net loss of share companies in relation to invested capital was 1.38%. Following intervention in 1933 profitability steadily increased and, with the benefit of war, it stood at 7.28% in 1936. Unemployment proved to be a more intractable problem for the Fascist state. In 1929 there were 300,000 unemployed and by 1933 this had increased to at least one million. From 1934 unemployment started to decline but even in the war years from 1936 when Italian Fascism finally overreached itself, it never fell below 700,000.<sup>50</sup>

### German national socialism

Shortly after Mussolini seized power in 1922, Herman Esser, an ex-communist who had become chief propagandist for the National Socialist German Workers' Party (NSDAP) was able to boast to an audience in Munich that his country also had a Mussolini, who went by the name of Adolf Hitler.<sup>51</sup> It would take the ex-corporal from Austria another 11 years before he was able to assume the same dictatorial powers as Mussolini following a hard fought contest with the left that began at the end of the First World War as Germany was engulfed by civil conflict.

Lenin, Trotsky and other Bolshevik leaders had all expressed the view that the success of socialism in Russia depended on proletarian revolution in the West, and it was Germany that was expected to lead the way.<sup>52</sup> When the Bolshevik Central Committee was considering how it might avoid capitulating to the onerous provisions of the Brest-Litovsk Treaty dictated by Germany, they looked to Karl Liebknecht and the German revolution to rescue them. Their optimistic position in late February 1918 was that 'If Liebknecht wins in two or three weeks (which is possible) he will, of course, get us out of all our difficulties.'<sup>53</sup> Although this was tempered by the realistic assessment that Liebknecht's triumph couldn't be guaranteed in those few weeks, it was still regarded as imminent. When the Communist International was set up in the following year, German was its official language, and several years later it was still confidently expected that Berlin would be the site of its headquarters.<sup>54</sup>

Less than a year after the Bolshevik's show of confidence in him, Liebknecht was brutally murdered and the German revolution had already suffered a series of setbacks. Shortly afterwards it was in retreat, suppressed by the efforts of volunteer squads of war veterans, Freikorps, formed to assist a provisional government led by Social Democrats. In June 1919, Germany was forced to accept the terms of a peace treaty even more vindictive than Brest-Litovsk. With the help of the same Freikorps, Hitler was able to exploit opposition to its humiliating terms, providing the rallying point for German nationalism that was so crucial in his rise to power.

Although the party's leading theoretician, Karl Kautsky, had written in 1893 that 'social democracy is a revolutionary party, but not a party which makes revolutions',<sup>55</sup> the journey that took the German Social Democrats from a party of revolution to one in which its leading ministers in government were champions of reaction can be traced from the growth of 'revisionism' that began with Eduard Bernstein in the late 1890's.

The revisionists held that developments since Marx's death undermined his theory that capitalism would go through a series of increasingly severe crises that would inevitably result in the entire system breaking down and being replaced by socialism. Given that Marx had been unable to foresee these changed circumstances, his theory had to be revised in order to take proper account of them. The developments that the revisionists were able to identify, all of which they believed pointed to a meliorative trend in a more mature capitalism, included the growth of trade unions, rising wages and flourishing workers' cooperative societies that introduced an element of socialism into economic relations. The world market had grown, the credit system had become more efficient and the rise of cartels carried with it the capacity to bring an end to the anarchy of capitalist production. Allowing for some minor convulsions, capitalist crises that were supposed to devastate the economy every decade or so had been absent for more than 20 years. Wars on European soil, this time allowing for the Balkans, had been absent for even longer. Finally, democracy was on the march with the German Social Democrats gaining more and more support from the electorate. What followed from these positive developments, according to the revisionists, was an increase in employment and prosperity that obviated the need for class struggle.<sup>56</sup>

This view that capitalism, in its maturity, had become more accommodating to workers didn't so much revise Marxism as make it redundant. The class struggle that was central to Marx's approach would be replaced by a program of gradual reform that owed much to the Fabianism that Bernstein had earlier been exposed to during his time in England. Kautsky drew the obvious conclusion that revisionism would change the Social Democrats 'from a party of proletarian class struggle into a democratic party of socialist reform'.<sup>57</sup>

Many of the opinions of the revisionists were later described by the US economist Paul M. Sweezy as having 'the remarkable quality of being the precise opposite of the truth'<sup>58</sup> and the contention that capitalism had become more civilised would soon enough collapse under the inconvenient weight of war and economic depression. Undeterred, the revisionists pressed on, advocating gradual reform inside the party, and Bernstein continued his labours as an official editor of the works of Marx and Engels.<sup>59</sup>

Differences between revolutionaries and reformists had long existed in German

Social Democracy but they now intensified, and in the years immediately before World War I three distinct tendencies existed in the party. On the right were the reformists, now buttressed by revisionist theory, and on the left the revolutionary left radicals whose leading members included Rosa Luxemburg and Karl Liebknecht. In the middle stood a group known as the Marxist Centre claiming allegiance to their interpretation of party tradition.<sup>60</sup> Success at the polls failed to unite them and the war eventually split them apart.

In the Reichstag elections of 1907, the SPD received 3,259,000 votes which gave them 43 elected representatives. In 1912, their vote increased to 4,250,000 and the number of representatives to 110. When these deputies met on August 3, 1914 to determine their position on war credits only 14 were against providing them and their request for special permission to register a minority vote was denied by the rest of the parliamentary membership. On the following day in the Reichstag, the German Social Democrats voted unanimously for war.<sup>61</sup> Almost 70 years after Marx and Engels had declared that workers of the world had no country and that the German proletariat represented the future, belligerent nationalism triumphed over international solidarity. Socialist leaders all over Europe followed the German example and sent workers to wage war on their fellow workers.

For the reformists in the SPD, the vote for war could be justified on the democratic pretence that parliament should accede to the will of the people. More opportunistically, a 'no' vote ran the risk of losing electoral support. For orthodox Marxists the justification was much more difficult, involving as it did, 'pruning Marxism for imperialist ends'.<sup>62</sup> Although by no means alone, Heinrich Cunow was rather outstanding in this regard. An editor-in-chief of the SPD daily newspaper *Vorwärts* who became editor of *Die Neue Zeit*, Cunow had been one of the first orthodox Marxists in the party to challenge Bernstein's economic arguments. However, by 1915 he was able to argue that imperialism, the 'highest stage of capitalism' as Lenin put it, demanded support on the logic that, as capitalism had to run its course before socialism could be realised, imperialism was a progressive step in that direction. Those who opposed imperialism in general and the war in particular were likened to latter-day Luddites.<sup>63</sup>

The left radicals also had their share of avowed Marxists who claimed that they were able to justify the war in Marxist terms, but it was from within this group that Rosa Luxemburg drew immediate support for an anti-war campaign. As Luxemburg and her supporters set to work organising a public demonstration to be led by the SPD members of the Reichstag who had opposed war, the difficulty of their task became clear. One by one the dissidents fell away and in December, when additional war credits were demanded from the Reichstag, only Karl Liebknecht stood up to vote

against them. Shortly afterwards he was conscripted, and on May Day 1916, while still in uniform, he was arrested for condemning the war. His sentence of four years hard labour was commuted only when it was clear that the war was coming to an end and an amnesty for political prisoners was declared, in October 1918. For her part in organising resistance to the war, Rosa Luxemburg spent a total of three years and four months in prison.<sup>64</sup>

The reaction to Liebknecht's imprisonment, a strike by 55,000 munitions workers in Berlin and strikes and demonstrations in other cities, was a clear indication that support for the war was waning. In July 1917, as the senseless carnage continued, the SPD split when opponents of the war on the left of the party formed the Independent Social Democratic Party of Germany (USPD). If any further evidence was needed that, in 1917, the country had now turned against war, it was provided by a series of strikes involving 300,000 workers that took place just after the USPD was formed, followed by an attempted sailors' mutiny at Kiel in August.<sup>65</sup>

When the war finally ended, with an armistice that came into effect on November 11, 1918, the German Revolution was already well under way. Another mutiny that began at Kiel in late October was more successful and by November 3 a revolutionary Council of Workers' and Sailors' controlled the city. Within little more than a week, revolutionary councils on the Soviet model were the dominant force in other northern ports including Hamburg and in all of the major cities of west and central Germany. On the authority of Munich's Workers' and Soldiers' Council a Socialist Republic was declared in Bavaria on November 7 and on November 9 a German republic was finally proclaimed when the Kaiser was forced to abdicate. On the same day, Karl Liebknecht somewhat prematurely proclaimed the 'free Socialist Republic of Germany' after taking over the Imperial Palace.<sup>66</sup>

But it was in Berlin, in the decisive weeks that followed, that the revolution was lost when the SPD leadership made common cause against it with the conservative establishment and the military in a continuation of their wartime patriotic front. The SPD chairman, Friedrich Ebert (1871-1925), now Chancellor in the interim government, was quick to declare his hatred of the revolution and his willingness to resist Bolshevism to the death. Another SPD veteran, Gustav Noske, volunteered to be both Minister of Defence in Ebert's emergency cabinet and the 'bloodhound' of the revolution.<sup>67</sup>

Above all else, the revolution lacked leadership. Rosa Luxemburg and Karl Liebknecht may have been capable of providing it from their Spartacus group, set up in 1916, which formed the German Communist Party (KPD) at the end of December 1918, but Noske ensured that the occasion never arose. Now commander-in-chief of the armed forces as well as Minister for Defence, he pressed the Freikorps into service

to suppress the Spartacist rising of January 5-13, 1919 in Berlin and when Liebknecht and Luxemburg were murdered on January 15, Noske shook the hand of the Freikorps commander who had organised their deaths. The SPD newspaper *Vorwärts* was able to inform its readers that the murders were justified because Luxemburg and Liebknecht were themselves 'killers of the proletariat'.<sup>68</sup>

From the outset of the war, the SPD's political strategy was based on the premise that German conservatism would be forced to accept that it had a legitimate claim to govern the country. Support for the war would demonstrate its political credentials and it would be rewarded by electoral reform which would eliminate the existing gerrymander against it. Participation in running the war economy would illustrate its fiscal responsibility and allow it to demonstrate the economic benefits of social reform. Together with its commitment to public order, these reforms would provide the platform for its appeal to German voters in the post-war elections. These calculations were made on the assumption that it could continue to rely on its traditional support — 34.8% of the electorate in 1912 — and, as the party of moderate reform, attract enough support from the right to gain more than 50% of the vote.<sup>69</sup>

The two key assumptions in its strategy, the softening of conservative opposition and the continued support of its traditional base, proved to be serious miscalculations. The SPD moved too far to the right for its traditional supporters and it could never move far enough in that direction for its conservative opponents. In late October 1918, despite the fact that there was broad support for a republic that extended beyond the party's established constituency, the timid SPD leadership was prepared to settle for a constitutional monarchy. When Friedrich Ebert was forced by the spineless conservatives to authorise the Armistice signing on November 10, they branded him a 'November Criminal' and gave birth to the myth that the only defeat that the German Army suffered during the First World War was at the hands of cowardly politicians.<sup>70</sup>

The election of January 19, 1919, showed that the SPD strategy was unlikely to work even though there was still sufficient goodwill in the electorate for the party, assisted by a formidable vote-gathering machine, to record its highest vote ever. Almost 38% of voters cast their ballot in the SPD's favour and with 163 seats it was by far the largest party in the Parliament. Friedrich Ebert became the first President of the Weimar Republic and Philipp Schiedemann (1865-1939) from the SPD became its first Chancellor.<sup>71</sup>

Although SPD luminaries now occupied the two highest political offices in the country, the party was still far short of the simple majority that would allow it to govern in its own right. Its failure to articulate a program of sorely needed social



reform led to the erosion of the support base that it had so patiently built since the 1870s. In coalition with liberal-democratic and centre parties, it became 'more bourgeois than the bourgeoisie' and declined the opportunity to reform even those moribund institutions of Imperial Germany that were all too obviously fetters on the liberal-democracy it now purported to champion.<sup>72</sup> The Kaiser-appointed judiciary provides a striking example. Between 1918-22, 376 known political murders were committed in Germany with the right responsible for 354 and the left for 22. Of those from the left who were convicted, ten were executed and the average prison sentence for those spared capital punishment was 15 years. None of those from the right were given the death sentence, 326 of their murders escaped punishment of any description, and the average prison sentence handed out for the rest was just four months.<sup>73</sup> On the only occasion that the SPD leadership appealed to the revolutionary sentiment of the working class, during the Kapp Putsch of March 1920, it was for the sole purpose of preserving their position in government. As the ultra-nationalists staged their coup with the support of Freikorps troops, Ebert and Noske fled Berlin for the safety of Dresden after calling on the workers to defend the republic with a general strike. When the putsch was defeated and the red flag raised in the Ruhr, Noske then turned to other Freikorps troops to rescue his restored government from the revolutionary left. They obliged with the slaughter of thousands.<sup>74</sup>

Not until 1965 would the SPD equal its 1919 election result as the party's vote steadily declined from its immediate post-war high. By 1930, German social democracy had long been redefined and 40% of the SPD's support came from the middle class. In the November 1932 elections the SPD could muster just 20.4% of the vote, its worst result since 1890. As its vote declined, the Communist vote increased, from 2% in 1920 to 16.8% in 1932 giving them 100 parliamentary seats to the SPD's 121. Unable to hold its middle class supporters, the SPD vote declined to 18.3% in 1933. It had by now also come under attack from another party that called itself socialist, defined its socialism in terms of 'the right to work', and accused the SPD of betraying the working class. The National Socialist German Workers' Party (NSDAP) had managed to poll just 2.6% of the vote in 1928, but by March 1933 this had increased to 43.9%, and with the support of the Nationalists (DNVP), this was enough to give them a Reichstag majority.<sup>75</sup>

Having spent the better part of a decade establishing its constitutional credentials, the NSDAP was now in a position to follow Mussolini's example of manipulating the constitution in order to create a one-party totalitarian state. There was only one piece of legislation put before the Reichstag by the NSDAP, an Enabling Act introduced just weeks after the election by which the parliament would dissolve itself and transfer authority to the Chancellor, Adolf Hitler. Under the Weimar Constitution this required

a two-thirds majority before it could become law and Hitler managed this by nullifying the Communist vote with the arrest of 81 of their deputies and securing the 73 votes of the Catholic Centre deputies by promising a Concordat with the Vatican. With the Reichstag surrounded by Nazi stormtroopers, the act passed into law on March 24, 1933. Incapable of organising any mass resistance to the parliamentary stifling of democracy, the SPD deputies who hadn't been arrested were reduced to raising their hands in the Reichstag in futile opposition.<sup>76</sup>

The NSDAP had come into existence in 1920 when it changed its name from the German Workers' Party (DAP) that had been founded in Munich the previous year. Hitler, who had served in the German army during the war and was still in its employ, had been sent to a meeting of the DAP in 1919 to gather intelligence on its activities which were suspected of being subversive. Impressed by the right-wing rhetoric of the tiny party he became a member, and very soon after, an organiser. In early 1920 he was instrumental in drawing-up the 'immutable' 25 points that represented the party program. These points reflected the party's nationalist, racist and authoritarian views as well as expressing its support for 'motherhood' which it thought the state should be obliged to assist while it 'encouraged the development of the young'. The socialist part of its program included the following points:

11. Abolition of incomes unearned by work. Abolition of the thralldom of interest
- ...
13. ... the nationalisation of all businesses which have been amalgamated (into trusts).
14. ... profit sharing in the great industries.
15. ...a generous ... provision for old age.
16. ...confiscation without compensation of land for communal purposes, the abolition of interest on mortgages ...
18. ...ruthless war upon ... usurers, profiteers, etc ...
20. ... The education of specially gifted children of poor parents ...<sup>77</sup>

Although it managed to gain the support of some working class electors, the NSDAP was never able to recruit them in anything like the proportion that they represented in the population as a whole.<sup>78</sup> Opposition to the Treaty of Versailles proved to be much more important in the development of its support base than the appeal to those on the left to abandon international socialism for Hitler's nationalist variant.

Under the treaty that it was compelled to sign in June 1919, Germany lost its colonies together with a sizeable part of German territory in Europe. Its army, limited by the treaty to 100,000 men, was also restricted in the range of weapons that it could acquire and its high seas fleet was lost completely.<sup>79</sup> The loss of territory came at a

significant economic cost to Germany with the forfeiture of markets and reduced access to raw materials and production facilities. There were also other economic losses such as those stemming from Germany being forced to cede much of its mercantile fleet. War reparations added to these. This was an issue decided in principle at the Peace Conference and then set aside to be finally determined by an Allied Commission. John Maynard Keynes, an official representative of the British Treasury at Versailles, was so concerned by the proposed scheme of reparations that he resigned in protest against them and published his views on their effects in *The Economic Consequences of the Peace*. Keynes argued that the reparations needed to take proper account of Germany's capacity to pay and that failure to do so would not only bring Germany to its knees but threaten the rest of the world economy as well. He calculated that £2 billion would cover the cost of the damage done by Germany and given that this was also within its capacity to pay, this sum should be the final settlement demanded by the Allies. With the economy in ruins and its people suffering from food shortages, Germany had to be given some incentive for the future. Instead, under the proposed scheme, a nation that had been defeated and demoralised was condemned to penury, 'Germany has in effect engaged herself to hand over to the Allies the whole of her surplus production in perpetuity.'<sup>80</sup>

The overall amount that was eventually determined in 1921 was £6.6 billion, to be paid off in annual instalments. The economic collapse predicted by Keynes soon followed. The exchange rate of the English pound, which was 15 German marks in 1914, had risen to 760 marks in 1922. In January 1923 it stood at 72,000 marks and by November it reached 16,000,000,000. Three hundred paper mills and 2000 printing works operated 24 hours a day flooding the country with paper currency whose value declined before the ink used in its manufacture had time to dry. Unable to meet its reparation payments, Germany defaulted in early 1923 and French forces occupied the Ruhr demanding that the debt be honoured.<sup>81</sup>

Rejection of the Versailles Treaty was high on the list of the NSDAP's 25-point program and by 1923, Hitler, having earlier established himself as sole leader, had managed to build the party membership in Bavaria to 70,000. The party also had a para-military wing, the Stormbataillon or SA, by now 30,000 strong, with many of its members drawn from the *Friekorps*.<sup>82</sup> The terms of the Versailles settlement were widely resented in Germany and the humiliation of French occupation was now added to the poverty caused by hyperinflation. More than 2.5 million unemployed were further victims of the economic disaster that could now be attributed to it. The NSDAP and other racist groups were also able to exploit the fact that some of the occupying military units in the Ruhr came from France's African colonies.<sup>83</sup> In these circumstances,

confident of popular support, Hitler staged a coup.

The Munich 'Beer Hall Putsch' as it came to be known after November 1923 ultimately failed because it was unable to win the support of the military and Hitler was committed to five years fortress detention (minus six months for pre-trial imprisonment) for his part in the affair. He served less than nine months of the sentence and during his incarceration, received special privileges, was never short of visitors and managed to begin collaborating with Rudolf Hess on his book *Mein Kampf*.<sup>84</sup>

The putsch had popular support in Bavaria and the lesson that Hitler learned from it was that the NSDAP had to build up a national organisation strong enough to ensure that the state would be forced to accommodate it. He also recognised the connection between 'the general despair, the economic and political poverty of Germany' and the success of National Socialism. The Allies realised as well that poverty was a breeding ground for radicalism, something that the Dawes Plan of 1924 was intended to remedy. It provided for American loans to meet revised reparation payments and accepted that future payments depended on German export surpluses.<sup>85</sup>

In the mid 1920s, as the German economy recovered, Hitler patiently rebuilt the NSDAP, establishing the 'Hitler Youth' and the *Schutz Staffel* or protective squad, better known by its initials, SS. George Strasser, an influential NSDAP member who thought that the socialism in National Socialism had some real purpose, was sent to north Germany to organise support for the party and by mid-1928 its membership had grown from its post-coup low of 700 to more than 100,000. In 1929, Hitler again campaigned for the repudiation of Versailles, this time occasioned by the Young Plan which provided for a settlement of reparations over a fifty-nine year period. With the support of the DNVP he was able to force the issue to a national referendum and although it fell well short of the 21 million votes necessary to pass into law, it provided Hitler with an increased national profile.<sup>86</sup>

The significance of the reparations issue has been described as 'more psychological than real' and Hitler undoubtedly inflated its importance. Nevertheless, the payments were an important part of government outlays amounting, at one point, to 3% of Gross National Product and, in 1929, to 17% of the total value of German exports. Then Wall Street crashed and as the Depression wore on, Hitler could claim some credit for the moratorium on payments eventually declared by President Hoover in 1931 and for their cancellation the following year at the Lausanne Conference.<sup>87</sup>

The Depression, without which the NSDAP was unlikely to have come to power, hit Germany particularly hard. By 1932 industrial production was down to 61% of its 1929 level whereas in France it fell to 71% (in 1935) and in Britain to just 89% at its

lowest point. In September 1929 there were 1.3 million Germans unemployed, which rose to six million by January 1933. At its height the German unemployment rate was just over 30% compared to 22.5% in Britain and a much lower rate still in France.<sup>88</sup> John Maynard Keynes achieved world recognition for his revolutionary theory on unemployment that provided an unorthodox solution to the problem, but as one of his followers pointed out, before he had finished explaining how unemployment came about (in his *General Theory* of 1936), Hitler had already solved the problem. Unemployment never fell below 11% in Britain during the 1930s but by 1936 in Germany it had already declined to 8%. Three years later, less than 12,000 people in the whole country were registered as jobless as Germany's Gross National Product (GNP) almost doubled in six years.<sup>89</sup>

Deficit spending on job creation schemes and excluding women from the labour market were a large part of National Socialism's solution to unemployment, with public debt increasing from 12% to 35% of GNP in the years up until 1939. There was also a significant increase in armaments expenditure which went from less than 1% of GNP in the years of the Weimar Republic to more than 15% in 1938. The armaments industry also benefited from the decline in unemployment with surpluses from the unemployment insurance scheme being diverted into financing military spending from 1936.<sup>90</sup>

German industry also profited from the emasculation of what had been the strongest union movement in Europe. When Hitler came to power in 1933 there were some six million union members in the country, the vast majority of them organised in socialist unions. The socialist union leadership offered its cooperation to the Nazi state whose first response was to declare International Workers Day, May 1, a paid 'Holiday of National Labour'. The following day the socialist union leaders were arrested and their unions' property and funds confiscated. With strikes and collective bargaining prohibited, the German Labour Front (DAF) was declared the sole organisation for all working people and employers. Labour and capital were united in 'enterprise communities' and a 'Strength Through Joy' program, modelled on the *Dopolavoro*, was set up to organise workers' recreational activities. Like the *Dopolavoro*, the German scheme had its popular appeal but many workers would have found it difficult to participate in the after-work activities such as theatre nights as the 8-hour day that was instituted in 1918 was largely replaced by a 10-hour day, with 12 and 14-hour days common in some of the more strategic industries.<sup>91</sup>

The attack on unionists, social democrats and communists made it easier for the left to advance the simplistic analysis that the success of National Socialism was due to the financial support that it received from big business interests who, in turn, were the

main beneficiaries of its economic policies. The communist view, which even today retains some currency, was taken from a report given by the Bulgarian communist, Georgi Dimitrov (1882-1949) to the Seventh Congress of the Communist International in 1935, where fascism was described as ‘the terroristic dictatorship of the most reactionary, most chauvinistic and most imperialistic elements of finance capital’.<sup>92</sup> Dimitrov had some first-hand experience of the NSDAP. When he was the Comintern’s representative in Berlin he was accused of complicity in the Reichstag fire in early 1933, an event that provided the pretext for the arrest of thousands of socialists who, before the Jews, became the first inmates of the concentration camps set up by Hitler’s SS chief, Heinrich Himmler. His analysis was nevertheless incorrect. Big business in Germany certainly resented the payment of what it saw as high taxes directed to the funding of a social security system it thought far too generous. It also took umbrage at the high wages and the costs associated with what it considered overly-liberal working conditions that it was forced to concede by powerful unions who challenged its authority. The political and financial support given to Hitler by the business community in the NSDAP’s early days was real enough (although often overstated) and business interests, particularly the armaments industry, did indeed benefit from National Socialist policies. However, a majority of large business interests would probably have preferred the stability of a strong government of the Right to the unpredictability of Hitler. In any event, if big business is powerful enough to organise in its own interests, it is capable of coming to an accommodation with governments of any persuasion, excepting, of course, those who move to abolish private property altogether. Equally, governments come to understand the constraints that capital can impose on their political agenda, and despite the fact that big business did well under Hitler, his was not a regime of its creation. The alternative that is sometimes put, that big business assisted Hitler to take power and then suffered under his dictatorial rule similarly lacks credibility. Widespread support from large business wasn’t particularly evident before the Depression and didn’t increase dramatically during the course of it. Far from being attacked by Hitler once he assumed power, businesses large and small willingly cooperated with his regime and had no qualms about profiting from the morally repugnant results.<sup>93</sup>

Hitler’s attack was against those on the left who opposed him on political grounds and against others who, irrespective of their politics, affronted him for reasons of race, religion, sexuality or culture. They were all incarcerated, tortured, put to work as slave labour and eventually exterminated. Opponents within the NSDAP, who included George Strasser and others with a genuine interest in socialism, were eliminated in quicker fashion, summarily executed in mid-1934 in a murder incident known as the ‘Night of the Long Knives’. Citizenship was determined by race with Jews specifically

excluded, stripped of their property, their liberty and then their lives in the hideously efficient gas chambers constructed as instruments of genocide. Under Hitler, the state developed a dual character. At one level, the apparatus of a legally constituted 'normative' state continued to function, but real power was exercised by the NSDAP's parallel organisations that represented a 'prerogative' state. The Secret State Police, or Gestapo, was controlled by SS chief Himmler and the rule of law was replaced by arbitrary Nazi rule aimed at cleansing society of National Socialism's critics and opponents.<sup>94</sup>

Having established the mechanism for consolidating power at home, Hitler turned his attention to the expansion of German interests abroad. The party program demanded the union of all Germans in a Greater Germany together with additional territories for both food production and the settlement of Germany's excess population. This could only be done by rearmament which meant fulfilling the promise of another section of the Party program, the repudiation of the Versailles provisions that prohibited a German air force and navy as well as limiting the size of its army. In October 1933, Hitler announced Germany's withdrawal from the Disarmament Conference and the League of Nations. Some months earlier he had argued that the cause of peace could only be advanced if other European powers, particularly Britain and France, disarmed in the same way that Germany had been compelled to do in 1919. Their failure to do so carried with it the clear implication that they sought to permanently degrade the status of a German nation prevented from defending itself.<sup>95</sup>

Opposed only by diplomatic censure, Germany began to rearm and the Spanish Civil War, which began in July 1936, provided it with the opportunity of combat experience when it intervened on the side of General Franco and assisted in the defeat of the Republican government. The Condor Air Legion used the occasion to develop the technique of carpet bombing and distinguished itself by bombing undefended towns and villages sympathetic to the Republican cause. The painter Pablo Picasso provided the most definitive record of the horror of the bombing when his painting *Guernica*, named after the Basque town subject to a particularly brutal assault, was exhibited at the Paris World Fair in 1937.<sup>96</sup>

Hitler and Mussolini were able to turn the Spanish Civil War into a limited European war and the reaction of Britain and France, who adopted a policy of non-intervention that exposed the impotence of the League of Nations, was hardly a deterrent against future aggression. The US kept its distance and although the USSR did intervene in the conflict on the side of the legitimately elected government, Stalin was as wary of provoking Hitler as he was of frightening the British. The arms contributed by the USSR, with the exception of tanks, were of indifferent quality and the aircraft were no

match for those supplied and flown by the Germans. They also came at a considerable cost. At the beginning of the Civil War, Spain had the fourth largest gold reserves in the world and most of it found its way to Moscow where creative Soviet accountants set to work pricing the arms shipments in order to realise a substantial profit. Stalin also contributed political advisers who came at the price of creating a 'civil war within the Spanish civil war' as anarchists, anarcho-syndicalists and the Trotskyist-influenced POUM (Workers' Party of Marxist Unity) were purged from the Popular Front at the same time that Stalin was conducting his own purges in the USSR.<sup>97</sup>

One of Hitler's more prominent biographers, Alan Bullock, has argued that although Hitler had a vested interest in Franco's victory, it was also one of his objectives to prolong the Spanish Civil War in order to weaken France by exacerbating the country's disunity and, at the same time, sharpen the conflict between Italy, France and Britain to prevent a possible rapprochement. It is an argument supported by the fact that substantial amounts of arms were sent to the Republicans under the authority of one of Hitler's chief lieutenants, Herman Goering, founder of the Gestapo and commander-in-chief of the Luftwaffe.<sup>98</sup>

Before the Spanish Civil War was over (in late March 1939), Hitler had already created a Greater Germany with the occupation of Austria and Czechoslovakia as Britain and France looked the other way. By the middle of the year, when Hitler was ready to annexe Poland, it was the likely reaction of the USSR rather than the West that he had to take into account. Stalin, acutely aware of the threat that Hitler posed, had earlier indicated that he was willing to join with France, with whom he had a formal alliance, in defending Czechoslovakia. The USSR though, was utterly unprepared for war with Germany and it was clear to Stalin that the country's security could only be guaranteed, at least in the short term, by building-up alliances with other nations. To this end he proposed an alliance and military convention with Britain and France on the assumption, which appeared unlikely to most in 1939, that this would draw in the US. This was a course favoured by Winston Churchill from the backbench of Britain's House of Commons, but not by the Prime Minister, Neville Chamberlain, or his government. While Stalin left open the possibility of an agreement with Britain and France, he also allowed negotiations with the German Foreign Minister, Ribbentrop. Hitler, knowing that war with France and Britain was inevitable, preferred not to engage the USSR at the same time, and in late August Germany and the USSR signed a non-aggression pact whose secret protocols divided eastern Europe into German and Soviet 'spheres of influence'.<sup>99</sup>

Within a fortnight, German troops invaded Poland and with the Allies' policy of appeasement in tatters, a second war began in Europe barely two decades after the



first had concluded. It became a world war in 1941 when Hitler felt confident enough to invade the USSR in June, and Japan attacked Pearl Harbour in December.

