Australian Left Review

INSIDE...

TRANATIONAL CORPORATIONS and the Australian Manufacturing Industry

NO. 75 SEPTEMBER 1980 $1

Registered for posting as a publication, Category B. * Recommended and maximum price only.
IN THIS ISSUE ... ..

Three articles examine various aspects of the ongoing restructuring of Australia's economy to suit the needs of local and multinational capital in the 'eighties. Greg Crough, in a paper given to a recent ALP conference in Melbourne, discusses the effect of transnational corporations on the Australian economy. In Economic Notes, Gavan Butler looks at the fears of Australian manufacturing concerning the current direction of our economy. And Gary Donnison and Peter Bryant comment on the recent Myers Committee report on technological change.

In a review article, Winton Higgins discusses Bob Connell's and Terry Irving's recently-published book Class Structure in Australian History, and its importance for Australian social science.

Four articles are about international issues. Jonathan Bloch and Barry Cohen discuss the interference of some Western governments and union in the South African trade union movement. An Italian Communist, Marco Calamai, reports on the present situation in Chile and the political trends within the opposition to the junta. Ex-Prime Minister of Hungary, Andras Hegedus, speaks about prospects for democratic development in eastern Europe. And in a discussion piece, Eric Aarons takes up points about Afghanistan raised by Jack Blake in the last ALR.

Several reviews, including two long review articles by David Meredith and John Perkins, complete the issue.

Comment ........................................................ 1
Transnational Corporations and Australian Manufacturing ............ 6
  Greg Crough
The West and South African Trade Unionism .............................. 14
  Jonathan Bloch & Barry Cohen
Economic Notes .................................................. 20
Australian Social Science Comes of Age ................................ 24
  Winton Higgins
The German Revolution of 1918-19 ..................................... 27
  John Perkins
The Chilean Malaise .............................................. 30
  Marco Calamai
Discussion ......................................................... 34
A Voice from Hungary ............................................. 37
  Andreas Hegedus
Reviews ............................................................ 40
Layout: Mick Waters.
SUBSCRIPTIONS: $6.00 for six issues. Surface or airmail postage to be added to overseas subs. Students, apprentices, pensioners: $4.00. Single copies: $1 each.

Australian Left Review, Box A247
Sydney South P.O., Sydney 2000.

Printed and published by Red Pen Publications Pty. Ltd.,
4 Dixon Street, Sydney, 2000.
The four-volume Report of the Committee of Inquiry into Technological Change in Australia — the Myers' Report — has fallen like the proverbial lead balloon on the Australian public. Apart from some starry-eyed newspaper editorials, the Report has been widely criticised from many different sources. Ian Reinecke, in the *Financial Review*, attacked it for its "bureaucratic solutions" to the problems of new technology. *Computerworld*, the foremost journal for computer personnel, accurately criticised it for its failure to deal with the problem of unemployment. But there's little surprise in this. Much of the Myers' Report reads like propaganda from the Department of Productivity (which provided key members of the Committee's Secretariat).

**Bureaucratic Solutions**

In one of its thirty recommendations, the report proposes that a Bureau of the Working Environment be set up to "assist in the improvement of the quality of working life for all Australians". And where will this bureau be located? You've guessed it — in the Department of Productivity. This recommendation expresses the dominant theme of the report: new technology is good for everybody in the long run because it promotes economic growth and development (capitalist development). However, to remove the roadblocks of fear and opposition, the workers will be given a sugar-coating on the bitter pill. The report recommends that a Technology Awareness Program be established, and administered by the Department of Productivity. Several other well-established bodies will be involved in this, including the Bureau of Industry Economics and the Bureau of Labour Market Research.

These particular recommendations should be seen as part of a widening campaign to sell the virtues of capitalism to Australian workers. If Myers' Technology Awareness
Program is anything like the propaganda turned out by the Productivity Promotion Council of Australia (also linked to the Department of Productivity) it will be a chorus of praise for the virtues of private enterprise and the free market economy. It is essential that workers show resistance to this rising tide of militant business ideology through union and rank-and-file action determined to challenge the employers' monopoly on deciding when and where new technologies will be introduced.

Unemployment

The Myers' Report offers no fair or viable solutions to the problems of unemployment. As with all complex issues the report deals with, when the problem gets tough it declines to think seriously about the most appropriate solution. It draws a distinction between unemployment caused directly by technological change and unemployment of a more pervasive kind, related to the economic structural aspects of the current recession. The report is virtually silent on how the unemployment problem in Australia is related to international capital flows or how “technology transfer” (global commercialisation) is significant in explaining technology-induced unemployment. It says nothing of the influence over the Australian economy that massive foreign capital penetration has given the multinational corporations.

The report recommends a “social safety net” to deal with the problem of people made redundant through technological change. It offers a sliding scale of benefits under a temporary income maintenance scheme to “persons retrenched through no fault of their own”. They would receive, for a fixed period after retrenchment, a fixed proportion of their weekly earnings which might vary from one month’s benefit for persons employed by the same employer for three to five years, to six months’ benefit for persons who were so employed for 10 years or more. Presumably, if you were employed by the same employer for less than three years, you’ll get nothing at all. This will obviously have a harsh and discriminatory effect on many workers, particularly women, migrants, and youth who are much more likely to change jobs or to be employed intermittently than most older, male workers. Also, will the workers on Myers' safety-net benefit be seen merely as the upper class in the ranks of the “dole bludgers”?

Who benefits?

Despite the report’s inadequate proposals to deal with redundancies, the committee has also failed to acknowledge, in any serious way, that the benefits of new technology will be distributed unequally. Myers naively assumes that these “benefits” will automatically flow to all in the community. This is never true! Its major beneficiaries will be large private companies; its victims will be retrenched workers and the unemployed and unemployable. As for workers lucky enough to be employed, they will pay the costs of new technology through their taxes, in two ways — first, through effective subsidies paid to private companies investing in new technology, and secondly, through paying the costs of the social safety net provisions for those workers made redundant by new technology.

Myers' social safety net is, quite literally, full of holes. No safety net could be devised which could cope with the more intractable long-term problem of lost employment opportunities and jobless growth. It is well known that most labour displacement occurring through technological change in Australia takes the form of natural wastage or attrition. And new technologies make it possible for firms to expand production without the creation of new jobs.

If Myers’ social safety net is, as Laurie Carmichael rightly called it, a “sugar-coated pill” to help people swallow technological change and managerial prerogative over those changes, then the report offers other sweeteners. A number of key recommendations are addressed to what the committee sees as a problem with unions, particularly smaller craft-based unions, hindering technological change through a “craft mentality” and creating impediments to change through demarcation disputes. For these reasons, Myers wants full steam ahead with union amalgamations. It is even suggested that (another) government body be set up, a union amalgamation assistance unit, to cover the costs to unions of “.... materials, legal advice and temporary
administrative staff necessary to handle the amalgamation."

The report is clearly unhappy with the existence of small craft-based unions, and one of its recommendations proposes that unions should be allowed to be registered only when they represent 2,000 or more members, and a union whose numbers fall below 1,500 should have to "show cause" why it should not be deregistered. This proposal strikes at the democratic rights of workers to be represented by unions as they see fit, and on their own terms. No similar proposals are made to ask employers to "show cause" if their corporate empire is too large (or small?), whether their interests are too narrow, or if their profits are huge or if they cannot exist without taxpayers' generous subsidies (a form of social welfare paid to capitalist enterprises).

Amalgamations

A major implication of these proposals on union amalgamation is the likely growth of union bureaucracies, and their consequent remoteness from the interests of the rank and file. But perhaps this is what Myers really wants — officials skilled in the bargaining routines and legalisms of arbitration where people at the top talk to other people at the top. Col Cooper of the ATEA has referred to this prospect recently, though it apparently never crossed the mind of the union movement's representative on the Myers Committee, Bill Mansfield (also of the ATEA). The tendency to propose bureaucratic solutions to the vexed problems of power and conflict appears in many places throughout the report. The assumption is always made that workers will respond favorably to technological change, if they are not led astray by "deviant" rank-and-file opposition. Even the Trade Union Training Authority (TUTA) is to share in the invidious task of "emphasising the capacity of the union movement to study and respond to technological change, through training trade unionists involved in representing employees during the process of "change".

Who Decides?

If the Myers Committee sees the process of technological change as an inevitable one (and nothing it says suggests otherwise), then how should the very first recommendation in the report be interpreted? It says that "the Government should sponsor a test case before the Commonwealth Conciliation and Arbitration Commission with a view to setting minimum standards to be observed by management — on notification, provision of information, and consultation when technological change is to occur". The recommendation does not suggest at what point this notification, etc. should occur. Is it to be at the stage where management first "contemplates" the introduction of new technology? The wider context of the report seems to suggest that it will be more than adequate for management to notify employees, not when decisions on whether the introduction of some new technology should go ahead, but when it will go ahead. The implication is that at no stage should workers, and others directly affected by any proposed changes in the work process, be given the right to decide if the changes are in their interests.

"Free" Enterprise

Many of the report's recommendations relate directly to the particular interests of private companies. There is a recommendation that provision be made for the making of loans to companies which could be interest-free and would be repayable in the case of projects that were successful and profitable. Ultimately, the cost of an unsuccessful venture would be borne by the taxpayers. In any event, the capacity of firms to understate their profits would make the provisions open to manipulation. Also, who decides what is a "successful" venture, or what particular ventures should get priority on loan funds? The report offers no suggestion on appropriate guidelines. Would a company producing electronic space games for milk bars have priority over another company using less of the new technology but producing more socially useful goods?

The report speaks of funding research which is "in the public interest", so long as the projects involved have entered "a commercial development phase". This offers nothing to non-commercial ventures which have an important role in developing alternative technologies for mainly non-commercial purposes. For example, APACE,
a non-profit organisation in New South Wales, is currently researching and developing technologies which will increase the self-sufficiency of people in rural communities. But they will get no comfort from the Myers Report where technology is viewed as useful only in the context of capitalist enterprise.

The report points to the need for a more generous investment allowance scheme in the form of attractive depreciation deductions, so that newer technologies may be acquired by firms at the earliest possible date. This is likely to exacerbate the problem of technological redundancy. The committee, in a fashion typical of its approach to similar questions, feels that productivity improvement provides a firm basis for sustained employment. And well it might be, if the new technology were the same as the old and if we didn’t have structural unemployment. The committee’s consistent optimism hardly answered the arguments in the submission made by the peak union councils of ACTU, CAGEO, and ACSPA which said:

"... While the encouragement of firms to invest in plant and equipment may yield some long-term benefits to the Australian economy, the short-term effects have been disastrous. By reducing the relative cost of capital at times of high unemployment, the Australian government has worsened the situation. The increase in investment in plant and equipment which took place after 1975 has undoubtedly worsened unemployment in Australia. This is a positive encouragement to replace men with machines."

Who Suffers?

The report says that the groups in the Australian community which suffer worst from technological change are — women, young people, immigrants, and the aged. Each of these groups gets a brief mention in the report, though it is noticeable that none are given direct representation on any of the many committees which Myers proposes to deal with problems of the "work environment". Consequently, there is no good reason to expect that their special interests would be given special consideration.

In particular, the report is extremely weak in the way it deals with the problems of women in the workforce, despite the excellent submissions it received on the problems affecting working women. Typically, the report refers to these submissions, but those which express anything less than guarded optimism about technological change are quietly forgotten. Although the report recognises the differences in male and female employment patterns and opportunities, when it discusses (by way of example) the displacement of women telephonists by automatic exchanges, it seems to suggest that the problems would be much the same if the telephonists were males! The difference in the "cultural mandates" imposed on men and women make it clear that women in general simply don’t have the same freedom to choose new jobs in new areas in the same way as men.

But to have a bet both ways, Myers suggests that the special problems facing women can best be overcome in the long run through education. Education provides a convenient fall-back position for the committee, since it enables it to look good while avoiding any serious thought as to how education can “call forth” jobs. It shifts the problems on to institutions that cannot solve them.

The committee’s remarks on migrants comprise one half-page, and include the profound observation that “those who speak English are more likely to get a higher status job than those who don’t....” Similar insight is found in the brief remarks on youth, and on older workers: “the young are thought to be more adaptable to and accommodating of change, and more at home with computerised machinery”. Of course, as any manager knows, younger workers who lack the hard experiences of employment are more likely to do what they are told. But all is not bleak for older workers because we are told that other managers “prefer older workers on the grounds that they are ‘people we can trust’.”

Perhaps the high point of Myers’ critical insight is found on page 107 of the report where it is said that “those already in employment are better placed to preserve
COMMENT

their advantage than those seeking employment or re-employment, and those in employment for the longer periods are able to transfer the impact (of labor-displacing technology) to those employed for shorter periods”. Thus does Myers turn platitudes into sweeping proclamations.

It is clear that the Myers Committee gave little thought to issues of equality. Given its fixation, burgeoning economic growth, the report actually calls for a widening of income inequality by proposing the “broadbanding” of skill classifications. This would mean that workers categorised at different levels of skill could not claim wage increases which would put them in an income band appropriate to those with higher skills. Consistent with this, the report is strong in its attacks on those narrow wage differentials which it believes have affected the supply of skilled tradesmen in industry. Once again, a sweetener is proposed, in the form of a high-wage “carrot” for the highly skilled (but a stick for the unskilled).

The proposals on broadbanding skills sounds unusually naive, given the realities of industrial relations in Australia. The committee clearly wasn’t concerned that its proposals on union amalgamations might be in conflict with its support for widening wage differentials. On one hand, workers are to be unified under broad industry-based unions, but on the other, they are to be divided by insisting on widening wage differentials.

Opposition to the Report

Fortunately, more and more unions are beginning to respond in a highly critical way to the Myers Committee Report. At a recent public meeting in Sydney, representatives of 17 different unions carried a resolution which condemned the report on a number of grounds. In particular, the resolution condemned the report for ignoring the substantial problems that the rapid expansion of micro-electronic technology is creating for existing and future generations of workers. It also said that the report failed to put forward effective strategies for controlling the social impact of the new technology.

It should be clear that the Myers Report has failed in the task it was set by the Fraser government: “to examine, report and make recommendations on the process of technological change in Australian industry in order to maximise economic, social and other benefits and minimise any possible adverse consequences”. Given the economic and political circumstances in which the committee was given its brief, its failure was only to be expected.

Over all, the Myers Committee has treated technological change in isolation from the social system in which it operates. Its muddled use of mechanistic and pluralist assumptions leaves it completely unable to deal with fundamental questions of power in a class-divided society. Throughout the report, one senses the committee’s discomfort at even thinking about the meaning of conflict. The questions it asked, and the answers it gives, lack any awareness that technological change is fundamentally a political question. Myers merely wants us to be nice to each other, so that everything will work out fine.

Technology can be a liberating force, or it can be a source of grievous social problems. All technologies have implications for control — both in terms of its design and in the way technology is used in a particular work organisation. The history of capitalism shows many examples where the choice of a particular technology has meant not only higher profits but an increasing level of control over the workforce. This is perhaps the most significant sense in which it can be said that all technologies have a political dimension.

The long-term response of workers to technological change should be to use technology for the production of socially useful goods and services where production is for need, not for private profit. This approach is already being demonstrated with some success in the activities of workers’ organisations like those at the Lucas Aerospace company in England. However, the immediate task for workers in Australia is to challenge the monopoly of control by management on technology and all other matters in the workplace. More and more, people are beginning to show an impatience with the view that they should have no say in workplace decisions which affect their daily lives. Only their committed action can roll back Myers’ ideological offensive on behalf of capital.
Introduction

The Australian manufacturing industry is in crisis. In the last decade manufacturing employment levels have declined substantially, production has stagnated, and thousands of companies have been taken over or ceased operations. The relative decline of the importance of the manufacturing industry, however, has been symptomatic of the profound process of structural change that is occurring in the Australian economy and society, a process which will if it remains unchecked by the forces of labor inevitably lead to the further integration of Australia into a world system over which national control is very difficult.

This process of structural change affecting the manufacturing industry is the inevitable result of a variety of factors, including the gradual liberalisation of trade, technological change, and changes in patterns of demand due to factors such as demographic influences. I would argue, however, that the major force accelerating and accentuating these changes is the transnational corporation, which in the last two decades has come to assume a position of critical importance in the capitalist world system. The transnational corporations are the major beneficiaries of free trade, they are the most technologically dynamic entities in the
TRANSNATIONALS AND AUSTRALIAN MANUFACTURING

world, and they are involved in activities across a broad spectrum of the economy influencing patterns of demand, life styles and attitudes.

