

# The Railways and Capitalism

{PREFACE: This pamphlet appeared in 1973 in Victoria, under the guidance of E F Hill, Chairman of the Communist Party of Australia (Marxist-Leninist). Some of its authors are preparing a contemporary version. Their efforts should encourage activists in every sector to explore the patterns of exploitation with their fellow wage-slaves. There is a particular need for comparable studies by school teachers and hospital orderlies. The issues raised here have become more urgent with urban congestion and environmental pollution.

All the footnotes, except number 4, have been added to this retyping to assist further investigations, as were the suggestions for further reading. Important though union histories are, we must follow Marx's example by interrogating the needs of capital.

An Appendix on Marx's definition of 'fixed' capital is illustrated through the example of railway engines and tracks.}

## Introduction

This article was written by a group of railway workers. There is a great need for all workers to understand the role of our industry under the capitalist system. By understanding our role as workers, we are more able to fight exploitation and injustice, and to end it for all time.

In his book *Capital*, the famous German philosopher and economist Karl Marx analysed capitalist society in detail. Volume 2 of *Capital* (published in 1885) contains many references to transportation in capitalist production. Marx's conclusions are true for Australia today. Only by applying Marxism to specific Australian conditions can we workers gain a real understanding of the capitalist system of exploitation which controls our lives.

We hope that workers in other industries will apply Marx to investigate their own situation.

## The Transport Industry

Just like workers in other industries, workers in the transport industry take part in the production of commodities. We produce what Marx calls a 'useful effect'. The 'useful effect' of the transport industry is the actual moving of goods and people from one place to another. Raw materials move from the mines to the ports and factories, finished products are transported to and from the markets, workers are brought from their homes to the work-places.

The movement of commodities (the result of the work of transport workers) adds value to the various commodities being moved – the greater the distance, the greater the value added:

... the use-value of things has no existence except in consumption, and this may necessitate a change of place on the part of the product, in other words, it may require the additional process of production of the transportation industry. The productive capital invested in this industry adds value to the transported products, partly by transferring value to the transported products from the means of transportation [i.e., the using-up

and 'wear and tear' of rails, roads, engines etc.], partly by adding value through labour-power used in transportation [i.e., the using-up and 'wear and tear' of shunters, drivers, signalmen, etc]. This last-named addition of value consists, as it does in all capitalist production, of a reproduction of wages and of surplus-value.<sup>1</sup>

Look at the production of a Ford motor car. It is the product of the collective labour of thousands of men and women. They work on the production lines and in the offices of factories at Broadmeadows and Geelong, in the rubber mills and glass-works, and also in the transport industry – carrying raw materials, components and finished parts from one plant to another. However, both the car and the profits from its future sales are owned by a small group of share-holders in the U.S.A. This is the contradiction of capitalism – production is carried out collectively by thousands of workers who do not own what they produce. They are paid a wage which represents the amount necessary to keep the worker and the family from week to week, but no more than that. The products, like the factories, are owned by a small handful of people. In Australia, these people are mainly U.S., British and Japanese monopoly capitalists.

#### Railways in Australia

Railways are built to link the main cities with the isolated rural districts, sea-ports and other trading centres. This was needed so that goods could be shipped from the inland to the ports and then back to Britain. Railways hastened the development of agriculture and industry, as well as opening up communications. This soon brought the more remote and isolated sections of the economy into contact with developing capitalism. British colonialism greatly benefitted from the increasing flow of agricultural produce, timber and other raw materials, as well as establishing new markets for goods of British factories. Australian life today is still unnaturally concentrated around large coastal cities, partly as a result of the transport system set up to serve foreign plunder.<sup>2</sup>

Because the 'useful effect' of a railway line is confined to nearby areas, many lines were necessary to serve large regions, such as the Mallee and Gippsland in Victoria. Bullock drays and paddle-steamers ceased to be the main forms of transport, and towns close to the railway prospered, while those depending on older forms of transport declined (e.g., ports along the Murray such as Echuca).

The first railways in Australia were owned by private companies formed by local landowners and capitalists to serve their growing needs for transportation, and also for speculation.<sup>3</sup> British banks and finance companies

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<sup>1</sup> Karl Marx, *Capital*, volume 2, Charles H Kerr, Chicago, 1915, p. 170; p. 150 in 1957 Moscow edition, and p. 226 in the 1978 Penguin edition. The translation here differs slightly from the more widely available editions. The two bracketed sections were inserted. Other discussions of railways are on pp. 52, 55, 143, 149-52, 169-71 and 249-51 of the Moscow edition; and 135-6, 159, 220, 225-9, 248-51 and 327-29 in the Penguin translation.

