

# HOW TO FIGHT THE CRISIS MEASURES

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**O**NCE again the situation in world economic affairs has reached to a new high point of crisis. The frenzied attempts of the speculators to move money across the frontiers have come again to the forefront and no one doubts we will have a repeat performance in 1969. Why did the crisis happen? How will it affect the economy? Will it lead to any change with regard to the economic theories on which the Labour movement is 'managing' the economy? Nobody in the leadership of the Labour Party or the TUC appears to be prepared to tell us.

And yet it has been a year of tremendous experience for the British people. It started with a whole series of conflicts between the Government and the Prices and Incomes Board on one hand and the unions in industry after industry, in which the Minister of Employment and Productivity pushed herself forward to battle energetically against the unions. Wage increases were being resisted while productivity was steadily going up and it reached 7 per cent above the level of last year. By the autumn exports were steadily climbing and Mr. Wilson was seeing economic miracles everywhere. Then the speculators began to attack the French franc and bankers and Finance Ministers rushed to Basle and Bonn in an attempt to devise a plan of monetary stabilisation. They completely failed. It was in this situation that the Labour Government, in line with the French, launched a policy which cut working-class purchasing power by hundreds of millions of pounds per annum as an alleged 'solution' of the crisis. This gave the Tories the opportunity of advocating a brand new programme of raising food prices and rents, reducing social services, universalising means tests and placing the unions in a legal straitjacket as an alternative.

One of the most outrageous features of capitalist monetary crises is the malevolent determination of the bankers and governments in every country to seek out alleged 'solutions' of their difficulties at the expense of the common people.

The Chancellor, the Treasury and evidently some inner Cabinet took over the running of the Government and decided to make swingeing cuts on the income of the British workers by means of indirect taxation. The percentage increases in wages that many

workers have received in union agreements (sanctioned by the PIB) are calmly taken away from them by £250 million extra purchase tax and a series of drastic taxes on other consumption goods.

This is a complete renunciation of all labour principles. All the Keynesian experts on the managed 'mixed economy' cower in silence when the Labour Government returns to the traditional Tory deflationary policies of the 1930s. The theory that the balance of payments can be righted if exports to foreign countries can be miraculously raised and imports can be stopped is calmly presented to the serried ranks of the younger Labour economists by Mr. Roy Jenkins. Yet they have only to look across the Channel to discover exactly the same policy aiming at cut-throat competition is being imposed on the working class there. Mr. Roy Jenkins is simply pursuing the same deflationary policies that brought the British economy to a standstill in the 1930s. And to back this policy the Government launched against the unions a policy as ignorant, dogmatic and brutal as that which Philip Snowden launched against the unemployed in 1931, as is seen in the attempt to take back from the building workers part of the wage agreement under which they are already being paid.

There is not the slightest effort being made to reform the world monetary system. That, if it comes at all, lies the other side of a tremendous struggle between the predominant capitalist powers in the world.

'A blind sow can find an acorn' and Edward Heath showed signs of having found one in his House of Commons speech:

'There is no point in saying that the Germans should re-value, or that the Americans should change the price of gold when the national position of those currencies support the attitudes they are adopting. There is a long history behind the determination of the Germans not to change even upwards the value of their currency. There is a long history behind the French and American positions. I should very much doubt whether the new American Congress would be prepared to change the price of gold.'

(House of Commons, November 25).

The unions should not waste time bothering with fancy schemes of International Monetary Reconstruction. The monopolists of the various countries must first be stopped from attacking the working class and seeking a way out of their troubles.

The TUC has just launched their Economic Review. It contains the usual appraisal of how much productivity has risen and how much the unions ought to expect by way of wage increases in the year 1969.

One would never imagine that the movement had just passed through a great economic crisis in which the Government had drastically cut the incomes of all union members. It is useless to negotiate with such a government as to 'norms' of wage increases which will be permitted next year. It must tell the Government that it proposes to tell the unions that they should break off all relations with the Prices and Incomes Board and should devote their entire efforts, through factory and national struggles, to achieve by increased wages a restoration of the cuts in their standard of life produced by the recent taxation.

The Economic Review of the TUC is an organised hypocrisy unless the unions seek to recover the cut wages.

The Government should be told by the unions and the local Labour Parties to make its own contribution to the recovery of Britain.

The slogan of the Tories—the Party of the speculators and the monopolists—is to cut Government expenditure. The picture is painted of hordes of pin-striped bureaucrats who ought to be doing a job of productive work instead of lounging in Government departments. There is no suggestion of attacking the Government's staggering military expenditure. When Wilson is alleged to have threatened the German Ambassador with the withdrawal of British troops from Western Germany it was exactly what ought to have been done.