In order to examine these changes in the present context it is necessary to look briefly at the historical development of the manufacturing industry in Australia. The main point that will become obvious from this survey is that Australia, in common with many other developed capitalist countries, did not industrialise under a free trade regime, but on the contrary developed its manufacturing behind a protectionist wall which shielded industries and their workers from the forces operating in the world economy.

Brief History of the Australian Manufacturing Industry

The tariff played an important role in the development of manufacturing from 1908-39, as early Labor governments recognised it as a means of increasing workers' wages and the achievement of a variety of social objectives. As the Brigden Report of 1929 clearly stated:

The evidence available does not support the contention that Australia could have maintained its present population at a higher standard of living under free trade... The tariff has had the effect of pooling the national income to a greater extent than would have been predictable if assistance to industry were derived solely through the more obvious method of taxation... The diversion of production to the protected industries has increased the diversity of occupations and of opportunities, and introduced more stability into the national income than if it had been more dependent on the seasons and the vagaries of overseas markets. (1)

After World War II, the overriding constraint on Australian economic development was a chronic shortage of foreign exchange, and in common with a number of other countries, exchange control restrictions were introduced, followed by import quotas in 1952. Increased emphasis was given to import substitution industrialisation. As the Jackson Committee indicated, such a policy, apart from conserving foreign exchange was also consistent with certain important longer term objectives of Labor, including full employment with rising living standards, high population growth, and a more equal distribution of income. (2) It was only in the mid-1960s, with the growth of mineral exports, that tariffs came to replace import quotas as the main element of protection, as the balance of payments constraint eased.

Of course, as we all know, the 1970s have been characterised by a chorus of voices arguing for lower protection, rationalisation, restructuring, and for Australia to produce according to its "competitive advantage".

I think that a careful study of Australia's industrial development clearly indicates that to a large extent we have been able to achieve such a relatively high standard of living by protecting and stimulating domestic industries. It also indicates that a country can create a comparative advantage, that comparative advantage, as it is eulogised by the free traders, is not an unchanging characteristic of every nation to which its destiny is inescapably tied. (3) A country with the resources of Australia, with appropriate national industrial and economic policies, has no need to specialise in only a few products, but can instead establish and develop a broad self-reliant industrial structure.

However, although Australia followed a path of industrialisation behind protectionist barriers, as did Japan, Germany and the United States, this was not a planned process. The pattern of industrial development was largely left to private corporations whose goals for a certain period of time happened to coincide with certain national objectives, but which are now, following the same principles, operating substantially against the interests of the Australian economy and society.

The result of this laissez-faire period of industrial development was an industrial structure which is fragmented, dispersed, and to a large extent inefficient. The problems of the lack of national planning were exacerbated by the existence of State governments, which competed against each other to attract industry, and the corporations were able to systematically play off these governments and extract the maximum return.

Intimately related to the whole process of Australian industrial development was the wholesale movement into Australia of the
transnational corporations, and other foreign investors, in the post World War II period. Prevented from exporting to a potentially lucrative market, and attracted by generous concessions from the State and Federal governments, British and American corporations flooded into Australia, establishing factories, employing thousands of workers, and making deep inroads into the markets for both industrial and consumer products. It is these companies in particular, and a number of large Australian-owned companies, which are now beginning to restructure their operations in this country, in line with the changes in the global economy. Before moving on to discuss these changes, however, it would be useful to discuss some of the most important characteristics of the industry in Australia.

Characteristics of the Manufacturing Industry

It is quite obvious that there is a very significant degree of foreign control of the industry. The official Australian Bureau of Statistics figures show foreign control for 1972-73 to have been 34.3 per cent, and of the largest 200 enterprise groups, 87 were foreign controlled. (4) Foreign control would obviously have increased since then, because the Foreign Investment Review Board statistics show that in the period 1977-79 there were 137 acquisitions of Australian companies by foreign companies where Australian control was lost in the manufacturing industry, valued at $296 million, and a further 264 involving a loss of Australian ownership. (5) Of course, for particular segments of the industry foreign control is much higher, including motor vehicles, chemicals, pharmaceuticals, transport equipment, and basic metals.

This characteristic is closely related to the fact that within the industry there coexists a small group of very large corporations, and a larger number of small and medium-sized companies. The latest concentration statistics published by the ABS for 1977-78 show that the largest 200 enterprise groups accounted for 51 per cent of value added, while the remainder was accounted for by 20,315 enterprise groups. A significant point to note about the statistics is that while the share of the largest 200 has remained relatively stable since 1972-73, the total number of enterprise groups in the industry declined by over 10,000 in the period. (6) This is a clear indication of the process of rationalisation and restructuring that is taking place in the industry.

These two sectors within the manufacturing industry have been referred to by Galbraith as the planning and market sectors. The planning sector is where the corporations are very large and have a substantial degree of control over their environment, and the market sector is where corporations are much smaller and competition is more prevalent. Any national industrial policy must take account of the existence of these two sectors within the manufacturing industry, since policies appropriate for the largest firms may not be at all appropriate for the smaller companies, and vice versa.

The characteristics of foreign control and concentration are related in that foreign controlled firms tend to be among the largest firms in the economy, and tend therefore to be involved in long-term planning of their operations. As the OECD statistics indicate, there is a link between foreign control in a
sector and the level of concentration, and that in Australia in manufacturing industry those enterprises under foreign control tend to be on the average much bigger than the domestically controlled companies. (7)

As John Alford has pointed out, it is these corporations which are the most influential in the process of restructuring in the manufacturing industry. Because of their ability to control their environment, they can plan years ahead: how much money will be invested by the corporation, how much installed capacity it will have, what types of products it will be producing and in what locations, the types of capital equipment it will need and the types of training required, how much it will spend on advertising and marketing, and what contingency plans it has for changes in the economic and social/political environment. All of these form part of a coherent corporate plan. (8) Plans will already be on the books in a large number of large corporations in Australia relating to all of these aspects now, including details of proposed plant closures and investment decisions. The future of Australia's manufacturing industry is already being decided, and it is certainly not by governments or labor.

There is another characteristic of the industry that requires some mention, the role of technology. This is a crucially important factor since it relates to the types of industries that Australia would retain in the future.

A variety of studies from all over the world have shown that the control of the world's technology has been privatised, and that most of the research and development is carried out by large corporations, most of which are based in Western Europe, Japan or the United States. UNCTAD has been discussing for years the problems of the transfer of technology to underdeveloped countries and has consistently pointed out that technology is used to benefit the rich countries and their corporations at the expense of the underdeveloped countries. In particular, it has shown how countries with little indigenous research and development capacity become technologically dependent.

Australia is a technologically dependent country, and the research and development that is conducted in this country is substantially controlled by foreign corporations. As the Senate Standing Committee on Science and the Environment pointed out in its report, more than 60 per cent of the funds for R & D performed in Australia by business enterprises employing more than 150 people in 1973-74 came from foreign-controlled enterprises, and of the royalty and technical payments 94 per cent were paid overseas, half to related foreign enterprises. (9) In the last decade Australia paid out $665 million in such payments overseas. As the Committee stated:

High levels of foreign ownership debilitate domestic capacity for R & D. A high level of foreign ownership of large companies has increased Australia's dependence on technology importation.

Hence it will not be the government, or labour, which decided what sort of industries we have in Australia, or the technology used in those industries. As the underdeveloped countries have strongly argued in UNCTAD and elsewhere, it is the transnational corporations which decide which countries get industrialised, how they industrialise, and what the costs of this process will be. Which brings us back to our old friend "comparative advantage", and I think it will become obvious in the next section that it is not the comparative advantage of Australia or any other nation which is changing, but the comparative advantage of the corporations, which armed with massive financial and technological resources are reorganising and transforming the world economy and the role of particular countries in it.

The Changing World Economy

With the development of the transnational corporation in the post World War II period the world economy underwent a fundamental structural transformation. Now a very significant proportion of world trade and investment is undertaken by these giant corporations, and they have succeeded in establishing and consolidating a new international economic order.

One of the most important developments in the recent past has been the evolution of what has become known as a new international division of labour. The previous regional divisions of the world into the industrialised centres and the non-industrialised peripheries are being superseded, as some of the underdeveloped
countries increasingly become the location sites of manufacturing industries, controlled by foreign capital and producing for the world market. What this implies is a worldwide relocation of manufacturing industry, which is having, and increasingly will have, serious consequences for the lives of people all over the world. A process of de-industrialisation is taking place in the formerly industrialised capitalist countries, including Australia.

The large corporations have found that by relocating in these low wage countries, and playing governments off against one another to extract maximum concessions, they can increase profitability on a world basis. The consequence is the development of global industries, in which production, investment, distribution, marketing and advertising are done on a global basis by corporations based in the developed capitalist countries. So not only do the large corporations in an industry plan years ahead but they also plan on a world-wide scale. This makes national control very difficult, even if the political will exists.

One of the favored areas for investments by the transnational corporations is the Asia-Pacific region. We have all heard of the so-called “export miracles” of South Korea, Singapore and Hong Kong, which have followed export-oriented industrialisation strategies for well over a decade. The other low-wage countries of Asia are being integrated into the global manufacturing strategies of the corporations at the present time. Because of Australia’s proximity to Asia, and its rather unique position in the area as a relatively affluent country, we are likely to be strongly affected by developments in the region.

A variety of international organisations are now discussing the coming “boom” of the Asian-Pacific region. As a Far Eastern Economic Review writer stated:

With its high growth potential, the Pacific region will offer powerful leverage in solving many problems that confront the world economy today through multilateral cooperation, expansion of international trade and effective development and use of various resources. (10)

A Pacific Basin Economic Committee was formed some 13 years ago, with the objective of promoting international trade and investment in the region. However, a number of other writers have pointed out that essentially the Asian-Pacific region is being increasingly integrated into a world system which continues to be dominated by the developed capitalist countries and their transnational corporations. The strategy has been referred to as the Pacific Rim Strategy.

This strategy involves the reorganisation of the Asian-Pacific region into four interrelated tiers. The first involves the United States and Japan, which act as the providers of capital and technology; the second Australia, New Zealand and Canada as suppliers of foodstuffs, raw materials and energy; the third the cheap-labour countries which will follow export-oriented strategies of industrial and agricultural development; and fourthly, China and the other socialist countries of the region. It is clear that with the evolution of such a strategy, which is being formulated in the boardrooms of the transnational corporations and other international organisations like the Trilateral Commission, that Australia will progressively and systematically be de-industrialised, since its role in the emerging new international economic order is not as a producer of a wide range of industrial products. We will revert to a country full of sheep-runs and mines, a point observed even in 1929 by the Brigden Report:

The maximum income per head for Australia would probably be obtained by reducing it to one large sheep-run.

One of the essential prerequisites for such a strategy is a regime of free trade and it is not at all coincidental that the transnational corporations are the most ardent advocates of reduced protection and trade liberalisation. For the most profitable integration of their production on a global basis, transnational corporations require reductions in tariffs and quotas and they and their handmaidens, the economic profession, have constructed elegant theories to “prove” that free trade will increase welfare and lead to an efficient allocation of resources. What we are seeing in Australia at the present time is economic thuggery: the Australian population is being bludgeoned into accepting a future which involves the dismantling of manufacturing industry, the rationalisation of other industries, and
Continuous and high levels of unemployment.

De-industrialisation

Part of this de-industrialisation process takes place through the movement of Australian and Australian-based companies “offshore” to other countries. Once this process begins, the logic of competition forces all companies to follow suit or be eliminated. How can an Australian company paying Australian wages compete with the subsidiary of a transnational corporation in the Philippines or Indonesia, equipped with the latest technology, and paying wages 10 per cent of those here? Unless protection is maintained, and even increased, it can only survive by going overseas itself. It has been estimated that there are at least 600 Australian companies operating overseas, particularly in South East Asia.

The ABS statistics also give an indication of the acceleration of this offshore movement of companies. In the last decade total investments overseas by companies in Australia amounted to $1,656 million; $918 million of this was invested after 1974-75. These companies in their overseas operations either produce for the local markets in these countries, or establish operations to export back to the Australian market. The pressure of competition from these imports forces the companies remaining in Australia to substantially rationalise their operations and hasten the introduction of new technology to replace workers. We have already seen this in the textile and clothing and footwear industries.

The transnational corporations, and their mouthpieces in the government, the economics profession and the press, however, tell us that this will improve the allocation of resources and increase community welfare. The improved allocation of resources is supposed to result because capital and labour are freed to move to other more productive areas of the economy (although exactly where is rarely ever specified). Community welfare is supposedly increased by cheaper prices (it is always assumed that lower costs of production for firms automatically result in correspondingly lower prices and not increased profits).

A number of studies have attempted to calculate the effects of the newly-industrialising countries’ exports on the developed countries, and particularly on employment. The most recent is that of the OECD. Although the report argued that the net employment effects are relatively small, it argued that there could be quite substantial gross employment losses in some sensitive industries, and that these would be particularly concentrated in certain regions and certain categories of workers, particularly relatively unskilled women. It pointed out that in times of very slow, or negative growth of total employment, such gross changes could represent “a formidable adjustment problem as they call for a massive occupational and geographical redistribution of people actually involved”.

The best examples of this process in Australia come from the textiles and clothing and footwear industries, and the automobile industry. As most of you will probably be aware, the clothing and textiles industries have suffered serious declines in employment in recent years, combined with plant rationalisations, company mergers, and an increased flow of cheaper Asian imports. The share of imports in the Australian domestic market has risen considerably, and now accounts for over 37 per cent of the textile market and over 20 per cent of the clothing and footwear market. Both industries employ large numbers of women workers: over 40 per cent of textiles and over 75 per cent of clothing and footwear. Since most of the workers in the industry have skills relevant to the industry in which they are employed, many have found great difficulties in finding alternative employment, particularly since the rest of the economy is stagnating.

The development of the world-car concept is a different example of the same process. The world car involves the adoption of a basically common design in a number of markets, with interchangeability of parts within those markets. Australia, through the decisions of General Motors and Ford and the other car companies which were made years ago, is being locked into an international strategy for the production of cars on a global basis, and this most probably will involve the destruction of particular parts of the automobile industry in Australia. Some of the companies most
likely to be affected, such as Repco or Borg Warner have already either become transnational corporations or were part of a transnational corporation initially. Australian-based suppliers will find it very difficult to survive. Of course, the adoption of the world-car concept in Australia necessitates the breaking down of the local content rules, and the IAC is presently examining a number of export-facilitation schemes. The closure of the Pagewood plant in Sydney is only one part of the process of rationalisation and restructuring planned by the automotive transnationals. If ever there was an industry that required systematic and long-term government intervention, it has to be the car industry in Australia. Because of its crucial importance to the rest of the manufacturing industry, in that it is a major consumer of products of other sectors, it simply cannot be allowed to be restructured solely according to the global profit-maximisation objectives of the car companies. Even if we accept Fraser's defence scenario, surely a diversified and integrated automobile industry must be developed and maintained.

These are just two examples of industries in Australia which are being restructured and rationalised in line with the changes in the world economy. The question that then must be asked is: if Australia is going to be de-industrialised, what are we going to produce?

What will Australia produce?

The transnational corporations and their mouthpieces have argued that Australia should produce according to its comparative advantage. As the OECD pointed out:

"... because the advanced countries are at the frontier of changing tastes and technological progress, their comparative advantage will generally lie in new products, processes and technologies. Also, an important part will consist of services and know-how, only partly embodied in traded goods. Almost by definition, therefore, a large part of the comparative advantage of the advanced industrialised countries lies in products and processes which are hard to describe because they are either rather intangible or do not yet exist." (14)

We have heard the argument that Australia should abandon its labor-intensive industries and concentrate on capital and skill-intensive export-oriented industries, although as yet few concrete suggestions have been made as to what these should be other than mineral-based production which, up to now, has not employed large numbers of people.

There are a variety of reasons why this strategy will be disastrous for Australia. Firstly, as I indicated earlier, Australia is a technologically dependent country, and it does not have a good record in indigenous research and development. Since the transnational corporations control the world's technology, they are unlikely to simply give it away, and so Australia will find it very difficult to break into the skill-intensive industrial areas. This is exactly the point that the underdeveloped countries have been arguing about for decades — the monopoly of technology and R & D by the large developed country corporations has kept the poor countries in a dependent subordinate position. Even now, with the process of industrialisation that is taking place in some of these countries, it has only been made possible by the fact that the corporations were able to decompose complex production processes into elementary segments which can be handled by unskilled workers. And this is the tragedy of the de-industrialisation process that is taking place in Australia. At least in the post World War II period, despite the fact that we developed a fragmented, dispersed and, to a large extent, inefficient industrial structure, at least we did industrialise, and this required a relatively skilled workforce. Once a country loses its industries, it also loses the skills of the workers, which are very difficult to regain.

