DISCUSSION:

Metal Trades Struggle

THE "FLOW ON"

THE METAL TRADES Award Judgments of December 11 and February 21 pose many serious problems for the trade union movement, not the least of which is the problem of 'flow-on.'

Both during the course of this award hearing and in its decisions the Court set out to break up and completely change the pattern of trade union wages activity.

In the post-war period the pattern had developed of the trade unions combining nationally and making a wage demand on behalf of all workers by way of a test case in the Metal Trades Award.

Previous margins decisions have not only won improvements for metal workers but have 'flowed-on' to all other industrial workers.

In addition the professional and white collar workers have been able to utilise these victories to extend gains to their members.

The latest decisions strike a very serious blow at this tactic. The Court has declared that the increases are to be restricted to the Metal Trades Award and in its latest judgement made a very definite statement that the Metal Trades Award was not to set a pattern for wages in other awards. It declared again its intention to insist upon work value cases in all other awards without the judges or conciliation commissioners being bound in any way to follow what has happened in the Metal Trades Award.

The A.C.T.U. Executive has decided to rally the trade unions in opposition to this policy declaration of the Court and has advised its affiliated unions to make application for a 'flow-on.'

The question arises what tactics should now be adopted by the trade union movement to counter this long planned and very definite policy of the Court which is supported by the Government and employers.

The Court's aim seems to be clear. It is to prevent the workers from developing huge mass national actions, it is to divide the workers up into small groupings and to confine wage cases to work value investigations which can take many months and in some cases years to complete.

The situation calls for much more combined activity and indeed massive actions if the policy which has in fact been implemented by the Court is to be reversed. The A.C.T.U. Executive action in advising affiliated unions to make demands is a good first step, its request that the campaign be conducted through the State Labor Councils allows for the development of united action in each State.

But the fact must be faced that the Court's judgement has had some success in breaking up the long standing method of union campaigning.
best placed to deliver economic blows to the employing class.

To a certain extent they have been removed from the general wages struggle even though there are still areas of struggle within the metal industry that will occupy the unions.

These developments do present problems but also present the trade unions with the opportunity of strengthening their organisation on an industry to industry basis. The metal trades struggle has shown that it is possible for unions of differing leaderships to join in united action and very militant united action.

Union leaderships which have been sheltering behind the more advanced activity of the better organised forces will be required to pay greater attention to improving their union organisation and fighting more vigorously for general union policy.

Whatever form the trade union struggles assume in the future this metal trades decision has underlined one thing very clearly. That is, that the level of wage rates the workers receive will be determined primarily by the degree of activity and organisation of the working class themselves.

PAT CLANCY

DISCRIMINATION

THE RECENT work value case conducted with the metal unions received a thoughtful analysis by Jack Hutson in the February-March issue of Australian Left Review. The article calls this one of the most bizarre cases in the history of the Arbitration Commission. For two years the Commission conducted an "Inspection of Trends" in metal industry skills.

This long-drawn-out process proved to be a veneer as employers and the Commission sought to consolidate a new wage-fixing method which has the effect of dividing the metal worker from other sections of industry by denying the long established principle of the flow-on of the Metal Trades decision to other awards and by insisting that other unions have no alternative but to proceed through a "Work Value Case".

The granting in full of the Metal Trades Unions' claim for $7.40 for tradesmen contrasts sharply with granting from nothing to $1.60 to a majority of non-tradesmen in the Metal Trades Award. It is this latter group that is mainly engaged in mass production and produces the greatest profits. The Commission's decision widened the wages gap between tradesmen and non-tradesmen.

When employers and the Commission sought to have the wage increases absorbed in the over-award payments, they were faced with powerful, united and sustained struggles of metal workers and were forced to retreat. This was a victory for militant united action and signifies that job action is the best way to improve living standards.

Although in its judgment on February 22, 1968, the Industrial Commission abandoned the decision for general absorption of the metal trades wage increases, it stated: "We recognise the possibility of the odd case where some absorption is inescapable." Already a number of employers have taken full advantage of this, but only in factories where union and job organisation is weak.

