

THE

Week

**A news analysis for socialists 9d.**

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# THE WEEK

A NEWS ANALYSIS FOR SOCIALISTS

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## EDITORS' LETTER

We are pleased to report that we have received thanks from people involved in the struggle in Aberdeen for the prominence we gave their fight last issue. They assure us that it is crucially important that the Aberdeen Council gets as many messages of support as possible. But the best support would be that of other councils following their example. We hope the readers who are concerned with local government will take due note of this and let us know of any actions they take.

We will give advance notice to some of our readers that those who subscribed for three months only at the beginning of the year will be soon receiving notices that their subscriptions need renewing. Maybe some of them could beat us to the punch by sending the money in first.

We are still getting reports in somewhat too late for inclusion in the current week's issue. We understand the difficulties of politically active people but would make another appeal for all copy to be in our hands by the Monday of the week of publication.

AN INCOMES POLICY FOR LABOUR

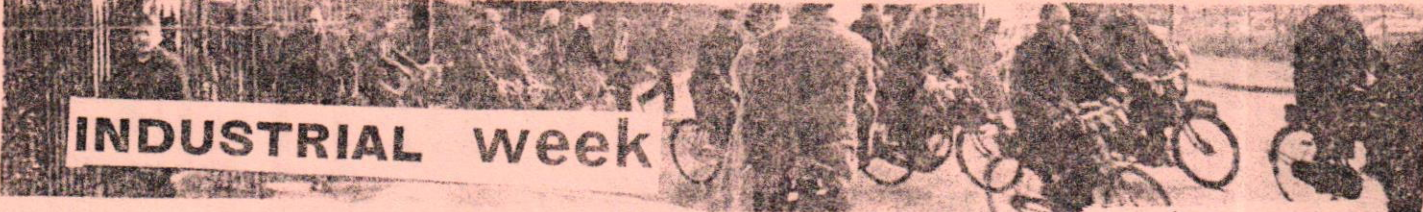
Once again the forces of the unions are massing, with demands for significant wage increases. Last Thursday, the leaders of 65,000 dockers laid claim to "a substantial increase." On the same day, two of the three major railway unions met and decided to invite the third to sub it, with them, a joint claim for 440,000 workers. The Confed., in which three million engineering workers are joined, is locked in negotiations for the 40-hour week. In steel, the post office, and the electricity supply industries, strike threats are already poised in support of claims for shorter hours and better pay.

Our readers will know where they stand on these matters, and know what to do about them. We shall not be unduly impressed with the talk, echoed from the Times, to the Financial Times, to, unfortunately, the New Statesman that these actions may cost Labour votes. If there is any prospect of a fall in the Labour vote because strikes are unpopular, which is in doubt, (not because strikes are popular, they are too painful to those who have to take part in them to be popular, but because the electorate at large suffers more from Toryism than it does from strikes) if there is such a prospect, then Labour's answer should be clear: By announcing that the new Government will legislate for a general 40-hour week without loss of pay it will stop some of the strikes and collect an electoral bonus running into millions of votes.

In the meantime, as we go to press, the grand council of the Federation of British Industries is meeting to decide on a policy of prices restraint. For several weeks an economic study group of the FBI has been working to find a system by which to operate profits restraint. This obligation is imposed on them both by commitments made to NEDC and the immediacy of a Labour Government. But the control of profits is not so easy as all that, as even the introduction of face-saving schemes of self-discipline acceptable to the FB. will show.

In this connection the Labour movement has a time-honoured answer: effective control of profits can only be workers' control. The demand of the Labour Party Conference for "a better system of popular administration of industrial enterprises by involving the staff of these concerns more directly in their administration" could, in fact, be harnessed to a real incomes policy in which the trade unions would be able to collaborate without fear of being trapped.