Secondly, a large number of other countries are also pursuing such strategies, of concentrating on skill and capital-intensive industries. But these countries, like Sweden, France, the United States and Japan are structurally, technologically and strategically in a much better position than Australia. It is certainly not obvious that if a large number of countries attempt to follow such export strategies that all will benefit. Free trade and international competition have always benefited the strong, and there is less reason now to think that it will operate any differently. Thirdly, those making the major decisions about Australia's future...
have already decided that we will produce foodstuffs, raw materials and energy products. The most dynamic sector of the economy is the mineral industry. It is the major area of new investment, both foreign and Australian (through the large institutions, particularly), and it is the recipient of millions of dollars of government support, notably infrastructural support. In a world of finite and depleted resources, Australia is too crucial to the world system not to exploit its vast resources. In fact, the development of the mineral industry in the last decade has begun a process of reversing many of the gains achieved in terms of the development of a broadly self-reliant affluent society. In the same way that the Brigden Report saw the tariff as a means of pooling the community's resources, and particularly redistributing resources from the export sector to the rest of society, we are now seeing a process by which the community is supporting the export sector, which is overwhelmingly foreign-controlled, and concentrated in the politically reactionary states of Queensland and Western Australia. The result can only be a severe polarisation of Australian society, as the process of uneven development inherent under capitalism proceeds. The more that manufacturing industry is dismantled and the more reliant we become on imports, the more will the mineral and energy-based exports need to be increased, necessitating even greater distortions of the industrial and social structure.

**Conclusion**

As I think it is clear, I see a gloomy future for Australia. Unless the process is checked by the forces of labor in this country, Australia will be restructured in the interests of international capital. Manufacturing industry will be dismantled, other sectors of the economy will be subject to rationalisation and the forces of the technological revolution, and millions of dollars of the society's resources will be poured into expanding mineral and energy based production which will be fine for the balance of payments but contribute little to increasing the welfare of the mass of the population. I will conclude with a quote from Manning Clark:

*In the nineteenth century Australians enjoyed the reputation of being in the vanguard of human progress; they were often the pioneers in the introduction of bourgeois democracy, and rather boastful about it. By contrast, in the twentieth century Australians seem to have missed the bus carrying humanity into the future. Australians are no longer the pathfinders, but rather the men of the army in the rear .... We had the institutions and the values to promote the use of parts of our country as quarries for foreign powers, but neither the institutions, nor the inclination, nor the belief to make our country a paradise for the people.*

**FOOTNOTES**

13. OECD, The Impact of the Newly Industrialising Countries on Production and Trade in Manufactures, Report by the Secretary-General, Paris, 1979, p. 46.
The South African working class represents a unique process in the history of Africa. Because South Africa developed a much higher level of productive forces than occurred elsewhere on the continent, the creation of a massive African proletariat has been a crucial feature in the evolution of the state. Throughout this century, the country's ruling class has felt compelled to base its political calculations on the constantly expanding presence of African workers in the cities and rural areas.

With the discovery of gold and diamonds in the nineteenth century, the South African economy was hurled into the international capitalist system. In particular, investment by foreign capital since the 1920s into the manufacturing sector led to the growth of a large urban working class. Due to the super-exploitation of cheap and poorly organised black labor, foreign capitalists enjoyed returns on their investment which ranked among the highest in the world. At the same time, the increasing integration of the country's economy with world capitalism made it increasingly subject to the vagaries of the world market and the influence of the major imperialist powers.

Apartheid is fundamentally a system for the control of black labor. Extraordinary wealth extracted from the virtual forced labor of Africans enabled the ruling class to accord special privileges to the white working class and, in this way, to obtain its collaboration. Yet, in the face of massive state repression exercised by the South African state, black workers have continually waged struggles to improve their most elementary living conditions. Both foreign and domestic capital have long realised that their substantial wealth and investments would be threatened if they failed to contain the development of a militant black trade union movement.

Post-war developments

Shortly after the assumption of power by the National Party in 1948, the government embarked on implementing one of its main political goals of smashing the organised
sections of the working class. In 1953, it introduced the Native Labor Act which denied official recognition to African trade unions and declared all strikes by African workers to be illegal. In a further extension of apartheid logic, the Act prohibited unions with white, colored and Asian members from accepting African workers. In this way, the government hoped to complete the segregation of South Africa’s working class. The capitulation of the registered unions to this legislation was to exert a lasting impact on the class struggle in South Africa.

Concomitant with the state’s attack on African trade union rights, the international labor movement started to become involved in the organisation of South African workers. In 1963, the British Trades Union Congress paid its first visit to South Africa. Realising that Britain has always been the largest overseas investor in the country’s economy, the TUC has historically articulated a chauvinistic policy towards black workers. It has firmly believed that black militancy must be defused in order to protect important British investments and trade.

The TUC had given its support to the South African Trade and Labour Council (SATLC) which included African members in the 1940s. After its visit, the TUC delegation recommended that “in the greater interest and urgent necessity of unity”, the white trade unions should apply apartheid. The TUC, therefore, was instrumental in killing SATLC in favor of a South African Trade Union Council which excluded Africans. This body was later reorganised as the Trade Union Council of South Africa (TUCSA) and has always maintained close ties with the TUC.

In March 1955, the non-racial South African Congress of Trade Unions (SACTU) was formed. Derived from dissident SATLC unions along with the Council of Non-European Unions, it was tied to the Congress Alliance whose main organisational form was the African National Congress. SACTU emerged as the only trade union organisation which stressed the interaction between political and economic issues.

Western imperialist interests and a section of the African petit bourgeoisie were
unhappy about the political direction which SACTU and the ANC were taking. In 1958, two representatives of the International Confederation of Free Trade Unions (ICFTU) visited South Africa to establish closer ties with the unions there. They advised SACTU to break its ties with the ANC and the communist-backed World Federation of Trade Unions. When SACTU refused to do so, the ICFTU branded it “communist” and refused to lend any support to SACTU’s campaign to organise African workers.

In the meantime, the Americans were actively involved in splitting the ANC, and by 1959, their efforts contributed to the creation of the rival Pan-Africanist Congress. In the trade union sphere, the Federation of Free African Trade Unions (FOFATUSA) was founded in late 1959 by various African unions which had not affiliated to SACTU. FOFATUSA was closely allied with the PAC and strongly in opposition to SACTU. It proclaimed: “We are interested in industrial politics and the welfare of the worker and not in party politics”.

FOFATUSA was directly affiliated with the ICFTU which provided it with £30,000 in funds. By 1962, it had twenty affiliated unions and approximately 36,000 members. Following the decision taken by TUCSA in 1962 to permit the affiliation of “properly constituted” African unions, some of the largest unions in FOFATUSA decided to apply for affiliation with TUCSA. Partly because of this development and also because some of its founding unions had ceased to exist, FOFATUSA’s strength declined. Finally, in 1966, it was disbanded and its remaining unions were advised to affiliate to TUCSA. Its first president, Jacob Nyaose, established an “exile headquarters” in Ethiopia where he engaged in various reformist activities. In TUCSA’s view, “Mr. Nyaose is known as an intense South African patriot and, during his years in exile, consistently counselled Black Africa to seek change in the Republic through persuasion and contact rather than confrontation”. (1)

Meanwhile, SACTU which probably reached its peak in 1961 with over 53,000 members and 46 unions, suffered increasing repression. In particular, its leadership was either banned, exiled or murdered. By the mid-1960s its internal organisation had seriously declined and in 1967, it decided to go underground. It currently receives funds from the WFTU, some East European governments, the World Council of Churches and Dutch trade unions. Furthermore, SACTU is the only trade union movement recognised by the International Labor Organisation. Although some of SACTU’s members died in detention following the political upheavals of 1976, it is beginning to show signs of internal revival.

The quiet 1960s

The decade of the 1960s was essentially a period when workers’ struggles in South Africa were in relative abeyance. The numerous Sharpeville events of 1960 produced a deep demoralisation among the non-European sectors of the working class. Like other capitalist economies, South Africa experienced the tremendous economic expansion of this boom period. The absence of independent trade unions gave the state the power to dispose of labor in any manner it wished to do so. Imperialist states considered South Africa to be not only an exceptionally good investment area, but also a valuable bastion for the preservation of western interests in an inherently unstable region. (2) As a result, the South African government felt very confident and acted accordingly.

The most notable western involvement in the trade union sphere during this period originated from Germany. The DGB, the German national trade union federation, became active in the mid-1960s when it established close links with TUCSA. It helped TUCSA create an African Affairs section to deal with research, public relations, and trade union organising among African workers.

TUCSA aimed to weaken support for any trend towards a political movement among the workers. It constantly stressed an anti-communist line and urged black trade unions to avoid political involvement. For example, TUCSA opposed all forms of international boycotts of South African goods.

In a number of cases, trade unions were set up in opposition to existing SACTU unions. For instance, the Sheetmetal Workers’ Union, now called the Engineering and Allied Workers’ Union, was given the fullest
support. The cautious organisational program coupled with considerable African suspicion of its motives made African trade unions organised by TUCSA rather weak. In addition, the costs of organising were very high. The British TUC calculated that TUCSA was spending 45 Rand for each trade union member that it recruited. Given these costs, it is clear that the organising program was only made possible with the support of the DGB.

Today, German involvement assumes a somewhat different organisational form. The German government funnels money through a German Catholic Development Fund, Misereor, to the Urban Training Project in Johannesburg. More significantly, the Friederich Ebert Stiftung has become involved in southern African trade unionism. High-ranking members of the Social Democratic Party constitute its board of directors while its financing derives from government, unions, and even business. When the SPD is in power, the Ebert Stiftung is reportedly used by the German intelligence network. (3) During periods of CDU/CSU rule, the Konrad Adenauer Foundation plays a similar role. Information about their activities is extremely difficult to obtain. However, between 1963 and 1972, the Ebert, Adenauer and the Free Democratic Party's Neumann Foundation received over 269 million DM, mainly provided by the German ministry for economic co-operation.

Eruption in the 1970s

The apparent order and stability of the apartheid system was shaken during the 1970s when black workers began to assert themselves in the face of deteriorating living conditions. Mass strikes, like those manifested in 1973 by 100,000 workers in Durban signalled the start of a new era in black militancy. These were followed by two general strikes in 1976.

The state has tried to contain this threat by two basic means. Firstly, it has enforced the Bantu Labor Relations Act of 1973 limiting legally recognised organisation of African workers to the factory floor. Secondly, the state has reacted brutally against striking workers and their leadership; in 1976, 24 trade union leaders were banned.

Corresponding with this upsurge in militant activity, came an intensified involvement by various western trade union organisations. An important institutional conduit to pursue their goals emerged through the creation of the Urban Training Project (UTP) in Johannesburg.

The UTP was formed in 1971 out of the ashes of the African Affairs Department of TUCSA which had collapsed in 1969. It aimed to help the struggling black trade unions which had survived their dumping by TUCSA and to extend the government-sanctioned worker committee system. Leading UTP figures, such as Eric Tyacke and Loet Dekker, had previously worked in TUCSA's African Affairs Department.

From their inception, UTP associated unions have been characterised by an explicitly "non political stance" and have sought accommodation within the worker committee system. In 1973, however, the UTP modified its position on worker committees, regarding them now as complementary to, rather than as a substitute for, trade unions, after pressure from the workers.

The UTP has always opposed illegal strike action. In 1976, none of the UTP unions participated in the mass work stoppages or issued statements in support of them. Furthermore, the UTP has consistently opposed economic boycotts of South Africa, arguing that foreign firms could play a "valuable role" by raising wages and recognising African unions.

UTP leadership has encouraged its assisted unions to forge links with the "free" labor movement. In its 1976 annual report, it noted that "it is hoped that this encouraging trend whereby black union leaders can visit and study the union movement in other countries will continue".

In February 1978, a UTP delegation, including Clement Moutsho and Leonard Sikhakhane attended the AFL-CIO conference in Los Angeles. They told the American unionists that any withdrawal of foreign capital from South Africa would primarily harm the black population. An AFL-CIO resolution of support for SACTU was withdrawn when the UTP leaders strongly objected to it. They managed to convince the conference that SACTU was insignificant and only operated from its London exile headquarters.
The true political nature of the UTP emerged following the restriction of its leaders in November 1976. In several statements, it stressed UTP's moderating influence over workers and the dangers that lay ahead for the status quo because of the government's action. In its 1976 annual report, it declared: "If individuals who operate within the South African system of law (i.e. the UTP administrators) continue to be banned, surely the authorities must realise that they are instrumental in bringing about economic and political chaos. They should know that there are elements (i.e. SACTU and other leftwing groups) waiting for such opportunities where black workers can be used to further their aims and objects .... UTP and the Black unions (associated with UTP) are first and foremost concerned with the building up of a healthy relationship (i.e. a non-conflict one) with the employers".

Not surprisingly, given UTP's extremely mild political perspective, it has received valuable funding from western sources. These have included the International Metalworkers' Federation; the German Catholic Fund (Misereor; the British TUC; Netherlands Reformed Churches; SOSV — the Dutch Trade Union Federation for International Development Co-operation; SVEA — the Swiss Federation of Christian Trade Unions; and CNV — the Dutch Confederation of Christian Trade Unions. All UTP-assisted unions are affiliated to the appropriate International Trade Secretariats which, in turn, are very closely allied to the ICFTU.

The intensified struggles of black workers during the 1970s attracted the interest of the American labor movement, the AFL-CIO was already well prepared to deal with issues of African trade unionism. In 1964, it had established the African-American Labor Centre in New York which carries out various programs in 41 African states. Its first executive director, until 1974, (3) was Irving Brown who had played an important and highly controversial role on behalf of American imperialism since World War II. Originally recruited into the Labor Branch of the Office of Strategic Services — the predecessor to the Central Intelligence Agency — Brown carried out the crucial task of splintering the opposition of communist unions to postwar Marshall Aid in France and Italy. In his book Inside the Company: A CIA Diary, Philip Agee identifies Brown as the "principal CIA agent for control of the International Confederation of Free Trade Unions (ICFTU)". (4) During the pre-independence era in Africa, Brown was a major instrument of the ICFTU throughout the continent in helping nationalist movements in waging political opposition to European colonialism.

Worried about the radicalisation of southern Africa due to the racist policies of the white regimes, Brown warned the US Congress in 1973: "Unless we of the 'Free World' can condemn and fight African apartheid, there is real danger that liberal and non-communist forces will be unable to cope in the future with the situation through lack of support and may be superseded completely by the totalitarian forces of both sides. This will increase the chances of opening the door to the very forces which the makers of US foreign policy claim is threatening the peace of the world, in so-called 'Wars of National Liberation'."

Since the withdrawal of the AFL-CIO from the ICFTU in 1969 because of the latter's insufficient anti-communist fervor, the US has pursued its own independent strategy in regard to South African trade unionism. The AALC has generally opposed South Africa's expulsion from the United Nations as well as international boycotts and campaigns for the withdrawal of foreign investment.

At TUCSA's 19th Annual Conference in 1973, Brown declared that "large funds" from the AFL-CIO would be forthcoming if proper trade unions for blacks were to be allowed. The AALC's claims to have "been a constant and vocal critic of the whole concept of the repressive and inhuman apartheid system". (5) However, in 1976, the AFL-CIO refused to take part in the international boycott against South Africa called by the ICFTU on the grounds that similar actions were not planned against the communist bloc. At the same time, Jerry Funk, (6) deputy director of the AALC, testified before the US Senate — much to the delight of South African government propagandists — that the AFL-CIO "recognises that .... a total economic boycott may hurt first and most lastingly the very people you want to help, the black, colored and Asian workers". (7)
By late 1977, however, the AFL-CIO was forced to take account of the gathering political storms in southern Africa. Its convention urged President Carter to put "intense pressure" on South Africa and Rhodesia to end apartheid. At an AFL-CIO executive meeting in February 1978, president George Meany described South Africa as a "destabilising force" because its repressive policies were encouraging Soviet-Cuban penetration in Africa. The executive called on American corporations in South Africa to recognise all "bona fide" trade unions and even urged US sanctions if milder action failed to achieve sufficient reforms.

Yet the AALC continues to work against any radicalisation of black trade unionism. In October 1978 it convened a meeting on Botswana in order to give moderate South African trade unions an international forum. Despite the opposition of the Organisation of African Trade Union Unity, African delegates from Kenya, Liberia, Saire, Togo, Zambia, Lesotho and Botswana attended. The meeting resulted in a big split in Pan-African trade unionism, largely because of AALC's resistance to any recognition of SACTU.