The complete inadequacy of the amounts to non-tradesmen, however, constitutes a challenge to the whole trade union movement. Awards for skill must always be maintained, but these can only be safeguarded if they are based on a policy of a family living wage.

This problem of a living wage is the common property of tradesmen.
and non-tradesmen, men and women, migrants and Australian born. Recent struggles have displayed the pattern for the future. For example, in one metal industry with approximately 500 workers comprised of Greeks, Italians, Jugoslavs and a minority of Australian born, mainly process workers with a minority of tradesmen, the workers in a splendid display of solidarity, were on strike for three weeks for a small amount of $1.60 for male process workers and $1.20 for women.

The current attack on the Australian wage structure by the imposition of the total wage with the abortive "work value" appendage for all industries, and the attention given to the liquidation of over-award payments, can only be defeated by broad, national trade union unity and struggle. The unions must take account of changes in the work force. In various industries technical changes have greatly increased the proportion of non-tradesmen to tradesmen. Such monopolies as Broken Hill Proprietary, Australian Consolidated industries, Imperial Chemical Industries, have an army of production workers, mainly process workers, with a relatively small group of tradesmen occupying key positions often related to general maintenance. Both are indispensable to production, equally so to working class unity. Industrial unionism must replace the old craft unions.

Since the war we have seen the inclusion of thousands of migrants in industry. These are now a decisive section in many industries and belong mainly to the lower paid group. Can we seriously consider the problem of any successful campaigns if we ignore this reality? And yet there is still very little attention given to special publications for these workers, particularly in the Italian and Greek languages. Only a few union journals include material in foreign languages.

The growth of trade unionism still falls below the growth of population. A source of new strength is to be found amongst migrants. This has been shown in the many strike struggles of the past. Surely this deserves greater attention.

In these years of mass production, the work-force is expanded by increasing numbers of women. The "Work Value Case" emphasises the continued discrimination against women workers who give a boost to profit by supplying, in some industries, the bulk of process workers, at 75 per cent of the male rate. These, in the main, receive no over-award payments. The case for equal pay must receive greater prominence.

I wish to express agreement with the conclusions reached by Jack Hutsdon—that these recent events have somewhat exposed the aims of arbitration. We must direct our attention to building and strengthening the unity of industrial workers. We cannot afford the concept of a sectional campaign.

Tradesmen and non-tradesmen, Australian men and women workers, whether born here or in some other country, can be built into an active force that will defeat the employers’ aims and advance the general standard of living. If the trade unions take into account the present composition of the industrial work force and direct their propaganda and activity accordingly.

HARRY HATFIELD

THE PUBLIC SERVICE

AT FIRST SIGHT, the formal abolition of the basic wage does not appear to have had an effect on wages in the Commonwealth Public Service. Commonwealth Service rates did not contain the traditional division between a basic wage and a margin.

For purposes of computing the flow of metal trades decisions in the past, a basic wage component was deducted.
equal to the annual equivalent of the six capital cities' basic wage. The remainder of the annual rate was multiplied by an appropriate percentage for each increase in metal trades margins.

Metal trades basic wage increases were passed on in the form of a regulation which provided that all existing rates were increased by a flat rate equal to the annual equivalent of the basic wage increase.

However, the combined effect of the Commission's total wage and metal trades work value decisions is having a radical effect on the wage levels in the Public Service, particularly in the lower grades.

1 The abolition of flat-rate basic wage increases has seriously disadvantaged the lowest paid worker, in the Public Service as well as outside.

Jack Hutson's table in the last issue of ALR shows clearly the effect which basic wage increases have had in raising the relative position of lower paid workers. He shows how each post-war basic wage decision has resulted in an upswing in the ratio of the assistant's wage to that of the litter.

2 The setting of very wide differentials in the December 1967 Metal Trades decision, while they will not flow directly to other industries if the Commission has its way, will undoubtedly form a pattern in future decisions in other industries.

