

AN ALTERNATIVE ECONOMIC STRATEGY: SOME PROBLEMS

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INTRODUCTION

Previous articles in JAPE have dealt with the important issue of developing an alternative economic strategy for Australia.¹ This article discusses the problems and prospects of an ALP government developing such a strategy by focussing on the Hopkins/Curtain proposal that was set out in JAPE No.12-13.² This is perhaps the most detailed exposition of an alternative economic strategy yet presented in Australia. In addition, there is an increasing number of commentators who support similar strategies,³ so a discussion of issues raised by Hopkins/Curtain has wider implications for labour strategy. Moreover, the election of the Hawke Government, the National Economic Summit, the Prices and Incomes Accord, and subsequent Government policies have made critical examination of developing an alternative economic strategy all the more important.

Advocates such as Burford suggest that despite the Hawke Government's 'cautious' approach to reform and some unpalatable decisions (e.g. allowing uranium mining to proceed) "socialists" should support the ACTU-ALP accord and endeavour to shift the balance of forces to extend reforms and develop socialism as "an issue in contention".⁴ Hopkins/Curtain suggest that the labour movement outside Parliament may be able to pressure the parliamentary-wing into adopting an "effective socialist strategy".⁵ Such an approach, however, is fraught with immense underlying difficulties that render the possibility for success distinctly remote. The obstacles to achieving the goals these writers seek through labour reformism are of a deep-seated nature.

THE HOPKINS/CURTAIN ALTERNATIVE ECONOMIC STRATEGY

To deal with the decline in Australia's manufacturing industry Hopkins/Curtain argue for government sponsored restructuring of industry. Proposals for government initiated restructuring have been previously advocated,⁶ but they generally rely upon 'consultative machinery', and they fail to take adequate account of the opposition to restructuring and the severe dislocations such as unemployment during the transition. To overcome these problems, Hopkins/Curtain propose a more thorough-going alternative economic strategy similar to that put forward by Stuart Holland. This strategy involves nationalising large, profitable enterprises in key industries (Holland says "20 or 25 of the top hundred companies")⁷ which could then be used to re-establish 'effective competition', and directly implement government policies to stimulate investment rather than relying on more indirect Keynesian methods such as taxation incentives, and interest and exchange rate changes. Compulsory tripartite planning agreements would be used to determine investment and pricing for the remaining private sector. To militate against multinational companies

sabotaging government policy by, for example, practising transfer pricing, import controls would be used and strengthened by requiring greater information relating to trade within transnational corporations.

The major problem with this strategy, Hopkins/Curtain suggest, is that a social democratic government may not have "the willpower to carry through what amounts to a major transformation of the economy".⁸ The failure of the British Labour Government 1974-79 to implement this strategy (the National Enterprise Board was used for "salvage operations"; the planning agreements were voluntary and no major companies volunteered), led Holland to propose that the labour movement outside parliament should "pressure" the parliamentary-wing by making wage agreements conditional upon the implementation of this strategy. This, according to Hopkins/Curtain, provides "the starting point for a truly effective socialist strategy".⁹ They suggest that this approach has the potential for overcoming two major problems - firstly, the lack of 'willpower' of social democratic parties for implementing a socialist programme, and secondly, it may assist in gaining the support of unions and workers who have been wary of restructuring proposals that do not adequately provide for workers' interests. To support this proposal, Hopkins/Curtain suggest that Sweden is an example where this strategy has been used successfully. From the mid-1950's the Swedish Confederation of Trade Unions (LO), the peak organisation for blue collar workers, "took the initiative away from the Social Democratic Party...and devised a strategy for maintaining stable growth based on full employment without a high level of inflation".¹⁰ They go on to argue that there are grounds for believing a similar strategy could be followed in Australia.



Hopkins/Curtain are not alone in advocating a trade union and ALP government reformist strategy for Australia along Swedish lines. They directly draw on the work of Winton Higgins (and Nixon Apple) who has been hailing Sweden's reformism (he calls it "political unionism") as the way forward for the labour movement to "narrow the bourgeois lead in power resources, generate higher ambitions and challenge bourgeois power on a broader front..."¹¹ As mentioned above, supporting this type of strategy.¹² It is therefore important that a critical examination of the Swedish experience be presented.