<sup>2</sup> Queensland is the exception, see Glenn Lewis, *The Ports of Queensland, A Study in Economic Nationalism*, University of Queensland Press, St Lucia, 1973.

<sup>3</sup> Although Marx drew a sharp line between the profits derived from exploitation through the expropriation of surplus value, he reported capitalists as swindling

put up much of the original investment capital – Victorian Railways is still paying interest on this debt, which amounted to \$10, 500,000 for the year 1972-73. The Colonial governments provided land and guaranteed the investments against financial loss.<sup>4</sup>

The development of capitalism in Australia, the growth of industry and commerce, demanded the building of a vast railway network. The provision of hundreds of miles of track, stations, rolling stock and the hire of thousands of workers were beyond the capacity of the private owners. By 1860, most bankrupt private railways were bought out by the Colonial governments. With the much greater resources of the Colonies, the capitalist class could expand the railway system. The economically powerful colonies (N.S.W., Victoria) build widespread networks which quickly attracted heavy volumes of traffic. The others (Queensland, Tasmania, South Australia, West Australia) could only provide enough capital to build small networks on narrow gauge lines, and hardly any suburban services in the cities. As a result of competing regional interests, six independent railways systems grew up with different gauges (5'3", 4'8½", 3'6", 2'6"), rolling stock, signaling and regulations.

At present, moves are under way for the Commonwealth to take over the rail systems of S.A., W.A. and Tasmania and it is likely that eventually all the State systems will come under Commonwealth control. The demands of the capitalist class for faster land transport and increased carrying capacity led to the private railways becoming the property of the Colonial governments. In turn, the very same reasons are compelling national ownership of all State railways. Under capitalism, 'national ownership' means that the capitalist class has at its disposal even greater resources for development of the transport system required by capitalist industry. In a people's democracy, national ownership would mean ownership by the working peoples who would use these resources for the development of modern socialist industry. Under the present set-up, 'nationalisation' would bring some benefits to the people.

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each other, their employees and governments at every turn. Two examples from railways in colonial Australia were: between 1857-61, J. V. Bruce bribed officials with some of his £3.4m contract to construct the line from Melbourne to the Murray; from the 1870s to the 1890s, Queensland premier Sir Thomas McIllwraith schemed to have railways built in exchange for miles of land on either side of the tracks.

<sup>4</sup> Marx spotlighted the importance of joint-stock companies: 'The world would still be with out railways if it had to wait until accumulation had got a few individual capitals far enough to be adequate for their construction', *Capital*, volume I, Moscow, 1958, p. 628; and Penguin, 1975, p. 780.

Engels explained the role of the state: 'But neither the conversion into joint-stock companies, or into state property deprives the productive forces of their character as capital ... The modern state, whatever its form, is essentially a capitalist machine, it is the state of the capitalists, the ideal collective body of the all capitalists. The more productive forces take over as its property, the more it becomes the real collective body of all the capitalists, the more citizens it exploits. The workers remain wage-earners, proletarians. The capitalist relationship is not abolished; it is rather pushed to an extreme.' *Anti-Duhring*, International Publishers, New York, 1939, p. 304.

### Railway Workers

At all times, the capitalist class strives to reduce their costs of transportation. They do this by increasing the amount of exploitation of the workers in the transport industry. Every innovation introduced into the railways is aimed at increasing the efficiency and productivity of each worker, and to reduce the number of workers.

The introduction of diesels, electrification, Centralised Traffic Control signaling systems, standardisation of rail gauge, faster rolling stock and hump-shunting have all been used by the railway administrations to increase exploitation and raise productivity. As part of this process, passenger services, which require a greater number of workers for their operations, are being allowed to decline. Less work than ever is now available for Guards, conductors, ticket-collectors, refreshment-room attendants and other station staff. Major work-shops at Newport, Spotswood, Ballarat and Bendigo have been passed over in favour of awarding contracts to private firms. Skilled workers are not replaced on retirement, and the livelihood of the other workers remains threatened.