The composition of lower paid workers has changed rapidly with the departure of the Australian born worker and the introduction of many migrant workers. It is also a section in many areas under right wing trade union leadership, which must become subject to great pressures from workers seeking improved wage standards.

In the Public Service, particular pressure will be on the largest union, the Postal Workers' Union, which covers 45,000 members embracing most of the lower paid designations.

Already the Government has implemented the same policies as the Commission, in its fierce resistance to increases for its lowest paid workers, and in its excuse to break off major segments of work, such as the sorting of letters, and transfer them to a newly created designation at lower rates of pay.

3 The cancellation of all relativities and flow of wage increases within the Public Service has already been used by the Government for example to prevent the full level of increases flowing from postal clerks, to mail officers, postmen and other similar groups. It has been used to block completely any increase to PMG motor drivers leaving them for the first time in history at a wage rate below that of postmen.

In the latter case, the Gorton Government was prepared to provoke the wholesale dislocation of industry and commerce, and to defy Australian tradition by the importation of massed numbers of scab labor in order to resist an intra-service flow on of wage increases to the relatively badly paid drivers.

In refusing the drivers a wage increase, the Public Service Board Chairman, Sir Frederick Wheeler, specifically argued that drivers' wage rates should be considered on their own merit, and not in relation to other groups covered by the same Award.

4 The abolition of the flow from Metal Trades decisions, together with the last point oblige unions to present separate, complex, expensive and long-winded work value cases to obtain wage increases. For many small unions and for many Public Service unions in particular, this is not possible. They cannot hope to operate
under the new system without amalgamations and the pooling of resources.

In the past many of these unions have been able to obtain frequent wage rises on the basis of flow on decisions either from the Metal Trades or from other Public Service designations without entering a protracted wage hearing, and without any form of mass struggle or agitation.

Unions which have never thought of industrial action in the past, will be faced with the problem: either industrial action or no wage increases for their members.

While this is a feature of the problem all small unions are now placed in it is particularly acute in the Public Service and among non-industrial unions who have never had to face naked class relationships in such a way before.

Before the recent PMG drivers' strike, drivers had not previously stopped work in five of the six states, nor had postmen or telegram boys, and in NSW it was only the second time that they had stopped. In five of the states mail officers had previously stopped only for short periods and linesmen who joined the strike in South Australia had never previously taken stop-work action.

In addition, telegraphists and technicians joined with stoppages and the Postal Overseers' Union for the first time in history, came out on strike alongside the Postal Workers' Union.

On top of this many unions imposed great numbers of black bans on handling of mails, on all PMG supplies and against the transgressions of work boundaries of those people who were on strike.

There were expressions of solidarity and support on the part of the public and of student organisations which took various forms.

The tremendous participation of forces new to industrial action and the firm solidarity within the service and with industrial workers, which was marked in this stoppage, no doubt foreshadows changes in the industrial outlook of Public Service workers as they are forced to come to grips with the consequences of the new drive by the Government, the employers and the Commission to freeze wages and lower standards of living.

BRIAN T. CARET

A CATHOLIC VIEW

THE "MARXIST CHRISTIAN Dialogue" project in the Left Review, presented a very welcome picture of sincere efforts on both sides to explore for better mutual understanding. Each of the articles on the subject was concerned either wholly or mainly with ideological or theological considerations; it is patently necessary that this intellectual understanding must be sought and cultivated, but as I see it, the crucial problem is not really one of mutual tolerance of respective eruditions, rather as a titanic problem of human relationship. The tragic fact we face is, that the conforming multitude of followers of both philosophies have almost total adverse reaction to each other, and that these people will not be reading the works of Garaudy, De Chardin and others. Therefore, a strong, sustained period of re-education and re-alignment is before us, and the sooner the process begins, the sooner some results will be apparent.

In my view, Christianity (as it has been interwoven with Western and European attitudes to communism), is much more culpable for the present deplorable state of affairs than is communism. Therefore, it is up to responsible Christians always to take the initiative. Also we must recognise that Australian Christianity is, typically, lagging well behind our overseas fellows in recognising the position, and
in attempting to work for improvement. Thus, an extra effort is required here, to make up the lee-way, and to assume the advance position which we should be occupying.