When it was over in 1945, some 55 million had perished. The end of the war also brought to an end the experiment of National Socialism that a large part (although never a majority) of the German and Italian people had been prepared to make in the 1920s and 1930s. Before the war was finally over, there was even a belated attempt to resuscitate the socialist part of the National Socialist project in the country of its birth, Italy. Hitler's anti-capitalist credentials, which came from those clauses in the 25-point party program that made reference to nationalisation and wealth redistribution, were never even remotely likely to be given serious consideration once he assumed power. His commitment to them had, in fact, long been suspect, and certainly by 1930, during the course of his dispute with George Strasser's brother, Otto, he had come to believe that individual capitalists had succeeded because they were a higher race and therefore had the right to lead.<sup>100</sup> Mussolini, on the other hand, came from a strong socialist background and had a support base that included unionists committed to the cause of national syndicalism. When the Allies invaded Italy in 1943, the country became a battleground between German forces based in the north and Anglo-American troops advancing from the south. Mussolini, who had been effectively deposed and then imprisoned in July 1943, was rescued from captivity by the Germans in September. Following a meeting with Hitler in Germany, he returned to Italy and set up the Italian Social Republic which managed, nominally at least, to remain in existence in the north of the country until April 1945.

Although it relied entirely on German support and had no constitution, the republic made some attempt to govern in accord with the program that its ruling party, a reconstituted Republican Fascist Party, adopted at Verona in November 1943. This promised a measure of land distribution and the social control of industry through a program of nationalisation that was complemented by joint management and profit sharing schemes in the private sector.

The Germans who controlled the north of the country refused, for the most part, to allow its introduction. Northern factory workers considered the new program fraudulent and responded to it by reasserting their right to strike. Their experience of National Socialism confirmed that it was a vehemently nationalist ideology, but as for the rest, its relationship to socialism was in name only.<sup>101</sup> ■

## 4. Labour Turns to Labor

In January 1776, barely 12 months after he arrived in the American colonies, Thomas Paine published a pamphlet called *Common Sense*. By April it had sold 120,000 copies and was well on the way to becoming one of the most influential political tracts of the American Revolution. Paine attacked the British constitution as ‘the base remains’ of those two ancient tyrannies, monarchy and aristocracy. Importantly, he drew a distinction between society and the state, arguing that the functions of the state were limited to securing the natural liberties of those individuals who freely came together to form civil society. The liberty of individuals was inalienable which meant that demanding concessions from a despotic British government whose constitutional framework rested on an opposite premise was futile. The link between liberty and government could only be made by severing the ties between Britain and America. It was in these circumstances that a declaration of independence made common sense.<sup>1</sup>

On July 4 the Continental Congress approved the Declaration of Independence drafted by Thomas Jefferson, and its terms showed the influence of Paine’s ideas. It held that there were certain self-evident truths, the first of which was that all men were created equal. Their inalienable rights included the right to life, liberty and the pursuit of happiness. Governments were instituted, by consent of the governed, to secure these rights and if they failed to do so the people had a right to abolish them.<sup>2</sup>

The successful American Revolution which followed created a nation that would soon challenge the hegemony of the British Empire, but the loss of the American colonies presented a more immediate problem for Britain. Since 1717 they had been the destination of the transports that carried 40,000 convicts from the British Isles. Britain was now obliged to accommodate its excess criminal population on prison hulks located on the Thames and in naval harbours on the south coast of England. Although the government attempted to make a virtue of these new arrangements, the failure of the hulks to properly contain the number of those sentenced led to calls for a resumption of transportation.<sup>3</sup>

A committee of the House of Commons that had been appointed in 1779 to consider extending transportation to other parts of the globe found in favour of the idea. Gambia, Gibraltar and Botany Bay in Australia were all recommended as suitable alternatives but the practicality of establishing a penal colony in any one of these locations wasn't so apparent as to merit their immediate selection. Five years later, despite the number of convicts sentenced to transportation increasing by about 1000 each year, there was still no location to which they could be transported. In the early part of 1784, the British government was still attempting to convince planters in the southern states of the newly independent US that purchasing Britain's surplus convicts was a sound economic proposition. Their lack of success was accompanied by increased anxiety on the part of a British public concerned about escaped felons appearing in their midst and alarmed at the threat from smallpox which broke out periodically on the hulks. The issue became all the more urgent when eight convicts were shot dead and 36 wounded in March 1786 during the course of an insurrection on the hulk moored at Plymouth. Following a cabinet meeting in June at which the West Indies, Canada and the west coast of Africa were all discussed as possible sites for convict settlements, Lord Sydney was finally able to advise the Treasury in August that the necessary shipping and supply arrangements for the site that had now been decided on could be made forthwith. The territory that came to be known as Australia, claimed for the Crown by Captain James Cook in 1770, was to be settled as a penal colony. The fleet that set sail from Portsmouth in May 1787 was the first of many that would eventually transport some 160,000 convicts from Britain over the next 80 years.<sup>4</sup>

The colony that was established early in the following year was subject to English law by the application of legal reasoning that had become settled in the late 18th century. In 1720, the Legal Adviser to the Board of Trade had expressed the view that in 'plantations' (his description of colonies) the law that applied was the common law of England. Later in the century it was confirmed that 'if an uninhabited country be discovered and planted by English subjects, all the English laws then in being, which are the birthright of every subject, are immediately there in force'. For the Aboriginal population that had occupied the land for tens of thousands of years this meant that they were treated as peoples 'who lacked effective possession of the lands over which they roamed'.<sup>5</sup>

The constitutional arrangements were also handed down from the British and as the number of emancipists and free settlers increased, elected representation was introduced to the colonies beginning with New South Wales after the *Australian Constitutions Act* was passed by the British parliament in 1842, and eventually extending to Western Australia with the *Constitution (Western Australia) Act*, 1890.<sup>6</sup>

As a penal colony that developed into a white settler society, Australia experienced none of the political or industrial revolutions that convulsed Europe and the US. The political ideas that shaped the nation that became Australia arrived with its immigrants.

Writing in the early 20th century, a German migrant contended that among the immigrants who arrived in Australia in the 1850s there were many who retained some of the revolutionary spirit that permeated Europe in 1849 and 1850. These were the men 'who remembered Thomas Paine, Robert Owen and the Chartists'.<sup>7</sup> There were also those who remembered Karl Marx and Frederick Engels. Prominent among them was Heinrich Bauer, a leader of both the League of the Just and the German Workers' Educational League who became a member of the Central Committee of the Communist League that commissioned Marx and Engels to write the *Communist Manifesto*. A shoemaker by trade, Baur was one of the first working-class revolutionaries that Engels encountered when he visited London in 1843. Baur migrated to Australia around 1851 and does not appear to have kept in contact with either Marx or Engels. In 1885, Engels had no knowledge of his whereabouts other than he 'was lost track of in Australia'. Marx did manage to maintain communication with another revolutionary from the early days, Gustav Techow, leader of the revolutionary army in Baden who migrated to Australia in 1852. In 1860, Marx wrote to Techow who replied from his address at the Royal Hotel in St Kilda. Despite his radical past the old '1848er' seems to have forsaken revolutionary activity in Australia for the safety of gymnastic instruction, publishing a book on the subject in Melbourne in 1886. It was no doubt popular with the other old hands from the 1848 Revolution in Germany who, after migrating to Melbourne, formed a large part of the gymnastic club known as the Turn Verein. Another migrant who knew both Marx and Engels was the London born unionist, George Henry Buttery. As a delegate from the Cabinet Makers Association he sat alongside both of them at the Council of the International Workingmen's Association. Buttery immigrated to Adelaide in 1877 where he remained a union activist before turning his hand to bookselling. He became a member of the South Australian Fabian Society and was later a leading member of the Clarion Fellowship of Socialists established in Adelaide following Tom Mann's visit at the end of 1902.<sup>8</sup>

German migrants made up a significant part of the early Australian population, particularly in South Australia where, in the formative years of the colony, one in 10 citizens were said to have been of German origin. By 1891, an estimated 7.7% of the South Australian residents were of German origin or descent. In Queensland, the corresponding figure was 6.2% and in the whole of Australia it was close to 3%.<sup>9</sup> The experience of these workers in Australia in the 19th and early 20th century was drawn

on by both sides of the 'revisionist' controversy in the German Social Democratic movement. The SPD affiliated unions that supported Bernstein carried articles in their journals from expatriates who praised the success of reformist labour policies in Australia, and the unions in turn expressed the view that the example set by Australian unions would spur on their German comrades. On the other hand *Neue Zeit* was able to publish quite different accounts of conditions in Australia. "The capitalist Australia may be the country in which milk and honey flow, but the workers and peasants are not an inch better off than people in other countries that are ruled by capitalists. The same wage slavery exists there as anywhere else." The contributions to *Neue Zeit* concerning Australia included one from an American correspondent that gave an extraordinarily detailed account of the country's economic and political development which led to the conclusion that, as late as 1905, the lack of industrial development and consequent absence of a large industrial proletariat told against the formation of an avowedly socialist party.<sup>10</sup>

If that analysis was correct, it wasn't for the want of effort on the part of the German migrant community. The group that they founded in Adelaide in early 1886, the Allgemeiner Deutscher Verein, together with Verein Vorwärts, established in Melbourne late in the following year, were among the country's first socialist organisations.<sup>11</sup>

Another revolutionary event in the 19th century that touched Australia was the Paris Commune. In August 1876, concerned at the prospect of hundreds of Communard prisoners being released from New Caledonia, the *Sydney Morning Herald* found it difficult to distinguish between political prisoners of the communist sort and common criminals. 'Political prisoners are often to be commiserated, and it would be a pity to close the world against them because their own country has cast them out, often tyrannically and unjustly. But in the case of the communists we have no means of ascertaining which are purely political prisoners and which are criminals in the more proper sense of the word.' The *Herald's* misgivings notwithstanding, some of the Communards managed to find their way to Sydney where they joined the Socialist International Club founded in 1878 by Frank Sceusa, who had migrated from Sicily in order to escape the persecution he was subjected to because of his socialist activities.<sup>12</sup>

Important as the contributions made by Frank Sceusa and German migrants were to the development of socialist organisations in Australia, the overwhelming political influence was bound to be British. In 1850, the population of Australia was just over 400,000 and in the next decade this almost trebled following the discovery of gold. In 1861, out of a population of 1,152,106, 55% were British born and 37% Australian

born, mostly of British parents. Those born in Germany, China and other countries accounted for just 8% of the total.<sup>13</sup> Whether British arrivals in the earlier part of the 19th century came to Australia voluntary or otherwise, the political movements that they were most likely to have encountered would have been Chartism and Robert Owens's Utopian Socialism. The Chartist movement took its name from the six points of the People's Charter of May 1838 — universal male suffrage, annual parliaments, paid members of parliament, secret ballots for election to parliament, equal electoral districts and no property qualifications for elected representatives. Many of the artisans who migrated to South Australia in the late 1840s had been active in the Chartist movement in Britain and several ex-Chartists were among the miners' leaders on the Victorian goldfields in the early 1850s. In 1859, an ex-Chartist, Charles Jardine Don, was elected to the Victorian Legislative Assembly. Henry Parkes, who learned his trade of ivory turner in England and became familiar with bankruptcy in Australia before being elevated to the knighthood and the premiership of New South Wales, strongly disavowed his membership of the Chartists but he was undoubtedly influenced by the movement and sympathetic to its aims. In March 1839, he announced to the Letters Editor of the *Charter*, a publication of the London Working Men's Association, his intention to leave England for the 'wilderness of Australia' owing to his inability to obtain the means of living in his native country. His early radicalism was clearly of the pragmatic type and he established his newspaper, the *Empire*, at the end of 1850, in order to counter the influence of the 'socialistic doctrinaires who controlled the *People's Advocate* (1848-54), the Political Association (1851) and the Democratic League (1852-3)'.<sup>14</sup>

## Squattocracy & vested interests

In the early 19th century, the two parliamentary groupings that dominated British politics were the Whigs and the Tories, names that originated as terms of abuse between the two sides that divided, in the late 17th century, over the exclusion of Roman Catholics from succession to the crown. In 1834, the chief justice of New South Wales, Francis Forbes, told the governor, Sir Richard Bourke, that the politics of the colony were the Whig and Tory politics of England and predicted that they would remain so for many years to come. Whigs believed that society was composed of 'interests' rather than socio-economic classes and, as Forbes anticipated, this received political wisdom was influential in early Australia. However, by 1851, a time when the colony's fortunes had prospered, the economic conflict between these interests was being described in Parkes' *Empire* as the political and social division between 'classes'. The three classes identified were 'the Squattocracy or vested interest; the Bureaucracy

or Mercantile interest; and the Democracy or Labouring interest.’<sup>15</sup>

Australia rode to prosperity on the back of its wool industry as exports increased from 345lbs in 1806 to 175,000lbs in 1821. By 1840, 12 million lbs were exported and a decade later production had reached 59.5 million lbs with much of it in the hands of sheep farmers known as squatters.<sup>16</sup>

In the early 17th century, ‘squatter’ meant to scatter or disperse. By the third decade of the 19th century it was commonly used, as it still is today, to refer to an unauthorised occupant of land or premises. Towards the end of the 18th century it had come to take on another meaning in the US, referring to a settler occupying land without legal title in a district not yet surveyed or apportioned by the government. In Australia, it seems to have first been used in Van Diemen’s Land in its early days (the colony was separated from New South Wales in 1825 and became Tasmania in 1856) to describe those who were for the most part impoverished and had acquired their land by simply ‘squattin’ on it. From the 1830s in New South Wales a ‘squatter’ became a person of some standing, part of a small group whose wealth and influence came from vast landholdings. As it crossed the Bass Strait, squatter went from a term of vilification to one of self-esteem, but for all the respect that they demanded, the squatters in New South Wales had acquired their holdings in the same way, but with less justification, than the marginalised poor had in Van Diemen’s Land.<sup>17</sup>

From the early years of settlement, land-grabbing and the corruption that surrounded it were commonplace. In April 1787, before the First Fleet had set sail, Governor Arthur Phillip was given a commission that included authorisation to make land grants, and in the course of some five years he issued grants totalling 3389 acres. After Phillip departed for England, in late 1792, almost three years elapsed before his replacement, Governor John Hunter, arrived in Sydney Cove. During that time, the colony was ruled by officers of the military detachment charged with enforcing crown authority, the New South Wales Corps. They managed to establish a monopoly in trade for themselves and became known as the Rum Corps as a result of their control over the supply of what became one of the more popular and profitable commodities sold in the colony. The officers and many of the lower ranks of the Corps were also the recipients of most of the grants of land, 15,639 acres, that were made when they were in charge of affairs. By 1806 the trend in land ownership was already clear with 646 small farmers in possession of 47,460 acres and just 71 officers and civilian officials holding 36,639 acres.<sup>18</sup>

In 1826, the British government instructed the governor of New South Wales to define the limits of the colony within which crown land could be bought or sold. Three years later, Governor Sir Ralph Darling proclaimed the existence of 19 counties extending

out from Sydney whose boundaries marked the limits of settlement, and over the next decade a number of other counties were added to the list. A substantial amount of this proclaimed land was sold, with most of it bought by wealthy and well established interests. Outside of the boundaries of settlement the land was claimed by squatters. The existence of regulations that merely drew lines on a map proved no match for the guile of men who knew the wealth potential of wool. Squatters soon occupied vast areas of crown land across western New South Wales and pushed north to present day Queensland and south to the districts that now surround Melbourne. The response of the colonial authorities was slow in coming and sympathetic when it finally arrived. In 1836, a nominal licence fee of £10 per annum was introduced that was followed, in 1839, by a tax on stock. The burden that these charges imposed on the squatters was such that the cost of grazing 10,000 sheep outside the boundary was now £30 per annum, about the same amount as the cost of employing one station hand for a year.<sup>19</sup>

In 1844, with the great majority of sheep in New South Wales now grazed on land outside the boundary by about 900 squatters, Governor Sir George Gipps attempted to reform the system. He proposed that land in the squatting districts be defined for licence purposes. A station or 'run' would be limited to an area of not more than 12,800 acres capable of carrying 4000 sheep. The £10 licence fee would be payable for each defined station so that squatters occupying larger runs would have their licence charges increased. At the same time, squatters were offered a degree of tenure by exercising an option to purchase a homestead block of 320 acres on each station which guaranteed occupation of the whole station for at least eight years. The 'monster squatters' such as W.C. Wentworth and Ben Boyd were outraged. Squatting on somewhere near a million acres, which would be the equivalent of more than 60 stations under the proposed changes, Boyd described Gipps as an agent of 'grinding oppression'. Together with 350 others of like mind, Boyd and Wentworth were among those who formed the Pastoral Association of New South Wales, in April 1844, in order to protect their interests by undermining Gipps. After a long struggle the squatters were able to claim victory when the proposal for purchasing homesteads was abandoned. In 1846-47 the Colonial Office granted them, without competition, leases of eight to 14 years duration for their existing runs. By 1849, 73 million acres of land in New South Wales were occupied by squatters. Forty-two of them, all of whom leased stations in excess of 200,000 acres, held between them a total of 13.6 million acres.<sup>20</sup>

From the early 1860s, attempts were made in the eastern colonies to open up the land to small settlers but although the number of small farmers increased, most of the land was bought by squatters who weren't shy of resorting to the illegal methods of bribery and fraud when legal avenues proved an inconvenience. Between 1861 and



1883, 62,000 applications for selection were made in New South Wales with two-thirds of them being politely described as not being made ‘in good faith’. Some seven million acres of crown land passed into private ownership in New South Wales between 1788 and 1861, and over the next three decades this increased by about 50 million acres. In the much smaller colony of Victoria, 20 million acres of land was alienated in the thirty years to 1881. By the 1880s in New South Wales, about 500 holdings in excess of 10,000 acres (with some greater than 200,000 acres of freehold land) accounted for half of all alienated crown land. In Victoria, 10 families owned nearly two million acres between them.<sup>21</sup>

## Representative politics

Although they won the battle for the land, the squatters lost their fight to retain access to the cheap labour of British convicts. By the late 1830s, the wool boom had made Australia an increasingly attractive destination for immigrants at a time when the British government was moving to bring the assignment of convicts to an end. In 1839, just over 2000 convicts were transported to the colony while the number of free immigrants that arrived was in excess of 13,000. By 1840, New South Wales was considered ‘too well settled and too civilised to be a good penal colony’ and transportation was brought to an end.<sup>22</sup>

In the decade that followed, Australia replaced Germany as the chief source of British wool imports with its share of the market increasing from 20% in 1840 to 53% in 1850 as Germany’s share correspondingly declined. For much of this period, beginning in 1843, Australia had an acute labour shortage as supply failed to keep pace with the demand generated by rapid growth. The importance of Australia to British wool manufacturers wasn’t lost on the Secretary of State for the Colonies, William Ewart Gladstone (1808-98) who, in 1846, was moved to inquire of the colonial governor, Sir Charles FitzRoy, as to whether the resumption of transportation might provide a solution to the pressing labour problem. The squatters certainly thought so and by the end of October a select committee of the New South Wales Legislative Council that had been hand picked to represent their interests was able to say precisely how many convicts would meet their requirements — 5000 males accompanied by 10,000 free settlers of both sexes.<sup>23</sup>

For the squatters, economic self-interest happily coincided with the welfare of the unfortunate convicts, for nothing could be more guaranteed to reform the character of hardened criminals than the solitude of outback labour. For the middle class and the working class who stood together in opposing them, what was at issue was the right of the people to decide the future shape of *their* society, to be able to choose

between freedom and convict settlement. To the squatters' assertion that the choice was between convicts or coloured labour, their opponents retorted that they were free to reject both, and 'squatter' once more became a term of opprobrium. Over the next four years, while the squatters' case was championed in London by a spokesman for the Pastoralist Association, transportation was denounced at home, from the pulpit, in the press and on the streets. When polite protests from the 'loyal subjects of Her Most Gracious Majesty' fell on deaf ears, the talk turned to rebellion and independence. It was no coincidence, when the convict question was finally settled to the detriment of the squatters in New South Wales, in 1850, that an extension of the franchise came with it.<sup>24</sup>

The Legislative Council, instituted in New South Wales by the *Australian Constitutions Act 1842*, was comprised of 36 members, two-thirds of whom were elected with the remaining 12 appointed by authority of the Crown. The franchise was restricted to those males with freehold property to the clear value of £200 or householders occupying dwelling houses of the clear annual value of £20. It was further limited by weighting the electoral districts in favour of rural representation. In one rural electorate there were just 60 registered voters and Sydney, with one quarter of the colony's population, had only one twelfth of the colony's representatives. The property-owning bourgeoisie in the towns of the colony, some 47,000 of them, were given the right to elect six members of the Council while the 66,500 enfranchised in country areas were represented by 18 members.<sup>25</sup>

The reforms that followed the *Australian Constitutions Act 1850* saw the colony of Victoria established, Queensland became a separate colony in 1859 and by this time representative and responsible government had been introduced in all of the colonies except Western Australia. The squatters solved their labour problem by importing cheap fencing wire which enabled them to enclose their land and dispense with the services of shepherds, and the discovery of gold signalled an end to transportation in Van Diemen's Land. If courting transportation in Ireland during the potato famine had its advantages, giving British convicts free passage to the goldfields to fossick for their fortunes could well be regarded as an incentive to commit crime. In Western Australia, where convict settlement was chosen over free institutions, transportation continued until 1867 and self-government was delayed until 1890.<sup>26</sup>

As the various colonies moved towards a broader electoral politics, some progressive reforms found their way onto the statute books. The secret ballot, a Chartist demand to eliminate the bribery, intimidation and duress associated with public voting was first used in Victoria in 1856. Following its adoption soon after in the other colonies it became known throughout much of the world as the 'Australian

Ballot'. South Australia was second only to New Zealand when it granted women the vote in 1894 and Western Australia was still well advanced when it followed in 1899. But if the 'swinish multitude' in Britain had to be introduced gradually to responsible voting then an electorate that had a disproportionate number of convicts and their offspring alongside Chartists, socialists, and trade unionists had to be treated all the more cautiously.<sup>27</sup>

The legislative changes of 1850 that extended voting rights in New South Wales did no more than adjust the property franchise so that those with land worth £100 and householders with dwelling houses of the clear annual value of £10 became entitled to vote. Plural voting, property qualifications that restricted eligibility to stand for election as well as vote, and weighted electorates in favour of rural and conservative interests were all methods that were used to limit the franchise. But the most enduring was the gerrymandered upper-house that stood as 'a bulwark against the excesses and defects of mass democracy'. Even today, in the Upper-House in WA non-metropolitan voters have a vote that is up to five times more influential than a metropolitan voter.

. It is also of some note that in the one state that abolished its upper-house, Queensland in 1922, the gerrymander was transferred to the lower-house. In 1974, for example, the ALP in Queensland received just 13% of the seats in the state parliament after winning 36% of the vote.<sup>28</sup>

## A workers' paradise

While Australian workers were denied effective representation in the colonies' parliaments they could at least content themselves that they were otherwise living in a 'workers' paradise'. This was the considered opinion of the English lawyer and politician, Sir Charles Wentworth Dilke (1843-1911), who wrote *Greater Britain* in 1868 after surveying first hand the United States, Canada, Australia and New Zealand. Dilke went on to become a distinguished member of the British parliament and was fancied to succeed Gladstone as Prime Minister but for the scandal surrounding a divorce case which caused him to lose his seat in 1886. His second investigation into the affairs of the Empire was published as *Problems of Greater Britain* in 1890, and it is here that he concludes that high wages, cheap food and the shorter working hours which afforded leisure-time for sporting and cultural activities made Australia a workers' paradise. Although 'paradise' was putting things a little too highly, it was certainly true that Australian workers had made some significant gains since 1850, and following events at the Eureka Stockade in 1854 they had also come to command some respect.<sup>29</sup>

The advances were made during a period of long boom that ran for four decades from 1851. Although agriculture was still of prime importance, structural change shifted

the direction of the economy more towards mining, manufacturing and construction while labour remained in short supply. It was the time of railways, telegraphs, steamships and factories, 10,000 of which employed more than 100,000 workers by 1890. It was also the time when unions, which had first been established in the late 1820's and early 1830s as trade associations and benefit societies, were organised on more solid foundations. Prominent among them were the Operative Stonemasons' Society and the Amalgamated Society of Engineers. The Engineers' union was formed in 1852 as a branch of the English union to which its founding members belonged. Forced to emigrate after they were denied work as a consequence of their activities during a lockout, they established the union on board the ship that carried them to Australia. The Stonemasons' union, founded in Melbourne in 1850 and in Sydney in 1853 was influenced by the Chartist slogan, '8 hours work, 8 hours recreation, 8 hours rest' and its members initiated the demand for an eight-hour day which they achieved in 1856. A non-craft union of Hunter River coal miners had been established as early as 1854 and by 1890 the Amalgamated Miners Association, with 25,000 members, and the Amalgamated Shearers Union, with 22,000 members, were among those able to challenge the narrow outlook of the craft unions. Trades and Labour Councils were established in the major capital cities from 1871, and the first Inter-Colonial Trades Union Congress was held in 1879.<sup>30</sup>

As unionism developed so too did socialist organisations. The Democratic Association of Victoria (DAV), formed in Melbourne in February 1872, established a co-operative store in the city, organised a Needlewoman's Co-operative and issued a weekly paper, the *Internationalist*. It affiliated with Marx's International Workingmen's Association (IWMA) and one of its members, W.E. Harcourt, travelled from Australia to represent the DAV at the First International's General Council in London in June 1872. Harcourt also attended the Hague Congress in September that expelled Bakunin and was one of the delegates who voted to transfer the General Council from London to New York. The DAV was supported by members of the Bootmakers' and Printers' unions and it was Marx's advocacy of international solidarity that influenced the Bootmakers' Trade Society in their attempt to unite the Victorian trade union movement. The circular that they sent to other unions proposing a meeting for this purpose consisted of four paragraphs of objectives. The first of these was from the DAV's Manifesto, the second an adaption of Marx's preamble to the statutes of the First International, and the third a direct quotation from Marx 'The present revival of the working classes in the most industrious countries of Europe, while it raises new hope, gives solemn warning against a relapse into the old errors, and calls for an immediate combination of the still disconnected movements.' The United Trades

Association was formed as a consequence of the Bootmakers' initiative and a Trades Hall Council was subsequently founded in Melbourne in 1884.<sup>31</sup>

Much like the First International, the DAV didn't last beyond 1872, and during the next 15 years distinct socialist organisations gave way to radical groups that championed a number of causes ranging from republicanism to land reform and a more democratic politics. The Melbourne Anarchist Club, formed on May 1, 1886, was another short-lived organisation, but from the late 1880s avowed socialist organisations were formed throughout the country. They included Social Democratic Federations in Queensland, Victoria, Western Australia, and in Sydney and Broken Hill in New South Wales; the Allgemeiner Deutscher Verein in South Australia; the United Social Democrats in Port Augusta; Verein Vorwärts in Victoria; and, at the other end of the socialist spectrum, Fabian Societies in both South Australia and Victoria. Of all these early socialist organisations, the Sydney-based Australian Socialist League (ASL), launched publicly in August 1887, was probably the most influential. The ASL was responsible for organising the first May Day demonstration in Sydney in 1892, and Newcastle's first May Day celebration in the following year. In 1896 it was represented at the London Congress of the Socialist International by Marx's son-in-law, Edward Aveling, and a resolution that he moved at the congress led to a split in the organisation two years later. Aveling, who had called on workers' organisations to refuse to entertain any demand for restrictive immigration legislation, hadn't reckoned with the level of racism among Australian workers. In 1898, the ASL incorporated the demand for the exclusion of races whose presence might drive down the living standards of Australian workers and those opposing this racist platform left to form the International Socialist Club. As Dilke had observed some years earlier, 'The dislike of the Australians for the Chinese is so strong and so general that it is like the dislike of terriers for rats; and as rats fight in a corner, so do the Chinese, and lately on the Claremont gold-field, the Chinese entrenched themselves, and kept guard over their entrenchments with rifles and revolvers in the most plucky style. Nothing will so rapidly bring an Australian crowd as the rumour that Chinamen or rabbits are likely to be landed from a ship, and the one class of intruder is about as popular as the other.'<sup>32</sup>

The rise of socialist organisations in Australia also brought with it a renewed interest in the cooperative community movement that had been such a prominent feature of earlier Utopian Socialism in Europe. Although the presence of an Owenite Socialist Society was noted in the Sydney press as early as 1840, and a cooperative society had been registered there in 1859, it was in South Australia, in the early 1890s, that the communal movement gathered real momentum. After the Village Settlement Act was passed by the colony's government, 13 settlements were established in the 12-

month period from February 1894 to January 1895 with most of them located between Morgan and Renmark on the Murray River. None of the settlements survived in their intended form, but cooperative communities in South Australia and other colonies did manage to provide sustenance for a time for more than 20,000 Australians and the agitation for communal settlements was such that governments in every colony except Western Australia were forced to spend £224,000 in order to assist their development. Remarkably, as the South Australian settlements were beginning to take shape hundreds of kilometres from Adelaide, William Lane, the English-born printer and journalist who arrived in Brisbane in 1885 was attempting to establish a socialist community thousands of kilometres away in Paraguay. Not surprisingly, communal living in 'New Australia' proved just as difficult as in 'Old' Australia.<sup>33</sup>

## Paradise lost

The enthusiasm for cooperative communities came at a time of economic depression. This was not only a new experience for most Australian workers but one that proved difficult for some of their leaders to anticipate. In 1890, on the eve of the crisis, H.W. O'Sullivan, President of the Sydney Trades and Labour Council, still thought that workers were in the Promised Land, 'If there is a paradise for the working man on earth, it is to be found in the sunny lands beneath the South Cross ... the lot of the Australian man is one to be envied by the masses of the civilised world.'<sup>34</sup>

The depression of the 1890s resulted from the excesses of the 1880s. Prior to 1881, Australia's overseas borrowings, chiefly from Britain, never went above £8 million in any one year, but for most of the following years to 1890 it was in excess of £20 million. The total of public and private debt increased from £60 million in 1887 to £258 million in 1891, and by 1889 close to 40% of all export income was devoted to the payment of interest and dividends on overseas debt. About half of the imported capital was raised by colonial governments and used, in the main, to finance railway construction. The other half was raised by the private sector, and easy money led to speculation in shares (stock exchanges had opened in Melbourne in 1861 and in Sydney in 1871) and in land in Melbourne, Sydney and Brisbane. In the pastoral industry, which accounted for as much as 60% of the total value of Australian exports, capital used for expansion led to an overproduction of wool which depressed British prices from 1891. Land prices dropped in Victoria in 1889 and sales fell away. Bank loans secured by property mortgages turned into high-risk ventures as property prices fell, and in 1891 a number of colonial governments were unable to raise new loans on the London money market. Britain and the US also went through an economic depression in the early 1890s, and in 1893 world prices collapsed for wool, wheat and silver (which had been discovered

in large quantities in Broken Hill in 1883). The results were catastrophic. Between 1891 and 1892, 150 building societies and several hundred other institutions including major land, building and finance companies crashed. In 1893, a number of banks failed owing depositors £75 million. Unemployment and underemployment were widespread and wages were reduced. The average weekly wage didn't recover from its fall in 1891 until 20 years later and for the less skilled in the labour force the 20% wage loss in the depression wasn't recovered until 1921.<sup>35</sup>

