

Australian Communist

Journal of the
Communist Party of Australia (Marxist - Leninist)

December 2013



Dedication

We dedicate this issue of the Australian Communist to our comrade Sean Murtagh, a courageous and long time fighter for the working class in Australia's anti-imperialist struggle for independence and socialism.

Sean embodied all the finest qualities of the revolutionary working class. He was courageous, thoughtful, modest, practical, reliable and loyal. Sean worked as a welder in the metals manufacturing industry, a hard working and dedicated shop steward who was involved in many protracted battles on the job and in his union. He was widely read and had an especially deep love of Australian workers' anti-authoritarian traditions and the culture of standing up and fighting for the working people. He was a huge admirer of Ned Kelly and the Eureka Stockade rebellion.

In his wide reading Sean studied Marx, Lenin, Mao and Ted Hill and used the science of Marxism-Leninism to analyse Australian conditions and international events from a revolutionary working class stand.

As a leading and loyal member of the CPA (M-L) for many years, Sean set a fine example in the wide connections he built up over decades of mass work among diverse sections of the people who held him in great respect. We miss his forthright insights from experiences of life and struggle and careful study of each situation, always delivered in a down-to-earth manner that cut through pretension and waffle.

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Mass work and political consciousness

Edited version of a talk at a gathering of comrades and activists.

Different levels of political consciousness among the Australian people require revolutionary activists to carry out their political agitation in flexible ways, and to organise according to the actual needs of each situation.

The starting point is listening to people, becoming familiar with their experiences in life and in struggle, and understanding their concerns. This establishes a base, a platform, from which we can build and develop political awareness and a class conscious outlook.

“Correct and appropriate Communist work among the people in people’s struggles which are motivated by objectives often far less than the overall Communist objective, is the basic way in which Australian people will come to understand ultimate objectives and correct steps in their realization.” (E.F. Hill *Communism and Australia* 1989)

To do the most effective political work revolutionary activists need to focus on four critical factors which arise in any struggle:

1. Get the facts right, research and investigate, know the situation well and the forces involved
2. Build unity to isolate the main enemy – ‘broaden the base, narrow the target’
3. Assess the different levels of political consciousness
4. Develop suitable strategies and tactics to raise political consciousness across all levels – as a key measure of success

The Program of the CPA (M-L) determines that the path to socialism in Australia lies through uniting the masses around the struggle to overthrow imperialist domination of our country (specifically, domination by US imperialism). Imperialism is at the core of capitalism in Australia.

Therefore, the strategic task at the current stage is to build a broad anti-imperialist peoples’ movement under the leadership of the working class. To do this, revolutionary activists need to take careful account of the different levels of anti-imperialist consciousness among the masses and devise their tactics accordingly.

Levels of political consciousness

At the first level, there are the unorganised masses who oppose some aspects of US imperialism, without actually recognising it as a systemic form of domination, as an economic, political and military system with its own ideology and culture. Many of these people are working class, but are influenced by petty-bourgeois ideas.

The class position of others such as small owners and producers, self-employed tradespeople, professional workers and the like is petty-bourgeois. They may feel exploited and abused by the corporate monopolies and the banks, but they can't see beyond economic and political struggles for minor reforms of capitalism by parliamentary means.

Our political work among the masses at this level should support and assist their progressive demands, while patiently showing the connection between their problems and the different aspects of imperialist domination of Australia.

There are natural connections to the masses in workplaces, communities and social networks. Other connections can be made through mass organisations and issue groups which can inform, educate and mobilise some sections around particular issues. In discussion and in good time, there are opportunities to raise alternative ideas such as the nationalisation of key industries, an independent republic, and a progressive tax system to raise living standards, etc. – elements from our Immediate Demands.

At this level of political consciousness, there is only limited scope for open Communist activity other than handing out Party leaflets and papers at very large demonstrations and meetings.

Key tasks are to build and consolidate connections with the masses, to assist people in struggle to analyse their situation and actual experiences, and to encourage ideas of an alternative vision

for the future.

The second level of political consciousness is reflected within organised groups such as mass organisations, issue groups, trade unions, community groups and the like.

There may be some recognition of the nature of US imperialism in terms of global economic and political domination and military aggression, but often this is not connected with its economic, political and military domination role in Australia. For some, imperialism means only political and military aggression. They don't see the economic imperatives behind the aggression, the class rule of corporate monopoly capitalism. Others see only the economic aggression as expressed through globalisation and free trade agendas, and neglect the political and military role of imperialism.

Our political work should promote and strengthen the people's mass organisations, while exposing the links between US imperialism and the local ruling class. In these circles we can be more open in explaining the nature of imperialist domination and how it overshadows economic and political life in Australia. Among the activists, we can introduce discussion around some of the points made in our Immediate Demands.

Key tasks are to prioritise areas of work in and with people's organisations, to promote common interests across people's various progressive organisations, to promote working class leadership, to put forward an alternative vision for the future

on relevant issues, and where possible, link immediate struggles to opposing and resisting imperialist domination.

The third level of political consciousness accepts anti-imperialist positions on a range of issues, but is ambivalent about Marxism. They see the need for organisation, solidarity and militant struggle, and are attracted to intermediate level activism, but without the discipline of revolutionary organisation. They frequently suffer from left-bloc isolation, and often see themselves as above and separate from the mass of people rather than a part of the people.

Our political work at this level should promote out-going activities that welcome and involve broader sections of the people. We need to mobilise the activists in ways that bring them closer to the people, not further apart. And we also need to encourage activists to keep up their natural mass connections in the people's organisations, workplaces and community.

There needs to be sufficient time devoted to in-depth, one-to-one discussions with the best activists if they are to embrace a more revolutionary outlook. In these circles, we should strive to influence and lead through our ideas, our commitment and our hard work, and not seek to control and dominate by numbers or by cute manoeuvres in the way some Trotskyites and revisionists often work.

Key tasks are to mobilise activists to support and assist the struggles of the

people, to promote unity between sections of people and organisations in struggle, to seek out the best activists for regular in-depth discussion, and to avoid sectarian behaviour, big-noting, loudmouthing – earn respect quietly.

The final level of political consciousness is that represented by conscious anti-imperialist organisation.

Our political work at this level need only involve a few selected comrades, to explore avenues of cooperation with fraternal organisations within Australia and internationally. It is important to promote the struggles of the Australian people as a part of the world-wide struggle against US imperialism, and to express our support for the struggles of others.

Key tasks are to build practical alliances with other fraternal forces opposed to US imperialism, and to exchange experiences and ideas to enrich mutual understanding of the issues facing the Australian people and the people of the world.

Re-assess and sum up experience

Between these different layers of political consciousness, there is movement, crossover. They are not isolated and static; they exist in a dialectical relationship which should be periodically re-assessed.

Similarly, the comrades who are responsible for work at the various levels should also be periodically re-assessed. Comrades can develop and take on wider tasks, but they can also fall back. This is our experience. We need to take better

care of comrades, give them support and encouragement and not take them for granted.

Productivity: of what and for whom?

Musical chairs among the parliamentary cretins brought no change to the gabble around ‘productivity’.

As Rudd’s Education Minister, Gillard had spelt out that her policy even for pre-schoolers was to drive up productivity. Abbott is going to refer industrial relations to the Productivity Commission while Rudd told the Press Club that productivity was more urgent than ever with the end of the mining boom. At the same time, the labour lieutenants of capital are spruiking up the Accord Process of capitulation as a route to the bosses’ paradise of productivity.

None of this carry-on is surprising since productivity is the bosses’ code word for profitability. The boss-class tries to make us believe that they want to improve productivity so that there will be more useful products in the world.

Scientific socialism

The drive for so-called productivity raises a central aspect of Marxism, namely, surplus value. Militants need to understand that key to capitalism if we are to push back the ideological and industrial offensive.

Labour-time

To win the battle of ideas in the current contest over productivity, we must grasp what Workchoices aimed to do for capital. The ALP and most unions ran the line that WorkChoices combined a nasty man with wrong thinking and a fondness for wage cuts. Howard remains a nasty liar. However, his policy deformations were not a personality defect. Nor was he driven by bad ideas. Every social practice, of course, carries an ideological aspect. But neo-liberalism is more than a bad idea in the heads of nasty people. Like WorkChoices, neo-liberalism expresses the needs of capital. Those needs go beyond cutting wages.

WorkChoices was about the disciplining of labour-time. Capital buys our labour-power in units of labour-time. The productivity of capital is measured by how much value the boss-class can extract from each of those units. Capital, therefore, drives up the rate of output per unit of labour-time. Managers do this through intensifying discipline over their wage-slaves who embody the capacity to add value.

Capitalists struggle to get rid of every obstacle to their freedom to have value added at any hour and under any condition. Even weak unions are a brake on the application of labour time. Hence, WorkChoices set out to abolish unions, not to tame them. Tort¹ actions are taking up the attack.

Firms stand down workers without pay

if there is a break in the production or circulation of surplus value. Bosses want to be free to call us in for random and broken shifts. That control over hours delivers a double advantage to capital. First, it pays for labour only when we wage-slaves are adding value. Secondly, the uncertainty of work hours bullies unorganised employees into doing whatever they are told for fear of not getting enough shifts to eke out a living. The bosses' lie is that flexibility makes life easier for single mums.

Wages

On average, capital pays us in full for the socially necessary costs of reproducing our labour power. That is what bosses mean by a fair day's pay. Of course, capital battles to keep all the value that is surplus to that amount. On top of enduring that exploitation, workers know only too well how much swindling goes on. In practice, the bosses do everything they can to pay below that socially necessary average. They will not pay super or penalty rates unless workers are organised enough to force them. Here is one of the reasons why Work Choices set out to disorganise working people.

Of course, each firm would rather pay no wages at all. GM wants to reduce wages by \$200 a week. That cut does not guarantee that its factories will produce a single extra Commodore. Rather, the

wage cut means that GM hopes to sustain the production of profit.

Capitals are not just involved in a race to the bottom on wages. There is no point in paying a dollar a day for one pair of shoes if a worker with a machine can make ten pairs in an hour. The low-wage factories, here and abroad, combine longer hours, more intense discipline and hazardous conditions. The Bangladeshi factory disaster was driven by deadlines for foreign orders. **Deadlines indeed!**

The rate of exploitation is not measured by wage scales. A highly skilled worker on \$120,000 a year can produce more surplus value than a peasant trained to snap parts together. Hence, it is possible for the best rewarded employees to be more exploited than the worst paid.

Absolute surplus-value

Two ways to extend the length of the working day are unpaid overtime and abolishing smokos.

Bosses are also notorious for owning clocks which run fast in the morning and slow in the afternoon.

Women at call centers in the US of A are forced to wear diapers instead of going to the lavatory.

Stepping up exploitation by a longer day has become more sophisticated now that mobiles, i-pads and home computers put workers on call 24/7.

Capital increases its take of surplus value by extending the number of hours we work. Its owners can benefit even if these extra hours are paid for at overtime rates.

¹ Tort actions are civil claims for damages. As civil claims, they require a lesser burden of proof than criminal law requires. Tort actions taken by employers against unions are an indirect method of punishing unions for losses caused by "unprotected" industrial action.

This is possible because equipment is not idle and so the overhead for each unit of output. Best of all for capital is unpaid overtime, and there is plenty of that.

The greater the value of the plant and equipment the more capital there is to be idle. Mining is a prime example, with twelve-hour shifts. Lighting and computer-controlled machinery allow the corporates to operate the open-cuts around the clock.

Relative surplus value

At the same time, capital tries to extract more surplus value during the standard hours. Its agents do this through piece-rates, speed-ups, and bullying.

Occupational health and safety fall victim to productivity drives. Through speed-ups, capital passes the cost onto the worker through injury and death. The law backs them up. As Marx puts it: killing is not murder when done for profit. One proof of his insight is in the youngsters killed installing pink bats. Year in and year out, supermarket chains drive truckies to drugs and death to meet delivery schedules.

The capitalists also install machines to extract more surplus value. As Marx says, they introduce technical improvements only if an investment promises to keep up the rate of exploitation. The bosses favour innovation only when it protects profit. Labourers with picks and shovels can produce as much surplus-value as the driver of a front-end loader if the navvies' wages per hour are low enough. That happened during the 1930s depression.

Accumulation

Marx explains how money-capital goes into the production of commodities, which must be sold to secure a greater sum of money-capital to re-invest. The most important element in these new commodities is that they carry more value than went into their production. Almost all of that extra comes from our labour.

Profit-taking is not an end in itself just as exploitation is but one step towards the expansion of capital. 'Accumulate! Accumulate!' Marx writes. 'That is Moses and the Prophets.'

Excess capacity

Each capital strives to get a bigger share of its market. To do so, it produces more units to sell at a lower price per item. Each commodity therefore carries less surplus value. That smaller portion means less potential for profit-taking out of each sale. To make up for that shrinkage, each firm tries to sell a larger number of units. The result is overproduction. Hence, capitalism is inherently wasteful. Indeed, the more goods that the system produces the more inefficient it becomes.

Workers are the largest group of potential buyers but, because of exploitation, we cannot afford to buy all that we produce. After the 1940s, capital bridged that gap by hire-purchase and credit cards. The current economic implosion was delayed by pushing up debt levels among working people. The sub-prime crisis in the US of A was the froth on a tsunami of mass

marketing. The so-called Global Financial Crisis (GFC) remains a crisis of over-production.

Before the 2007 crash, the capacity to make autos in North America was greater than the effective demand of the entire world. The closure of Ford is one more backwash from that excess capacity. Crises from over-production lead to the destruction of physical capital. With that loss comes the destruction of people's lives.

Unproductive

Productive and unproductive are scientific terms. To say that some kinds of labour are unproductive is not a moral judgement. For capital, 'productive' means labour that is productive of surplus value. Take the example of an operative painter. When she goes to her paid work, she sells her capacity to add value to capital. Its agents make sure that they extract as much surplus-value from her labour-power as they can. They discipline her labour at work to produce as much surplus-value as possible.

Now contrast that situation with one where she repaints her own house. She uses the same skills as she does at paid work, but she produces no surplus-value. Why not? Because she has not sold her labour-power to capital. According to the needs of capital, her labour at home is unproductive. At work, she produces a use value and an exchange value. At home, she produces only use values.

Service sector

We often hear that the service sector has displaced manufacturing. White- and pink-collar jobs for public servants, bank clerks, nurses, teachers, shop assistants and barristas are the future. It is truer to say that many service workers have moved from what capital sees as unproductive to productive labour. A hundred years ago, Australia had 150,000 domestic servants. They were known as 'slavies', on call round the clock with perhaps one day off a month. Nonetheless, they were unproductive. None of them added surplus value. Rather, they were paid out of the surplus value produced elsewhere.