I have little trust in the prospect of success through official planning by Christian Church leaders, and the thrust and planning must come from the ordinary people, both lay and religious. In particular, Catholicism, by virtue of its more organised structure, is the most likely to show speedy results. Catholics have the precepts of the Vatican-Council, and Pope Paul VI and John XXIII to inspire and guide them, and thus should be in the vanguard.

In Australia, the political aspect of communism has abetted in confusing understanding, but our attitude in this respect must be placed in the same perspective as that relating to other forms of political activity in our country. It is simply not relevant in the context we are discussing. My hope therefore is, that we ordinary Christians will positively seek every way of joining communists in service to man. We must join them in movements for alleviation of suffering, for elimination of war, for relief of poverty, and correction of under privilege. We must be as outgoing to communists as we are to Christians and ever ready to become intimates of those with whom we are personally compatible.

In other words we must love our neighbours.

COLIN MCDONALD

LAND RIGHTS FOR ABORIGINES

THE RIGHT of Australian Aborigines to collective ownership of inalienable lands is becoming a major issue. Aboriginal leaders intend to press for it at this year's Easter Conference of the Federal Council for Aboriginal Advancement (FCAA) in Canberra and, as the newly-appointed Federal Minister for Aboriginal Affairs (Mr. W. C. Wentworth) is expected to be there, he will probably have to face demands for a radical change in Commonwealth policy, flowing from the new powers acquired by the Federal Government at last year's Referendum. Such demands come from many quarters, not only from Aborigines or the political left.

The Australian Council of Churches points out, in an excellent policy statement prepared by the Rev. Frank Engel, that "the Aborigines, unlike any other Aboriginal people in modern times, were completely dispossessed of their land, without compensation or treaty arrangements." Kim Beazley, M.H.R. for Fremantle, has long been outspoken on this matter. In August 1952, he made the penetrating observation in the Federal House that "the destruction of every native people that has been destroyed on the earth has begun with the destruction of its rights in land."

Throughout Australian history the refusal of Federal and State Governments to grant Aborigines land rights has undoubtedly been a basic part of policies to get rid of the Aborigines as a people, first by open violence and more recently by "assimilation" which, in the present Australian context, means enforced absorption in the general white community.

Before the Second World War, few Australians were greatly concerned about Aboriginal lands. Those who were interested tended by and large to regard Government and Church reserves and missions as more or less stable areas. The main concern of friends of the Aborigines was to try to get some improvement in the shockingly squalid way of life forced on the inhabitants of these areas. But the enormous post-war growth of mining, military bases, etc., shattered the old situation, bad as it was. Since 1959 more than two
million acres of reserve lands have been confiscated, and more excisions are threatened. The main beneficiaries from this have been the foreign mineral monopolies exploiting the resources of Queensland, the Northern Territory and West Australia.

Only in South Australia, under the Dunstan Labor Government, has any real attempt been made to preserve Aboriginal lands and even there the Act adopted in 1966 was a considerable watering-down of the original Bill. In the Northern Territory last year the Federal Government introduced a particularly dishonest Lands Act, allowing individual Aborigines, companies or co-operatives to lease land in the Reserves for seven years. This was strongly attacked by the FCAA as being a method of breaking up the reserves in a short time. Most lessees would be doomed to failure for lack of capital and experience and the leases would be transferable to non-Aborigines at the end of seven years.

The attitude of the Federal Government to genuine Aboriginal land-holding was demonstrated last year by its curt rejection of the Gurindju people’s request for ownership of a tiny portion of Wave Hill cattle station. This was in line with the Government’s evasion of a similar request by the Yirrkala people on Gove Peninsula in 1963.

