THE LABOR MARKET AND INFLATION.
Anthony D. Smith Ed.

EMPLOYERS are noted for their ingenuity in devising new methods of attacking wages to meet the circumstances at a particular time. A new method evolved in the period after the Second World War is called incomes policy, and it is to this subject that this book is devoted.

It is a full report of a symposium convened in 1966 by the International Institute of Labour Studies, (set up by the International Labour Office), to examine attempts to apply an incomes policy to the problems of the labour market and inflation.

The basic premise of the Symposium was that the generally accepted policy of full employment in the postwar period had created a permanent labour shortage which led employers to bid in the open market to obtain the scarce labour. The result was an upward wages drift which caused price instability and inflation.

The shortcomings of the usual market and planning mechanisms made them unable to deal with this problem. For relying on the market mechanism produced stop-go policies which produced recessions which resulted in unwelcome economic losses and had a detrimental effect on expansion. Relying on the planning mechanism would entail stringent plans to cover both production and consumption, but this, as one participant delicately put it, ... runs counter to our Western ethic”.

The incomes policy concept was formulated as a means of dealing with the problem of wage drift, but it was recognised that the establishment of price stability would require other economic measures, including price control.

The Symposium concluded that incomes policy was rather a woolly concept insofar as there is no generally accepted definition of it. But in practice it means that wage increases would be kept within certain official guidelines fixed around the increase in national productivity. Wage drift also turned out to be woolly because statistical shortcomings in all countries made it difficult to assess accurately its trend or specific areas of existence.

According to one participant an incomes policy could only be successfully introduced by a left-wing government, while another pointed out that in the six European countries where an incomes policy had been introduced it had in fact been done initially by a “labour” or “socialist” government.

Of interest in relation to Australia was a comment that an incomes policy was doomed to failure in a small export-dependent country.

Trade union participants held that if there was to be any restraint on wages, it should also apply to other incomes; that the worst aspect of incomes policy was the assumption that wages were the major cause of inflation; that acceptance of the policy meant that the trade unions agreed with the prevailing distribution of incomes; that it was not difficult to detect in such theories a predilection for a distribution of income unfavourable to wage earners.
One trade union participant contended that in a balanced economy there was no need for an incomes policy, whilst in an unbalanced one it could not be achieved. The general consensus of opinion appeared to support the latter conclusion, as it was apparent in actual practice that no country in the Western world had succeeded in achieving a fully fledged incomes policy and price stability. In fact, countries which had attempted to implement an incomes policy were no more successful than others in avoiding inflation.

The attempts failed for two reasons. One reason was, "... whilst wage drift was suppressed to some extent by law, the pressures causing wage drift (a desire to undertake competitive bidding, etc.) prevailed". The other reason was that tensions were generated inside the trade unions because, "... union officials were prevented by law from claiming increases which employers were prepared to concede". (That is, the economic forces operating in the labour market were too powerful to be restrained indefinitely.)

The immediate question which arises from this pessimistic conclusion is why were the attempts then made to introduce an incomes policy? Although this was not answered directly by the Symposium the answer appeared indirectly in some comments.

One was by an American trade union participant who said that when President Johnson set down guideposts on wage increases of 3.2% maximum, this "had a major restraining influence on wage settlements because it was a useful bargaining weapon for employers. The overall result was a sizeable lag of real wages behind productivity in a period when unemployment was declining". It is obvious therefore, that even when an incomes policy eventually failed, it can effectively restrain wages over a period.

In Australia, an incomes policy is not such a foreign concept as might appear on the surface. The President of the Arbitration Commission has been expressing concern for some time about the wage drift in Australia as expressed in over-award payments. The majority decision in the Metal Trades Award Work Value Inquiry even made an abortive attempt to deal with it by encouraging the employers to absorb the increases granted in existing over-award payments.