In a parallel manner, the US government has stepped up its activities in the South African labor field. In a "confidential" telex message sent by the US Embassy in Cape Town, in February 1976, to various US missions in Africa, it was stated: "In South Africa, (US) Embassy would give first priority to the labor field", in terms of training black South Africans. At least 16 South African unionists have visited the US in the last five years from the ranks of the Urban Training Project and TUCSA. (8)

The US Labor Attache at the Consulate-General in Johannesburg has a key role to play in the overall scheme. According to the State Department "it is important that the Labor Officer expand his contact with unregistered black unions .... and various groups involved in upgrading the skills of black workers .... and keep in close contact with the white-controlled labor organisations in order to encourage liberal elements". (9) At least, one labor attache who has served in Johannesburg has been named as a CIA agent. He is Ed McHale who was labor attache in Johannesburg in 1972. He was unmasked during the CIA scandal in Australia in 1977. (10)

When disaffected unions associated with TUCSA and unregistered unions were considering the organisation of a new black trade union federation, they arranged their first meeting at the US Information Service's Library in Johannesburg. Much to the dismay of certain delegates, they were confronted with a film and a lecture by a State Department official on American unionism.

Western imperialism is searching for a "middle force" in its South African strategy to contain revolution while liberalising the apartheid system. As the crisis deepens, the position of the African working class will be crucial in determining the outcome of the contending political forces in South African society. Western governments, and in particular the US, are clearly aware that the formation of a moderate pro-western trade union movement for blacks will be essential in preserving overall western interests in South Africa.

FOOTNOTES

1. Labour Mirror, July 1975.
7. Funk formerly worked on the research and publication staff of the International Federation of Petroleum and Chemical Workers. In the mid-1970s, this federation was dissolved when it was revealed to be a front for the CIA.
10. The CIA's Australian Connection, written and published by Denis Freney, Sydney, Australia.
FEARS FOR AUSTRALIAN MANUFACTURING

During July, the daily press carried a number of warnings on behalf of manufacturing capital about the "resources boom" that is said to be impending. Readers have had it put to them that Australian manufacturing will be imperilled by the impact of greater exports of raw and processed minerals on the exchange rate, supposedly by increases in wages due to the increased demand for labor by the mining and processing industries, that even the Treasury now admits the need for substantial Australian equity in the resources projects to ensure that some of the profits are retained for some Australians, and that these profits may not be made available for the needed transformation and expansion of the manufacturing sector (beyond, of course, the inclusion of processing itself).

But there are problems with which a resources boom would confront Australian capital remaining in manufacturing that are not addressed by these warnings. This set of Economic Notes will establish just which of the problems are really significant and may suggest that very little manufacturing outside of mineral processing would be sustainable without protection.

There is, to be sure, some short-term coincidence of the interests of Australian manufacturing capital and of workers in the continuance of the existing protection of manufacturing; but it should not be thought that the coincidence of interests goes very far. Continuance of protection of the clothing industry, for example, has enabled "rationalisation" in the form of greater mechanisation, less employment, less output and greater profits. More generally, the continuance of protection may be important to Australian manufacturing capital only insofar as it allows companies to accumulate earnings with which to buy into the resources projects. Once they have done so, they may scrap their existing manufacturing plant. And, of course, the resources projects, when they come on line, will not provide anything like the employment provided in existing manufacturing.

The "Gregory Thesis"

The impact of an expansion of mineral exports on manufacturing through the exchange rate has been much discussed of late. The discussion commonly refers to Bob Gregory of the Australian National University who developed the argument in an article published in 1976.(1) The argument is that additional export revenue, along with an augmented inflow of capital to finance part of "the resources boom" will so add to the demand for Australian dollars that the value of the Australian dollar will rise substantially in relation to the values of international currencies. The international currencies have to be exchanged for Australian dollars to be used to finance wage payments, purchases of equipment locally, and payments of dividends and interest on locally-provided funds. They must be exchanged if they are to be deposited with various Australian financial intermediaries, even if only for the time being. Once the value of the Australian dollar increases, however,
the value to Australian companies of most existing export contracts declines, as do the prices — in Australian terms — of imported commodities.

Most existing export contracts are written in terms of international currencies, not in terms of the Australian dollar; so an increase in the value of the Australian dollar means that an export contract yields fewer Australian dollars. A decline in the Australian dollar prices of imported commodities provides a considerable benefit to importers but depresses the profits of Australian companies producing in competition with imports. Just how long that portion of export revenue that is actually foreign-owned is left in Australia obviously has an important bearing on the behavior of the exchange rate. Clearly, the fears of Australian manufacturers and rural exporters would be ameliorated if foreign-owned revenue were quickly remitted abroad; but then the possibility of using the foreign-owned funds in some manner to finance additional investment in Australia would also disappear.

Wages

Some fear of wage rises has recently been expressed by the Australian Industries Development Association, among other organisations. (2) The fear is evidently that if construction of various resources projects were concentrated within the same four-to-five-year periods, there would be a sharp upward pressure on wages in the construction industry and that high wages which large transnational corporations could afford to pay particular categories of skilled workers employed in the operation of power stations, smelters and so on would need to be paid for the same jobs elsewhere in the economy.

The wordy editor of the Australian Financial Review has added the caution that the flow-on of these last wage increases would be stimulated by decisions of the Conciliation and Arbitration Commission. (3) However, McGuinness' understanding of the effect of centralised wage determination in Australia may be completely wrong.

What McGuinness likes to suggest is that the less productive Australian industries are forced by the decisions of the Conciliation and Arbitration Commission (CAC) to pay wages that are determined by the ability to pay of the most productive industries — or of those industries in which wage increases can be most readily passed on through price increases. But the CAC may, instead, determine awards on the basis of the ability to pay of the least productive industries — or of those in which wage increases cannot be passed on. The very fact that, in the view of the CAC, it has been plagued by over-award payments — that there are widespread over-award payments — is surely evidence of this.

That is not to say, of course, that the principle of the ability to pay was not swamped for a time by the high wage increases conceded to public servants by the Whitlam government. Left to itself, the CAC is unlikely to constitute a threat to manufacturers.

Australian Equity

Evidently, even the Australian Treasury has come around to the view that it is necessary to specify a minimum degree of
Australian equity in new investments. (4) Under such a “foreign investment guideline”, Australian capital would at least receive a portion of the distributed profits from the new resources projects. The change in the Treasury view has evidently arisen from its pessimism about the efficacy of any other mechanism for transferring surplus generated in mining and mineral processing. It is only surprising that the Treasury has not become pessimistic much earlier.

Transfers by way of taxation are severely limited by Fraser's 1976 amendments to the Income Tax Assessment Act and by the possibility of transfer pricing; and the lack of re-investment of undisturbed mining and processing profits in other areas within the Australian economy during the past decade and a half hardly suggests that anything different will occur under similar policies during the eighties.

Prescriptions from the point of view of capital

In any case, a foreign-investment guideline specifying equity participation is not of itself much of a protection for Australian capital. Such a guideline can be subverted by the practice of disguising foreign shareholdings behind ostensibly Australian nominee companies. More importantly, however, the control of undisturbed profits can remain in the hands of foreign shareholders even where Australian equity is actually well in excess of 50 per cent.

It might be possible, in principle, to devise a set of policies that would promote the transfer of surplus generated in the resources projects to manufacturing industries which would be profitable without substantial tariff protection. McGuinness believes that policies of increasing “the skills and mobility of the labour force” and developing manufacturing technologies would do a lot to help. (5) Regardless of what such policies would mean for Australian workers, it is difficult to imagine that they would be of much help to Australian capital while international capital is in the course of its own restructuring of important manufacturing industries, while state governments continue to compete with each other for “international investment projects, and while any Australian company which were to develop a new technology could be easily taken over.

Just what sort of a manufacturing sector would be viable in Australia without more than the natural protection afforded by Australia’s geographic isolation is not likely to be revealed to anyone in some sort of divinely inspired vision. Nor would the elimination of tariffs and other forms of protection necessarily make it possible for a number of purely domestic manufacturing industries to become significant exporters. That is not to say that the costs of many Australian manufacturing industries are not substantially increased by tariffs applying to the inputs they need. The Industries Assistance Commission has calculated that, for 26 of 173 manufacturing industries, the costs of protection of inputs amounted to more than 40 per cent of the assistance being provided to the 26 industries themselves. But it was the view of the Crawford Committee that the elimination of these costs would be an insufficient inducement to persuade domestically orientated manufacturers to become exporters. In the view of the Crawford Committee, manufacturers would need export incentives even more generous than those currently in force — incentives which, at the time of the last budget, were estimated to involve an outlay of $170 million during 1979-80. About the nature of the industries that could become the bright new possibilities for Australian manufacturing capital very little, if anything, is even said.

Further Problems

In the meantime, there are other problems developing for manufacturing capital. Australian banks were uttering warnings over twelve months ago about the danger of Australia’s official borrowing abroad. (7) Taken at their word, they were evidently concerned about the future claims which the servicing of foreign official debt will make on Australia’s receipts of foreign exchange. The level of overseas borrowing has been expanded in order not only to help finance the budget deficit but to limit the recent depreciation of the Australian dollar, for fear of the effect of a greater rate of depreciation on costs of living, costs of production and the Australian dollar returns to exporters. It
might not appear that debt servicing would be a problem once an upsurge in foreign investment had properly begun. But it could remain a problem if the increased foreign investment so destabilised the balance of payments that the federal government had to impose import controls from time to time in order to ensure that there was sufficient foreign exchange available for the servicing of official foreign debt. The balance of payments might well be destabilised by the irregularity of ever-increasing remittances of profits abroad. In other words, provision of foreign exchange for the remittance of profits might so threaten the servicing of official debt from time to time that it would lead to sporadic import controls.

If there were an upsurge in foreign investment, the various official borrowers might decide to replace foreign debt with domestic debt. Presumably, the inflow of foreign exchange would substantially increase the liquidity of Australian financial intermediaries, for the time being, so enabling them to buy official securities. However, the scope for this solution is limited by the fact that many of the official borrowers are not directly responsible for the management of the balance of payments.

Any increase in the degree of instability of the balance of payments itself imposes difficulties on relatively small Australian capitals involved in the production of internationally traded commodities. Either industrial capital must itself bear the risk that the rate of exchange may suddenly become more or less favorable; or it must bear the cost of insuring against such a risk by trading on the forward exchange market and paying the commissions to money-market dealers which this involves. An exporting company may, for example, insure against the possibility of a rise in the value of the Australian dollar by contracting to sell, at some time in the future, the international currency in which it is to be paid for its exports. The contract would be to sell at present prices minus a discount to cover commission.

What may also be concerning Australian capitalists about the growth of official overseas indebtedness is that the servicing of any official debt makes a claim on public revenue. Now if tariff revenue were to decline with the progressive elimination of tariff protection, this claim would become more important. The urgency of replacing any loss in tariff revenue with increased revenue from other sources would increase with the extent of the debt burden.

Finally, it must be acknowledged that any decrease in costs to manufacturers arising from a decline in rates of tariff protection of inputs will continue to be offset by increasing fuel costs as long as the present pricing arrangement for crude oil is maintained. In ALR's "Economic Notes" of March this year, it was observed that a pricing arrangement less generous but nonetheless still competitively subservient to the oil companies could provide considerable assistance to existing and potential manufactured exports, while also lessening the burden on Australian workers.

All in all, the problems which a "resources boom" would present for Australian manufacturing capital are likely to be considerable. They reflect not only the international orientation of monopoly capital in the mining and mineral processing industries, but the absurdity of leaving investment to the whims of private enterprise. It is little wonder that Australian manufacturing workers are supporting the maintenance of existing tariff protection.

Gavan J. Butler, August 11, 1980.

FOOTNOTES

5. op. cit.
AUSTRALIAN SOCIAL SCIENCE COMES OF AGE

Winton Higgins

The bulk of radical social analysis in our academic institutions nowadays is done by a particular generation of intellectuals. The anti-war movement, the women's movement and a host of other interlocking campaigns of the late sixties and early seventies moulded this generation politically. With this historically narrow experience it presided over a "renaissance" of marxism and other radical social theory that, on the whole, denied the need for longer historical perspectives and dismissed the cautious and more painstaking works of their predecessors. Of the latter, those who could still find a market were only those with tales of working-class advances, heroism and spectacular breakthroughs. Such tales could be culled out to feed notions of an imminent overthrow of capitalism.

That events have proved these notions to be wide of the mark should not detract from the real and lasting intellectual gains of the new-left era. But it is time that we looked through its abstract theoretical sophistication, to the static quality of its class analysis and political theory. This project takes a giant step forward with the publication of Bob Connell and Terry Irving's Class Structure in Australian History (hereafter CSAH).

To restore dynamism to class analysis Connell and Irving have written a history book. But even more than most histories written by socialists, this one aims to intervene in current problems of social analysis and social strategy. This, of course, makes it a better (rather than an illegitimate) history, although it never sinks to the triviality and nit-picking necessary to win the acceptance of orthodox historians. But the analytical themes breathe life into the narrative, helped along by photographs, drawings and a selection of letters and documents whereby working and living conditions and class outlooks, from the British invasion on, can be directly appreciated. And the scope of the book's bibliographic references makes it an invaluable resource.

For Connell and Irving, each class in a capitalist society forms part of a class structure, and it makes no sense to study a class in isolation. This insight becomes all the more important in understanding the history of classes and the process of class formation. The success of a class in mobilising around its objectives depends partly on its ability to hinder rival classes mobilising around theirs. In showing how a successful ruling class checks working-class mobilisation, the authors make good use of existing theory on the techniques for hegemony: integration of labour leaders in the state, deflecting the labour movement into populist or liberal ideas of social progress, and providing non-working-class cadres to "represent" the labour movement in local councils and parliaments. When these techniques fail to subvert popular resistance, as they often have in Australian history, the state moves in with systematic violence.

In concentrating on class mobilisation, Connell and Irving seek to overcome a problem that plagues class analysis. One group of theorists (sometimes called "structuralists") can show how classes relate to one another in a full-blown capitalist society, but cannot account for how the relationships change, and so suggest that the class structure reproduces itself without essential change. Another group, particularly the "new labour historians", concentrate on one class' evolution, or self-formation, but the introduction of a notion of change here makes few links with the "intractabilities" of class structure. Some, above all Poulantzas, develop both aspects without overcoming the split between structure and history. Classes are located in structures, and they act in situations, but how these dissociated existences are to be brought together Poulantzas does not explain.

Connell and Irving suggest an interdependence that can forge the link between structure and situation. A class mobilises around economic and political objectives that are aimed at particular transformations in the structure, and its opponent class mobilises to obstruct these objectives and substitute its own. What the rival objectives are, and the opportunities available to each class to realise its programme, depends on
how the terrain offered by existing structural arrangements favours the one class or the other.

How the terrain of existing arrangements favours a particular class is not to be understood in a static sense. This terrain may have the capacity to generate the transformations sought by a class, and if so will also supply the impetus for the growth of that class and its organisations. (2) As Marx once put it, capitalist production not only creates commodities and surplus-value, but capitalists and labourers as well. Connell and Irving would also want to add that it spawns capitalists and labourers as well. Connell and Irving create commodities and surplus-value, but Marx once put it, capitalist production not only favours a particular class is not to be understood in a static sense. This terrain may have the capacity to generate the transformations sought by a class, and if so will also supply the impetus for the growth of that class and its organisations. (2) As Marx once put it, capitalist production not only creates commodities and surplus-value, but capitalists and labourers as well. Connell and Irving would also want to add that it spawns capitalists and labourers as well. Connell and Irving create commodities and surplus-value, but Marx once put it, capitalist production not only favours a particular class.

Capitalist society has two centrepieces. The first is private property, to exclude social interference from the distribution and management of wealth. The second is a “free” labour market which allows this wealth to expand without limit by enslaving the bulk of the population whom the institution of private property has already excluded from enjoyment and control of social resources.

The story of the Australian class structure thus begins with would-be capitalists fighting to impose private property and a capitalist labour market on a black and white-convict population, who were understandably hostile, and a group of “plantation capitalists” who frustrated the growth of a labour market. Thirty years’ liberal use of musket, lash and gallows on the blacks and convicts, and political intrigue against the pastoralists cleared the decks for an infant, but now self-generating, colonial capitalism.

It is at this point, however, that capital’s real problems begin. Blacks and convicts were extrinsic to capitalism and could be annihilated without penalty (or offence to bourgeois morality). The new class of wage labourers, on the other hand, was generated within the system, and indispensable to it. And workers resisted capitalist control over the labour process and capitalists’ deciding the level of “market” wages, thus threatening both private property and the operation of the labour market. They also contested the state’s championing of capitalist causes, and the class itself threatened to melt away in gold rushes, appropriation of new farmland, and independent crafts. Long periods of high employment underpinned the confidence and solidarity of working-class mobilisation, and made the Australian labour movement in the nineteenth century one of the world’s most formidable. The issues it struggled over and its methods pointed in a collectivist direction.