What has changed is that most service workers now produce surplus value. In 1913, domestics worked for an allowance and their keep in return for putting a roast chicken on the dinner table. In 2013, people sell their labour-power to KFC to put chicken nuggets into take-away cartons. They service capital, not households. Putting less labour-time into each meal is the spice in the Colonel's finger-lickin' recipe for profit.

Service quality

To boost labour productivity, capital has to measure output which is difficult for the service sector. Human services have a twofold character: one is quantitative while the other is qualitative. Take the example of a library. Some of its tasks are like routine process work, for example, the restacking of books. Here, it is possible to set targets as a manager would do on an

assembly line. However, libraries have a second function. Some users seek help to understand what a resource offers them. These inquiries can take two minutes - or two hours. The call for quality overtakes the drive for quantity.

That rule applies more broadly. For instance, it is madness to say that placing a stent into an artery should take forty-seven minutes and not one second more. Similar complications arise for teachers. Each child has individual needs but providing the level of attention required is costly. Budget-cutting governments, therefore, drive schools into rote learning and standardised NAPLAN tests which are no more than serial child abuse. Education is reverting to instruction with undermines inventiveness in adulthood.

Self-servicing capital

Capital shifts costs onto customers by making us pay with our time. We see that tactic in supermarkets with self-checkouts, while banks have ATMs and on-line transactions. Or we are made to queue for longer because Coles and Westpac employ fewer staff.

As a result, customers have become casual employees who provide our time for free to replace the counter staff. We are told how convenient the new arrangements are for us as customers. We are not told how much of our time we give to the corporates as unpaid labour. Self-service thereby boosts productivity as profit. Banks take their billions from interest rates, fees and from sending work off-shore.

They also make money through treating us as unpaid hands.

Communists show why capital is driven to boost its rate of exploitation. Marx's account of exploitation applies in every workplace. Nonetheless, exactly how surplus value is extracted and circulates is peculiar to each moment and location. Militants enrich Marx's scientific discoveries by investigating how surplus value is produced in millions of situations.

Practical theory

Communists work out ways to relate the truth about productivity to hour-by-hour issues around the job. Hence, our twin tasks are to study science while attending to everyday conflicts in each workplace. We learn from our collective study and from shared experience. Organising becomes an education for militants as much as for the rank-and-file in a living unity of theory and practice.

One task is to discover how the buzzword 'productivity' strikes other workers. Some will already see through it as propaganda for more exploitation. Militants can spread those insights. Among some of the rank-and-file, however, there will be uncertainty. They might see positive features in the rhetoric. 'Shouldn't we all contribute?', they'll wonder. Yes, we should, but the bosses are forever on the take, and give only when forced to do so.

Self-deception

Confusion about the substance of 'productivity' exists on both sides of the

class divide. Because the boss-class dare not own up to the fact that the expansion of capital depends on exploitation, they fall victim to their own propaganda.

The agents of capital are no longer game to admit the truth even among themselves. Before the 1820s, bourgeois political economists - Adam Smith and David Ricardo - owned up to exploitation. Once the workers got organised, the promoters of capital had to mask that truth. Yet bourgeois economists still had to advise capitalists on how to expand. The experts marginalised production to focus on consumption.

Smith and Ricardo accepted that workers added all the value. The current crop of apologists claim that value is decided by consumer preference. They reject the law of value in favour of their so-called law of supply and demand. They deny that prices are determined by the value of the labour power that goes into commodities. One side-effect is that they believe that selling shares to the greater fool is productive of value.

Market value

When capitalists are not rabbiting on about 'productivity', they babble about 'adding value'. They run the one into the other. For hundreds of years, accountants have grappled with how to put a monetary value on businesses. The basic rule is to deduct liabilities from assets. But what counts as an asset? Should auditors accept goodwill and brand recognition? If so, how do accountants put a number on those intangibles? One answer has been

to run away from such complications. Nowadays, accountants are paid to accept whatever the stock-market says.

In 2008, the media reported that billions had been wiped out on the stock market. Those billions never existed. They were one form of fictitious capital. Such fantasy figures are concocted by multiplying the price of the last shares traded by the total number of shares. The result is a skyscraper of cards. The 'value added' was of value only to speculators.

No sector in recent capitalism has been more innovative than finance. Yet, the world's most successful investor, Warren Buffett, refused to buy into derivatives or collateralised debt obligations because he could not understand them. The crash of 2007-8 showed that traders did not understand them either. What they did understand was that they had invented new ways to grab money without going through the tiresome and risky business of making and selling commodities. Most of these financial instruments are parasitical on the capitalists who do so.

And so are all rent-takers. Rinehart is the perfect example. She does not exploit mine-workers directly. Instead, she lives off the rents that RTZ pays her for leases inherited from her father. She is utterly unproductive in the worst sense.

The only way to add value is from exploitation to expansion. First, capital has to exploit labour to extract surplus-value; secondly, capital has to sell the goods and services we supply so that as much surplus value as possible can be

realised as profit; thirdly, capital has to invest at least some of that profit in extra resources. Only then can capital go on to extract ever more surplus value. And so on ... until the next crisis.

Producing barbarism

Under capitalism, even the most destructive enterprises are deemed productive so long as they add surplus value. Wars and drugs are prime examples.

It is easy to see how war is productive of profit for individual corporations from Haliburton to Boeing. But war can also be productive for the whole capitalist system. The biggest example is how military expenditures kicked the US out of its 1930s deflationary cycle.

Drugs also benefit individuals and the system. Western imperialists used opium in the nineteenth century as a weapon against the Chinese people. The drug trade is productive of profit. Cocaine and heroin are just other commodities for capital. In addition, more drug money went through the banks in 2008 than came from stimulus packages. Thus, money laundering rode to the rescue of the financial system upon which the entire system depends for flows of money-capital and credit.

Producing communism

Within capitalism, unproductive labour is morally superior to productive labour since the latter is grounded on exploitation. Under communism, all labour will become unproductive in that sense since there will no longer be exploitation.

Communists raise tough questions about productivity: what kind of society is produced? We draw a line between what is productive under the rule of capital and what should be produced to serve the needs of working people. For capital, productivity means the addition of surplus value. Workers struggle to produce a world without the want, the war and the waste that capitalism over-produces.

Boosting 'productivity' under capitalism has landed the world with a super-abundance of material goods. Their over-production plunders the wealth of nature, leaving mountains of garbage and oceans polluted with floating islands of plastic waste. The expansion of capital produces the destructiveness of war.

Surplus value comes from the collective efforts of working people everywhere. Hence, no individual is responsible for all of the value that he or she adds. Even a lone craftsperson depends on workers in transport and power supply. Under socialism, all workers will be paid the full cost of reproducing our labour power. Some of that reward will come to us as money-wages. The closer we move towards communism, the more of our needs will be supplied as social goods such as free public transport, education, health and housing.

When communists speak of boosting productivity, we hold to a vision about the kind of society that we can build together. Our collective efforts promise to enrich individual creativity, protect the wealth of nature and meet collective needs. Engels explained the part played by labour in the

transition from ape to man. Putting the highest social value onto the productivity of social labour will make us more human.

The Productivity Commission

Abbott has pledged not to bring back WorkChoices. There is little need to since the ALP kept most of it. After 2007, the ALP delivered WorkChoices Lite as un-Fair Work Australia. The Building and Construction Commission continues in fact if not in name.

Anyway, the boss class has plenty of other laws to use against us. Grocon is leading the charge with an action for damages (torts). The aim is to terrorise unions into doing nothing. The ones that do stick up for their members will face bankruptcy.

Meanwhile, instead of full-blown WorkChoices, Abbott will refer industrial relations to the Productivity Commission which is stuffed with neo-liberals. Even when its 200 staff do first-rate research, the Commissioners rewrite the evidence to prove that the market always knows best. Abbott's call for independent expert advice is therefore a fraud. The recommendations are a foregone conclusion. The Commissioners never deviate in thought from what the Business Council struggles to enforce in practice.

Even the name of the Productivity Commission is a blind. The organisation had its origins in the Tariff Board. When Whitlam slashed tariffs by 25 percent in 1973, he replaced the Board with an Industries Assistance Commission. That body soon became known as the Industries 'Destruction' Commission when it removed protection. In 1998, Howard rebadged the Commission with 'Productivity'.

Not keen on Marx's labour theory of value: Steve Keen's dismissal of key aspects of Marxian political economy

By Alex M.

Professor Steve Keen, an Australian economist, has established a reputation for being an astute critic of what is known as neoclassical economics¹.

Through his blog posts, (*Steve Keen's Debtwatch* <http://www.debtdeflation.com/blogs/>) his academic publications, presentations at seminars and so on, he has consistently highlighted the flaws in neoclassical orthodoxy. Basing his critical economic analysis on the works of John Maynard Keynes, Hyman Minsky, Piero Sraffa and others, Keen was one of the few economists working within the discipline to predict the global financial crisis. His warnings that the debt bubble in the US was going to burst and have a catastrophic effect on the world economy were made in 2006, two years before the events of 2008. His heterodox views, however, allowed

many orthodox economists to dismiss him as a marginal figure.

Not so much now. Having predicted the consequences of ballooning private debt in the US and much of the advanced capitalist countries, Keen has received recognition for his analysis, with a concomitant rise in his mainstream media profile. His book *Debunking Economics* has been republished in a revised edition and given a new subtitle: *The Naked Emperor Dethroned?* (Keen, 2011). The reason for the query in the subtitle is Keen's hope that maybe now people can see that neoclassical economic theory is derisory and should be supplanted. The book was first published in 2001 and the second edition in 2011. In it Keen not only takes to task neoclassical economic theory, he also turns a critical eye on alternative economic schools of thought. Amongst those alternative schools of economic thought that Keen subjects to criticism is Marxist political economy.

It is the chapter that Keen devotes to summing up the problems that he and others see in Marxian economics that will be the focus of our attention. Keen is dismissive of Marx's labour theory of value², identifying it as one of the key problems within Marxian economics. Consequently, Keen's criticism of Marx's labour theory of value is the starting point of our analysis. Secondly, Keen's use of

¹ A theory of unregulated market freedom justified by the assertion that a balance is reached between supply and demand and that there is therefore no exploitation involved in the setting of prices, including that of labour (wages).

Sraffian critiques of the transformation problem³, one of the supposed insurmountable flaws found in *Capital Volume 3* will be canvassed. It will be clear from our examination of Keen's criticism of crucial concepts in Marxist political economy that he is part of a long tradition of pundits who get Marx wrong. Ironic, then, that Keen charges those he slightly calls 'Marxists' with misinterpreting Marx, because that is just what he does; in posing as an expert interpreter of Marx he misinterprets or gets wrong key aspects of Marx's political economy.

The labour theory of value: Keen's view

According to Keen, Marxian economics has a 'defining belief' in labour as the 'only source of profit'. Furthermore, 'labor ... is the only commodity where one can distinguish between "commodity" and

"commodity power" (Keen, 2011: 412). We can already see problems with Keen's formulation of some of the key elements of Marx's labour theory of value. Namely, the assertion that labour is the only source of profit and in addition Keen's conflation of what he calls 'commodity power' with 'labour power'. In this instance he is trying to convey what he believes are the building blocks of Marx's labour theory of value. In so doing he makes up a new non-Marxist concept, 'commodity power'. In addition, for Marx, *surplus labour*⁴ which in turn is the basis of *surplus value*⁵ is the source of profit. Elsewhere in the chapter, Keen states that 'Marx ... was emphatic: labor was the only source of value...' (Keen, 2011: 420). Close but not close enough: 'That abstract labour⁶ is the only source of value and surplus-value is *the* fundamental assumption of Marx's economic theory' (Carchedi, 2011: 55). At first glance this might seem like 'nit picking' but it's not. Evident here is Keen's

² The proposition that the value of a commodity is equal to the quantity of socially necessary labour-time required for its production and that therefore the exchange of commodities through prices (or exchange value) is a reflection of the amount of socially necessary labour time used up in their respective processes of production.

³ The alleged difficulty of providing an objective link between the exchange value of a commodity, determined by the amount of socially necessary labour time used in its production, and the price of the commodity when it is distributed for sale to the market.

⁴ Labour expended in the hours left after the passage of socially necessary labour time

⁵ The value created by the labour power of a worker in those hours of the working day that are left after socially necessary labour time. If a worker must work four hours to create the value of his wage (variable

capital) then the remaining four hours of the shift is essentially surplus to that requirement, and any value created is surplus value. Because the means of production are privately owned, the surplus value of, say, a thousand workers belongs to a handful of private owners. And they can increase that surplus value by intensifying the work so that less of the working day is taken up as socially necessary labour, or by extending the working day, or both.

⁶ - as distinct from concrete labour, or the labour specific to particular trades or occupations. Concrete labour creates a value for a thing based on its usefulness and predates the existence of markets and of things as commodities for sale in a market. Abstract labour is a characteristic of things in their commodity form, it is the common property of different types of concrete labour to transfer more than their own value to a commodity and thus to create its exchange value.

ability to get what are specific terms and their meanings that Marx attributed to them confused and/or incorrect. The odd error or mistake in interpreting what is complex political economic theorising is excusable, so long as it is in good faith. However, in the chapter under review Keen is dismissive of ‘Marxists’ who he considers have not only misinterpreted Marx but continue to ‘cling to an interpretation of Marx that argues for capitalism’s ultimate demise’ (Keen, 2011: 413). Moreover, Keen asserts that ‘[i]f a nineteenth century capitalist Machiavelli had wished to cripple the socialist intelligentsia of the twentieth century, he could have invented no more cogent weapon than the labor theory of value’ (Keen, 2011: 413). A contemptuous tone is obvious throughout the chapter and speaks to Keen’s lack of good faith in his critique.

Returning to Keen’s analysis of the labour theory of value, he starts by looking critically at the concept of value, addressing the work of the Physiocrats (French economic school of the eighteenth century, whose most famous member was Francois Quesnay. Amongst other things the Physiocrats asserted that land was the source of all value), then shifts his attention to Adam Smith and David Ricardo. Unlike the Physiocrats, Smith and Ricardo claimed that labour was the source of value. It was on the basis of the classical economists Smith’s and Ricardo’s problematic theorising of value that Marx based his labour theory of value. Keen then summarises Marx’s labour theory of value and supposedly identifies the logical problems associated

with positing labour as the only source of value (Keen, 2011: 413).