The 1890s was also a time of conflict between labour and capital as a confident and growing union movement was challenged by employers, many of whom had come together in protective associations such as the Victorian Employers Union, formed in 1886, and the Employers' Union of New South Wales, established in 1888. In all of the major strikes of the decade, beginning with the maritime strike of 1890, the issues centred around managerial prerogative. In the maritime strike, the employers demanded 'freedom of contract' which for them meant freedom to employ non-union labour. In 1891, the Amalgamated Shearers' Union was only able to prevent a reduction in wages by accepting non-union labour in New South Wales shearing sheds. In the following year, the employers in Broken Hill broke an agreement with the Amalgamated Miners' Association by reducing wages and re-introducing contract work without negotiation. In 1894, pastoralists reneged on their 1891 agreement with the Shearers' Union when they reduced wages and barred union activists from employment. From 1894 to 1896, Newcastle district miners suffered a series of wage cuts imposed on them by employers. The strikes of resistance by the unions led to violent confrontation. During the maritime strike, 3000 special constables were enrolled in Sydney, and artillery was sent to the Newcastle coalfields. In the 1891 shearers strike, all 12 members of the strike committee were arrested at bayonet point and sentenced to three years imprisonment. In the 1894 strike, street fighting broke out, woolsheds were torched and the steam vessel *Rodney*, which was carrying scab labour, was seized and burnt. At one of the shearers' camps a flag was hoisted which bore the slogan 'Remember the Paris Commune'.<sup>36</sup>

## Workers in parliament

All of the major strikes of the 1890s resulted in defeat for the unions and it has become a powerful part of the labour tradition that the first of these great strikes, the maritime strike, led to the formation of the Australian Labor Party. The strike was undoubtedly seen at the time as a class struggle. Speaking for the employers, the chairman of the Steamship Owners' Association declared that, 'All the owners throughout Australia have signed a bond to stand behind one another, and do nothing unless a vote of the

members is taken. They are a combined and compact body, and I believe that never before has such an opportunity to test the strength of labour and capitalism arisen.' On the other hand, the Seamen's Union, when explaining their refusal to break the Wharf Labourers' strike, stated that, 'We are compelled to take this course owing to the struggle having assumed a new phase viz, Capital versus Labour.' After the unions' defeat, one of the lessons that they were able to draw from it was that the partisan support given by colonial governments to the employers played no small part in their subsequent victory.<sup>37</sup>

However, as Graham Freudenberg, Gough Whitlam's one-time speechwriter has pointed out, if the maritime strike had never occurred, or if, alternatively, it had resulted in a union victory, the Labour Party would still have been formed in New South Wales in 1891. In the early 1890s, Australia was still a collection of separate colonies and in each colony separate Labour Parties were established at different times and under different conditions. The South Australian and Queensland Labour Parties were established marginally earlier than the New South Wales Party and if the maritime strike had any effect on the formation of the Labour Parties in Tasmania and Western Australia, established a decade after the strike was over, it clearly took some time to do so. While it has been asserted that the move by unions towards selecting parliamentary candidates had been under way for most of the decade preceding the 1890s and had been provided with 'the final stimulus' by the crisis at the beginning of the decade, Freudenberg has argued that the maritime strike actually delayed the moves towards direct parliamentary representation, albeit only slightly.<sup>38</sup>

If the effects of the great strikes of the 1890s have been overstated in the formation of the Labour Party, the realisation of the old Chartist demand for payment for members of parliament has probably been just as much understated. After Charles Jardine Don was elected to the Victorian Legislative Assembly in 1859, in the days when parliamentarians weren't paid from the public purse, he continued his normal day job as a stonemason and was only able to attend sittings of parliament held at night. When Angus Cameron, secretary of the Progressive Society of Carpenters and Joiners was elected for West Sydney as a representative of the Sydney Trades and Labour Council in 1874, the council initially paid his wages. It was after the New South Wales Legislative Assembly passed legislation to pay members £300 a year (an attractive salary for any working man in those days), that resolutions were adopted by the Sydney Trades and Labour Council, from November 1889, that resulted in the setting-up of Labour Electoral Leagues. The first league (or branch) of the Labour Party was formed by the Balmain Labourers' Union on April 4, 1891, and the Party was spectacularly successful in the elections held soon after, from June 17 to July 3. Labour



won 21.9% of the vote and 35 Labour men were elected to the Legislative Assembly which at the time consisted of 141 members. The Free Trade Party took 47 seats and the Protectionists 51.<sup>39</sup>

The first objective of the Labor Electoral League (the American spelling which dropped the 'u' from labour was adopted around the time of Federation) was 'To secure for the wealth-producers of the colony such legislation as will advance their interests, by the return to Parliament of candidates pledged to uphold the Platform of the League.' The platform on which the Labor candidates stood in the 1891 election, consolidated in early April, consisted of 16 planks. Electoral reform took prominence, followed by free education and a raft of intended legislative measures to improve industrial conditions that included an eight-hour legal maximum working day in all occupations. Land reform, the establishment of a national bank and a volunteer defence force were also in the platform, alongside the stamping of Chinese-made furniture and the catch-all 'Any measure that will secure the wage-earner a fair and equitable return for his or her labour'. Given the short period of time between the adoption of the platform and the calling of the election there was some confusion over the endorsement of candidates. Some candidates who were endorsed by other groups attempted to gain Labor Electoral League selection as well, and the fact that some weren't selected didn't prevent them from claiming that they were. Single-taxers and the Australian Socialist League also put their members up as Labor Electoral League candidates. As a result, estimates about the number of members returned as properly selected and pledged candidates range from 31 to 37. Thirty-five, the majority of whom were both unionists and British born, were admitted to the first caucus of the party.<sup>40</sup>

Two of those elected were members of the Single Tax League and their presence in caucus reflected the influence of the American political economist Henry George (1839-97) who published *Progress and Property* in 1879 and toured Australia in 1890 at the invitation of the Land Nationalisation League, formed in Sydney in 1887. George advocated a 'single tax' derived from land and held that this would be sufficient to maintain society in a just and equal balance. With colonial land policy widely resented, it was not surprising that George's views attracted strong support and that the Labor platform included a declaration 'of the natural and inalienable rights of the whole community to the land'. His broader political views though were hardly consistent with those of Labor, for he was not only an advocate of free trade but an opponent of both socialism and unionism.<sup>41</sup>

At least eight of the 35 Labor MPs who entered the New South Wales Parliament in 1891 were members of the Australian Socialist League and the Labor platform

included some policies similar to those that the ASL had earlier pledged to strive for by parliamentary action in their Statement of Principles issued in October 1890. Whatever views it may have previously embraced, the ASL, by this stage, was clearly committed to what it called state socialism, the belief in the emancipation of the working class through the nationalisation of the means of production, distribution and exchange brought about by working class representatives in parliament. In his evidence before the Royal Commission on Strikes in New South Wales in 1891, W.G. Higgs, a prominent member of the ASL, named Karl Marx as a well known writer who represented the views of modern socialists but went on to point out that while Marx believed in state cooperation neither he nor any of the other socialist writers of note had laid down a detailed scheme for its operation. When asked to name a writer as an expositor of his system of socialist belief, the authors that he named 'who will give you a good idea as to what is meant by state socialism' were Gronlund, J. Morrison Davidson, W.H. Dawson and the Fabian Society writers Sydney Webb, Bernard Shaw and Annie Besant. The ASL constitution that came into operation on May 1 1892 had, as its prime object, 'the realisation of state socialism'.<sup>42</sup>

The rank and file of the ASL brought organisation and political principle to the Labor Electoral Leagues. They had a simple, clear position on the issues of free trade and protection — neither of them stood a chance of improving the lot of the working class, it was socialism alone that could achieve this. Some of their representatives in parliament, however, didn't show the same commitment to principle and were easily seduced by the trappings of office. It was also evident, at the first meeting of caucus held before parliament assembled, that there were problems with the pledge given to the party platform. This obliged members to vote as a block once decisions were made by a majority in caucus, with any member who declined to so pledge himself excluded from caucus. Labor was in a powerful position in the parliament, able to determine who governed New South Wales, the Free Traders or the Protectionists, and to drive a hard bargain in return for their support. But some of the Labor members were protectionists who argued that they had already pledged themselves to their constituents to vote for protection and could not be compromised by any caucus vote that favoured free trade. As a consequence, Labor members split their vote and the number of caucus members was significantly reduced during the first session of parliament. When the Central Committee of the Labor Electoral League asked all of the Labor members to meet with it, in early January 1892, only 22 of them attended and the meeting broke up in disorder. At the first annual conference of the Labor Electoral League held soon after, the rules of the organisation were revised. Selected candidates were now required to sign a pledge that they would uphold the party

platform, resign if called upon by a two-third majority of the electors, not contest a seat if not selected, and vote in parliament as the majority in caucus decided or resign their seats.<sup>43</sup>

Despite the conference resolution, and with the depression now starting to take a heavy toll on the working class that the Labor members in parliament were sworn to represent, the party was mired in conflict throughout 1892 and 1893 with the parliamentary party criticised by the Sydney Trades and Labour Council for its failure 'to take any effective action to deal with the economic crisis'. There were disagreements in the party between free traders, protectionists, socialists and single taxers; tension between the trade union and political wings of the party; and differences throughout the party about the position of the parliamentary party and its relationship to the party as a whole. Labor in parliament was too divided to be effective on issues that were of vital concern to those workers who, in good faith, had given them their support. Following a special unity conference in November 1893, W.R. Holman, a member of the ASL who later became Premier of New South Wales, wrote, in a letter to the *Worker*, that the central question for the future of the party was whether the workers themselves, gathered in conference, would decide its future direction or whether some 20 or 30 of them sitting in parliament would 'elevate themselves to the position of perpetual dictators of the labor movement'. A group of Labor parliamentarians gave something of an answer to this question when the party split going into the July 1894 election. Although the Labor vote increased at the election it was divided between Labor Electoral League candidates who took 16% of the vote and independent Labor candidates who took 9%.<sup>44</sup>

The split in the party was also reflected in those socialist organisations that were allied to it but retained an independent position on the left. In December 1893, dissatisfied with the progress of the Labor Party, the Social Democratic Federation had determined to establish a distinct Social Democratic Party after the next election and called on the ASL to join with it. The ASL, for the time being, still thought that the prospects of a socialist future were brighter with the Labor Party than elsewhere and devised a strategy to ensure that this was realised. The logic of it was simple enough — if Labor parliamentarians were pledged to vote for the party platform and that platform was avowedly state socialist, the Labor Party would become a socialist party and, on forming a majority government, begin the process of transforming the state into a socialist one. Following the 1897 Political Labor League Conference, the ASL appeared to have good grounds for optimism when an overwhelming majority voted for the proposal that a principle of the league would be 'the nationalisation of land, and the whole means of production, distribution and exchange'. Unfortunately for the ASL it

proved to be a false dawn. The conference also endorsed ten candidates to contest the Federal Convention elections with all of them either ASL members, ex-members or sympathetic to the cause. None were elected and those in the party who saw socialism as an electoral liability blamed the defeat on the nationalisation policy that had been adopted. At the next conference, in 1898, a proposal from the socialists to elevate the nationalisation plank was defeated and although a proposal that it be dropped altogether was also defeated it was relegated to second last of the 25 planks in the platform and other planks seen as socialist in intent were deleted. The ASL broke with the Labor Party some weeks later and the nationalisation plank was removed from the NSW Labor platform in 1905.<sup>45</sup>

### Socialists from the jump

In Queensland, in 1889, an act was passed providing for the payment of £300 a year (plus some expenses) to members of parliament, and in the following year the term of the colony's parliaments was reduced from five to three years. The unions in the colony had become organised in an Australian Labor Federation (ALF) scheme and started a newspaper called the *Worker*, edited by William Lane, which made its first appearance at the eight-hour day procession in March 1890. At its first general council meeting in Brisbane, in August 1890, the ALF drew up a political program that was to be attained by representatives of Queensland workers in parliament. The seven political aims of the ALF included the 'Nationalisation of all sources of wealth and all means of producing and exchanging wealth ... the conducting by the state authority of all production and exchange [and] the just division among all the citizens of the state of all wealth production, less only that part retained for public and common requirements.' This 'Reorganisation of Society', as the aims expressed it, was 'to be commenced at once and pursued uninterruptedly until social justice is fully secured to each and every citizen', and the radical nature of the program has led to the claim that Queensland political Labor was 'socialist from the jump'. However, the reaction to the ALF platform was less than enthusiastic. For the Brisbane *Courier* it showed that Labor's aims were communism and revolution, and all the ALF district councils, with one exception, opposed it. In March 1891, a special general council of the ALF, anticipating an election in the coming months, drew up a new platform that deleted all the references to nationalisation and replaced them with a program of pragmatic reform. The election didn't take place in mid-1891 as the ALF anticipated but was delayed until April and May of 1893, and after the polls were declared, 16 Labor members were able to take their seats in the new parliament.<sup>46</sup>

There was obviously a strong socialist influence in the formation of the Labor

Party although it's an exaggeration to imply, as Vere Gordon Childe has, that it was established through the efforts of 'a band of inspired socialists'. Importantly, its development differed from that of most of the social democratic parties of late 19th century Europe where political parties tended to precede the formation of a mass union movement. In Australia, as in New Zealand and Britain, it was the union movement that organised the party.<sup>47</sup>

Dilke had made the observation, in 1890, that the trade unions in Australia, as in the United Kingdom, had been engaged in 'minding their own business' which he took to be concern over wages, hours of work, and the conditions under which work was performed. He went on to note that the 'revolutionary or democratic socialism' of Europe was unpopular in Australia, in contrast to the rapid advance of state socialism. Following the formation of the Labor Party by the unions, its dominant ideology became 'Laborism' which Jim Hagan, in his *History of the ACTU* explained in some detail: 'The tenets of Laborism were White Australia, tariff protection, strong unions and the Labor Party.'

White Australia kept out Asiatics who were threatening the standard of living and the unions' strength; tariff protection diminished unemployment and kept wages high; compulsory arbitration restrained the greedy and unfair employer; a strong trade union movement made it possible to enhance and supplement arbitration's achievements; and Labor governments made sure that no one interfered with these excellent arrangements. Laborism held that fair dealing was available and obtainable in a capitalist society. Its vision was still that of a nation built by labour about to enter the Paradise of the Working Man.<sup>48</sup>

As the White Australia policy shamefully demonstrates, the Labor Party was, if anything, racist from the jump, with the New South Wales platform demanding the stamping of all Chinese-made furniture, the Queensland platform limiting adult suffrage to 'Whites' and also calling for the exclusion of coloured, Asiatic, contract, or indentured labour. South Australia had a similar policy, and the Labour movement in all of the states was consistent in its campaign for the exclusion of 'inferior races'. The rationale was said to be that 'foreign' workers would drive down wages and conditions and it mattered not that Afghans in Bourke, Japanese in Western Australia and Chinese in Victoria all struck for their rights. Chinese furniture-makers in Victoria formed the Chinese Workers' Union in the 1880s and were successful in winning wage increases as well as a closed-shop for unionists, but their calls for joint action with European unions were rejected. In Queensland, Pacific Island labourers were organised collectively and took strike action to improve their wages and conditions but when white unions were formed they were prohibited from joining them. It took until 1965 for the White

Australia policy to be removed from the ALP platform and for members of the Immigration Reform Movement, who had been proscribed from joining the party because of their opposition to its racist policy, to be considered for membership.<sup>49</sup>

Its institutionalised racism aside, the formation of the Labor Party completely changed the nature of Australian politics. Once it was firmly established as a political party pledged to represent the interests of trade unionists and workers, the support that it received meant that it was able to define the political structure of its opposition. In the late 19th and early 20th centuries the main political contest in Australian parliaments was between groupings of free traders, who took their support from the more conservative rural and mining interests, and protectionists whose support came from the growing number of manufacturers and those in their employ. After Federation in 1901, the fiscal question became a policy issue that fell within the political jurisdiction of the Commonwealth Parliament, and given Labor's position on tariffs, the Protectionists, led by Alfred Deakin, began to lose support. Deakin's initial response to this turn of events, in 1904, was to seek an electoral alliance with Labor, and when this was rejected he was forced to look elsewhere. The eventual result was a merger of the Protectionists, Free Traders and a group known as the Tariff Reformers who came together as the Fusion Party in the Commonwealth Parliament in 1909, and by 1913 were known as the Liberal Party.<sup>50</sup>

The rural interests then came together as the Australian Country Party, in January 1920, following a move toward separate representation that began with the Farmers and Settlers Association in Western Australia in 1914, and the Farmers Union in Queensland in the following year when they both succeeded in having members elected to state parliament. Clearly unable to attract enough support to exercise power in its own right, the Country Party (now National Party of Australia) has, except for two brief periods in 1973-4 and 1987, been in coalition at the federal level with the Liberal Party since 1923. By the time the alliance was formalised, the dominant political contest, for the better part of two decades, had been between Labor and those whose politics were shaped in opposition to it.<sup>51</sup>

From 1910 until the outbreak of the Second World War, the Labor Party was able to form a majority government for significant periods in all states except Victoria. In two states, Western Australia and Queensland (which had the first, albeit minority and short-lived Labor government in the world in 1899), the Labor Party governed for longer periods than its opposition. In New South Wales, the Labor Party was able to form its first government in 1910 thanks in part to a rapprochement with the Catholic Church which had become concerned some years earlier over the influence that socialists were having on the party. This led Cardinal Moran to stand as a candidate in

the 1897 convention elections, and split the vote for the Labor ticket, on the basis that he saw federation as a barrier to socialism. Alarmed at this incursion into the political arena by the Catholic Church, a United Protestant Conference was formed that, together with the Loyal Orange Lodge, endorsed their own or existing candidates in an effort to defeat Moran. In the years that followed, it became clear that the Labor Party was largely free of the influence of sectarian protestant organisations and that catholic workers had developed an affinity with it that was evidenced by the growing numbers of them who were not only members but also prospective candidates and sitting MPs. After Labor had demonstrated its sympathy with the Irish Home Rule Movement in 1902, Moran felt able to declare in 1905 that he didn't see Labor as socialist in any sense that would offend the relevant papal encyclicals issued on the subject.<sup>52</sup>

At the federal level, Labor got off to a promising start when, in 1904, it became the first workers' party in the world to form a national government. By 1910 it could claim to be the first such government with a parliamentary majority. However, in the decades that followed, the Labor Party split twice and the non-Labor parliamentary grouping reorganised around those who defected or were expelled from the Labor Party with the result that in the 40 years between federation and the wartime government of John Curtin, Labor was in office for less than eight of them.<sup>53</sup>

The first split occurred in 1916 when the Labor Prime Minister, W.M. (Billy) Hughes, who was a former member of the ASL, determined that Australia's commitment to the British Empire's war effort should extend to military conscription despite the overwhelming opposition of the Political Labor League's executive. Together with 13 Labor members of the House of Representatives and 11 Labor senators, Hughes formed the National Labor Party which, in early 1917, merged with the Liberal Party to form the Nationalist Party that defeated Labor in the elections of that year. Although in two referenda held in 1916 and 1917 conscription was defeated, reflecting the opposition to compulsory military service in the labour movement, the Nationalist Party remained in government until 1929 with Hughes serving as Prime Minister up until 1923.<sup>54</sup>

The second split came in 1931 when Labor divided over its response to the Depression. In New South Wales, the Labor Premier J.T. Lang advocated welfare programs to assist the unemployed financed by a moratorium on repayments of the British loans that had grown considerably in the preceding decade. At the national level, the Scullin Labor government which had been elected in October 1929 was persuaded to accept the advice of the Bank of England's Sir Otto Niemeyer to continue debt repayments and lower living standards by reducing wages, and Lang led most of

the party membership in New South Wales out of the ALP and into the Lang Labor Party. As the party split, J.A. Lyons, who had been Labor Premier of Tasmania before he entered federal parliament and was a proponent of deflationary measures that included cuts to wages, pensions and public spending was among those who defected from the government and joined with the Nationalist Party to form the United Australia Party. With Lyons as its leader the UAP defeated Labor in the 1932 elections and governed until 1941 with Lyons as Prime Minister until his death in 1939 when he was succeeded by Robert Menzies. In 1945 the UAP was dissolved and absorbed into the Liberal Party of Australia.<sup>55</sup>

Although the two major splits in the party were over quite specific issues they also represented a continuation of the unresolved tension between the parliamentary and extra-parliamentary wings of the party that had become evident from the time that Labor members first entered the New South Wales Parliament in 1891. The pledge to support the platform and broader ideals of the party, so easily given by prospective candidates, became a politician's promise that proved difficult to rely on once the candidate was elected to parliament. The penalties that attached to breaking the pledge, de-selection or expulsion, could only be invoked after it was broken and the damage done, and, in any event, might take some years to have practical effect. As Childe, writing before the 1931 split, saw it 'when it comes to a question of forcing a Labour government to give effect to their platform or realise the ideals they have been sent into Parliament to accomplish, the organisation has broken down. Instead of directing and controlling the activities of the parliamentarians when they have got command of the Treasury benches, conferences and executives and caucus have only been able to produce revolts and splits'. Labor government ministers could ignore the democratic decisions of party and caucus alike, and if a majority in caucus were principled enough to discipline recalcitrant ministers they could only do so if they were prepared to vote against them in the parliament and jeopardise their own re-election if parliament was prorogued as a result. This course of action is never likely to have much appeal to any politician and as Childe noted, 'this is especially so in the case of the Labour Party where members are not only professional politicians, but are practically kept off the labour market by the possession of seats'.<sup>56</sup>

Childe's observations on how Labor governed are all the more accurate because they were gained first-hand when he worked for the Labor leader and later Premier of New South Wales, John Storey. Writing of the contempt that the McGowen Labor government had for party policy and caucus members, he details how it introduced a bill into the New South Wales Legislative Assembly in 1912 granting a piece of land at Newcastle to the BHP Company for the establishment of a steelworks. This had the



effect of granting BHP a monopoly in steel production and a guaranteed market supplying the state railways, contrary to the 'fighting platform' which promised that a Labor government would set up a state-owned iron and steel works. The bill was not even submitted to caucus, which allowed several Labor members to vote against it when it was introduced into parliament. This was, however, to no avail as it passed into law with the overwhelming support of the Opposition. This and other duplicitous acts by Labor MPs led Childe to conclude:

The parliamentary representative of the workers tends to set himself up as a leader and to claim the right to neglect the recommendations of conference, and even the sacred platform itself in accordance with his interpretation of the interests of the party which is frequently determined by consideration of personal safety and mere political expediency. This is plainly contrary to the Labor theory of self-government and has to be checked by the exercise of the authority of the governing organs of the party. The fact is that, possessed of a substantial salary, a gold pass on the railways and other privileges, and surrounded with the middle-class atmosphere of parliament, the workers' representative is liable to get out of touch with the rank and file that put him in the legislature, and to think more of keeping his seat and scoring political points than of carrying out the ideals he was sent in to give effect to.<sup>57</sup>

## Labor's early achievements

Social legislation that provided some limited regulation of working conditions and prohibited child labour by insisting on the alternative of attendance at school preceded the formation of the Labor parties by several years and in some cases by several decades. So too did the Trade Union Acts that safeguarded the existence of unions by protecting them and their members from civil and criminal prosecution for organising strikes and pickets. The first of these acts was passed in South Australia in 1876, and by 1889 they had been introduced in all of the colonies except Western Australia. After Labor members entered the New South Wales Parliament, George Black, a former member of the ASL and one of those first elected in 1891, claimed that Labor was responsible for the introduction of a raft of legislative measures that included workplace regulation, tax reform, votes for women, compulsory arbitration, the abolition of truck, an Exclusion of Inferior Races Act and an Old Age Pensions Act. A more sober assessment concluded that these claims were overstated and that the early reforming legislation, which set the pattern for future Labor Party initiatives, was more a product of liberal thought than socialist ideas. What Labor can credibly claim though, is to have influenced the early introduction, by Commonwealth legislation, of those central tenets of Laborism, White Australia, tariff protection and compulsory arbitration.<sup>58</sup>

In the first Commonwealth parliament, Labor held the balance of power between Protectionists and Free Traders and with the support of all parties the Immigration Restriction Bill was one of the first pieces of legislation introduced into the national legislature, in 1901. The first Federation tariff came in the following year, the Conciliation and Arbitration Act in 1904, and from 1905 a number of acts were passed that tied tariff protection to the payment of fair wages.<sup>59</sup>

Compulsory arbitration, arguably the most important of Laborism's tenets, relied on the registration of unions and employer associations. The chief objects of the scheme, as expressed in the act, were to encourage the organisation and registration of unions and representative bodies of employers in order to settle disputes between them and prevent both strikes and lockouts. For the unions, it's fair to say that the defeats of the 1890s provided encouragement enough to embrace the idea of the arbitrated settlement of disputes. Prior to that, the Shearers' Union boasted of the 3180, mostly successful, strikes that they had engaged in and the Amalgamated Miners' Association claimed to have lost only one of the 29 strikes that they were involved in up to 1890. The more enlightened of the employers also recognised that the victories of the 1890's might not be easily repeated, and even if they were, continuous and violent class conflict was unlikely to be conducive to the further development of capitalism.<sup>60</sup>

Registration gave unions an effective monopoly over specified areas of work, recognition by employers and the tribunal of their rights as bargaining agents and increased legal power over their members. Awards secured by unions compelled employers covered by them to pay all workers the award rate which disallowed the previous economic benefit for employers that came with the employment of non-unionists on lower rates. The act prohibited discrimination against unionists in the dismissal of employees and allowed for their preference, other things being equal, in gaining employment.<sup>61</sup>

These favourable conditions for unions resulted in a rapid and unprecedented increase in unionisation. In the UK in 1890 the percentage of union members to total population was 3.9% while in Australia it was 1.7%, which, by 1901, had increased to 2.5%. In 1912 it was 8.9%, the highest in the world, and in 1919 half of all employees were union members. Between 1901 and 1911 the number of unions increased from 198 to more than 570.<sup>62</sup>

An early wage-fixing decision of the 'industrial umpire' also pointed to the positive benefits that workers could expect from Arbitration. In 1907 the provisions of the Excise Tariff Act and the Conciliation and Arbitration Act combined to allow the President of the Arbitration Court, Justice Henry Bournes Higgins, to determine that

a fair and reasonable wage that would allow an 'unskilled' man, his wife and three children to live in frugal comfort should be 7 shillings a day — a rate 27% higher than the *average wage*.<sup>63</sup>

However, as a consequence of legal challenges, the limited jurisdiction of the Commonwealth Arbitration Court and the reluctance of state tribunals to follow the Commonwealth lead, it took some 14 years before the 'living wage' of Justice Higgins became the standard wage for 'unskilled' workers in Victoria and New South Wales. This contributed to a general dissatisfaction among workers with the arbitration system which, in turn, led to an increased number of strikes from 1908 until just before the outbreak of the First World War. During the early period of the war, unemployment was high as Australia returned to austerity, but by 1916 resentment over the war in Europe and falling living standards at home led to a high number of strikes and a split in the Labour movement. Prominent among those agitating against the war in Europe, but solidly in favour of a class war, were the Industrial Workers of the World, more often referred to as the Wobblies.<sup>64</sup>

## The Wobblies

Corresponding to a fellow anarchist in Melbourne, in 1906, Peter Kropotkin wrote 'Things must be much worse than I thought, if the Labor Organisations are entirely in the hands of politicians. I have still hope that apart from those workingmen who lay their hopes into parliament there are men who will understand that the progress of Labor Unions is not Politics, but what in the Latin Countries is described by workingmen as Direct Action.' He went on to write of the French unions who had freed themselves from the bonds of the political socialists and taken up 'Direct Action against Capital and Philistine Rule' and of the promise that this held for a new birth of what was the International Workingmen's Association before the Franco-German war.<sup>65</sup>

In Chicago, in June of the previous year, the IWW had been founded by a group of unionists and socialists that included Eugene Debs, Big Bill Haywood, President of the Western Federation of Miners, Daniel De Leon, Secretary of the Socialist Labor Party, and Lucy Parsons, widow of the Haymarket martyr, Albert Parsons. Confirming Kropotkin's view of a renewal of internationalism, the Wobblies in the US adopted some of the more innovative tactics of the French Confederation of Labour (CGT), the organisation that he referred to in his Melbourne correspondence.<sup>66</sup>

The Wobblies advocated class struggle using the weapons of strikes and sabotage which included rendering machinery ineffective, working slow and deliberately producing shoddy work. Poor work would be the response to poor wages. They opposed craft unions and union fragmentation which pitted workers against each

other and they proposed instead industrial unionism accompanied by strike solidarity. An injury to one was an injury to all. They were vehemently opposed to the idea that there was a commonality of interest between workers and their employers which could be realised by the exchange of a fair day's pay for a fair day's work. For the Wobblies it was the historic mission of the working class to do away with capitalism and with it abolish the wages system. The new society that would replace capitalism would still have to rely on the production of goods and the provision of services though, and here the Wobblies adopted the anarcho-syndicalist principle that workers should be organised not just for the every-day struggle with capitalism, but also to carry on production when capitalism was overthrown. Workers would form the structure of the new society in the shell of the old.<sup>67</sup>

The IWW's active membership in the US was probably no more than 60,000 (although in 1917 the government credited them with a membership of 200,000) but it's no exaggeration to say that they influenced millions and were at the forefront of militant and bloody struggle. Perhaps unusually for a workers' organisation, they were fond of singing — usually songs set to old hymns. Their poet laureate was Joe Hill who migrated to the US from Sweden in 1901 and was arrested in Salt Lake City, Utah, in 1914, on a framed-up charge of murder. After his execution in late 1915 his ashes were distributed to IWW Locals throughout the world and he was immortalised in song as the man 'who never died'.<sup>68</sup>

An IWW group was formed in Sydney in October 1907 by followers of Daniel De Leon, but in the following year, in the US, the IWW split when a majority at its 1908 convention opposed affiliation to or cooperation with any political party and insisted on 'direct action' as the principal instrument for furthering the working class cause. De Leon's followers left to form their own IWW in Detroit and as the split manifested itself in Australia, in 1911, a group in Adelaide requested, and were granted, a charter from the 'direct actionists' in Chicago to form an Australian Administration. A group then formed as the Sydney Local of the Chicago Wobblies which, by 1913, was dominated by 'direct actionists' who went on to have a significant impact on Australian politics.<sup>69</sup>