Defence and maintenance of private property in Australia in these conditions proved difficult. On an international comparison, the Australian ruling class was in a weak position, too weak to rely on state repression and armed confrontation alone. The subtle and complex development of class rule in Australia under these adverse circumstances, Connell and Irving suggest, laid the basis for the resilience and flexibility of conservatism in our own time. Their wide-ranging research unravels its many strands — use of the education system to implant sexist values and practices, ensnaring trade union leaders and labour politicians in the ideology of developmentalism and the rituals and rewards of state office, working up a powerful populist culture based on nationalism, racism and militarism, and so forth. Each made its contribution to obliterating consciousness of class and blunting the edge of working-class organisations.

The Australian ruling class and its state could not afford the hypocrisy of a claim to state passivity. Long after the establishment of colonial capitalism, the state was kept active nurturing it with economic assistance, resolution of policy dilemmas and internal conflict within the ruling class, breaking up working-class communities and imposing “law and order” in industrial relations. Instability constantly menaced the system and elements of the labour movement threatened to break out of the web of hegemony.

But so far the working-class challenge to class rule has been held off, albeit with nasty moments and heavy losses for the defenders at times. In accounting for the defeats of working-class mobilisation, Connell and Irving rely too heavily on the old culprits of economism, reformism and bourgeois ideology. They give numerous examples of rank-and-file struggles being sold out by industrial and political leaderships enmeshed in state procedure or intimacy with business interests. Social rebellion, such as the larrikin pushes, were quickly tamed by populist writers and incorporated into a bourgeois-defined Australianism. “The fact that the literary ‘larrikins’ ended up as good husbands and soldiers, thus accurately reflecting the importance of the family and militarism to bourgeois cultural containment, hardly encouraged the transformation of the pushes into a street army of the proletariat.” (p. 191). In both situations, the authors suggest that, were it not for the reformist and cultural obstacles, these rebellions would have gone much further. But to what? We know from the book that the police and military resources of the state were more than enough to crush isolated and politically ill-prepared uprisings.

Theoretically and empirically, Connell and Irving’s account of ruling-class mobilisation is probably the best produced here or overseas. Behind a conventional romanticism of grass-roots struggle and denunciation of reformism, however, lies a failure to equally systematically seek out the roots of working-class mobilisation in capitalist society. If the generative capacity of the ruling class lies in the accumulation of capital, wherein
lies working-class generative capacity, the springboard of its successful mobilisation?

The answer, I suggest, is stable full employment, what Engels called, more broadly, the destruction of competition among workers, which he saw as the destruction of the rule of property itself. Under conditions of full employment, capital loses the ability to inflict slumps and thus undermine living standards and labour organisations—the preconditions of a capitalist labour market. Trade-union membership tends to go up, as does electoral support for parties of labour. In the longer term, full employment proves incompatible with private control of investment and labour process, and the most recalcitrant economist and reformist labour leaders will be forced to accept socialisation as the only alternative to mass unemployment. For this reason, economism and reformism may not be the blind alleys the authors suggest, but temporary stages in working-class mobilisation towards more basic transformations. Stable full employment is the springboard in this process, not the whole solution: ruling-class hegemony must be overcome in all its aspects.

If this is true, two themes in the later history of the labour movement taken up in CSAH need further study. One is the destabilising role of arbitration on trade unions specifically. The authors correctly point out how arbitration tends to legitimate workers’ loss of control of the labour process and integrate trade-union leaders into the state. But arbitration has other far-reaching effects, in fixating the trade-union movement in its pre-industrial structure, in calling forth a particular style of trade-union leadership and a typical organisation that suppresses both circulation of leaders and communication between rank-and-file and leaders. Related to this, the movement has never been able to play an independent role in wage formation, and has thus never formulated a coherent wage-policy, still less its own economic strategy. In short, arbitration has left the trade-union movement depoliticised and incapable of dragging the ALP back to class politics.

As Connell and Irving point out, the ALP itself is a pre-industrial survival, its ideological roots still embedded in late nineteenth-century populist radicalism, but a working-class party nonetheless, “a product of class mobilisation under hegemony” (p. 30). What role could it play (or have played) in more successful working-class mobilisation? The authors’ suggestion seems to be: very little. Yet there was a time, during the second world war and in the immediate post-war reconstruction period, when the ALP came perilously close to pursuing its mummified “socialist objective”. Connell and Irving show how Australian conservatism was in crisis, and the only danger to the ALP, at the height of its popularity, was that of being outflanked by the Communist Party in the labour movement.

For the first time, the ALP began to face the implications of stable full employment (“a somewhat comprehensive socialisation of the investment function” as Keynes hinted darkly in the final chapter of *The General Theory of Employment Interest and Money*) and attempted to arm itself with the necessary constitutional powers and public control of the economy necessary to ensure its goal. Its later humiliating retreat does not justify the description of its post-war reconstruction plans in CSAH as “essentially defensive” and lacking an intention to take control of production as a whole (p. 285). Especially at the present time we need to take some care with this period, perhaps the most tragic missed opportunity in Australian labour history.

The above is not to suggest that the analysis of the labour movement’s weakness in CSAH is weak. Given the recent spate of simplistic speculation by the social science establishment about “what’s wrong with the ALP”, I am in danger of damning this book with faint praise in saying that it is clearly superior to earlier writing in this area, Vere Gordon Childe perhaps excepted. Its account of the degenerating effects on the ALP of a particular style of local government politics (involving intimacy with local business, speculators and land sharks) and the constant seizure of high office in the party by people remote from working-class life in all respects, rounds off a complex and balanced analysis.

As befits the times, politically this is a sober and tough-minded book. The post-war renovation of bourgeois hegemony has taken its toll on labour mobilisation, especially at the political level. Its elements include suburbanisation, privatisation, the new economic dependence forged by hire-purchase and the influence of television. In the present period, many of the traditional resources of working-class mobilisation are ineffective or, as in the case of the working-class community, all but destroyed. But the authors conclude that, while classes and their conflict persist, bourgeois hegemony is never safe. The brutality of the Fraser regime illuminates a vital flaw in its management of that hegemony — its lack of any moral component. To make that vital flaw into a fatal one requires a socialist strategy for mass remobilisation and the discovery of new organisational resources to propel it.

In sum, CSAH is a landmark in social analysis, as well as in imaginative presentation. Don’t miss it.

NOTES

The German Revolution of 1918-19

John Perkins


The abortive German revolution of 1918-19 has never attracted the attention its significance would appear to merit. In Weimar Germany the official attitude was a virtual conspiracy of silence, in which the events of the first winter after the World War were viewed as a momentary aberration from German traditions occasioned by the defeat. Under Hitler, the Revolution and the "November Criminals" achieved more prominence as objects of vilification. After 1945, in western Germany interest in the subject was limited until the later 1960s when members of the revolutionary student body were drawn to the ideas of Rosa Luxemburg. These appeared to offer a more appropriate model than those of Lenin, as did the experiences of more romantic although equally tragic figures such as Toller and Levine of the Munich Soviet. Only in the German Democratic Republic, where the KPD (Communist Party of Germany) that emerged from the revolution provides the event with the area of historical antecedence akin to the role of the equally abortive Revolution of 1848-49 in the Federal Republic, has the subject received considerable attention.

The works that have hitherto appeared present one or other of four interpretations of the Revolution. Firstly, there is what might be called the orthodox bourgeois or western interpretation which favours the role of the Majority SPD in averting "Bolshevism" and blames the "putschist" approach of the Spartacists for the rapid recovery of the counter-revolutionary forces and for the absence of more thoroughgoing democratisation of the bureaucracy, judiciary, and military of the subsequent Weimar Republic. Secondly, there is the National Socialist interpretation which places the blame for the military collapse of 1918 on the "November Criminals". From the events of 1918-19, the Nazis drew the conclusion of the primacy of domestic policy. In other words, in contrast to Wilhelmian Germany where an aggressive foreign policy functioned as a means of subsuming domestic conflict, the aim in the Third Reich was to ensure a solid internal basis of unity for an expansionist foreign policy.

A third interpretation, first presented by Arthur Rosenbaerg in the early 1930s, is that the Revolution offered a chance of a third course between the limited social and political achievements of the Weimar Republic and a transformation along the lines of Soviet Russia. Unfortunately, however, this opportunity was missed by the Majority SPD leadership who, in allying themselves with the military leadership and the Free Corps (Freikorps), ensured the survival of the Reaction. Finally, to historians of the GDR the Revolution also amounted to a lost opportunity, which nevertheless demonstrates the possibilities of revolution in advanced industrial
countries and the necessity for a strong, well-organised and competently led communist party to successfully exploit those possibilities.

In the work under review, Dr Tampke sets out to analyse the background and the course of the revolution in the Ruhr industrial region in the light of the various interpretations that have been made. In doing so he remedies a serious deficiency in the available English-language accounts in which the Ruhr, the most highly-developed region of modern industry in Europe and a stronghold of revolutionary forces, is relatively neglected. The author is concerned to explain how, within a few weeks of 'the collapse of the old order', the left in the Ruhr was able to mount a serious challenge for power; and why unrest and revolutionary actions were more evident in some parts of the region than in others.

The basis of the analysis is a division of the Ruhr into three districts which differed in terms of the form of socio-economic development before 1918 which in turn determined contrasts of experience during the Revolution itself. In the old-established coalmining district of the eastern Ruhr, the Bochum-Gekenkirchen-Dortmund area, the miners experienced a considerable deterioration in their formerly privileged status with the relaxation of state control over the industry between 1851 and 1865. Consequently, the rate of industrial and urban growth, while substantial in the context of Germany as a whole, was lower than in other districts of the Ruhr. Consequently, a high proportion of the labour force came from relatively short-distance migration, rather than from the reserve army of displaced agricultural labour in Germany's eastern territories. In addition, the pronounced development of administrative organs and service industries in the towns of the eastern Ruhr provided substantial white-collar employment.

The eastern Ruhr by 1914 was relatively homogenous ethnically, had a more graduated social hierarchy with a substantial lower middle class, and a well-established SPD tradition controlled by the party and union bureaucracies. During the war itself the power of the Majority SPD functionaries was further enhanced with the gaining of control of the remaining party newspapers and key positions from the USP (Independent Socialist Party) that split from the SPD during the War. Consequently, during the Revolutuion power in the eastern Ruhr was firmly in the hands of the "moderates" of the Majority SPD. The latter managed to effectively limit the scope and objectives of the labour movement and, by, the end of December 1918, 'the emphasis in the eastern Ruhr had shifted from revolution to political electioneering', which was the forte of the Majority SPD.

The limited objectives in the eastern Ruhr are illustrated by the "Poster proclaiming the revolutions" in the town of Dorsten, which is published without translation. The poster announced the establishment of a Workers' and Soldiers' Council in the town on 10 November, 1918, to "maintain the public peace, security and order to the fullest extent". Citizens are urged to "carry on with their business as usual", severe punishment is threatened for instances of unrest and looting, children and youths under 17 years of age are informed to be off the streets by 7 pm, and no assembly shall obstruct or disturb traffic.

In the southern Ruhr district, in the Solingen-Remscheid-Dusseldorf area of the metal trades, modern industrialisation also commenced relatively early in the 19th century. Metalworkers acquired a higher social status and incomes than the miners of the eastern Ruhr, although this did not prevent the emergence of a radical labour movement. During the war this area developed as a stronghold of the USP. However, the 'vigorous course' of the Revolution ended in December 1918 with the occupation of a large part of the district by the British Army, which supported the Majority SPD, and with the speedy recovery of the confidence of the substantial middle class.

It was in the third district, the district of the western Ruhr, centred on Hamborn that the Revolution reached its apogee as a mass movement of the working class. This district was characterised by particularly rapid growth from the later 19th century. In 1870 Hamborn was a village. By 1890 it had become a town of some 28,000 inhabitants. By 1914, however, it had emerged as a city of over 120,000. A large proportion of the population consisted of migrants from the agrarian east,
including a number of Poles. Consequently, the growth of the influence of the SPD, which had never made significant inroads in rural Germany, was delayed and limited up to 1914. In fact, Hamborn was one of the first cities in which syndicalism gained a following. Here, the Revolution was most spontaneous and protracted and the KPD made the most ground.

Within the division of the Ruhr into districts Tampke singles out Essen for special attention as the location of an attempt to establish workers' control of the coal industry, 'the only time between November 1918 and the spring of 1919 that major steps were taken to push to revolution beyond the stage of mere constitutional change'. In turn this has become the basis of the 'third way' interpretation, that the Revolution offered the prospect of a middle course between "Bolshevism" and the coalition of the SPD with the Reaction. The Essen model failed through the 'vagueness and confusion' of its protagonists, through the fact that to the Majority SPD it was merely window dressing, and through the failure of the USP and the KPD to conquer power in Berlin.

Overall, Tampke presents an absorbing narrative of the events of 1918-19 in the Ruhr, which is marred only by the absence of a map to enable readers to orient themselves in the narrative's mobile account and by the failure to translate a number of German expressions and names of institutions. The progress of the Revolution is convincingly presented in the context of the social and economic development of the region, although at times the relating of events in 1918-19 to such developments is rather simplistic. The work also presents a much-needed antidote to the numerous accounts that play down the revolutionary nature of the situation and of events in Germany at that time and attribute revolutionary actions solely to leftwing "agitators". The essential weakness, however, rests in the analysis of the reasons for the failure of the Revolution.

The crucial absence of 'a united and competent' revolutionary leadership is noted by Tampke, although he considers that this would only have 'seriously troubled the social-democrat conservative alliance'. Moreover, even if 'a properly led and widely supported Communist Party' had existed it is considered that the Allies would have intervened massively to prevent the appearance of a socialist Germany. In addition, Tampke offers as a reason for the failure 'the fact that recent works on revolutions question the feasibility of a revolution occurring in advanced industrialised countries'. The sources of support for this ideological position translated into an universal truth are Hannah Arendt and Krishnar Kumar. The possibilities of a 'third way' are dismissed on the basis of the conception of workers' control and the institutions of workers' council having little real understanding and following amongst the working class.

What does emerge from this study is the equivocal role played the Majority SPD, which utilised its position at the head of the Revolution essentially to destroy it. The alliance of the Majority SPD leadership with the remnants of the old army leadership and the reactionary Free Corps (Freikorps), instead of allowing the formation of a Red Army, ensured the destruction of the Revolution and the survival of a Reaction that gathered confidence and strength during the Weimar Republic. This decision reflected the remarkable ability of the SPD leadership before 1914 to combine revolutionary rhetoric with reformist practice. The excesses committed by this alliance against the left — the suppression of strikes and uprisings and the murders committed by the Free Corps — more than justify the hostile attitude of the KPD towards the SPD in the Weimar era. Nevertheless, this has not prevented a number of historians from attributing the Nazi assumption of power in 1933 to the hostility of the KPD towards the SPD.
The CHILEAN MALAISE
Marco Calamai

The following is an abridged version of an article by Marco Calamai in the June 6 issue of the Italian Communist Party journal Rinascita. It gives a rare account of conditions inside Chile today and of the various political trends within the opposition to the Pinochet military junta.

On return from Chile: June. ...Santiago would astound anyone like me, returning after three years. The centre is all lit up, shop windows full of goods from all over the world, traffic as in European cities, new buildings — even skyscrapers. A completely different picture from the Santiago of old: sleepy, poor, a city typical of the backward and marginal third world.

For the regime and the "Chicago boys" of the government, these changes are the result of the monetarist (neoliberista) economic model. Chile is consolidating its position in the international division of labor: "Exports are increasing (not only copper but also non-traditional sectors) and foreign capital, after years of uncertainty, is at last coming into the country."

But the official glorification of the successes of the outright monetarist model applied in Chile (with a coherence without comparison in the rest of Latin America) does not stand up to a closer analysis of the reality. Just outside the centre of Santiago are the signs of mass unemployment and underemployment, of a misery not seen in Chile for decades which, I was told so often, "represents the real conditions of the great majority of the population."

Two underground Communist militants explained to me: "Not only the popular classes, the workers and peasant masses but also vast intermediate strata, the sectors which at first sympathised with the coup (a good part of the Christian Democrat electorate) are now expressing their repudiation of the regime."

In recent years, opposition to the dictatorship has broadened and only that small part of society made rich by the new economic policy remains favorable to Pinochet. A leader of the Radical Party told me that "this is shown by the uneasiness which extends even into the oligarchy and the government itself." The conflict between the duros (hard) and the blandos (soft) is
THE CHILEAN MALAISE

evident more than ever since the recent failure of Pinochet’s trip to the Philippines became public. (The dictator Marcos refused him entry when he was already on the flight from Santiago.) And it is not just a matter of clashes in this or that point, but the fundamental prospects of the regime.

