

A LABOUR VACUUM

A YEAR ago "Review" drew attention to the crisis facing socialism. We pointed out that the world had greatly changed since the traditional socialist blueprints were designed and that many of the early socialist goals such as the planned economy, continued high employment and comprehensive social services had been achieved. The nationalisation of key industries had been carried out in Britain with results that were disappointing. The need for a new approach and for a re-definition of socialism in light of modern conditions was clear and was being recognised in socialist circles. Our article referred to an important book produced in Britain, "New Fabian Essays", which discussed the question: "Where Do We Go from Here?". But in the socialist political camps there is still neither a clear nor unanimous answer to this question.

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In Britain, the division within the Labour Party about the future of socialism has, if anything, deepened over the last twelve months. The Bevanites, along with intellectuals such as Professor G. D. H. Cole, leading socialist economist and Chairman of the Fabian Society, want to go full steam ahead. But the school of thought led by Labour politician, Herbert Morrison, has had enough of cut-and-dried schemes for nationalisation. This school is supported by leading figures in the trade union movement. It recognises that the experiments in nationalisation to date have fallen a long way short of

the high hopes held for them. This, the predominant group in the party, is unwilling to commit Labour to any further socialist adventures until "a new spirit has been created in industry of working for the national good".

Writing in the "Socialist Commentary", May, 1954, Herbert Morrison roundly condemns Bevan's policy. He also calls for a halt to nationalisation in order to digest goals already won.

Professor Cole has retaliated with a pamphlet "Is This Socialism?"—"this" being the results of Labour rule from 1945-51. He emphatically rejects these results as "not socialism". To Cole, socialism is the completely classless state. "I am not the least interested", he says, "in helping the Labour Party to win a majority in Parliament unless it means to use its majority for advancing as fast as is practicable towards such a society". Cole wants the "extension of public ownership and control of industry not only by further measures nationalising entire industries and concerns, but by the progressive taking over of shares and direction through inheritance taxation and creation of public shareholdings out of profits". However, there is some room for comfort in the admission by Cole that he does not expect a majority of electors to agree with his proposals yet, or even a majority of the leaders of the Labour Party.

"The New Statesman and Nation", leading organ of socialist opinion in Britain, recently rebuked the disputants and warned them that the

Labour Party would disintegrate like the Liberal Party if it did not compose its internal differences. "The New Statesman" went on to declare that "Labour's great problem is not a question of leadership, but of ideas. Where it has failed is in the task of re-interpreting the principles of socialism in terms of the Keynesian capitalism which has gradually developed since 1945."

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The dilemma facing British Labour has its counterpart in Australia. "The New Statesman's" Australian correspondent, Professor McMahon Ball, says of the A.L.P. here that: "Labour is searching for a leader when it could be searching for a policy. For some time now it has had no effective or reasonable, consistent alternative to the programme of its opponents. It seems that Labour's great need today is to re-think and re-state its distinctive objectives".

However, the position in Australia is somewhat different from that in England. In Australia continued support for socialism seems to be coming largely from among trade unions, whereas in Britain this policy is in disfavour amongst most union leaders. In Australia it is rather the intellectuals and others whose real roots lie outside the trade unions who want to scrap the old class-war slogans born out of the strife of the 1890's.

The views of an intellectual section of the Australian Labour Party calling themselves Fabian Socialists have recently been published in a volume of essays, entitled "Policies for Progress".* Not that the

writers, who for the most part are University people, purport to represent any large element of the Labour Party. Rather do the editors sadly complain that the Party spurns its intellectual friends, "so intense is its class suspicion".

Claiming that "despite all the temporising vote-catching necessary to attract a majority of the electorate, gradualist socialism is still one of the several important strands of Labour thought", the editors express the hope that the essays will lead to a better understanding of Labour's socialist principles. Among contributors to "Policies for Progress" are Kingsley Laffer, Senior Lecturer in Economics at the University of Sydney, Geoffrey Sawer, Professor of Law at the Australian National University, and H. W. Arndt, Professor of Economics at Canberra University College.

Perhaps the most important essay in the book is Professor Arndt's on "Economic Policy — Stability and Productivity". Professor Arndt is realistic enough to concede that "for the foreseeable future, democratic socialists must envisage a mixed economy in which substantial sectors at least will remain in the hands of private enterprise". He then proceeds to jettison most of Labour's sacred shibboleths — the plea for equality of incomes, the bogey that business wants unemployment and the claim that capitalism is inefficient.

