

3. Socialism: Marxist

A book published in Australia in 1972, and generally acclaimed by academics and others of the political left, illustrates perfectly the bigotry described in the preceding chapter; this is *Australian Capitalism: Towards a Socialist Critique*.¹

This book is important by reason of the research and documentation brought to it by its eleven contributors and the wide survey it presents of the main aspects of the Australian scene, historical, political and economic. It is also remarkable in that it presents eleven intellectuals and academics who have never lost their undergraduate faith in the Marxian dialectic and actually believe in 'the class war' and the 'proletarian revolution'. (Though it appears that one or two of them lean towards 'New Left Radicalism' and the Marcusian ethic; Douglas Kirsner, for example, a co-editor, whose own essay is titled 'Domination and the Flight from Being', in which he acknowledges his debt to Marcuse).

Kirsner comes most nearly to an honest objectiveness of approach to the study in hand, frankly pointing up the absurdity of such extreme views as of those "who believe Australia is a lucky country, an egalitarian community where everyone can do basically what he likes" or of those who think that "Australia is under the absolute domination of U.S. imperialism through its lackeys, the Australian bourgeoisie, and that the workers would be seething with discontent and full of revolutionary fervour were it not for treachery among the purported leaders of the working-class". Rex Mortimer, reviewing the book in the *Sydney Bulletin* (20/5/72), says of one of the contributors, Kelvin Rowley (who, he says, "makes a perfunctory gesture towards establishing the existence of a ruling class, but elaborates an ingenious argument on the revolutionary potentialities of the working-class"): "Rowley's confidence that 'privatised' workers will react to misfortune by combining for revolutionary action is naive in the extreme. It is much more likely that Rowley's worker will pursue naked self-interest or, if the path is blocked, embrace the most demagogic creed available to channel mass discontent". Even Kirsner, however, while asserting the 'unfreedom' of the present Australian way of life, can write that "our society is geared to what has motivated profit since the inception of capitalism — the slavish quest for more", thus parroting the socialist concept that profit is the characteristic *evil* of capitalism, instead of being, as it is, the natural motivation of all who work for a living. He further repeats (on page 23) the Marxist 'surplus value' myth in the statement: "although it is true that many (sic) workers produce a surplus which is appropriated by the capitalist as profit . . ."

Bruce McFarlane, lecturer in political science at the Australian National University and author of several books on aspects of economics, has a chapter titled 'Australia's Role in World Capitalism' which he describes with considerable skill, and from a wealth of well-researched statistics and supporting opinion, as that of a junior partner in the 'Capitalist Imperialist triumvirate — the U.S., Japan and Australia.' In doing so he discloses with the naivete of a youthful acolyte of Marxist-Leninism, a basic framework of assumptions astonishing for what they omit from observable phenomena.

In a study of the periodic boom-depression cycles in the century from the 1860's to the 1960's, he proves the case that the rise in real wages is relatively minor, but ascribes this to the increasing domination of the Australian economy by 'foreign imperialist capital' and to immigration and the exploitation inherent in the system through the 'surplus value' phenomenon which, of course, he accepts unquestioningly from Marx. Had he read Henry George,² he would know that the failure of wages to rise much above the subsistence level in any economy is the direct outcome of the anti-social phenomenon of ever-rising land values, the dominant factor in the maldistribution of wealth under the existing system, proof of which stares McFarlane in the face. The astonishing thing about his whole review is the fact that this cancer in the economy is not mentioned anywhere, as if it did not exist. He can even refer, as he does on page 47, to the effect on European migration of Canada's "still offering free land for small farmers" without its true significance breaking through his Marxist myopia.