THE 'SUCCESS' OF THE SWEDISH MODEL

According to Higgins, the wage share of Sweden's national income increased from 54 to 65 percent during the 1950 to 1970 period. A major reason for the maintenance of low levels of unemployment and inflation while Swedish exports have expanded, Higgins suggests, is the role of the LO. Very briefly, the strategy has involved centralising wage agreements and pursuing the 'solidarity wage' policy regardless of employers' capacity to pay. Inefficient firms were forced to close and retraining,

relocation and welfare provisions were provided to the retrenched workers. In conjunction, Swedish social democracy has established extensive social welfare provisions - probably the most comprehensive social welfare system within any Western nation. This has resulted in definite important benefits being made available to workers and other groups (e.g. women, the aged, the unemployed). These gains are not to be neglected or simply dismissed. But, by the same token, before the Swedish example is embraced as a model for emulation at least three issues need to be addressed: (i) the extent to which exploitative relations have been curtailed in Sweden; (ii) what effects the recession is having on Swedish social democracy; and (iii) the longer term prospects for extending social democracy.

(i) The extent to which production has been socialised

Proponents of the Swedish model argue that significant progress has been achieved in this direction. Higgins, for example, states that the Swedish labour movement has "arguably developed the most advanced forms of mobilization in the western world and made the most serious inroads into capitalist relations".¹³ Just how deep these inroads are requires greater specification, because in 1979 15 families and 2 banks controlled about 60 of Sweden's top 100 companies accounting for over 50 percent of industrial production.¹⁴ This is certainly not to suggest that control over capitalist relations can only be effected by nationalisation (far from it!). The point here is that concentration of ownership to this extent has major implications for the state's ability to control the economy generally and, specifically, the level and direction of investment.

Secondly, until the mid-1970s labour relations at the point of production has been a largely neglected issue. Wildcat strikes occurred in the late 1960s, however, by metal workers in particular, and this led or forced the LO and the Social Democratic Party (SAP) to address problems such as the lack of employee influence on the shopfloor, and the lack of employee contact with the wider bureaucratic and centralised decision-making processes.¹⁵ In an effort to cope simultaneously with worker dissatisfaction and the lack of control over investment and industrial policy, the LO-initiated Meidner Plan of wage earner funds was adopted by the SAP. In response to these two problems the plan entailed the promotion of democracy in the workplace and the requirement



that a percentage of companies' profits be contributed to employees' funds in the form of collective share ownership to eventually establish public control over investment. This plan has potentially far-reaching consequences according to John Stephens, a proponent of the plan: "taken as a whole,

it is nothing less than a program for the transition to socialism".¹⁶ The prospects of wage earner funds will be addressed presently, but on the question of implementing "economic democracy", it needs to be appreciated that any moves in this direction are still at a rudimentary stage and employers have been able to avoid the intentions of the 1970s industrial democracy legislation. By and large, orthodox managerial structures remain largely intact, and public ownership or even regulation of industry has remained comparatively low.¹⁷

(ii) The effects of the recession on Swedish social democracy

There is another factor behind the adoption of the Meidner Plan, namely, the emergence of what has been viewed as the 'the public sector crisis'. The post-war expansion enabled government expenditure to offset job shedding in the private sector, but the recession has made this increasingly difficult. Registered unemployment increased from 2% in 1980 to about 3% in 1982, but on top of this is another 3% of the workforce in relief work, retraining and sheltered employment, which puts the total figure at around 6%. Moreover, the trend appears to have worsened since registered unemployment rose to 3.8% in 1983. Real GDP has grown by less than 2.0% p.a. in the 1980s and actually fell by 1% in 1981. Partly as a consequence, the forecast budget deficit for 1984 is 12% of GDP and the major political parties view this with considerable alarm. Since the in 1976, market allowed to erode provisions, and to welfare were



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(iii) The prospects for extending social democracy

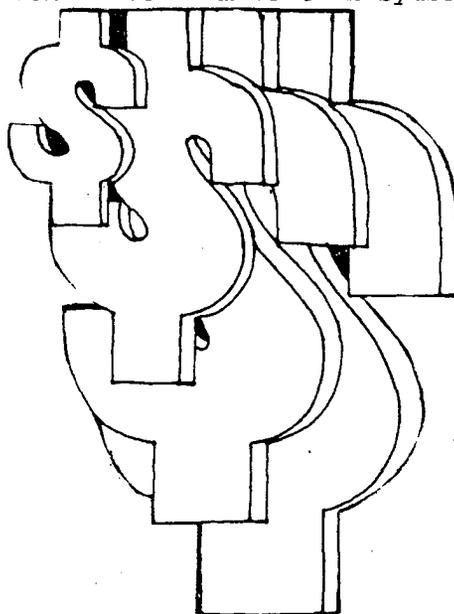
It remains to be seen what direction the social democrats will take with respect to welfare programmes and government subsidies to industry following their return to government in the September 1982 elections. However there are indications that the expanded deficit has revealed divisions within the SAP. A significant number of social democrats now argue for a re-examination of continuing public sector expansion and assistance to ailing industries (e.g. shipbuilding and steel) as the means for overcoming the economic recession. Instead they suggest that recovery predominantly depends upon industry itself becoming more competitive on the international market with the state playing a subsidiary role in creating conditions to allow this. The tone of debate in Sweden is not, as Walters notes, one of adopting Friedman-style monetarism, but support for market solutions is gaining political ground, including within the SAP.¹⁹