The growing pressure on Mr. Wentworth and the Federal Government, as well as the State governments (which still control the land within their State boundaries) arises from the increasing awareness of the truth expressed by E. D. Morel in “Black Man’s Burden”: “The preservation of the land for its peoples is ... the acid test of trusteeship”. On this test, all Australian governments have criminally neglected their trustee duties towards the Aborigines. Australia’s violations of the U.N. Declaration of Human Rights and the Commonwealth Government’s failure to ratify Convention 107 of the ILO, in which the whole of Part 2 (articles 11-14) deals with the land rights of minorities, are now widely condemned.

In a thoughtful roneoed pamphlet of 2 foolscap pages Land Rights for Aborigines, an Advancement Group in Armidale, N.S.W., has recently reviewed the land scandal and made nine proposals for action to halt the continuing process of dispossessing Aborigines of their lands and to place control of viable areas in the hands of Aborigines. The pamphlet contrasts the scandalous treatment of Aborigines with the recognition—however grudging and however often violated—of the land rights of US “Indians” and New Zealand Maoris.

The programme proposed in the Armidale publication is, in my opinion, well worthy of discussion, though limited in its estimate of the real possibilities of self-development of the growing Aboriginal population and in its assessment of the kind of help Aborigines have a right to demand of governments.

The Communist Party’s programme for full human rights for Aborigines, adopted by its National Congress last year, proposes for Aborigines and Islanders inalienable possession of their remaining tribal areas, Government and Mission settlements or cattle lands, ownership of mineral and other natural wealth on these lands and economic aid on a large scale, to enable rapid self-development of modern communities. This needs elaboration into a detailed, systematic set of demands for every area.

Anyone who may doubt whether Aborigines are capable of managing and developing their own areas would be well advised to take a look at almost any Government settlement or Church mission. None could make a greater mess of the problem than the self-appointed white “leaders” have
made of most of these places. Freed
of Government and local dictatorships,
and given their just entitlements in
land, economic aid, modern health and
education facilities, the Aborigines are
perfectly capable of transforming these
places of national shame in a few
years.

TED BACON

CAPITALISM’S CURRENCY
CRISIS

THE DEVALUATION of sterling and
other currencies and the threat to the
US dollar is a serious crisis for the
whole capitalist monetary system. It
has developed out of long term prob-
lems. There are many indications too
that Australia will be more seriously
affected in the future.

An editorial in the Australian Fin-
ancial Review 2/2/68 said ‘certain con-
tinental bankers gloomily forecast a
series of further currency devaluations
for the next 18 months—culminating in
an American devaluation disguised as
‘demonetisation of gold’. The period
of distrust in currencies that began
last year, says continental bankers, has
many months to run yet.”

Another comment in the London
Financial Times said “last year’s de-
valuation of sterling constitutes a
threat to a continuing expansion of
world trade and may in fact lead to
the beginning of restrictions and
world wide economic nationalism which
made the thirties such a miserable
decade for us all”.

It appears that there are three main
factors causing the currency crisis.

Firstly, the United States and Brit-
tain, the countries hardest hit, have
been living beyond their means, in-
curring big balance of payment and
budget deficits by spending vast sums
on militarism, foreign investment and
take-overs in pursuit of their imperialist
objectives.

Secondly, both dollars and sterling
acting as the reserve currencies of
capitalist countries, have been free-
ly circulated without the necessary
gold backing. Britain and the US have
used a privileged position to inflate
the international currency.

Thirdly, there have been indications,
both before and since devaluation, of
growing economic problems in various
countries, increased competition, bal-
ance of payments and budget deficits,
growth of unemployment and slower
growth of production.

The extent of arms spending and
its effect is well known. Britain has
now been forced to cut its military
costs by withdrawing from ‘East of
Suez’. The Vietnam war is the biggest
drain on the US balance of payments
and Australia’s subservience to US
policies is costing us a heavy burden
in the ‘guns before butter’ policy which
is a serious handicap to development
and welfare.

After the Second World War the
US held at least two-thirds of the
world stock of monetary gold and
the dollar with this backing became
the main reserve currency. Sterling was
directly related to the dollar and the
two countries’ currencies regarded as
‘good as gold’.