The analysis that Keen makes of the concept of value need not detain us, neither shall his summary of the theorising of the Physiocrats, Smith and Ricardo. Suffice it to say that Keen does highlight some of the problems in the work of all of the above, in relation to the question of the source of value and what value actually is.

Moving on to Keen’s rendition of Marx’s labour theory of value, he gives a reasonable précis of how Marx’s value theory developed. Keen highlights the criticisms that Marx made of Smith’s and Ricardo’s theories of value, showing how Marx identified shortcomings in their work (Keen, 2011: 421-2). In explaining how Marx concluded that the source of profit was found in the commodity of labour power, the consumption of which in the production process ‘added more value than it has itself’ (Marx, 1867 cited in Keen, 2011: 421), Keen gets the basics right. That is, he understands that central to Marx’s value theory is the notion that labour power creates more value than what it costs (the costs of purchasing labour power being wages). He is also clear on the importance of surplus labour and surplus value as the basis of capitalist profit in Marx’s labour theory of value (despite the contention above where Keen suggested that for Marx, labour was the only source of profit). This is apparent when Keen paraphrases Marx by stating that commodities other than labour power when used up in the production process can only transfer their value to the new product(s), ‘whereas labor was the source

of additional value.’ Furthermore, ‘[s]urplus value, when successfully converted into money by the sale of commodities produced by the worker, was in turn the source of profit’ (Keen, 2011: 422). So far, so good.

What follows though is a less than satisfactory grasp of Marx’s contribution to value theory and Marxist political and revolutionary analysis. Illustrating the connection that Marx made between the rate of surplus value⁷ and the rate of profit⁸, Keen uses the example of weaving. He posits *à la* Marx, a weaver in one working day using up 1,000 yards of yarn and one spindle as well as contributing 12 hours of their own labour (six hours of necessary labour which covers the worker’s wages and six hours of surplus labour). Totalling up the labour time embodied in all the elements consumed in one day’s weaving, Keen comes up with the following:

The yarn might have taken twelve hours of (direct and indirect) labor to make, [presumably by direct labour Keen means actual living labour and by indirect labour he means already produced goods, raw materials and means of production used up in the production of the yarn, that is, what Marx called past labour or objectified labour] and the spindle the same. Thus the sum of the direct labor-time of the worker, plus the labor time embodied in the yarn and the spindle, is thirty-six hours: twelve hours’ labor by the weaver, twelve for the yarn, and twelve for the spindle (Keen, 2011: 423).

On the basis of this example, Keen calculates that the ratio of surplus value to constant capital and variable capital is of the order of 6:30⁹ with a rate of profit in this example of 20 percent¹⁰ (Keen, 2011: 423). Keen then briefly outlines how capitalists, according to Marx, would substitute machinery for ‘direct’ labour which would ultimately lead to a falling profit rate¹¹.

What is evident throughout the above example and the rest of Keen’s chapter is the difficulty one can have in following the liberties that he takes with the specific terms and concepts that Marx used in *Capital* and elsewhere. To furnish a further illustration of the liberties Keen takes, he makes a huge assumption about how Marx conceived of the relationship between the rate of surplus value and the rate of profit, which Marx argued necessarily led to a tendency towards a falling rate of profit. According to our erstwhile economist ‘Marx assumed that the rate of surplus value ... was constant, both across industries and across time’ (Keen, 2011: 423).¹²

Keen then sets up Marx for the coup de grâce. After the brief summary of how

⁷ – the direct expression of the degree of exploitation of the worker’s labour power, hence the ratio, expressed as a percentage, of the surplus value to variable capital ($s' = s/v \times 100$)

⁸ – the ratio, expressed as a percentage, of the surplus value to the total capital advanced ($p' = s/c \times 100$)

⁹ Derived from six hours of surplus labour to the sum of twenty four hours embedded in the constant capital represented by the spindle and the yarn and six hours of socially necessary labour or 6:30.

¹⁰ Thus, the rate of profit is $s' = 6 \div (12+12+6) = 1/5 = 20\%$

increased investment in machinery - necessitated by capitalist competition - displaced living labour and caused the rates of surplus value and profit to decline, Keen tells us that capitalists would then drive down wages, attempting to increase total surplus value, restoring profitability and the rate of profit. A reasonable summary of Marx's arguments, one could argue. However, in Keen's abridged version of what he perhaps perceives is Marx's crisis theory of capitalism, such downward pressure on wages and conditions 'would lead to revolt by the politically aware working class, thus leading to a socialist revolution' (Keen, 2011: 423). As this has not happened, Keen dispatches Marx's labour theory of value and also the vision of a revolutionary transformation of capitalist society to socialism thus:

Well, it was a nice theory. The problem was that, even if you accepted the premise

¹¹ If an employer introduces technical innovations and is able to reduce the workforce, so that constant capital increases from 24 to 28 and variable capital is reduced to 5, then the previous ratio of 6 of surplus value to 30 of capital advanced becomes 6 of surplus value to (28 + 5) = 33 of capital advanced. The new rate of profit becomes $p' = s'/c' \times 100 = 18\%$. Thus the rate of profit has declined from 20% to 18% as technical innovation replaces human labour power.

¹² As Keen points out in a footnote regarding this assumption, there's no reason that the rate of surplus value should be constant in real conditions. Marx was aware of this and took care to factor that into his analysis. This is especially evident in Marx's Chapters on 'The Law of the Tendential Fall in the Rate of Profit' in Capital Vol 3 (Marx, 1981: 317-375). Interestingly, Keen cites Joan Robinson - a critic who pointed out the problem of Marx assuming a constant rate of surplus value - rather than going to the original source (Keen, 2011: 423 fn. 10).

that labor was the only source of value, the theory still had major logical problems. Chief among these was what became known as the transformation problem' (Keen, 2011: 423).

Leaving aside the transformation problem which will be looked at below, what is clear from the close examination of Keen's handling of Marx's labour theory of value thus far is that he demonstrates some understanding of the theory. What is also clear is his penchant to take liberties with Marx's concepts, getting them wrong or misinterpreting them, enabling him to dismiss any implications that Marx's critique of capitalism may have. Not only that but Keen is equally dismissive of those who continue to adhere to Marx's political economic insights and Marxist revolutionary theory.

To support his claim that the logic behind Marx's labour theory of value 'had an internal contradiction that ... invalidate[d] Marx's critique of capitalism...' (Keen, 2011: 413), Professor Keen relies on the insights of Arun Bose amongst others. Keen uses Bose's writing to shore up his attack on the labour theory of value. Bose, an Indian economist working in the Marxist tradition, claims that 'labor is never the only or main "source of value" in any system which is defined as capitalist... [l]abor and commodities are the two sources of wealth, value, price, of surplus value and profit' (Bose, 1980 cited in Keen, 2011: 432). Keen then elaborates on this claim:

The manufacture of any commodity requires direct labor, machinery,

intermediate goods and raw materials. All the non-labor inputs had to have been produced at some time in the past: even unprocessed raw materials had to have been previously either mined or harvested. They in turn were made using some direct labor, and other commodity inputs (machinery, intermediate goods, raw materials). These again can be reduced to even earlier dated labor, and other commodity inputs (Keen, 2011: 432).

There is always a ‘commodity residue’ which is to say that if you go back in time far enough, the ‘commodity residue’ may be miniscule but there always will be some commodity involved in the production of items of value. Accordingly, when producing a commodity, even if it is the most basic item, the process involves ‘both labour and commodities – it cannot be derived solely from labor’ (Keen, 2011: 432).

Supposedly this deals a body blow to Marx’s labour theory of value which Keen distilled down to the assertion that labour was the sole source of value. The blow missed. What Bose and Keen fail to understand is that Marx was predominantly concerned with critically analysing the historically specific form of capitalism. Capitalism for Marx was unique because amongst other things, the production of commodities was paramount. Previously existing class societies whose foundations were not based on the capitalist mode of production, namely feudalism and slave owning societies were not predicated on commodity production. Matthijs Krul has

succinctly dealt with the arguments Bose and Keen make about finding commodities all the way down:

The supposed commodity residue they find is not in reality a logical contradiction, [see Keen’s claim above about the ‘internal contradiction’ in Marx’s value theory] but is a misunderstanding created by extending the presuppositions of capitalism into history. The ‘residue’ exists because capitalism has not always existed, that is to say, that there has been non-commodity production before commodity production [Krul’s emphasis]. Only then does it become clear how from land and labor one can proceed to all means of production, intermediate goods and so forth without having a commodity input from the beginning: namely if land and labor are not from the outset themselves commodities! (Krul, 2012: 2 of 11)

Both Keen and Bose assume that commodities and commodity production have existed for all recorded history. As Krul rightfully points out the ‘residue’ that Bose and Keen suggest trumps Marx, ‘is merely the residue of capitalist ideology, [in the minds of Bose and Keen] namely the assumption that because everything tends to take the commodity form under capitalism, it must therefore always be so’ (Krul, 2012: 3 of 11). The claim that labour is not the sole source of value because commodities are also a necessary part in the creation of wealth, value, price and so on is wrong. Marx’s value theory passes this test of its logical consistency.

There are other problems that purportedly bedevil Marx's criticism of capitalist political economy.¹³ One issue that has been claimed to have invalidated Marx's whole political economic body of work is the transformation problem and it is to this that our attention now turns.

Sraffa, Steedman, Keen and the transformation problem

The transformation problem - which has its basis in the process of transforming the values of commodities (based on socially necessary labour) into their prices in competitive markets, a process that Marx dealt with in *Capital Vol 3* - arose because problems or supposed inconsistencies were identified in Marx's exposition of the process. Contradictions or inconsistencies were first identified by Eugene Böhm-Bawerk and Ladislaus von Bortkiewicz separately soon after the publication of the third volume of *Capital* in 1894. Böhm-Bawerk asserted that what was posited by Marx in *Capital Vol 1* was contradicted in *Capital Vol 3*; he did not suggest there was an inconsistency in Marx's solution to the transformation from values to prices (Kliman, 2007: 144). Bortkiewicz, on the other hand, did claim that there were inconsistencies in Marx's calculations which meant, for Bortkiewicz (and others that followed) that Marx's critical analysis in the third volume of *Capital*, particularly in chapter 9 were logically flawed (Kliman, 2007: 148-151). The conclusion drawn by the critics of Marx post-Bortkiewicz was that there were internal inconsistencies in the value-price transformation, which consequently invalidated Marx's theories of value and capitalist crises. Keen is

perhaps the latest critic who can trace his lineage back to Bortkiewicz.

The next economist of note to address the transformation problem was Paul Sweezy the American neo-Marxist. It was Sweezy in his book *The Theory of Capitalist Development* (Sweezy, 1970) first published in 1942 who alerted the English-speaking public to Bortkiewicz's criticisms of Marx's transformation of values into prices. Sweezy took on board Bortkiewicz's corrections of Marx's work, incorporating the modifications in the above-named book. Sweezy suggested that far from invalidating Marx's analysis of capitalist political economy, Bortkiewicz's contributions had helped bring about the 'final vindication of the labor theory of value, the solid foundation of [Marx's] theoretical structure' (Sweezy, 1970: 123 cited in Kliman, 2007: 46).

¹³ Matthijs Krul a Marxist blogger published a rejoinder to Keen's chapter on Marx's value theory. Krul identifies in the chapter three key objections; the first is the Bose and Keen contention about labour not being the only source of value, which has been addressed above. The third objection that Keen makes against Marx's value theory is based on the transformation problem which is covered below. The second of Keen's objections concerns the transferral of value by machines to commodities or in other words the issue of why machines do not themselves create value. This second objection can be considered a subset of the first objection and as Krul has dealt with it more than adequately in his blog post, (Krul, 2012) this objection has been passed over here. Regarding Krul's use of land and labour in the quote above he points out that the essential elements of all production are these two, citing Marx's Critique of the Gotha Programme (Krul, 2012: 8 of 11). Also, Marx refers to labour and nature, land (and water) as essential elements of production in *Capital Vol 1* (Marx, 1981: 283, 284).

Sweezy's claim has been disputed by Marxists and non-Marxist economists.

Piero Sraffa, the influential Italian economist, wrote about prices and their relationship to past and current 'embodied' labour¹⁴, in his book *Production of Commodities by Means of Commodities* (Sraffa, 1960) which had implications for Marxian value price transformation. Ian Steedman, a British economist drew heavily on Sraffa's work for his book *Marx After Sraffa* (Steedman, 1977). Steedman applied Sraffa's critical insights to Marx's economic theory, focussing in particular on the value price problem found in the third volume of *Capital*. Steedman highlighted mathematical inconsistencies in Marx's calculations associated with the transformation of values into prices. On the basis of these problems in Marx's handling of the transformation issue, Steedman claimed that Marx's labour theory of value had to be jettisoned in order to salvage what continued to have merit in Marx's economic writings. Steedman's incursion into the transformation problem was taken to have settled the issue finally. After Steedman's intervention many Marxist economists accepted that Marx had erred in his transformation of values into prices. For these Marxists not only was Marx's labour theory of value wrong, his economic thought had

to be re-interpreted (Kliman, 2007: 51-3). Keen, whilst not a Marxist, does fit in to the category of those who wish to drop the labour theory of value and salvage or re-interpret aspects of Marxian political economic theory. Keen uses Sraffa's and Steedman's criticisms amongst others as the foundation for his foray into the transformation problem.

Keen uses Steedman's price tables to illustrate the transformation problem. Rather than reproduce the tables (see Keen, 2011: 426-429) Keen's summary of Steedman's calculations will suffice:

Steedman concluded that, far from value determining prices, prices could not be accurately derived from values. Instead, prices could be worked out directly from the physical production data, and knowledge of the real wage: value calculations were both superfluous and misleading (Keen, 2011: 429).

For Steedman, the transformation problem was only a problem if 'one is under the misapprehension that the rate of profit must be determined in terms of labor quantities. Once it is seen that there is no such necessity, the "problem" simply evaporates' (Steedman, 1977 cited in Keen, 2011: 429). That there are inconsistencies in Marx's calculations associated with the transformation of values into prices is not in doubt. There has been a copious technical literature associated with this and other issues in Marxian political economy and the debate over these problems continues.¹⁵ However the jury is out for Keen; Steedman is the

¹⁴ – sometimes called "dead" labour to distinguish it from the living labour employed in the latest stage in the process of producing a commodity for sale. Embodied labour is the value of the labour put into the provision of raw materials and machinery and either consumed or depreciated as wear and tear during production.

final arbiter and his efforts show that not only are Marx's value – price calculations questionable, but Steedman undermines 'Marx's sequence of claims that labor is the only source of value, that value is the only source of profits, and that value determines price' (Keen, 2011: 430).