The emphasis in recent years has been on wage restraint (leading to a decline in real wages since 1976) to allow industry to recover from the recession. Attention is now being directed to the wage earner funds as a reward for wage restraint, and as a means for regulating investment. Much seems to depend on the success of the wage earner

funds, and again it is not clear how events will unfold. The original proposal, which required 20% of annual corporate profits to be paid into a fund administered by trade unions, met with vehement opposition from capital and has been considerably modified to reduce trade union control and replace the 20% contribution from profits with a tax on the company wage bill. The programme still has far-reaching potential, but this can at best be realised only over the longer term (the next 30 years or so). Moreover, capital remains bitterly opposed to the plan, as witnessed by the demonstration organised by business in which 75,000 people took part in October 1983.²⁰

Proponents such as Higgins and Apple argue that the labour movement has gathered sufficient strength to overcome opposition from capital. For example, the white collar union organisation now supports the wage earner funds, and the nascent industrial democracy schemes have provided incentives for labour to push for greater influence. However, this does not seem to take into account the possibly contradictory nature of the plan: the intention is to generate funds for investment, yet the plan itself arguably gives rise to a crisis of business confidence which retards private investment. The difficulty involved is indicated by the present situation where current government strategy to cope with the budget deficit without cutting into welfare provisions requires an estimated 8 to 12% p.a. growth in private fixed capital investment, yet real investment has been declining in Sweden through most of the 1970s and now into the 1980s.²¹

It could conceivably be that the strategy indicated by Erik Wright could circumvent opposition from capital by proposing reforms that serve the immediate interests of individual employers (e.g. increasing their profitability) while simultaneously eroding their power as a class by increasing the space for organised labour to control production. The "trick" is to make the proposals too attractive for individual employers to refuse yet still obtain more than symbolic control over production in return.²² Still, it remains difficult to see how implementing the wage earner funds can be achieved in a manner 'too attractive' for employers to refuse. The proposal places an extra cost on already declining profits, and in these circumstances it is unlikely that declining investment levels will be reversed - unless the stimulus comes from outside the Swedish economy. The wage earner funds proposal - and social democracy in general - is based on the ability to maintain economic expansion.



If business confidence recedes and investment declines markedly then support for the wage earner funds and the SAP itself may come under threat.

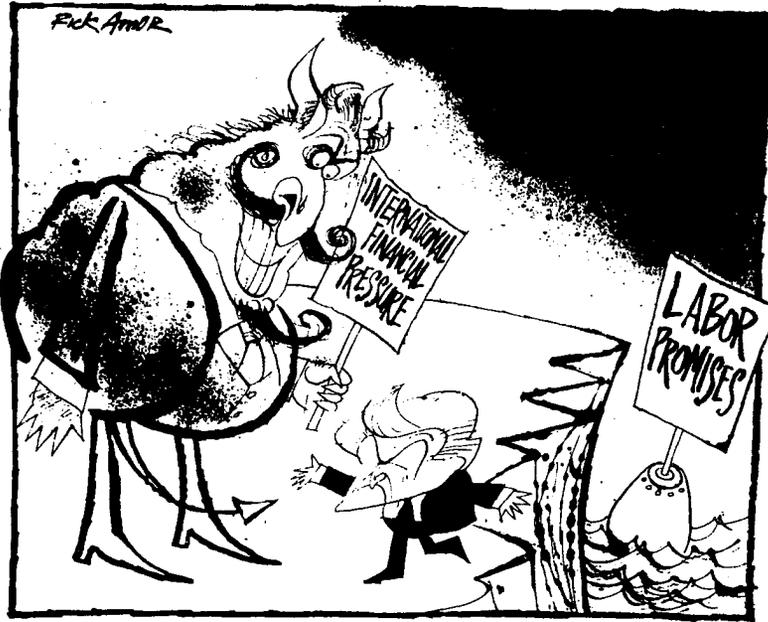
Major difficulties therefore remain in Sweden and to a considerable extent the outcome will depend on the state of the world economy (as exports account for nearly 30% of Sweden's GDP). Proponents of the Swedish strategy tend to understate the importance of economic growth after the second world war for establishing the welfare system and the strength of labour's bargaining position. Employer resistance to labour demands through the 1950s and 1960s would have been far greater if this had not been a period of marked economic expansion, and this is reflected in employer intransigence in its major confrontation with labour in 1980 following the decline in profits from the mid-1970s.²³