Professor E. L. Wheelwright, professor of economics at Sydney University, contributes a well-researched chapter: 'Concentration of Private Economic Power', a reprint of a lecture given in 1970, in which he discusses the evolution of monopoly in the field of Australian manufacturing and service industries and the consequent increasing domination of national economic policy, in particular by non-Australian corporations. In the course of this he makes some pointed criticism of Australian economists and describes the teaching of economics students as 'mystification' and a 'masquerade'. One can only agree with him, but for reasons other than the one he gives — that the analysis of private capitalism is the study of something that no longer exists. This may well be true, but what Australian economists, in common with economists everywhere, including Professor Wheelwright himself, are guilty of is something far worse than that: it is the fact that they directed teaching away from its basic body of law and purveyed instead such sophistries as those of Marx and the great pragmatist of the 20th century, Keynes. Professor Wheelwright quotes Adolf Berle: "It is a fair question now whether sound academic distinction can be made between political science and economics", as if this is a new development arising from the behaviour of corporate capitalism, instead of being a direct result of the economists' own long-standing confusion of the respective spheres of these two sciences. Wheelwright assumes all through his chapter, giving it

the quality of Holy Writ, that the milieu of modern capitalism is what he and Galbraith call 'the market economy'. "The major economic justification for a system based on private gain" he says on Page 75, "is that competition exists as a form of *social control* (italics his); and the history of this area of economics has been an attempt to show that, given competitive markets (sic) in everything, resources are allocated in an optimum fashion, prices are minimum supply prices, factors of production are organised in the most efficient way, and are rewarded according to their contribution to economic activity." Such a situation he describes as what happens under 'private capitalism', a phrase he takes from Gardiner Means³, and which he says "no longer exists" having been superseded by 'collective capitalism'. The inference is that these ideal conditions did, in fact, operate under 'private capitalism', whereas it is clear to anyone not blinded by Marxist prejudice that they never have existed, save perhaps to a limited extent in the golden age of comparative free enterprise in, say, those first few years of the settlement of North America, when land was there for the taking, rent non-existent and a seller's market predominant⁴.

That such ideal conditions never have existed under 'private' or any other form of capitalism is the consequence, not of any evil inherent in free enterprise, but of the inhibition of free enterprise by politically sanctioned privileges such as tariff protection, subsidies, taxation 'concessions' and the manipulation of the money supply, all of which Professor Wheelwright and his socialist colleagues accept as normal tools of the 'managed economy'. No wonder they can doubt the "academic distinction between political science and economics"!

Peter Groenewegen, a teacher of economics at the University of Sydney, discusses 'Consumer Capitalism' and poses the question "whether, as claimed by conservatives and labor parties alike, this condition makes fundamental social change no longer necessary." He answers the question in the negative. In doing so, he employs more statistical tables to the page than any other contributor to the book, most of which he admits do not greatly assist his case; those which do being, significantly enough, indicators of increased indebtedness in respect of home-ownership, a relative decline in some aspects of education and the failure of 'social welfare' to keep pace with needs. He also shows how taxation has increased, both totally and relatively, and that public services, such as roads, sewerage and hospitals, have failed to equate with the demand, all of which he tends to ascribe to the fact that society is "impregnated with the virtues, and inundated with the products of private enterprise", or, as he says, on the same page (98), "a society dominated by the private sector."

He next discusses the 'social costs' of this system of alleged 'free enterprise', such as pollution, which has nothing to do with economics as such. Finally, he deals with the alleged 'consumer sovereignty' which he says is the main claim of 'consumer capitalism' to superiority, and

demonstrates the fallaciousness of the claim, using the arguments of such economists as Galbraith and Vance Packard — legitimate enough, perhaps, in the field of social psychology, but irrelevant in a discussion of economic consequences of the capitalist system. He even refers to the “institutional constraints on choice” such as “the pressure to conform dictated by occupation and status” and the “never-ending demands of fashion”, as proof that ‘consumer sovereignty’ is a myth.

His most important conclusion is the assertion that “no trend towards decreased inequality (in income and wealth) is observable in Australia and that the problem of poverty is far from solved.” This is patently true and amply demonstrated by Groenewegen’s statistics. The only thing wrong is his conclusion that the only possible solution is “radical social change implying the destruction of the capitalistic system”. Change, certainly, and radical, certainly: the question hinges on interpretation of ‘radical’. If one prefers the original meaning of the term, and not the distortion of it favoured by socialists and the New Left, then to be radical is to “go to the root”. And to go to the root of the problem of the maldistribution of wealth in Australia, or anywhere else for that matter, is to examine what happens to the two major factors in the economic equation: *wealth equals rent, wages and interest*. To do this is to discover that the factor, rent, is the factor that steadily increases in relation to the other two and the fact that it is absorbed as income by the owners of the economic resources (‘land’ is the economic term) instead of providing public revenue, is the actual cause of the observable disequilibrium in our society. But Mr Groenewegen gives no evidence of even knowing the meaning of rent. Like the rest of his fellow contributors to this book, he does not even mention it.