Leaving aside another example of Keen's less than rigorous understanding of Marxian political economic terms in the quoted sentence above, Keen in his usual fashion dismisses out of hand those Marxists who continue to argue that Steedman and other critics of Marx are wrong.

Over one century after Marx's flawed solution to the transformation problem was first published, and almost a quarter of a century after Steedman's devastating critique they are still at it. The latest attempts argue that, since Marx's theory was actually dynamic rather than static, the transformation problem should be solvable in a dynamic model.

Nice try, guys but you really shouldn't bother. The labor theory of value is internally inconsistent, and perhaps even more flawed than conventional economic theory itself (Keen, 2011: 431).

The insightful, complex work produced by those Marxists who have since at least the 1980s risen to the challenge posed by Sraffian analysis undertaken by Steedman (as well as other critics), is given the imperious treatment by Keen. A pity really because he may have

learnt that Steedman's intervention has been subjected to examination and it too has been found wanting. Marxists like Kliman, Guglielmo Carchedi, Alan Freeman and others have painstakingly gone through the criticisms of Steedman and others and revealed flaws in the so-called 'devastating critiques'.

A chief characteristic of the critiques launched by Sraffians such as Steedman (and which finds its echo in Keen's chapter) is their reliance on the physical quantities of inputs and outputs as central elements in understanding the production of value. What Kliman calls 'physicalism' is marked by an emphasis on factors such as 'technology and workers' real wages'... [as] sole proximate determinates of values, surplus-value, prices of production, average profit, and rates of profit' (Kliman, 2007: 35). To illustrate, technological progress occurs when a given amount of inputs causes a greater amount of outputs, or a lesser amount of inputs gives the same amount of output as before. Similar for wages; real wages rise when workers are able to consume more goods and services than before (because their nominal wage has risen), or if goods become cheaper (meaning that nominal wages have remained unchanged) (Kliman, 2007: 35). Missing from this

¹⁵ Andrew Kliman's book *Reclaiming Marx's Capital* gives an account of the debates between Marxists who can be categorised into various schools of interpretation vis-à-vis Marx's *Capital*. Also, he deals with the attacks on Marx's political economic thought by non Marxists. Kliman's objective in the book is to rebut the myth of internal inconsistency levelled at *Capital* (Kliman, 2007).

approach is any mention of labour-time as the factor that determines value. This is because Sraffians, like other critics of Marx, balk at the labour theory of value.

An example of the problems that the 'physicalist' approach can generate can be seen in the following example given by Kliman. It should be noted that Kliman refers to what he calls 'simultaneism' which is the simultaneous setting of the prices of per unit inputs and outputs, and the simultaneous determination of prices and the rate of profit (Kliman, 2007: 76). 'Physicalist' approaches rely on the simultaneous pricing of inputs and outputs and the rate of profit; there is a symbiotic relationship between 'physicalism' and 'simultaneism'. To quote Kliman's example:

...consider a favourite expository device of simultaneist theorists, especially Sraffians – the 'corn model.' Corn (called 'grain' in the US) is produced using only corn of the same kind, planted as seed, plus the labor of farmworkers. Simultaneist theorists impose the constraint that a bushel of seed corn planted at the start of the year is worth exactly as much as a bushel of corn harvested at the end (Kliman, 2007: 78)

The connection between 'simultaneism' and 'physicalism' and how it offers no solution to the transformation problem is revealed:

The aggregate value (or price) of a particular type of item is its per-unit

value (or price) times the physical quantity of the item. There are thus two things that cause the aggregate value to change, changes in the physical quantity of the item and changes in its per-unit value. *But simultaneous valuation eliminates the change in the per-unit value that occurs during the production period. Hence, there is only one remaining cause of changes in the item's aggregate value – changes in the physical quantity* (Kliman's emphasis, Kliman, 2007: 79).

Even if there is an increase in bushels of corn produced at the end of the year, 'the economy has grown in value terms only because, and to the extent that, it has grown in physical terms' (Kliman, 2007: 79). It is possible that rather than an increase in output units at the end of the year, harvests can fail. This sets up the possibility of negative values:

Our corn model also allows us to illustrate in a simple way another peculiar consequence of simultaneous valuation – negative values. Imagine that 10 quarters of seed corn are planted at the start of the year, and the farmworkers perform 4000 hours of labor during the year. But because of bad weather, only 8 quarters of corn are harvested at year's end. It seems to me that Marx's theory implies that 8 quarters of output will be worth more than the 10 quarters of seed corn, because living labor has added new value in production. But simultaneism tells us that the 8 quarters are worth only

8/10ths as much as the 10 quarters. This leads to the meaningless result that the value per quarter, measured in terms of labor-time is [minus] 2000 labor-hours (Kliman, 2001 cited in Krul, 2012: 6 of 11).

Kliman notes that in the real world when there is a rise in productivity, when the same amount of labour produces more output, commodity prices tend to drop. Such events are explained by Marx's labour theory of value, where labour time determines value. Farmers know this; they can get a higher price for a bushel of corn when harvests are bad compared to when harvests are good. However, 'simultaneism' stipulates that 'a bushel of corn output cannot be worth more than a bushel of seed corn after a bad harvest, nor less than a bushel of seed corn after a good one' (Kliman, 2007: 78). In other words the 'simultaneist' and 'physicalist' elements of Sraffian critiques of Marx cannot account for changes in prices over time. The Sraffian challenges to Marx posed by economists such as Steedman are not the final word as Keen would have us believe, because as Kliman and others have shown they are flawed.

In conclusion, the foregoing examination of Keen's attempt to show that crucial elements of Marx's political economy such as the labour theory of value and the value-price transformation are internally inconsistent, reveals that Keen's understanding of Marx is limited. Not only does Keen take liberties with Marx's terms or concepts, he also misinterprets or gets them wrong. His arguments about the labour theory of value and the

transformation problem are based on erroneous analysis. He does not engage with Marxist political economy in good faith as he dismisses opposing viewpoints out of hand. In addition, Keen disparages any attempt to supplant capitalism based on Marx's critique of the former; he prefers that Marx's work be cherry-picked and its revolutionary implications be ignored or ridiculed. Keen is no expert on Marxist political economy or revolutionary theory, he is rather just one in a long line of 'experts' that gets Marx wrong.

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Education and neo-liberalism: the school sector

It is characteristic of capitalism in general that the ownership of capital is separated from the application of capital to production, that money capital is separated from industrial or productive capital, and that the rentier who lives entirely on income obtained from money capital, is separated from the entrepreneur and from all who are directly concerned in the management of capital. Imperialism, or the domination of finance capital, is that highest stage of capitalism in which this separation reaches vast proportions. The supremacy of finance capital over all other forms of capital means the predominance of the rentier and of the financial oligarchy; it means that a small number of financially “powerful” states stand out among all the rest. The extent to which this process is going on may be judged from the statistics on emissions, i.e., the issue of all kinds of securities. V. I. Lenin, *Imperialism, The Highest Stage of Capitalism*

Neo-liberalism is the political expression of the current phase of imperialism. It confines the role of government to that of facilitating public access to private services, rather than providing those as public services. Hence, neo-liberalism drives agendas that embrace public-private partnerships, competition policy, outsourcing and privatisation. Consequently, it has enormous implications for the provision of public education.

Lenin described imperialism as the “supremacy of finance capital over all other forms of capital”. Finance capital obtains

its power through its claims upon future realisation of surplus value. Because it had yet to be realised, Marx called this fictitious capital. In the years since the publication of *Imperialism* in 1916, the intensity of the supremacy of finance capital has changed, and the changes have exacerbated the conflicts between the “real” and the “shadow” economies. The potential profits to be made from speculative investments in fictitious capital are much sexier than the mundane profits obtained from the real economy. By way of illustration, in 2009 the Bank of International Settlements estimated the value of outstanding global derivatives at \$1.14 quadrillion dollars. A quadrillion is a thousand trillion. Global GDP at the time was \$60 trillion. Derivatives alone, of all forms of fictitious capital, represent an enormous speculative bubble which only partly burst in the Global Financial Crisis of 2007-08. The diversion of finance capital to the shadow economy requires industrial capital to try to maintain its profitability through renewed and ever more reactionary attacks on variable capital, on wages, or the workers’ share of the value that they create. Depressing variable capital mainly takes the form of lengthening the working day, intensifying the pace of work, improving the skills of the workforce, and using technology and workplace flexibilities to reduce the ranks of the employed whilst maintaining or improving productivity. Neo-liberalism demands that education serves these purposes above all else. These same workforce qualities serve the interests of finance and industrial capital alike just as they are a response to the competition that exists between these forms of capital.

Human capital: the skills agenda

The narrowing of education to concentrate on skills to improve human capital and boost productivity was what the big multinationals and local monopolies decreed, and Labor pledged to do it better than the Liberals. In January 2007, Kevin Rudd and Steven Smith issued the call for an “education revolution”. The “revolution” was to focus on two areas: the “quantity of investment in human capital”, and the “quality of outcomes that education would deliver”. Really, there was nothing new in this. For a quarter of a century the ruling class has urged the goal of a more skilled workforce upon education. A more skilled workforce is a great thing. We need more skilled critics of society, more skilled advocates on behalf of the marginalised, more skilled defenders of the common good, more skilled organisers for social progress, more skilled leaders of movements for social justice. These are not skills recognised or welcomed by the ruling class. Their demand is for those vocational skills that will enable employers to boost productivity whilst reducing expenditure on variable capital.

Neo-liberalism and the demise of social democracy

The ideology that serves parasitic finance capital emerged as the dominant bourgeois ideology under Reagan and Thatcher. It demanded the sacrifice of workers on the altar of “globalisation”, and the suppression of their demands for higher wages and better conditions in

favour of “international competitiveness”. In Australia it crushed traditional social democracy, itself a bourgeois ideology, through its advocacy by Labor leaders Bob Hawke and Paul Keating.

Bob Hawke became Prime Minister following the seven years of Malcolm Fraser. Everything about Fraser oozed elitism. His government had frozen state schools’ recurrent expenditure (money spent on nearly everything except buildings). Although the States provided the bulk of public schools’ recurrent funding, the Commonwealth contribution was vital in such areas as the newly developing computer education, the disadvantaged schools program, special education and indigenous and multicultural education. Fraser’s deliberate run-down of public education and promotion of elitist private schools was seized upon for temporary electoral advantage by Hawke who correctly gauged the anger felt by public school parents and teachers on this issue. Hawke’s pre-election promise was to end Fraser’s neglect of public education. He stated that Labor, by contrast, had a primary obligation to government schools.

The 1983 Accord between the new Hawke Government and the ACTU was classic neo-liberalism. It promised an increased “social wage” (spending by government in areas like education and health) in return for a reduced demand by unions for better wages - essentially a wage freeze. Unions were to be reorganised to deliver increased productivity for the bosses and in return were told that they would never have to fight again. Half-yearly wage increases tied to the CPI would shield workers from

the effects of inflation. (This was allowed to run for about three years. When it looked as though the unions had been thoroughly emasculated, the ruling class went on the attack, changing from the formally indexed wage rises to a two tier system of wage fixation requiring efficiency offsets in exchange for wage increases, then to an imposed “structural efficiency principle”, and finally to enterprise bargaining where wage increases were not related to the CPI but had to be justified on the grounds of increased productivity.)

Although the July 1984 National ALP Conference had unanimously reaffirmed Hawke’s pre-election commitments on education, the Government came out a month later and announced its School Commission Guidelines on education funding:

- Where the ALP had promised to spend an extra \$240m per year by 1986 on government schools recurrent funds, the Guidelines provided for a mere \$37m (an 85% shortfall).
- Where the ALP promised a “primary obligation to government schools” the Guidelines announced “an historic recognition by the Commonwealth of the dual system of schooling” and the then Education Minister Susan Ryan boasted that “the Government had put the State Aid debate behind it”.
- Where the ALP promised to phase out funding to the wealthiest private schools, the Guidelines guaranteed to finance the continued open-ended expansion of all private schools to whatever enrolment level they wished to nominate.

Even capitalist press commentators were amazed at the effrontery of the Hawke-Ryan Guidelines. Alan Ramsey, in the National Times (24/8/84) wrote: “At last month’s ALP National Conference, it took delegates just 70 seconds to consider and adopt two key pledges in support of the government school system. It took Ryan just four weeks to break both of them”. Geoffrey Barker in the Age (18/8/84) was even more specific. “What the Guidelines demonstrate”, he said, “is the Hawke Government’s fear of the Australian bourgeoisie”.

With Hawke as PM, the ACTU formulated Australia Reconstructed, a 1986 blue-print for dismantling workers’ rights in favour of deregulation and labour market flexibility. The revisionist Laurie Carmichael was a major architect of a new policy which stressed building a “productive culture” to “enhance international competitiveness”. This was the ideology of imperialist neo-liberalism, pure and simple.

In 1988, the Hawke Government produced Strengthening Australia’s Schools which, reflecting the needs of a developed capitalist national economy, called for a national curriculum. The next year saw the first of a series of declarations on the national goals for schooling. These were developed in an environment of greater business and corporate involvement in the shaping of education. A Changing Workforce was also issued in 1988, connecting the industrial relations and training agendas, and advocating “the inclusion of TAFE in the economic reform process and the development of its responsiveness to the skill needs of

employers”. The paper advocates “greater industry involvement in TAFE and more diversified arrangements for vocational education and training generally”. It also explains the implications of award restructuring for education and training, proposing that the number of job classifications and the demarcations between them be reduced to “enable more broadly based training to meet Australia’s changing skill needs.”

Corporate involvement in education

The Labor Party has been an aggressive champion of corporate agenda-setting in education. Hawke authorised IBM Managing Director Brian Finn to prepare a report on skills and vocational training. The ACTU authorised the revisionist Laurie Carmichael to spruik the virtues of the Finn Report. BHP boss and Business Council of Australia¹ President Brian Loton told us in June 1991, again under Hawke, that Australia was lagging behind in educational standards and needed to shape up if it was to compete in world markets. Under Keating, the National Mutual Life Association’s Eric Mayer developed the Mayer Key Competencies which schools were meant to implement, assess and report against. Gillard has delivered the goods, but they were placed

¹ Only 62 of the Council’s current 119 members are local companies; the rest are foreign companies or subsidiaries of foreign companies. The 62 Australian companies include BHP Billiton and Rio Tinto, both of whom are dual-listed transnationals -- Rio Tinto is often described in the UK press as “UK based” and “the biggest British company”. 28 of the BCA’s 119 members are US companies.

on order by Hawke Minister John Dawkins as far back as 1988 when he said that “a common curriculum framework should be complemented by a common national approach to assessment.” He also paved the way for Gillard’s “transparency” agenda and the abominable My School website, saying that “We need to develop a method of reporting to the nation on how well our schools are performing against established goals.”