By opening their books to the workers' representatives the employers could remove many suspicions which linger in our minds. If the FBI is reluctant to meet us in this matter, then the TUC should make it the price of participation in any incomes policy. Only if this is done will the unions remain free agents, in the period which we are about to enter. Above all, the unions' attitude towards an incomes policy will be determined by the policy pursued by the Labour Government. If it conducts itself so as to make bigger and bigger inroads into the capitalist sector, thus proving that it is serious about applying clause four, union participation in an incomes policy will be possible. If, on the other hand, the Labour Government merely tries to make British capitalism more efficient and rational, then unions will be duty-bound to defend their members' interests.



# INDUSTRIAL week

## FORMER MARRIOTT WORKERS UP AGAINST DIFFICULTIES

The former workers at P.A. Marriott, who struck for 37 weeks, are in a difficult position. They have lost their jobs and the prospects of those who led the strike of obtaining employment are slight. They cannot obtain unemployment benefit, because they have not enough stamps on their N.H.I. cards, as it is they have already paid out £360 for NHI stamps but still need another £340 for this purpose. The settlement involved <sup>pay</sup> severance payments of £5 per head and in some cases £10, plus back which in all averages about £18 each. The strike committee is of the opinion that it suffered a defeat; they could have had the severance without a strike but instead they chose to fight for AEU policy, work-sharing. The committee hope that their fellow workers will assist them to get over the difficult period which lies ahead.

The strike fund's address is: P.A. Marriott Strike Committee, 80, Jubilee Drive, South Ruislip, Middlesex.

N.B. The above facts were obtained from a letter to the Daily Worker.

## OVERWHELMING 'STAY OUT' VOTE IN RALDIGH STRIKE

by Pat Jordan

After being addressed by Ernie Roberts, assistant general secretary of the AEU, over 400 strikers voted (with only three against) to stay out at a meeting in Nottingham on Sunday March 8th. Ernie Roberts announced that instructions had been given by the AEU executive that Ralcligh goods are to be blacked at various factories. Chief of these is the Lockhead factory in Rugby and despite lack of enthusiasm from some officials the blacking is being enforced.

Meanwhile the press and the Raleigh management have done everything in their power to exaggerate the return to work by some demoralised workers. Fred Wilkins, the AEU district secretary, has described the handful of scabs as people who jump from one union to another and not real AEU members. Whilst the press spoke of up to hundred having returned, the strike committee put the figure at 14. The combined efforts of the press, various propaganda pressures and a wife who threatened to leave him persuaded one poor unfortunate to return. The coverage given to this incident rivalled that given to the royal births and Liz Taylor's amorous wanderings.

A solidarity committee has been set-up by trade unionists, members of the Labour Party and co-operators to call for support and a fair hearing <sup>local</sup> for the strikers. The committee includes representatives from all the labour parties and many different trade unions. The secretary of trades council is a sponsor and it <sup>is</sup> expected that the whole of the E.C. of the trades council will sign the committee's appeal.



# LIFE'S BETTER WITH THE CONSERVATIVE

## WILSON ON VIETNAM

by Chris Arthur

Harold Wilson is reported from Washington as having come out in support of the American war of repression in South Vietnam though he opposes extending aggression to North Vietnam. This statement is all the more astonishing since even U.S. observers now admit that the stooge coup d'etatist dictatorship lacks all popular support and that the U.S. cause is lost.

The Observer admits that the insurgents have the sympathy of the people even in the Government-controlled areas. Lifting a corner of the blanket, the Observer admits: "Government defence forces regularly stole livestock, sometimes extorted money and often made people do forced labour."

The Vietnamese peasants have fought the most heroic battles for 20 years against overwhelming material odds and imperialist wealth. It is to be hoped they soon achieve peace, independence and social progress. The best safeguard of their independence after victory is not ostracism but friendly trade and aid from a Labour Britain. Wilson has made a poor start.

## THE E.E.C. AND THE FREE MOVEMENT OF LABOUR based on New Society report

This month the Common Market will ratify the second stage of the programme designed to remove all existing barriers to the free movement of labour within the Community by 1970. This decision will help those sectors affected by labour shortages in periods of upswing. Ironically the sector in trouble at the moment is the Coal and Steel Community - 7% of their labour is now from countries outside the Community. This stems from the 'coal crisis' which led between 1952 and 1963 to over 40% of the Community's pits closing. The word spread that coal was a dying industry, recruitment and apprenticeships dried up.