The blandos, men of the monetarist policy, say that sooner or later the “free market” must lead to political freedom. And other experiences are referred to, such as those of Brazil and Spain. Hence the contacts with the opposition, in particular with the sections more amenable for old or new reasons to a compromise with the “open” groups of the oligarchy and the armed forces. Is this practical? “The economic policy of these forces,” DC president Andres Zaldiver told me, “is at present incompatible with a return to full political and trade union freedoms. Their model of development seriously harms the living standards of the great majority of Chileans and we are firmly opposed to it.” This thesis is repeated by the parties of the Unidad popular, Communists, Socialists, Radicals, minor left groups. The blandos, according to this analysis have in mind a model of democracia restringida (restricted democracy) not much different from that of the duros who would like to consolidate a reactionary regime of a fascist type.

But if there seems to be a common analysis, the distance between the left and the Christian Democracy is still great. The dramatic rifts that led to the military coup continue. An agreement between all the democratic forces such as that proposed repeatedly by the left, particularly the Communists, has been recently rejected by the DC of Frei. Recent international events such as the taking of the hostages in Iran and the Soviet intervention in Afghanistan have bought new elements into the polemics between the parties. The Communist Party has been criticised from a number of sides for its positions favorable to the Soviet intervention and the rifts already present in the Socialist Party have been further accentuated.

If the DC appears uncertain by the prospects, the left also emerges divided, rent by old and new polemics. A general difficulty is evident in the face of the necessity to deepen further the critical analysis of the Allende period (the errors and the limitations which led to the rallying of a broad social front amenable to military intervention) and to the urgent necessity to understand better the profound economic and social modifications of these years in order to define a strategy of democratic struggle to match the great malaise which pervades Chilean society.

Six years after the coup the opposition forces must take account of their past as well as a present full of unknowns which were to a large extent unpredictable a short time ago. Not only has the internal situation changed profoundly (“Chilean society will not be the same again,” says a leader of Mapu obrero y campesino), but the international context is more than ever thick with worrying questions. “The hopes raised by American foreign policy in the first two years of Carter’s presidency, together with the more general international isolation of the regime, a process of democratic opening towards the convergence of all the opposition forces appear now to be strongly modified,” admits a militant of the Communist Party.

Here in Santiago the signs of this change are to be observed more perhaps than elsewhere: and it is evident how much the crisis of detente helps the regime to recover an image which has been lacking until now. It is just as evident how international events make more difficult than before the ties of unity between the parties of the Unidad popular. The serious difficulties of the Socialist Party are significant from this point of view. If the break between Altamirano and Almeida has not had a particular impact within the country (the section of Almeida, the closer to the CP of Corvalan, remains largely in the majority) there is still the malaise of criticism, above all among the youth, of the traditional alignment of the party. “We are working,” a Socialist intellectual who asked not to be named told me, “for a new party in which there must be a converging of a number of forces of the minor groups of the Unidad popular, (Mapu, Mapu obrero y campesino, Izquierda cristiana) with the sections of the Socialist Party which believe in a re-forming of the left.”

A formation mid-way between the two strongest parties of the left and the Christian Democracy? Or is this part of a broader political operation directed towards
agreement between the DC, the Radicals and the left sections more or less close to international social-democracy? An answer is perhaps premature, but it is evident that there is a re-thinking which, in one way or another involves the whole of the democratic line-up. And this will be a process of reflection which goes beyond the present central question of the alliance necessary to defeat the dictatorship. With its starting point the errors committed during the Unidad popular government there has begun an analysis of the structures of the parties, the method of conducting politics, the relationship between base and leading groups, the ideological tradition of each historical component of the working class and democratic movement.

In the review Analisis (Christian and open to more diverse contributions) I read a debate on “Political parties: doubts and challenges”. The analysis sets out from the years which culminated in the coup of September 11, 1973, a date regarded as the conclusion of a “political-institutional crisis” linked with the “structure and organisation of political parties not sufficiently institutionalised.” The critical judgement on this traumatic period is explicit. “The parties were not really able to connect themselves with their bases, did not live their problems, were not capable of taking up their concerns and therefore were not true interpreters of their own militants.” Analisis asks if this reality has changed. The reply is worrying, mainly negative. Even today the defects of yesterday prevail, it says, the same distance between militants and leaders, the same limitations of “dogmatism and of centralised leadership.”

This reflection has just begun but it will develop. The illusion that the regime would last only a few years is gone and there is a common consciousness that an alternative
plan can only be born out of a radical ideological and organisational renewal of the parties. The dialogue between the various forces, the overcoming of the dramatic rifts which divided Chilean society and culminated in the military coup is closely tied to this process. And there are many militants in all the parties who deplore the slowness of the process of cultural and organisational renewal in the face of the priority need to struggle in an adequate way against the dictatorship.

Zaldivar went on to say, “Today the real opposition is basically represented by two parties — we of the DC and the Communists. Hence the difficulty of an agreement with the left which would not be understood by our militants and which would be used by the dictatorship to divide Chilean society anew, to justify the authoritarian option and the consolidation of a personal regime.” It is a fact, as all the left militants I talked with told me, “that vast sectors of Chilean society are opposed to the regime but at the same time fear a return to the situation of the early seventies.”

The regime, meanwhile, is looking around and hoping that the evolution of the international climate is favorable to its program of institutionalisation. Attention is focussed above all on what is happening in the United States. The attitude of Carter has changed, the hostility of much of the American press is not as marked as before. In one issue of Ercilia, the weekly closest to the positions of the blandos, I read a long article about recent international comments on the present situation in Chile. The conclusion is clear: Chile can emerge from its isolation only if it projects an image different from that of the first years of the regime. More attention therefore to “human rights”, greater flexibility in policical and above all trade union relations.

In Chile now one breathes a different atmosphere, one speaks more freely, the opposition can utilise the room for manoeuvre and initiative unthinkable a short time ago. The nature of the repression has changed, no longer as violent and tragic as it was several years ago, more subtle and selective (preventative arrests, sackings of suspects.)

What happened on May Day is symbolic in this regard. The police made hundreds of arrests to prevent mass participation of workers in demonstrations organised by the democratic trade union movement. But the government tolerated May Day becoming an important occasion and did not impede the several thousand workers and opposition cadres who met behind closed doors. The main daily paper El Mercurio (linked with the “open” sections) reported it on the front page, even naming the unionists who had come from other countries for the occasion.

“Even from this point of view Chile has changed,” a Communist militant maintains. “Undoubtedly new spaces for initiative by the masses and the democratic political forces have opened up. That is shown by trade union struggles, stronger than before, led by worker cadres of all tendencies from the left to Christian Democrats.”

One thing is certain: in Chile there is much debate, the newspapers speak explicitly about the economic and political situation, a new ferment is occurring in this country after years of fear and terrible silence. I recall Franco Spain in the sixties when the embarrassment of the regime became evident in the face of the drive for freedom coming from the most diverse sections of Spanish society. A process has been set in motion and it will be very difficult to stop it. Ercilia published the recent declaration of the Catholic bishops in which they called on all Chileans to strive “to promote a return to constitutional normality”, affirming that “a state of emergency cannot be made permanent”. We are certainly a long way from the collapse of the regime but it is nevertheless clear that the elements of an evolution in a democratic direction are taking shape.

The tempo and the methods of this evolution are still not predictable. They depend in large measure on the capacity of the democratic, progressive and moderate forces to develop adequately that critical consideration of the past and the present which is one of the most interesting aspects of present Chilean reality.

(Trans. note: “Monetarist” is used in this translation for the Italian word “neoliberista”, used to describe the economic policies of, for example, Thatcher in Britain and Friedman in the USA. This policy relies on the maximum freedom of private enterprise and market forces and a minimum of state-intervention in the economy. DD.)
Jack Blake's discussion piece (ALR, No. 74) raises vital issues which include, but go beyond, Afghanistan.

Referring specifically to Eqbal Ahmad (Interview in Afghanistan: Afghanistan: fact - opinion analysis, CPA publication), Jack says:

A section of the left has set up fixed criteria for granting legitimacy to revolution in a Third World country....

I do not agree with everything Ahmad says, but I think Jack's criticism misses the main point. Ahmad approves the program of the People's Democratic Party in Afghanistan, as I think we all do. But he legitimately points to the dangers in trying to implement such a program without sufficient mass support, particularly among those most affected — the peasantry.

Another section of the left, however, sets up criteria which are perilous indeed. Sam Goldbloom, for example, writes:

...with a population which is 95 per cent illiterate, where the working class is only one per cent, where feudalism and the fundamentalist Islamic religion has kept the people in the dark for ages...this nexus can be broken only by a small group drawn from the intellectuals, progressives of various shades, including church leaders, and the nucleus of a marxist party. (Tribune, May 7, 1980).

While in Viet Nam recently, I had it put to me concerning Afghanistan that "there are two kinds of revolution, one from the top and one from the bottom".

I replied that this was the first time I had heard such a view advanced by marxists, who always stressed the vital element of self-emancipation. I queried how the Vietnamese revolution could have survived had it lacked peasant support.

China, Cuba, Yugoslavia are also examples of mass involvement, however different the forms these revolutions took. They also refute the suggestion that "illiterate peasants lack revolutionary potential. Leadership is, of course, necessary. But is it an acceptable revolutionary model for a leadership to proceed without mass support, whether in a Third World or capitalist country? And then to virtually make it obligatory to support the entry of massive outside force to make up for the internal lack?

All accounts of the situation in Afghanistan I have read, including those from supporters of what was done, admit the lack of peasant support. I won't canvas the evidence here, but suggest, for example, a reading of Fred Halliday's article in New Left Review, No. 119.

As to the general principles involved concerning acceptable outside aid, I suggested the following: political solidarity; material aid to remain under local control; aid not replacing local effort as the main force (Afghanistan, p. 76).

These may be inadequate criteria, but Jack does not suggest any others.

Imperialism active

Jack says: "another view proceeds from the unspoken assumption that imperialism is not active in attempts to undermine and destroy revolutions in Third World countries". I don't know who on the left assumes this: I certainly don't.
The point is rather that imperialism is active everywhere, and if that alone were enough to justify intervention, armies would be marching all over the place (as some of the trotskyist groups clearly want) and there would be no need for analysis of concrete cases.

One has to consider not only whether intervention is justified, but also whether that intervention will improve the internal situation. In Afghanistan, on both counts, the answer seems in the negative.

Jack thinks he finds a conflict between what I wrote and what Denis Freney wrote. My point was that the outside forces as seen on TV could hardly be taken as the main problem; Denis was pointing to evidence of the deteriorating internal situation. Our points are complementary rather than being in conflict.

Czechoslovakian parallel?

It is certainly not CPA policy to equate the two situations and few people in our party draw a parallel with Czechoslovakia in 1968, except perhaps in regard to involvement of Soviet forces in changing a leadership.

Jack may believe that the Soviet leadership no longer involves itself in this activity in general and did not do so in Afghanistan in particular. I hope it is true, but remain sceptical and think there was more than just a “chaotic situation” when Amin was done in.

Nor do I think Jack’s assumption that Amin was the main source of factional conflict in the PDP is well established, except in the hindsight of the victors, who also now conveniently discover an association with the CIA.

Self-determination

Jack sees a danger of becoming rigid and one-eyed in defending the right of self-determination. I see a danger in this right being swept aside in the march of the big battalions and the demand to line up as required by self-appointed arbiters of strategy in “the class struggle on an international scale”.

This is not equivalent to viewing the principle of self-determination abstractly, and in the concrete case of Viet Nam I wrote:

(Our) support (for Viet Nam) is based on recognition that the Pol Pot regime, aided and abetted by China, invaded Viet Nam and refused all efforts at negotiation, and that Chinese hostility, soon to be manifested in military invasion, posed a threat to the continued existence of a genuinely independent Viet Nam.

Destruction of the detested Pol Pot regime was a by-product and would not of itself justify Vietnamese intervention. And we believe that they should withdraw at the earliest possible moment, leaving the Kampucheans to exercise their right to self-determination. (Afghanistan: page 76)

Following a visit to Kampucheas and Viet Nam in June, the CPA delegation was able to further concretise the conditions under which we think that withdrawal should occur. (Tribune, July 2, 1980)

In Uganda, also, overthrow of the regime of Idi Amin was effected by Tanzanian forces and dissident Ugandans following a destructive invasion of Tanzania.

Thus, while analysing particular cases and avoiding an abstract approach, the CPA considers that the principle of self-determination should be upheld for the reasons outlined in Afghanistan, page 75.

An example of the opposite line of thinking is found in the demand that the Eritreans and the Kurds should not, in the “broader interest”, struggle for independence or autonomy (Peter Symon in The Socialist, June 4, 1980).
Maybe they should not — though that is open to question. But if they do so struggle, is their suppression by armed force to be justified in the name of socialism?

And can some country, or trend of opinion within the movement, set itself up as the final arbiters on such questions?

Automatic opposition to the Soviet Union?

Jack says: “The real danger (for the CPA, is not being asked to give unqualified support to any Soviet action but) is that of becoming locked into a position which compels automatic opposition to every ‘difficult’ action of the Soviet Union”.

To indicate the unreality of this assessment, I refer to my Comment on the Viet Nam-China conflict (ALR, No. 68):

We had to think about how to react if the Soviet Union had intervened. The lines along which our thoughts were running were that we would have supported (Soviet) intervention against the Chinese invasion insofar as it helped Viet Nam and was a response to Vietnamese requests. But it would be conditional support — conditioned by the degree to which we judged Soviet actions were also in pursuit of other aims, unnecessarily escalated the conflict, etc.

In supporting Viet Nam and present Soviet assistance to it, are we ‘switching back to the Russians’ in allegiance?

Not at all. We maintain our independent position.

Such an independent position does not preclude, but presupposes, support of, as well as opposition to, particular measures taken by various governments and parties, in accordance with our own assessment of those measures.

Equating blocs?

Nor is equation of the Soviet Union with the United States the CPA’s position. But we are not prepared to passively accept a situation in which we are willy nilly propelled into adhering to a bloc and following a bloc leader. I recently wrote:

It has been said that in a struggle between the Soviet Union and the United States, a ‘class line’ demands that one support the former without reservations against the latter.

If only the world were so simple!

And such an approach would reduce other countries and movements to a passive position, reinforcing the hegemony which bloc leaders are always trying to assert. In this respect, though not in others, they may be equated.

The present possibility of gravitating to uncritical submergence in one bloc arises particularly from the dangerous polarisation of the world today and the ‘freezing’ of policies and attitudes.

Relations between China and Viet Nam, for example, are pretty firmly set in a hostile course. And these relations do not exist in a vacuum, but are essentially related to the Sino-Soviet conflict, as is China’s lamentable gravitation to closer and closer collaboration with the United States.

We are likely to see more conflict in our region and in other parts of the world — conflicts expressing and pushing further forward the process of polarisation, and making more apparently compelling the demand that we give up our independent policy.

Despite such pressures, and although it is not immediately apparent what can be done to change things, I believe it would be a great mistake to regard the process of polarisation as total and already consummated, final and irrevocable.

The task before us requires much more flexibility than that. We should work to establish relations with all communist parties and radical movements with the aim of bringing our own mite to bear — on our own where necessary and in cooperation with others where possible — to change alignments before they have completely hardened, leaving no one any latitude.

This is one of the aims of the non-aligned movement which Cuba, for example (president of the movement), perhaps now sees more urgently, post-Afghanistan, despite its differences with Yugoslavia.

When we do take up a firm position of support for one side (for example, Viet Nam in the present dispute with China), we should not do so on the assumption that the side we support is, or has to be made out to be, composed only of angels.

If we think it right we should oppose (the Soviet Union in Afghanistan) or criticise (Vietnamese over-sweeping denunciation of everything Chinese, past and present).

We can do so without feeling that we are thereby weakening our anti-imperialist stand. I believe we are rather strengthening it.
A debate among Marxists of eastern Europe on an alternative democratic path of development is under way.

The contribution of Andras Hegedus to this debate is unique. He was the Prime Minister of Stalinist Hungary but has made a critical reappraisal of his own past and that of his country.

As a part of the "critical Marxist opposition", Hegedus was subjected to official silence for many years, but has recently emerged to give lectures at the university and to publish several works, mainly abroad, but also in Hungary itself.

In this interview he discusses the work of the best-known contributor to the Eastern European Marxist debate, Rudolf Bahro of the German Democratic Republic. (See "The Challenge of Rudolf Bahro" by Denis Freney, ALR No. 72, Dec. 1979.)

The interview was conducted in Budapest by Luigi Marcolungo and published in the Italian Communist Weekly Rinascita. Translated and abridged by Dave Davies.

