

Neither Plan nor Progress

Bert Ramelson

IF the aim of the Labour Party policy statements resulting from Griffiths' injunction at the 1956 Conference "to go to school for three years" has been to water down socialism—the obvious intention of *Plan for Progress*, the last in the series, is to drown socialism altogether.

There need be no surprise at this, *Industry and Society, Towards Equality, Public Enterprise* and *Prosper the Plough* prepared the ground for this impotent *Plan for Progress*.

Right Question—Wrong Answer

The pamphlet opens with a very pertinent question: "What is wrong with British economy today?" The rest of the pamphlet is devoted to finding every possible answer to this question, but the real one. It is no wonder then that the conclusions based on such a superficial analysis are largely irrelevant.

What is wrong with British economy today is, of course, that it is a capitalist economy. It is because the drafters refuse to face this basic fact that their conclusions are so feeble, enabling the *Economist* (26/7/58) to sneer "But for those who are primarily interested in knowing what a Labour Government really would do with the economy, this document is less a menace than a *joke*."

No one will quarrel with the factual description of our present state in *Plan for Progress*:

"Industrial production has been at a standstill ever since the middle of 1955. In many parts of the country unemployment is at its highest level since the war. The cost of living has continued to rise steadily, hitting hardest of all the weaker sections of the community. The £, despite a balance of payments surplus, has often been perilously weak. Industrial relations are at their worst for many years. Whether we take production, investment, prices or exports, we are doing really badly compared with most West European countries.

"This is a formidable list. But the most important fact about the British economy today is that production has stopped growing. Industry is no longer adding to the nation's wealth" (p. 5).

The reason given for this sorry state of affairs follows immediately on this graphic description. We are told:

"This is no accident, for the Tories have deliberately rejected economic expansion. For the past three years they have consistently prevented industry from using its capacity to the full" (p. 5).

One would think that all was well with Britain's economy before 1955. It is as if there had been no crisis in 1947, 1949, 1951 and 1955, as if inflation hadn't been with us and with every capitalist country, continually and consistently for nearly twenty years: as if this was the first time in the history of capitalism that its economy had ceased to expand.

It is one thing to say that the Tory monetary policy has aggravated the situation, has increased hardships and hastened the natural process of periodic capitalist economic breakdown. But it is the height of self-deception to ascribe to Tory fiscal policy the sole or even the major reason for the present industrial stagnation.

The Basic Contradiction

The real reason is the basic contradiction in capitalism between social production and private appropriation. In the final analysis this is expressed in the inability of the mass of the people to buy back the product of their labour. This must sooner or later lead to a breakdown—to stagnation and contraction of production and all the consequences which follow.

Increased investment is no solution. For in the final analysis the aim of investment is to produce goods for consumption—and here arises the insoluble problem of realisation under capitalism. No amount of capitalist "planning" can get around the faster rate of increase in productivity compared with the rate of increase in real wages under capitalist conditions, resulting in periodic crises of over-production. A high rate of investment in capital goods, as Lenin pointed out in "A Characterisation of Economic Romanticism" can prolong a boom (while investment is in the pipeline) but cannot indefinitely postpone a slump.

Thus what gives rise to periodic stagnation and even contraction of the economy with lesser or greater frequency is capitalism itself. So long as our economy remains capitalist it cannot be "so managed that a rapid and *continuing* increase in the national wealth is achieved" as the authors of this document claim. This or that fiscal policy can affect the duration and gravity of the breakdown, it cannot prevent it.

To suggest the contrary as this statement does, is either deliberate deception or abysmal ignor-

ance resulting from a refusal to see things as they are. In the light of recent world experience there is no excuse for such blindness.

The only economies which have shown throughout their existence "rapid and continuing increase in their national wealth" are the socialist economies. This is partially admitted: "we have been lagging behind other industrial nations particularly those on the other side of the Iron Curtain" (p. 6). It is a pity the Labour policy drafters did not delve a bit deeper. If they did they could discover a simple reason for this rapid and continuous industrial expansion in the socialist countries—capitalism has been removed and a socialist economy put in its place.

The central theme of the statement—to bring about continuous and expanding production as the basis for full employment, lower prices, higher living standards, improved social services and strengthening our "international position"—is doomed to failure from the start due to its basic assumption that there is nothing wrong with capitalism itself, but only the Tories' stupid mismanagement of capitalism.