PROBLEMS OF BUILDING SUPPORT FOR AN ALTERNATIVE
ECONOMIC STRATEGY: BRITISH AND AUSTRALIAN EXPERIENCE

A similar strategy to the Hopkins/Curtain proposal was attempted by the Wilson/Callaghan Government beginning in 1974. In the first six months there was an attempt to implement its programme (which included public ownership, planning agreements, industrial democracy, and a redistribution of income and power towards the working class) but then the government retreated in face of opposition from the press, the civil service, and capital, and the rapidly deteriorating economic conditions. Speculation against the pound, inflation, and severe balance of payments deficits saw the government approach the International Monetary Fund, which demanded tight monetary and deflationary policies.²⁴

Catley and McFarlane have examined in some detail how the world recession had disastrous effects for the reform programme of the Whitlam Government. The growing budget deficit and decline in the economy led to the abandonment of expansionary policies and, as in Britain, monetary restraint and deflationary policies were adopted. Elements of the Hopkins/Curtain proposal may well lead to severe budgetary pressures particularly during an economic downturn - one example here is the policy to retrain workers who are displaced by industry restructuring. Catley and McFarlane state that to carry out a retraining scheme similar to that in Sweden would cost Australia "up to \$2 billion per annum".²⁵ Hopkins and Curtain suggest that social democratic governments retreat from their expansionary and strongly reformist policies when economic conditions deteriorate, due to a lack of 'willpower' that a more assertive trade union movement could overcome. But this fails to portray the extent of the difficulties that an ALP government would have in implementing their strategy.

The Hopkins/Curtain proposal entails a serious attack on Australian capital. The nationalisation of the top 20 or 25 companies, compelling the remaining private firms to participate in planning agreements in which investment and pricing policy are set, and imposing restrictive controls, would be bitterly resisted by capital, conservative politicians and interest groups, and the media. The consequent outrage



Between the devil and the deep blue sea

would make the hostility that met the bank nationalisation attempt and the loans affair pale into insignificance. The 'flight of capital' and the 'capital strike' that took place after the Whitlam Government's election would also seem paltry. Australia has relied on private capital inflow and international borrowing to finance the balance of payments deficits,

but private investment would sharply decline in response to these policies, and the nationalisation of companies would adversely affect the terms of Australia's international borrowing agreements.²⁶ It is to be expected that many top public servants and members of the nationalised companies would be strongly opposed to the programme, and if left in their positions, they would actively seek to undermine it. It is also to be expected that the signs of disunity within capital in Australia (especially between manufacturing and resource-based industry) would be over-shadowed by a united opposition to the threat to private enterprise.

This combined opposition would be translated to the electorate by the privately-owned media (Hopkins/Curtain do not mention nationalising the media) which would presumably be intent on the dismissal of the government. Catley and McFarlane summarise the operation of media hostility to the 'mildly reformist' Whitlam government; "the media...put the government under sharp scrutiny and elevated the merest administrative error to the status of a national tragedy".²⁷ The severity of this opposition to the alternative economic strategy has not been discussed by Hopkins/Curtain. Instead they seem to imply that if enough popular support for the strategy were generated, then the opposition would not be so important. This begs the question of how support is to be achieved.

This issue has been discussed in the British debates on alternative economic strategy, and Bob Rowthorn argued that for the strategy to be accepted without "the bourgeoisie...pursu[ing] a systematic policy of disruption and sabotage" an "overwhelming majority of the population, say seventy to eighty per cent" may be required, but he makes it clear that this is extremely unlikely to be obtained.²⁸ It is indeed difficult to see how support anywhere near this magnitude could be generated in Australia in the near future, and Hopkins/Curtain do not explain how this is to be achieved. Crough and Wheelwright refer to the possibility

of popular movements, such as environmentalists and urban community groups working together to increase their support, but there is little in this that has not been stated and pursued in the past. If anything, there has been a decline in the impetus of movements such as 'the Green Bans'. More importantly there remains the pressing problem of how these social movements can transcend their particular interests to mobilise on a combined and stronger basis encompassing a multiplicity of goals.

Suffice it to say that the Labor left has paid insufficient attention to generating the level of popular support necessary to counter opposition to an alternative economic strategy. The Hawke Government on the other hand has shown that it is well aware that it does not rely on a mobilisation of progressive groups to counter bourgeois opposition, precisely because it has no intention of arousing such opposition. The policies and performance of the present ALP Federal Government indicate the improbability that an alternative economic strategy will be successfully pursued in Australia in the near future. Implicit in almost every economic policy of the Labor Government is the recognition that its major claim to electoral support is based on its ability to promote economic expansion which in turn is premised on increased private capital activity.²⁹

A basic aim for this government must therefore be the well-being of capital in Australia, and demands for labour and social reforms need to be seen in this context. This is something of a truism for many observers, yet those advocating a left strategy for Labor seem to underestimate or downplay the implications it has for an ALP government. The final section of this paper briefly examines the Hawke Government from this perspective to consider the prospects for an alternative economic strategy.