John Playford teaches politics at Monash University and is co-editor of the book. He poses the question: “Who Rules Australia?” and answers it in predictably Marxist terms; but, since he is concerned with political management of the economy, rather than a discussion of purely economic phenomena and theory, his contribution is largely irrelevant to this examination except that it exhibits once again a failure to understand the essential nature of ‘free enterprise’ and to demonstrate that political dominance of society is a natural consequence of a system of monopoly privilege, which one doesn’t have to be a socialist to recognise or condemn.

David Evans, lecturer in economics at Monash University, concerns himself with ‘Australia and Developing Countries’ and discusses the rationale of Australia’s ‘foreign aid’ programmes, supported by two appendices of statistics and a most voluminous bibliography. The question he propounds at the opening of his chapter is unexceptionable; it is: “Whether man should be regarded primarily as an input to the productive process, or whether, instead, the development of man should be the aim of this process? Is successful development little more than a high growth-rate of the G.N.P., a goal to which man and the social structure should be

subordinated, or should that growth be achieved in the context of the development of the human beings within the social structure which revolutionises their way of thinking and encourages them to fully realise their many creative powers?" The resolution of this question could well be the expressed *raison d'être* of this present book.

The only disagreement is with the basic assumptions on which Evans, in common with his co-contributors, relies, i.e., that what is called the 'free enterprise system' is essentially inconsistent with man's nature and damaging to his well-being, and that the only way to save him from the evil consequences of these facts is 'socialisation' on the Marxist model.

The central contention of this chapter, he says, is that "there is an over-riding unity in all (foreign aid) policies and programmes — economic, political and military — which adds up to a consistent effort by Australia and other capitalist countries to prevent the further erosion of capitalist territory in the world economy." Well, there is not much one can quarrel with in that contention except with the assumptions basic to the Marxist concept of 'capitalism' and the assumption that Australia is a classic example of that concept. It is clear that Australian foreign aid is organised and administered mainly in Australia's self-interest, in common with that of all countries engaged in this function. It is also a consequence of the obstruction of normal trade by the 'donor' countries in the interests of privileged groups of their own nationals.

If only Mr Evans had devoted the time and trouble he has given to the monumental task his chapter represents to an examination of the consequences of a truly free flow of trade, to both donor and recipient (foreign aid) countries, he would have done a much greater service. But his Marxist standpoint compels him to write in this way in reference to Australia's tariff policy: "For a concerted effort at lowering tariffs . . . it would also be necessary to gain working-class support by assuring displaced workers of suitable compensation, re-training and re-employment at higher wages in more capital-intensive industries. These circumstances indicated that only a radical working-class movement with international perspectives could rationally oppose such tariff reform. It could be argued that workers would not be prepared to shift to more capital-intensive industries in Australia without increased worker control, recognising that a necessary complement of lower tariffs would be increased Australian domination in capitalist South-East Asian countries via the expansion of direct foreign investment." All one can say to that is that this mythical 'working-class' is composed of elements with widely differing political views but with a basic 'economic' concern, i.e., to preserve and improve their own individual way of life and income, and their interest in the alleged "domination of capitalist countries of South-East Asia" would be largely academic.

Doug White, author of the chapter "Education and Capitalism", is described as "teaching education at La Trobe University and co-editor of

the Marxist quarterly *Arena*”. With his general argument and conclusions no one capable of objective thought could but agree. The growing domination of the institutions and the very function of education in Australia (as in the U.S., Great Britain and elsewhere) by the managers of the technological revolution is only too visible. At the same time, it is pertinent to ask Mr White whether he believes in education being truly free (in all senses other than its cost to the individual). If he does, this is surely inconsistent with the theory and practice of Marxist socialism where ‘education’ is a vital part of the indoctrination of the people. He says (page 228) that education is a form of national investment in the service of capitalism; and he supplies ample evidence in support of the claim, with which this writer certainly would not disagree. But what does he offer in its place? “New societies as well as new thought and action — intellectual, material and social production will be combined.” (Page 247.) To what end? The freedom of the individual, or his enslavement within the kind of authoritarian society of which we have already too many horrible examples throughout the world?