## LORD HOME WAS A NATURAL CHOICE

by Alex Acheson

The criticism of the Tory Party for picking Home as their leader is quite ill-informed. He was the obvious and natural choice. A nodding acquaintance with Scotland would have shown that a man - a sometime noble-man - who lives at a castle called 'The Hirschel' is the only leader the Tories could have chosen. Hirschel simply means a 'stock of sheep.'

THE ANTI-APARTHEID CAMPAIGN IN BRITAIN

We have received a copy of Anti-Apartheid News for March; this excellent publication gives an overall survey of various aspects of the anti-apartheid campaign. The news it gives of the campaign up and down the country is very encouraging: "The entire membership of Liverpool City Council has signed the petition for the release of political prisoners - so have all the officials and executive members of the Watermen, Lightermen, Tugmen and Bargemen's Union; all members of the Edinburgh and District Trades Council;..."

Local activities reported included: "Cardiff: a public meeting, addressed by Robert Resha...; Chatham,... a picket of a wine-tasting ceremony sponsored by Union Castle Co.; Edinburgh, a public meeting which raised over £400;..." Poster parades in Finchley, Hampstead, Banstead and Manchester, and in Bristol an open-air meeting organised by the University Campaign against Racial Discrimination. Durham students have circularised shops with information on the boycott and followed up with visits to the shopkeepers.

The eight-page tabloid is packed with information which will be of great assistance to anyone wanting to further the campaign. It can be obtained from: Anti-Apartheid Movement, 15, Endsleigh St. London WC1.

"THE COLLABORATORS"

The Anti-Apartheid Movement have published, at 2/-, a pamphlet of the above name by Rosalynde Ainslie and Dorothy Robinson with a foreword by Barbara Castle. The "collaborators" are those British firms and people who profit from apartheid. To give some idea of the research which has gone into the pamphlet it is enough to say that the authors trace out the connection of such unlikely firms as Rediffusion Ltd., Associated British Foods, Wilkes Berger Engineering Co., Aberdare Holdings, Calico Printers' Association, etc. with South Africa. Tory M.P.s do not escape the attention of the pamphlet, among those mentioned are: John Edon (Bournemouth, West), Sir Gerald Nabarro, Sir Peter Roberts (Heeley, Sheffield), Sir Harwood Harrison (Eve), and from the House of Lords: Lord Fraser of Lonsdale, Lord Barnby, and, of course, Lord Drabazon of Tara (famous for his remark that UNO is like a "convention of nigger minstrels") again we have no hesitation in recommending readers to get hold of this pamphlet. It can be obtained from the address above.

CLLR. BOB HUGHES DEFENDS ABERDEEN BOYCOTT

Speaking to students at Edinburgh University Chaplaincy Centre, Bob Hughes, instigator of the boycott, said that the South African Foundation, financed by the South African Government, was about to attempt to get the council's decision to boycott South African goods reversed. The bid would culminate in the Director-General of the organisation visiting Aberdeen on March 16th, the day of the Council meeting. Cllr. Hughes said: 'The Foundation will find that strong-arm methods do not work in this country. They cannot lock up the opposition in the way they do in South Africa. They will find that the anti-apartheid forces will speak out and will not change their minds.'

ABERDEEN BOYCOTT STRUGGLE AT CRUCIAL STAGE by Alec Bagley (Aberdeen)

The next 10 days are likely to be decisive in the boycott dispute. Two decisions have to be taken: the first by the Trades Council on March 11th and the second by the full council on March 16th, when the boycott decision will be debated again. The pro-apartheid forces are concentrating on making the Labour group feel isolated. Every day the local press carries its ration of anti-boycott propaganda, most of it supplied by the South African Foundation. Their campaign will culminate with the visit next weekend of the Director-General of the Foundation, who will no doubt threaten a variety of economic reprisals if the Council does not rescind its decision.