Before World War I, the IWW membership in Australia was negligible, and in 1916, prior to being banned, it was estimated at no more than 4000. But as in the US, the Wobbly influence spread far beyond its direct recruits, thanks largely to its unremitting campaign in opposition to the war. In 1915, Tom Barker, editor of the organisation's paper, *Direct Action*, wrote and printed what is probably Australia's most well known anti-war poster. He called to arms 'Capitalists, Parsons, Politicians, Landlords, Newspaper Editors and other Stay-at-home Patriots'. They were needed

in the trenches, and as soon as they volunteered, workers were exhorted to 'follow their masters'. Barker was convicted for publishing a poster prejudicial to recruiting but the conviction failed to survive an appeal. In the following year he was fined £100, in default 12 months' hard labour, for publishing a cartoon in *Direct Action* attacking war profiteering. This time the appeal was rejected and having refused to pay the fine he began his prison sentence in the first week of May, 1916.<sup>70</sup>

Barker was an Englishman who migrated to New Zealand where he became an organiser for the IWW, agitating in the strike of 1912-13. He was freed on bond after being arrested for sedition and in order to escape the bond he left for Sydney in early 1914 where he resumed his IWW activities. He was released from his 12-month prison term after just three months when his sentence was apparently reduced by the Governor-General. Following another term in prison he was eventually deported to Chile in 1918.<sup>71</sup>

When Barker began his first sentence it was already clear that the Wobblies were putting 'direct action' into practice. From early 1916 a number of IWW members, including the typesetters for *Direct Action*, were involved in a group who were later convicted of forging 5000 £5 pound notes in what was said to be an attempt to undermine the currency. In September, three IWW members were arrested for the murder of a New South Wales policeman. The following month two of them were found guilty and sentenced to death. The day after their trial, and less than two weeks before the 1916 conscription referendum, the first of 12 Western Australian IWW members was arrested for seditious conspiracy. Monty Miller, an 85-year-old veteran of the Eureka Stockade, was among them and the arrests and attendant publicity undoubtedly had some effect on the outcome of the referendum in Western Australia where the pro-conscription vote won comfortably.<sup>72</sup>

In June 1916, less than one month after Barker was imprisoned, a number of buildings in Sydney caught fire resulting in a considerable amount of damage, and over the next three months there were more than a dozen other acts of incendiarism. By early October, 12 IWW members in Sydney were on trial, charged with seditious conspiracy, conspiracy to commit arson, and conspiracy to secure the release of Barker by the unlawful means of arson. In December they were found guilty and received prison sentences that ranged from five to 15 years hard labour. Many believed that they had been framed, or at the least had been denied a fair trial and after a concerted campaign on their behalf that included strong support from all sections of the union movement, the last of the 12 was finally released in 1921. By this time the IWW was a spent force, but the organisational theory of the Wobblies was carried on with the movement for One Big Union.<sup>73</sup>

The idea that the IWW's scheme of industrial unionism would increase the strength of the union movement was being discussed in Australia from at least the time of the Broken Hill strikes of 1908-9. When the IWW was banned by legislation introduced in late 1916 then amended in mid 1917, a number of ALP union leaders who supported the organisation, led by Jock Garden, who in 1918 became Secretary of the New South Wales Labor Council, decided to form One Big Union, 'uniting all trade unions into one massive organisation whose members would be organised along the lines of the industry in which they worked rather than the craft they professed'. The plan for the OBU, which had a revolutionary program, was drawn up by Garden, together with other socialists inside and outside of the ALP, ex-IWW members, and E.E. Judd of the Socialist Labor Party.<sup>74</sup>

Wobbly ideas were particularly influential among miners and in the New South Wales railways and tramways. In 1915, a Labor minister in the New South Wales Legislative Council complained that copies of Tom Barker's anti-war poster were stuck up throughout the government railways and tramways workshops. He proposed that they be removed 'Not a moment ought to be lost in having every one of those infamous posters pulled down, and in taking all steps the authorities possibly can to bring home to the disloyal ruffians who printed that cowardly and lying document their crime.' In reply to the 'egregious falsehood' that the better-off were shirking their responsibility in the war effort, he ventured to think "that there was never a time when the well-to-do classes were doing their duty more nobly and more wholeheartedly than they are today." His call for suppression seems to have been little-heeded. In 1916, direct action, go slow and sabotage were reported in the Commonwealth Clothing Factory in Melbourne, on Trans-Australian Railway construction sites in the central desert, and in the New South Wales railway workshops. Wobbly posters were being displayed in the Randwick workshops that proclaimed 'slow work means more jobs, more jobs mean less unemployment [and] less competition means higher wages, less work, more pay.'<sup>75</sup>

Bill Teen, one of the 12 Sydney Wobblies sentenced to 15 years hard labour was sacked from the Randwick railway workshops in 1916 when he was identified as an IWW member. After his union protested against this victimisation, they formed a sub-committee to investigate the possible use of sabotage at Teen's suggestion. In early 1917, a Railways Commissioner complained that workshop employees had slowed down 15% in seven years, a situation that would be remedied by the introduction of a new system of recording work in the Randwick workshops.<sup>76</sup>

The strike that resulted from this imposition of 'speed-up' spread beyond the workshops to include many other unions in a 'General Strike' that involved 70,000

workers in New South Wales and led to the frame-up of two Coledale miners, both IWW members, charged with shooting a volunteer (scab) fireman on the Nowra-Sydney train. The two were soon exonerated but the strike ended in defeat for the unions and this generated further support for the OBU.<sup>77</sup>

Although it came close to realisation, the OBU was never formed. In August 1918 the concept was endorsed by a New South Wales trade union congress where it was proposed that the organisation be called the Workers Industrial Union of Australia. A national union congress was held in early 1919 to discuss the rules and preamble of the organisation. In June 1921 an All-Australian Congress of Trade Unions convened to further progress the matter, decided that there should be one union to cover all workers in industry and that it be called the Australasian Worker's Union. By this time the OBU was facing increasing hostility from the Australian Worker's Union (AWU) which for some years had been absorbing other unions into its organisation and had been threatened with 'white-anting' by OBU leaders. The idea of One Big Union was never particularly popular with craft unions and a measure of the opposition to it was the refusal of the Industrial Registrar to register the OBU as a federal union in 1924. Eight employer organisations opposed its registration, along with 24 unions.<sup>78</sup> A national organisation for unions, the Australian Council of Trade Unions (ACTU), was eventually formed in 1927 with the noticeable absence of the AWU which didn't affiliate until 1967. Included in its objectives was the transformation of the union movement from a craft to an industry basis by the establishment of one union in each industry. Like its primary objective, 'the socialisation of industry, i.e. production, distribution and exchange', it was never pursued with any enthusiasm and consequently never realised.<sup>79</sup>

## Australian communists

At the end of the First World War, socialists in Australia had been an organised political force for more than 30 years. They remained a relatively small group, probably no more than 2000 strong, most of whom were located in the various socialist parties and clubs that were dotted around the country from Kalgoorlie to Brisbane. Those who weren't could be found in the unions and in the ALP where they constituted a small minority. The issue of whether they should work inside the ALP or independently of it had long divided them, and it took the success of the Bolsheviks to unite them despite the fact that there was no socialist in Australia (or ALP member for that matter) who had even heard of Lenin before the October revolution. It was the victory in Russia rather than the theories of Lenin (whose works were not readily available in Australia until 1922), that motivated the 26 men and women who came together to

form the Communist Party of Australia (CPA) in Sydney, on October 30, 1920.<sup>80</sup>

Less than two months after the party was formed, it split, when the Australian Socialist Party withdrew its support, predictably enough, over the nature of the new party's relationship with the ALP. The ASP, one of the two dominant groups that formed the Communist Party, had declared itself 'communist' in its manifesto *Australia and the World Revolution* issued in December 1919. As a matter of policy it held that the party should openly compete with the ALP for the support of the working class. The other dominant group was led by Jock Garden, who together with a number of supporters had left the ALP in 1919 when the New South Wales ALP conference failed to support the OBU scheme. Garden and his supporters, the 'Trades Hall Reds', favoured a policy of working to convert the ALP from within and after the withdrawal of the ASP from the Communist Party it was Garden who controlled party policy.<sup>81</sup>

The ASP still considered itself the communist party in Australia, and as rivalry with the CPA turned to hostility, the decisive contest between the two organisations was determined by the Comintern in Moscow. At its Second Congress, in July-August 1920, the Comintern had declared the Communist International to be 'a single communist party of the entire world' whose supreme authority was an annual world congress. An Executive Committee (ECCI) would manage its affairs between congresses and affiliation was subject to the agreement by affiliates of 21 conditions, with acceptance of the idea of the dictatorship of the proletariat an indispensable condition of membership. There could be only one Communist Party in each country and these would function as sections of the Communist International. After the ASP failed to attend a unity conference with the CPA, the Comintern recognised Garden's CPA as the Communist Party of Australia (Section of the Communist International), in August 1922, and support for the ASP fell away.<sup>82</sup>

At the time of its formation, in 1919, the Comintern confidently expected the revolution to quickly spread from Russia to other countries, with Germany and Italy leading the way. This believed to a policy of denouncing all of those forces impeding revolutionary change, which, besides the capitalist class, now included reformists in the labour movement. By 1921, however, when it became clear that its revolutionary expectations in Europe had failed to materialise, the Comintern, at its Third Congress in Moscow, adopted the 'united front' strategy. This committed communist parties to forging alliances with non-communists in order to achieve incremental gains such as improved conditions of work which, in turn, would demonstrate the importance of communist leadership to the working class. Capitalism had survived the immediate post-World War I crisis but its recovery could only be temporary. In the meantime, communist parties should adopt defensive positions and concentrate on membership



recruitment until the more prolonged crisis that was anticipated again gave rise to the revolutionary moment.<sup>83</sup>

Up to this point, CPA political work differed little from that of the OBU. W.P. Earsman, provisional secretary of the CPA, attended the 1921 Moscow Congress where he outlined the nature of CPA work: 'We set to work among the trade unions and formed a number of groups whose object was the spreading of communist principles and the 'white-anting' of unions.' Although this appeared to be consistent with the Comintern's United Front policy, it was, in fact, at odds with it. For the Comintern, the object of uniting with labor parties was to capture their support base and render them ineffective. For the Garden-led CPA, the object was to induce militant unions to force the ALP to a socialist position.<sup>84</sup>

Despite this fundamental difference in approach, there were early signs that the CPA strategy might meet with some success. The All-Australian Trades Union Conference, held in June 1921, recommended that the ALP adopt a socialisation objective and, at the same time, the ALP invited the CPA, along with all other working class parties, to affiliate with it.<sup>85</sup>

At the 1921 Trades Union Conference, 15% of the delegates were communists. The CPA had members on the Victorian and South Australian Labor Councils, the secretaries of the Newcastle and Brisbane Labor Councils were communists and almost the entire executive of the New South Wales Labor Council were also communists. Impressive as this might seem, CPA activity was concentrated in the Labor Councils at the expense of work in individual unions among rank-and-file activists. This followed Garden's misplaced view that control of Labor Councils gave the CPA control of the membership of those unions affiliated to it. This 'top down' approach proved unsustainable as economic conditions improved and interest in the Russian Revolution waned, but it was the imbroglio of affiliation with the ALP that reduced the CPA to a rump organisation and all but destroyed it.<sup>86</sup>

The CPA became a probationary affiliate of the New South Wales ALP in 1923 on the casting vote of the Miners' Federation secretary after the ALP conference vote for affiliation was split 122 to 122. Garden and two other communists were elected to the executive and the conference adopted a socialisation platform. Affiliation had to be confirmed at the next ALP conference and the CPA campaign for a 'yes' vote was centred around its united front program. This included proposals that unions should be organised in the OBU with the ALP reorganised on class lines and the CPA sanctioned to become the 'fighting vanguard' of the labour movement.<sup>87</sup>

There was also a campaign against affiliation, in which Jack Lang figured prominently, that was primarily based on opposition to Moscow control of the CPA

and the alien nature of communism and Comintern hegemony to the ALP tradition. Many in the ALP came to the view that the real intention of CPA affiliation was the destruction of the ALP (which certainly reflected Comintern policy but was hardly the intention of the Garden-led CPA). The decision of the New South Wales ALP Executive, in October 1923, to overturn the affiliation vote was confirmed by the delegates to the 1924 conference and after the Federal Labor Party declared against affiliation, in October 1924, and ruled that communists were ineligible for membership, other state ALP branches followed suit.<sup>88</sup>

CPA members had actually pre-empted affiliation and joined the ALP *en masse* in 1922. Following their proscription they were initially instructed to remain there and fight any attempt at expulsion. A majority of party members did remain in the ALP — and the great majority of them stayed there rather than return to the CPA. Membership dropped from 750 in 1922 to 280 in 1925. The six CPA candidates who stood in working-class electorates in the 1925 New South Wales elections all lost their deposits and in 1926 Garden left the CPA for Lang's Labor Party.<sup>89</sup>

Unable to work as a ginger group in the ALP in the two years following Garden's departure, the CPA was reduced to propaganda work as its membership continued to decline. At the end of 1928 it had less than 250 members but these were nevertheless important years for party training and education, and it was during these years that the first Moscow-trained communists arrived back in Australia.<sup>90</sup>

The Sixth Comintern Congress, held in July-August 1928, adopted a program advanced by Stalin which predicted a period of renewed slumps and revolutions in which social democratic and labor parties would be revealed as enemies of the working-class as a result of their tendency to 'social fascism' — maintaining the social system in crisis rather than overthrowing it. For Australian communists this meant a renewed attack on the ALP and when this was resisted by the 'old guard' leadership it resulted in Comintern intervention. Dissenters were expelled and J.B. Miles and L.L. Sharkey emerged as the new party leaders.<sup>91</sup>

CPA reorganisation began in earnest in 1931 after the arrival of a Comintern delegate, Harry Wicks, an official of the Communist Party of the USA. Wicks (who was known in Australia as Herbert Moore), introduced a new party constitution intended to 'Bolshevize' the CPA with the introduction of the Leninist organisational principle of 'democratic centralism'.<sup>92</sup> Lenin had long been preoccupied with organisation, insisting that 'In its struggle for power, the proletariat has no other weapon but organisation'.<sup>93</sup> The 'democracy' in his democratic centralism came from free political discussion in the party and free elections to party offices. The 'centralism' was a consequence of strict hierarchical discipline which, at best, had the effect of

subordinating democracy and, in practice, often enough subverted it.

The reorganisation of the CPA was some years in the making, but after 1931 the Comintern was able to exercise formal control of its antipodean affiliate. By this time, the effects of the Depression were clearly evident and so too was workers' resistance to the reduction in living standards that was their elected representatives' solution to it. Between 1928 and 1930 there were major industrial disputes that resulted in violent confrontation in the stevedoring, timber and coal industries as workers fought attempts to reduce their wages and working conditions. The Scullin Labor government came and went without being able to offer workers anything other than the 'sound finance' policies of its parliamentary opposition. Lang's alternative led to his dismissal by the Governor of New South Wales, Sir Philip Game, in May 1932, after his government defaulted on overseas interest payments.<sup>94</sup>

At the time of Lang's dismissal about a third of the Australian workforce was unemployed. The CPA campaigned on their behalf for increased dole, a prohibition on evictions and the introduction of rent allowances. It further connected with the masses by setting up a number of fraternal or 'front' organisations such as the Unemployed Workers' Movement which claimed 68,000 members in three eastern states in 1934, many of whom were active in community organising and resisting evictions. Other prominent front organisations included the Friends of the Soviet Union, with more than 7000 members, the Movement Against War and Fascism and the Spanish Relief Committee. At least 57 Australians went to Spain to serve in the International Brigades, most of them were communists and it was the CPA, together with a number of unions, that assisted their passage to Europe.<sup>95</sup>

Perhaps the most important of the organisations created by the CPA was the Militant Minority Movement (MMM). Operating as a faction in the unions, it stood for internationalism, industrial unionism, class struggle and the replacement of capitalism with socialism. It challenged the leadership of unions that were not prepared to endorse militant demands such as shorter hours of work, and it attacked those in the union movement who were content to rely on the arbitration system rather than militant strike action. By 1932 the MMM was operating in some 70 unions in New South Wales and Queensland. It had gained leadership positions in a small, but strategically important, number of them and had the support of about 12% of Australian unionists. It fared even better when it increased its organisational capacity and ignored the policy of the Comintern's Sixth Congress. By 1935 it had won important positions in a number of Victorian unions, re-established its influence in Labor Councils and could claim the support of some 20% of Australian unionists.<sup>96</sup>

The MMM was disbanded following the Seventh Congress of the Comintern in

July-August 1935 that called for a united front against fascism with communists given the task of initiating a united front of the labour movement from both above and below. Yesterday's 'social fascists' became today's partners as the CPA began to support many of the ALP's programs.<sup>97</sup>

There were probably no more than 3000 committed activists in the MMM with about half of them CPA members. After the organisation was disbanded communist influence continued to grow across the union movement, from the traditionally militant miners and wharfies to the newly organised actors and teachers. In 1937, more than 1000 communists, one in four CPA members, were union officials. It was through its control of unions that the CPA influenced Australian politics and during the later war years this influence grew. In 1945, the CPA had the support of as many as 40% of Australia's 1.2 million unionists.<sup>98</sup>

### The reaction from the right

Fascism was never the menace in Australia that it was in Europe. Although it certainly had its supporters and apologists, the great majority of the Right in Australia were conservatives rather than right-wing social revolutionaries. It was fear of strikes, social unrest and the threat of communism that united the two groups. An organised, authoritarian movement had emerged in Sydney during a Seamen's strike in 1925 when Lieutenant-Colonel Eric Campbell organised a number of ex-servicemen committed to upholding 'law and order' on the waterfront. A Citizens League set up in Melbourne in February 1930 by Staniforth Ricketson, from the investment house J.B. Were, could claim 80,000 members just three months later, by which time it was known as the All For Australia League (AFAL). The AFAL was an organisation directed by businessmen to exert 'constitutional pressure' in support of their orthodox economic approach to the Depression. The immediate purpose of this pressure was to rid the country of the prospect of 'revolution and social disaster' that came with the Labor governments of Scullin and Lang. After the demise of both, its membership quickly declined.<sup>99</sup>

So too did membership of the AFAL's 'fighting wing', the New Guard, an organisation that shared many of the features of European fascist movements. The men who founded the New Guard alongside Eric Campbell were predominantly ex-army officers, now in business in the City, but committed still to 'King and Country'. Created for the purpose of combating 'communism, socialism and Langism', the New Guard was organised on paramilitary lines. Its membership, said by Campbell to be 50,000 (but estimated in official police reports at 100,000), concentrated their activity on the violent disruption of Communist and Labor Party meetings. They also

threatened to overthrow Lang who, in their view, was so dishonourable that he had forfeited the right to govern. However, by the end of 1932 there were anti-Labor governments at the national level and in all states except Queensland. The tension between its majority conservative members and the minority fascists led to dissension and splits and by 1933, as the threat from the left receded, the New Guard had lost the character of a mass movement.<sup>100</sup> But fascism still had its influential supporters.

When the Second World War started in 1939, Robert Menzies, a prominent lawyer who first entered politics in the Victorian State Parliament in 1928, was Prime Minister of Australia. Together with Staniforth Ricketson and four others, Menzies was earlier part of an organisation known as 'the Group' whose objective was to influence the Scullin government in adopting 'sound finance' policies. When Scullin reappointed as Treasurer an advocate of controlled credit expansion, E.G. Theodore ('Red Ted' to some), the Group succeeded in destabilising and then destroying his government. From 1934, Menzies was Federal Attorney-General and Minister for Industry in the United Australia Party government. He acquired a reputation among unionists as 'Australia's Number One Fascist Appeaser' as a consequence of statements he made in support of Hitler and his Nazi regime. It was a not uncommon conservative impulse; the *Sydney Morning Herald* could see merit in Hitler's destruction of German unions. In 1938, Menzies became known as 'Pig Iron Bob' for his role in the industrial dispute that followed from the refusal of waterside workers in Port Kembla to load pig iron on a ship bound for Japan. As Ted Roach, the union representative in the port, told the Lyons government 'We would be saying as we loaded each piece of pig iron "this will kill a dozen Chinese ... this will be thrown back at us in Australia in the form of shells and bullets."' Thanks to Menzies, the Port Kembla cargo found its way to Japan, but the dispute could claim the success of preventing a further 300,000 tons of pig iron being exported.<sup>101</sup>

Two years earlier, at the start of the Spanish Civil War, B.A. Santamaria, a prominent Franco supporter at Melbourne University, became the founding editor of the *Catholic Worker*.<sup>102</sup> After World War II, Menzies would dominate conservative politics in Australia for decades. A catholic movement organised by Santamaria would assist him in doing so. ■

## 5. The Golden Years

In February 1936, Spain elected a Popular Front government. Three months later, France followed suit when Leon Blum became the country's first socialist leader. At this point, Stalin was entitled to be well satisfied with the success of the Comintern's response to the threat of fascism. The alliance between social democrats and communists, which pointedly extended its appeal to liberals and conservatives, had indeed proved popular. However, winning government wasn't the only achievement of the Popular Fronts. They also managed to galvanise their opponents and, in Spain, this resulted in a Civil War that broke out in July. When Germany joined Italy in support of Franco's assault on liberal democracy, the reaction from Britain and France on the one hand, and the USSR on the other, demonstrated both their deep-seated fear of Hitler's Nazism — and their distrust of each other.<sup>1</sup>

As things deteriorated for Republicans in Spain, Germany and Japan signed an 'Anti-Comintern Pact', and in 1937 Japan invaded China. In March of the following year, Germany annexed Austria. Thanks to the support of appeasement by British and French policy makers, Hitler's troops were able to occupy most of Czechoslovakia in late 1938, and all of it by early 1939.<sup>2</sup> As the logic of fascist territorial expansion became clear even to those politicians who championed peace by capitulation dressed-up as compromise, the equally obvious need for a collective security pact between Britain, France and the USSR proved impossible to realise.

Stalin had been attempting to secure such a pact since 1934, but influential sections of political opinion in Europe harboured sufficient anti-Sovietism to lead them to believe, or perhaps to hope, that Hitler's territorial ambitions might be confined to the East. For them, the prospect of Germany and the USSR exhausting each other in war while the West looked on from the sidelines had obvious appeal. For others more alert to the threat of fascism, Winston Churchill excepted, a coalition with Stalin was still a step too far.<sup>3</sup>

Stalin's solution, first hinted at during the 18th Congress of the CPSU in March 1939, was a Soviet version of appeasement that was implemented less than six months

later. The non-aggression pact signed in August 1939 committed the USSR and Germany to a strict policy of neutrality in the event that either of them became involved in war. Attached to it was a 'secret protocol' which restored to the USSR a significant amount of the territory lost in the aftermath of the 1917 revolution.<sup>4</sup>

The totally unexpected appeasement of Germany by fascism's most vociferous opponent met with confusion, and in some cases downright condemnation, by communists throughout the world. For the tens of thousands of them imprisoned for their resistance to fascism in Germany, Italy and Spain it was a time of darkness and despair that proved difficult for many of them to endure. Elsewhere, as the front against fascism gave way to the Comintern's instructions to oppose what was now a war against fascism being waged by Britain, France and their allies, some Communist parties in the West were declared illegal organisations.<sup>5</sup>

This situation changed dramatically in June 1941. With large parts of Europe under German occupation, and British resistance a long way from turning stoic defence into improbable victory, Germany invaded the USSR. If Stalin thought that his agreement with Hitler might perhaps give him four years to better prepare for war, the invasion merely confirmed a miscalculation that was already evident from earlier in the year. In November, with Leningrad blockaded and German troops in the outer suburbs of Moscow, it was not readily apparent to many that Hitler's decision to invade the USSR would end in defeat. But by October 1943, at a meeting of Allied foreign ministers held in Moscow, Stalin was confident enough of the outcome of the war to broach the idea of a post-war division of Europe. Twelve months later, at a meeting in the Kremlin, Stalin and Churchill began to discuss the details of a proposed divide that the US President, F.D. Roosevelt, would eventually endorse.<sup>6</sup>

The rapprochement between the USSR and the US owes everything to the rise of Nazism. The US had entered the war following the attack on Pearl Harbour, in December 1941. As Hitler's troops were beset by 'General Winter' on the outskirts of Moscow, he too declared war on the US. Shortly after the German invasion, Stalin took the unprecedented step of inviting US troops to the defence of the USSR. As the war unfolded in all its brutality on the Eastern Front, the US made a crucial contribution to the mobility of the Red Army with the supply of transport vehicles and other war material.<sup>7</sup>

The level of goodwill generated by the USSR's entry into the war was extraordinary, particularly when seen in the light of subsequent developments. While Arctic convoys from the US and Britain battled German U-boats to deliver supplies to the Soviet ports of Archangel and Murmansk, British factories, adorned with Soviet flags, increased production whenever a 'Goods For Russia' stamp appeared on the order. Just two

months after Germany invaded the USSR, a 'Tanks for Russia' week commenced in British factories. The first one off the production line was christened 'Stalin' by the wife of the Soviet ambassador to Britain. Others that rolled off were inscribed with the names of Marx and Lenin by the workers who produced them. In October 1941, a mass meeting in London organised by the communist-controlled National Council of Shop Stewards was able to identify numerous 'inefficiencies' in production factories that needed urgent attention in order to further the war effort. The Red Army, together with its 'great leader Stalin' were celebrated at packed public meetings where the communist anthem, the Internationale, was sung. Communist shop stewards appeared on the King's honours list for their services to war.<sup>8</sup>

In Australia, the Communist Party was forced underground when it was banned, in June 1940, amid claims of disloyalty and defeatism. Following the invasion of the USSR it too became an enthusiastic supporter of the war, advocating increased production, labour discipline and cooperation with employers. It even condemned strikes and absenteeism as undermining the war effort, while prominent communist union leaders were appointed to government supervisory bodies in the mining and maritime industries. Public support for Stalin and the Red Army may have conflated with national self-interest but it was nevertheless widespread. In December 1942, the 'Sheepskins for Russia' appeal was again running raffles in Sydney in order to raise finance to 'keep our allies warm'. Although 60,000 sheepskins had already been sent to the USSR it wasn't enough according to the Russian Medical Aids and Comfort Committee, and this could be remedied by a donation of just one shilling. The anniversary of the Russian Revolution was widely celebrated and an Australian musical composition, 'Curl the Mo, Uncle Joe,' sang Stalin's praises while celebrating that 'we've got the hun on the run'.<sup>9</sup>

Pro-Soviet sentiment continued to grow, assisted in no small part by the Red Army's victory at Stalingrad in 1943 and the heroic defence of Leningrad, still under siege in early 1944. On VE Day, in May 1945, London-based John Bross, from the Office of Strategic Services (forerunner to the CIA) was able to observe, while travelling through France, "In each small village French citizens flew the Russian 'hammer and sickle', crowds chanted, 'Vive Stalin.'" More ominously, in the following year, over 50,000 RAF personnel in India and other Far East outposts of the British Empire went on strike (officially recorded as a mutiny). It was a dispute fuelled by dissent over living and working conditions and the slow rate of demobilisation, and similar disputes had occurred at the end of the First World War. But it was also concerned with dissident sections of Britain's armed forces, led by communists, choosing the grounds that they would battle on. Resisting fascist aggression was certainly worth fighting, and even



dying for, but subjugating ‘colonials’ was another matter entirely.<sup>10</sup> Simply put, the Second World War was fought for a demonstrable cause. For the victors, its end had to mark a new beginning — the building of a better society. There could be no return to pre-1939 normality. Those who fought and suffered in World War II would never again accept a repeat of the Great Depression. As to what a better society might look like, the signs erected on the northern coalfields of England gave a broad hint, “These pits now belong to the People.”<sup>11</sup>

The welfare state that Thomas Paine had sketched out in the *Rights of Man* in the late 18th century, was about to be constructed. It was no accident that the Beveridge Report which recommended full employment and a comprehensive welfare state came out during one of Britain’s bleaker war years, 1942. Nor was it any surprise that the British government led by the Conservative Winston Churchill was prepared to endorse it.<sup>12</sup>

In less than a month after its publication in December 1942, Sir William Beveridge’s report, *Social Insurance and Allied Services* had sold more than 100,000 copies in Britain. A special edition was prepared for the armed forces and a revised copy of the report was circulated to resistance movements in Europe. Following a lecture tour by Beveridge to the US in mid 1943, 50,000 copies of the report were sold in six months. Clearly the time had come for policy initiatives that would shape the post-war world. Beveridge proposed that relief from poverty would be built on a platform of full employment (defined as 3% unemployment), family payments from the state, a national health service, and a comprehensive system of social insurance. Importantly, these proposals were but ‘an integral stage’ in a much wider program that would embrace transport, housing and education alongside employment and health.<sup>13</sup>

Beveridge was influenced by the Guild Socialist, G.D.H. Cole, and the Fabian Socialists, Sydney and Beatrice Webb, in the development of his proposals for full employment. He was impressed by the Webb’s description of the Soviet solution to unemployment — ‘planned production for community consumption’. Beveridge also had the cooperation of John Maynard Keynes in producing his report and it was Keynes’s macroeconomic theory that underpinned full employment and the welfare state. The Keynesian mixed economy, with the state intervening to ‘civilise’ the free market, became the post-1945 social settlement. The rapid pace of post-war economic recovery was an early confirmation of its success.<sup>14</sup>

In the decades from 1948, world industrial production increased at rates which were unprecedented even by the standards of the explosive growth that accompanied the spread of the Industrial Revolution in the 19th century. From the early 1950s to the early 1970s world manufacturing output quadrupled and world trade in manufactured

products increased tenfold. During the 1950s, unemployment levels in Western Europe averaged 2.9%, and in the 1960's they fell to just 1.5%. This spectacular recovery was kickstarted in Europe by US aid, which came mainly in the form of grants under the Marshall Plan that was unveiled in June 1947.<sup>15</sup>

For the US, the Marshall Plan was more an act of necessity than evidence of post-war solidarity. Capital infrastructure in Britain, France, Germany and many other European countries was so badly damaged that, left to their own devices, these countries would have taken decades to recover from the war.<sup>16</sup> The concomitant social unrest that would accompany such slow growth could not be confined to Europe alone as their incapacity to pay for US exports would dampen economic activity and drive-up unemployment in the US. While a rejuvenated world economy was the aim of US policy makers, so too was post-war US 'economic pre-eminence' and this was a major factor in the US also financing Japan's economic recovery which saw its manufacturing output double between 1949 and 1953.<sup>17</sup>

The other obvious factor was that 'contest of nightmares', the Cold War that began in 1947 as the truce between capitalist and communist states collapsed soon after the defeat of the Nazi regime that united them. When Mao Tse Tung's People's Liberation Army claimed China in the name of communism in 1949, a third of the world lived and laboured under a political system of the same name. The struggle between capitalism and communism that began in earnest in 1917 was now resumed in the capitalist two-thirds of the world. In a number of European countries including Denmark, Norway and Belgium, Communist parties had enough electoral support to warrant modest, but not insignificant, parliamentary representation. The Communist parties of France and Italy were the largest and best organised political parties in their respective countries. In Greece, the Communist-led resistance movement was strong enough to exhaust Britain's armed forces (fighting alongside the Royalist government) after more than two and a half years of Civil War. As the British Empire disintegrated, the Communist Party of India became a significant political force, and there were strong communist movements fighting colonialism in South-east Asia. In the decades after the Second World War, communist and national liberation movements were engaged in armed struggle in parts of Africa, the Caribbean and South and Central America. Even as Communist parties passed their peak levels of support, they still managed to exert a political influence disproportionate to their actual membership. This communist threat was all the more reason for the US to finance an economic recovery plan. On his return from Europe in early 1947, the US Assistant Secretary of State for Economic Affairs, Will Clayton, stated the political case for intervention, 'The countries under communist pressure require economic assistance on a large scale if

they are to maintain their territorial integrity and political independence.<sup>18</sup>

The new world economy that flourished in the dark shadows of the Cold War was initiated by legislation providing for full employment, complemented in many countries by large-scale nationalisation. In France, the energy sector was nationalised along with 32 insurance companies and the 4 largest deposit banks. The 20% of industrial production that came under state control included Air France and the vehicle manufacturer Renault. The proportion of British industry that was nationalised was greater than 20% and included the coal and steel industries, electricity generation and sections of the transport industry as well as state investment in private companies. In post-war Italy, the Istituto Ricostruzione Industriale (IRI), first set up under Mussolini, became the largest employer in the country. A second state-holding company established in 1953 controlled 200 companies in the space of seven years. In West Germany, worker participation was encouraged by legislation that reserved seats on the supervisory boards of steel and coal companies for workers' representatives. Although some companies were denationalised in the 1960s, the federal government still owned 62% of electrical power companies, a similar percentage of banking organisations, 72% of the aluminium industry and 40 % of the coal and iron ore industries. It also controlled a number of private companies through share acquisition. While there was no large-scale nationalisation in Japan, its post-war recovery still depended on state planning and intervention with the Ministry for International Trade and Industry (MITI) responsible for initiating and coordinating industrial research and development.<sup>19</sup>

The US government had reluctantly gone some way in the direction of a mixed economy before World War II with Roosevelt's New Deal response to the Depression, which promised 'relief, recovery and reform'. This trend continued during the war years with the state assuming greater control of the economy. In January 1944, Roosevelt delivered a State of the Union address which proposed the acceptance by the US electorate of an 'Economic Bill of Rights' the first article of which was 'The right to a useful and remunerative job.' This US version of a welfare state based on the guarantee of full employment secured Roosevelt a fourth presidential term in the election that was held later in the year.<sup>20</sup> Quite how this might have developed was relegated to the realms of conjecture when Roosevelt died just a few months after his re-election. Under his successor, President Harry Truman, the US returned to a more free market approach which was nevertheless tempered by fears of social unrest should depression once again follow war. In the immediate post-war years, this was not an altogether implausible prospect for the US.