The elimination of steam engines meant fewer engines, fewer men, less maintenance and much less costs altogether. Diesel-powered locomotives require comparatively little maintenance and do not need to stop frequently for coal and water as did the steam engines.<sup>5</sup>

Similarly, machines operated by a couple of men have replaced the hundreds of track repairers who were necessary to build and maintain the track. Centralised signaling is rapidly replacing the signalmen who were previously needed at each junction, siding or crossing loop.

### Railways Serve Monopolies

Capital is always available for the expansion of freight services and the introduction of new equipment for specialised handling, e.g., road-rail terminals, and new wagons for the transport of containers, bulk grains, cement, steel and ore traffic. These top priority trains carry the goods of the larger monopoly capitalists – in Australia they are quite often the goods of U.S., British and Japanese monopolies – cars for Ford, G.M.-H., petroleum products for Exxon, B.P. Mobil, steel products and ore-trains for Comalco, Hammerlsey and B.H.P. They pay low freight charges and use for their own ends the entire railway facilities, dictating the scale of operations and demanding all sorts of concessions.<sup>6</sup> Ordinary people, on the other hand, pay high fares and get uncomfortable, infrequent and unpleasant travelling conditions. In some situations, monopolies have been allowed to build their own modern railways, such as the Hammersley

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<sup>5</sup> In his *Report* of 1954, the Commonwealth Railways Commissioner said that operating costs of steam locomotives was 189 pence per mile, while that of diesel locomotives was 48 pence per mile. A diesel locomotive would pay for itself within two years, just from savings alone.

<sup>6</sup> The Queensland coal firms were getting away with highway robbery before the 1974 *Report* on 'The Contribution of the Mining Industry to Australian Welfare', alerted the State Treasury, which drove up freight rates rather than royalties. This experience is relevant to the current battle over the Super-Profits Tax.

line, B.H.P.'s lines at Port Kembla, Silverton Tramways' lines at Broken Hill and the Emu Bay line in Tasmania.<sup>7</sup>

### Passenger Services

The construction of an underground loop in Melbourne and the introduction of new stainless steel commuter trains have been used by the parliamentary politicians to mask the real deterioration in services to the people. Fewer suburban trains are now running and Rail Motor services to Cohuna, Murtoa and Yarrowonga are to be replaced by buses. With Australian Government aid, some track duplication is to be carried out, and the latest gimmick is to upgrade the Glen Waverley line to 20<sup>th</sup>-century standards. All of this is mere replacement of worn-out stocks – and partial, inadequate replacement at that!

Since the last suburban lines were laid to Glen Waverley 44 years ago, dozens of new suburbs have formed without any public transport. Indeed, the last twenty years have seen the elimination of many country passenger services and the closure of metropolitan lines from Hawthorn to Kew, Bittern to Red Hill, Epping to Whittlesea, and Lilydale to Warburton. Most of these areas are now highly settled, but are poorly serviced by public transport, as are the working-class suburbs to the west of Melbourne. People have been forced to use cars as a necessity. The monopolies that own the car, oil, cement, rubber and insurance industries have profited immensely from this situation and continue to oppose decent public transport with their demands for more freeways and highways. Inflation is eating away the living standards of the Australian people. The foreign monopolies that are the main cause of this situation should be the ones to bear the burden. All fares in the metropolitan area should be immediately abolished! We should make the rich pay!

### Conclusion

At present, the railways are operated mainly in the interests of local and foreign monopolies. These people need a fast, cheap and efficient goods service in order to maintain their enormous profits. They do not care for services and passenger transport needs of the working people. Railways are of great importance to country people, yet in 1972 the Bland Report<sup>8</sup> into the Victorian Land Transport

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<sup>7</sup> Lenin made this point about monopolising capitals and railways in chapter seven of *Imperialism*: "Railways are a summation of the basic capitalist industries, coal, iron and steel; a summation and the most striking index of development of world trade and bourgeois-democratic civilisation. How the railways are linked up with large-scale industry, with monopolies, syndicates, cartels, trusts, banks and the financial oligarchy is shown in the preceding chapters of the book. The uneven distribution of the railways, their uneven development – sums up, as it were, modern monopolists capitalism on a world-wide scale'. V I Lenin, *Imperialism, Foreign Languages Press, Peking, 1975*, pp. 4-5. Today, the railways trail behind very large tankers, pipe-lines, road-haulers and air freight for the circulation of commodities in the accumulation of capital.