If the ASAF (founded by South African businessmen in 1960 to fight the Labour Party's boycott) has any success here, it will be represented as a victory for pro-apartheid forces in this country and in South Africa, and as a severe defeat for socialist unity. It would help the Labour group if more messages arriving at the Town House supported the boycott.

An interesting fact is that the threatened trawler order at Hall and Russell's yard was placed by the South African firm of Irvine and Johnstone. This is the same company as the stockbrokers, Irvine and Johnstone (Aberdeen). The link may suggest a further reason why Aberdeen's municipal boycott should be the one to create such a furore in the South African press, and is another example of the way in which British capital is intricately involved in upholding the Verwoerd regime.

L.R.D. RIGHT-TO-STRIKE PAMPHLET

by a legal correspondent

The recent Rookes versus Barnard case, in which the House of Lords found against the Draughtsmen's Union, and thereby brought into question the whole principle of the right to strike, is ably summarised in the Labour Research Department pamphlet "Trade Unions Hamstrung". The author, O.H. Parsons, discusses the complex legal issues and the effects of the decision in everyday language.

He questions the logic of the Judgement, and shows how it now places all strikers under the danger of stringent penalties. ("..the judgements are effectively declaring all strikes unlawful" - page 21)

In discussing suggestions for amending legislation, he makes the important point that it would be wrong "to attempt to gain...more than we have lost by this ill-starred judgement. All we should seek is a restoration of the legal position which everyone understood to exist until the present ." These words should be written on the banner of the trade union left-wing: because there is a great danger that the occasion of a necessary reform in the law will be seized by the employers (and some of their less critical opponents in the unions?) to impose changes which will be calculated to cause nothing but pain to the militants.

The pamphlet costs 1/- and it is available from: Labour Research Department, 161, Drury Lane, W.C. 2.



A PLAN FOR MINERSbased upon Derbyshire Miner report

A plan for miners has been prepared by a number of miners' leaders and economic experts from universities in the hope that a fundamental revision of the N.U.M. <sup>policy</sup> can be brought about. The document deals with the industry during the last 6 years and the general conclusion about the financial position is that the N.C.B. has emerged from these years with big and growing surpluses. The Government and the NCB have been at considerable pains to conceal the extent of these surpluses.

The appendix explains some of the ways in which the accounts are juggled to minimise the apparent <sup>surplus</sup>. One key figure is the operating surplus; it is mainly by exaggerating the figure of depreciation to be set off against this that the accounting surplus is kept low. The operating surpluses were £7m. in 1947; £68.3m. in 1957; and £125.5m. in 1962. Figures for 1963 are not yet available but it is expected that the operating surplus will be at least £140m. Thus the increase in operating surplus was £57m between 1957 and 1962, and may be as much as £70m. by 1963.

Though the NCB has done well, the miners haven't shared in this. In the last 6 years their output per shift has risen by 30%. But the purchasing power of average earnings per shift has risen by only 10%. With the ending of Saturday working, etc., weekly earnings have stagnated. The purchasing power was scarcely any higher in April, 1963, than in April, 1956 (money earnings were up 21% but the cost of living has risen 19%). Thus although their productivity per week was approximately 20% higher than in 1956, their real earnings were no higher. According to Ministry of Labour figures, workers in other industries improved their weekly earnings in real terms by 15% in the same period, approximately in line with the increase in their productivity. The position of the surface workers is worse than that of the miners as a whole; their weekly earning fell in real terms by about 10% from 1957 to 1962.

The document suggests a number of demands which will help to put this anomaly right:

(1) a planned advance of real earnings: The authors have in mind a 30% advance in real wages in the next ten years, with a 40% increase in minimum rates. Within this policy special needs have to be considered. One of these cases is that of craftsmen. Craftsmen's wages must at least be kept in line with other industries.

(2) long service payments in addition to the above demands. High labour turnover pushes up costs and may be pushing the accident rate up. More incentive is needed to persuade the miners to stay in the industry and the cost would met by increased efficiency.