THE HAWKE GOVERNMENT AND THE ACCORD: A BASIS FOR AN ALTERNATIVE ECONOMIC STRATEGY?

The Hawke Government is not in the business of implementing an alternative economic strategy. While Hopkins/Curtain recommended nationalising the top 20 companies, the ALP and the ACTU are at best involved in defending workers' declining net incomes. The Prices and Incomes Accord has as an aim "an equitable and clearly discernible redistribution of income", but given the recent economic conditions the emphasis has been on ensuring that "living standards...are maintained and through time increased with movements in national productivity".³⁰ Until recently, then, the preoccupation has been

with wage restraint rather than redistribution, for as Mr. Hawke explained in late 1982 "the economic downturn has seriously weakened the capacity of employers to pay additional wages".³¹ Consequently, the accord was designed not only as a defensive strategy for labour; it aims to be a protective strategy for capital. As the joint statement by Hayden and Dolan makes clear, prices are to be regulated, but such regulation "will be designed to enable enterprises [to] earn reasonable profits".³²

The initial period of the accord was characterised by cautious stabilisation policies in which wage restraint was the key feature. Moves were apparently in progress, however, to establish the conditions and machinery for implementing some of the broader aims of the accord. The tax avoidance industry which was specifically mentioned in the accord received a significant setback despite the Senate (the balance rested with Senator Harradine) insisting on the inclusion of an 'innocence clause' which reduced the amount Labor had hoped to recoup. Medicare has been re-introduced in the face of continuing opposition from the AMA. An assets test on pensions was proposed. A capital gains tax has been placed on the back-burner for the present, but such a tax could be introduced after an early federal election. For the six months to June 1984 the CPI figure declined slightly and under the terms of the accord no October hearing for national wage increases should take place. Tax cuts were introduced in the 1984 Federal Budget, however, in the order of \$8 per week for most wage and salary earners, tapering off for higher income earners. In short, it cannot be said that the 'social wage' and redistribution components of the accord have been forgotten.

Proponents of a left Labor strategy and 'political unionism' might also be heartened by developments on the industrial front. The accord has so far held - even the likes of Norm Gallagher's BLF have been at least contained and only isolated disputes have persisted which have demands outside the accord (e.g. the Plumbers and Gasfitters Union). The Economic Planning Advisory Council grew out of the National Economic Summit to provide an on-going forum for the Government to hear what important sections of the community recommend in relation to medium and longer term economic policy. Further to this, the 1984 ALP National Conference endorsed a resolution to revamp the Australian Manufacturing Council (AMC) and its 10 industry councils to promote agreements

relating to investment, planning, pricing, labour requirements, government assistance levels, and other important decisions. What is more, a number of conspicuous left-wing trade unionists hold positions on these councils: Laurie Carmichael, Bill Mansfield and John Halfpenny are among the 26 members of the AMC, and Halfpenny chairs the sectoral council on Machinery and Metal Engineering. Advocates of political unionism can take special satisfaction in this development, for an



alliance of the Labor left spearheaded by the AMFSU was apparently able to force Senator Button to accept their industry council proposals. The former AMFSU research officer, Ted Wilshire, and Nixon Apple played prominent parts in having Button accept the strengthened industry policy.³³ To those who might be sceptical of the effectiveness of consultative industry councils, political unionists could point to the recent Arbitration Commission decision on dismissals and redundancy (which imposes substantial obligations on employers in relation to employee job tenure) as the promise of things to come.³⁴

Are these indications that the foundations have been laid for an alternative economic strategy or political unionism to be successfully developed? So it might be argued. On the other hand, the achievements of the Hawke Government might also be seen as the minimal level that a reform-oriented Australian government would be expected to have attained. With each of the gains made there is the component of concession: an innocence clause in tax avoidance legislation, concessions to doctors with Medicare, modifications to pension assets test, concessions to the private schools, and so on. This is in the nature of incremental reform policies, it might be retorted; compromises are required for reforms to be initiated so they can be extended. Yet there is an air about this that leads one to recall Rosa Luxemburg's declamation:

...people who pronounce themselves in favour of the method of legislative reform in place of and in contradistinction to the conquest of political power and social revolution, do not really choose a more tranquil, calmer and slower road to the same goal, but a different goal. Instead of taking a stand for the establishment of a new society they take a stand for surface modification of the old society.³⁵