Beyond skills: a complete ideological agenda

Neo-liberalism does not just demand a more skilled, compliant and flexible workforce. With neo-liberalism comes a complete agenda based around certain principles that are taken as axiomatic by the ruling class. Among these are the belief that private is better than public, that competition is inherently good, that accountability drives improved performance, and that testing is central to measuring improvement. Neo-liberalism promotes standardisation of curriculum and testing, parental choice of schools, devolution from centralised bureaucracies to local management, outsourcing and privatisation of schools, disregard for teacher qualifications and for teachers’ professional autonomy, corporate and military involvement in schooling, promotion of religion as the touchstone of community values. The evidence base that suggests that any of this improves educational outcomes for students is either non-existent or hotly contested.

The Australian Curriculum

A national curriculum framework that encourages a progressive Australian consciousness and a progressive internationalist awareness could be written up in a matter of a few pages. Within that framework, teachers could exercise professional autonomy in designing curriculum for their particular student cohort. Instead, we have the Australian Curriculum, a massive collection of prescriptive content designed to perpetuate Australia's place as a junior partner of US imperialism and designed to produce a workforce that serves to boost productivity in the global marketplace.

Certain subjects that provide the foundations for the required skills are privileged above others. We are getting a core and periphery curriculum. For all the talk of devolution of responsibility to schools, the Australian Curriculum denies, rather than promotes, the shaping of curriculum to meet the real needs of students. Real local management of schools would support a socially critical curriculum that seeks to empower the disadvantaged, to give the socially disenfranchised the weapons they need to work in their own interests. For example, some schools have growing concentrations of young African refugees or migrants. Where is the curriculum that teaches a positive history of the great civilisations and achievements of the African peoples, that builds a positive identity around being African in an Australian environment, and that encourages reflection and study of the shared colonial experiences

of our two continents? That is what locally empowered schools should take responsibility for but will be discouraged from doing under the new Australian Curriculum.

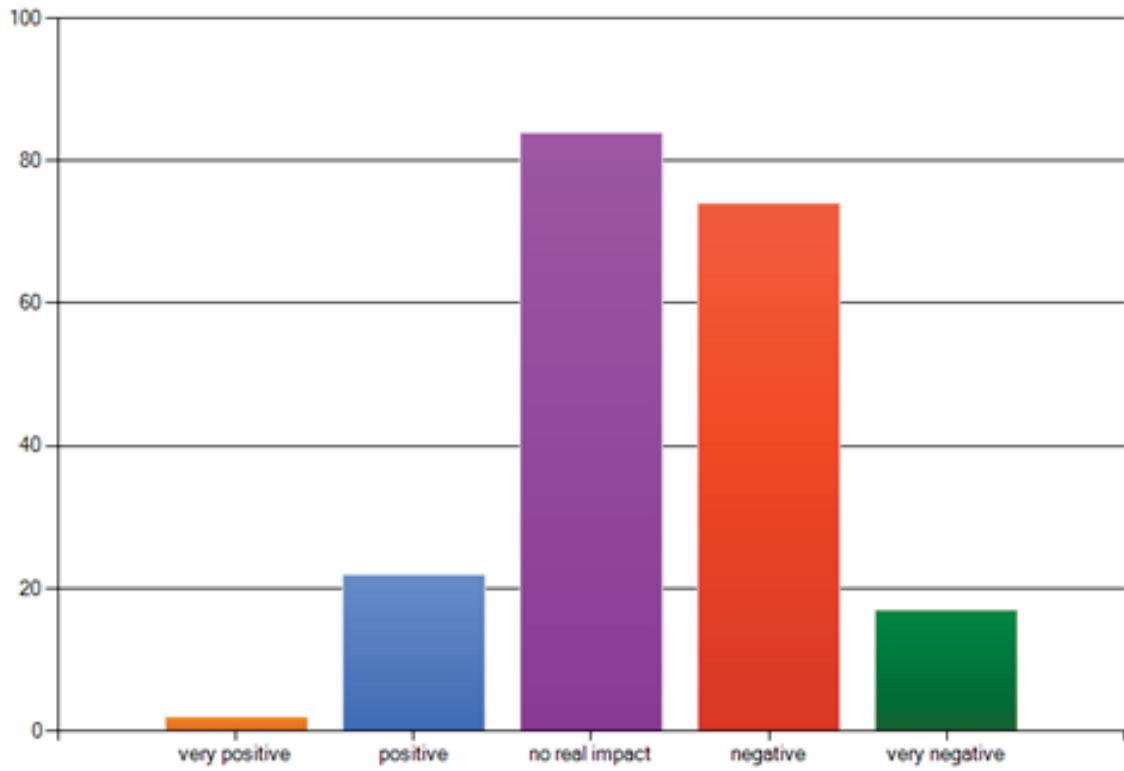
Standardised testing

The Basic Skills Tests introduced by the States later morphed into the national NAPLAN. Neither of the tests were the diagnostic tools that they claimed to be. They might show which word a student misspelled, but not whether that was related to a hearing problem, or whether there was some mild dyslexia, or confusion about the range of sounds of particular letter combinations (ought, through, cough, enough, bough – all different sounds of “ough”) and so on. And even if there was a diagnostic component, there is a five month gap between the tests being done and the schools' receipt of results. How can a student explain the thought processes behind a mathematical exercise done five months ago?

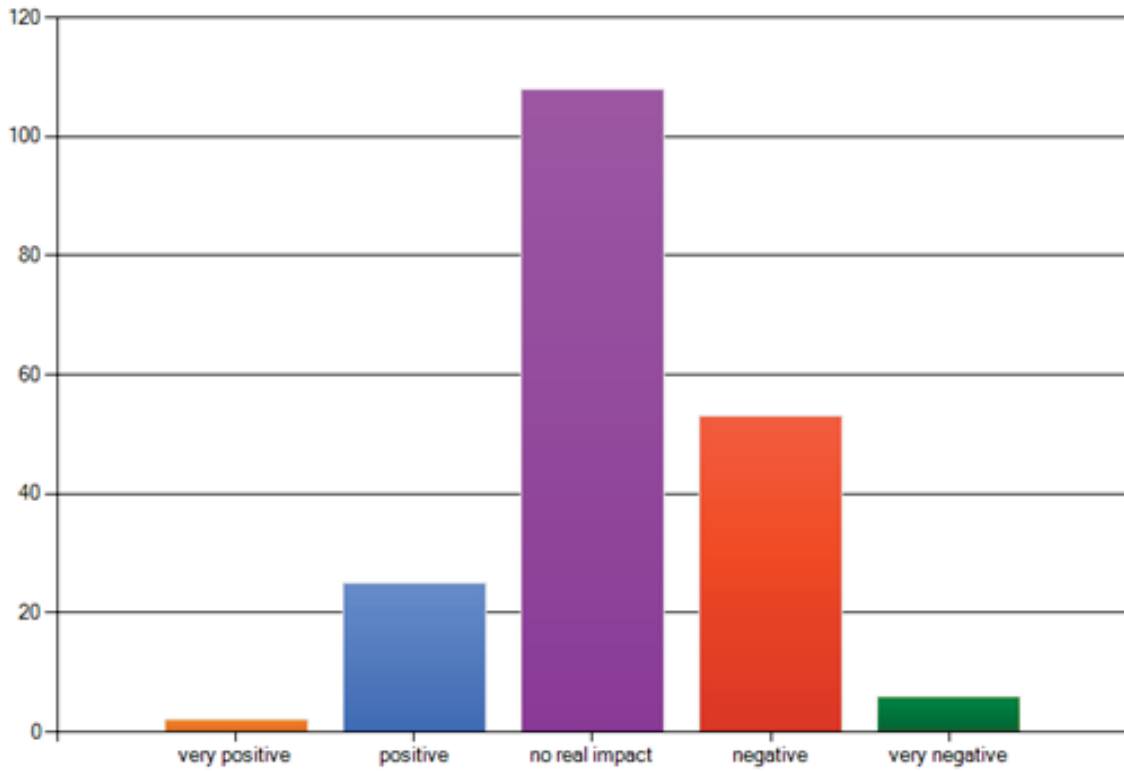
Recent research in the US on a decade or more of test-based accountability programs shows little or no effect on student achievement.² So it is no surprise to find that SA teachers responded as follows to an AEU survey that used claims made for the NAPLAN tests as its starting point (from a submission to a Senate enquiry on NAPLAN):

² Michael Hout & Sturat W, Elliott (eds) *Incentives and test-Based Accountability in Public Education*, National research Council, National Academies Press, Washington DC, 2011

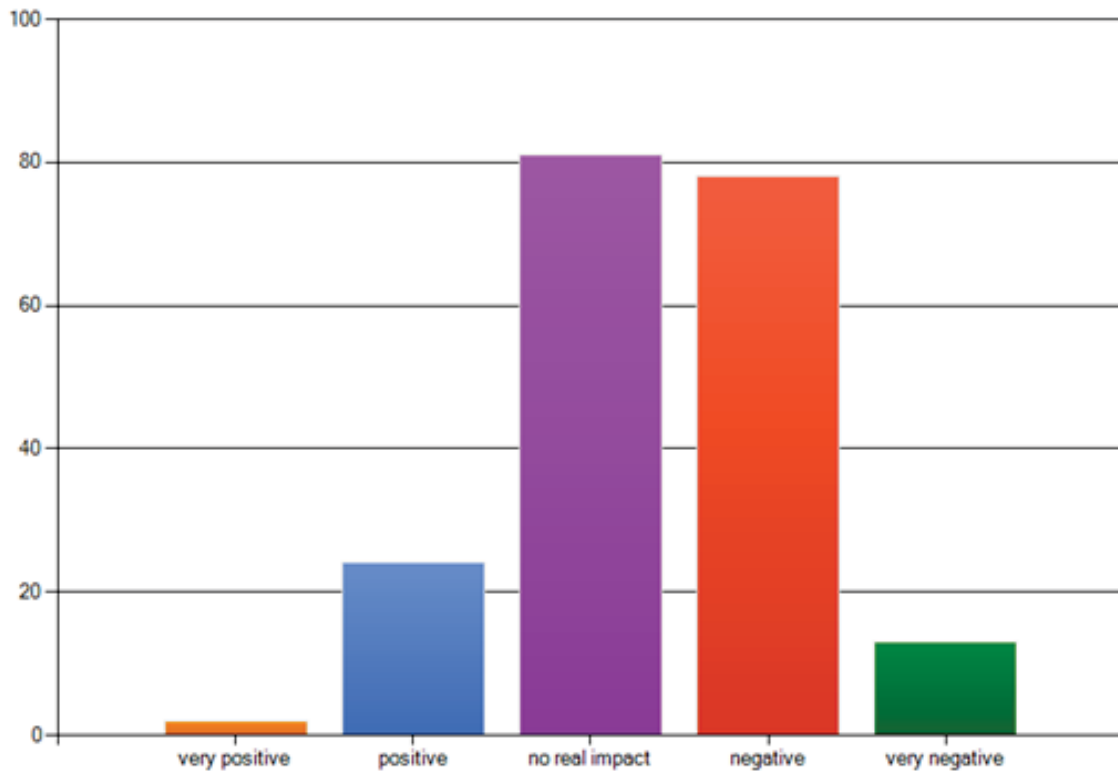
Has the impact of the NAPLAN assessment and reporting regime on your students' educational experiences been:



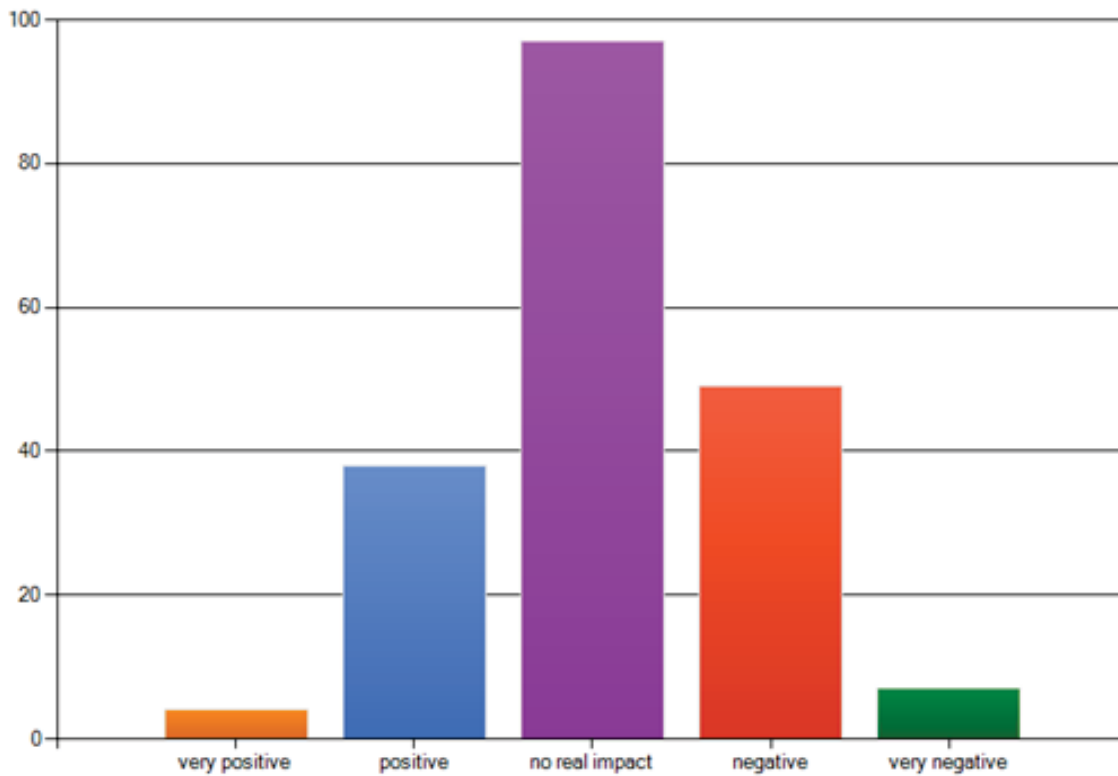
Has the impact of the NAPLAN assessment and reporting regime on your students' educational outcomes been:



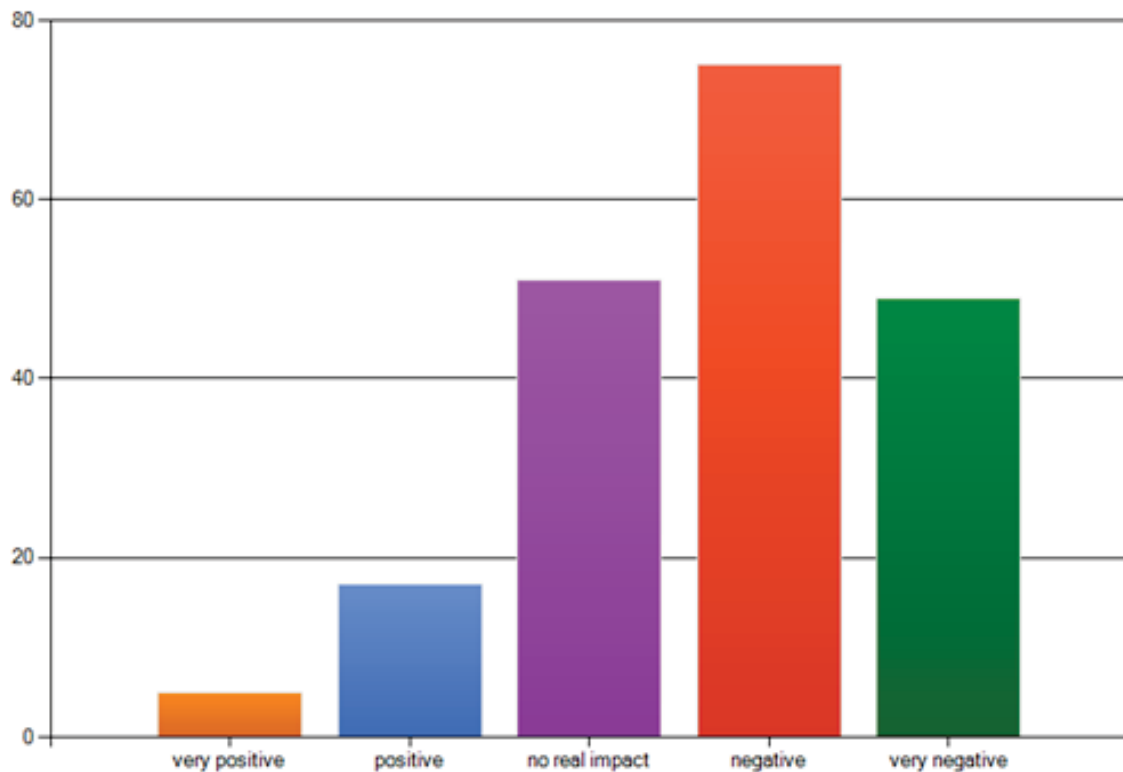
Has the impact of the NAPLAN assessment and reporting regime on the scope, innovation and quality of your teaching practice been:



Has the impact of the NAPLAN assessment and reporting regime on the quality and value of information about student progress provided to parents and principals been:



Has the impact of the NAPLAN assessment and reporting regime on the quality and value of information about individual schools to parents, principals and the general community been:



The so-called “Choice Agenda”

The very large, very negative response to the final question is a pointer to the real purposes of NAPLAN and the publication of NAPLAN results on My School, namely the encouragement to parents to compare and choose between schools. When Kevin Rudd was questioned in August 2008 on whether the impact of NAPLAN-based school league tables might be to encourage parents in some schools to “vote with their feet and leave”, he responded that “...if some walk with their feet that’s exactly what the system is designed to do”.

The choice agenda already sees Australia at the top of one international league table, and that’s private school enrolments.

Approximately 34 per cent of students now attend Catholic and independent schools, with the figure rising to over 44 per cent at years 11 and 12 - the highest levels in the OECD. When the Churches established elite colleges a century and a half ago to prepare members of the ruling class to enjoy their limited time on earth since, as we all know, they will never pass the camel test and enter heaven through the eye of the needle, such colleges catered for a much smaller proportion of the population. For the vast majority of the children of all subordinate classes, the bourgeoisie was compelled to accept the provision of free, secular and compulsory public education.

Neo-liberalism strikes at the heart of that right. Low-fee religious schools sprouted

like mushrooms after a spring rain during the Howard era and now allow even working people to exercise “choice”. It is a huge con on the people of Australia who should instead be demanding that every community have the right to a local public school that meets an agreed national standard of quality. The Gonski funding reforms partly address that issue, but at the time of writing the fate of Gonski remains unclear. The Labor government had signed deals with most State and Territory government for a six year funding rollout with most of the new money coming in the fifth and sixth years. The incoming Liberal government had opposed Gonski right up to death’s doorknock, then announced an about-face and said it would match Labor’s funding “dollar for dollar”. But this was only for the first four years and was worth only a third of what Labor had committed. Education workers have not yet won the battle for a new funding model.

Whilst funding discourse continues to use terms like “independent schools” and the “independent school sector” there is an inbuilt dishonesty about the status of private schools and private school systems. The reality of Australia is that we have government funded open enrolment schools (“public schools”) and government subsidised selective enrolments schools (“private schools”). Both systems are either fully or partially dependent on governments for funding.

Genuine choice can only operate where its starting point is the availability of free and secular quality education in a local public school. Where that exists parents

can choose, as an alternative, schools that offer particular religious values or schools that specialise in a particular subject discipline (e.g. music, Languages, a sport). However, if the choice is motivated by the existence of sub-standard local public education, then it is not choice, but aspirational coercion.

Parents should have a right to enrol their children in the local public school knowing that the child is safe and happy and that learning is supported by the best that can be provided by way of resources and personnel. The exercise of that right defines good parenting. Good government ensures that every student in every school can access that support locally and without cost in the form of fees and charges. Government funding policy must make the availability of quality public education in a local school the absolute main priority. The history of education in this country suggests that such an outcome is unlikely under governments of neo-liberal persuasion, and that it will be a matter left to government once genuine anti-imperialist independence and socialism have been attained.

Privatising schooling

And it’s not just choice between the public and private sectors of education. In a bizarre form of outsourcing, public schools in both the United States and the England have been handed to private operators. In the US, such schools are called Charter Schools because the private operators are given a “charter” to run the school on behalf of the government. Such schools are notoriously anti-union and can hire

and fire staff at will. Despite a well-oiled propaganda machine that claims huge successes for charter schools, a Stanford University study of 2403 charter schools across the US found that only 17% of them had students who outperformed their traditional public school counterparts in maths, that 46% had students whose results were indistinguishable from those in public schools, while a massive 37% of the taxpayer-funded but largely independent schools posted gains that were “significantly below” what their students would have realized if they had enrolled in their local traditional public schools instead. Where there are more students wanting to enrol in charter schools than there are vacancies, a lottery must be held to determine who enrolls. A study by Mathematica Policy Research found that students who won lotteries to attend charter middle schools performed, on average, no better in maths and reading than their peers who lost out in the random selection process and enrolled in nearby regular public schools. Other studies show that charter schools tend not to enrol students with disabilities and that they lead to a resurgence of segregated schooling.

Still the juggernaut of privately operated government schools rolls on. The Los Angeles Times (June 2, 2011, reports “Former tennis star Andre Agassi has joined with Los Angeles bankers to create an unusual for-profit investment fund for construction of as much as \$750 million worth of charter schools in urban communities across the country. The goal of the fund is to develop 75 schools serving 40,000 students over the next three or four years while earning a financial return for

investors, which include Citigroup Inc. and Intel Corp.”

The Success Charter Network and the Harlem Children’s Zone are two charter schools that featured heavily in the neo-liberal film “Waiting for Superman”. The Boards of Trustees of both schools are a veritable Who’s Who of bankers and hedge fund managers from the big end of New York.

England has made similar moves, transforming “failed” schools into Foundations, Trusts, Free Schools and Academies. The latter are similar to charter schools being centrally funded but independent of local government control. Whilst some Academies are run by tertiary institutions and diocesan boards of education, quite a few are run by entrepreneurs and corporations with little or no overt connection to education.

A list of Academy sponsors includes Bob Edmiston, who has the UK franchise for Subaru and Isuzu cars. He is one of the wealthiest people in the UK and a Pentecostal Christian running two Grace Academies. Unfortunately for him, his elevation to the House of Lords was blocked after he was caught out in the “cash for peerages” scandal. Then there is David Ross who made his hundreds of millions of pounds out of mobile phones. He has two Academies and is said to be “passionate about education”. This solid citizen is a resident of Switzerland for taxation purposes, and has been investigated for illegal and undeclared share guarantees.

Even more committed to Academies is carpet and mattress magnate Phil Harris (Lord Harris of Peckham). He has nine Academies and growing. Through his Emmanuel Schools Foundation, fundamentalist Christian car dealer Sir Peter Vardy runs several Academies which openly teach creationism.

To this list of individual philanthropists sponsoring Academies, we can add the likes of Northumbrian Water, Bristol's Society of Merchant Venturers, Holiday Extras, Vodafone, Rolls Royce, BMW, KPMG and the Haberdashers and Temple Grove Trust!

Needless to say, Academies are controversial. Like charter schools, their claims to academic performance are patchy, and they damage communities by having selective entrance requirements whilst being publicly funded.

New Zealand has already embraced charter schools whose teachers do not have to be qualified, and is set to allow for-profit entrepreneurs to move in on this sector of schooling.

Gillard had plans for an initial 1000 "locally empowered schools" drawing on changes introduced by Kennett in Victoria and Barnett in WA. Whilst not yet going the whole way towards charters, Gillard was receptive to calls for principals in "locally empowered schools" to hire and fire teachers, thus further de-professionalising the education workforce. Chris Bowen, in a book published prior to Labor losing the federal election, argued for privatising public education along the model of

the English Free Schools, state funded but independent in every other respect, including their ability to hire unqualified teaching staff.

The Abbott government education policy promises to spread the Western Australian and Queensland models of "independent public schools" across Australia. It also plans to force "direct instruction" onto all low-SES schools around the country. This is a model developed in the US and used by Indigenous schools in Cape York. It provides scripted lessons that teachers must recite word-for-word, and through which students move in lock-step, a soul-destroying approach to schooling that the rich would never impose on their own children.

Other elements of the agenda

There are teacher bonus pay schemes linked to NAPLAN results. Despite strong evidence that financial inducements do not work with cognitive workers, here is another core and periphery strategy in which the neo-liberals project their own greed-driven motivations onto a captive workforce.

Then there is the Teach for America clone Teach for Australia, which aims to place six-week trained zealots into schools alongside trained teachers. This was allowed to develop in the US where many schools employ unqualified teachers, but all teachers in Australia must be qualified and registered. This is a huge backward step for teacher quality in Australia, although it had Gillard's seal of approval. The Abbott government strongly favours

Teach for Australia. The group's corporate backers include the Business Council of Australia, Google, KPMG, Ernst and Young, and the Boston Consulting Group. The latter corporation delivered a report for the NSW Government detailing how to use the introduction of local school management to cut funding to public education. Another of Teach for Australia's partners is the private Fogarty Foundation established by WA couple Annie and Brett Fogarty in 2000. They are developing and implementing programs in a WA primary school. In the US, the likes of the Bill and Melinda Gates Foundation, the Broad Foundation, and the Walton Foundation have injected huge amounts of money into education in order to shape it in the interests of the neo-liberal corporate agenda.

Imperialist neo-liberalism embraces militarisation and religion, particularly Christian fundamentalism. Howard's policy of funding the employment of chaplains in schools is a further Americanisation of our culture and an insult to school counsellors, trained educational professionals who know how to help students in a learning environment and who know better than to impart religious values in a secular system.

Militarisation of education

When the pioneers of public education in this country won the argument for "free, compulsory and secular" education, they had few concerns about ensuring that the military were kept away from schools. The elite private colleges set the pace: In 1867 a sergeant-major was appointed and

muskets and carbines were purchased and an armoury and gunpowder store were opened at Newington College, NSW. Two years later, The King's School established a school cadet corps.

In 1975, as a direct legacy of the struggle to end Australian involvement in the US war of aggression against Vietnam, Whitlam disbanded the Australian Cadet Corps which had for a long time been an established part of both private colleges and public secondary schools.

We can return to that aspect of military education later.

Let's fast forward to November 2008 for an insidious example of a different form of military involvement with Australian public education.

The Science block at Aberfoyle Park High School in Adelaide's southern foothills went into lockdown on the morning of Thursday November 20. The staff had been told to "frock up", but were not told why. No-one knew why admittance to the Science block was denied to all but a few select staff and selected students from the school's program for students with high intellectual potential. Non-essential staff were sent from the Science block to other parts of the school so that they would not find out what was going on.

Later that afternoon, all staff were provided with a memo by the Principal that began: "As you would be aware, we held a launch today at the school and I am now in the position to be able to provide you with extra information about this

event and what it means for our school.”

Staff were then told that the premier Mike Rann, who had been refusing to meet their union over enterprise bargaining matters, had found the time to visit the school and launch a \$450,000 3-year partnership between the school and US missile manufacturer Raytheon Corporation. Only there was no mention of missiles. The memo merely stated of Raytheon that “It is known for its mission systems work and is a significant employer of staff across Australia.

The guts of the deal was that in return for providing students in the advanced learning program with computers, Raytheon would directly mentor the students into engineering career pathways. The Managing Director of Raytheon Australia said, “This is more than a sponsorship. It is a genuine partnership between a school and a business who share a vision for the workforce of the future.”

How did this murderous corporation secure access to students in a public school without the knowledge of the bulk of the teachers?

There was a three-way convergence of interests:

1. The Principal had an entrepreneurial headset and had previously won awards such as Telstra businesswoman of the year.
2. Raytheon’s interests lie in capturing market advantage in the eventual selection of talented school leavers

with an interest in Maths and Science.

3. The State ALP government had recently rebadged itself as “pro-business, pro-growth, pro-mining” in the course of distancing itself from social causes traditionally associated with social democracy.

The Raytheon example was only the latest of a series of links between state secondary schools and corporations servicing the military.

Salisbury High School has been an industry partner with military suppliers based in Adelaide’s northern suburbs since 1996. In that year it entered into an agreement with AWA Defence Industries to the value of \$10,000 through which AWA Defence Industries personnel would be “working with the school to help shape the direction for education and training for students to match industry expectations and needs.” AWA was later taken over by British multinational aircraft and weapons manufacturer BAE Systems.

Salisbury High also had a relationship with Tenix Defence for some years and through this won a Prime Minister’s Award for Excellence in Business Community Partnerships in 2006. In 2008, Tenix was also taken over by the British giant BAE Systems which is among the world’s largest military contractors; it was second worldwide in defence revenues in 2009. In 2008 95% of BAE Systems’ total sales were military related. In selling its partnership to the students at Salisbury High, BAE reps choose not to detail the murderous application of their hundreds of products and services,

which see daily use in terrorizing people throughout the world struggling to be free of imperialist domination and control. Rather, it benignly states that it “brings students into the real-world, high-tech field of engineering, (and) exposes them to ‘market economy’ constraints such as deadlines and budgets.” We should be so pleased about this!