(3) accumulated holidays. In addition to the general fight for a 40-hour week with three weeks annual holiday, miners need more leisure because of the nature of their work. Also an extra one month's paid holiday should be given to miners for every 5 years of service.

(4) guaranteed employment until retirement.

(5) state pensions at 60 for heavy industrial workers. In addition the NUM should press for the coal industry pension scheme to be revised so that miners have a pension of two-thirds of average earnings.

(6) income guarantees for downgraded workers. There should be a guarantee of existing wages for twelve months if a worker is transferred to a job with lower pay.

All the proposals are to be the subject of weekend discussion conferences to be organised, in which Derbyshire miners will participate.



## PHONE WORKERS STRIKE IN LOS ANGELES

by Sylvia Riley

In Los Angeles the Communication Workers of America are at the moment engaged in a struggle with their employers, the General Telephone Company. Although this strike is in its fourth month, only 20% of the employees have returned to work, and these have done so mainly because of the tactics of the General Telephone Co. They have fired employees and replaced them with black labour, cut-off strike leaders' telephones and repeatedly interfered with telephone conversations. Another telephone company, the Pacific, pays higher wages and fringe benefits, in spite of their employees having had the same training, and working under the same conditions as the strikers. One member of the Los Angeles C.W.A. said that out of 15 workers in his unit, 12 were forced to take part-time jobs.

The strikers have received support from the International Association of Machinists, the longshoremen's union and the International Brotherhood of Electrical Workers, and both telephone subscribers and employees have manned the picket lines.

## MAE MALLORY GETS 16 YEARS

The name of Mae Mallory has become a symbol of the struggle against Jim Crow 'justice' as a result of the 2½ year fight to prevent her from being extradited from Ohio to Monroe, North Carolina, to face a frame up kidnap charge. In practice, her only crime was to go to Monroe in the August of 1961 as a headquarters helper for the freedom riders. She was finally extradited in January of this year and it was only the enormous publicity campaign which enabled her to complete the trip back to Monroe in physical safety.

Some idea of the hysteria whipped up by the racists can be gained from the treatment meted out to the Monroe Defence Committee which moved to Monroe after the extradition. The Monroe Telephone Company refused to install a telephone for the Committee without a \$500 cash deposit, despite a 2½ year record in Cleveland of paying telephone bills promptly and in full. Even unimpeachable references were given but to no avail. The only accommodation which could be found was a broken down shack and when bail was set, prior to the trial, no bondsman could be found who would sell the bond (this is normal procedure in the U.S.) and the money had to be raised in cash. (\$10,000).

On February 27th, the jury took a mere 33 minutes to come back with a verdict of guilty against all the four defendants. The next day the Judge sentenced them: Mrs Mae Mallory to 16 to 20 years; Richard Crowder to 7 to 10; Harold Reape to 5 to 7; and John Lowry 3 to 5 years. The defendants have appealed and the following appearance bonds set: Mrs. Mallory - \$15,000; Crowder - \$10,000; Reape - \$7,500; Lowry - \$5,000. Such is 'justice' in the land of the free.

KHRUSHCHOV IN FAVOUR OF LABOUR PASSPORTS

by B. Evans

A discussion has been going on in the Soviet press on the question of issuing Soviet workers with labour passports. The idea was first mooted by a leader of the Ukrainian Communist Party but now Khrushchov has come out in favour. When put into operation the passport scheme will involve each Russian carrying a detailed record of their work career, i.e., what jobs they have held, when they started and finished these jobs and why they change them. Khrushchov described the new document as being designed to reflect the holder's personality, the work he does, and the money he lives on. It will be designed to enable the state to implement the dictum: "He who does not work does not eat."

It was eight days before the speech in which Khrushchov backed the passport plan was published - perhaps indicating that there was opposition to some of the points in it. The speech also contained proposals for incentives to workers and farmers for higher productivity.

Whilst the plan is said to be directed against criminals and parasitic elements, it is a sad reflection on the Soviet Union that such a proposal should come 46 years after the October Revolution. Socialists have always considered that the problem of criminals and parasitic elements is a social question and if the Soviet Union has a problem with such types now the thing to do is to get down to the social roots of the problem. Whilst the workers' state has the duty to protect the collective interests of the state from these people the more use of draconic regulations and more and more rules is hardly the way.