Having decided that there is really nothing wrong with capitalism that can't be cured by a correct investment policy, we are not surprised to learn that the first job of the next Labour Government is not to build socialism or even start laying the foundations for socialism, but "to raise and then *maintain* the level of investment in industry. Providing that the policies of the present Government have not led to a recession and a major loss of confidence in industry, this should not prove too difficult to achieve" (p. 12).

Thus we are informed that, contrary to all experience in Britain and every other capitalist country for the last 100 years or so, it is not only possible to "raise and *maintain*" the level of investment under normal conditions but even under conditions of "recession", "a major loss of confidence in industry" and "a situation in which the economy is not merely stagnant but seriously depressed" (p. 13). True, it is admitted that in such circumstances this would be a "little more difficult".

And how is this miracle to be achieved? By the following measures:

- (a) Tax methods—e.g. investment allowances, or, as in the U.S.A. a quicker write-off of new capital investment.
- (b) The gradual relaxation of the high Bank Rate and the credit squeeze.
- (c) Increased investment in the nationalised industries.

(d) A National Investment Board to *advise* the 500-600 largest concerns on their investment policy.

(e) Adequate publicity to Government reports on the economic situation and its requirements.

Here then is the whole bag of tricks—the elusive magic wand sought after for so long—which can "plan" capitalism and enable it to go "on and on and on and up and up and up" without unemployment, without inflation, without balance of trade or sterling crises and providing not only a continuous increase in the living standards of the British people, but also for the hundreds of millions in the undeveloped countries. Why bother with socialism indeed if all this and heaven too can be provided by capitalism?

Capitalist Ideas

What theoretical concepts underly such proposals? They are the same stock in trade of all reformists and revisionists—capitalist ideas imported into the Labour movement in order to maintain existing society.

The basic idea is the identity of interest between the exploiter and the exploited—the one nation idea, with emphasis on what is good for the exploiter is good for the nation. Wilson (the United States ex-Minister for War) put it succinctly: "What's good for General Motors is good for the U.S.A. and what's good for the U.S.A. is good for General Motors."

The capitalist is interested in making profit; the more profit he makes, the more he will invest, the more he invests the better it is for the workers. Hence—it is the job of the Labour Government to encourage the capitalist to make more and more profit. This is the significance of point (a) Tax methods. More tax relief on profit, greater opportunities for hiding profit, through "quicker write-off of new capital". If that isn't enough, then profits can be swollen still more by "moderation and restraint" on the part of the Trade Unions with regard to wage claims which, it is claimed, the Labour Government would have "the right to rely on" (p. 37).

There is just one snag. Suppose the capitalist, who is in business only to make profit, cannot see it being profitable to invest his tax-subsidised profits? This is not such a far-fetched supposition. It is the actual case in the United States despite "the quicker write-off of new capital" and low Bank Rate. It is the case here despite the lowering of the Bank Rate, the easing of the credit squeeze and the higher rate of tax on distributed than undistributed profits in operation until as recently as the 1958 Budget. In this country, in the U.S.A.

and in most industrial capitalist countries, existing capacity is not being utilised to the full. In such circumstances, since the capitalist is in business not to provide employment or to satisfy needs but to make profit, and as the only way he can make profit is in the realisation of his output—it is understandable that he should decline to invest and further expand already under utilised capacity. What then becomes of the “Plan”? To this conundrum the “Planners” have a multi-barrelled answer.

1. The National Investment Board on behalf of the state, armed with shoals of new statistics, though powerless to compel investment by the 500-600 Corporations (since the Board doesn't own the Reserve Funds) will advise the Corporations to do so. It will appeal to their better nature to conduct their business not as capitalists but as national philanthropists. As a mighty aid to the Board in this campaign to create an army of “Do gooders”, we have the suggestion that the Board's proposals be “given adequate publicity to stimulate greater awareness throughout industry and the nation of the crucial importance of investment” (p. 17).

Here we see two more favourite ideas of the reformists and revisionist theoreticians:

(i) *The State as an entity in itself*, above classes, whose sole interest is to see fair play and the good of the nation as a whole. Only such a concept could assume that the National Investment Board acting on behalf of the capitalist state would see the nation's good as differing from that of the monopolists who control the State regardless of which Party is in office.