Geoff Sorrell, teacher of economics at Sydney University, writes on the Australian arbitration system. Like the author of the preceding chapter on education, he states a case in support of his proposition (that arbitration is merely a mechanism for the support of the capitalist system) well documented with facts which are self-evident to the unbiased student. The absurdities of the arbitration system have long been visible: e.g., the idea that judges seconded from the courts of law are qualified to adjudicate on such abstractions as relative work-value and a ‘living wage’.

Sorrell rightly describes the mythological nature of the development of ‘industrial relations’ in Australia and notes the trend towards a more realistic attitude, exemplified by the rejection in more and more disputes of the compulsory arbitration system in favour of direct bargaining between the parties⁵. He uses the term ‘pragmatism’ to describe the trend noticeable on both sides of the table, so to speak, and then adds significantly: “This is not part of a socialist programme”. The question therefore arises: What is the socialist programme? And the answer would appear to be, from assumptions tacit in Mr Sorrell’s thinking: “Control by workers of their own industrial environment” or, to put it more frankly, workers’ control of industry which, apart from the morality of the proposition, would not be likely, on evidence presented by communist regimes, to offer prospects of achieving that efficiency of which these writers deplore the lack under ‘capitalism’.⁶

Kelvin Rowley, described as an honours student of history at the University of Melbourne and an editor of the Marxist quarterly *Intervention*, discusses ‘The Political Economy of Australia Since the War’. This is largely an historical record from the point of view of the dedicated Marxist, and thus a discussion in terms of clear-cut polemics. It is, in his own words, “A totalisation of the (Australian) society’s history based on *significant*

events and facts.” (italics his own). What is particularly interesting about this version of the Australian scene is the author’s attempt to explain away, in Marxist terminology, the relative failure of the Australian ‘worker’ to conform to the ‘traditional collectivist’ concept of class. His rejection of the theory of ‘embourgeoisement’ is a case of making the evidence fit the proposition. This is a natural consequence of the failure to consider people as human beings with possibilities of personal preference and development in a condition of freedom of choice. ‘Class’ and ‘mass’ and ‘collectivism’ are all terms of the language of the 19th century Marx looking at a world (European) in which the stratification of society was rigid, and erecting on the basis of this fact the erroneous theory of ‘surplus value’ to explain it, proceeding from that syllogism to the conclusion that only the revolution, embracing violence as an inevitable instrument, could break the rigidity and produce the victory of the ‘proletariat’ through the destruction of the ‘bourgeoisie’. ‘You have nothing to lose but your chains’ is a slogan as unconvincing to the present-day Australian as it is archaic as metaphor. The ‘chains’ that bind the ‘worker’ in the technological society bind the whole of its members, irrespective of ‘class’ or any other theoretical division. They relate to the basic corruption of the distributive process within the Body Economic by which the share of the product (the return to Labour) receivable by *all* workers, not just the ‘working-class’, is diminished, not by the share received by the ‘capitalist’, but by the share received by the appropriators of rent — the ‘return to land’ (in its economic sense, not simply as acreage). The disequilibrium thus created must be permanent so long as this malfunction of the distributive process is permitted to continue, and accounts for the persistence of the fact, which all Marxists acknowledge, that *wages always tend to remain at a level of relative subsistence*.

Unfortunately, one of the main facts obscuring recognition of this truth is the involvement of practically everyone in present-day society, Marxists included, in the pursuit of the ‘forbidden fruit’ of land value, under the compulsion of the system itself which is self-perpetuating in that the alleged ‘hedge against inflation’ (‘investment’ in ‘real estate’) is the basic contributing cause of that inflation which is choking modern society to death (while it is tranquilised by the myth of ‘affluence’). The pity of it all is that, if half the energy expended by Marxists in erecting their hate-inspired theory of the inevitability of the revolution, was put to work exposing the causal relationship between the insane carnival of land value speculation and the accelerating inflationary spiral, the millennium might be within sight, instead of the horrifying prospect of universal holocaust which Marxists appear to contemplate with equanimity.