PARTY TALKS BETWEEN RUSSIA AND YUGOSLAVIA based on Soviet News item

Nikita Khrushchov received the Yugoslav Ambassador, on February 27, at his request and had a warm and friendly conversation with him. Yury Andropov, secretary of the central committee of the Communist Party of the Soviet Union, took part in the discussion.

RIGHT TO STRIKE RESTORED IN YUGOSLAVIA

Speaking at a recent meeting of the Yugoslav National Assembly, the chairman of that organisation's commission for social control, Mr. Pashko Romac, announced that strikes were legal. The ruling had to be given because of a series of stoppages in various parts of the country, including protests against increases in train fares. Justifying the ruling, Romac said that investigations had shown that stoppages of work did not have a political motive and that they did not threaten the social system.

DAILY WORKER CRITICISED BY STRIKE COMMITTEE

Normally the handling of strike news is the least thing one can criticise in the Daily Worker. It is therefore surprising to read in that paper in its March 9th issue a letter from H.C. Silk, on behalf of the Marriott Strike Committee, criticising the Daily Worker's report of the conclusion of the strike. The report claimed that a victory had been won. Mr. Silk points out that the strike actually suffered a defeat, whilst thanking the Daily Worker for the support it gave the strike whilst in progress. (see page two).

# THIRD WORLD WEEK



## LIBERATION FORCES CONTROL OVER ONE THIRD OF PORTUGUESE GUINEA

The Algerian Press Service reported on March 2nd that the African Independence Party of Guinea (Portuguese) and Cape Verde Islands, the PAIGC, now controls 35% of the territory of Portuguese Guinea. It is organising the population in agricultural production and education. The PAIGC began armed struggle in January, 1963, and is continuing the fight against the Portuguese colonial forces with great success although Portugal has increased the number of troops in the territory from 1,000 in 1959 to 20,000 at the end of 1963.

Ben Bella reaffirmed the Algerian people's complete support for the fraternal people of Portuguese Guinea in their armed struggle against Portuguese fascism, when he received Amilcar Cabral, the General Secretary of PAIGC, on March 1st. In their discussion the two leaders elaborated ways and means to strengthen the forces of the Guinean fighters as per the charter of Addis Ababa.

## CONGO ARMED LIBERATION FORCES WIN LOCAL SUPPORT

The latest issue of the fortnightly journal, Remarques Congolaises and Africaines, reports that the armed forces of the liberation movement in Kwilu Region have won massive support from the local population. According to the magazine, this support flows from the policy of following 8 rules. These are: (1) respect all people; (2) buy things from villagers honestly; (3) return all borrowed things in time and conscientiously; (4) humbly pay for things damaged; (5) don't beat or abuse others; (6) don't destroy or damage the farm lands of the villagers; (7) respect women and don't insult them; and (8) don't maltreat prisoners of war or confiscate their personal belongings.

The magazine contrasted this with the U.S.-fostered Adoula Government's policy of burn-all and kill-all. "Since September, 1963, during the regional census, the police and men of the Congolese National Army had started savage oppression in the zones under suspicion by arresting several hundred people," the magazine said, "In a search for partisan leaders at the end of September, the Adoula police and army first burned down a village in the Lukamba sector and massacred all its inhabitants, and then set fire to the whole region, killing all the villagers there."

ZANZIBAR TODAYfrom a Zanzibar correspondent

The visitor to Zanzibar is immediately struck by the revolutionary temper of the people. Ordinary villagers display a highly developed political consciousness as they explain to one the course of events in Zanzibar in recent years and explain the necessity for the revolution of last January.

At the demonstration held to issue the "Zanzibar Declaration" last week a crowd of more than 50,000 enthusiastically cheered the revolutionary President, Karume, as he announced the nationalisation of land, the burning of all rick-shaws and the closure of all clubs based on the racial principle. The premises of such feudal and colonial relics as the "Zanzibar Pig Hunters Club" have now all been turned over to the people. Further social measures envisaged at present include the nationalisation of all foreign trade and the development of publicly owned industries.

