FOR FIFTY-TWO YEARS of the 67 since Federation, Australia's Prime Minister has come from the party of conservatism, of urban monopoly capital, whether called Free trade, Protectionist, Nationalists, United Australia or Liberal.

For 34 years of these 52 years the conservative Prime Minister has been a Victorian. Since 1916 there have been five conservative PM's (excluding the caretakers Earle Page, Fadden and McEwen). Of these, two were Labor rats, Hughes and Lyons, who became Prime Minister because traditional conservatism was no longer able to rule in the old way. That the Prime Minister then came from outside Victoria was also significant.

Bruce, Menzies, Holt ruled Australia for 25 years, coming from similar backgrounds—"Public" school, law, members of the Melbourne Club, safe men for the Establishment, conformist in philosophy and policies, even though their intellectual abilities and political talents varied. The 81 Liberal MP's preserved tradition by electing Gorton. Geelong Grammar in place of Wesley College, "gentleman farmer" instead of lawyer, as conformist and conservative, even perhaps still more to the right; differences are minor and similarities decisive.

The Australian press, unrenowned for either depth or dignity, did its level best to create some sensationalism, some appearance of tension, competition and struggle. After a few days exploiting the tragic circumstances of Mr. Holt's disappearance and death, another few days of fulsome gratitude for Johnson's visit, that combined business with mourning, the press settled down to screwing some drama out of the race for leadership. Predictably, it was no race; Gorton cantered in, by a thumping margin of 21. Melbourne had won again.

Of course, there is much more than parochialism involved. Melbourne is the financial centre of Australia, the hub of monopoly capitalism. Menzies, with his usual arrogance, spoke no more than the truth when he said in Parliament over 30 years ago that he was glad to hear Labor MP Beasley read out a list of big shareholders in Broken Hill Proprietary, because he "heard the names of so many of his friends".

Gorton's election is new proof that there is in fact an Australian ruling class, and that its core is the Melbourne grouping of finance capitalists. It may perhaps seem unnecessary to repeat
this, were it not that even some critics of modern capitalist society seem to have joined its upholders in declaring outmoded the concepts of class and class struggle, and ownership and control of industry and finance as the basis of class power.

To say this is not to make the vulgar-materialist mistake of assuming that Melbourne company directors assembled in a Collins House boardroom to select the “pea”. The ruling class has its own conditions of existence, its own ramifications and its own methods. Whether you prefer the words power elite, establishment or ruling class, the reality is the same—a class outlook based upon private ownership of the means of production, an ideology usually moulded in elite schools that cater for, at most, four per cent of the people (as this column has pointed out, two-thirds of Cabinet members were educated in these schools). There are the closest personal relationships between big business tycoons, tory politicians, top lawyers and the ranking brass of the civilian and military public servants, established at exclusive schools and clubs, by intermarriage and other forms of social intercourse. And the Melbourne monopoly group’s domination, the basic cause for Melbourne’s political dominance in the conservative party, is of course reinforced by past favours and privileges granted, future positions and largesse to be bestowed. There is the good old Liberal Party machines, more powerful and ruthless than Labor’s, even if more subtle, gentlemanly and less exposed to daylight (naturally, since the press controllers are part of the machine).

The only conflict of policy came from outside the Liberal Party, and then only in the form of McEwen’s ban on McMahon. There is more to this than the Basic Industries Group or Maxwell Newton, and it may well be complicated by a dislike that combines policy, politics and a clash of personal habits and differences. But the policy difference is again decisive, and it goes further than Country Party-Liberal Party jealousies (that are real, and by no means ended by the events of January 9). There are deep differences of interest between monopoly groupings, deep conflicts of opinion on policy (devaluation, foreign investment, tariff, trade and fiscal policies, even perhaps foreign policy).

It requires neither deep penetration nor inside information to prophesy not only further serious clashes between the coalition parties, but also strife within the Liberal Party. The wounds, insults and double-dealings of a sudden struggle for succession are not easily forgiven.