Professor Arndt points out that the fundamental difficulty raised by the socialist belief in equality of incomes is the compelling need for higher productivity. He questions whether inequality (of earned incomes) can be further diminished, "whether by taxation and social ser-

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VICES within a predominantly capitalist system or by any methods whatever in a planned socialist economy without impairing efficiency and thus reducing the total national income available for distribution". In any case, as Professor Arndt goes on to demonstrate, property incomes are only a minor part of all incomes—in 1951/52, about one-sixth. Redistribution of property incomes could only increase the average wage and salary earner's income by some 15-20%. The Professor points out that such an addition would be less than the increase in per capita real income that has actually occurred in Australia since 1939 through the effect of normal economic progress in raising total productive capacity. Professor Arndt says: "Some of us may be prepared to pay a certain price in terms of lower average incomes for the social gain of a fairer society, but few of us would be willing to carry this bargain very far".

Labour's old claim that businessmen want unemployment gets short shrift in Arndt's hands. He states: "It is foolish to believe, as is commonly suggested in Labour propaganda, that businessmen and their political allies prefer mass unemployment to full employment and that depressions are deliberately engineered by big business and finance. Full employment means high profits, depression means not only unemployment but also low profits and bankruptcies". Coming from one holding socialist beliefs this is a vitally significant admission and is indicative of the intellectual integrity of the writer.

Professor Arndt attributes the desire for bank nationalisation to this misguided folk lore and makes the admission that while bank national-

isation is desirable for other reasons it is not essential to an effective policy of full employment. Arndt eventually comes round to the argument which non-labour advocates have been preaching for years—that is, that prosperity cannot be conjured up by credit manipulation whether by banks or governments. Because of our dependence on export income he concludes that socialism is largely irrelevant to the problem of economic stability.

Where, then, lies its advantage? Professor Arndt's essay poses the question but it would be hard for even the most discerning reader to find his answer. In Arndt's opinion it clearly does not lie in higher efficiency. He does not accept traditional socialist claims on the inefficiency of capitalism. Rather, in his view, any deficiencies of present-day capitalism as a producer of wealth are attributable to state intervention in the economic process through high taxation, controls, tariff protection and other restrictions on unfettered competition. Arndt argues that the very great superiority in productivity of Canada and the United States over the United Kingdom and Australia is due in part to the fact that Britain and Australia have moved further from undiluted capitalism.

Professor Arndt's view that productivity in the last analysis depends on the skill and effort of the country's workers contrasts sharply with the negative and indifferent approach of Australian trade union leaders to this question. He makes no bones about stating: "Many competent and unprejudiced observers have, in recent years, gained the impression that the average Australian worker not only enjoys more leisure

but also works less intensively and keenly than the average worker in capitalist America, communist Russia or the British 'welfare state'". Arndt stresses that in any process of reform active co-operation by labour in increasing the efficiency of those sectors of the economy which remain in the hands of private enterprise (as well as those taken over by public enterprise) has a major role to play.

Professor Arndt is careful to add a postscript to his essay that to him "socialism" is not public ownership of all the means of production, total planning, or for that matter "putting the class interests of industrial wage earners above those of all other sections of the community". But he makes concessions to traditional socialist dogma when he advocates the gradual transfer of all major industries operating on a substantial scale to some form of public ownership and in his readiness to go a long way in using the power of public control over economic activity where this is necessary for the common good.

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The present crisis of socialism arises primarily from the fact that

many of its political exponents have lost faith in the old creeds either because of their irrelevancy to modern conditions or because of their disappointing results in practice. And perhaps the socialists are finding that private business is not so black as they have painted it, that it often does good works, that it is inspired by motives by no means wholly ignoble, and that by and large it gives the people what they want.

Today, socialism needs nothing so much as a ruthless purgation of prejudices and dogmas long and tenaciously held. It must cease living in the past. Only when there has been a clearing out of antiquated furniture will the socialist mind be able to confront the facts of contemporary economic society frankly and lucidly.

As the essay by Kingsley Laffer so well reveals, prejudice especially is the enemy of all rational and sensible thought (Laffer proposes a wage policy which, if followed, would wreck the Australian economy and make us a laughing stock among the nations). In exposing the falsity and futility of some of the perversely held socialist views and prejudices, Professor Arndt has performed a service of notable value.