(ii) *The denial of the class struggle* as the only means of resolving the conflict of interests between the contending classes. A belief that an appeal to reason will achieve a “fair” solution. There may have been some justification for Robert Owen to believe that an appeal to moral conscience could convert the capitalists to act against *their* capitalist interests. But we have had 150 years of experience since then to learn better. The baselessness of this assumption ought now to be obvious to the most naive from the recent experiences of the Budget Leak Enquiry, with the frank capitalist point of view “it's anti-British, but it makes sense”

2. Gradual relaxation of the credit squeeze and reduction of interest rates to encourage the unwilling investor. Between the drafting and publication day of the Labour document the Tories, not surprisingly, already had implemented this “revolutionary” idea with very little effect. As the document itself points out, two-thirds of all investment comes from internal company reserves and does not rely on the money market. Nor

will many of those investors who control the remaining one-third rush to borrow for investment purposes if there is little prospect of profit returns, merely because borrowing has been made easier. Cheap money policies are desirable and helpful because they ease the burden of those who wish to acquire a home, the small businessman and the municipalities, but they have little effect on the economy as a whole in a period of economic decline.

3. If all else fails, the nationalised industries are produced as a trump card. “Fortunately, we have in the nationalised industries a group of large investing industries whose capital programmes can be directly controlled by Government decision” (p. 13).

Here at last is something definite. This one sentence exposes the whole bankruptcy not only of *Plan for Progress*, but above all of *Industry and Society* which by rejecting nationalisation made planning impossible. Here is the admission that the only guarantee that the Government could *plan* investment is through the ownership of industry. By rejecting further nationalisation Labour has handed over, not only the brakes and accelerator but the steering wheel as well, to the monopoly capitalists. It has deprived a Labour Government from being able basically to influence, let alone plan, Britain's economy—the public as well as the private sectors. For so long as the main consumer of the product of the nationalised industries are the monopolists, it is they, not the Government, who will in the long run determine the investment policies of the nationalised industries.

The nationalised industries are burdened to pay heavy compensation, to show a profit “taking one year with another”; prohibited from setting prices for their products which would enable them to accumulate reserves for investment purposes, and faced with a declining market due to the stagnation in the private sector. It is ridiculous to rely on such an encumbered and restricted “nationalised sector” expanding to an extent which would stimulate the rest of the economy.

Labour has deprived itself of the power to create conditions making planning possible. For if socialism is correctly described as a planned society it is because, by definition, socialism is a social order in which the means of production, distribution and exchange are socially owned and administered. To reject the basis of socialism, social ownership, and pretend that it is possible to plan society (a consequence of social ownership) is charlatanism.

First Priority—Imperialism

A whole chapter in the document headed "Earning the Nation's Living" is devoted to the position of sterling foreign trade and Britain's economic relations with the under-developed countries.

The common approach of both the Labour Party and the Tories to these problems is underlined by the opening sentence "*The strength of the £ will be the first priority of our external policy*" (p. 18).

There is, of course, nothing wrong in wanting a strong currency. But the phrase "a strong £" in present conditions has a special meaning. It means a determination to maintain the £ as an international currency, to regain and maintain British imperialist domination, if not of the world (as it used to be in "the good old days") at least over a good part of it. It is this imperialist aim that lies at the bottom of most of Britain's present problems.

None of the proposals made in this chapter differs fundamentally from those of the Tories. Some indeed have already been operated by the Tory Government, e.g. stopping up the currency leaks in Kuwait and a proposal for untied loans as a cushion against new dollar shortages resulting from the United States recession. "Sir David Eccles has suggested that O.E.E.C. countries grant other member states untied loans. The country borrowing the money could spend it wherever it likes, according to its needs" (*Daily Telegraph*, 21.7.58). The aims set out in this chapter: increased exports, reduced imports, building up gold reserves, reduction of debts, balance of payments surplus and increased help to the under-developed countries, are mere wishful thinking so long as Labour maintains its support of imperialism and capitalism.

So long as the big banks and financial institutions remain in private hands they will find new ways of making holes in foreign exchange regulations. So long as Britain's foreign policy is tied to that of the U.S.A., we will always be the slave of the dollar and suffer all the effects of an American slump on our economy.

So long as we are determined to maintain the British imperialist hold on the colonies by force reserves and balance of payments will remain precarious.

We have Mr. Butler's word for it, in 1954, that but for the burden of the "defence effort" the balance of payments could be improved by £350 million to £400 million annually.

So long as £1,500 million is spent annually on arms we will lack the means to give substantial help to the under-developed countries, and instead

continue the practice of robbing the colonies via the sterling balances to obtain funds for capital export to exploit the under-developed countries. (See L. Thomas's article "The Pound and the Sterling Area", *Marxism Today*, July 1958.)

