

# REARMAMENTS' BITTER FRUITS

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THE working class is already tasting the bitter fruits of the rearmament drive and does not like them. So the agenda of the forthcoming Trades Union Congress and Labour Party Conference will be dominated by many resolutions of protest.

Since the last Trades Union Congress the retail price index (which no one believes is a sufficiently serious index of the actual rise in prices) will show an advance of at least 11 per cent. This is the greatest increase in prices in any single year since the war year 1940. Wage rates will probably have advanced by about 8 per cent in the same period, but account has to be taken of the fact that output per worker is 5 per cent above the level of last year. The disparity between the retail price index and the index of wage rates is greater than at any period since June 1947 when both indices came into operation. At the last Trades Union Congress, for example, the index of male wage rates stood at 110, while that of retail prices stood at 114—a disparity of 4 points. This year the index of wage rates will be 119 while the price index will be 127—a gap of 8 points. The gap would be still wider had last year's Congress not scrapped the wage freeze policy and commenced a vigorous offensive for increased wages. The situation is worse when you take the trend over a period. Since 1947 the output per head of the workers in all industries has increased by 33 per cent, while wage rates have fallen behind the rise in retail prices—in other words, real wages have fallen in a period when there has been the most remarkable increase in the productivity of the workers. Social service benefits have suffered most by the rise in prices. Since 1946 when all the present benefits were fixed the cost of living has increased by at least 34 per cent. All social service benefits have remained at the 1946 level except old age pensions, and even there the recent increases do not restore the pensions to the 1946 level in purchasing power. This is the greatest social service cut in our recent history and it has passed virtually unnoticed up till recently.

So there has been the greatest protest amongst the Divisional Labour Parties that has taken place in recent years. 134 of them have placed resolutions on the agenda asking the Government to do something about prices. In some of these resolutions there is, of

course, the suggestion that this is a matter which can be dealt with in isolation. No less than 37 parties however declare that the rearmament programme should be modified, because of its adverse social effects, while an equal number want the Government to change its foreign policy or to take the initiative for peace. Many other questions are dealt with on the agenda but it is clear that the affiliated bodies of the Labour Party agree on the outstanding issues of the period which are in their opinion (1) the rising cost of living and its effect on the working class standards, (2) the rearmament programme, and (3) the need for a genuine peace effort on the part of the Government. The agenda of the Trades Union Congress tells a similar story. The largest group of resolutions, 16 in number, deals with wages, prices and profits, and the next largest group, 7 in number, deals with the question of peace.

There can be no question that if the resolutions before these two great working class assemblies were discussed on their merits a group of resolutions would be adopted which would add up to a demand for drastic change of Government policy. The Right-Wing in control of the Labour Party machine will consequently seek to ensure that no resolution is discussed on its merits and that every group of resolutions is discussed as if it were a vote of no confidence in the Government and in the Party Executive. Delegates will be told that they must vote with the full knowledge that it is dangerous for the party conference to disagree with the Executive and with the Government when there is a General Election in the offing. The Executive will present a long policy statement dealing with what it considers to be the vital issues of the day. The resolutions from affiliated bodies will then be combined as amendments to the Executive's policy report. There is therefore no vote on the merits of a resolution. Each vote will be a vote of confidence or no confidence in the Executive. There is no need, of course, to be oppressed by this. The Executive can be defeated at a Labour Party Conference. I only point out that the scales will be weighted on the side of the Executive to begin with. Further, the Executive will make apparent concessions to the views of the affiliated organisations. The Government has already agreed to dividend limitation of a feeble character. The Executive will probably sponsor some comparatively innocuous measure like a capital gains tax, or a tax like Sir Stafford Cripps' Special Contribution of 1948, the abolition of Retail Price Maintenance, action to reduce distribution costs wherever they can be shown to be excessive and a general denunciation of monopolies.

Some of those things would be mildly beneficial in normal times but none of them can have the slightest effect on a rise in prices which is caused by the war drive, which is going on throughout the capitalist world. In addition some of the most formidable critics who are members of the Executive will be silenced at the Labour Party Conference on the ground of 'collective responsibility'.

The 'arguments' which the Right-Wing will play with have already been outlined by Mr. Gaitskell in his speech in the House of Commons on July 26. These may be summarised as:—

(1) It is true that profit margins are often fixed at a level which enables efficient firms to make exorbitant profits. If they were lowered, however, less efficient firms would have to go out of business. This would intensify the goods shortage which is already serious enough; (2) increase of subsidies would mean a truly enormous increase in income tax. This we cannot afford. A small subsidy which might prevent prices rising as high as they otherwise would could be afforded if only the workers will refrain from asking for wage increases, and (3) British rearmament has had comparatively little effect on prices. Even if Britain had not engaged in the war drive prices would still be rising because of the war drive of other states.