SERIOUS PROBLEMS FACE GORTON as he takes over a divided coalition. Most of these are inherited from Holt, even if handling of the postal strike was something for which Gorton himself can
claim the "credit". The two most serious problems are the economy and the Vietnam war—and in saying that, one states that almost every aspect of policy, of social and political life, is fraught with difficulties and dangers.

The Australian economy faces grave difficulties, even though it has been buoyed up over recent years by huge inflows of foreign capital (that is gradually taking over a decisive ownership of many industries) and by accelerating extraction and export of minerals (that is depleting our natural resources and making the country a quarry). Even these expedients have failed to guard against long-term problems that arise from internal and external contradictions of modern monopoly capitalism.

Australia has an acute balance of payments problem—a chronic trade deficit, rising freight and other costs, a general trend of falling prices for raw materials and rising prices for capital goods and other manufactured imports. Last year's fall in foreign capital investment, on top of these long-term trends, has brought Australia's gold and foreign currency reserves to $900 million, the lowest for years and approaching danger point. This serious situation coincides with general capitalist financial crisis, affecting particularly the United States and Britain.

Such capitalist "elder statesmen" as Harold Macmillan, some serious newspapers and economists are calling up the spectre of a possible crash like that of the '30's. Whether this be right or wrong, there is no doubt that there is a crisis of confidence, a long-range and indeed incurable disease of the world capitalist economy.

Capitalist economists, theorists and politicians have been proclaiming the solution of basic problems that marxism declared insoluble, through the new, sophisticated economics based on Keynesian theories. It is true that these theories and measures have achieved certain successes, that have affected economic and political trends in the capitalist world. Only incurable dogmatists or wishful thinkers refuse to recognise these successes and their effects. However, as marxists have always said, these measures have not solved the basic problems of capitalism. Indeed, the very fields in which these techniques operate—credit, finance, deficit budgeting—are precisely the fields in which the crisis breaks out, even though it assumes different forms.

THE AMERICAN ECONOMY boasts an eight year boom, in which production has expanded and employment risen (even though unemployment is still over four million). Huge expenditure on the Vietnam War (now around 25 billion dollars a year) had apparently been taken in the economy's stride. Yet it is
precisely this enormously wealthy capitalist power that faces the most serious financial crisis, that has brought its gold reserves down to 12 billion dollars and threatens the dollar with devaluation. Modern monopoly capitalism has transferred the problems of trade, realisation and extended reproduction from the national capitalist economies into the sphere of world trade and finance. Imperialism—the striving for world economic domination by huge monopoly groupings and its corollary, world political and military supremacy—has created a most explosive situation. Two important features of this situation are the struggle between imperialist nations and the increasing pressure of exploitation by the industrialised capitalist countries upon the non-socialist developing countries.

BRITAIN HAS SUFFERED MOST in the struggle between the capitalist powers. Devaluation, the attack upon living standards and unemployment, withdrawal "East of Suez", has forced full acceptance of the end of British imperial policies. Other imperialisms have waged their struggle against the British. Gaullist France has been the most open, but all the others have played their part, in trade wars, financial pressure and political in-fighting. Perhaps the greatest contribution was made by the United States, that moved into the imperialist "power vacuum" created by British withdrawals from sphere after sphere (South East Africa, Persia, Middle East, India and others). And often these "withdrawals" were made under US pressure, whether overt or covert.

Now, the very successes of the other monopoly capitalisms in their struggle against Britain are threatening the whole capitalist world, in the form of a crisis of confidence in stability of its world financial structure.

THE GAP BETWEEN industrialised and developing nations is the other great problem. World politics are more and more influenced by the problems of hunger, the agonies of new nations striving for industrialisation and agricultural development under the intolerable strains of exploitation by the capitalist nations. This exploitation is exercised in the terms of trade, in distortion of the economies for the benefit of investing countries, in manipulation of corrupt elites and governments by the powerful nations, and finally by political and military intervention.