A number of points call into question the possibility of present reform strategies succeeding in Australia. Firstly, it has been argued that economic conditions have a major impact on the direction and extent of reform programmes. Let us assume for the moment that there is beginning to be a shift away from the consuming preoccupation with wage restraint, and that attention is directed to maintaining the social wage and the redistribution of wealth. Given the Government's insistence that business profit levels and investor confidence need to be revived, this could really only take place in an expanding economy. This is so because tax deductions and increased welfare costs (e.g. Medicare) need to come out of government funds, and the Government is intent on containing the budget deficit due to the perceived effect this has on interest rates and consequently investor confidence. The Government, in short, is relying on increased revenue associated with the economic recovery to finance its policy of maintaining the social wage. The present resurgence in the economy, it might be added, is substantially due to the end of the drought, and more importantly, the recovery in the U.S. economy. If the recovery is not sustained, the probability is that there will be renewed pressure to cut wage earners' real incomes and the social wage, and as in Britain, it is not clear



that unions will remain in the accord under these conditions. Secondly, the Swedish experience cannot be directly applied to Australia. For one thing, trade union solidarity was built up over the long period of Social Democratic government. The accord, on the other hand, may not be sufficiently entrenched to survive an upsurge in the economy which particular unions might take advantage of to press for sectional claims outside the accord.

There are, however, two overarching criticisms of the Hawke Government and the prospects for achieving socialist goals. The first has been made by commentators such as Peter Beilharz and Rob Watts, and Randal Stewart and John Ballard.³⁶ Their major point is that by and large the accord has been established by and for the Government, big labour and big business. The unemployed, those dependent on welfare and other non-wage

earners have been largely excluded from the tripartite decision-making arrangements, and from the fruits of subsequent policies. Stewart points out for instance that only 3 of the 18 members of EPAC are not drawn from government, business or unions, and Beilharz argues that the basis of the accord is that those excluded from it "will have their lot improved only as the result of economic recovery".³⁷ The president of ACOSS, Mr. Bruce McKenzie, lent support to this view when he said that the ACOSS representative on EPAC "was sitting there for six hours hardly getting a word in, and when he did it was said to be irrelevant".³⁸ The tax cuts in the 1984 budget also underline this point. The Government closely followed the ACTU's tax cut recommendations: in fact, it was reported that the ACTU altered its draft package to include tax cuts for high income earners after talks with the Treasurer.³⁹ The ACTU proposed an \$8 per week tax cut for wage and salary earners between \$12,000 and \$25,000 p.a. Such tax cuts are fine for those with taxable incomes, but there is no direct benefit for the 660,000 unemployed and the thousands of others with paltry incomes. Little effective action has been taken to reduce unemployment and benefits have been only marginally increased. Improvements in welfare payments in the 1984 budget are slim - pensioners, for example, are to receive \$2.80 to \$4.20 per week extra, which is roughly equal to the tax cut for those on \$100,000 p.a.!

The second point relating to the tax reductions raises the other major criticism of the Hawke Government, namely, that workers with low incomes are not favoured by this government, and indeed nor are they favoured with the accord. The ACTU recommended that income earners below \$12,000 p.a. not receive the full \$8 reduction. A person with an income of \$11,000 p.a. would be in line for a \$6.82 per week reduction, which is

12 cents more per week than those receiving \$29,000 p.a. It is also instructive to ask why the ACTU should have proposed that the full \$8 reduction should be extended to \$25,000 p.a. incomes, particularly when the majority of wage earners receive less than the average annual earnings for males which was \$19,235 in the March quarter 1984.⁴⁰

Part of the explanation is that the ACTU has had to accept the Government's policy intentions but part of the reason is that ACTU policy is being increasingly influenced by white-collar groups following their affiliation in recent years.⁴¹ This influence is also reflected in the sharp ACTU opposition to taxation on lump-sum superannuation payments.

Much also needs to be stated concerning the deteriorating circumstances that lower wage earners are continuing to experience. Even leaving aside the effects of the Fraser Government's wage-freeze, workers have had to cope with significant cuts in real wages as the 1983 inflation rate was 8.6% and the only wage increase for the year was the 4.3% granted in October.⁴² The Medicare deflated CPI figure for June means that the wage increase for 1984 will be 4.1% while the underlying inflation rate will probably be around 6%. The heart of the matter, though, is that there is a distinct danger that the interests of low income workers will be subsumed under the weight of the often better organised and more articulate sections of the workforce. Workers covered by the more powerful unions such as the BLF and AMFSU may be better placed than those in more vulnerable industries such as textiles, but even so there are many workers in small businesses, including within the metal industry, who do not have sufficient influence to improve their conditions of work. Present experience indicates that the Hawke Government and the ACTU cannot be relied upon to pursue policies designed to improve the situation of all workers, let alone develop the accord in the direction of an alternative economic strategy.