---

You have been making a study of Bahro's views lately. What are your opinions?

Bahro's contribution is important above all because of his denunciation, in its context, of blind apologetic faith and the philosophy of despair. In his examination of the societies of eastern Europe he bases himself on those socialist and humanist values which are an integral part of Marxism and which I share in full.

However, I do not agree with his approach to Marxism and with conclusions that he draws from his analysis of existing social relationships in the countries of eastern Europe.

What do you mean by this?

In my view, he bases himself on the premise that the classics of Marxism have made an unequivocal forecast of future socialist societies, while in fact Marx and Engels made contradictory forecasts at different times, including on substantial aspects.

Hence the battle of quotations, of which the most grotesque is that between the supporters of the self-management solution and the statist solution. What is necessary is a critical attitude to Marxist orthodoxy, including Marxist-Leninist, that which performs an apologetic function such as in eastern Europe and also critiques in the capitalist countries.
And although I wish at all costs to remain "critical" I must add (excuse what may seem a game with words) a "less critical" analysis of social relationships in eastern Europe. I do not consider them to be a "deformation" born of "despotism" but rather as a particular historical bloc (according to the gramscian concept) which has developed in particular historical conditions arising from previous social relationships specific to those countries.

This historical bloc, while offering limited possibilities of democratic development, has nevertheless in present conditions a capacity to reproduce itself.

What do you mean by "less critical" — for example in relation to the situation of the working class in these countries, judged by Bahro to be a subordinate one?

It is not possible to form an idea of the relationship between power and the working class in these countries without analysing the behaviour of the main types of workers who are socially active. To simplify to the extreme, I will say that there are two main types.

The first kind of worker is involved in the activity of the elective organs at all levels (parliament, municipal and regional councils, party committees, trade unions, etc) and lives out the official ideology and makes it his own in subjective terms. This worker, although participating in the real decision making processes in formal terms — something of which is completely conscious — does not consider himself separate from the real instances of power. And it should be kept in mind that even formal participation is, in sociological and even real terms, a type of participation whose influence is difficult to escape.

In Hungary the members of the voluntary workers' militia are a part of this group. We should also take into account the movement from generation to generation that takes place in these societies, diminishing though it may be, which still broadens the composition of this group of workers. A good part of the officer corps of the various armed forces is still today formed from the sons of workers. This is especially true for the Soviet army and the workers of Russian nationality.

Unfortunately most of those who belong to the critical opposition dismiss with contempt this type of worker, who plays a role which cannot be overlooked even in numerical terms. If this is overlooked, the capacity of the system to reproduce itself in conditions of crisis — such as Hungary after November 4, 1956 — becomes incomprehensible. Of course the motivations which come into play in the processes of integration of this group are another subject for analysis.

The lack of attention to the role and presence of this type of worker is also widespread among western observers of socialist countries. And the second type of worker?

Just as some do not take account of the first type of worker, the ideologues of official apologia do not know what to do with those who have an attitude of opposition. They are passed off as an insignificant minority or hooligans. At times of difficulty the label of counter-revolutionaries or agents of imperialism is stuck on.

But despite everything they exist and are probably not fewer than the first group, although I cannot support this with reliable sociological research. Their role becomes important at times of crisis but is present even in periods of "normality".

It is these workers who keep awake the consciousness of class as a group separate from other social groups. This consciousness manifests itself among other things by the use of "we" (workers) and "they" (the leaders).

Does this kind of differentiation also exist among intellectuals?

When I was teaching at the university I noticed that this differentiation begins among students. Some students are oriented towards an administrative or public career and finish up identifying with the institutions. They will be the "experts", the replacements for those in power who lose their original character as intellectuals the more their career advances to assume the character of the various kinds of "bureaucrats".

On the other hand there are intellectuals who reject identification with the institutions even at the price of giving up the advantages offered by the acceptance of leadership tasks. And this is precisely the group which forms the social base of the critical intelligentsia which sets itself the objective of autonomy. It is obvious that only a limited section of these reach an "active" critical attitude. Most of them limit their activity to one simple profession, avoiding carefully all involvement in the social or political field. The result is the accentuated "privatisation" of the whole existence of the individual so typical of eastern Europe.

Choosing this compromise is relatively easy in the field of natural science, but in the social sciences it is almost inevitable that a conflict occurs sooner or later between the two tendencies, the apologetic and the critical. This is notwithstanding the growth in the number of those seeking to remain neutral or "empirically objective" at all costs.

What is your analysis of the processes of bureaucratisation of the societies of eastern Europe? And what do you think of the hypotheses advanced by Bahro?
Bahro bases his position on a communism which we can define as “consequentially anti-bureaucratic”. He sees the dominant feature of the societies of eastern Europe as the bureaucratisation of the relationships of power. He also maintains that the bureaucratic formations can be eliminated without particularly negative consequences, in a way which allows the building of an harmonious socialist or communist society.

And it is on this point that I do not agree. Firstly, because bureaucracy in the world of power structures assumes diverse and complex forms, even in opposition to each other: it is enough to consider the relationship between the directors of an enterprise and directors of the central economic organisms of the state, between the bureaucracy with ideological motivation and the technocracy (which represents the day to day conflict between economic rationale and political priority), between “political” leaders and “experts”. One cannot speak vaguely.

Further, I do not agree because while it could be conceded ... that bureaucracy can be limited by social control, it is pure utopia to think that it can be eliminated entirely.

Bahro concludes that because of bureaucratisation, the revolutionary communist party has lost its function and is today nothing but a duplication of the state. Do you agree with this?

If Bahro is correct, then the only thing to be done — as he himself proposes — is to transfer the functions of the party to the state in its capacity of an institutional system and organise the communist party on a new revolutionary basis. But it would be necessary to explain why this process should be brought about, because the “lust for power” of the leaders is certainly not sufficient explanation.

In reality, the communist parties in power carry out an important function of social integration among state or public organs at various levels which pursue their own particular objectives.

And the importance of this function has increased with the years in these societies, not diminished.

Bahro accepts the bureaucratisation of the institutional systems of those countries as a necessary evil as well as an historical necessity, but rejects as a useless evil the bureaucratisation of the communist party — which I maintain to be equally inevitable.

It seems that you have in mind a path of democratic development in eastern European countries different from that described by Bahro.

That is so. He thinks that in the countries of “actually existing socialism” a communist opposition will be formed sooner or later which will give rise to a truly revolutionary party. Having taken political power, it will eliminate all useless bureaucracy, realising in practice the principle outlined in the classics of marxism.

But this prospect does not convince me. This is not so much for its lack of realism (in fact there is no trace of this process in the reality of these countries), but above all because the “new party”, having attained power and independently of its original anti-bureaucratic concepts, would not be able to escape the necessity of carrying out the same function of integration of the interests within the power structure like the present party.

The “league of communists” would be transformed therefore into an institution, the members of which, exercising power and bearing all the consequences of it, would find themselves trapped in an equally intricate system of relationships of mutual subordination.

Bahro warns of this danger, but maintains that it can be avoided with a cultural revolution. An important objection here is that in fact the societies of eastern Europe, within the limits imposed by economic development, are moving towards a consumerist model of life rather than towards a cultural revolution.

But the real objection is rather that there is a contradiction between the character of the individual hypothesised in Bahro’s cultural revolution and that of the member of the revolutionary communist party who is struggling for power.

In addition there is another important consideration. It is the danger that the replacement of the “bureaucratised party” by the new “revolutionary party”, this “exchange of roles between anvil and hammer” finishes up causing incalculable suffering to the population.

What prospects do you regard as possible for an alternative democratic development in eastern Europe? I know that you have been reticent about giving a precise answer, although you have maintained that it is not a matter of a return to a multi-party system.

I have reached the conclusion that the true alternative, both “possible and desirable”, can only be the attainment of a dichotomy within society which can guarantee the pluralism indispensable for a democratic social life.

This dichotomy could be guaranteed on one hand by the existence of an institutional system of power. Although largely bureaucratised, it could carry out at the same time an historically necessary function above all in economics and more generally in assuring the more complex framework of social life.

On the other hand, there would be various movements, more or less institutionalised, which could provide social control* of the bureaucratic
structure, but whose objectives should be limited to control* and not the acquisition of power.

These could be new movements or institutions or ones that already exist, for example, the trade unions, movements of youth, of women, elected councils of local autonomy, the press, etc. which have acquired or re-acquired their real autonomy. It is important to observe that, in Hungary for example, a development in this direction would not conflict with the Constitution or with the party program and could facilitate a true dialogue between those in power and the various social strata and the working class itself. Commitment to this road could be the “historical compromise” for eastern Europe, avoiding blood conflicts and making possible the beginning of democratic development, the unfolding of a form of socialist democracy albeit particularised.

But I understand that this prospect would require from both sides an openness to agreement and compromise which is almost unimaginable today. On the part of those in power it would mean the acceptance of the birth of a certain institutionalisation of autonomous movements which are independent of their direct influence. These movements should be able to form their own point of view independently of the exercise of power, having also the possibility of influencing public opinion with their own ideas.

But that pre-supposes the renouncing of the traditional political objective of all political movements — that of attaining power — on the part of those social movements which acquire or re-acquire their independence from the party. Certainly, to arrive at such a compromise a great historical maturity and a deep understanding of the consequences of an aggravation of the situation would be needed from all concerned.

The time at our disposal for this maturing seems, however, to be extremely limited and the possibilities of success therefore small. There remains the hope, a kind of faith, that progressive rationality can at last untie the intricate knot of particular interests and drives for power.

* Control is used here evidently in the sense of “hold in check”, “verify”, or “regulate” rather than its alternative meaning of “dominate” or “command”.

(Trans. note)

---

Transnational Corporations and U.S. Imperialism

David Meredith


Reviewed by David Meredith.

In a world where the international situation appears to change rapidly, there is a great need for an historical approach to imperialism, to go back into its roots, trace its development and assist in an understanding of why present-day changes occur and what their significance might be. The title of V G Kiernan’s book America, the new imperialism, from white settlement to world hegemony, is full of promise, but the work itself contains many disappointments.

In keeping with his earlier works of imperial history, Kiernan concentrates on capturing the mood of America’s leaders and, to a lesser extent, the American people, at various points in their history, through literature, popular culture, and autobiography. America, the new imperialism is thus more of a history of opinion about US imperialism, than an analysis of its causes and development. Despite the description of Kiernan on the jacket cover as ‘an adherent of the Marxist method of history’, the work is not one of Marxist
methodology or analysis. D H Lawrence, Walt Whitman, Joseph Conrad, Rudyard Kipling, Bernard Shaw, H G Wells and Edgar Rice Burroughs all receive more prominence than Lenin, Bukhann or Luxemborg. Kiernan's comment that "...American capitalism has often seemed to be functioning on very much the lines traced by the theory of imperialism pioneered by Hobson and developed later by Lenin" (209), implies a fundamental misunderstanding of Lenin's theory. In fact, insofar as there is a theoretical framework, it is Hobsonian rather than Marxist. For example, Kiernan hardly mentions American monopoly capitalism; instead he tells us that "Big Business" influences American foreign policy by the lobby system on Capitol Hill, and that "...most of the criticism levelled at the US is really criticism of capitalism in the form it has taken there; it has had long enough to colour the national disposition, but need not be thought identical with it" (270). He goes on to elaborate the Hobsonian idea that capitalism does not really need empire, and that foreign adventures are thus the works of a few corporations interested in raw materials, of naive politicians and evil-minded military leaders. The nation (separated in some undefined way from capitalism) has gained nothing from imperialism, except employment. The costs of empire are paid by the whole nation — the benefits go to a powerful few.

Similarly, Kiernan often seeks to explain American imperialism in terms of the personal failings of its leaders. On the American support for Pakistan in the war with Bangladesh, he writes: 'It seemed as if the cult of the bayonet, determined to uphold right-wing army regimes anywhere and everywhere through thick and thin, had taken a pathological hold on the decision-makers; a grotesque parody of the law-abiding, demilitarised earth which was once the American dream.' (237). The "American Dream" has been betrayed, apparently, but there is no discussion of the origins and functions of this "dream" as a form of social control and domestic cultural imperialism.

The work is not without some value. Its survey of events since 1945 is useful and the book is highly readable. Kiernan makes some pertinent comments on American imperialism in the Middle East: 'No nation in history has had a more expensive and disobliging ally (than Israel)...Most of them economically underdeveloped, conservative, pious, the Arabs were tailor-made clients for America; by arming Israel against them Washington allowed Moscow to gain ground instead...America found itself landed with the contradictory task of safeguarding both Israel's holy places and its own, the oil wells' (239-40).

Looking to the future, Kiernan sees some possible cracks in American hegemony, arising from the ever increasing financial burden of empire (a truly Hobsonian concept), the consequence of propping up corrupt right-wing regimes that communism is thereby encouraged, and the creation of capitalism in America's neo-colonies which competes with its own manufacturing industry. Not very large fissures, to be sure, and not assisted by the weakness of domestic opposition to US imperialism: as Kiernan rightly points out, Blacks, Puerto Ricans and Native Americans are highly critical, as recipients of White imperialism at home, but organised labor and middle class students cannot be counted on for sustained opposition.

In sum, this is a readable introductory survey which gets better as it comes up to the post-1945 period, but it does not contain the historical Marxist analysis one is led to expect, nor is it the definitive and comprehensive survey which is badly needed.

Whilst there is a shortage of good general surveys of capitalist imperialism, excellent case studies continue to be produced. One such collection is Norman Givan, Corporate Imperialism: Conflict and Expropriation, which gathers together for the first time six of his essays, published between 1970 and 1975. His theme is the imperialism of transnational corporations in the Third World, and he illustrates it by studies of the copper and aluminium industries of Chile and the Caribbean.

An important contribution by Girvan is the model of corporate imperialism which he presents in the first essay. There is sometimes a tendency of those on the left to criticise the actions of transnational mining corporations without attempting to place them in the context of contemporary monopoly capitalism. Girvan defines corporate imperialism as a system of international capitalism in which power is exercised by owners and managers of capital in order to accumulate capital through appropriation of surplus; the relationship between owners and managers of capital and other institutions and groups (eg. government bureaucracies, workers, peasants, unemployed) is one of dominance and is institutionalised in a framework of large, integrated, transnational corporations. These TNCs as a group form the base of the system. Individually, they are the system's principal instrument of action. Their individual aim of growth and profit is the same as the appropriation of surplus and accumulation of capital which is the aim of the system as a whole. Mineral-export economies will be in conflict with corporate imperialism over revenue matters — what share of the income from the industry goes to the TNCs — over structural matters — as the exporting country's government attempts to use inereal wealth to diversify the economy, while the TNC strives to integrate it more fully into its world system and ultimately, over power issues, the power to decide all the other questions in dispute.
Conflict, Girvan is at pains to emphasise, changes the form of the relationship, but not necessarily its essence. Its essence lies in the power which the parent company exercises over its subsidiaries, the metropolitan centre over the periphery:

The subsidiary’s integration with the parent company comprehensive: its economic dependence is therefore total, and its subjugation to external authority absolute. It is the imperialism of the parent over the subsidiary, as embodied in the power relationships and economic characteristic of the transnational firm, which, when reproduced on a world scale and transposed onto the centre-periphery pattern of the international capitalist economy, gives rise to the phenomenon that we have called corporate imperialism. (24-5).

Girvan shows how all the raw material industries in the Third World came to be foreign-owned as American and European monopoly capital expanded at the end of the last century. In copper, for example, it was the same story in Montana and in Chile — the elimination of an embryonic capitalist class and the integration of resources into the operations of a monopoly company. Mineral-exporting economies in the Third World experience periods of rapid growth of exports, but eventually a state of relative stagnation is reached as the TNC moves on to more economic suppliers, or to new end-products. Girvan asks how can mineral industry initiate a process of self-sustaining growth in the wider economy that can outlast the boom period in mineral exports. Under corporate imperialism the answer is that it cannot:

...mineral industries in the peripheral countries have conspicuously failed to act as a catalyst for the generation of self-sustaining growth... (Moreover)... this failure has occurred in spite of decades of active government intervention in these economies, using mineral-industry revenues to promote diversified development aimed at relieving economic dependence on mineral exports. Today, that goal is as far away as ever for most if not all of the mineral export economies. (30-31)

This failure results from the subsidiary which owns the mining industry being integrated with the parent company, not with the local economy. Profits are remitted overseas, linkages are few, purchases are made from the parent firm rather than locally, capital is raised by the parent firm abroad and so forth. The host government and the subsidiary’s labor force attempt to bargain with the transnational for a larger share of the revenue flow. At some point in the history of the firm’s investment in the country, a larger share may be obtained. After the period of formal colonialism ended in the 1960s, generally the first generation of nationalist leaders were able to “renegotiate” a better deal with the TNCs. One problem here is knowing exactly what are the profits of the subsidiaries, but if this and similar problems can be overcome, the host government may find itself with increased revenues from the mining sector. The consequence of this is that taxes from mining become the main source of government revenue, the state apparatus expands rapidly, and the power of the bureaucratic-politician class is greatly strengthened. Income from mining now finances expensive development schemes which involve imports of capital and consumption goods. At this point, attempts to diversify run contrary to the interests of the TNC and the host government leaders and public servants, who then see any threat — including militant labor demands for higher wages and/or control — to the TNC as a threat to their own position. “Growth without development” sums it up: national income increases, as do levels of investment, imports, exports — but poverty and structural unemployment remain. Having obtained a “better deal” from the TNCs and become more dependent upon mineral exports, countries producing the same raw material sometimes come together to present a united front to the multinationals and to demand an even higher share. Some of these attempts have been very successful, e.g. OPEC and the International Bauxite Association. But
the logic of the system remains: dependence on mineral exports is increased, the more "successfully" such organisations obtain price rises and other concessions. The final stage is full or partial nationalisation of the mining industry, which might or might not, depending on the conditions, leave the host government better off in terms of share of income flow and control over the industry, but it also does nothing to lessen dependence on a single mineral export.

