

"All Classes Are Satisfied!"

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(Written Especially for the Daily Worker.)

If it is still necessary to make clear that the Labor party has become the custodian of Liberalism then the general chorus of approval from "all classes" for the budget of the labor government adds to the proof already given. Mr. Snowden simply beamed when Labor cheered, the Liberals praised and the Tories gave grudging appreciation. We had better examine the situation.

What Have the Workers Got Out of It?

The following reductions in taxation on foodstuffs will for a short time add to the spending power of the workers:

Reduction in sugar.....1½d per pound
Reduction in tea.....4 d per pound
Reduction in cocoa.....1½d per pound
Reduction in coffee.....2 d per pound

In addition extra dried fruit tax has been abolished.

Sweetened mineral water tax is abolished.

Entertainment taxes on admission prices up to 1-3 either abolished or reduced.

These reductions every worker will appreciate. But the trouble arises when another part of the policy of the Labor party comes automatically into operation. A reduction of 5 points in the index figure of the cost of living brings reductions of wages at the month end. So the railway workers, transport workers, building workers, cotton operatives, etc., will automatically come due for reductions in wages within a few weeks. So what is given with the right hand will be taken away with the left, and the increased purchasing capacity which Mr. Snowden has boomed so much as a trade reviver will be very much curtailed. In practice it will work out on the lines of the old Liberal slogan—cheap labor as a stimulant to trade.

Then, of course, we must not forget the activity of the price manipulators, who have a knack of making the best of new situations. When the public has shown that it can pay the high prices, these manipulators set to work to bring about an artificial shortage of the goods on which taxes have been reduced. This permits them to take the tax reduction for themselves as the most deserving of the community.

The people who will actually gain are the middle classes. Their salaries do not fluctuate so violently as the workers' wages, and so the sliding scale won't operate downwards so far as they are concerned. Then the labor commodity will be cheaper for the small employer as well as the big employers, and they will be able to join in the chorus of the industrialists who are particularly anxious for low wages—cheaper labor will help them to compete more effectively on the foreign market. But they have received other gifts from the budget.

Gifts to Others Than the Workers.

The corporation profits tax, against which the Federation of British Industries has fought so long, has been abolished.

The inhibited house duty, which has especially annoyed the lower middle classes, has been abolished.

Motor license charges have been reduced. (And of course the workers have two or three each of these things.)

Then comes a reduction in telephone charges.

These are all gifts to the middle classes and the capitalists. And it will be observed that these are additional gifts, for all the other reductions apply to them also with a further advantage over the workers. Whereas these classes can flch by the normal operation of the capitalist and constitutional labor machinery the gains which the workers secure from

the budget, the workers cannot participate in the concessions granted to the capitalists. Nor can they retain the gains which the budget gives them without breaking their agreements with the bosses and struggling every inch of the way. No wonder there is a chorus of approval from all the capitalist papers. They know that what the workers gain on the roundabouts they will lose on the swings. But it will take a little time for that to happen, and for that little time the workers will be grateful. They will ascribe their gains to the credit of the Labor party and the Labor party will gain votes. The middle class people, who were so scared at the advent of a Labor government are feeling that this is something worth supporting and the Labor party will get more votes. And probably all of them will be exceedingly annoyed if any one asks them to think over the situation of Britain as revealed by the budget.

The National Debt.

When Mr. Snowden began to speak of the burden of debt he followed entirely in the footsteps of Mr. Baldwin. He said the same things, took the same attitude, refrained from telling the truth about the situation by giving only partial information. He said:

"At the highest point in December, 1919, we had a dead weight debt of approximately £8,000,000,000, . . . involving an annual charge for interest of £345,000,000, after allowing £19,000,000, which at that date was approved interest on the American debt. . . . We have now a nominal dead-weight debt of £7,680,000, involving interest charges of £305,000. . . . Allowing for the nominal addition by conversion, the total debt reduction, both external and internal, since 1919 has been over £650,000,000 practically the amount of the national debt at the outbreak of the war. I think the committee will agree that this is a wonderful and highly creditable national achievement."