BAE Systems also offers three tertiary scholarships a year to students in the northern suburbs as well as advanced work placements and mentoring that will “hopefully lead to a career in the defence industry”.

Codan is another manufacturer of military requirements operating throughout schools in Adelaide. Its slogan is “Mission Ready Military Communications” and its clients, apart from the US imperialists and their junior partners, include the Afghan police and a prominent (but unnamed!) African Ministry of Defence. Last year it announced that it had ‘thrown its weight and \$25,000’ behind a program to bring robotics to 40 schools across the state. Managing Director Mike Heard enthused “These programs are targeted at Years 4 to 7. What we’re trying to do is really capture the excitement of children when they’re young and get them excited in science, because we think that’s the very best way to see them go on and do science and engineering in university –and, of course, that’s very important for Codan because we employ more than a hundred engineers, scientists and technicians here.” It’s nice to see such Catholic enthusiasm for “getting them while they’re young”!

On February 17 2011 the State Government announced that \$5.7m of federal funds would be provided to Henley High, Aberfoyle Park High and Valley View High to develop a specialised curriculum to prepare students for jobs in the state’s burgeoning defence industry. (In the 2010 State Budget, almost the same amount, \$5.4m was taken out of programs that provide free transport to migrant and refugee children needing to access specialist New Arrivals Program Units). The Advertiser dubbed the schools “defence academies”. These schools have the status of Lead Schools and will provide professional development for participating staff in 15 Partner Schools. The program, the Advanced Skills technology Pathways Program, aims to achieve “an increase in employer satisfaction with reported actions and willingness to recruit or otherwise assist young people in the defence industry”. Pathways brokers are employed to “Increase the number of young people successfully moving into full time apprenticeships, traineeships and cadetships in defence industry and other industries relevant to advanced technology.” Management of the contract for the program, which runs until December 2014, is held by the Commonwealth Defence Materials Organisation in association with the SA Education Department (DECD) through an Executive Steering Committee drawn from the two SA government departments DFEST (Further Education and Training) and DECD as well as the Defence Training Centre and Defence SA.

There were Commonwealth plans to extend the program during 2011 to schools

in Newcastle and Perth.

Le Fevre High, again, without consultation with staff, was given the title of “Naval Academy” by the State Government which, by the time of the Budget, and in awarding the school \$540,000 over four years to provide career paths for students into the “naval and defence industries”, had wisely renamed the school as the less offensive “Le Fevre Maritime High School”.

So, despite an AEU policy established in 1993, that states: “1.1.6 No sponsorship under any circumstances should be accepted from corporations involved in the ownership of armaments factories, sales or manufacture or armaments, environmentally damaging products” that convergence of interests mentioned earlier – entrepreneurial school leaderships, imperialist arms corporations, and a pro-business “Labor” government, has seen a proliferation of precisely such sponsorships and partnerships.

Now let’s return to school cadets.

In 1910 a universal training scheme, in effect conscription, was introduced for all medically fit males 12-18 years of age to serve in cadets. There was actually a large-scale non-compliance, particularly by those on the land who saw this as a loss of productive and largely non-remunerated labour upon which various seasonal farming activities were dependent.

Boys 12–14 years old had to enrol in the junior cadets, 14–18 year olds enrolled in the senior cadets, and 18–26 year olds had

to register with the home defence militia

Those who failed to register for military training were punished with fines or jail sentences. Many boys did not register for their military training, and between 1911 and 1915 there were 34,000 prosecutions, with 7,000 jail sentences imposed on teenagers.

This large-scale resistance by youths to compulsory service in the cadets, encouraged by socialists and anti-war activists, laid the basis for the success of the anti-conscription referenda during the imperialist world war.

Fast forward to October 1 1976 and coup leader and new Prime Minister Malcolm Fraser had acted quickly to reverse Whitlam’s closure of the cadets whose numbers grew to just over 20,000 by 1981. The Australian Army Cadets continue to have a presence in schools across the nation.

Progressive educators and antiwar activists should be concerned at the growing influence of the military over public education. To excite students about maths and science is a good thing; to involve them in companies that are daily maiming and killing anti-imperialists and civilians, including children, is not a good thing.

We should campaign for a military-free education taking up the AEU’s position of no sponsorship or partnership arrangements between schools and corporations that profit from war-related sales.

We can add to that:

- No mentoring or preparation of students below the age of adulthood, 18 years, in military-related careers or careers in industries working for or profiteering from the military.
- Greater corporate funding for socially equitable education, but only through increased taxation on overseas-owned and local monopolies.
- Funding for career paths into employment that supports a sustainable future.

Citizen Murdoch and the “last frontier”

We have seen how neo-liberalism views students as units of human capital. Public money is to be expended on them only in so far as it enhances their use-value as future employees of the big local and foreign corporations and monopolies. The biggest part of educational recurrent expenditure is on teachers’ salaries. According to neo-liberalism, Government should facilitate access to private educational services in the schooling sector rather than tax businesses and the rich so that it can provide those services itself.

This article began by referring to agendas driven by neo-liberalism – public private partnerships, outsourcing and privatisation. In respect of the latter, neo-liberals want the opportunity to invest directly in the curriculum. Education is, as Rupert Murdoch described it in a speech to the G8 in May 2011, “the last frontier” - a vast market waiting to be invaded, conquered and financially exploited by News of the World and other

companies. He cited approvingly what he called Sweden’s “IKEA schools”, the Kunskapsskolan or Knowledge School chain, the owner of which has said: “If we’re religious about anything, it’s standardisation. We tell our teachers it is more important to do things the same way than to do them well.”

What attracted Murdoch, sniffing for dollars like one dog at another’s backside, was this: “Like IKEA, a giant Swedish furniture-maker, Kunskapsskolan gets its customers to do much of the work themselves. The vital tool, though, is not an Allen key but the Kunskapsporten (“Knowledge Portal”), a website containing the entire syllabus.”

Note, students are “customers”. The chain of schools to which Murdoch referred has 700 employees and teaches nearly 10,000 pupils, with an operating profit of SKr62m last year on a turnover of SKr655m. (\$A1 = SKr6.7).

Murdoch wants to take this approach internationally.³

Our task

In this article there is passing reference to some of the alternatives to the neo-liberal agenda. Our task is to defend those practices in education which, under a system of imperialist domination and capitalist exploitation, best serve the interests of the children of the classes subordinate to the big corporations and monopolies. We need, as teachers, parents, students and community members to fight the neo-liberal agenda

that seeks to completely subordinate Australian education to the needs of US imperialism. This includes building real community partnerships between parents and educators, developing, if need be, a parallel or underground curriculum that is genuinely socially critical and which arms students with the understandings and abilities needed to fight the servility that imperialist finance capital orders to be imposed upon our people and our nation. Ultimately, education will only genuinely serve the needs of the vast majority when it is reshaped and redesigned as part of an anti-imperialist and socialist Australia.

³ Not that such privatised, for-profit schools are noted for doing all that well. According to a report in the British Times Educational Supplement (28 June 2013) confusion is reigning after the collapse of one such chain. The opening paragraphs of the article read: “When one of Sweden’s largest chains of independent, state-funded free schools announced that it was closing down at the end of last month, it managed to upset just about everyone.

“Principals working for JB Education were furious to receive only a few days’ notice; the group’s 10,000 students read about the move in newspapers before they were officially informed; and prospective new operators for the schools were angry that deals were being made public while they were still under negotiation.

“The education business, which was owned by Axcel, a Danish private equity firm, was forced to close after suffering heavy financial losses.”

<http://www.tes.co.uk/article.aspx?storycode=6341728>

Australia's high value dollar and US investment

Saying that the Australian dollar has maintained a high international exchange value over the last few years is not news to anyone. Even with recent downward fluctuations against the US dollar, the Australian dollar remains relatively high. The spin doctors have it that this is because the Australian economy is doing very well. They are considerably detached from reality.

The value of any currency is determined by the quantity of it in circulation, relative to the quantity of commodities and their prices in circulation. The more money in hand the lower its exchange value and vice versa.

In addition to this, in the international exchange of different currencies, the higher the demand for a particular currency, the higher will be its exchange value. For Australia at this point of time, both the relative quantity of Australian dollars and the international demand for them come into play.

Another important factor is the reality of an existing global economic crisis and the connection between this and the US economy. A serious crisis of overproduction and the associated

instability in the financial system have ensured a huge over-supply of American dollars. Because of its position as the major imperialist power, the US has considerable ability to export its crisis. One way to do this is for financial institutions and major investors to export their American dollars.

The American financial oligarchy already has a dominant and firm grip over Australia's economy. Australia has a fairly advanced level of capitalist development with a generous capacity state assistance to the corporate sector and the ability to invest in a financial sector, which for now at least, continues to promise a high return. And of course, there is the availability of extensive mineral resources to exploit.

A large quantity of American dollars has been flooding in to be exchanged for Australian dollars. This has the effect of reducing excess Australian dollars in circulation and increasing their exchange value. Major holders of American dollars finding a falling exchange value for the currency in their hands get rid of them by exchanging them for a currency that promises a higher exchange value in the near future. The largest of these investors operate on a scale large enough to cause such a rise by grabbing hold of a large volume of currency. In this way they cut their losses from any continuing fall. Holding Australian dollars is profitable in the present circumstances.

This profit must eventually come from the surplus value created in Australia. This is transferred over to foreign owners, via the financial system.

A large part of the money coming in is unproductive, in the sense that it does not lead to increasing Australia's productive capacity. It is essentially speculative, and based on changing ownership of existing assets or creating debt.

In recent times, a primary means of exporting American dollars to Australia has been through the buying up of shares on the stock exchange, taking up ownership of existing enterprises, rather than setting up new ones.

In 2011 alone, foreign investment into Australia grew by over AU\$59 billion (down a little from the previous year). New portfolio investment accounted for about 58% of this. Portfolio investment is largely broken down into shares and bonds.

Direct investment from the US accounts for 27% of total foreign investment and a higher proportion of portfolio investment, although this is not properly quantified in the official statistics. If indirect investment that is still of American origin but coming through certain financial institutions and intermediaries in other nations, the proportion taken up by US foreign investment must be larger still. Traders in American dollars also include other governments, corporations and individuals. Include these and the quantity of American dollars coming into Australia begins to take its true shape.

Investment in shares has focused primarily on the finance and mining industries. They are the most profitable. Blackrock is a major player. There are others. A great deal

more investigation of these is required to get the full picture. The proportion of US based ownership has risen considerably in recent years.

Official figures on the relative size of US investment in bonds are not available. But a cursory examination indicates that this is considerable. Over the same period, almost 80% of AU\$254 billion government 10 year bonds were bought up by foreigners. Again, the available evidence suggests that American buyers topped the list. These bonds have offered a yield over 3%, compared to half that offered by the major overseas alternatives. In addition, the Australian government has offered AU\$700 million worth of shorter 5 year bonds. According to some well-placed commentators there could well be much more of this in the near future. Bonds are basically money borrowed for a price that by agreement must be paid back with some extra at a future date. The main issuers of bonds are governments. There are also private bonds issued by financial institutions. This is another story. Most important here is that the money raised has largely been used to cut down the government deficit and directly and indirectly pay off foreign debt. By far too little has been ploughed back into securing Australia's economic foundation.

In terms of Australia's future and the wellbeing of the people of Australia, the scale and forms of inflow of American dollars is not good. It is a barrier to progress and ties Australia more firmly into American interests, denies control in the hands of the Australian people and opens the way for ongoing importation of

capitalist crisis. A higher Australian dollar might make travellers going overseas smile a bit and some importers might gain a premium from bringing in relatively cheaper commodities, but Australian manufacturing and export suffers. Prices of locally manufactured goods go up for ordinary Australians, but wages do not keep up.

Over reliance on a distorted economy that hinges too much on finance and mining will continue because, left to a market based on the dominance of a handful of corporations and applying the most developed form of capitalist relations, there can be no other result. Only through appropriate national planning, in combination with unleashing the initiative from below, that is, the active involvement and collective decision making of the people, is it possible to have a different result.

Any Australian government worth its salt must focus on ensuring that the Australian economy operates and develops in the interests of the majority who live in this country. This is the working class and other working people who live in the urban, regional and rural communities. But to have such a government would mean breaking free of dependence on monopoly foreign investment, breaking the hold of imperialism on Australia and putting an end to the present servile political system.

Such a government would be able to take effective action against the excessive flood of American dollars into Australia, and maintain a stable local currency that

neither rises too far or falls too low.

Neither Liberal or Labor will do the job. This is above all a political question. The people of Australia have no other option but to demand independence, work for it and eventually assert it through the overthrow of the old monopoly capitalist order, replacing it with a new revolutionary political power that truly represents the will of the people. Only on this basis will it be possible to prevent foreign interests making a mess of our country.

The big four Australian banks and their record profits

THE Commonwealth Bank announced on August 14 that it had recorded the biggest profit ever by an Australian bank.

The bank saw its cash profit increase by 10% to \$7.8 billion for the 2012-2013 year.

Net profit after tax increased by 8% over the same period.

NAB is rapidly closing on Commonwealth bank when it comes to posting record profits.

NAB estimates that if the year ends as successfully as it began, they will be able to secure a \$6 billion full-year profit for 2013.

On 20 August, the ANZ announced a \$4.8 billion profit for the nine months to June 30, up 11% from the same period last year. It is on track for a \$6.4 billion profit for the year, up from \$6.01 billion profit last year.

On May 3, Westpac announced a \$3.5 billion profit for the first half of 2012-2013, up 10% compared to the same

period last year.

The big four banks in Australia; ANZ, Westpac, NAB and the Commonwealth effectively monopolise the Australian banking system. Not only that but according to current stock market valuations they are four of the five biggest companies in Australia. Looking at the recent profit announcements we find the following: ANZ in the 2010-2011 financial year achieved \$5.6 billion in profits, up 19% on the previous year. Westpac did better with \$6.99 billion with its subsidiary St George contributing \$1.17 billion to the total. NAB posted a cash profit of \$5.22 billion, a rise of 19% on the previous financial year's figure. Commonwealth Bank reports its profits differently to the other three, preferring to release its figures half yearly and out of sync with the others. Nonetheless, the Commonwealth's profits totalled \$6.8 billion for the 2010-2011 period.