Even with the loss of more than 12 million to the armed forces, the US labour force

grew by 10 million between 1940 and 1945. It did so, though, largely by absorbing a reserve labour force of the same magnitude. Of the 12 million who enlisted for war, 3.5 million were unionists, and organised labour could claim 25% of the 64 million in the workforce in 1945. Their relative prosperity during the war years depended on long hours of overtime as prices increased at three times the rate of wages. Profits fared much better, increasing by 250%. There was considerable pressure for a fairer distribution of this wealth as veterans returned from the war and the number of unemployed grew to four million. In 1945 and 1946 there were more strikes than there had previously been in all US labour history. The 3.5 million strikers in 1945 increased to 5 million in 1946. By then, some of the strikers were in uniform.<sup>21</sup>

The initial legislative response to this growing militancy came in the form of the *Employment Act* of 1946 that, in theory at least, committed the government to Keynesian counter-cyclical policies aimed at maximising employment. Despite its objectives, the Employment Act failed to achieve Beveridge's 3% ceiling on unemployment that the European Keynesian economies managed to scale back to 1.5%. In the decades of the 1950s and 1960s, US unemployment never fell below 4.5%, hostage to contradictory policy that also used the discipline of unemployment to moderate wage increases.<sup>22</sup>

As strikes continued in 1947, the *Taft-Hartley Act* that severely restricted the organising capacity of unions passed into law. Unlike the Employment Act, this codification of labour-management relations which reversed the gains of the *Wagner Act* of the Roosevelt administration of 1935 was eventually able to achieve its aim of reducing union influence. Between 1910 and 1953, union membership in the US grew from 5.3% of the total labour force to 25.7%. Recruitment then stagnated before going into decline as other structural factors even more unfavourable to workforce organising began to emerge in the 1960s.<sup>23</sup>

The Cold War was fought in the US across a constructed divide that pitted belief in free enterprise against "World Communism" whose sole purpose, according to the 1950 *Internal Security Act*, was to establish a 'totalitarian dictatorship' in the US by 'treachery, infiltration, sabotage and terrorism'.<sup>24</sup> Anti-communism united both sides of US politics. While the Republican Senator, Joe McCarthy, and the Republican Congressman, Richard Nixon, led the witch-hunt for communists and their sympathisers, it was the Democrat President, Harry Truman, who organised the loyalty test for some two million government employees. The Democrat Attorney-General, Tom Clark, advanced the Manichean proposition that those who didn't believe in US ideology should forfeit their rights of residency in the country.<sup>25</sup> Incorrect thinking could apparently make US citizens un-American.<sup>26</sup>

Conservatives in the US had always regarded Keynesian deficit spending with the

same opprobrium as socialism, and the weight of public opinion was certainly against a renewal of the Marshall Plan. But in 1950, with unemployment at 7.6%, the Korean War provided the opportunity to return to high government spending that stimulated demand. As might be expected, 'military-Keynesianism' had the enthusiastic support of the military and those components of industry that stood to benefit from it. Containing communism in the name of the Free World had conservative support that more socially useful spending could never expect. In 1954, US public expenditure was eight times greater than it was in 1939, with defence spending 12.7% of GDP. In 1960, the last year of Dwight D. Eisenhower's presidency, this had declined to a more modest 10%, which nevertheless represented 52.2% of all Federal government spending.<sup>27</sup>

The military-industrial complex that resulted from this decade of 'military Keynesianism' led the outgoing Republican President to warn of the threat that it posed in his farewell speech:

Until the latest of our world conflicts, the United States had no armaments industry. American makers of plowshares could, with time and as required, make swords as well. But now we can no longer risk emergency improvisation of national defense; we have been compelled to create a permanent armaments industry of vast proportions. Added to this, three and a half million men and women are directly engaged in the defense establishment. We annually spend on military security more than the net income of all United States corporations.

This conjunction of an immense military establishment and a large arms industry is new to the American experience. The total influence — economic, political, even spiritual — is felt in every city, statehouse, every office of the Federal government. We recognise the imperative need for this development. Yet we must not fail to comprehend its grave implications. Our toil, resources and livelihood are all involved; so is the very structure of our society.

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.

We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machine of defense with our peaceful methods and goals, so that security and liberty may prosper together.<sup>28</sup>

By this time, a nuclear arms race was well under way. It was accompanied by a space race that the Soviet Union was leading by a comfortable margin, having successfully

launched the first satellite (Sputnik-I) 500 miles into space, in October 1957. By contrast, the US effort in December of that year exploded on take-off. Just as disturbingly for leaders in the non-communist world, the Soviet economy was growing twice as fast as that of the US and the UK. Nikita Khrushchev, the Soviet leader following Stalin's death in 1953, thought this due to the superior socialist mode of production, which, as it continued to advance, would soon leave capitalism in its wake. Others in the West, such as the British Prime Minister, Harold Macmillan, feared that he might be correct.<sup>29</sup>

After the Soviet cosmonaut, Yuri Gagarin, became the first person to orbit the earth, in April 1961, the US responded by announcing a program aimed at landing a man on the moon. Their earlier response to the successful Soviet Sputnik launch had been a \$2 billion-a-year investment in higher education and research. In the period from 1960 to 1970, the number of students in higher learning institutions increased from 3.5 million to seven million.<sup>30</sup> For some time before the moon landing of July 1969, by the astronaut Neil Armstrong, US superiority in aerospace was well evident. So too, was the West's capacity for producing consumer goods. The market economy was clearly superior in both prompting demand and promptly supplying it.

The modern consumer economy of the early 20th century US that was interrupted by the Great Depression, expanded to include European and other advanced economies in the post-war decades — primarily as a result of increased wages flowing from the Keynesian mixed economies.<sup>31</sup> Although Keynesianism wasn't to be spoken of in polite company in the US, the results were nevertheless quietly welcomed. Eisenhower's publicly funded Interstate Highway System of the 1950s was justified as crucial to national security — cities prone to nuclear attack needed highways to evacuate their civilian occupants and allow the military to move in. The increase in government education spending from 1958 was made possible by the *National Defense Education Act* and the Keynesianism of the 1960s was presented as the 'New Economics'.<sup>32</sup>

Although the USSR remained competitive in nuclear armaments, economic growth had already begun to fade in the 1960s. In the time of the tsars, Russia had been a major grain exporter, but from the early 1970s the USSR was unable to feed itself. By the end of the decade, GNP growth was 2.6% and falling.<sup>33</sup> But it was the legacy of Stalinism that signalled the end of the Soviet Union and the 'socialist camp' in Eastern Europe. Stalin's enemies at home included many dedicated communists who expected socialism to bring more freedom, not less; and certainly not dictatorship and terror. Between 1934-39, as many as five million party members were arrested and some half a million killed.<sup>34</sup>

Stalin's crimes were exposed by Khrushchev during a closed session of the CPSU's 20th Congress, in February 1956. If Marx's communism meant a liberated society of

free individuals, there was clearly a long way to go, and not just in the USSR. Three years prior to the denunciation of Stalin, an insurrection in East Germany involving 300,000 striking workers was suppressed by Soviet troops and tanks. In June 1956, a crisis of communist legitimacy was again sparked in Poland by a strike of 16,000 workers in Poznan. The acceptance by the USSR of a new communist leadership promising reform settled the issue for the time being, but those who thought it a new beginning were very soon disappointed. The revolution that broke out in Hungary some months later was again crushed by the Soviet military, with 20,000 Hungarians killed. In East Germany, Poland and Hungary, those involved in the insurrections included many long-standing communists. If they were denied a voice, what hope for the rest?<sup>35</sup> Although the end was more than three decades away, the events of 1956-57 were its obvious beginning. The Australian experience is instructive: In late 1944, the Communist Party had 22,000 members, after the events of 1957, less than 6000.<sup>36</sup>

The promise of the Czechoslovakian 'Prague Spring' of 1968, led by another reforming communist, Alexander Dubcek, petered out even before the summer was over. Soviet and Warsaw Pact troops invaded in August, and in April 1969 Dubcek was removed from office.<sup>37</sup>

These were also troubled times in the West, and no more so than in the US where deep-seated racism, a problem throughout the country, had become institutionalised in some Southern states. In 1946, there were rallies organised by African Americans in Chicago and Washington protesting against a series of lynchings and firebombings throughout the South. Among those murdered were African Americans recently arrived home after fighting fascism on foreign soil. In the American Civil War (1861-65), of the more than 180,000 African Americans who joined the Union Army, 38,000 were killed and 30,000 wounded. Yet it took until 1965, with the *Voting Rights Act*, for millions of African Americans to win the franchise. And still there was much to be done. The founder of the Organization of Afro-American Unity, Malcolm X, was one of those early to make the connection between the plight of African Americans and the war in Vietnam that was worrying many white folk. During 1965-66, the casualty rate for African Americans was twice that of whites. In 1967, 64% of all eligible African Americans were drafted as against 31% of whites.<sup>38</sup>

With the escalation of the war from 1965 came growing opposition to it that extended beyond the US and other combatant countries, including Australia, which conscripted their youth to its cause. In 1968 there were riots, rebellions, mass demonstrations and protests across the world, from Mexico City to Paris. They were invariably led by university students whose post-war numbers had increased rapidly (in France, from less than 100,000 in 1945 to just over 650,000 in 1970).<sup>39</sup> In the US, the

Students for a Democratic Society (SDS) claimed almost 100,000 members and a million supporters. One third of the nation's students were involved in major demonstrations across some 300 colleges and universities in early 1969 and this militancy also spread to high schools. The SDS was a major force in the New Left which, in turn, was part of a broader cultural upheaval.<sup>40</sup>

Challenging the authority of the state to wage war by conscripting the unwilling led to a broader contest with the values of a political leadership, most of whom had left their own youth behind them during the First World War.<sup>41</sup> The use of illicit drugs, cannabis and Lysergic Acid Diethylamide (LSD) in particular, increased dramatically. Between 1965 and 1967, the number of arrests for use and possession of cannabis by US troops in Vietnam increased by more than 2500%.<sup>42</sup> In 1969, about 4% of the total US population had used cannabis but among college students the figure had already climbed to 22% and five years later it was greater than 50%.<sup>43</sup> As to LSD, it has been estimated that four million people turned on with acid in the US in the late 1960s. Seventy per cent of them were in their late teens and early twenties and many of them had at least some involvement in radical politics.<sup>44</sup>

Nothing was sacred and even sacraments themselves were redefined. It was the time when one of the early acid pioneers, Arthur Kleps, founded a psychedelic church, the Neo-American Boo Hoo Church, whose congregation used LSD (as well as peyote and cannabis) as a sacrament and subscribed to the view that its use was a basic human right. The rejection of 'yesterday's politics' was summed up by his proclamation 'Marxism is the opiate of the unstoned classes'. The former President of the SDS, Carl Oglesby, thought there was a link between dropping acid and rebelling against authority. As he put it, 'It's not necessarily that the actual content of the LSD experience contributed to politically radical or revolutionary consciousness — it was just that the experience shared the structural characteristics of political rebellion, and resonated those changes so that the two became independent prongs of an overarching transcending rebellion that took in the person and the state at the same time.'<sup>45</sup>

For some, the weapons of the revolution were 'obscenity, blasphemy, drugs'.<sup>46</sup> This wasn't the case for the Weathermen in the US, the Japanese Red Army, the Italian Red Brigades or the Red Army Faction (Baader-Meinhof) in West Germany who engaged in the urban terrorism that had been practiced earlier in the 1960s by the Tupamaros in Uruguay.

The events of 1968 and the years immediately following were indeed revolutionary. But it was primarily a cultural revolution which gave precedence to a personal liberty much criticised at the time for its permissiveness. Its legacy includes the movements for women's liberation and gay liberation as well as the cooperative communities that



were established as alternatives to the consumer society. The war in Vietnam that had united the student generation of the 1960's didn't end until 1975. By that time post-war prosperity had given way to crisis.

## The crisis of Keynesianism

The priority given to the public spending initiatives of President Johnson's Great Society program aimed at eliminating racial discrimination and reducing poverty meant that, until 1968, the Vietnam War was financed by increased deficits. The short-lived income tax surcharge that was then introduced returned the budget to surplus in the following year, but as it was phased out there was again a large deficit in 1970. In 1971, the deficit almost doubled from the previous year to US\$23 billion. This was accompanied by an increase in both unemployment and inflation, giving rise to the new phenomenon of 'stagflation'.<sup>47</sup>

In the same year, the terms of trade favourable to OECD-member countries against the developing countries (which partly explains their success in the Golden Years) turned in favour of the primary producers. Just prior to this, in Western Europe, a wave of strikes influenced by the student revolts of 1968 resulted in significant wage increases. President Nixon, who had come to office in 1969 promising a 'light touch' of government intervention in the economy, responded by suspending the dollar convertibility to gold and introducing a wage-price freeze to curb inflation. In the following three years, prices of primary products (not including energy) increased by 159%. In November 1973, the OPEC cartel quadrupled oil prices. The net effect of these events was an annual inflation rate in OECD countries of 15% in early 1974. By the second half of the year, the West was in serious recession with OECD unemployment increasing by seven million in 1974-5.<sup>48</sup>

Keynes died in 1946 but his influence continued well beyond the grave. In the mid 1960s he was named 'man of the decade' by *Time* magazine.<sup>49</sup> Now, it seemed, Keynesianism was finally buried. As a policy for growth, it was held to have an impressive array of macroeconomic tools at its disposal to overcome stagnation and move to full employment and economic expansion, 'but in the long term it was powerless to prevent inflation'.<sup>50</sup>

In 1935, responding to a suggestion by the Fabian Socialist, George Bernard Shaw, that he have a go at something on, or by, Marx, Keynes replied that he was working on a book which he thought might revolutionise economic thinking.<sup>51</sup> His *General Theory of Employment, Interest and Money*, which was published the following year, certainly managed to live up to the expectations confided to Shaw.

The pressing problem of the time was, of course, unemployment and Keynes was

able to demonstrate how this could be solved within the existing economic framework. Unlike Marx, Keynes thought that demand management provided the mechanism for managing capitalism without the need to seriously challenge, let alone overthrow it. Recovery from recession could be managed by changes in taxation, interest rates and exchange rates, together with a level of direct government spending, all of which would act to stimulate demand.<sup>52</sup> As he then explained, 'beyond this no obvious case is made out for a system of state socialism which would embrace most of the economic life of the community. It is not ownership of the instruments of production which is important for the state to assume. If the state is able to determine the aggregate amount of resources devoted to augmenting the instruments and the basic rate of reward to those who own them, it will have accomplished all that is necessary.'<sup>53</sup>

In 1940, Keynes turned his attention to the likelihood of post-war inflation in the transition to peacetime economic activity. He followed the conventional wisdom that the cause of inflation was excessive demand and proposed reducing war-time consumption by higher taxation followed by repayment after the war via post-war credits. Thereafter, it was supposed that 'fine-tuning' with Keynesian demand management techniques would curb inflation.<sup>54</sup>

Disciples of Keynes, who included Joan Robinson and Michael Kalecki from the 'Cambridge School', paid somewhat more attention to the political and economic consequences of full employment. In the year that the *General Theory* was published, Robinson was warning of the possibility that wage demands under full employment could generate a wage-price spiral of inflation.<sup>55</sup> Beveridge was well aware of this potential and his solution was wage restraint. The implicit trade-off for full employment was 'responsible' wage settlements, with the onus on the representatives of organised labour for ensuring that this occurred. As he put it in 1944, 'so long as freedom of collective bargaining is maintained, the primary responsibility of preventing a full employment policy from coming to grief in a vicious spiral of wages and prices will rest with those who conduct bargaining on behalf of labour.'<sup>56</sup>

As for those who conducted bargaining on behalf of capital, Kalecki's 1943 observation on the likely fate of the post-war promise of full employment proved particularly prescient:

Under a regime of permanent full employment, 'the sack' would cease to play its role as a disciplinary measure. The social position of the boss would be undermined and the self assurance and class consciousness of the working class would grow. Strikes for wage increases and improvements in conditions of work would create political tension. It is true that profits would be higher under a regime of full employment ... But 'discipline in the factories' and 'political stability' are more appreciated by the business leaders

than profits. Their class instinct tells them that lasting full employment is unsound from their point of view and that unemployment is an integral part of the normal capitalist system.<sup>57</sup>

In the post-war period, the share of national income going to capital fell while that going to labour increased. As employers passed on extra wage costs by raising prices this added to inflationary pressures. If, however, they were prevented from increasing prices, they made savings by shedding labour and this was increasingly the case from the 1970's as organised labour's traditional union base began to erode. In the US, which led the way in this regard, 60% of the labour force was engaged in the service industries in 1970 and fewer than 10% of them were unionised.<sup>58</sup> The failure of most labour movements to develop interventionist strategies that might have shifted responsibility for economic stability (and in particular inflation) away from those who they represented left the social and economic power of private capital undisturbed.<sup>59</sup>

## Retreat in Australia

In May 1974, the ALP Prime Minister, Gough Whitlam, was re-elected to government. This followed his initial victory in 1972 that marked an end to 23 years in opposition. If the unfolding of the Cold War in Australia was similar to that in other countries such as Britain, it nevertheless had some unique features including a 1951 referendum to ban the Communist Party that was defeated by the slender margin of 52,082 votes. Four years later, it led to a split in the ALP and the formation of an anti-communist Labor Party which became the Democratic Labor Party (DLP).<sup>60</sup> Committed to keeping an ALP 'soft on communism' from gaining office, it had enough electoral support to sustain its aims for the better part of a quarter of a century.

Whitlam came to office with the appeal that 'it was time' — time to end conscription, free those jailed for their opposition to it and finally to end Australia's involvement in the Vietnam War; time also to implement a social democratic program that included a universal health system together with significantly increased investment in urban and regional development, education and housing.<sup>61</sup>

Full employment was assumed to be the natural state of the labour market. It could hardly have been otherwise following the adoption, in 1945, of policy initiatives inspired by the Beveridge Report that led to the most rapid rate of economic growth in the country's history. From 1954 until 1961, unemployment was below 2%. After increasing to 2.4% in 1961, it was again less than 2% the following year and remained so until 1972.<sup>62</sup>

In November 1975, Whitlam became the first Prime Minister of Australia to be dismissed by the Governor General. The immediate result was a series of spontaneous

strikes that soon subsided as the now former Prime Minister and other prominent labour leaders appealed to the electorate to respond at the ballot box. They did so by endorsing the caretaker Prime Minister, Malcolm Fraser, who was first elected to parliament for the seat of Wannan in Victoria's Western District, in 1955, with the assistance of DLP preferences.<sup>63</sup>

Whitlam could fairly claim to have been the victim of unprecedented behaviour by some unprincipled foes. Like Scullin, he could also claim to be hostage to a global economic crisis that was not of his making. But responsibility for a series of much publicised ministerial scandals that ranged from the salacious to the disreputably serious was impossible for him to escape.

During the three year course of the two Whitlam administrations, the social role of government increased markedly. Real government expenditure increased by 56% and government's share of the economy went from 18.9% to 24.5%.<sup>64</sup> But with inflation at 17% and unemployment above 4.5%, the last budget delivered by Whitlam's Treasurer, Bill Hayden, also marked the end of the Keynesian consensus. In early 1976, the new Coalition Treasurer, Phillip Lynch, declared that Keynesianism was now seen as inappropriate throughout much of the world. Labor's principal economic spokesperson, Chris Hurford, was quick to point out that in this 'new and changing world' he and his colleagues in the ALP were no longer Keynesians either. Economic liberalism, which appeared to have died from natural causes in the Great Depression and been laid to rest by Keynes with his General Theory of 1936, came into its own. The cost of controlling inflation would now be paid for by an increasing number of unemployed.<sup>65</sup>

## The market alternative

The neoliberal alternative to Keynesianism, known initially in Australia as 'economic rationalism', can trace its lineage back to Adam Smith's *Wealth of Nations*, first published in 1776. Its resurgence after World War II owes much to the dogged work of a small group of intellectuals who founded the Mont Perelin Society, in Switzerland in 1947, committed to re-establishing liberalism as the dominant doctrine of Western civilisation.<sup>66</sup>

The two most influential members of the Society were Friedrich von Hayek, who witnessed first-hand the hyperinflation of post-World War I Austria, and Milton Friedman, professor of economics at Chicago University from 1946 to 1983. Both successfully linked political freedom to economic freedom which, in turn, could only be guaranteed by free markets. Other than providing a legal framework for the market, they argued that the role of the state should be limited, with state planning confined to

‘planning for competition’.<sup>67</sup>

Friedman was also responsible for breathing life back into the ‘quantity theory of money’, which, in its resuscitated form of ‘monetarism’ held that the supply of money was critical to the control of inflation. Unemployment that would result from a contraction of the money supply was part of the ‘shock therapy’ necessary to cure an ailing economy, although not all of its constituent parts. There could be no return to a policy of full employment because monetarists had discovered a ‘natural rate’ of unemployment. Moreover, state intervention aimed at lowering this natural rate (reckoned in the late 1970s at between three and 4% of the labour force in Australia) would simply produce ever-accelerating inflation.<sup>68</sup>

By early 1975, the Liberal Party in Australia had embraced Friedman’s ideas. Some 15 months earlier, on another September 11, General Augusto Pinochet seized power in Chile. The murderous dictatorship followed Friedman’s economic prescriptions and in the process managed to turn on its head the notion of political freedom being conditional on free markets. The simplistic link between freedom and free market economics was flawed from the outset, yet it took until 1982, more than nine years after the military coup, before Friedman grudgingly conceded that ‘political freedom ... is a necessary condition for the long-term maintenance of economic freedom’.<sup>69</sup>

In May 1979, Margaret Thatcher became Prime Minister of Britain and in the US Ronald Reagan’s presidency commenced some 20 months later, in January 1981. Both were enthusiastic supporters of neoliberalism. Reagan maintained that ‘People will stay free when enterprise remains free’ and Thatcher declared ‘There is no society, only individuals.’<sup>70</sup> Neoliberalism was on its way to becoming the dominant economic doctrine throughout much of the world.

Yet the new economics which promised to control inflation wasn’t making much headway during the years of the Fraser government. During the course of the 1970s it averaged more than 10% and in March 1983, with unemployment also at 10%, Bob Hawke, former ACTU President, led the Labor Party to electoral victory.<sup>71</sup>

Unemployment and inflation were the obvious priorities for the new government. Four years earlier, Hawke had publicly tackled the unemployment issue in his 1979 Boyer Lecture when he asserted, ‘The facts quite clearly show that the full employment assumption is not currently valid ... While society cannot provide employment for its members, the production/work/income nexus has to be abandoned as a justification for our present parsimony to the unemployed.’<sup>72</sup> In 1983, Hawke gave support to the setting up of communes for the unemployed and the homeless. Over the next four years of his prime ministerial tenure, it was a policy that received serious consideration by a number of federal and state government departments.<sup>73</sup> It was accompanied by

more traditional policy initiatives such as the Community Employment Program, but by the mid 1980s Australia's foreign debt had risen substantially and the balance of payments collapsed.<sup>74</sup> In May 1986, the Treasurer, Paul Keating, was warning that Australia could not continue to live 'beyond our capacity to meet our obligations by \$12 billion'. His reference to a 'Banana Republic' was front page news that sent the Australian dollar, free-floating since December 1983, plummeting.<sup>75</sup>

In 1976 and 1977, Hawke had repeatedly called for a national conference aimed at reaching a consensus on policies to control inflation.<sup>76</sup> The 1979 ALP Conference then raised the prospect of an incomes policy to overcome stagflation and by the early 1980s this had led to the formulation of an 'Accord' between the union movement and an incoming labor government. Under its original terms, arbitrated wage indexation and the maintenance of tariff protection for the foreseeable future would be complemented by various social security initiatives. The vehicle for a broader economic challenge from the left of the union movement was industry policy.<sup>77</sup>

Following the Banana Republic episode, the Accord, 'a curious blend of labourism and more progressive possibilities'<sup>78</sup> became an instrument for wage restraint with the share of wages in the national income falling by 6.2% between 1983 and 1996.<sup>79</sup> At the same time, social security spending began to decline as a welfare strategy of 'targeting' recipients reduced eligibility. Between 1985 and 1991 an assets test on pensions, an incomes test on family allowances, a Higher Education Contribution Scheme and a Medicare co-payment were all introduced with the result that social expenditure as a proportion of GDP was almost static.<sup>80</sup> The left's failure to achieve coherent industry policies is demonstrated by the loss of more than 160,000 manufacturing jobs in the decade from 1988.<sup>81</sup> Periodic skills shortages experienced since demonstrate the failure of the broader union movement to reconstruct union strategy around increased skills formation.

The neoliberal prescriptions for economic freedom — free trade, deregulation and privatisation were increasingly followed by the ALP. Their effect was to increase inequality and encourage 'cowboy capitalism'. Entrepreneur Alan Bond went broke owing billions, thanks largely to financial deregulation which promised greater competition yet delivered less.<sup>82</sup>

But being a member of the 'Washington Consensus' of neoliberal economies wasn't of much assistance in solving the problems of inflation and unemployment. Inflation averaged more than 8% during the 1980s and although unemployment came down gradually from 1983 to 1990, it never fell much below 6%. Employment growth in this period was concentrated in part-time jobs which grew by an average of 6.3%, more than three times the rate of full-time jobs.<sup>83</sup> Then, in late 1990, came the 'recession

Australia had to have' in the memorable words of Paul Keating. By 1993, the official unemployment rate was 11% and 1.75 million people were looking for work.<sup>84</sup> The answer, of course, was more deregulation, this time of the labour market, with the introduction of enterprise bargaining.

The decision of the union movements' leadership to maintain faith in an Accord process after it failed to deliver on its promises and came to operate in a way that was clearly against the interests of union members revealed a moribund movement incapable of acting in its own self-interest. That it was contrary to the interests of unionism as a whole soon became evident. As Labourism unravelled in the face of neoliberalism, unionisation rates collapsed. In 1983 when the Hawke government was elected to office, 55% of employees were union members. In 1996 when Keating left office in defeat, the figure stood at just 31.1%.<sup>85</sup>

As previously noted, Childe observed in 1923 that Labor parliamentarians have a tendency to focus on retaining their seats. The same could not be said of the other political party with some degree of influence in the unions, the CPA.

The victors in the early battle for control of the CPA were union officials grouped around Jock Garden who were also active in the ALP. The party's influence on Australian politics was vicarious from the outset, firstly via unions and then via unions on the ALP. It was a strategy that could claim the success of reconstructing unionism following the Depression, but CPA influence in the union movement peaked in 1947.<sup>86</sup> In the decades that followed it split twice, on both occasions along the political fault lines created in the international communist movement by China and the USSR. The one radical union intervention that it did influence, the environmental activism of the NSW branch of the Builders Labourers Federation in the early 1970s, came to grief when the branch was taken over by federal union officials proclaiming allegiance to the moribund communism of Chairman Mao.

In his survey of 35 years of Communist Party activity in Australia, Robin Gollan drew attention to three essential contradictions of its position: the conflict between libertarianism and authoritarianism that was resolved in the latter's favour; communist internationalism that was held in tension with Australian nationalism; and the belief that a society of freedom and equality could only be achieved by the revolutionary transformation of capitalism into socialism. He went on to note of communists that 'In practice their efforts were directed towards making capitalism work more efficiently.'<sup>87</sup> And so it proved with the Accord. The CPA ceased operating in 1991. A successor organisation, the New Left Party, disbanded two years later.

Between 1985 and 1994 the successive Labor Governments of Hawke and Keating had managed to preside over Australia becoming the fourth most unequal society in

after tax income out of 21 leading Western countries. It is a trend that has continued since.<sup>88</sup>

Inflation was eventually brought under control in the 1990s, during the course of which it averaged 2.3%.<sup>89</sup> It came at the cost of a long-term average (1975-2009) unemployment rate of 7.2% with part-time workers increasing from just over 18% of the workforce in 1985 to almost 30% in 2009.<sup>90</sup>

Unionisation rates continued to be a casualty of the turn to neoliberalism. In 2014, just 12% of workers employed in the private sector were union members. In the more resilient public sector, 42% of workers were unionised. But with increasing job cuts and contracting out of once permanent jobs, long-term decline in unionisation rates seems to also represent the future for the public sector.