Girvan argues persuasively that the only way out of this cycle of ever-increasing dependence is through disengagement from the international capitalist economy. Nationalisation is a necessary part of this, but must be seen as a first step towards economic independence rather than an end in itself. This strategy is not likely, of course, to appeal to the ruling class in Third World countries, let alone the TNCs, and thus he concludes a social and political revolution is necessary if the pattern of growth without development is to be broken.

The rest of the book consists of essays on particular mineral export economies and contain some important insights into the process of the integration of these economies into the TNCs empires, and the severe problems of disengagement. Girvan himself was part of a team advising the Guyanan government in 1970-71 when it nationalised the Demerara Bauxite Company, a fully-owned subsidiary of Alcoa. His account of the difficulties in obtaining reliable figures from the company, the ability of Alcoa to influence the US State Department and the World Bank on their behalf, and the tendency for Guyana's leaders to compromise and use the issue to advance their own careers, makes revealing reading.

The essay on Chile is also useful, particularly in placing the Allende government's efforts at nationalisation in the historical perspective of sixty years of US corporate imperialism. As in the case of Guyana's bauxite, when a government takes on a US TNC, it must also reckon with the hostility and opposition of the US government, the World Bank and the CIA. The US government's support was not for Anaconda and Kennecott as such, but for American transnational corporations in general: if Chile had been allowed to get away with it, the rest of the Third World might have followed in expropriating US assets and in electing radical governments. With the overthrow of Allende, the Pinochet government has returned the copper industry to its foreign owners and created a favorable framework for the TNCs. In many ways the situation resembles that of the industry in the 1920s, but as Girvan comments:

The Chilean copper wheel had come full circle. But not quite, for Chile will never be the same again. Few more comprehensive cases of imperialism associated with transnational corporations have ever occurred. Few have ended so tragically. The lessons should not be forgotten. (94).

Finally, Girvan outlines a minerals policy for the Third World designed to end dependence. As a starting point, the country must aim to disengage from the international capitalist economy rather than to become more integrated with it. Full nationalisation of the mineral industry, together with localisation of staff and ownership, is a necessary but not sufficient condition. Mineral exports to the industrialised world must be phased out: mineral reserves are finite, they have already been depleted for little or no gain to the country, and in future they should be increasingly used for local purposes and the total output reduced. The industrialised world must accept that it has not the right to the raw materials of other countries, and will have to manage without them, or with a much reduced supply. The consequences are far-reaching, and Girvan acknowledges it is impossible to separate out a strategy for minerals from other aspects of the dependence of the Third World. However, he makes some important points — that very successful producers' organisations in the long run are counter-productive, that indigenous technology and research should be devoted to developing local industries using the local raw materials and that this implies a change in consumption patterns, and that Third World countries should co-operate to engage in state-to-state transactions to by-pass the international capitalist economy.

Norman Girvan's essays are lively, readable and thought-provoking. The issues he discusses are highly relevant to the future of the unindustrialised world, and are not without significance to mineral-exporting industrialised economies, such as Australia.
Anti-Personnel Weapons

It's ironical that in war, individual suffering haunts us more than thousands killed in a mass bombing raid. One is a personal tragedy; the other only a statistic.

The graphic television reporting of the Viet Nam war — which brought the war into our living rooms — helped create an international campaign to revise the laws of war.

In the late 1960s, both the United Nations and the Geneva-based International Committee of the Red Cross (which is responsible for ensuring that the Geneva Conventions are kept up to date) began a massive effort to update the laws of war. This work resulted in new laws, covering, for example, prisoners of war and victims in civil conflicts.

But little was done to abolish particularly nasty weapons like napalm, fragmentation weapons and high-velocity, low calibre bullets which create extensive wounds. These weapons are receiving additional attention. New international rules may yet be devised.

Malvern Lumsden, a member of the renowned Stockholm International Peace Research Institute, has written an excellent and detailed study of what these weapons are, and what they do to people.

His book covers the history of these weapons and the significant contribution to improving them made by the United States involvement in the Viet Nam war. He then looks at the specific types of weapons, including new ones like the use of electric weapons, weapons which use sound to shock their victims, and lasers which burn out the victim's eyes.

Attempts at banning weapons are almost as old as the weapons themselves. The Second Lateran Council, in 1139, for example, attempted to outlaw the crossbow's use between Christians. The ban didn't last long.

About a century ago, when our Victorian forebears believed themselves to be exponents of a new civilisation, new attempts were made to ban barbaric weapons.

The dum-dum bullet breaks up when entering the body and not only makes it difficult for surgeons to fish out all the fragments, but also takes the wound longer to heal. The dum-dum bullet itself was banned last century. The ban remains in force.

But the Americans — and Australians — have got around it by their high-velocity, low calibre bullet which ricochets within the victim's body. The bullet — as the Vietnamese found out — is similar to the dum-dum. But it is on this side of the legal boundary.

The laws of war in general have had more success than they are given credit for. The laws protecting prisoners of war are very useful. But attempts at banning particular weapons all have poor records.

The distinction between the combatant and his method of fighting is best seen by the oft-quoted irony of a World War II bomber pilot. The civilians killed by him weren't protected by the laws of war. But if his aircraft were shot down, then he would have the privileged prisoner-of-war status which allowed him special treatment — the regulations even explained the type of work he could do in captivity and the way in which he was to be accommodated. At first glance it seems as though generals are willing to abide by rules which protect the enemy's troops in captivity — provided their own captured troops were treated well by the enemy. But they wanted a free hand with which to kill the enemy and so refused limitations on weapons.

But the development of weapons has shown that generals don't always like new weapons. If left to themselves, they wouldn't have had submarines, bombers, tanks or mortars. These are not the gallant ways to fight wars. Instead, the new weapons have often been forced upon these men by politicians anxious for quick victory. Winston
Churchill, for example, was instrumental in forcing his generals to use “Winston’s folly” — the tank — in World War I. Behind the politicians have been the scientists and arms manufacturers. These have often forced the pace of new weapons. This doesn’t deny that generals like new weapons. But when decrying new weapons, we shouldn’t always blame the generals automatically.

The scientists, then, play a very important role in changing the way in which wars are fought. While the grand strategy is left to politicians and generals, the scientists are busy perfecting new techniques by which people are killed. The role of the scientists in nuclear warfare is well known. We shouldn’t overlook their equally significant involvement in developing non-nuclear weapons like fragmentation weapons and napalm. Those weapons may not kill but they leave the victims as near-dead cripples. There is no “peace” for them after the war ends.

What possibility is there for the abolition of anti-personnel weapons? I do not share Malvern Lumsden’s hope that international lawyers will find tidy norms and neat phrases to do the job. Their past record has been bad. There is little chance of their doing better in the future.

But the situation is not gloomy. On the contrary, what international law isn’t doing — public opinion has already done. Napalm, for example, is unlikely ever to be used again in a major war. Whatever military benefits there may have been for the Americans in Vietnam in using napalm were far outweighed by the adverse public reaction at home and overseas. Every dollop of burning napalm which melted a Vietnamese helped forge the opposition to America’s campaign. It is unlikely that Australians, for example, would approve of laser weapons which burn out the eyes of an enemy or their children.

As long as wars are fought, weapons are needed. The overriding aim should be general and complete disarmament.

But we needn’t wait until that golden era dawns. On the contrary, disarmament negotiations can be helped by popular opposition to particular weapons. This opposition should be focused on preventing the use of weapons which cause unnecessary suffering. It should also be focused on encouraging scientists (many of whom around the world are working on the arms race) to follow alternative scientific activities.

It would be ironical — and yet possible — if popular horror at anti-personnel weapons triggered a renewed campaign to abolish weapons generally. Malvern Lumsden’s book contains considerable information upon which to build the campaigns. The arms race would be napalm’s last victim.

**REVIEWS**

The New Politics of Human Rights

Keith D. Suter


This is an excellent though very expensive introduction to the progress being made in the international protection of human rights. Dr. Joyce has played a leading part, for almost 40 years, in civil liberties and social reform movements on both sides of the Atlantic, and so he is able to write with all the confidence of some one well versed in the practical side.

The first two chapters provide an historical background. However, the book’s main focus is on current developments.

The chapters include the importance of public opinion in protecting human rights, the threats to human rights from science and technology, and new organisations and methods for protecting human rights. There are also case studies on, among others, Chile, South Africa and decolonisation.

There is a concluding chapter on new areas of human rights, such as the right to economic and social development and the right to peace. It is a pity that this chapter is so brief, since it is clearly breaking new ground and further information is required.

Among the book’s themes are, first, that more progress is being made in the international protection of human rights than is commonly realised.

Secondly, as some fields approach completion (such as decolonisation) so new fields of action
open up (such as scientific and technological threats).

Third, the success of this work generally is tied closely to prevailing political thinking and the protection of human rights cannot be compartmentalised but must be viewed in the wider political context, for example, western countries were slow to criticise South Africa's racial politics partly because of their financial and military ties with South Africa.

The book should be widely read, not only by human rights activists but also by other people interested in the areas also covered, such as science and technology, development and disarmament.

---

New Guide to Marx's Capital

Jan Bruck


At a time when activities in Marxist theory, both in the academic as well as the political sphere, have to carried out in near degree zero temperature, a Guide to Marx's Capital such as this one might help isolated groups to revive their spirits and to survive the political winter. This small but dense book, co-produced by two members of a Sydney-Konstanz collective, provides, in five essays and two appendices, a clear skeletal outline of the three volumes of Capital, assisted by a handy "systematic glossary", in which "145 key terms
and concepts” are briefly explained in order of their appearance — a working strategy very useful for the study of Capital in small groups, under the guidance of experienced members but not for lone readers looking for an easy way into the secrets of Capital, or a teach-yourself-guide to Marx’s economic theory.

Apart from providing a basic outline, the book enters into fundamental questions of Capital analysis and challenges the interpretations of orthodox Marxism. The authors also make an attempt to improve Marx’s ‘logical-historical’ mode of presentation by developing it further in the direction of a systematic presentation, which gives ‘every day knowledge’ its proper place in the unfolding of the systematic argument by developing along concepts step by step in a dialectic with general phenomena of capitalist daily life.

The dialectical presentation is not separated from an attempt to explain the contradictions contained in the value-form of labor and does not ignore the ‘dark’ section in the first chapter on “The Value Form or Exchange Value”, the significance of which is seen in terms of its developing a concept of money.

In the first appendix, the confusion caused by the treatment of the notion of labor powers as an industrial commodity is clarified, and the second shows how capital “requires science and stimulates its development.” The authors are aware that Capital is only a fragment of a system which is to provide a more complex theory of modern society, and they see the systematic reconstruction and further development of this fragment as the only way to overcome the economism in marxist theory. The guide helps to provide a first step in this direction.

Review

World Futures — The Great Debate

Keith D. Suter


This huge volume (over 400 pages) is an excellent introduction to the debate over futurology. Its opening chapters are a review of the main schools of thought governing speculation about the future.

The central chapters look at the debate in the contexts of food, energy, mineral resources, and technical change. The final chapters deal with various scenarios for the future and the dangers of the arms race.

This is not a book for general reading. It is written clearly and without the usual social science jargon. But it contains too much information to prevent easy absorption. It is more a source book to be studied by people interested in the various subjects it covers.

Its main value is the survey of all the major forecasters in social science, starting in the 19th century but with particular emphasis on those in the 1960s and 1970s. It also covers Soviet writers (who are apparently the world’s most optimistic thinkers about the future). It also contains information on what should be done, according to these people, to make the future a better world.

The book’s second strength is the attention to some critical issues. Each chapter is crammed with information. In dealing with food, for instance, attention is also given to the role of transnational corporations and predictions about climatic changes (the northern hemisphere has had for the past 25 years or so a cooling trend which has reduced the length of England’s growing season by about 10 days).

Third, the book devotes some attention to energy. This has been a neglected issue in early forecasts, whose authors expected a good supply of cheap energy for the future. The book prefers energy conservation (especially in the industrialised nations) with increased attention to coal mining and alternative energy such as solar power.

War is a subject often avoided in future studies. The book devotes a whole chapter to it. This, too, is full of interesting information. There is, for instance, a comparison of the lethalties of major weapons. We have come a long way: a sword rates 20 while a one megaton nuclear fusion explosion rates 660,000,000 deaths. The authors look at three world views and note “that all three converge in seeing disarmament as a necessary condition and consequence of a high growth, more equal world.”
The book is overall optimistic about the future. The 15 authors regard it as desirable to strive for a world in which the current extreme inequalities between rich and poor countries are significantly reduced not by a world-wide return to "primitive" living, but by increasing the standard of living in the poor world much more rapidly than in the rich world. For example, the problem of food is not so much one of physical shortage but of income distribution.

The book's main defect is its assumption of rationality among politicians and public servants. The book ends by returning to the "inherent lunacy" of the arms race and a plea for arms reduction. A world consumed with a passion for weapons is not necessarily rational enough to see the advantages of sharing its resources and working for the betterment of humankind.

However, it is well worth reading. It is a pity about the price. Get the library to order a copy.
THE POLITICS OF HEALTH AND WELFARE:
A VIEW FROM THE LEFT

A series of seminars sponsored by the Australian Left Review to examine the state of health and welfare services in Australia today — why they don't serve people's needs and what can be done to change them.

October 15:
Cancer and the Environment: Warwick Pearse and Ian Lennie. The growth of cancer shown to be an outcome of the destruction of the environment through the anarchy of capitalism.

October 22:
Your work may be dangerous to your health. Ian Lennie and Warwick Pearse: The occupational health system from the workers' point of view.

November 5:

November 12:
The Food Industry and Health. Michael Burns. The link between corporate control of the food industry and western society's major health problems.

November 26:
The Politics of Doing What Comes Naturally: Rebecca Albury. Under capitalism, not even the production of the next generation is left to chance — contraception, conception, childbirth, motherhood, fatherhood.

December 3:
And Last and Usually Least — the Kids, or Take Your Problem Somewhere Else, Madam. The nature and inadequacy of children's services.

December 10:
Poverty and Social Insecurity: Sheila Shaver. Poverty is as common today as in 1880 with the majority of poor being those whose labour power is not marketable. The Australian social security system supports the poor just as it perpetuates their poverty.

Place: Inner City Education Centre, 37 Cavendish St., Stanmore.
Time: Seminar begins 7.30 pm sharp. Drinks and talk from 7.00 pm.

There will be no charge but donations to cover costs will be welcome. If child care is required, please ring and tell us. For more information, contact Patricia Healy, 827.3598.
Classics

and Australian journals, and of course, all the Marxist
and Australian journals. We stock hundreds of overseas
editions, social sciences, sexual politics, fiction, and
education, and educational pamphlets giving a radical view on politics, philosophy
and

have Australia's largest selection of books and

books

Australias Best Left

Edinburgh St, Melbourne. Ph. 61 2869
International Bookshop, 17
St. Perth, Ph. 286 499
Pioneer Bookshop, 75 Bulwer
St. Wodonga. Ph. 22 934
International Bookshop, 73
Union St, Newcastle, Ph. 22 766
International Bookshop, 36
St. Sydney, Ph. 26 2161
Dixon

P.O. Box 6
Northbridge, Ph. 522 929
People's Bookshop, 1005 Ann St.
St. Adelaide, Ph. 223 767
People's Bookshop, 257 Angas

Don't forget the Fourth

Australians hands down.....

They beat the British

1981, part 1s from Sydney University
10-18 Marxists Summer School at
Museum hands down .....