The unions should further tell the Government that they refuse to take part in any limitation of trade union powers at a moment when the working class standard of life has just been attacked, and when an economic crisis is raging in which it may be attacked still further by the government.

They should insist on a return to a policy of struggling for full employment and declare their intention of resisting all attempts by taxation or any other ways to create a pool of unemployment in order to hold down wages.

The taxation proposals of the Chancellor are yet another attempt to implement this infamous policy which will inevitably lead to an increase of unemployment in the years to come. It is a complete negation of all the movement has supported. It should be brought to a complete halt.

The movement will require in 1969 to beat back all attempts—likely to be renewed in the next steps of the world crisis—to dismantle the social reforms. They must warn the Government that they will categorically repudiate such measure.

One of the most sinister features of the crisis was the virtual refusal of the Government to take steps to control the speculators. The Tory leaders and press advanced all sorts of excuses to justify speculation. Individuals and companies, they argued, were entitled to take steps to protect their money by moving it across frontiers.

The French Government, as part of its measures to prevent speculation, has tightened up exchange control. They are right. No distinction can be drawn between individuals protecting their money and great international companies protecting their reserves and making windfall profits. There is in the present stage of state monopoly capitalism an immense accumulation of monetary resources infinitely greater than before at loose in the world. Much of this is in the hands of international companies who can move it quickly from point to point and in so doing can intimidate governments. The unions must not allow the value of money held by their members to be played around with by the casino-like arrangements of the international speculators. There must be a tightening of real exchange controls even if it means sharp instructions to the banks and great companies and interference with the monetary system.

The speculating proclivities of these organisations drove the capitalist economies of the West deeper into the slump of the 1930s and it must not be permitted this time.

The crisis has confronted the Labour movement with a basic question. What is the purpose of a Labour Government in a period in which the capitalist system is completely out of control as the result of the economic forces operating in state monopoly capitalism on a world scale?

We are in a position today in which the world monetary system is in complete disarray and in which fresh and more dangerous crises are expected. The whole agricultural agreement of the Common Market is falling apart. The monetary system of the Market (which was supposed to be a source of strength to sterling if Britain had been admitted) is in a state of disintegration so there is not likely to be any return to normal.

The membership of the unions and of the Labour Party has to ask itself: What are we expected to do in relationship to a government which, in relation to the crisis, is hell-bent on reducing living standards? Are we to surrender position after position under the delusion that this is the last crisis and the recovery will surely follow, when we know that the Government measures are actually preparing the way for the carrying out of the Tory economic programme? The Labour movement by its utter inertia is selling the pass to the

Tories. It knows that by its complete toleration of everything the Government chose to do in the midst of the crisis the Labour movement is being destroyed as is being shown by the Polls and there is no 'economic miracle round the corner' coming to the rescue to help in a recovery before the General Election.

In every trade union branch and local Labour Party the left must come together and there must be a demand for a *complete change of policy*. The policy of seeking economic recovery through pools of unemployment must be completely repudiated, the incomes policy must be scrapped and the wage movement resumed; there must be no defence of a government that is clinging to office merely to carry out a further reduction in working-class standards. The right-wing leadership must be told that they will not be supported in office merely to carry through measures which repudiate every policy that the movement stands for; that the only way to regain support is to *change the policy* and allow the working class, alongside the working class of the Continent, to organise a mighty wage movement to regain lost ground, to defend the threatened social reforms and to regroup the movement on the basis of a genuine anti-monopolist programme in the vital year 1969—the year of working-class recovery.

## LABOUR MONTHLY

## FORTY YEARS AGO

### Censorship in Australia

*Labour Monthly* (April 1928) was the first English periodical to draw attention to the fact that the Bruce Federal Government of Australia is systematically banning every book, pamphlet, magazine or newspaper from overseas which gives an honest working-class picture of the international workers' movement.

This ban is something of direct interest to English readers, because it is operated in a country, which boasts of 'British Democracy,' by a Government which is working in concert with the Baldwin Government in an effort to make Australia a more profitable source of exploitation to the allied British and Australian capitalisms.

In December 1927, a list of 128 publications, which are 'prohibited, seized and forfeited,' was supplied to the Federal Parliament by the Minister for Customs. This list actually included far more than 128, for item 3, for instance, read: 'All propaganda issued by the Red International of Labour Unions,' and item 4: 'All propaganda issued by the Communist Party of Great Britain.' During 1928 there have been at least forty additional publications put on the index. . . . Every one of the banned books, pamphlets and periodicals is on open sale in Great Britain and the United States.

(From 'The Censor in Australia', by E. M. Higgins,  
*Labour Monthly*, January 1929.)