Apart altogether from glorying in the continuation of the payment of blood money and 5 per cent patriotism, this statement as it stands gives the impression that by taxation, economy and so on the British government, the bankers and, of course, the people have been making marvelous efforts. It gives the impression of things being on the mend, of capitalism getting on its feet, and British capitalism especially forging ahead, reviving the faith in its permanency.

Why did not Mr. Snowden tell the workers, especially, that the time had come for the complete canceling of this debt? Why did he not say frankly that the £650,000,000 paid off the national debt had been paid out of the sales of old war stock? Why did he not say that this war stock was being sold at bankrupt prices, in the main to those who had sold them to the government at war prices, and who were principally interested in the perpetuation of the national debt? He states that this is the last year from which any income can be derived from this source. If this means anything at all it is that, having paid £350,000,000 per year for five years, i. e., £1,750,000,000 in interest, the state has only managed to reduce its debt from £8,000,000,000 to £7,680,000,000, altho it has paid back £650,000,000 out of the sales of war stock. A little arithmetic will show that, altho the government has paid out £2,400,000,000 since the end of the war, it has only reduced the amount upon which it has to pay interest by £320,000,000. So £2,080,000,000 have been paid for the privilege of killing nearly a million of the best manhood of the country, wounding another 2,000,000, playing a leading part in devastating Europe and creating unemployment and misery on a scale hitherto unparalleled in this country. In addition we have to go on paying at the rate of over £300,000,000 per annum without reducing the debt one

penny. If this sum went each year to the reduction of debt by payment another twenty-two years would elapse before it was cleared. But it does not. It leaves the principal untouched except for the sinking fund of £40,000,000 per annum, which in turn for the first time cannot come out of the sales of war stocks. Fifty per cent of it must come out of tax revenue. Next year all of it must come out of taxation. And this is how the pacifist Snowden clears up the mess of the war. He would not be a party to revolutionary action to stop the fighting, and now accepts with unctious satisfaction the task of securing the blood money for the investors in the war, and looks to the spoils of "victory" as a "means to easing the burden"—the payment of war debts by other countries to Britain and the operation of the experts' report to extract reparations from Germany. There is therefore no basic difference between the Labor government and the professedly capitalist governments in relation to the financial or imperial aims. It has been an object of the victorious countries to pass on their debts to the defeated countries. Such also is the declared aim of the Labor government, however much it may be cloaked by the phrase, "more hopeful prospects of agreement in Europe." And what is still more clear is the fact that because the Labor party and the government decline to attack the vested interests they have no option other than to follow this commitment with the material means of imperial development, which again intensifies the exploitation of the masses and keeps them on the pathway of illusions.

What the Money Is For.

In order to prove this contention it is only necessary to examine the expenditure side of the budget.

1. National debt charges	£350,000,000
2. Fighting forces	115,300,000
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	£465,300,000

out of a total of £794,050,000. Five-eighths of the total are direct militarist charges against which the Labor party has not made the slightest impression or threatened to make an impression, even were its numbers in the parliament greater than they are.

The rest of the expenses are almost covered by the civil services, customs and excise and inland revenue, post-office, etc. Then there is a surplus of £4,000,000 to begin the social efforts, extension of pensions to widows, development of old age pensions, the housing schemes. It is calculated that this surplus will be enlarged by special efforts to collect arrears of taxes. The total outstanding amount to £220,000,000.

Conclusions.

The budget of 1924 is calculated to rouse the hopes of the workers and the lower middle classes. It satisfies the industrialists, who want cheap labor to meet foreign competition, and is likely to intensify the wage struggle. The exhaustion of war stocks, the dependence upon the collection of arrears and the collection of reparations as the primary means for any social developments are indications of the critical position of British capitalism rather than the signs of its recovery. The exhaustion of the war stocks as announced is equivalent to informing the world that the means of reducing the national debt are at an end without cancellation or vastly increased taxation. In 1913 Britain was able to meet 54 per cent of her liabilities. In 1924 she can meet only 19 per cent. The budget is a masterpiece of party strategy for the outmaneuvering of the Liberals and Tories and the securing of a growth of the Labor party. It outliberals the Liberals and leaves no justification for the existence of the Liberal party. It fosters great illusions, kindles false hopes and fore-shadows a great but unpleasant awakening.