An emergency development grant of \$500,000 has been made by China; the United Arab Republic has trebled its previous aid to Zanzibar and Indonesia, the main market for Zanzibar's cloves, has increased its orders of this spice.

Consolidation progresses well on the political front. Ad hoc military groupings that appeared during the revolution are now gradually giving way to more normal political institutions - in particular the Revolutionary Council representing all the forces which made the revolution.

One feature of the present political situation is the importance of the trade union leaders. They are called in for frequent consultations at the Presidential office.

Ed. note: we will be having more reports from our special correspondent in future issues.

LIBYAN MOVE AGAINST ANGLO-U.S. BASES

One of Britain's main military lines of communication with East Africa, the Middle and Far East is threatened by a statement made by the Prime Minister of Libya on March 9th. Mr. Muntasser said that his Government had asked Britain and the U.S. to begin negotiations about the closing down of their bases in Libya. Whitehall has confirmed that the request has been received.

Libya has been getting £3.25m. a year in U.K. grants in payment for the bases, and over £7m. a year in current British and military expenditure. However, Libya is getting increasing royalties from oil (over £30m. last year) and can do without these grants. The American base at Wheelus is believed to be the biggest of its kind outside the U.S. It can be used by strategic nuclear bombers and provides direct access to Southern Russia. Strong pressure from Egypt, which is very angry with Johnson's pro-Israel policy, has been largely responsible for the move.



### U.S. SENATOR EXPOSES TAX-CUT MYTH

This week we take the unusual step of reproducing the text, slightly shortened as per I.F. Stone's Weekly version, of an American Senator, Albert Gore. Gore, of Tennessee, was described by I.F. Stone as the the last agrarian radical left in the upper house. He speaks for the 'little man' but, the essence of his remarks as well as throwing considerable light on American scene can be applied to British conditions as well.

"It seems to me that neither equity nor economics dictates a reduction in rates paid by big business. I do favour and support the reversal of the normal and surtax rates so that the rate for small business will be cut to 22%. As for big business, it seems we could dismiss equity considerations quickly....Corporations we know are largely owned by the affluent. The poverty-stricken do not own General Motors or A.T. & T stock. A study now underway at the Wharton School of Finance at the University of Pennsylvania shows that 1% of individual taxpayers own about half of all corporation stocks held by individuals.

"Since the rich and the very rich are given such generous tax reductions in this bill, there are no equity grounds for reducing corporation taxes. The fact is that we have been reducing the effective tax rates for corporations quite steadily and regularly during the past few years. There were rapid amortization changes during the Korean war, accelerated depreciation enacted in 1954, administrative changes in depreciation enacted last year approved by the Treasury this year, the investment credit enacted last year and the further liberalisation of this credit in the current tax bill.. Of course we have retained the same stated rates, but the effect of these rates has been drastically altered, thus materially the rates actually paid.

"Corporations got about \$2.4 billion in tax reduction under the 1954 Internal Revenue Code. Last year they got another \$2.25 billion as a result of changes in depreciation and enactment of the investment credit. What is the effective corporate tax rate? In 1946, corporate taxes amounted to about 33% of profits plus consumption allowances (i.e. depreciation, investment credits, etc.). Today the comparable figure is about 29%. This is an effective tax reduction of about 10%. Not only have we been cutting tax rates in a disguised form, but these cuts have not really been effective - or they have been inefficient - in promoting investment and equipment. We have concrete proof of this.

"The most optimistic statements I have seen about the effects of the \$2.25 billion tax reduction given corporations last year have been to the effect that this cut has induced \$1.2 billion of increased spending for plants and equipment. This is an efficiency of 50%...The upshot of all this is that we give corporations a tax cut of \$2 to induce them to spend \$1 for plant and equipment..." He finished his speech by pointing out that, far from creating more jobs, in the past 10 years almost 1 million jobs had been lost despite increased production.

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