The suffering and misery that this brings to hundreds of millions is multiplying. The new forms of world capitalism, and its new exploitation ("neo-colonialism" and "aid") are in fact widening the gap between industrialised nations and the others.
On a world scale, history is vindicating, in terrible fashion, the prediction made by Karl Marx that capitalism leads to an accumulation of wealth at one pole and of suffering and misery at another. This also creates new and powerful forces for social revolution.

AUSTRALIA’S FUTURE is inevitably affected, more closely than most capitalist countries, by this second great problem of contemporary politics. By geography and economic logic, Australia’s future is bound up with South East Asia and the Pacific. By its history of association with Western capitalism, and its development to a monopoly capitalist society, Australia has been part of the imperialist world. By its relative weakness and economic and political influences of stronger capitalist powers—first Britain and now the United States—its rulers have been willing associates of imperialist policy, economic, political and military, dependent on a stronger power and incapable of exercising independent initiatives and policies. That is why Australia was at war in Korea and is now at war in Vietnam, has forces in Malaya and will become still more deeply committed to a policy of aggression in Asia so long as the Australian people allow its ruling class to decide national policy.

Australia is also seriously affected by the chronic economic and financial crisis of world capitalism. The convergence of the two great problems arising from imperialism poses serious and even decisive issues before every class and every political trend.

ELECTION OF GORTON as Prime Minister seems to foreshadow both continuity and change in ruling class policy. First, continuity of basic policy; second, change to a tougher, more extreme and aggressive line internally. The 1966 election strengthened the extreme right in the parliamentary Liberal Party and Cabinet. Gorton was supported by most of these elements and he can be expected to show appropriate gratitude in Cabinet changes. Although his political outlook and character are not well known, he is more rightwing and authoritarian than even his predecessors, unaffected by the Victorianism of Menzies and unsoftened by the careful balancing of Holt, career politician par excellence.

Shrewdness and a certain flair for political “image-building” may mask these traits and even restrain their exercise temporarily. However, the objective situation, the nature of the problems and the immediately urgent decisions to be made, do not give much room for manoeuvre.
Immediately, vital economic decisions have to be made. The balance of payments has to be tackled, probably by a combination of deflationary moves—some restriction of credit, an attempt to stabilise wages while prices continue to rise (a general five per cent or bigger rise is tipped in 1968), holding of government expenditure on education, social services and money for the States. If these prove insufficient, then increased taxes and a generally class-biased budget can be expected, while war expenditure will continually rise. But this program will not be so easy to push through.

The trade union movement is in no mood to accept the employers' tactics of absorption, the planned delays in flow-through of the increases in margins won in the metal trades "work-values" case by long and cumbersome "hearings". The mailvan drivers' strike for their modest $3 claim, delayed for years, shows that the government cannot expect to "set an example" by pegging its own employees' wages without a sharp reaction. Widespread industrial action is certain. The unprecedented explosion of industrial strife even before most industrial workers resumed work has set the stage for 1968 as a year of sharp class struggle.

**ARBITRATION HAS NEVER BEEN** so discredited. The Commission's decision to grant $7.40 rise for most metal tradesmen, far from restoring arbitration's image, has further exposed the fiction that cases are heard on their merits. Rather, unionists as a whole are drawing the conclusion that metal unionists have already acted upon—that arbitration decisions reflect the real relation of forces between employers and unions. Strong unions can win claims by their strength, and courts will rubber-stamp them if there is no other way.

Indeed, unionists are seeing a clearer pattern in the apparent inconsistencies of recent judgments. If the employers can absorb the increases for tradesmen in over-award payments, if most metal workers can get only a small increase and the flow to other awards can be dammed, very few workers would get much at all.

However, employers, Commission and government are reckoning without the unions. The metal workers will fight absorption to the end, while other workers are already acting to obtain commensurate rises. Even if "109's shower down life confetti at a double wedding" (to use a colorful phrase from a financial newspaper) industrial struggle will spread. If present penal powers fail, as they must when workers are determined and united, the government will have to decide whether to threaten more draconic measures.
There will be strong pressure from its ultra wing, and from the employers.