It seems likely that the employers would have had the incomes policy concept put through their "think factory" to see what use it could be to them. They have not however, adopted it but have formulated a wages policy more suited to Australian conditions. It is still however, designed to achieve the same objective as an incomes policy of restraining award wage increases, although only at a national level. Even then it would result in big savings for them. The employers have five factors operating to their advantage. The first is the highly centralised wage fixation provided by the arbitration system. The second is the constitutional limitation on the introduction of price control at a national level. The third is that their policy could be implemented irrespective of what Government was in office. The fourth is that it does not require the co-operation of the trade unions. The fifth is that such a wages policy could be a long-term one as it would not be exposed to anything like the same degree to the economic forces which experience has shown can undermine an incomes policy.

The moral is that the employers have obviously been doing some hard thinking on wage theory, so it behaves the trade union movement to do the same.

IN FEBRUARY 1966 Andrey Sinyavsky and Yuli Daniel, two Soviet writers, were sentenced to seven and five years imprisonment respectively, the terms to be served “in a corrective labour colony with severe regime.” The crime of which the two men were found guilty was of publishing abroad, under the pseudonyms of Tertz and Arzhak, slanderous anti-Soviet propaganda, which was “passed off by hostile propaganda as truthful accounts of life in the Soviet Union.”

At the time, the trial of Sinyavsky and Daniel created a tremendous interest in the West, an interest no doubt increased by the secrecy with which the Soviet authorities attempted to shroud the proceedings. As a result of this interest, and especially as a result of many letters and petitions begging clemency for the two men, Pravda of February 22, 1966 said:

“Some honest people have been misled by the campaign mounted in the West in defence of these two subversive writers. Lacking the necessary information, and accepting the statements of the bourgeois press, which shamelessly puts Sinyavsky and Daniel on a par with Gogol and Dostoyevsky and claims that literary issues and the freedom of the press were at stake, some honest and progressive people have felt disturbed.”

The importance of this book, On Trial, is that this “necessary information” is now available, so that “honest and progressive people”, or anyone else for that matter, who may have felt “disturbed” by what happened to Sinyavsky and Daniel, can now judge the issues for themselves.

The book includes a complete transcript of the trial (which has never been published in the Soviet Union), as well as a large number of comments and appreciations, from both within the Soviet Union and from the West. There are many relevant quotations from Soviet journals and newspapers, in addition to many previously unpublished protests and letters from prominent Soviet writers, as well as numerous petitions from Western writers and intellectuals. The long introduction to the book gives the backgrounds and reputations of the two convicted men, together with such pieces as Sholokov’s speech to the 23rd Congress of the Communist Party of the Soviet Union (April 1966) in which he denounced them, declaring their sentences to be too lenient. In addition, the book reproduces the key passages from the writings of Sinyavsky and Daniel, those passages which were most frequently cited during the trial and for which the writers primarily were convicted.

In all, I think it’s fair to say that, whilst two years ago Pravda may have had a point, anyone now armed with this most important book is in a good position to form a reasonable and accurate impression of the trial: of the nature of the charges against the two men, their basis in fact, and of the fairness of the proceedings and the final judgement.

And having read through On Trial, as well as through most of the writings for which the two men were convicted, it seems clear to me that there was a gross mis-carriage of justice. The charge of deliberately purveying anti-Soviet propaganda was in no way substantiated by any evidence presented, and the whole judicial process in which the two men were obliged to participate seems to have been arranged (as several prominent left-wing intellectuals in the West suggested at the time) for the sole purpose of setting some sort of example to other writers.
as to the sort of writing the Soviet establishment would not tolerate.

Such a charge, in fact, seems to be substantiated when we note the tone of the various pre-trial accounts of Sinyavsky and Daniel which appeared in the Moscow press. For instance, *Izvestia*, the "official" government paper, published on January 13 1966 an article called "The Turncoats", in which the two writers were depicted as agents of Western propaganda, displaying "hatred for our system, vile mockery of everything dear to our Motherland and people".

Essentially then the trial was a public display of strength, though just how public it eventually became was no doubt the cause of some embarrassment to those who organised it. It was also one of the most unfortunate chapters from the as yet unwritten history of the literary infighting and repression which has bedevilled the Soviet system almost from its inception.