Bob Catly, who teaches politics at the University of Adelaide, is solely engaged in his chapter in exploring the chauvinism and paranoia in Australia’s foreign policy, particularly as demonstrated in relation to the

American intervention in Indo-China. While not stressing, as his co-contributors do, the assertion that the imperialism motivating this intervention is an essential feature of 'capitalism', his acceptance of it is tacit. He reserves his main argument to expose the equivocal attitude of the Labor Party and the helplessness of the 'peace movement' in face of the power of the controllers of 'law and order' who rely on those qualities of chauvinism and xenophobia so well distributed throughout the population.

The weakness of the general thesis — that capitalism is the essential basis and motivation of imperialism — is transparent in the light of the imperialism of the Soviet Union, which even China recognises and fears. The Marxist materialist conception of history is thus shown to be far too simplistic as an explanation of human acquisitiveness and aggression.

Humphrey McQueen, teacher of history at the Australian National University and author of 'A New Britannia', heads his chapter: 'Glory Without Power' and deals with the futility of 'reform movements', such as the Australian Labor Party, which he refers to as having been "effectively integrated into capitalism". His main criticism is that the A.L.P., very early in its history, gave up, if it ever had embraced it, any idea of being a 'class' organisation: "At the very heart of the Labor Party rests this suppression of any class identity" he says (page 348), and he quotes Arthur Calwell: "Labor's great achievements were based on this central doctrine: that the state belonged to the people and should be used freely and consciously by the people as the instrument for their own betterment and progress." If the Labor Party, says McQueen, "was not to lose its working-class supporters it had to convince them that they too were 'the people' and not a class." And that, of course, was contrary to Marx.

To sum up: *Australian Capitalism* is a presentation of the Marxist orthodoxy by eleven of its brightest practitioners operating within the Australian education system. It presents, with unassailable logic, a system of thought with which the only thing wrong is its premise. As such, it should be recognised as a contribution to human thought as biased, as bigoted as any of the religious orthodoxies which seek to enmesh the young mind in its search for truth. The only thing to be said in its favour is that it at least offers a clear-cut expression of the Marxist ethos; though the possibility of its authors splitting off at some stage into sects labelled Maoists, Trotskyite or Russian Orthodox, must be allowed for as with the members of any other orthodoxy.

The Marxism here advocated has the advantage over the many types of socialist formulae in operation around the world of being reasonably true to its original concept; whereas anyone with the energy and the gift of the gab, or that elusive quality 'charisma', could form a socialist movement with a new 'with it' name and add his quota of confusion to the general babel.

This 'attempt towards the development of a socialist critique of capitalism in Australia' to quote the book's dust-jacket, succeeds at least in showing

how widespread among Australian intellectuals has the Marxist version of socialism penetrated. 'Student unrest' at the universities, and even at secondary school level, can be more clearly understood in the light of this fact, as also can its tendency towards expression in violence. The academic discussion of socialism is no longer adequate. Democracy is only possible after the revolution. The revolution to end all revolutions? How short is the revolutionist's memory!

NOTES TO CHAPTER 3

1. J. PLAYFORD and D. KIRSNER (eds.): *Australian Capitalism: Towards a Socialist Critique*; Penguin Books, Middlesex, England, and Ringwood, Victoria, 1972.
2. HENRY GEORGE: *Progress and Poverty*; Schalkenbach Foundation, New York, 1958.
3. GARDINER C. MEANS: (article) *The Problems and Prospects of Collective Capitalism*; *Journal of Economic Issues*, March 1969.
4. STAN RUBENSTEIN: (article) *The Oklahoma Land Rush*; *Good Government*, Sydney, October 1969.
ADAM SMITH: *The Wealth of Nations*, Vol. II, Chap. VII (part 2) p. 63: 'Causes of the Prosperity of New Colonies'.
5. (Article) *The Great Arbitration Crisis*; *Bulletin*, Sydney, 11/12/71.
6. The story of LIP, the French watchmaking firm taken over by employees: see *Sunday Times*, London, 14/10/73 (and subsequent references).