The aggregate of these reported profits is \$24.61 billion and represents approximately 90% of the profits in the banking sector. In comparison, the smaller regional banks such as Bank of Queensland (BoQ), Suncorp Bank, Bendigo and Adelaide Bank and Members Equity also had improved profit performances in the 2010-2011 financial year. These four regional banks had pre-tax (net) profits of \$828 million, up from \$713 million the year before. The profit figures for these regional banks throw those of the big four into sharp relief.

Contributing to the record profits of the big four banks has been cost-cutting.

Westpac shed 767 positions in the past year with more job cuts in prospect. NAB reported that it had cut 550 staff in the last 12 months. In addition all four of the banks have managed to divest themselves of a number of debts that turned bad as a result of the Global Financial Crisis (GFC). The big four Australian banks have avoided the worst of the financial turmoil associated with the GFC, and have, courtesy of their size and clout, seen off the competition that was supposed to result from deregulation in the 1980s, trimming their costs along the way.

High profits, excessive profits or just plain profit maximisation?

Research conducted by David Richardson for The Australia Institute and published as Policy Brief No. 10, 'A licence to print money: bank profits in Australia' underscores both the dominant position that the four major banks have in the

Australian financial sector and the increasing levels of their profits over time. The table below published in the Policy Brief and sourced from the Australian Bureau of Statistics, ANZ, Commonwealth, NAB and Westpac reports and the RBA show the changes in profits for the major banks for selected years during the period 1986 to 2009.

Comparing the 2010-2011 profit figures with the above table highlights the trend for increasing bank profits.

Richardson argues that the four major Australian banks have made excessive profits.

In May, 2010, Treasury hinted that the Government would introduce a banks super-profits tax in parallel with the mining super-profits tax, in its bid to return the government to budget surplus by the 2012 to 2013 deadline. This deadline was

Historical performance of the big four - profit before tax

	1986	1989	1999	2006	2009
ANZ (\$m)	357	773	2,162	5,214	4,380
Commonwealth Bank (\$m)	396	813	2,498	5,704	5,975
National (\$m)	484	1,110	4,141	7,275	6,962
Westpac (\$m)	540	926	2,026	4,547	6,096
Total (\$m)	1,777	3,622	10,827	22,740	23,413
Per cent GDP	0.7	1.0	1.8	2.3	1.9

Sources: ABS; ANZ; Commonwealth Bank of Australia; National Australia Bank; Westpac; RBA. Table published in Richardson, D. 'A licence to print money: bank profits in Australia' Policy Brief No 10, The Australia Institute, March 2010, p. 2.

later abandoned as it became obvious that taxes on big corporations were insufficient to make up the gap between government income and expenditure.

When the banks observed the success of the mining industry's campaign against that industry's super-profits tax, resulting in Gillard replacing Rudd and "opening the door to discussions with the miners" and the subsequent emasculating of the original tax proposal, they announced their own intention, in February 2011, for a similar campaign against new taxes on the financial services industry. The threat was sufficient to force a retreat by Gillard and Swann.

Apologists for the banks denied that their profits were excessive. It should not be forgotten that the banks and their apologists will always find a rationale for their behaviour. What drives banks and other financial institutions and all other companies for that matter is profit maximisation. To get bogged down in the semantics over profits, high profits and excessive profits overlooks or downplays this essential feature of capitalism.

Nevertheless, resentment at bank profits remains high. In the course of the recent federal election campaign, our Party issued posters calling for a super profits tax on the Big 4 banks. Our Immediate Demands include calls for bank nationalisation, re-regulation of interest rates, and cuts in bank fees.

These are realistic and attainable demands. They are part of the working class's own independent agenda and must be fought

for within workplaces and communities. They cannot be won by relying on parliamentary parties or processes. They should become a more prominent part of rallying people to make the rich pay.

But making the rich pay presupposes the existence of the rich. That is why they are immediate demands.

Immediate demands are stepping stones in the direction of the only basis for securing the livelihood and welfare of the people, and that is the abolition of capitalist property relations and of the ruling class's control of the state, and their replacement by a socialist system.

Book review: “If you don’t fight, you lose”

***If you don’t fight you lose* is a publication of the Construction, Forestry, Mining and Energy Union (CFMEU) branch in Western Australia.**

It is one of the better publications of its type from organisations whose histories are never told by the mainstream media.

It details the history of builder’s labourers and other construction workers in WA as well as referencing the Builders Labourers Federation (BLF) and the CFMEU in the eastern states.

It gives a ringing endorsement to a militant brand of trade unionism built around the fighting qualities of the organised working class.

Within that history, and in addition to the union’s WA leaders including Kevin Reynolds and Joe McDonald, there is prominent acknowledgement of the leadership of Paddy Malone, Norm Gallagher and John Cummins.

Gallagher is described as a great hero of the union and he certainly was. He took over from the great work of Paddy Malone who led the way in clearing out corrupt union officials after World War 2,

organising a rag tag Victorian union into a strong and unified branch whose members knew that the only way to win conditions was through solidarity in action on the job.

Malone and Gallagher worked to create a strong national union where one had never previously existed. Much of the history of this is better covered in Humphrey McQueen’s *We Built This Country: Builders’ Labourers and their Unions*.

In the early ‘70s, John Cummins emerged as Gallagher’s right hand man. Cummo was fearless but sufficiently grounded not to lose sight of the larger picture.

The WA book accurately writes these comrades up as heroes but strangely never mentions throughout the whole book that they were communists, and that they were communists who had broken with revisionist views on trade unions and trade unionism. The Communist Party of Australia (Marxist-Leninist) which Malone and Gallagher both helped found after leaving the former Communist Party of Australia, and through which Cummins developed as a working class leader, is never mentioned although Malone and after his death, Gallagher, were publicly identified as vice-Chairmen of the Party.

The bourgeois press was quite happy to point out that these people were communists, even “Maoists”, although its happiness sprang from the work it thought it was doing in thereby demonising them. So failing to mention the communist foundations on which the industrial tactics and strategies of these great leaders were built leaves a gaping hole in the history of

the CFMEU and deprives future CFMEU activists of a valuable store of lessons and understandings.

The publication's retreat from acknowledging the revolutionary perspective of those amongst whom it identifies as heroes of the union movement extends also to another vice-Chairman of the CPA (M-L), Clarrie O'Shea. O'Shea was Victorian State Secretary of the Tramways Union in the late 1960s, a time identified by then Party Chair E.F. Hill, Gallagher, and comrades in unions embracing other major industries as a period of great restiveness on the part of Australia's workers, as a time when class struggle could take on the character of a political challenge to the authority of the capitalist state.

Accordingly, the decision was made that O'Shea should abide by a direction of his membership not to disclose his union's financial records to the state and not to pay fines imposed by the Arbitration Court. The penal powers of this Court had held back workers' struggle for decades, and although condemned at various times by the more advanced sections of the workers, had never really been defied. O'Shea stood in defiance and was jailed by the grub John (later "Sir John") Kerr.

The Party's assessment of the mood of the workers was correct and over a period of four days more than one million workers staged a national general strike. In NSW and Victoria their stoppages were in defiance not only of the state, but of its servants in the respective Trades Halls of those states.

The ruling class was shaken, and contrived through an agent of the state to have O'Shea's fines paid and O'Shea released.

This great political victory of the Australian workers was initiated by the CPA (M-L) and won through the actions of workers themselves.

The WA publication makes much of this struggle, as it should, but conceals by omission O'Shea's leadership of the CPA (M-L) and its role in what had been a deliberate confrontation between the working class and the ruling class.

How is it possible to refer to leaders such as those, and their role in the union movement, without acknowledging their membership of the Marxist-Leninist Party and of their leadership as Communists?

Partly it is because of the continuing hold of social democracy (ALP reformism) over certain otherwise quite militant and advanced union officials. Social democracy always seeks to confine the workers to economic struggles based around the seemingly sensible slogan of a "fair day's wage for a fair day's work". Even quite militant economism is acceptable so long as the politics of abolishing capitalism and building socialism are avoided. Since the Marxist-Leninist viewpoint is precisely to lead the workers from economism and trade unionism to political struggle for a revolutionary smashing of the power of the capitalist class and for the elevation of the workers to the class that rules a socialist society, officials imbued with the social democratic viewpoint will always seek to

diminish, to discount and to disappear any reference to Marxism-Leninism.

A contributor to this article, a member of another union, well remembers being sought out on a building site by a BLF organiser who handed him a book on Marxism. It was evidence to him that the BLF under Gallagher's leadership always fought for more than their own union, that its activists fought for their class and its liberation. It was one of the many positive things he remembers about the BLF. By contrast, the authors of *If You Don't Fight You Lose* genuinely don't seem to know or understand why Communists were motivated differently to social democratic trade unionists.

Being a Communist is fundamental to understanding why comrades like Gallagher and Cummins were leaders in militancy in the trade union movement. Their militancy sprang from their Communist understanding that the class interests between capital and labour cannot be reconciled under capitalism, and that the struggle for fundamental change towards socialism is the only way we can truly begin putting an end to the exploitation of the working class and people. For Gallagher and Cummo, if capitalism collapsed then that was its problem because they knew there was an alternative, namely that the workers don't need capitalists in order to run industries under the control of their own state apparatus.

On the other hand, social democratic trade union officials rely on capitalism having a certain level of prosperity and

longevity from which they, as beggars at its gates, will seek "a fair go". They lack the confidence that Communists have in the working class and are prepared to put up with capitalism rather than risk the workers trying to replace it with a socialist alternative.

Some people dismiss the leadership role that Communists played during the Malone, Gallagher and Cummins eras. They think that the workers were militant regardless of the leadership of these Communists.

One of the authors of this article belonged to the Electrical Trades Union (ETU) at that time, a union that was not really militant even though most people outside it think they were. Much of the militancy of ETU members can be traced to the input of organisers from the BLF and other unions who urged ETU members to fight for our class when they spoke at joint union site meetings. This is a generalisation, but the capitalist class knew that if they could destroy the leadership of the BLF (subsequently the CFMEU) then they could undermine the militancy of a much wider section of the working class.

Some people might argue that militancy still exists, but it is the character of the militancy that is important. Is it militancy with an economist viewpoint, or militancy with the desire to abolish capitalism and bring the working class to political leadership of the country?

The book also inadvertently creates the impression that capturing the leadership of a union is the only way for Communists to

have an influence. That was pretty much the perspective of the former Communist Party of Australia prior to the 1963 split on the question of opposing revisionism. It was a completely open Party and held leadership positions in many unions.

When the Communist Party of Australia (Marxist-Leninist) was formed in 1964 it decided on a different form of member organisation. The bulk of the membership was to remain concealed from state supervision by not openly declaring their Party affiliation. Only a few leading comrades would function openly. Its structure was to be like an iceberg: a small part visible but the much larger part under the water line. The ship of the capitalist state might see it on the distant horizon, but be unprepared for the inevitable collision brought about by the underground section.

Over time, the recruitment of new people into a predominantly secret, or underground, Party opened up great opportunities for mass work that avoided the barriers that arose for many people when mention of the word “communism” arose. We work amongst the advanced, the backward and the middle sections of the people, and in the anti-Communist atmosphere whipped up by ruling class liars during the Cold War in particular and in any case, at all other times, it is simply easier to gain people’s initial trust and respect if the “communist” barrier is not allowed to exist. That is certainly true of the middle and backward sections of the people, defined by their level of political understanding.

Thus, there have been comrades who have been able to win positions of influence in

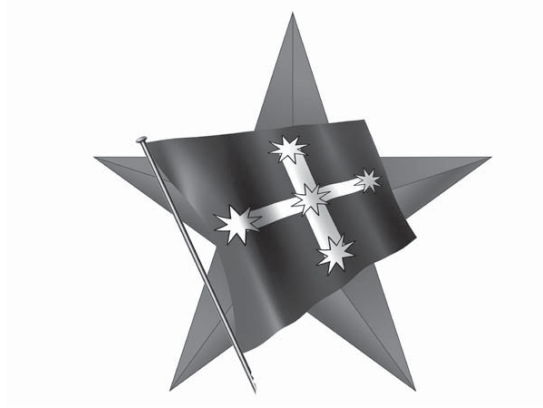
less militant trade unions than the BLF/CFMEU and who will never be known in the way that Gallagher and Cummins were known. The circumstances in which they work might necessarily be quite different to those in a union with a history of militancy and openly political confrontation, but they work away patiently and assiduously to lay the foundations for lifting the level of struggle and heightening the political consciousness of those whom they represent.

There are also the Party members who remain embedded in the workplace, whose role is to unite working people at the point of production and to influence union activity from below. In some industries comrades have been organised into “lines”, so that only a few become officials and others are kept in reserve in case the first line gets knocked off. That does not require the second and third lines to become passive; rather their activity is all the more crucial because they build strength in the workplace. That is why, after the formation of the CPA (M-L) we generally eschewed district and suburban branches and opted where possible for workplace-based membership cells. The former could all too easily be oriented towards electoral activity in local, state and federal government arenas, and open the workers to the influence of non-proletarian members, whilst the latter kept the members focussed on the most direct place of confrontation with the class enemy.

Whilst the intention of *If You Don't Fight You Lose* is to educate construction workers on the history of their union

and on why it is necessary to appreciate the struggles that have gone before them in order to enjoy whatever rights and conditions that exist, it cannot become a text for the whole class and cannot even really educate construction workers while it ignores the fundamental motivation of its heroes, namely, their Communist outlook and conviction. Nor will it implant in aspiring working class leaders a proper appreciation of the varied forms in which Communist work in trade unions can be done. At best it will encourage a nostalgia for past economist militancy without showing how and why to rejuvenate and reinspire anti-capitalist militancy and political confidence in a socialist future.

If we don't defend our history we have nothing. If we only defend a social-democratic interpretation of our history in which the fight for a "fair go" is the be-all and end-all, then we still have nothing. Our history is our future, and we must learn from it in order to know the road ahead.



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**See also www.vanguard.net.au for regular updates of
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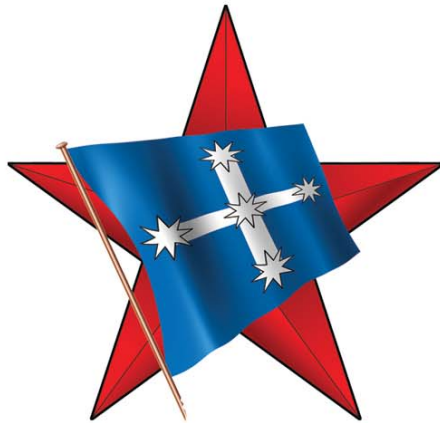
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