But what was there in the work of Sinyavsky and Daniel which singled them out as the victims of this bureaucratic stupidity? The fact that much of this work was published pseudonymously abroad, however tactless this may have been in the light of later events, was certainly not part of the official charge against them; for there is no Soviet law forbidding such publication, even though it does seem to be frowned upon. Instead, the prosecution claimed that the actual writings of the two men (almost all of which was fiction) betrayed anti-Soviet attitudes, and were written to achieve this effect. There were no "positive heroes" in their work - though what a "positive hero" is, or why a writer should have one, the prosecution never suggested.

In view of the nature of the charges the prosecution centred its case on out-of-context extracts from the works of both men. For instance, Daniel's story *This is Moscow Speaking* (written in 1960-61) concerns itself with the implications of the government's introducing a Public Murder Day. By a decree of the Supreme Soviet anyone can kill anyone else on this day except that:

"Murder of the following categories is prohibited: (a) children under sixteen; (b) persons dressed in the uniform of the Armed Services or the Militia, and (c) transport workers engaged in the execution of their duties. Paragraph two. Murders committed prior to or subsequent to the above-mentioned period and murders committed for purposes of gain or resulting from sexual assault will be regarded as a criminal offence and punished in accordance with the existing law. Moscow. The Kremlin. Chairman of the Presidium of the Supreme..."

The dead-pan satire here, reminiscent of the best of Swift, was seized upon by the prosecution as if Daniel had in reality gone around inciting murder, and as if he had actually accused the government of condoning and encouraging such a day. For Daniel to insist that "This is Moscow Speaking" was merely fiction, that it was impossible to equate an author with views or attitudes expressed in his stories, and that anyway this story was not really about murder but about people's reaction to an extreme situation, was to insist unheard. The prosecutor and the judge were equally adamant in their insistence that the imaginary situation was one slanderous to the Soviet regime, and to the Soviet people, and so criminally culpable.

Whilst it was certainly unfortunate that Western propagandists construed the writings of Sinyavsky and Daniel for anti-Soviet purposes, the prosecution seems to have deliberately ignored the point that this is in no way to indict the writers themselves. And even
if one were to grant the state’s right to prosecute writers for the “political” content of fiction, the point around which this trial hinged, and which the prosecution completely failed to prove, was whether Sinyavsky and Daniel were deliberately purveying anti-Soviet material, not whether others were unfortunately using their writings for anti-Soviet purposes.

On Trial also indicates that one of the most alarming aspects of the case was the fact that, in the West at least, the trial and punishment of the two writers was responsible for the creation of far more anti-Soviet feeling than their writings could ever have created. The refusal of the Soviet government to publish an account of the proceedings has certainly not helped matters either. Not that this book will in any way help to redress this state of affairs, for though I take its transcript of the trial to be unquestionably genuine and fair to all concerned, the tone of the editors’ comments reveals little sympathy to the Soviet government generally. A similar bias is indicated in the rather selective list contained in the book of the various petitions and protests asking the Soviet government to intervene on the writers’ behalf. For instance, no mention is made of the protests sent by Australian left-wing organisations (eg. the Communist Party); in fact, the only Australian petition mentioned is that organised by the Cultural Freedom-Quadrant group.

But even in pointing out the way in which anti-Soviet curry has been made from the Sinyavsky-Daniel affair, one still wants to insist that the undeniable conclusion which emerges from On Trial is that the two men were made the scape-goats of ideological conformity in a manner which must indeed cause “honest and progressive people” everywhere to feel “disturbed”.

**Leo Cantrell**


SO we were not always wrong! Just occasionally, by some sort of miracle, what has been said by the marxists has turned out to be not a grievous error but the truth. What is more, it was the most important truth that had to be told to the world at that particular time. Such are the feelings which, try as we may, rise to the surface in the mind of many a left supporter who studies the histories of the recent past—the second world war and the cold war.