In a consumer society, unemployment, underemployment and falling living standards imply a crisis of consumption that feeds back into unemployment. In Australia, as elsewhere, this threat was defeated by the expansion of credit. In the 1970s when full employment collapsed, mortgage debt was around 15% of GDP. In 2010 it stood at more than 80%. Household debt, which averaged 32% of income in 1988, had climbed to 160% even before the onset of the Global Financial Crisis in 2008. It has remained around this level since. Total Commonwealth and State government debt combined was 34% of GDP in 2012-13. Household debt was 114% of GDP.

An average annual increase in household debt of 15%, more than three times the rate of income growth, is a problem in search of a solution.<sup>91</sup> But the solution is no longer to be found in the doctrine of social democracy. If Tony Judt was correct in his assessment that social democracy is a 'practice in a life-long search for its theory' the search has ended in the embrace of neoliberal economic theory.

This trajectory of social democracy is not, however, absolute. In early 2012, the leaders of social democratic parties and trade unions from Nordic countries met in Sweden to consider what the 'Nordic model' of social democracy might look like in the future. The Norwegian Prime Minister, Jens Stoltenberg, maintained that there were three pillars of social democracy regardless of country: a strong public sector; high taxation; and powerful trade unions. The construction of these pillars began in Sweden in the early 1930s. They have remained largely intact despite electoral defeats of social democratic parties. During the decade of Conservative rule in Denmark from 2001 to 2012 the welfare state remained intact. Something similar can be said of Sweden under Conservative rule from 2006. Following the social democracy conference leaders of Sweden's Conservatives were criticising private sector companies and declaring their support for the welfare state.<sup>92</sup> Social democratic parties in Nordic countries appear to have succeeded in institutionalising a high wage, high tax regime in a redistributive



economy despite being forced to adapt to the demands of globalised neoliberalism. While union density rates have slipped they are still impressively high. As Keynes might have said, they seem to be a special case.

Elsewhere in Europe, these indicators are moving in a different direction. The coalescing of parties of the right and centre-left around a neoliberal agenda from the 1980s has had a depoliticising effect across the continent. Membership of established political parties, as a proportion of the electorate, has fallen in almost all countries. In the UK it is down to 1% from 3.8% in 1983.<sup>93</sup> Opposition to neoliberalism comes from groups in civil society whose relationship with unions and political parties is on their terms. In Spain the call to action in the fight against austerity came from Real Democracy Now! a citizen's grass roots organisation supported by some 2000 civil society organisations. When the first protest camp was set up in Madrid, all were welcome but the flags of political parties and trade unions were prohibited.<sup>94</sup> ■

## 6. What's Left?

From the early years of the Industrial Revolution in England a cycle of 'boom and bust' was identified as a distinctive feature of what came to be called 'capitalism' following the first global slump in 1860. It was these crises, expected to be repeated every seven to 11 years, that led Marx and Engels to predict that they would bring about the destruction of the system that engendered them.<sup>1</sup> From 1890, these cycles were of longer duration, then, in the aftermath of World War I, of shorter length. The slump of 1920 was followed by a tepid recovery in 1924 before the great crash of 1929. In the US where it originated, recovery was elusive. So much so that in John Kenneth Galbraith's considered view, 'The Great Depression did not, in fact, end. It was swept away by the Second World War.'<sup>2</sup>

In the quarter of a century following the post-World War II social settlement in 1945, cyclical crises all but disappeared. Then as Keynesianism fell from favour and neoliberal economics came to dominate, a cycle of crises returned. There were major recessions in the mid 1970s, early 1980s, late 1980s and early 1990s. The US stock market crash of 1987 was followed by a 'savings and loans' crisis that continued until the early 1990s. Away from the developed world, across Africa, Western Asia and Latin America, the 1980s were an economic catastrophe. Japan's economy has been stagnant since the 1990s. Towards the end of the decade there was an Asian financial crisis. The new millennium arrived with the dot.com crash. Recovery from this slump was aided by a reduction in US interest rates from 6% in January 2001 to 1% in mid-2003. This fuelled a housing bubble which, thanks to the proliferation and opaque packaging of exotic financial products, led directly to the Global Financial Crisis following the collapse of the investment bank Lehman Brothers in September 2008. At this point, finance capital had long dominated the global economy, with the US leading the way.

### **The stagnation thesis**

In the late 1980s, five million scientists and engineers around the world were engaged in research and development, one fifth of them in the US.<sup>3</sup> The application of advanced

science to commodity production greatly enhanced manufacturing productivity but never managed to stretch its capacity in the US. In 1966, at the height of the Vietnam War, manufacturing production did not exceed 91% of capacity. Throughout the rest of the 1960s, it was just under 85% and in the 30 years from 1976, it averaged 81%. Measured over the five years from 2001, the average fell to 77%.<sup>4</sup>

As Keynes pointed out, capitalism does not find its equilibrium at full employment, but instead, 'it seems capable of remaining in a chronic condition of sub-normal activity for a considerable period without any marked tendency either towards recovery or complete collapse. Moreover, the evidence indicates that full, or even approximately full employment is of rare and short-lived occurrence.'<sup>5</sup>

One of the principle reasons for this stagnation is lack of investment in new production capacity which, in turn, is constrained by the underutilisation of existing capacity. Manufacturing employment in the US fell from 19.5 million in 1979 to 11.6 million in 2010 while the output of manufactured goods continued to rise as a result of increased productivity.<sup>6</sup> From 1960, total goods production as a percentage of GDP declined steadily while debt as a percentage of GDP increased rapidly.<sup>7</sup> In the mid 1960s, manufacturing profits accounted for 50% of the total of US domestic profits, with financial profits around 15%. By 2005, financial profits stood at close to 40%, manufacturing profits less than 15%.<sup>8</sup> In the absence of more profitable areas of investment in the productive economy, the surplus from the manufacturing sector went into financial speculation. On this analysis, the origins of the global financial crisis are located in the stagnation of production and investment.<sup>9</sup>

After 1945, Keynesianism was synthesised with the neo-classical theory that Keynes corrected, leading to what Joan Robinson described as 'bastard Keynesianism'. This was achieved on the belief that the condition of an equilibrium between supply and demand in concert with high unemployment was a special case — a temporary divergence from conditions of general equilibrium. The conventional neo-classical doctrine was thus reinstated as the general case.<sup>10</sup> Keynes, of course, had argued the opposite 'that the postulates of the classical theory are applicable to a special case only and not the general case'.<sup>11</sup> From the early 1950s, Robinson and Michael Kalecki were warning that stability and continued development were not inherent features of capitalism.<sup>12</sup> From even earlier, in the late 1930s, Keynesian and Marxist economists in the US developed a 'stagnation thesis' that examined the consequences of surplus production capacity in the US economy.<sup>13</sup>

This led to the conclusion that industrial capitalism was a victim of its own success. For Marxists it validated Marx's proposition that 'the true barrier to capitalist production is capital itself'.<sup>14</sup> For those of a more Keynesian persuasion like Hyman P.

Minsky, Professor of Economics at Washington University, the tendency of capitalism ‘to generate stagnation and great depressions accompanied by financial collapse’ was evident at the time that Keynes was writing his *General Theory* in the years prior to 1936. Minsky argued that implicit in Keynes’ analysis is a view that:

... a capitalist economy is fundamentally flawed. This flaw exists because the financial system necessary for capitalist vitality and vigour — which translates entrepreneurial animal spirits into effective demand for investment — contains the potential for runaway expansion, powered by an investment boom. This runaway expansion is brought to a halt because accumulated financial changes render the financial system fragile, so that not unusual changes can trigger serious financial difficulties.<sup>15</sup>

With neoliberal re-regulation in favour of capital, banks and other financial institutions had managed to devise markets in financial derivatives that got murkier as they grew larger. In mid 2008, the outstanding notional amount of financial derivatives was estimated at \$US684 trillion by the Bank of International Settlements. Betting on interest rates and foreign exchange rates accounted for some \$US513 trillion; Credit Default Swaps more than \$US60 trillion and Collateral Debt Obligations and other equally exotic instruments over \$US90 trillion. By comparison, world GDP stood at \$US50 trillion.<sup>16</sup>

Derivatives operate in a global Over-The-Counter (OTC) market that is almost entirely unregulated. Derivative trades are not listed on any exchanges; not available for public scrutiny; not subject to a clearing system and rarely appear on external balance sheets. So estimates of the size of the trade — which has Australia’s OTC derivative market at \$78 trillion compared with GDP of some \$1.5 trillion, are at best an educated guess.<sup>17</sup>

The British mathematician, Ian Stewart, has described derivatives as ‘investments in investments, bets about bets’, in his account of the Black-Scholes equation that made the trade possible. Devised by the economists Fisher Black, Myron Scholes and Robert Merton in 1973, it won Merton and Scholes the 1997 Nobel Prize in economics. The equation purports to provide a rational way to price financial contracts when they still have time to run — a process Stewart likens to buying or selling a bet on a horse halfway through the race. But mathematical models of reality rely on simplifications and assumptions. They do not adequately represent reality. Black-Scholes maths may make perfect sense, but in the hands of imperfect humans often operating on herd instinct in a market that is much more volatile than the maths assume, derivatives can easily come to fit Warren Buffets description of them as ‘financial weapons of mass destruction’. Stewart asserts that in 2007 the international financial system was trading derivatives valued at one quadrillion (one million billion) US dollars, 10 times the total

worth (adjusted for inflation) of all global manufacturing products made in the preceding 100 years.<sup>18</sup>

The US economist, Robert Skidelsky, describes neo-classical economics as a mathematically souped-up version of classical economics that continues to trade on the illusory belief in self-regulating markets. In contrast to an older generation of economists who used maths to make their predictions about the real world more precise, Skidelsky says that economists today employ mathematicians to create 'an axiomatic system whose virtue lies in its unrealism'.<sup>19</sup>

The victory of neoliberal economics is reminiscent of the triumph of the English economist David Ricardo (1771-1823) who neglected the aggregate function of demand on the basis that supply creates its own demand. It was nevertheless an important part of the classical economics that was taught for more than a century. As Keynes noted:

The completeness of the Ricardian victory is something of a curiosity and a mystery. It must have been due to a complex of suitabilities in the doctrine to the environment into which it was projected. That it reached conclusions quite different from what the ordinary uninstructed person would expect, added, I suppose, to its intellectual prestige. That its teachings, translated into practice, was austere and often unpalatable, lent it virtue. That it was adapted to carry a vast and consistent logical superstructure, gave it beauty. That it could explain much social injustice and apparent cruelty as an inevitable incident in the scheme of progress, and the attempt to change such things as likely on the whole to do more harm than good, commended it to authority. That it afforded a measure of justification to the free activities of the individual capitalist attracted to it the support of the dominant force behind authority.<sup>20</sup>

There were certainly early warning signs that largely unregulated financial institutions posed a significant risk to the broader economy. One of the first was the demise of the US hedge fund Long-Term Capital Management. In 1998 it lost \$US4.6 billion in less than four months and had to be bailed out in a scheme organised by the Federal Reserve Bank of New York to avoid contagion in global financial markets. Two of the fund's directors were Myron Scholes and Robert Merton. This was followed by Baring Bank and Enron among others.<sup>21</sup> When two Bears Stearns hedge funds holding almost \$US10 billion in mortgage-backed securities collapsed in July 2007 it was too late for remedial measures. The financial crisis unfolded and profligate banks had to be bailed out by taxpayers.

Government debt, largely inflated from protecting bank debts, became a concern of those same banks whose preferred prudential solution, rapidly embraced across the world, was debt reduction by austerity. In Greece, with youth unemployment more than 50%, public sector jobs were cut alongside pensions and the minimum

wage. More than one third of the population slipped into poverty, businesses failed at an astronomical rate and tens of thousands were living on the streets.

As the Greek parliament passed the austerity measures burdening those with responsibility for a crisis not of their making, protesters set Athens ablaze. Spain's youth unemployment of 50% helped bring about huge protests from 'Indignatos' (outraged) as 'Occupy' movements mushroomed throughout much of the advanced economies. With high youth unemployment in Ireland, the UK, Italy and Portugal, street protests condemned failed economic policy compounded by political mismanagement.

At the end of 2011, before many of the UK governments proposed austerity measures had been enacted, the Institute for Fiscal Studies forecast that the average UK household will have no more disposable income in 2016 than in 2002. In mid-2012, a US Federal Reserve report calculated that the median US family lost a generation of wealth between 2007 and 2010.<sup>22</sup>

Incumbent governments were removed from office across Europe in protests against failure rather than a vote for existing major parties proffering an alternative economic program. Then, as the crisis worsened in Greece, the June 2012 elections saw the collapse of the nominal social democratic party, Pasok, which mustered just 12.3% of the vote as against its 2009 result of 44%. The radical left coalition, Syriza, increased its vote from less than 5% in 2009 to 27%. However, a turn to the extreme right was also evident with the vote for the neo-fascist Golden Dawn increasing from 0.28% in 2009 to 6.92%.

The meltdown of 2008 has been followed by continued uncertainty, with the global economy stuck between collapse and recovery, a tendency of capitalism that Keynes noted in 1936.

As David Harvey reminds us, those who teach economics and devise the curriculum were as perplexed about the cause of the GFC as anyone else. When the Queen visited the London School of Economics in late 2008 she inquired as to why no economists had seen the crisis coming. It took six months for the economists in the British Academy to reply. Their letter concluded that 'the failure to foresee the timing, extent and severity of the crisis and head it off, while it had many causes, was principally a failure of the collective imagination of many bright people, both in this country and internationally, to understand the risks to the system as a whole.' As to the financiers, 'it is difficult to recall a greater example of wishful thinking combined with hubris'. Financiers and economists alike were apparently caught up in a 'psychology of denial'.<sup>23</sup>

The banks seemed to have missed it though. Some, like Barclays, were too busy paying fines to settle claims that they manipulated the Libor (London interbank offered

rate) which is used to set interest rates on some \$US800 trillion of borrowings and derivatives. Others were settling fines and forfeitures in the vicinity of \$US18 billion paid for breaching US sanctions violations and money laundering in mid 2014. As this was happening the Bank of England, which in 2009 had cut interest rates to 0.5%, was trying to restart the loan securitisation market. This involves the packaging of loans into separate entities and then selling securities backed by those loans to third-party investors. The selling of these products wrapped up with subprime mortgages was blamed for many of the worst excesses of the financial crisis.

In 2013, the issue of US dollar-denominated junk bonds climbed to \$US366 billion, more than twice the level reached before the GFC. In the US, borrowings against homes, which was a common practice prior to 2008, was again on the rise in 2014.

Neoliberalism is more than an economic doctrine that worships at the altar of markets — it values market exchange as ‘an ethic in itself, capable of acting as a guide to all human action, and substituting for all previously held ethical beliefs’.<sup>24</sup> It is also a class project. As the French economists Gerard Dumenil and Dominique Levy’s forensic examination of the data shows, from the late 1970s the share of national income going to the top 1% of income earners in the US increased to 15% by 2000 — a reversal of the gains made by the working class during the ‘golden years’ of social democracy. The ratio of median compensation of US workers to salaries of CEOs increased from just over 30 to 1 in 1970 to 500 to 1 in the same period.<sup>25</sup>

### **‘In the long run we are all dead’**

Thus wrote Keynes in 1923, criticising the notion that state intervention was not necessary to control inflation. He may well have amended this somewhat today given the present challenge of climate change. Air pollution in Europe now reduces the average life expectancy of Bucharest residents by two years, those of Paris by six months. Across the continent, air pollution is responsible for some 400,000 premature deaths each year. In Australia some 3000 people die every year as a result of air pollution.<sup>26</sup>

The spectacular success of the Keynesian influenced post-World War II economy, when manufacturing output increased four-fold in the two decades from 1950, came with a tripling of carbon dioxide emissions.<sup>27</sup> Its effects soon became a concern in the scientific community. In 1972, *Limits to Growth*, a study by ecologists and economists that extrapolated into the future the economic growth realised in previous decades, predicted ecological and economic collapse in the 21st century if overuse of resources continued unchecked:

If the present growth trends in world population, industrialisation, pollution, food production, and resource depletion continue unchanged, the limits to growth on this

planet will be reached sometime within the next 100 years. The most probable result will be a rather sudden and uncontrollable decline in both population and industrial capacity.<sup>28</sup>

Although the analysis was much criticised for its methodology at the time, a further study by Australia's Commonwealth Scientific and Industrial Research Organisation (CSIRO) in 2008, which compared what had actually occurred since 1978 against the predictions made in 1972, found that the two in fact lined-up and would continue to do so without both a reduction in consumption and technological intervention.<sup>29</sup>

Infinite growth based on finite resources has long been an implausible prospect. The blind optimism of those who deny any link between unlimited growth and environmental degradation is shared only by those who believe in endless growth financed forever by increasing levels of debt.

The challenge of climate change proved to be beyond the capacity of social democratic intervention. Policy initiatives that followed the social democratic tradition in a number of European countries helped create an industry in climate change mitigation that was generating revenue of \$US300 billion in 2008.<sup>30</sup> Assisted by Australian technical research, a solar industry was constructed in California and cheap manufactures for the world's renewable energy industry were provided by China.<sup>31</sup> Prior to the 2009 Copenhagen Climate Conference, Europe had committed to generating 20% of all energy needs from renewable resources by 2020. The UK pledged to reduce carbon emissions by 80% by 2050 and more than 70 countries had adopted plans for increased use of renewable energy. But none of this was enough.

The scientific evidence is that a cap on global warming of 2C is the minimum requirement to prevent irreversible environmental damage. The Copenhagen Accord, while 'recognising' the scientific case for limiting a rise in temperature to 2C, contained no commitment to emission reductions that would achieve it.<sup>32</sup> This failure came despite the findings of a study released just weeks before the conference by the Potsdam Institute for Climate Impact Research which showed that even if countries adopted the most ambitious targets they had proposed, the global average temperature would rise by 3.5C by the end of the century. The world's foremost climate change economist, Nicholas Stern, endorsed the Institute's findings and added that there was a shortfall of up to five billion tonnes between the cuts that the most ambitious targets would deliver and those that he considered necessary — CO<sub>2</sub> emissions limited to 44 billion tonnes by 2020.<sup>33</sup> The ALP government in Australia, the world's highest per capita producer of carbon dioxide, levied a carbon tax of \$23 a tonne on some 300 of the countries top emitters from July 2012. The tax, which an incoming Liberal-National Party government vowed to repeal, was intended as a stepping-stone to the



introduction of a cap-and-trade scheme in 2015.

Cap-and-trade had its origins in the US in the late 1960s when, working independently, two economists proposed the scheme to address air pollution from fertiliser production plants in Florida and pollution of Canadian lakes by farmers. Its logic rests on the notion that legislation enacted by the state to limit polluting emissions indirectly puts a price on those emissions. This price is then said to be held in higher regard by some polluters than others. At the same time, some polluters are more efficient at reducing emissions than others. The theory then asserts that setting a cap and allowing polluters to trade these rights would allow them to work out among themselves the cheapest, most efficient method of meeting the lower targets. It was scheme intended to operate at a local level where pollution reduction would be visible and the state could intervene if targets were not met or the scheme otherwise failed to meet expectations. According to its originators, the scheme will not work on a global level because there are no international institutions capable of enforcing it.<sup>34</sup>

At an international level, cap-and-trade schemes create synthetic financial products, pollution permits, which bear a striking resemblance to derivatives. In the absence of any supervising authority, these permits are then traded in a government-created market which, if successful in reducing emissions, sows the seeds of its own demise. This is an unlikely prospect all-round, as the EU market experience demonstrates — increased emissions, higher energy prices and a carbon price that has fallen through the floor. On one account, the amount of carbon that the scheme will save in a three-year period is less than one-third of one per cent.<sup>35</sup>

The alternative to cap-and-trade is comprehensive environmental legislation complemented by carbon taxes. In its report prepared for the Copenhagen conference, even the International Monetary Fund favoured carbon taxes over an emissions trading scheme (ETS). It argued that had a carbon tax instead of an ETS been introduced in the EU, the reduction in abatement costs would not have led to the collapse in the price of carbon but to a reduction in emissions. It was also critical of giving free permits to industries based on their existing emissions. In its view the result would be windfall profits at the expense of the environment.<sup>36</sup>

Cap-and-trade has been likened to the selling of papal indulgences, a scheme which allowed the rich to substitute cash payments for penance. Following Martin Luther's protest in the early 16th century, it led to a schism in the Catholic Church.<sup>37</sup> Yet from the time of industrial capitalism, indulgence has been granted to polluting activities, known in economic jargon as 'externalities'. All that is solid has been melting into polluted air since the Industrial Revolution.

The failure to take this into account has disguised the true costs of production for

producer and consumer alike. Costing externalities means higher prices for consumers and the prospect of lower profits for producers. Just how much lower profits might be was the subject of a study by the UN Environment Program of the activities of 3000 of the world's largest public companies in 2008-9. It estimated the cost of pollution and other damage to the natural environment by these companies at \$US2.2 trillion in 2008, an average of one-third of their profits.<sup>38</sup>

## Resistance & class

Like its progenitor socialism, social democracy relied on a distinctive new movement that the forces of history had thrown-up in the 19 century — the proletariat or working class. It was 'an opposition whose dimensions become more and more menacing with the proportional growth of the industrial population'.<sup>39</sup>

This working class was described by Engels in 1847 as 'that class of society which lives exclusively by its labour and not on the profits of any kind of capital'. Forty years on his description became, 'that class of modern wage labourers who, having no means of production of their own, are reduced to selling their labour-power in order to live'.<sup>40</sup> For Marx and Engels, the written history of all hitherto existing society was the history of class struggles — from freeman and slave, patrician and plebeian, lord and serf, guildmaster and journeyman, and finally, bourgeoisie and proletariat. This latter development was held to have simplified class antagonisms, with society splitting up into two great hostile camps facing each other. While all previous historical movements were in the interests of minorities, the distinguishing feature of the working class was that it represented the self-conscious, independent movement of the immense majority. Moreover, their oppressing class was also distinguished from previous oppressors who at least allowed the continuation of slavish existence. In contrast, the 'modern labourer' in 1848 was destined to become a pauper because the ruling class could not ensure 'an existence to his slave within his slavery'. Yet the development of industry brought with it an increasingly strengthened and combative working class whose victory over its oppressors would be realised through an ever expanding union. The ruling class would produce its own gravediggers.<sup>41</sup>

But things haven't turned out quite this way yet. Engels's own experience is instructive. In 1863 he concluded that, 'the English proletariat's revolutionary energy has completely evaporated'. Things had not much improved 20 years later when he wrote to August Bebel, 'on no account whatever allow yourself to be bamboozled into believing a real proletarian movement is afoot here. Participation in the domination of the world market was and is the economic basis of the English workers political nullity'.<sup>42</sup>

Marxist theorists the world over have attempted to explain why the 'inevitable'

has yet to happen. In the US, Paul Sweezy analysed modern capitalism in the early 1970s and asked the obvious question — what accounts for the nonfulfillment of Marx's expectation of socialist revolution in developed capitalist countries? His answer, in short, was that 'technological and structural changes in the advanced capitalist countries have turned what was a revolutionary proletariat at the height of the industrial revolution into a much more variegated and predominantly non-revolutionary proletariat in the period of developed monopoly capitalism'.<sup>43</sup> Sweezy argued that it was the employment of machinery by capitalism, and not capitalism in general, that generated Marx's proletariat. Moreover, Marx's analysis of the effects of machinery that led to the abasement of living standards reached their intensity in the first half of the 19th century and had already been checked or reversed before the publication of *Capital*. It was not capitalism in its more mature stage that generated the revolutionary moment, but capitalism in its early years of development.<sup>44</sup>

As to the definition of 'class', in 1978 Ernest Mandel dismissed any narrow definition of class which reduces the working class to manual industrial workers. But he also pointed out the absurdity of extending the working class to all wage and salary earners without limitation (army generals and managers then earning \$US100,000 a year were not working class). In his considered view, the defining structural characteristic of the working class advanced by Marx and Engels, together with the luminaries of Marxist 'orthodoxy' (Lenin, Trotsky, Kautsky, Plekhanov and Rosa Luxemburg included) is simply the socio-economic compulsion to sell one's labour power.<sup>45</sup> So the working class consists of manual production workers and the mass of unproductive wage-earners (commercial clerks, lower-ranked government employees, domestic servants) and is not limited to workers directly producing surplus value. A large enough group on the face of it. But so too, are those excluded, 'all those strata whose salary levels permit accumulation of capital in addition to a *normal* standard of living'.<sup>46</sup>

Mandel's description would presumably disqualify those sociologists identified by E.P. Thompson 'who have stopped the time-machine and, with a good deal of conceptual huffing and puffing, have gone down to the engine-room to look, [then] tell us that nowhere at all have they been able to locate and classify a class'. For Thompson, 'class itself is not a thing, it is a happening'.<sup>47</sup> For Eric Hobsbawm at the end of the 20th century, 'classes are never made in the sense of being finished or having acquired their definite shape. They keep on changing'.<sup>48</sup>

Marx may well have settled the question of class with his promised treatment of it in *Capital*, but unfortunately death intervened. All we are left with is five tantalising paragraphs in volume three followed by the disappointment of Engels's parenthetical note, 'At this point the manuscript breaks off.'

In fact, with rare exception beyond the UK, the birthplace of the Industrial Revolution, the industrial working class has always been a minority of the workforce.<sup>49</sup> It was though, a class that was conscious of itself and identifiable as such. From the latter part of the 19th century and for most of the 20th century, socialist and social democratic parties sought the allegiance of this working class in their contest with conservative opponents.

This was the state of affairs in the developed countries until the crisis of Keynesianism in the early 1970s. At the start of the decade, the industrial working class was proportionally as large, if not larger, than it had been in the late 19th century when mass workers' parties emerged. By the 1980s dramatic change was underway. In the five years from 1980-84, the UK lost a quarter of its manufacturing industry. Over a similar period, manufacturing employment in the heavy industrialised countries of Europe, including France and Germany, fell by 25%. It fell even further in the US where manufacturing employment had been falling since the mid 1960s.<sup>50</sup> The decline in manufacturing employment in Australia was evident from this same period.<sup>51</sup> So too, were new forms of employment relationships. From the late 1970s, the growth in self-employment was greater than that of hired employees. By 2004, there were more self-employed workers in Australia than union members.<sup>52</sup> Concomitant with these developments was a rise in welfare expenditure, broadly defined to include education, healthcare and state transfer payments.<sup>53</sup>

At a time of high unemployment, older, less-skilled manual workers became unemployable and the youth labour market collapsed. Those in work came to resent their taxes being redistributed to those they regarded as shirkers. The term, 'dole bludger' became a well known pejorative expression thanks to Clyde Cameron, ex-shearer and Minister for Labour in the Whitlam government. Acutely aware of the criticism that increased unemployment benefits attracted in solid ALP electorates, he attempted to thwart it by attacking 'dole bludgers' but only succeeded in further marginalising the unemployed.<sup>54</sup>

The once clear outlines of an accepted working class became blurred and then faded in advanced capitalist economies, just as they then emerged in newly industrialised countries. From around 1980, the reference to class that most were increasingly likely to encounter was that of an 'underclass' a sinister echo of the 19th century reference to the undeserving poor, known then as the 'residuum' — the lowest stratum or dregs of the population.

The authors of *Turbulent Transitions* argue that the rise of 21st-Century socialism in Latin America must be located in the context of the collapse of the traditional socialist project:

In rejecting authoritarianism, bureaucratic centralised planning, state capitalism, and the lack of democracy, it has distanced itself from those traits so common to the failed projects of the twentieth century. A critical attribute of 21st-Century socialism is that it is built by social movements and by people from below; it does not arise from government fiat or from self-defined vanguard parties. By transforming circumstances, the people transform themselves. Moreover, 21st-Century socialism is rooted in democratic processes and procedures. It is notable that the three countries that have raised the banner of socialism — Venezuela, Bolivia, and Ecuador — have all used the ballot-box extensively to advance their policies and efforts to transform their societies.<sup>55</sup>

But if 'class' is not a term used by workers in advanced capitalist societies today in the way that it was ubiquitous until the latter years of the 20th century, this is not to deny its existence. Classes do not exist simply as economic entities at the workplace. They are communities, social formations and political phenomena. While it does seem clear that classes need to be conscious of themselves, there are suggestions in Marx that a class lacking political representation is not a class in the full sense.<sup>56</sup> It is here that the surrender of social democracy to neoliberalism has fragmented the notion of class. For it was the parties of social democracy that succeeded in establishing themselves as the main party political representatives of the working class before abandoning them as they embraced the new theocracy of neoliberalism.

The turn to neoliberalism is commonly associated with the governments of Margaret Thatcher in the UK and Ronald Reagan in the US. Yet in many countries it was the parties of social democracy that led the way — Australia, New Zealand, France and Germany prominent among them. When they didn't lead they were enthusiastic followers who disingenuously tried to dress-up the doctrine. Tony Blair's 'New Labour' was neoliberalism with a new face and a toothy smile. Dissidents were soon despatched. The German social democrat and avowed Keynesian, Oskar Lafontaine, was pilloried by national and international press alike — the most dangerous man in Europe according to one tabloid. He lasted less than six months as Minister for Finance in Gerhard Schroder's SPD government in 1998-99.<sup>57</sup>

The bourgeoisie have no illusions about class. In Australia, the wealthiest 1% in the country have more money than 60% of the population. The seven richest people have a net worth equivalent to the bottom 20% some 4.5 million people. The world's 85 richest people own the same amount as the bottom half of the entire global population — 3.5 billion people. Warren Buffett was among the top five in 2013 with a net worth close to \$US60 billion. In his view, 'There's class warfare, all right, but it's my class, the rich class, that's making war and we're winning.'<sup>58</sup> This is no more evident than in the neoliberal arrogance that insists on austerity measures punishing the unemployed

and marginalised by, among other things, reducing state transfer payments. It was these remittances that helped contain social unrest in past recessions.