<sup>8</sup> As head of the Department of Labour and Industry, Harry Bland had been a vicious agent of capital, in charge of conscription for Vietnam and the persecution of Clarrie O'Shea. Fraser appointed him chairman of the ABC Board to purge the broadcaster but resistance from the staff drove him to resign.

System recommended further cut-backs of country passenger services. As directed by the Report, the Railway Commissioners have now been replaced by a Board of Management with ex-G.M.H. boss A. G. Gibbs as chairman. Under this new management, administrative procedures are being streamlined and the freight services of the foreign monopolies are receiving top priority.

Instead of serving this handful of monopoly owners, the railway system should be meeting the real needs of the Australian people. We need fast, cheap, comfortable and frequent urban and inter-city rail travel. We should be getting the benefits of better freight services also.

The history of the railways is the history of the struggle of railway workers. Australian railway workers, including migrant workers and women workers, have a great tradition of militant struggle. It was the railway workers not 'financiers' or 'entrepreneurs' or the 'government' who built the lines and ran the trains. It was railway workers who fought and are still fighting for decent pay and conditions. The battles of the late 40's for shift concessions, overtime rates, annual leave, the 40-hour week, the joint action with the Trammies in 1946, the big 55-day strike in 1950 and the 'go-slow' in 1959 are all apart of our tradition. More recent struggles over shift penalties and pay rates have been more frequently forced upon us by inflation.

Railway workers occupy a key position in industry. We will remain in the front lines of struggle for an independent and democratic Australia.

Foreign monopoly domination of the railways and other industries will be smashed by all the workers and working people of Australia. We shall drive the exploiters right out, and operate these industries for the benefit of all the people.

Written and distributed by railway workers for our fellow workers.

### **Further reading:**

Patsy Adam-Smith, *Folklore of the Australian Railwaymen*, Macmillan, 1969, the first of several oral accounts of railways from her pen.

Eddie Butler-Bowden, *In the service? A history of Victorian Railway workers and their unions*, Hyland House, South Yarra, 1991.

Audrey Johnson, *Fly a Rebel Flag, Bill Morrow, 1888-1980*, Penguin, 1986, deals with Morrow's time as an official of the Railways Union in Queensland and Tasmania.

O. G. Meyer, 'Australian Railways', *Australia's Transport Crisis*, Australian Institute of Political Science Conference, 1955 Angus & Robertson, pp. 48-82; (Meyer was Victorian Railways Commissioner)

*Australian Encyclopedia*, Grollier Society, 1963, volume 7, pp. 359-381, gives a thorough account of the expansion of railways.

The *Year Books* of the six States and the Commonwealth give staffing levels, passenger numbers, track lengths, etc

## Appendix on 'fixed' capital

Marx specified several forms of capital:  
fixed and fluid; variable and constant.

This Appendix touches on all four but primarily distinguishes fixed from fluid. A fuller discussion of all four can be found under the heading '*Refining' capital* on [www.surplusvalue.org.au](http://www.surplusvalue.org.au)

The nature of fixed capital becomes clear from the example of a railway engine and the track on which it runs. Both are fixed capital. During each journey, only a sliver of their values (embodied labour-time) is transferred to the transporting of passengers. However, to supply that service-commodity, the engine has to move along a track which stays put. The rolling stock travels: the rails do not. Yet both are fixed capital.

In addition, Marx considers both engine and rails to be 'constant' capital, that is to say, that they do not contribute more value (average labour-times) than went into their production. On the other hand, the driver embodies variable capital. All of the labour-power that he has sold to the rail corporation goes into the journeys he makes during his shift. Thus, his labour power (variable capital) is also 'fluid' capital. It would still be 'fluid' if he were demoted to staying put a ticket-office or signal box.

An oddity applies to machinery as one part of fixed capital. As one element of the production process, machinery 'continually enters as a whole into that process, while all the value from the past labour that is embedded in it does not. That past labour

enters into the process of the formation of value by fractions only. The difference between the two processes is here reflected in their material factors, by the same instrument of production taking part as a whole in the **labour-process**, while at the same time as an element in the formation of value, it enters only by fractions.<sup>9</sup>

By continuing to play trains we can see why this is so. All the components of the railway engine are needed to convey passengers from Perth to Sydney. Only a fraction of the value (labour time) embodied in the engine is transferred to the commodity-service of conveying passengers.

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<sup>9</sup> *Capital*, I, Moscow, pp. 204-5n.; Penguin, pp. 312-3n.