One such history is Containment and Revolution, a survey of Western policy towards social revolution – 1917 to Vietnam — by a number of different writers, edited by David Horowitz.

An article by one of the writers, John Bagguley, brings back memories of a bitter campaign waged by the western nations’ socialists and communists to “open the second front” in Europe. Nobody who took part in that campaign will forget the attacks waged on it by the ultra-right, the official and semi-official claims that the western desert offensive of 1942 was as good as a second front in Europe.

Mr. Bagguley uses documentary evidence from both sides, allied and nazi, to show that each and every one of these contentions was untrue. What was being said at the time by governments, who had full knowledge of the facts, was false and often deliberately false. What was being said from Hyde Park, Domain and Yarra Bank stumps by leftwing orators who had comparatively few facts to go on, but an understanding of marxism, was the truth.

Who will forget the obloquy descending on the Communists of the western
world when they claimed, in August 1939, that the Soviet-German non-aggression pact was not a betrayal of democracy by USSR but was forced on it by the appeasing western Governments? But now even such a conservative historian as A. J. P. Taylor, after a full study of the documents agrees that the USSR could have done no other, as the book under review notes. What the Communists yesterday were claiming, the archives today are confirming.

Was the Left never wrong? Of course we were, often, and seriously. But were we ever as badly and seriously wrong as British Prime Minister Neville Chamberlain when, returning from Munich in 1938 he said: "It means peace in our time"? Or as the American Secretary for War when on June 22, 1941, he told the American President as recorded in this book that "Germany will be thoroughly occupied in beating Russia for a minimum of one month and possible maximum of three months"? Not to mention his successor of 20 years later who gaily announced that the US would be able to bring its victorious troops home from Vietnam by the end of 1965!

That the left was so often right in the past does not mean that it is right today. But it may compel some people to take into account the possibility that this may be so. The contributors to this book show with sound evidence and a good deal of strong writing that the cold war need never have been; that it was launched quite deliberately by the American side and the threat of "Communist aggression", on which it was sought to be based, was a myth.

A good example of this sort of debunking is John Gittings' chapter on the origins of China's foreign policy. Mr. Gittings has no trouble in showing that the hard-line anti-Americanism of the Chinese Communists today is of only recent origin and in fact was only adopted after every effort by the Mao leadership to reach an agreement with the Americans failed. These efforts began in 1942 when US military men were invited to Yenan. They went two years later and plans for far-going collaboration were laid, Mao saying that the US was "the only country fully able to participate" in China's post-war economic development.

At the same time the Chinese Communist Party had serious differences with the Communist Party of the Soviet Union and the adherence of the Chinese People's Republic to the Soviet "camp" in 1950 was not automatic. It opens up the hope that a return by the US to the former policies of Roosevelt could make possible a return by China to the former co-existence policies (or at least practices) of Mao.

In his preface Bertrand Russell says that the series of volumes begun by this book aims to clarify the issues and prepare the ground for "more effective opposition to those who would exploit or destroy us all." What some of the contributors to this volume seem to forget, however, is that the only effective opposition is united opposition, and it must include all those who are interested in opposing the exploiters and would-be destroyers.

It is hard to believe that the USSR could be excluded from consideration when such forces come under review. Yet the treatment given Soviet policy by some of these writers suggests precisely such an exclusion. The USSR appears as a coldly-cynical great power which does not hesitate to betray its friends and supporters in foreign countries, even foreign communists, if its own narrow national interests require that.

Thus the USSR is accused by one contributor of having abandoned the Greek Left, and, by another, of having deserted the Italian Left during the
war or soon afterwards. Another sums up the pre-war seizure of Austria by Germany by saying that "Britain, France, the Soviet Union and Czecho-slovakia had all stood by while Austria was annexed" — a verdict which equates Neville Chamberlain with M. M. Litvinov in moral and political responsibility.