Yet this is also self-destructive. The satisfactory functioning of capitalism requires a minimum 3% compound growth for ever.<sup>59</sup> But annual growth rates at even this modest level would result in economies doubling in size every 24 years — a road to oblivion for rich and poor alike.<sup>60</sup> The dilemma for capitalism is that while the failure to address the climate crisis will be fatal to it in the long-term, the solutions to it will also bring the system down in the short-term. The spectre of Marx haunts neoliberal capitalism:

Modern bourgeois society with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and exchange, is like the sorcerer, who is no longer able to control the powers of the nether world whom he has called up by his spells.<sup>61</sup>

## Revolutionary praxis

Correct revolutionary theory ... assumes final shape only in close connection with the practical activity of a truly mass and revolutionary movement. (Lenin)<sup>62</sup>

Marx's historical materialism was a theory for interpreting the world that would eventually change it. Capitalism didn't stand still with the publication of *Capital*, or the Bolshevik Revolution, or with Stalinist domination of the world communist movement. It went through a series of what Engels might have termed evolutions that, beginning from the Stalinist ascendancy in 1924, stretched through the Great Depression, interventionist social democracy and on to the present domination of neoliberal ideology. Along the way, its death was prematurely announced on more than one occasion. From the 1920s, Marx's more immediate successors largely failed to analyse these changes because the straitjacket of Stalinism, which extended far beyond the USSR, meant that any important critique of capitalist development was the exclusive domain of the Communist International in Moscow. Honourable exceptions that had the courage to free themselves from such constraints, the Hungarian George Lukacs and Karl Korsch in Germany, were treated as heretics. They were either excommunicated (Korsch) or threatened with excommunication and thereafter marginalised (Lukacs). The most outstanding of them all, Antonio Gramsci in Italy, only managed to escape a confrontation with Stalinism because of his isolation in an Italian prison cell which resulted in his death in 1937.<sup>63</sup>

In these circumstances, Western Marxism managed to turn Marx's own movement — from philosophy to politics to economics — into a circular one that found itself firmly back in the discipline of philosophy. Marxist theory, philosophically rummaging

rather than practically changing, became separated from working class struggle which it then struggled to understand from its eventual vantage point of the academy. Workers too would struggle to even follow the language of this academic discourse, politely described as a 'highly technical idiom'.<sup>64</sup>

The Trotskyist tradition is an exception, concentrating on politics and economics. As Perry Anderson notes,

It was resolutely internationalist, never confined in concern or horizon to a single culture or country. It spoke a language of clarity and urgency, whose finest prose (Trotsky or Deutscher) yet possessed a literary quality equal or superior to any other tradition. It filled no chairs in universities. Its members were hunted and outlawed. The price paid for the attempt to maintain a Marxist unity of theory and practice, even in cases where it was eventually renounced, was a high one. But the gain made, for the future of socialism, was in exchange an immense one. Today this politico-theoretical heritage provides one of the central elements for any renaissance of revolutionary Marxism on an international scale.<sup>65</sup>

Resistance to oppression has a long history. Anarchists have long championed militant opposition at the point of production by 'go slow' tactics and industrial sabotage. Individuals and small groups are capable of finding ingenious ways in which to claw back some of the surplus value accrued by the exploitation of their employers. There is also a natural impulse of solidarity that Peter Kropotkin (1842-1921) theorised in his book *Mutual Aid* (1911).

In *The Enigma of Capital*, David Harvey writes of the importance of the various groups opposing capitalist exploitation. While criticising grassroots movements who limit their activities to local action, he nevertheless recognises, 'The self-organising powers of people in the daily situation in which they live has to be the basis for any anti-capitalist alternative.' He asserts that the 'broad wing of opposition [that] arises out of anarchist, autonomist and grassroots organisations ... are unquestionably providing a widespread base for experimentation with anti-capitalist policies.'<sup>66</sup>

The Italian Marxist Autonomist, Antonio Negri, together with the US literary theorist, Michael Hardt, explained these movements long before they came to more public attention. From 2000, they identified a contemporary global proletariat they refer to as the 'multitude'.

Proceeding from a critique of political economy, Hardt and Negri detect movements in capital that has immaterial or biopolitical production (the production of ideas, images, information, knowledge, code, languages etc.) as the successor to the hegemony of industrial capital. Biopolitical production is held to accord labor increasing autonomy and thus supply the necessary tools for the liberation project. In short, capital is in the

process of creating its own gravediggers in a period when the conditions and weapons of a communist project are said to be more available than ever.<sup>67</sup>

Latin America is a case in point. Although the urban upheavals of the late 1980s and early 1990s appeared to be unorganised and absent leadership, ‘they use what Hardt and Negri call “swarm intelligence”. While they have no formal organisation, they are like bees or ants, communicating horizontally and informally to mobilise against the forces that are repressing them.’<sup>68</sup>

The Slovenian philosopher, Slavoj Zizek, identifies a fractured working class — intellectual labourers, the old manual working class, and the outcasts (unemployed, chronically underemployed, homeless) — each of which is played off against the other. He maintains that remaining faithful to the ‘idea of communism’ involves locating it in real historical antagonisms which give it a practical urgency. He can find four antagonisms powerful enough to prevent capital’s indefinite production: ecological catastrophe; the inappropriateness of the notion of private property for so-called ‘intellectual property’; the socio-ethical implications of new scientific developments (in bio-genetics especially) and new forms of apartheid that separate the Excluded from the Included. The first of Zizek’s antagonisms is already unfolding. Irreversible climate change is, to borrow from E.P. Thompson, not some abstract thing, but ‘a happening’. The best we can now do is to try to ameliorate its worst effects, and the longer we delay the greater the damage. Zizek recognises this. Inverting Marx’s classic image of proletarians having ‘nothing to lose but their chains’, he maintains that we are ‘in danger of losing everything ... vegetating in an unliveable environment.’<sup>69</sup>

While an increasing number of people recognise that there are no market-based solutions to our acute environmental problems, there remains something of a faith, or perhaps a hope, that there is a technological fix. Unfortunately, we have long ago past that point. In 2011, the effort needed to keep global warming to just 2C by technical means required that some 80% of global energy use (13 out of 16 trillion watts) would have needed to be replaced by CO<sub>2</sub>-neutral technology. On one estimate, this would require building the equivalent of all of the following: 100 square metres of new solar cells, 50 square metres of new solar-thermal reflectors, and one Olympic swimming pool’s volume of genetically engineered algae for biofuels every second for 25 years; one 300-foot-diameter wind turbine every five minutes; one 100-megawatt geothermal-powered steam turbine every eight hours; and one three-gigawatt nuclear power plant every week.<sup>70</sup>

While climate change is obviously a global problem, the three billion poorest people on the planet essential emit almost no greenhouse gas. The top 500 million people (about 8% of the global population) are responsible for 50% of greenhouse



emissions.<sup>71</sup> It is here that not just change, but revolutionary change, has to take place. As the Bolivian President, Evo Morales puts it: 'We have two paths — either capitalism dies or Mother Earth dies.' To have some hope of avoiding a dystopian future, the advanced capitalist countries would have to reduce domestic emissions from the present 2014 levels by at least 50%, based on 1990 levels, by 2017.<sup>72</sup> This is certain to test Marx's proposition that 'Mankind inevitably sets itself such tasks as it is able to solve.'<sup>73</sup>

For Antonio Gramsci, an enduring lesson of the French Revolution was the way in which revolutionary intellectuals captured the imagination of the masses by establishing a mythical ideal state that all could work for prior to 1789 — one based on the Rights of Man.<sup>74</sup> If anti-capitalist revolutionaries are unable to capture the imagination of the great mass of humanity in coming together in solidarity to avoid ecological catastrophe, the future looks distinctly dystopian. Fortunately, there are some already taking radical action. These include the social movements in Bolivia, the largest of which is the United Union of Farm Workers. They are the moving force behind the 'Law of Mother Nature' which establishes 11 new rights for nature including the right to pure water and clean air and the right *not* to be polluted.

In 1842 Marx wrote, 'The fate which a question of the time has in common with every question justified by its content, and therefore rational, is that the question, not the answer, constitutes the main difficulty.'<sup>75</sup>

The relevant question of our time has been posed by Terry Eagleton, 'One question that therefore arises is how long would it take us to unlearn the ingrained habits of pathological productivity, which after a while acquires a well-nigh unstoppable momentum of its own. Do we have enough time — will a crippled and wounded Nature yield us enough time — for this massive re-education of the senses, the body, the psyche, the disposition of desire itself?' The bleak alternative to action now is the questionable hope he also expressed, 'that on the other side of some inconceivable disaster ... men and women are forced by material circumstances into sharing solidarity with each other.'<sup>76</sup>

The spectre of Marx and Engels haunts us all. In the *Manifesto* they asserted that the history of class struggles is one that resulted in either a revolutionary re-constitution of society at large, or 'in the common ruin of the contending classes'. With the death of social democracy and the defeat of bureaucratic state socialism, we have a world to win that still presents itself in dialectical terms — either eco-socialism or barbarism. ■

# Notes

## 1. The Birth of Social Democracy

- 1 Giddens, *The Third Way*, p. 24.
- 2 Tozer (ed.), *Rousseau's Social Contract*, Introduction, p. 1. See also Cole, *A History of Socialist Thought*, Vol. 1, pp. 1-10.
- 3 Rousseau, *The Social Contract or Principles of Political Right* in Tozer. op. cit., p 100.
- 4 Paine, *Rights of Man*, pp 53-54.
- 5 Colin Jones, *The Cambridge Illustrated History of France*, p. 181. Doyle, *History of the French Revolution*, p. 420.
- 6 Dorothy Porter, 'Public Health' in Bynum & Porter (eds.), *Companion Encyclopedia of the History of Medicine*, Vol. 2., p. 1237.
- 7 Keane, *Thomas Paine. A Political Life*, p. 307. *The Rights of Man* was a reply to the criticism of the French Revolution made by Edmund Burke in *Reflections on the French Revolution* (1790). It was originally published in two parts. The second part, which includes his ideas on social policy, appeared in February 1792.
- 8 *Ibid.*, p. 295.
- 9 See E.P. Thompson, *The Making of the English Working Class*, p. 102.
- 10 *Ibid.*, pp. 98, 120.
- 11 Cole, Vol. 1, pp. 18-19.
- 12 *Ibid.*, pp. 1-4, 129.
- 13 Laidler, *History of Socialism*, p. 58.
- 14 *Ibid.*, p. 54.
- 15 Eric J. Hobsbawn, 'Marx, Engels and Pre-Marxian Socialism' in Hobsbawn, *The History of Marxism*, Vol. 1, p. 9.
- 16 Cole, Vol. 1, p. 60.
- 17 *Ibid.*, p. 4.
- 18 Avineri, *The Social and Political Thought of Karl Marx*, p.55 (quoting from Volume XIII of Rotteck's and Welcker's *Lexicon der Staatwissenschaften*, published in 1842). Also cited in Hobsbawn, *The History of Marxism*, Vol. 1, p. 21.
- 19 Hobsbawn, *The Age of Capital*, p. 22.
- 20 Cole, Vol. 1, pp. 288-289. Dorothy Thompson, *The Chartists. Popular Politics in the Industrial Revolution*, pp. 325-326.
- 21 Cole, Vol. 1, pp. 288-289. Hobsbawn, *Age of Capital*, pp. 30, 36-37 who notes that 1500 fell in the street-fighting of June 1848 in Paris, following which 3000 workers were slaughtered and 12,000 arrested, most of whom were deported to Algerian labour camps.

- 22 See Norman, *The Victorian Christian Socialists*, pp. 6-10, 32.
- 23 Marx & Engels, *Manifesto of the Communist Party*, p. 62. This edition of the *Manifesto* is a reproduction of the translation made by Samuel More in 1888 from the original German text of 1848 and edited by Frederick Engels. In the German edition of 1848, the word 'Christian' reads 'holy and present day'. In the German editions of 1872, 1883 and 1890, and the English translation of 1888, the word 'Christian' is used.
- 24 Cole, Vol. 1, pp. 168-176.
- 25 Engels, *Socialism: Utopian and Scientific*, pp. 31-53.
- 26 *Ibid.*, p. 16.
- 27 Burgmann, *In Our Time. Socialism and the Rise of Labor 1885-1905*, pp. 6-7.
- 28 Fernbach, (ed.) *Karl Marx The Revolutions of 1848*, pp. 24, 96.
- 29 *Ibid.*, p. 23. Cole, Vol. 1, p. 17.
- 30 Fernbach, pp. 24, 132. Cole, Vol. 1, pp. 159-161. Magnusson (ed.), *Chambers Biographical Dictionary*, pp. 163-164.
- 31 Hobsbawn, *The History of Marxism*, p. 7. Fernbach, p. 23. Cole, Vol. 1, pp. 7-8.
- 32 Marx & Engels, *Manifesto of the Communist Party*, pp. 1, 9; Preface to the German edition of 1872 and the English edition of 1888.
- 33 Fernbach, pp. 25-28.
- 34 See Cole, Vol. 1, pp. 7-8.
- 35 Magnusson, pp. 163, 1195. Wheen, *Karl Marx*, pp. 186, 196-197. See also, Hobsbawn, *The Age of Capital*, p. 134.
- 36 Hobsbawn, *The Age of Capital*, pp. 13, 44-45, 48-49, 228.
- 37 Dye & Zeigler, *The Irony of Democracy*, pp. 29-49, 79.
- 38 Kinnear, *The British Voter. An Atlas and Surveysince 1885*, p. 13. Cairstairs, *A Short History of Electoral Systems in Western Europe*, pp. 189-190. Hobsbawn, *The Age of Empire 1875-1914*, pp. 85-7.
- 39 Emma MacLennan, 'Children's Rights at Work' in Franklin (ed.), *The Rights of Children*, pp. 126-127. Hobsbawn, *The Age of Capital*, p. 118.
- 40 Cole, Vol. 2, pp. 93, 174. Kamenka, (ed.), *Paridigm for Revolution? The Paris Commune 1871-1971*, p. 3. Hobsbawn, *The Age of Capital*, p. 52. For the way in which trade unions advanced during the prohibition period up until 1824 see E.P. Thompson, pp. 546-65.
- 41 Kamenka, p. 2. Wheen, pp. 275-288.
- 42 Kamenka, pp. 5-7.
- 43 *Ibid.*, pp. vi, 10-11, 29. Hobsbawn, *Age of Capital*, p. 200.
- 44 Kamenka, pp. 2-4, 7, 13. Wheen, p. 326.
- 45 Kamenka, p. v.
- 46 Letter from Karl Marx to Ludwig Kugelman, April 17, 1871 in Marx & Engels, *Collected Works*, Vol. 44, pp. 136-137. Wheen, pp. 331.
- 47 See Wheen, pp. 331-333, 343-347.
- 48 Cole, Vol. 1, pp. 315-316.
- 49 *Ibid.*, Vol. 2, p. 79.
- 50 Pflanze, *Bismarck and the Development of Germany*, Vol. 1, pp. 225, 335. Vol. 2, p. 291. Magnusson, p. 863.
- 51 Hobsbawn, *Age of Empire*, p. 135.
- 52 Pflanze, Vol. 2, pp. 298, 407, 413-414.

- 53 In Cole, Vol. 2. p. 262.
- 54 Pflanze, Vol. 3, pp. 147, 162.
- 55 Cole, Vol. 2, pp. 425-426. Hobsbawn, *Age of Empire*, p. 117. Boyer & Morais, *Labor's Untold Story*, p. 178. In Russia, the Emancipation of Labour group is referred to in some translations as the Liberation of Labour group and in others as the League for the Emancipation of Labour.
- 56 Pflanze, Vol. 2. p. 155. Keane, pp. 302-3. The welfare state that Paine proposed was a part of the 'civilising' function.
- 57 Pflanze, Vol. 2, p. 399, Vol. 3, p. 150. Engels, p. 66.
- 58 Bogdanor & Butler (eds.), *Democracy and Elections*, pp. 85, 110, 149. Frölich, *Rosa Luxemburg: Ideas in Action*, p. 179. Cairstairs, pp. 162-164.
- 59 Ball, *British Political Parties*, pp. 18, 24. Kinnear, General Election results 1885-1945.
- 60 Marx, *Critique of the Gotha Program*, p. 24. Pflanze, Vol. 3, p. 180. Hobsbawn, *The Age of Extremes*, pp. 289-90.
- 61 Hobsbawn, *Age of Empire*, pp. 85, 102. Cole, Vol. 2, p. 436. Carstairs, p. 78. Ball, pp. 64-65 who notes that the secret pact was intended to operate for the 1906 election but in fact dominated Labour-Liberal electoral relations until 1914.
- 62 See Hobsbawn, *Age of Empire* pp. 94, 135 for emergence of new political operators and organised mass meetings and demonstrations.
- 63 *Ibid.*, pp. 102, 132-133.
- 64 See Cole, Vol. 2, pp. 268-269.
- 65 *Ibid.* See also Hobsbawn, *Age of Empire*, p. 135 and *Age of Capital*, p. 308 where it is noted that, in contrast to Germany, it took less than two months for the Russian translation of *Capital* to sell a thousand copies in 1872.
- 66 Hobsbawn, *The History of Marxism*, Vol. 1, p. 9.
- 67 'The German Ideology' in Easton & Guddat (eds.), *Writings of the Young Marx on Philosophy and Science*, pp. 424-426. Marx, *Early Writings*, Introduction by Lucio Colletti, p. 7.
- 68 Cole, Vol. 1, pp. 63, 65.
- 69 Marx, *Critique of The Gotha Program*, which includes a Foreword by Engels dated January 6, 1891; a letter from Engels to Bebel dated March 18-28, 1875; and a letter to Karl Kautsky dated February 23, 1891; a covering letter from Marx to Bracke dated May 5, 1875 is also included.
- 70 This account of the Erfurt Program is taken from Cole, Vol. 2, pp. 425-436 and Frederick Engels, 'A Critique of The Draft Social Democratic Program of 1891' in Marx & Engels, *Collected Works*, Vol. 27, pp. 217-232. The Erfurt Program <http://marx.org/history/international/socialdemocracy/1891/erfurtprogram.htm>
- 71 See Marx, *The Class Struggles in France from 1848 to 1850*, pp. 117, 123-137.
- 72 Frederick Engels, 'Introduction to The Class Struggles in France' (March 1895), in Marx & Engels, *Collected Works*, Vol. 27, pp. 506-524.
- 73 *Ibid.*
- 74 *Ibid.*
- 75 Marx & Engels, *Collected Works*, Vol. 27,

- note 449, p. 632. The Introduction was not published in full in English until 1922.
- 76 Hobsbawn, *Revolutionaries*, p. 53.
- 77 See Marx, *Capital*, Vol. 1, pp. 554-555.
- 78 E.P. Thompson, pp. 604-617.
- 79 Boyer & Morais, pp. 51, 68.
- 80 *Ibid.*, pp. 57-60, 112, 129.
- 81 *Ibid.*, pp. 32, 79, 89-90, 114.
- 82 *Ibid.*, pp 93-113.
- 83 See Hobsbawn, *Age of Empire*, pp. 119-120.
- 84 Boyer & Morais, pp. 65, 72.
- 85 Woodcock (ed.), *The Anarchist Reader*, pp. 42-43.
- ## 2. Anarchists & Bolsheviks
- 1 See Peter Marshall, *Demanding the Impossible. A History of Anarchism*, p. 3
- 2 *Ibid.*, p. 4. Woodcock, *The Anarchist Reader*, p. 12. Cole, Vol. 1, p. 202.
- 3 Peter Marshall, pp. 206, 218-219.
- 4 Cole, Vol. 1, p. 202. Cole makes the point that the word socialist had not, at this time, come to be associated with the state.
- 5 See Peter Marshall, p. 7 for Proudhon's mutualist proposals.
- 6 Cole, Vol. 1, p. 202.
- 7 Peter Marshall, pp. 244-245, 260-261.
- 8 Kelly, *Mikhail Bakunin: A Study in the Psychology and Politics of Utopianism*, p. 193.
- 9 See Peter Marshall, p 263. Hobsbawn, *Age of Capital*, p. 192.
- 10 Peter Marshall, pp. 266-272.
- 11 *Ibid.*, pp 273-274
- 12 *Ibid.*, p 276.
- 13 When, *op. cit.*, pp. 319, 324.
- 14 Marx & Engels, *Manifesto of the Communist Party*, p. 44.
- 15 See Kelly, p. 263. Wheen, p. 338.
- 16 See Peter Marshall, pp. 283-4. The quotes are from 'Catechism of a Revolutionary' in Kelly, p. 266.
- 17 Wheen, pp. 345-347.
- 18 See Peter Marshall, p. 297.
- 19 Marx, *Critique of the Gotha Program*, pp. 7-8, 35-36.
- 20 Feuer (ed.) *Karl Marx & Friedrich Engels. Basic Writings on Politics and Philosophy*, pp. 519-523. The essay was first published in Italian in 1874.
- 21 Woodcock, *Pierre-Joseph Proudhon: A Biographical Study*, p. 34 cited in Peter Marshall, p. 49.
- 22 Peter Marshall, p. 270.
- 23 Wheen, p. 340.
- 24 Pierre-Joseph Proudhon, *The General Idea of Revolution in the Nineteenth Century* [1851], (Freedom Press: 1923), p. 132 cited in Peter Marshall, p. 244.
- 25 Peter Marshall, pp. 7-8.
- 26 *Ibid.*, p. 8.
- 27 *Ibid.*, p. 270.
- 28 *Ibid.*, p 276. Woodcock, *The Anarchist Reader*, p. 43.
- 29 Carlo Cafiero, *Action et Communisme* (1880) in Nicolas Walter, 'Carlo Cafiero on Action and Communism', *The Raven* II, 2 (October 1988), p.132, cited in Peter Marshall, p. 632.
- 30 Peter Marshall, pp. 480-481.
- 31 Haaland, *Emma Goldman Sexuality and the Impurity of the State*, pp. xi-xiii.
- 32 Peter Marshall, p. 438

- 33 Emile Henry, 'A Terrorist's Defence', *Gazette des Tribaux*, April 27-28, 1894, trans. George Woodcock in *The Anarchist Reader*, pp. 189-196.
- 34 In Woodcock, *The Anarchist Reader*, p. 43.
- 35 In Shulman (ed.) *Red Emma Speaks*, p. 31. For Emma Goldman on dancing see Alix Kates Shulman, 'Dances With Feminists', *Women's Review of Books*, Vol. IX, no. 3, December 1991.
- 36 See Hobsbawn, *The Age of Revolution*, pp. 129-131.
- 37 Dukes, *A History of Russia c 882-1996*
- 38 *Ibid.*, p. 135. See also Hobsbawn, *Age of Capital*, p. 360.
- 39 Dukes, p. 135.
- 40 Hobsbawn, *Age of Capital*, p. 27.
- 41 Dukes, p. 130.
- 42 Hobsbawn, *Age of Revolution*, pp. 167-169.
- 43 See Dukes, p. 135. Hobsbawn, *Age of Capital*, p. 248.
- 44 Dukes, p.137. Mathias, *The First Industrial Nation. An Economic History of Britain 1700-1914*, p. 257.
- 45 Dukes, pp. 42-43, 58-59.
- 46 *Ibid.*, pp. 129-130, 149, 159.
- 47 *Ibid.*, pp. 126-127.
- 48 Baumgart, *The Crimean War 1853-1856*, pp. vi, 13-14, 66, 89.
- 49 *Ibid.*, pp. 10, 64. For the use of flintlock firearms see Wilkinson, *Uniforms & Weapons of the Crimean War*, p. 94.
- 50 Baumgart, pp. 203-10, 215-216.
- 51 Kindersley, *The First Russian Revisionists*, p. 5. Dukes, p. 170.
- 52 Cole, Vol. 5, pp. 296, 305. Dukes, p. 180.
- 53 Kindersley, pp. 7-8.
- 54 Dukes, pp. 170-171.
- 55 Kindersley, p. 23.
- 56 Asher, *The Revolution of 1905: Russia in Disarray*, p. 36. Service, *Lenin. A Political Life.*, Vol. 1, p. 96.
- 57 Blackstock & Hoselitz (eds.) *Karl Marx and Friedrich Engels. The Russian Menace to Europe*, p. 213.
- 58 *Ibid.*, pp. 275-280.
- 59 *Ibid.*, p. 228.
- 60 Ascher, p. 30
- 61 *Ibid.*, p. 43 where the dates are given according to the Russian calendar which was 13 days behind the Gregorian calendar.
- 62 *Ibid.*, p. 12.
- 63 Dukes, p. 176.
- 64 Ascher, pp. 44-46
- 65 *Ibid.*, pp. 51, 83, 87-89, 91-92.
- 66 *Ibid.*, pp. 94, 138, 322. Dukes, *op. cit.*, p. 178.
- 67 Deutscher, *Stalin. A Political Biography*, pp. 80-81.
- 68 Dukes, pp. 176-178. Ascher, p. 51.
- 69 Dukes, p. 179. Ascher, pp. 36, 39. The Russian Social Democratic Workers Party is sometimes referred to as the Russian Social Democratic Labour Party.
- 70 Dukes, p. 180. Ascher, p. 302.
- 71 Dukes, p. 180-4. Deutscher, p. 81.
- 72 A.J.P. Taylor, *The First World War: An Illustrated History*, pp. 14-21.
- 73 *Ibid.*, pp. 16, 20-21, 28-37.
- 74 *Ibid.*, p. 38.
- 75 *Ibid.*, pp. 48, 77, 79-84.

- 76 *Ibid.*, pp. 93-94, 128, 219.
- 77 *Ibid.*, pp. 278-279. Dukes, p. 119.
- 78 *Ibid.*, p. 184. Deutscher, p. 119. Hobsbawm, *Age of Extremes*, pp. 56-57.
- 79 *Ibid.*, pp. 57-58.
- 80 Dukes, pp. 209-211.
- 81 Deutscher, pp. 138-139, 143.
- 82 *Ibid.*, pp. 153-154.
- 83 *Ibid.*, pp. 141-152.
- 84 *Ibid.*, pp. 147-148. *History of the Communist Party of the Soviet Union. Short Course*, pp. 227-229
- 85 Deutscher, p. 146.
- 86 *Ibid.*, pp. 51, 68-75. Lenin actually lost the vote on party structures but subsequently gained majority support for the election of candidates to leading bodies of the party that backed his position. The controversy nevertheless remained unsettled.
- 87 Lenin, 'What Is To Be Done?', *Selected Works in Two Volumes*, Vol. 1, Part 1, pp. 233-234, 242-243, 305, 320.
- 88 Deutscher, pp. 151,160.
- 89 Lenin, 'The Lessons of the Moscow Uprising', *Selected Works in Two Volumes*, Vol. I, Part 2, pp. 163-171. The proposition that insurrection is an art first appeared in an article published in the *New York Daily Tribune* on September 18, 1852. It was part of a series called 'Revolution and Counter-Revolution in Germany' that appeared in 19 instalments between October 1851 and October 1852. Although the article, and indeed the whole series, appeared under Marx's by line, all 19 of the instalments were in fact written by Engels at Marx's request as were most, if not all, of the articles that appeared in the *Tribune* concerning military affairs. See Wheen, pp. 186-187.
- 90 Deutscher, pp. 151,160.
- 91 A.J.P. Taylor, p. 186.
- 92 *Ibid.*, p. 199. Deutscher, pp. 163-164
- 93 Bone (trans.), *The Bolsheviks And The October Revolution. Minutes of the Central Committee of the Russian Social Democratic Labour Party (Bolsheviks) August 1917-February 1918*, p. 15.
- 94 *Ibid.*, pp. 58-61.
- 95 *Ibid.*, p. 97. Deutscher, pp. 166-170.
- 96 Bone, pp. 89-95.
- 97 A.J.P. Taylor, pp. 199-200. Deutscher, pp.173-174.
- 98 Hobsbawm, *Age of Extremes*, p. 379. Deutscher, pp. 180, 224-226. The parties to the Brest-Litovsk Treaty were Russia and the Central Powers dominated by Germany although Austria-Hungary did play some part in the negotiations. The treaty was annulled by the German armistice but Russia was forced by circumstances of civil war, followed by famine, to accept most of the territorial losses that the treaty imposed. See AJP Taylor, pp. 211-214, 249, 277.
- 99 Adoratsky (ed.), *Karl Marx. Selected Works*, p. xx.
- 100 Frölich, p. 255.
- 101 Hobsbawm, *Age of Extremes*, pp. 377-378. Deutscher, pp. 223, 225. A.J.P. Taylor, p. 277.
- 102 Hobsbawm, *Age of Extremes*, pp. 381, 393.

103 *Ibid.*, p. 375.

### 3. The Fascist Challenge to Socialism

- 1 Paxton, *The Anatomy of Fascism*, pp. 44, 53.
- 2 *Ibid.*, p. 78.
- 3 *Ibid.*, pp. 70, 74
- 4 *Ibid.*, p. 75.
- 5 *Ibid.*, pp. 53, 74.
- 6 Richard N. Hunt, *German Social Democracy 1918-1933*, p. 32. Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 119.
- 7 Togliatti, *Lectures on Fascism*, p. 157. Paxton, pp. 4, 5.
- 8 Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 76. Paxton, p. 7; see also note 7, p. 251. De Grand, *Italian Fascism. Its Origins & Development*, pp. 16-17.
- 9 See Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, pp. 77, 119. Paxton, p. 4. De Grand, p. 18.
- 10 Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 85.
- 11 *Ibid.*, pp. 87, 89-91, 101.
- 12 *Ibid.*, p. 91.
- 13 Paxton, p. 5. Togliatti, p. 157.
- 14 Hobsbawm, *Age of Extremes*, p. 125.
- 15 Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 119.
- 16 Paxton, p. 54. Togliatti, p. 157.
- 17 Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 93.
- 18 *Ibid.*, pp. 94-97.
- 19 *Ibid.*, p. 223. 56.2% of the workforce was engaged in agriculture in 1921 and in the 1936 census the figure was 48%. In the period between 1921 and 1936 those employed in industry increased from 24.9% to 32.5%
- 20 *Ibid.*, pp. 17-25.
- 21 *Ibid.*, pp. 120-1. Paxton, pp. 60-2.
- 22 Paxton, p. 7.
- 23 Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 104.
- 24 Paxton, p. 61.
- 25 *Ibid.*, pp. 61-62. Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 117.
- 26 *Ibid.*, pp. 120-122.
- 27 *Ibid.*, p. 120. Paxton, p. 61.
- 28 Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 104. Paxton, p. 96.
- 29 Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, pp. 112, 123. Togliatti, p. 161.
- 30 Paxton, pp. 89-91. Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, pp. 112-114.
- 31 Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, pp. 125-126. Mussolini's accord with the Catholic Church began in 1923 when the government agreed to bail out the Church-controlled Bank of Rome and introduce the catechism in elementary schools. Under the Lateran Treaty of 1929, the Vatican state was established, the Catholic religion granted primacy in the education system and the church law on divorce incorporated into state legislation.