The latter argument has one slight grain of truth in it. The main cause of the world-wide rise is the capitalist world's arms drive leading to the scramble of all capitalist powers for food and raw materials. That does not mean that the British Government has no responsibility for this, for it fully approves and participates in all the measures taken. The true conclusion to be drawn from Mr. Gaitskell's argument is not that the British people is helpless in the face of rising prices as he suggests. It is that any effective fight against rising prices must include a fight for peace and the ending of the arms drive. Two extremes must be avoided. The one is that the British people can do nothing about rising prices until the arms drive is ended. This standpoint is not likely to have many supporters at either the Trades Union Congress or the Labour Party Conference. The other extreme that you can effectively lower prices by various control measures, while retaining the arms drive in all its fury, is unfortunately still held by many people. The truth is the fight for peace and the fight against the creeping impoverishment that results from the war drive are one fight.

Gaitskell performs a rather unscrupulous trick when he declares that an increase of income tax from 3s. to 4s. in the £ would have

been necessary in order to give sufficient subsidies to keep the cost of living from rising last year. The real situation is that, *given the enormous increase in military expenditure*, these are the increases in the income tax which would have been necessary to keep the cost of living stable. If, however, there had not been the enormous increase in arms expenditure laid down in the budget then the resources for subsidies could have been found without the enormous increase in income tax with which Gaitskell has sought to frighten the movement. In any case, even if it could be shown that it was impossible to increase subsidies on *all* goods, that would not be an argument against subsidising *some* goods. Those organisations which at the T.U.C. and the Labour Party Conference are asking for an increase in subsidies are on to a perfectly sound idea. It must, however, be increased subsidies without strings. The workers must not call off their wage movements in return for an increase of subsidies. Both are vital if the standard of life is to be preserved.

We must give the efficient capitalist firms a larger profit margin than is necessary, otherwise the less efficient will have a lower profit margin than is necessary and will go out of business. That is Gaitskell's argument against the resolutions which demand that the Government reduce the profit margins on controlled goods. His nonsensical proposition should be rejected. We venture to predict that many of the firms which are threatening to close down if the profit margin were reduced will not do so if their bluff is called. If a few actually close down and it is impossible to transfer their workers to firms in the same line in the neighbourhood, then the State should requisition them and carry on production. It is absurd, however, to justify exorbitant profit margins on the ground that some marginal firms must be kept in business.

The central issue at both conferences is to get firm decisions in favour of the British Government taking the initiative on peace and proceeding to reduce arms expenditure. Delegates will be deeply divided in their views as to the causes of existing world tension. The Right-wing will seek to play upon this fact by suggesting that resolutions calling for the British Government to support the opening of negotiations and discussions are tantamount to a vote of no confidence in the Government's conduct of foreign policy. If they can switch the debate away from what the Government ought to do now to promote peace, into a discussion on all its past foreign policy, the Right-wing leaders believe they can confuse the issue and get a vote in favour of no change. Delegates should therefore

be clear that, if the arms race goes on unchecked, the international situation will grow worse and the economic difficulties with which they are now battling, will grow immeasurably more menacing. Next, it is important to understand that price controls are not enough. There must be an increase in wages and in social service benefits, otherwise the movement will be accepting the cuts which have already taken place. During the period when the Unions were accepting the policy of wage freeze the Right-Wing leaders constantly put forward a policy of price reduction as an alternative to a policy of wage increases. Nevertheless, price increases took place and the standard of life of the workers fell. Delegates should therefore reject any revamped-up version of this discredited policy.

Further, they must remember that the prices of controlled goods have been rising quite steadily. Therefore the type of price control is of the utmost importance. It must include a substantial increase in the subsidies of the most essential goods and a drastic reduction of the permitted profit margins on controlled goods. Anything less than this is mere deceptive window dressing.

On all these points delegates should stand firm resisting all pressure and sophistry. Their resolutions show an increasing understanding that the consequences of the present policy mean the destruction of the Labour movement and of the independence of the British people. They should therefore allow nothing to deter them from insisting on a root and branch change of policy.

## FROM THE *LABOUR MONTHLY* OF 25 YEARS AGO

### AFTER THE BETRAYAL OF THE GENERAL STRIKE

It is unfortunate that the discovery of a past traitor must always reveal a future enemy. When the General Council betrayed the miners, its members had perforce to prevent the miners from winning in order to secure justification in the eyes of their own men. There being no neutrality in the Class Struggle the traitors were bound to turn assassins of their previous allies in their own defence. Having made prophecies of a miners' defeat, they must now assist events to prove that they were right.

From *Another Stage in the Miners' Struggle*, by Arthur Horner, Sept., 1926.