But none go quite as far as Isaac Deutscher in asserting that, long before the Truman doctrine appeared "Stalin had very effectively saved western Europe for capitalism, had saved western Europe from Communism". This, Deutscher says, was part of a sinister bargain struck by "Stalin" with the western powers under which "Stalin" was to have eastern Europe in return for this betrayal of western Communism.

This sort of one-sided attack on the USSR diminishes the value of Mr. Deutscher's contribution and, indeed, of the whole book. His claim, consistent with his attack on the USSR, that "the social struggles of our time have degenerated into the unscrupulous contests of the oligarchies", with "ruthless and half witted oligarchies" — capitalist and bureaucratic — "on both sides of the great divide" — deprives the struggle against American imperialism of its essential theoretical basis.

If the workers' socialist states are just as bad, "ruthless" and "oligarchic" as their imperialist adversaries, the future is much grimmer than most socialists would admit it to be. However all Mr. Deutscher is doing, in essence, is to repeat the criticisms aimed at Lenin and the Bolsheviks 50 years ago when they insisted in signing the Brest-Litovsk Treaty, thereby, in Leftist eyes, "saving" the Ukraine and other territories for capitalism and "abandoning" the communists living there.

The reply of todays' Bolsheviks to Mr. Deutscher would be on parallel lines to that of Lenin's and, oddly enough, it is contained essentially in this very volume. Why was the USSR in no position, even if it had wished to, to march across Europe and save France from US occupation? Replies one of these writers — "Russia lost in the war over 20 million people in dead alone. When, after the war, the first population census was carried out in the Soviet Union, it turned out that, in the age groups that were older than 18 years at the end of the war (that is, in the whole adult population of the Soviet Union), there were only 31 million men compared with 53 million women.

"For many many years only old men, cripples, children and women tilled the fields . . .. Old women had to clear, with bare hands, the immense mass of rubble from their destroyed cities and towns . . .. and only think how many of the 31 million men that were left alive were the cripples and invalids and wounded of the world war and how many were the old aged . . .."

And who precisely is this writer who, by stating a few simple facts so starkly, knocks into a cocked hat Mr. Isaac Deutscher's thesis of the cold-blooded Russians who so callously deserted their western allies? Why, none other than Mr. Isaac Deutscher. The front part of his article, so far from supporting the conclusion of the back part, completely refutes it.

The writers in this book are severe on US policy, but not unfair. Their most severe strictures are scrupulously documented. By contrast, their innuendos and outright criticisms of the USSR are not supported by any evidence and, in fact, are refuted by such evidence as is available, including the evidence offered in this book. Those who seriously want to support world unity against imperialism must surely learn to be as fair to their prospective allies as they are to their declared opponents.

W. A. Wood
THE TOWER OF BABEL,
by Morris West.
Heinemann, 340pp, $4.25.

MORRIS WEST is a truly professional writer. Among Australian authors there are many far better craftsmen, but none with West's sure sense of timing. And none who makes as much money from writing, if that means anything. West has judged, rightly it seems, that there is no profit writing about the Australian scene, and has based his novel on larger, world events. It works, as Hollywood's interest in his books has shown.

This time, again obviously with his eye on Hollywood, he has set his new novel, The Tower of Babel, on the Arab-Jewish conflict in the Middle East, with stop press timing. The situation there is as hot now as when he sat down to write about it. Its main fault is that it does not, or even attempt to, answer the questions most lay readers would want to know about the Middle East situation. What are the issues? Who is the aggressor? Just what is the conflict all about? West could have, but most painstakingly does not, tackle the question on Lenin's formula for assessing the aggressor in a conflict: "Who is doing what to whom, and why?" The result is that what is admittedly a confusing situation is just as confusing at the end of Tower of Babel.

West, by avoiding the central issues, has reduced his novel to a parade of personalities. And while he has done it most capably, giving his characters complete credibility, his novel must, in the context of the events he is dealing with, be assessed as rather trivial. Again, in his care to avoid taking sides, he has presented all his people, on both sides, as rather likeable. Or, as the dustjacket puts it, "in the age of the anti-hero he (West) has written a novel in which every character can be termed a hero."