- Although these concessions stabilised the relationship between the Catholic Church and the Fascist state, tensions continued to exist over the role of the Catholic youth organisations and, after 1938, over the racist legislation that was enacted. See De Grand, pp. 46, 76.
- 32 Paxton, p. 64.
- 33 *Ibid.*, p. 109. Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 127.
- 34 Togliatti, p. 159. Paxton, pp. 109-110. Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 183. The short-lived Unitary Socialist Party had split from the Italian Socialist Party in 1922.
- 35 Davidson, *The Theory and Practice of Italian Communism*, Vol. 1, p. 126.
- 36 Togliatti, p. 167.
- 37 *Ibid.*, p. 169. Paxton, p. 137.
- 38 Togliatti, p. 9.
- 39 *Ibid.*, pp. 24-25.
- 40 *Ibid.*, p. 39. Paxton, p. 124 who notes that, in Italy, the parallel organisations that were initially visible at every level of public authority declined once Mussolini consolidated his power.
- 41 Togliatti, p. 144.
- 42 *Ibid.*, pp. 78, 166, 168.
- 43 Paxton, p. 123.
- 44 Togliatti, pp. 50-51.
- 45 *Ibid.*, pp. 50-52. Paxton, p. 125.
- 46 Chabod, *A History of Italian Fascism*, p. 77.
- 47 See De Grand, p. 106.
- 48 Chabod, pp. 74-7, De Grand, p. 81.
- 49 De Grand, pp. 81-4, 87. Doug Thompson, *State Control in Fascist Italy*, p. 71.
- 50 Chabod, p. 78. De Grand, pp. 81, 111.
- 51 Nigel Jones, *A Brief History of the Birth of the Nazis*, pp. 244-246.
- 52 Deutscher, pp. 148, 160-162.
- 53 Bone, pp. 239-240.
- 54 Hobsbawn, *Age of Extremes*, p. 71.
- 55 Hall, *Scandal, Sensation and Social Democracy*, pp. 19-20. Initially expressed in an article in *Die Neue Zeit* in December 1893 and later published in *Der Weg zur Macht*, Hamburg, 1909.
- 56 See Frölich, pp. 62-71. Sweezy, *The Theory of Capitalist Development*, pp. 190-194.
- 57 *Ibid.*, p. 199
- 58 *Ibid.*, pp. 317-318.
- 59 Hobsbawn, *Age of Extremes*, pp. 387-388.
- 60 Frölich, p. 182.
- 61 *Ibid.*, pp. 183, 212. Frölich puts the number of Social Democrats in favour of a 'no' vote at 15. Other sources put the number at 14. See Padgett & Burkett, *Political Parties and Elections In West Germany*, p. 36. Geoff Ely, 'The SPD in War and Revolution, 1914-1919' in Fletcher (ed.), *Bernstein to Brandt: A Short History of German Social Democracy*, p. 66.
- 62 Frölich, p. 214.
- 63 *Ibid.*, p. 214. Sweezy, *The Theory of Capitalist Development*, p. 194. Abraham Ascher, "'Radical' Imperialists within German Social Democracy, 1912-1918', *Political Science Quarterly*, Vol.76, No.4. (Dec., 1961), pp. 555-575.

- 64 Frölich, pp. 213-216, 223, 231-234, 262.
- 65 Nigel Jones, pp. 5-6.
- 66 *Ibid.*, pp. 19-20, 23-24, 29-31, 141.
- 67 *Ibid.*, pp. 32-33, 48.
- 68 *Ibid.* pp. 59, 77-79.
- 69 See Geoff Ely, 'The SPD in War and Revolution, 1914-1919' in Fletcher (ed.), *Bernstein to Brandt: A Short History of German Social Democracy*, pp. 65-74.
- 70 *Ibid.*, p. 70. Nigel Jones, p. 36
- 71 Padgett & Burkett, pp. 10, 38.
- 72 *Ibid.*, pp. 38-40.
- 73 Grunberger, *Germany 1918-1945*, pp. 59-60. Nigel Jones, p. 228.
- 74 Nigel Jones, pp. 181-8, 196-199.
- 75 Padgett & Burkett, pp. 16, 33, 39, 41. Childers, *The Nazi Voter*, pp. 246-247
- 76 Grunberger, p. 104. Paxton, pp. 107-109. The Enabling Law of 1933 was limited in its operation to four years. Hitler was able to extend it on his own authority for a further five years after its nominal expiry in 1937 and again in 1942 for an indefinite period.
- 77 Padgett & Burkett, p. 40. Taylor & Shaw, *A Dictionary of the Third Reich*, pp. 224-225, 233-234.
- 78 *Ibid.*, p. 232, Paxton, pp. 55, 102-103.
- 79 Grunberger, p. 55.
- 80 Keynes, *The Economic Consequences of the Peace*, p. 154.
- 81 Grunberger, pp. 60-61. Keynes, *A Revision of the Treaty: Being a sequel to The Economic Consequences of the Peace*, p. 205.
- 82 Taylor & Shaw, p. 226. Nigel Jones, p. 245.
- 83 Bullock, *Hitler. A Study in Tyranny*, p. 59. Grunberger, p. 60. Laqueur, *Weimar. A Cultural History 1918-1933*, p. 6.
- 84 Harold & Gordon, *Hitler and the Beer Hall Putsch*, pp. 479, 483, 567, 573.
- 85 *Ibid.*, pp. 413-5, 617-618. Grunberger, p. 75. James, *The German Slump*, pp. 120-121.
- 86 Taylor & Shaw, pp. 226-231. Grunberger, pp. 77, 106. Bullock, pp. 146-151.
- 87 James, pp. 21-22, 35. Grunberger, p. 91.
- 88 *Ibid.*, p. 81. James, p. 6 who notes that in France at the height of the slump in 1935 there were less than half a million registered as out of work.
- 89 James, p. 8.
- 90 *The Cambridge Economic History of Europe*, Vol. 8, pp. 810-811. Grunberger, pp. 166-167.
- 91 *Ibid.*, pp. 591-595.
- 92 In Togliatti, Introduction by Gus Hall, General Secretary Communist Party USA, pp. xii-xiii.
- 93 See Paxton, pp. 100, 133, 136. James, pp. 8-9. Hobsbawm, *Age of Extremes*, p. 129.
- 94 See Paxton, pp. 121, 142. Grunberger, p. 112.
- 95 Bullock, pp. 316, 321-322.
- 96 Magnusson, p. 1160. For an account of the bombing of Guernica see Beevor, *The Battle for Spain*, pp. 257-260.
- 97 Beevor, pp. 156, 171-173, 294-306. Deutscher, pp. 415-417.
- 98 Beevor, pp. 366-368. Bullock, pp. 349-351.
- 99 Deutscher, pp. 418-429.
- 100 See Bullock, pp. 136-138

101 For a detailed account of the Italian Social Republic see De Grand, pp. 130-137.

#### 4. Labour Turns to Labor

- 1 Thomas Paine, *Common Sense and other Political Writings*, pp 4-8. Keane, pp. 79, 107, 111, 116-119. Middlekauff, *The Glorious Cause. The American Revolution, 1763-1789*, pp. 323-325.
- 2 Jefferson, *Writings*, p. 19.
- 3 Clark, *A History of Australia*, Vol. 1 p. 61.
- 4 *Ibid.*, pp. 50, 61-62, 64, 69, 81. Lovell & Flaherty, *Marxism and Australian Socialism before the Bolshevik Revolution*, pp. 13-14.
- 5 Castles, *An Australian Legal History*, pp. 9-11, 20.
- 6 *Ibid.*, pp. 155, 325.
- 7 Letter from a German worker in Melbourne published in *Neu Zeit* in 1904, in Tampke (ed.) *Wunderbar Country: Germans Look at Australia, 1850/1914*, p. 93.
- 8 Mayer, *Marx, Engels and Australia*, pp. 148-149. Burgmann, pp. 111,158-159. When, pp. 98, 112, 118.
- 9 In Tampke, p. 16.
- 10 *Ibid.*, pp 21, 27, 95. The account of Australia's economic and political development appears at pp. 77-89.
- 11 Burgmann, pp. 108, 149.
- 12 *Ibid.*, p. 52, *Sydney Morning Herald*, August 21, 1876. Also in Lovell & Flaherty, note 51, p. 25.
- 13 *Ibid.*, pp. 35, 226.
- 14 *Ibid.*, p. 82. Travers, *The Grand Old Man of Australian Politics: The Life and Times*

*of Sir Henry Parkes*, pp. 14, 20, 36. T. H. Irving, '1850-70' in Crowley (ed.), *A New History of Australia*, pp. 129, 141.

- 15 Halliday, *A Concise History of England*, p. 126. Clark, Vol. 2, pp. 214-215. Irving, p. 125.
- 16 Hutson, *Penal Colony to Penal Powers*, pp. 18, 29.
- 17 *The Shorter Oxford English Dictionary on Historical Principles*, Vol. 2, p. 2096. Castles, p. 288.
- 18 Clark, Vol. 1, pp. 79-81, 131-135, 143. Castles, p. 38. Hutson, pp. 16-17.
- 19 Clark, Vol. 3, pp. 159-60, 165. Buckley & Wheelwright, *No Paradise for Workers*, p. 80.
- 20 Clark, Vol. 3, pp. 302-304. Buckley & Wheelwright, pp. 90-93.
- 21 *Ibid.*, pp. 116-117, 119, 123-124. Castles, p. 463.
- 22 Clark, Vol. 3, pp. 157-158, 179. Castles, p. 252.
- 23 Buckley & Wheelwright, p. 90. Clark, Vol. 3, pp. 348-349, 359.
- 24 See Clark, Vol. 3, pp. 368, 416-420, 439, 445-447.
- 25 *Ibid.*, pp.285-286. Castles, p. 167.
- 26 Hutson, p. 30. Clark, Vol. 3, pp. 391-392; Vol. 4, pp. 31, 195. Moon & Sharman (eds.), *Australian Politics and Government.*,p. 184. McAllister, Mackerras & Boldiston, *Australian Political Facts*, p. 39.
- 27 Moon & Sharman, p 19. Hannam, Auchterlonie & Holden, *International Encyclopedia of Women's Suffrage*, pp. 23-28.

- 28 Castles, p. 167, note 87. Moon & Sharman, pp. 46, 95, 131, 202-203. Norm Kelly, 'Western Australian Electoral Reform: Labour Finally Succeeds', *Australian Journal of Political Science*, 41 (3), September 2006, pp. 419-426.
- 29 Dilke, *Problems of Greater Britain*, Vol. 1, pp. 252-253. Magnusson, pp. 419-420.
- 30 Hutson, pp. 31, 33, 35-36, 41. Lovell & Flaherty, p. 233. Irving, p.146.
- 31 Burgmann, p. 11. Mayer, pp. 5-6, 21-22, 41-43. Hutson, pp. 35-36.
- 32 Burgmann, pp. xii, 11, 36, 53, 100-101, 107. Dilke, Vol. 1, p. 357.
- 33 Burgmann, pp. 19-21, 153-157. Mayer, p. 36. Lovell & Flaherty, p. 30.
- 34 In Hutson, p. 40.
- 35 *Ibid.*, p. 42. Buckley & Wheelwright, pp. 185-197. Peter Loveday, 'New South Wales' in D.J. Murphy (ed.), *Labor in Politics*, p. 71.
- 36 Hutson, pp. 43-45. Markey, *In Case of Oppression*, pp. 31-34.
- 37 Hutson, pp. 43-44, 47.
- 38 Easson (ed.), *The Foundation of Labor*, pp. 29, 37, 39. D.J. Murphy, pp. 3-4. McKinley, *Australian Labour History in Documents*, Vol. 2, The Labor Party, pp. 1-2.
- 39 Easson, pp. 1-2, 7, 30-31. D.J. Murphy, pp. 17, 25.
- 40 Easson, p. vi. D.J. Murphy, pp. 23-25. McKinley, Vol. 2, pp. 9-10, 18-19.
- 41 See Brian Murphy, *Dictionary of Australian History*, pp. 132-133.
- 42 Burgmann, p. 82. Lovell & Flaherty, pp. 253-255. McKinley, Vol. 3, p. 10.
- 43 Burgmann, p. 81. D.J. Murph, pp. 26-30.
- 44 D.J. Murphy, pp. 31, 34, 37-38.
- 45 *Ibid.*, pp. 63-66. Burgmann, pp. 85, 87, 88-89.
- 46 D.J. Murphy, pp. 137-146, 152, 154.
- 47 *Ibid.*, p. 434. Childe, *How Labour Governs*, pp. 209-210. Easson, pp. 41-42.
- 48 Dilke, Vol. 2, pp. 255, 264-265. Hagan, *The History of the ACTU*, p. 14.
- 49 See D.J. Murphy, pp. 24, 146, 151, 243, 307, 352, 410. McQueen, *Social Sketches of Australia 1888-1975*, p. 34. Reynolds, *North of Capricorn*, pp. 43-44. Hayden, *The Implications of Democratic Socialism*, p. 21
- 50 Bassett, *The Concise Oxford Dictionary of Australian Politics*, p. 126. Marshall (ed.) *Political Parties in Transition*, pp. 4-5.
- 51 Mcallister *et al*, pp. 52-53.
- 52 D.J. Murphy, pp. 64-65, 67, 70, 293.
- 53 See Faulkner & Macintyre, *True Believers*, pp. xxi, 217. Warhurst & Parkin, *The Machine*, p. 35.
- 54 Burgmann, p. 83. D.J. Murphy, pp. 97-98. Bassett, pp. 226-7.
- 55 Bassett, p. 199, 322. Davidson, *The Communist Party of Australia*, pp. 44-45.
- 56 Childe, pp. 17-18, 53.
- 57 *Ibid.*, pp. 18, 23.
- 58 Hutson, pp. 39-40. D.J. Murphy, pp. 60-62, 105.
- 59 Costa & Duffy, *Labor, Prosperity and the Nineties*, pp. 28, 30, 32.
- 60 Hutson, pp. 39, 52, 116.
- 61 Portus, *Australian Compulsory Arbitration 1910-1970*, pp. 8-9, 101-102. Costa & Duffy, pp. 31-32.

- 62 Portus, p. 107. Costa & Duffy, p. 32.
- 63 *Ibid.*, pp. 33-36.
- 64 *Ibid.*, pp. 36, 39-40.
- 65 McKinley, Vol. 3, p. 43.
- 66 Boyer & Morais, p. 164. Turner, *Sydney's Burning*, p. 9.
- 67 See Turner, pp. 8-10.
- 68 *Ibid.*, p. 10. Boyer & Morais, pp. 172-173. Turner at pp. 17-18 quotes Tom Barker's memoirs where it is related that before the IWW in Australia had a chance to scatter the ashes of Joe Hill that they had received from the US, the IWW was raided and Hill's ashes taken by the police and thrown on the fire at Central Police Station.
- 69 Turner, pp. 7, 12-13. Boyer & Morais, p. 165.
- 70 Turner, pp.15-17, 18-19, 23. Davidson, *The Communist Party of Australia*, p. 8.
- 71 Turner, pp. 14, 23, 215.
- 72 *Ibid.*, pp. 23-27, 41-45, 48, 78-9.
- 73 *Ibid.*, pp. 22-23, 35, 59, 143, 247. Ten of the 12 were released in August 1920, the remaining two in August and November 1921.
- 74 *Ibid.*, pp. 69-70, 85-6. Costa & Duffy, p. 39. Davidson, *The Communist Party of Australia*, pp. 8-9.
- 75 Turner, pp. 15-16, 20, 90-92
- 76 *Ibid.*, pp. 34, 59, 90.
- 77 *Ibid.*, pp. 92-4, Davidson, *The Communist Party of Australia*, p. 9. Costa & Duffy, pp. 40, 109-110.
- 78 Davidson, *The Communist Party of Australia*, p. 9. Costa & Duffy, p. 45. D.J. Murphy, p. 95. Hutson, pp.122-123.
- 79 See Hagan, pp. 255, 455.
- 80 Davidson, *The Communist Party of Australia*, pp. 3-7, 12.
- 81 *Ibid.*, pp. 9-10, 12, 22.
- 82 *Ibid.*, pp. 15, 22, 24. Gollan, *Revolutionaries and Reformists*, p. 4.
- 83 Davidson, *The Communist Party of Australia*, p. 24-25. Gollan, pp. 4-5.
- 84 Davidson, *The Communist Party of Australia*, pp.12, 25-26.
- 85 *Ibid.*, pp. 12-13. Gollan, pp. 10-12. Hagan, p. 160.
- 86 Davidson, *The Communist Party of Australia*, , pp. 27-28, 32.
- 87 *Ibid.*, pp. 29-30.
- 88 *Ibid.*, pp. 30-31.
- 89 *Ibid.*, pp. 13, 29, 31, 33-34. Hagan, p. 97.
- 90 Davidson, *The Communist Party of Australia*, pp. 35, 37, 38-39, 53.
- 91 *Ibid.*, pp. 48-49, 50-53.
- 92 *Ibid.*, pp. 51-53. W.J. Brown in *The Communist Movement and Australia* at p.51 credits Moore with a lesser role than that given by Davidson.
- 93 Lenin, *Collected Works*, Vol. 7, p. 412.
- 94 Gollan, pp. 22-26.
- 95 *Ibid.*, pp. 26, 31, 65-66. Brown, pp. 62-63. Davidson, *The Communist Party of Australia*, p. 60. Gollan at p. 65 notes that 34 of the Australians who joined the International Brigades were either killed in action or died as a consequence of the war.
- 96 Hagan, p. 97. Gollan, pp. 30-31. Brown, p. 38. Davidson, *The Communist Party of Australia*, pp.58-60.
- 97 Hagan, p 103. Gollan, pp 42-43. Davidson, *The Communist Party of*

- Australia*, pp. 84, 87.
- 98 Davidson, *The Communist Party of Australia*, pp. 56, 65, 92-93, 126. Estimates as to CPA support among unionists range from a conservative 25% to the 50% claimed by the Catholic anti-communist leader B.A. Santamaria.
- 99 Hagan, pp. 63-66. Davidson, *The Communist Party of Australia*, p. 47.
- 100 Hagan, pp. 63- 64, Davidson, *The Communist Party of Australia*, pp. 47-48, Note 25, p. 67.
- 101 Hagan, pp. 61, 107, 170. Gibson, *My Years in the Communist Party*, pp. 75-76.
- 102 *Pattern of Deceit. The NCC and the Labor Movement*, p. 9.
- 10 Pisani, *The CIA and the Marshall Plan*, p. 34. Childs, *Britain Since 1945. A Political History*, pp. 21-22.
- 11 Hobsbawm, *Age of Extremes*, pp. 160-161. Walker, *The Cold War and the Making of the Modern World*, p. vi.
- 12 Hobsbawm, *Age of Extremes*, pp. 161-162.
- 13 Harris, *William Beveridge. A Biography*, pp. 418-420, 427-428.
- 14 *Ibid.*, p. 430.
- 15 Hobsbawm, *Age of Extremes*, pp. 261. Van Der Wee, *Prosperity And Upheaval. The World Economy 1945-1980*, pp. 43-44, 258.
- 16 Van Der Wee, at pp. 26-27, notes that 20% of France's dwellings were either destroyed or badly damaged. In Britain and Germany it was 30% and 40% respectively.

## 5. The Golden Years

- 1 See Deutscher, pp. 414-415.
- 2 Hobsbawm, *Age of Extremes*, p. 146.
- 3 Hobsbawm, *Age of Extremes*, p. 151. Deutscher, pp. 413-414.
- 4 Deutscher, pp. 420-422, 428.
- 5 See Gollan, pp. 81-85. Davidson, *The Communist Party of Australia*, pp. 79-80. Claudin, *The Communist Movement. From Comintern to Cominform*, pp. 301-302, 317-318.
- 6 Deutscher, pp. 430, 441, 448, 487, 502.
- 7 *Ibid.*, pp. 454, 499.
- 8 Calder, *The People's War. Britain 1939-1945*, pp. 262, 347-348.
- 9 Davidson, *The Communist Party of Australia*, pp. 78-79, 90-91. Brown, p. 120. Ross, *Of Storm and Struggle. Pages from Labour History*, pp. 80-81 illustration 9. *World War Songs*, pp. 78-80.
- 17 Hobsbawm, *Age of Extremes*, pp. 240, 276.
- 18 *Ibid.*, pp. 83, 166, 370. Deutscher, p. 566. Brett, *The World Economy since the War. The Politics of Uneven Development*, p. 106.
- 19 Van Der Wee, pp. 34, 290, 294-295, 298, 300-301, 306-307
- 20 *Ibid.*, p. 302. Dye & Ziegler, *The Irony of Democracy*, pp 101-102.
- 21 Van Der Wee, p. 29, 36-37. Boyer & Morais, pp. 332-323, 344.
- 22 Van Der Wee, pp. 73-74, 77, 302-303. The policy was based on the relationship between inflation and unemployment advanced by the economist A W Phillips (1914-1975). However, the 'Phillips Curve', which was said to show that as unemployment falls, inflation rises, failed

- to explain the phenomena of the 1970s when inflation and unemployment rose in tandem.
- 23 Boyer & Morais, pp. 345-348. Among other things, the Taft-Hartley Act outlawed closed shops, prohibited certain strikes and required two months notice for other strikes. It also restricted picketing, prohibited union donations to federal political campaigns, required union officials to sign declarations avowing their non-communism and allowed the Federal government to seek strikebreaking injunctions.
- 24 In Walker, p. 67.
- 25 *Ibid.*, p. 70. Boyer & Morais, p. 346
- 26 See Hellman, *Scoundrel Time*, p. 157.
- 27 Ewer *et al*, *Politics and the Accord*, p. 14. Galbraith, *Money: Whence It Came and Where It Went*, p. 282. Walker, p. 139.
- 28 In Ali, *The Clash of Fundamentalisms*, p. 266.
- 29 Walker, pp. 105, 137-138, 156.
- 30 *Ibid.*, pp. 151, 117.
- 31 Van Der Wee, p. 236.
- 32 Walker, p. 117. Galbraith, p. 273. The phrase takes its name from, *The New Economics: Keynes' Influence on Theory and Public Policy*, a 1947 book edited by Seymour Harris, a Keynesian from Harvard University.
- 33 In 1962, the US had 3267 nuclear warheads and 1653 launchers; the USSR 481 warheads and 235 launchers. By 1980, the US had 10,608 warheads and 2022 launchers; the USSR 7480 warheads and 2545 launchers. Schwartz, *The Cold War Reference Guide*, pp. 41, 87, 91, 97. Hobsbawn, *Age of Extremes*, pp. 383, 400.
- 34 Hobsbawn, *Age of Extremes*, p. 391.
- 35 Harman, *Class Struggles in Eastern Europe 1945-83*, pp. 70-75, 96, 160, 139.
- 36 Davidson, *The Communist Party of Australia*, p. 120. Hagan, p. 122.
- 37 Harman, pp. 188-189.
- 38 Marable & Mullings, *Freedom*, pp. 14, 228-289, 362, 378, 386.
- 39 Hobsbawn, *Age of Extremes*, p. 300.
- 40 Lee & Shlain, *Acid Dreams. The Complete Social History of LSD: The CIA, The Sixties, And Beyond*, pp. 133, 228-229.
- 41 See Hobsbawn, *Age of Extremes*, p. 325
- 42 Davenport-Hines, *The Pursuit of Oblivion*, p. 340.
- 43 Himmelstein, *The Strange Career of Marijuana*, p. 4.
- 44 Lee & Shlain, pp. 196, 229.
- 45 *Ibid.*, p. 132.
- 46 In Macken, *Australia's Unions: A Death or a Difficult Birth?*, p. 15
- 47 Galbraith, pp. 289-291. Van Der Wee, pp. 69-70.
- 48 Van Der Wee, pp. 56, 81-85. The author points out that while demand for raw materials and foodstuffs produced in developing countries increased between 1951-1971, their prices fell in relation to industrial products.
- 49 Hughes, *Exit Full Employment*, p. 132.
- 50 Van Der Wee, p. 70.
- 51 Harrod, *The Life of John Maynard Keynes*, p. 462. In Galbraith, p. 220.
- 52 Holland (ed.), *Out of Crisis*, pp. 42-43.
- 53 Keynes, *The General Theory of*

- Employment Interest and Money*, p. 378.
- 54 Hughes, pp. 17-19.
- 55 *Ibid.*, p. 218, citing Joan Robinson, *Essays in the Theory of Employment* (Macmillan. London. 1937)
- 56 Beveridge, *Full Employment in a Free Society*, p. 200.
- 57 Kalecki, *Political Aspects of Full Employment, Selected Essays on the Dynamics of the Capitalist Economy, 1933-1970*, pp. 140-141.
- 58 Van Der Wee, pp. 239, 242, 250.
- 59 Ewer *et al*, p. 12.
- 60 Gollan, pp. 269, 284-285.
- 61 Hughes, pp. 66,118. The McMahon government had ended Australia's combat role in Vietnam in November 1971.
- 62 Hagan, pp. 187, 213, 341.
- 63 Hughes, p. 28.
- 64 From an address by the Secretary to the Treasurer, K. Henry, reported in *The Australian*, December 1, 2009.
- 65 ACIRRT, *Australia at Work*, p. 19. Hughes, pp. 119, 132. Block, *Post-Industrial Possibilities*, p. 3.
- 66 Gamble, *Hayek: The Iron Cage of Liberty*, p. 2.
- 67 Galbraith, p. 154. Hayek, *The Road to Serfdom*, pp. 42-43. Friedman & Friedman, *Free to Choose — A Personal Statement*, p. 64.
- 68 Hughes, pp. 9, 24-25. Galbraith, p. 286 citing James Tobin, *The New Economics One Decade Older* (Princeton University Press. Princeton. 1974), pp. 58-59.
- 69 Hughes, p. 3. Raynack, *Not So Free: The Political Economy of Milton Friedman and Ronald Reagan*, pp. 9, 62, 70-71.
- 70 Walker, citing Public Papers of the Presidency, 1981, February 26, 1981, p. 170. Hobsbawn, *Age of Extremes*, p. 337.
- 71 ACIRRT, p. 18. *Reserve Bank of Australia Bulletin*, p. 20.
- 72 R.J.L. Hawke, 1979 Boyer Lecture, pp. 44-48 in Pixley, *Citizenship And Employment*, pp. 130-131.
- 73 Pixley, p. 125.
- 74 ACIRRT, p. 22.
- 75 Edwards, *Keating: The Inside Story*, pp. 296-297.
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- 77 Ewer *et al*, pp. 16-17.
- 78 *Ibid.*
- 79 Stilwell, *Changing Track*, p. 3.
- 80 ACIRRT, p. 131.
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- 82 Barry, *The Rise and Fall of Alan Bond*, pp. 159-164, 267. Langmore & Quiggin, *Work for All*, p. 68.
- 83 *Reserve Bank of Australia Bulletin*.
- 84 Langmore & Quiggin, pp. 1, 18.
- 85 Australian Bureau of Statistics, *Australian Yearbooks*, 1983-1997.
- 86 See Golan, p 8, 70-78, 202.
- 87 Gollan, p. 288.
- 88 Boris Frankel, *When The Boat Comes In*, p. 3.
- 89 *Reserve Bank of Australia Bulletin*.
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- 15 Minsky, *John Maynard Keynes*, p. 11.
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## 6. What's Left?

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- 2 Galbraith, *Money. Whence it came, where it went*, p. 238.
- 3 Hobsbawm, *Age of Extremes*, pp. 522-523.
- 4 Foster & Magdoff, *The Great Financial Crisis*, pp. 39-40.
- 5 Keynes, *General Theory*, pp. 249-250.
- 6 Foster & Magdoff, p. 54. *Guardian Weekly*, July 9, 2010.
- 7 Foster & Magdoff, pp. 19-20, 100.
- 8 *Ibid.*, pp. 54-55.
- 9 *Ibid.*, p. 120.
- 10 Steve Reglar, 'Keynes And His Critics', in Winthrop (ed.) *Liberal Democratic Theory and Its Critics*.
- 11 Keynes, *General Theory*, p. 3.
- 12 Kalecki, *Theory of Economic Dynamics*. Robinson, *Essays in the Theory of Economic Fluctuations*. Robinson, *Contributions to Modern Economics*, pp. 14-15.
- 13 Sweezy, p. 348. Foster & Magdoff, pp. 100, 151 note 20.
- 14 Marx, *Capital*, Vol. 3, p 358. Sweezy at p. 352, has the translation as 'the real barrier'.
- 19 Robert Skidelsky, 'The Relevance of Keynes', *Cambridge Journal of Economics*, Vol.35, Issue 1, pp 1-13, January 2011.
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- 21 Harvey, *The Enigma of Capital*, p.100.
- 22 Reported in the *Guardian Weekly*, December 9, 2011 & February 3, 2012.
- 23 Harvey, *The Enigma of Capital*, p. 235.
- 24 P. Treanor, 'Neoliberalism: Origins, Theory, Definition', <http://web.inter.nl.net/users/Paul.Treanor/neoliberalism.html>.
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- 26 Study by Europe's Aphekom program which also reported that living close to roads which carry more than 10,000 vehicles a day seems responsible for 15% of asthma cases in under-17s, 23% of bronchitis cases and 25% of cardiovascular diseases in over-65s. Reported in *The Guardian Weekly*, March 11, 2011. The Australian figures are from the National Pollutant Inventory Report 2014.
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- 28 Meadows *et al*, p. 29. See also, Van Der Wee, pp. 335-336.
- 29 In *The Guardian Weekly*, December 19, 2008.

- 30 *Ibid.*
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- 34 See, Jon Hilsenrath, 'Avoid cap-and-trade, say its creators', *The Wall Street Journal*, published in *The Australian*, August 14, 2009.
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- 36 Reported in *The Weekend Australian*, December 5-6, 2009.
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- 41 *Ibid.*, pp. 30-31, 41-42, 45-46.
- 42 Marx & Engels, *Collected Works*, Vol. 41, p. 465; Vol. 47, p. 55.
- 43 Sweezy, *Modern Capitalism and other essays*, p. vi.
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- 55 Terry Eagleton, *Why Marx Was Right*, p.120.
- 56 Anderson, *The New Old World*, pp. 220, 241.
- 57 Harvey, *The Enigma of Capital*, p. 261.
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The high point of social democracy's attempt to civilise capitalism came with the post-World War II social settlement of full employment and the welfare state.

For all that it was able to achieve in social policy, union growth and rising incomes during the 1950s and 1960s, it was all over in the mid-1970s.

By the 1980s, social-democratic parties around the world had enthusiastically embraced the economics of neoliberalism which reversed the immediate post-war gains of the working class.

This has resulted in increasing inequality, increased unemployment and underemployment, and a return to the economic crises that had plagued the world economy prior to the Keynesian redistributive economics that underpinned the welfare state.

*A Short History of Social Democracy* charts the history of the doctrine from the birth of socialist thought in the 19th century and examines its surrender to neoliberal theocracy before suggesting what might constitute a transforming politics capable of meeting the economic and climate-change challenges of the 21st century.

*Resistance books*