FOOTNOTES

1. The special issue (JAPE No.12/13, June 1982) on alternative economic strategies included articles by: John Langmore, 'An economic strategy for a Labor government', pp.20-39; Frank Stilwell, 'Towards an alternative economic strategy', pp.40-59; Andrew Hopkins and Richard Curtain, 'The labour movement and the protection versus restructuring debate: a proposal', pp.74-92; Rick Kuhn, 'Alternative strategies: left nationalism and revolutionary Marxism', pp.93-109. See also Mark Burford, 'Prices and incomes policy and socialist politics', JAPE, No.14, April 1983, pp.7-32.
2. Hopkins and Curtain, op.cit. I wish to express my thanks to Richard Curtain and JAPE editors for their assistance in the production of this paper. I of course remain responsible for its contents.
3. In particular, Greg Crough and Ted Wheelwright, Australia: A Client State, Penguin, Ringwood, Victoria 1982, p.197 explicitly mention Hopkins and Curtain's paper as providing 'signposts to emancipation'. Mark Burford, op.cit. endorses a similar strategy, as does Winton Higgins, 'Working-class mobilization and socialism in Sweden: lessons from afar', in Paul Boreham and Geoff Dow, (eds). Work and Inequality: Workers, Economic Crisis and the State. Volume I, Macmillan, Melbourne, 1980, pp.143-61.
4. Mark Burford, 'Interpreting socialism', Australian Society, 1 March 1984, pp.37-39. Quotation from p.39.
5. op.cit. p.87.
6. Hopkins and Curtain refer to R.G. Jackson et.al., Policies for Development of Manufacturing Industry, Volume I (Report), AGPS, Canberra, 1975; John Crawford et.al., Study Group on Structural Adjustment, Volume I (Report), APGS, Canberra, 1979; Chris Hurford, 'Structural economic change: the options for the labour movement', in Gareth Evans et.al. (eds.), Labor Essays 1981, Drummond, Melbourne, 1981.
7. Stuart Holland, The Socialist Challenge, Quartet Books, London, 1975; The Relative Autonomy of Political Economy and Planning, paper presented to the Organisation Economy and Society: Prospects for the 1980s Conference, Brisbane, 1981. Quotation from 1981, p.16.
8. Hopkins and Curtain, op.cit. p.87. Emphasis added.
9. ibid.
10. op.cit. p.88.
11. Quotation from Winton Higgins, 'The Corporatism Thesis and Political Unionism', APROS Colloquium - Beyond Bureaucracy, Richmond, NSW, April 1984 p.33; see also Higgins op.cit. 1980; 'Discussion section on social democracy', Thesis Eleven, 1983(7) pp.134-9; and with Nixon Apple, 'How limited is reformism? A critique of Przeworski and Panitch', Theory and Society, 1983, 12(5) September pp.603-30.
12. See footnotes 3 & 4 above and, for example, Stewart Clegg, Geoff Dow and Paul Boreham, 'From Post-Industrialism to Post-Capitalism', paper presented at 54th ANZAAS Congress, ANU, Canberra, May 14-18, 1984; Frank Stilwell, op.cit. 1982, and 'The economic summit and beyond', Arena, 1983, No.63, pp.16-25 discusses some problems and potentialities for an ALP reformist socialist strategy and cautiously concludes that there are grounds for believing progressive social change may be achieved.
13. op.cit. 1980. p.156.
14. L. Bernston, 'The state and parliamentarianism in Sweden', in John Fry (ed.), Limits of the Welfare State: Critical Views on Post-War Sweden, Saxon House, Westmead, England, 1979, pp.10-24, esp. p.14.
15. John D. Stephens, 'Impasse or breakthrough in Sweden', Dissent, 1981 (Summer) p.314.
16. ibid.
17. Jonas Pontusson, 'Behind and beyond social democracy in Sweden', New Left Review, 1984, 143 pp.69-96, says (p.84) that in 1976 only 5% of industry was publicly owned, and state intervention has been very limited - largely confined to labour market regulation; indeed, the "bourgeois governments have in a few years nationalized more industry than the social democrats did in 44 years". The Australian Financial Review, 16 November 1983 reports that 80% of the "Swedish economy...remains in private hands".
18. Unemployment figures from OECD, Economic Surveys: Sweden, July 1982, p.11 and February 1984, pp.9 & 11; figures for 1983 from OECD, Economic Outlook, 1983, 34 (December), p.115; Australian Financial Review, 16 November 1983 reports official unemployment for September 1983 as being 4.1% putting the overall figure "somewhere between 8 per cent and 10 per cent" when sheltered employment, etc. is included.
GDP movements in OECD op.cit. 1982 p.8 and 1984 p.32.
Peter Walters, 'Sweden's public sector crisis, before and after the 1982 elections', Government and Opposition, 1983, 18 (1) Winter pp.23-39, esp. p.29, and Pontusson op.cit. esp. p.76 both note cut backs to welfare beginning in 1980, and point out that a significant part of the SAP now believes that public sector expansion needs to be contained.
19. Walters op.cit., p.30-34.
20. For details of the wage earner funds see Pontusson op.cit., p.71 footnote 2, Stephens op.cit., p.315 and Higgins and Apple op.cit., pp.625-6. Australian Financial Review, 16 November 1983 reported the demonstration.