An independent foreign policy, nationalisation of the banks, drastic reductions in armaments, allowing the colonial people themselves to decide what is to be done with their own surpluses and an end to the foreign occupations of their lands, could indeed help to achieve the aims set out in this chapter. But such policies (all to be found in the *British Road to Socialism*) would mean a radical break from the imperialist policies of the Government, and it would seem that this is unthinkable for the authors of this document.

The final touch of "Alice in Wonderland" in this section is the solemn promise to expand exports and restrict imports. This in the actual conditions of general capitalist decline and drastic falls in price of primary goods, when every other capitalist country is trying to do exactly the same.

There are indeed countries in this world which have a continuous record of expanding trade both in absolute terms and relative to their share in world trade—but these are socialist countries with socialist foreign policies, public ownership of industry, financial and foreign trade institutions. On this, too, the "planners" should ponder.

The Carrot replaces the Stick

The chapter dealing with prices and wages is a brilliant example of the quack methods used in compiling this document. A long list of remedies without attempting to diagnose the cause of the disease. One would have thought that any serious attempt to discuss price stability would require an attempt to explain the unique phenomenon of nearly twenty years' continuous inflation in all capitalist countries, under all possible conditions—expanding and stagnating economies, cheap and dear money policies, under Conservative, Liberal, "Socialist" or Coalition Governments.

I do not think it is so difficult to understand this reluctance to probe. For the authors' fear the outcome of such a probe. It would disclose that the reasons for this unprecedented position are to be found in imperialist aggressive policies and the growth of monopoly capitalism superimposed on the post-war conditions, following the world's bitterest and most destructive war.

The causes of inflation (on the average an annual increase in prices of 3 per cent to 5 per cent) are:

1. The Cold War. This has led to an unprece-

dedented peace-time expenditure on arms equivalent to approximately 10 per cent of our national income, and even greater expenditure by America. Such a slice of total resources (labour, material and machinery) wasted on non-marketable commodities, when accompanied by a strong Labour movement able to resist the attempt to make it pay the *full* cost by a reduction in real wages is bound to have a strong inflationary effect.

2. The Korean, Suez and other colonial wars.
3. The growth of monopoly cornering an ever-growing share of marketable commodities. This monopoly position enables the great concerns to artificially raise prices to provide themselves with super profits.

These are the main underlying causes of inflation during the past-war period throughout the capitalist world. While not all capitalist countries were directly involved to the same degree in the arms race, the Korean War, or in monopoly development, they were, nevertheless, victims of inflation because of their dependence to a greater or less degree on the major imperialist countries.

It is because Labour approved the armament expenditures, supported the Korean War and facilitated the growth of monopoly that it runs away from an analysis of the cause of inflation and ascribes it all to the Tory policy of rent increases and removal of subsidies.

These reactionary Tory measures of course aggravated the situation and should be reversed. (This, by the way, the document does not propose to do. It only promises not to impose in the future similar Government measures to raise the cost of living.) But it is puerile to ascribe the sole responsibility to Tory Government policy for the rise in the cost of living over all these years.

Because Labour is afraid to face the facts, because it is tied to the arms programme, N.A.T.O. and the American alliance, because it accepts British imperialism and is against the nationalisation of monopoly concerns, it is reduced to the hopeless proposals of being more vigorous in enforcing the Tory 1956 Restrictive Trade Practices Act, expanded production and, of course, voluntary wage restraint as the means to achieve price stability.

United States experience with its anti-Trust legislation should suffice to expose the futility of relying on a capitalist state to control monopoly growth and prices.

The second proposal also shows total disregard of experience. Expanded production leads to price increase not stability.

The main hope of the Labour planners, however, is to achieve price stability in the same direction as that of the Cohen Report. A reliance on reduction of demand due to a wages standstill, whilst production, profits and productivity rise. The only difference is the method of achieving this. Whereas the Cohen Committee relies on the big stick, Labour puts its money on the carrot. The Cohen Committee was against wage increases on the grounds of increased profits . . . so is this document. The emphasis is on increased profit being essential to increased investment, which is the main goal. The Three Wise Men opposed wage increases even if particular sections of workers increased productivity and would tolerate wage increases only if productivity rises over the whole economy. So does Labour. The document states: "But on the other hand incomes should not be exclusively related to productivity in any particular industry, for whilst the scope of raising productivity differs widely between industries, its benefits should be shared by the community as a whole" (p. 37). And again ". . . the growth of money incomes must broadly keep in step with higher productivity, *taking the economy as a whole. . . .*" (p. 37).