Thus Brigadier-General Jakov Baratz, Director of Military Intelligence, Israel, while plotting what turns out to be a most bloody raid on an Arab village, has a sorely troubled conscience about the affair. The reader is warmed to him by his kindliness, and by the tragic madness of his wife, a victim of the Nazis, and his hopeless love for the Israeli spy, Selim Fathalla. And Fathalla, himself, a conscienceless rogue, playing a dangerous espionage game in Damascus, and courting disaster by openly flaunting a mistress, still emerges as a perky, likeable man.

So West would have you love them all, his whole band of merry terrorists, swindling financiers, torturing security chiefs. But where does this leave the reader? He'll meet some very interesting characters, have the excitement of the border raids and murder of peasants, a peep into the torture chambers of Damascus, and the titillation of some mild sex. But what else? If he is seeking some key to what is a tragic and involved affair, one to trouble the conscience of any man, he won't find it in The Tower of Babel.

T. Moody

OF PROFESSORS AND 'PACIFICATION',
by Alex Carey.
8pp, 10c.
Available from the author,
163 Garnet Rd, Kirrawee,
NSW, 2232.

AT THE END of last year professors at the three Sydney universities launched a public appeal to raise $30,000 for Civil Aid for South Vietnam.

In a circular letter the secretary, Mr. D. C. Stove, said that this sum would be spent through the Australian Civil Affairs Unit in Vietnam to build schools and colleges in Phuoc Tuy province.
The result would be to "transform the educational structure of a province of 140,000 people," permitting the people themselves to solve various serious problems.

Most people would say there is nothing wrong with that even if they feel inclined to ask what Australian armed forces are doing in Phuoc Tuy anyway, if the aim is to let the people themselves solve their problems.

But some important queries are raised by Mr. Alex Carey, a lecturer in the University of New South Wales, in a small pamphlet he has issued entitled Of Professors and Pacification.

Mr. Stove's circular, says Mr. Carey, fails to indicate that the Civil Affairs Unit is a unit of the Australian Army, staffed by some 50 regular army personnel.

It follows that money sent to it will be used by the army for purposes which are basically military.

Mr. Carey quotes the Financial Review of December 8 as having said that, as compared with other aid funds, the moneys raised by Mr. Stove's fund "go into a trust fund controlled by the Army. The disbursement of funds will be made exclusively by the Army in the field."

Earlier, last June, an Australian senior Government official told The Australian about the formation of what he called "a 46-man army civic affairs unit — the first of its kind — which is being sent to Vietnam this week under Colonel J. McDonagh."

Mr. Carey quotes reports from Australian daily press correspondents in the field which leave little doubt about Colonel McDonagh's role. The "aid" he dispenses is mainly aid to the Australian army in its attempt to suppress the National Liberation Front.

For example if the Army decides to uproot a village which is "irredeemable" — that is, convinced in favour of the NLF — and transfer it to a place under Australian military control, it is Colonel McDonagh's "civil" aid unit which builds the new camp.

Its purpose is quite openly to influence (some might say to bribe) the population into collaboration with the foreign occupying forces. So far it does not seem to have had very much success.

Evidence cited by Mr. Carey may well leave the potential donor to the fund in some doubt as to whether Colonel McDonagh and his team are quite the people to give disinterested aid to the cause of higher education in Phuoc Tuy.

But he leaves little room for doubt that support of Colonel McDonagh's unit means support of the war — and those approached by Mr. Stove, whatever their view, have a right to know this before deciding on their response.

[Since the above was contributed Mr. Carey has written a well-documented illustrated booklet, Australian Atrocities in Vietnam; 20pp., 25 cents. Available from Vietnam Action Campaign, 35 Goulburn St., Sydney.—Ed.]

BEFORE KINGS CROSS, by Freda MacDonnell. Nelson, 118 pp., $4.75.

THIS BOOK was reviewed together with Garryowen's Melbourne in our last issue. Inadvertently the title and other details were omitted from the heading. The error is regretted.—Ed.