21. OECD op.cit., 1984 pp.38-9.
22. Erik Olin Wright, 'Discussion section on social democracy', Thesis Eleven, 1983 7, pp.145-50 esp. pp.146-7.
23. Pontusson, op.cit., p.76.
24. David Coates, 'Labourism and the transition to socialism', New Left Review, 1981, 129 pp.3-22.
25. Robert Catley and Bruce McFarlane, Australian Capitalism in Boom and Depression, Alternative Publishing Co-operative Ltd., Chippendale, NSW, 1981, p.126.
26. According to Hayden at the ALP National Conference held in Canberra 1982, even repudiating contracts for supplying uranium would mean Australia would lose its 'Triple A' credit-rating.
27. Catley and McFarlane op.cit., p.152.
28. Bob Rowthorn, 'The politics of the alternative economic strategy', Marxism Today, April 1981 (25) pp.4-10. Quotations from pp.8 and 9. The British debates have been extensive, see for example: this issue of Marxism Today for articles by Sharples and Nichols; David Coates, op.cit. 1981 provides a detailed critique of the alternative economic strategy; Geoff Hodgson, 'On the political economy of the socialist transformation', New Left Review, 1982, 133 pp.52-66 offers a critique of Coates and a defence of left Labour strategy. See also Mile Prior (ed.) The Popular and the Political. Routledge and Kegan Paul, London, 1981 for a number of very relevant articles.
29. The ALP's policies for redistribution, be it noted, are based upon economic expansion, see e.g. (then Shadow Treasurer) Chris Hurford, op.cit., 1981 p.138.
30. Statement of Accord by the Australian Labor Party and the Australian Council of Trade Unions Regarding Economic Policy. February 1983, p.7.
31. R.J. Hawke, Prices and Incomes Policies and the Social Wage. Address to a Joint Meeting of the Industrial Relations Society of the A.C.T. and the Economic Society of Australia (ACT Branch), Canberra, 28 October 1982.
32. Joint Statement by Bill Hayden, Leader of the Federal Parliamentary Labor Party, and Cliff Dolan, President of the Australian Council of Trade Unions, 20 August 1982.
33. Australian Financial Review, 12,13,16 July 1984. The 16 July report also notes that Mr. Wilshire is now head of the business-union liaison unit in the Department of Trade, and Mr. Apple was head of the Government's Advisory Committee on Prices and Incomes secretariat and was about to begin a secondment to the AMFSU to promote the business-union consultative machinery.
34. Australian Financial Review, 3 August 1984. It should be noted in passing that Hopkins and Curtain, at least, express little faith in consultative industry councils. It is too early for judgement, but the signs are not promising: some of these councils have been operating since March 1984 and not a single concrete decision has been implemented; and of course the present author doubts that industry can be compelled to invest.
35. Rosa Luxemburg, 'Reform or revolution', in Mary-Alice Waters (ed.) Rosa Luxemburg Speaks. A Merit Book, Pathfinder Press, Inc., New York, 1970, pp.33-90. Quotation from pp.77-78.
36. Peter Beilharz, 'The view from the summit', Arena, 1983, No.64 pp.16-21; Peter Beilharz and Rob Watts, 'The discovery of corporatism', Australian Society, 1 November 1983 pp.27-30; Randal Stewart, Corporatism in Australia - Review and Prospect. Department of Political Science, The Faculties, ANU, May 1984; and Randal Stewart and John Ballard, The Summit as Simulated Politics: Staging Corporatist Legitimation in Australia. APSA Annual Conference, 20 August - 1 September 1983. Kuring-gai College of Advanced Education.
37. Stewart, op.cit., 1984 p.17 and p.25 footnote 16; the 3 were spokespeople from the Council of Local Government Associations, ACOSS, and the Australian Federation of Consumer Organisations. Quotation from Beilharz, op.cit., 1983, p.19.
38. Quoted in The Age (Melbourne), 18 August 1984
39. Australian Financial Review, 25 July 1984.
40. Australian Financial Review, 10 August 1984.
41. Australian Financial Review, 25 July 1984.
42. Stewart, op.cit., 1984 p.7



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