So powerful was the dollar that it
appeared to be independent of its
gold backing. This view was strength-
ened by the US in artificially main-
taining the price of gold at $35 an
ounce—the price set in 1934. It adam-
antly refused to increase the price,
although prices of all other com-
modities have been increased by in-
flation two or three times and it used
its vast gold reserves in world mar-
kets to keep the gold price down.

Gold output has not kept pace with
rising prices, the purchasing power of
the world’s gold has been drastically
reduced and there is in addition a
growing demand for gold for industry,
scientific and social purposes.
By keeping the price of gold pegged, the US has given the dollar an artificial, inflated value. If the price of gold was increased in conformity with other commodities, the gold content of each dollar would fall and the dollar would be devalued.

The United States continued to pour out paper dollars in pursuit of its aims and to cover its balance of payments deficit.

By the end of the 1950's claims for gold against the dollar began to grow and a heavy outflow of gold from the United States took place. All steps by the US to improve its balance of payments and reverse this trend have been nullified in recent times by the vast expenditure on the Vietnam war.

The foreign claims on US gold, estimated at $39,000m, exceed the dwindling reserves which in January this year were down to a mere $10,800m, equal to the 1937 level.

Devaluation of sterling has increased distrust of the dollar and the speculators, convinced that the US will be forced to raise the price, are buying and hoarding gold thus adding to the shortage.

A number of countries, including France, have demanded an increase in the price of gold and restoration of the gold standard for international settlements. The US however is advocating an artificial international currency or 'paper gold' or 'demonetisation' of gold. But such a measure divorcing the currency from real values, such as are embodied in gold, would only perpetuate the problems.

Even before sterling devaluation, other western countries such as West Germany, besides Britain and the US, were experiencing mounting economic problems.

The underdeveloped countries are worse off with a declining share of the exports of the capitalist world, falling prices and unequal exchange for their raw material exports and a burden of foreign debts estimated now to total $44,000m.

Australia has been experiencing periods of falling export prices and trade deficits, slowing capital expenditure and industrial growth and more unemployment.

It is estimated that devaluation will cost $100m in compensation to the export industries alone, and this will contribute to substantial tax increases tipped for the Budget in August. It has also been suggested that measures such as credit and import restriction may be necessary to correct the balance of payments deficit and Federal Government expenditure which is exceeding the Budget provisions.

In order to sustain development it is estimated that exports must increase by 66% in the next nine years — from $3,000m annually to $5,000m — and this target may have to be increased if capital inflow is restricted.

While the spectacular mineral exports will help, these are expected to cover only half the increase needed. This means that manufactures and primary production must earn an extra $1,000m at a time when competitive conditions are sharpening.

It is quite clear that there are tougher times ahead which Australia as the 14th trading nation in the world will find inescapable.

Our position however could be improved by cutting the waste of war spending, improving relations with Asia and diverting resources for Australian development and improved economic efficiency. 

Jim Moss

[Since the above was written the gold crisis has intensified. The newly introduced “two tier system” for the price
of gold is aimed to "hold the line" in the hope that the US can solve its balance of payments crisis and restore confidence in the dollar. Doubts are widespread that this will be possible without a fundamental change in US policies, particularly in Vietnam.—Ed.]

KEYNESIAN CAPITALISM

"COMMENT" in the February-March issue of the Left Review makes these points:—

1. The new "sophisticated economies" based on Keynesian theories have had "certain successes" — the techniques operate in credit, finance and deficit budgeting, precisely where the crisis breaks out — though in different forms.

2. The American economy "boasts" an 8 year boom and has "apparently" taken the huge expenditure on the Vietnam war in its stride.

3. Imperialist rivalries for world domination have created "a most explosive situation".

Parts of this argument fail to bring out the realities of the American economy—or Keynes' own thinking.

Writing in 1936, and surrounded by vast unused productive capacity, Keynes believed that the problem for capitalism is to find a market for the increased output arising from full employment and advancing techniques. Low levels of consumption by "the poor" (Keynes' term) and high levels of saving by the wealthy depress the level of spending and therefore the level of output and employment.