The entire Trade Union movement condemned the Cohen Report. It is equally certain that on the basis of experiences of "voluntary" restraint during Stafford Cripps' reign as Chancellor of the Exchequer, they will not be taken in by Gaitskell's or Wilson's fine words of "fair play" and "price truce".

Conclusion

To sum up. *Plan for Progress* contains some useful and worthwhile proposals such as reducing the barriers to East-West trade, legalisation of minimum standards of quality and safety, removal of the worst features of hire-purchase agreements and protecting the consumer from purchase of underweight and unhygienic goods. But all this does not add up to a "plan" and still less to a policy designed to achieve full employment, improved social services, higher living standards and a crisis-free economy.

The statement suffers from the weakness of all reformist and revisionist "theory". A refusal to understand the nature of capitalist society. It ignores the motive force of capitalism—that commodities are produced for profit and not for need and because of this fails to examine the real nature of capitalist accumulation or the degree of anarchy in capitalist production. It is thus led to attempt the impossible, which is to plan an economy which by its very nature is allergic to planning.

It ignores the class nature of the capitalist state. It denies that the way to change in class society is the class struggle and is thus led to adopt Utopian aims (that is Utopian for a capitalist society) and proposes means for attaining them completely unrelated to reality.

In the preface, the document says *Plan for Progress* is the last in the series, and in one respect it is "the key to them all" (p. 3). It is a rusty key, rusty with age, for it is as old as reformism itself. If the key turns at all, it will disclose a cupboard bare of all socialist ideas.

The highly desirable aims set out in the

pamphlet—continuous expanding economy, higher living standards, improved social services, stable prices and a crisis-free economy—if they are to be achieved even partially, will require a united Left movement strong enough to reverse the disastrous adoption of *Industry and Society* and the rejection of *Plan for Progress*.

For the full realisation of these aims the Labour movement will have to adopt policies designed to end capitalist society and start the process of building a socialist Britain. Such policies exist. They are to be found in *The British Road to Socialism*.

The Middle East and the International Oil Monopoly

John Williamson

THE present developments in the Middle East, with a new "brink of war" crisis precipitated by U.S. and British imperialism, have their roots in oil and the related economic and political considerations; plus the fact that the Middle East is the single most important strategic region in the world for Anglo-U.S. imperialism.

The *New York Times* military commentator, Hanson Baldwin, wrote, "One word sums up the primary strategic importance of the Middle East—OIL". Decisive as oil is, this is an over-simplification. The *Wall Street Journal* emphasised instead that "Britain and the U.S. are involved in what may turn out to be the most decisive battle in the explosive struggle for Middle East influence".

President Eisenhower, in defiance of the United Nations and the conclusions of its Secretary-General and Observer Team, brusquely ordered troops into Lebanon and explained afterwards to Congress that "the measures thus far taken by the United Nations Security Council are not sufficient" and thousands of U.S. troops were needed "to protect American lives" and to preserve the *status quo* of Lebanon "which has been deemed vital to U.S. national interests. . . ."

Dr. Robert Strausz-Hope, Director of the Foreign Policy Research Institute in the University of Pennsylvania, writing the feature article in the *U.S. News and World Report* in defence and explanation of U.S. military intervention, bluntly says:

"The greatest mistake would be not to see world strategy as a whole" and to let secondary considerations "divert us from our primary object . . . strategic control of the Eastern Mediterranean . . ." Continuing, he asserts: "What happens there affects every other place and currents from far off converge upon it." Because of this, ". . . if need be, we must use force to safeguard our established strategic positions and political conceptions".

The peace forces of the world, including the initiative of the Soviet Union in pressing for the withdrawal of American and British forces from Lebanon and Jordan, together with the steadfastness of the forces of national liberation, have momentarily reduced the threat of further military invasion by the imperialists. In fact, according to C. L. Sulzberger of the *New York Times*, "our own and British troops are established in Lebanon and Jordan with no place to go" except to "hold up the remnants of a flimsy house of cards . . . doomed to collapse".

Because the world oil monopoly—comprising five U.S. and two British oil corporations—constitutes "the outstanding illustration" of that "working world government" (A. A. Berle, former Assistant U.S. Secretary of State) which actually has a decisive say in determining Governmental foreign policy, there is an intimate inter-relationship of economic and political interests in the moves of both Washington and Whitehall as far as the Middle East is concerned.