Deepseated and growing concern throughout the community about the chronic crisis in education, the glaring inequity and inadequacy of old age pensions, and the scandal of high costs of medical care, will increase political pressure for increases in socially necessary expenditure of public money. The Country Party's demand for compensation to primary producers hit by sterling devaluation adds a new factor.

Over all these problems hangs the question mark of war expenditure. In the Budget speech even McMahon had to admit the present spending is at danger level, economically. Since then, the Vietnam commitment has grown, F111 costs are rising, and new pressures are being exerted for increased commitment to the "defence of South East Asia". Whatever Gorton may say, the "American Alliance", cornerstone of conservatism's foreign policy, will force an escalation of military spending.

THE VIETNAM WAR therefore remains a central issue for national decision. There is no victory in sight, no apparent end to the cost in lives, in money and in political danger.

With the US Presidential election only nine months away, there has been a new rash of optimistic window-dressing. Westmoreland has spoken of a turning of the tide; Hanson Baldwin says "The Allies are winning". A dogged official optimism emanates from Washington. This scarcely reflects either the military or political situation in Vietnam, and is not convincing either world or American opinion. McNamara has gone, another political casualty of the war, following Maxwell Taylor, Cabot Lodge and many other military and political figures.

In reality, the war is running against the Americans. The battles are still being fought in the areas declared "cleared" a year ago, the most "secure" US bases are still open to National Liberation Front attacks, and daring probes are made up to the very outskirts of Saigon. The NLF forces alternate guerilla and positional battles with bewildering variety and brilliance. Indeed, the NLF Army is proving superior to the US in both strategy and tactics.

Its forces are better equipped than ever, and they have been able to counter every new tactical weapon the Americans have thrown into the war. The helicopter battalions, sky cavalry, worked out by US strategists for precisely this type of war, have failed to daunt the NLF forces, though they did produce an initial dismay. Massed bombing in North and South, defoliation, gas,
fiendishly ingenious and horrible anti-personnel weapons, napalm—all have been tried and have failed to secure superiority. Terror bombing has failed to crush Vietnam's spirit, and a huge toll of planes and pilots has been exacted by all types of defence, including small arms.

The forces opposing imperialism and war and fighting for peace and national liberation owe an enormous debt to the Vietnamese people. Their staunchness, patriotism and military skill have met and are defeating all the strength US imperialism can throw into this war. They have already inflicted crushing political and military reverses upon the US. The Vietnamese people's war is being won because it is waged politically as well as with arms, in the arena of world politics and within Vietnam, where the NLF struggle depends upon popular support from all but those social forces which served French colonialism, the Japanese occupiers, and now the Americans.

The political struggle includes the effort to win a just peace for Vietnam. The Vietnamese have shown themselves willing for negotiations seriously intended to bring peace through a return to the 1954 Geneva Accords. The US has shown it wants only victory and unconditional surrender. When the Democratic Republic of Vietnam announced willingness to begin peace talks if the US abandoned its bombing, Assistant Secretary of State W. P. Bundy made this clear, saying there was nothing to show that the Vietnamese leaders are "ready to yield". Of course they are not prepared to yield, nor will they ever be so prepared, for to yield would be to surrender Vietnam's independence forever. It is both dangerous and absurd to expect Vietnam to yield, and expectations that they might are evidence only of an unrealistic evaluation of the Vietnamese conflict.

The debt owed to Vietnam by the democratic peoples of the world should be repaid by a new effort to force US acceptance of the DRV offer. The demand for an immediate end to the bombing, once confined to the left and the protest movement, is receiving more and more support from world figures like U Thant and, in the USA, from people like Senator Mansfield. A new political offensive uniting all the diverse trends of opinion in Australia and the world in support of this demand is the best way to bring pressure upon American imperialism.

This is also a political demand that confronts the new Gorton Government, an essential component of the united front of all possible trends in the labor, peace and democratic movements needed to mount an offensive against the policies it will pursue and the threats it presents to most Australians.