"Moreover the richer the community, the wider will tend to be the gap between its actual and potential production, and therefore the more obvious and outrageous the defects of the economic system."1

The Keynesian thesis rests on the proposition that full employment can be maintained if the high level of savings of the wealthy is offset by a high level of investment.

"A wealthy community will have to discover much ampler opportunities for investment if the saving propensities of its wealthier members are to be compatible with the employment of its poorer members."2

And here is the contradiction, A wealthy community has a low propensity to consume, and therefore a low incentive for increased investment as new investment requires an expanding market.

This contradiction cannot be solved within the framework of laissez-faire private enterprise. This led Keynes to the conclusion that the State must intervene to increase investment.

He suggested monetary and fiscal controls but realised these would be inadequate.

"I conceive, therefore, that a somewhat comprehensive socialisation of investment will prove the only means of securing an approximation to full employment; though this need not exclude all manner of compromises and of devices by which the public authority will co-operate with private enterprise".4 (My underlining.—C.S.)

With regard to the American economy the evidence suggests that this is exactly what has happened. The "socialization of investment" has meant primarily armaments expenditure with full cooperation between the State and private enterprise. "Controls" play an important but secondary role.

For the capitalist system to survive what is required is an additional source of demand to normal consumption and investment. This additional demand must be vast in quantity and it must grow from year to year. Ideally this demand should be for goods that do not come onto the market. To the
great American corporations arms expenditure is the answer. It can be made to fulfil every one of the required conditions. And it is intimately linked with the nerve centres of US capitalism —the Steel industry, Oil, GMH, Boeing Aircraft and General Dynamics, Chemicals, etc.

The escalation of US military spending since 1955 explains the continued US boom—as well as inflation and possibilities of devaluation. Direct military expenditure rose from $50,000 million in 1965 to $57,000 million (1966), and $70,000 million in 1967.6 One instance illustrates the links between the US government and the giant corporations and the role of military expenditure. In the current US budget General Dynamics get an order for 286 additional F111 fighter bombers at a cost of $2,000 million. (Age, Jan. 30th.)

The position is clearly stated by the following:

Joan Robinson: “Keynes’ own purpose was to illustrate the paradoxes of capitalism and to plead for a rational control over investment, but the effect of his argument is to explain why it is that modern capitalism flourishes when governments are making investment in armaments.—The cure, most of us would agree, is worse than the disease”. 7

General Eisenhower: in his farewell remarks to the nation, pointed out that the growingly effective coalition of military officials, defence contractors and their allies threatened to “involve the very structure of our society”.8

Galbraith: Without military expenditures it is most unlikely that government expenditure “would exercise the requisite leverage on the private economy”.9

Thus in the United States, Keynesian theories have been applied primarily in the creation of a militarised state.

It is not argued that military expenditure and the war in Vietnam are carried out to give a boost to the economy. As “Comment” points out the aim of a great imperialist state is world domination. A growing war machine — and “colonial” wars — are necessary for this political aim. They also “stimulate” the home economy and provide billions in contracts for the giant corporations.

Is there an alternative under capitalism?

Expenditure on education, health, slum clearance, an end to poverty, would raise aggregate demand as much as weaponry, so long as it was on a vast and increasing scale. Division of military expenditure into useful ends will meet formidable obstacles under capitalism because in this case the primary gain goes to the ordinary people.

The struggle developing in the United States against the war in Vietnam, for Negro rights, against poverty, is a demand that resources shall be used to meet human needs — and not diverted into monopoly profit, death and destruction.

1 Keynes — *General Theory of Employment, Interest and Money*. p. 31
2 Keynes — *General Theory*. p. 31
3 The propensity to consume is the proportion of income spent on consumption.
4 Keynes — *General Theory*. p. 378
5 Galbraith — *The New Industrial State*. p. 229
8 Quoted in Robert Lekachman, *Keynes and the Classics*; p. 111.

C. Silver